
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Panda Green Energy Group Limited, you should at once hand this circular and form of proxy enclosed herein to the purchaser or transferee, or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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熊貓綠能
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)

**(1) CONTINUING CONNECTED AND DISCLOSEABLE TRANSACTION
IN RELATION TO FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT;
(2) CONNECTED AND DISCLOSEABLE TRANSACTIONS IN RELATION TO SALES
AND LEASEBACK AGREEMENTS; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 6 to 23 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 24 to 25 of this circular. A letter from Gram Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 41 of this circular.

A notice convening an SGM to be held at Room 1811, 18/F., Building 5, No. 9 Courtyard, Guang'an Road, Fengtai District, Beijing, PRC on Tuesday, 15 September 2020 at 11:00 a.m. is set out on pages 47 to 49 of this circular. A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

To facilitate Shareholders attending the SGM, electronic facilities will be set up at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (the "Hong Kong Venue") where Shareholders or his/her/its proxies may participate in the SGM via video conference and cast their votes in person.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In view of the ongoing novel coronavirus disease ("COVID-19") pandemic, the Company will implement the following precautionary measures at the SGM venue and the Hong Kong Venue for the sake of health and safety of our Shareholders, Directors, staff, stakeholders and other participants, including without limitation:

- (1) Compulsory temperature checks
- (2) Filling and submission of health declaration form
- (3) Wearing of surgical face mask
- (4) No refreshments or drinks will be provided

Any person who does not comply with the precautionary measures referred to items no.(1) to (3) above, with body temperature above 37.2 degree Celsius, has any of the symptoms stated in the health declaration form or is subject to any Hong Kong Government prescribed quarantine (in the case of attending Hong Kong Venue), may be denied entry into the SGM venue or the Hong Kong Venue. The Company encourages Shareholders to appoint the chairman of the meeting as their proxy to vote according to their indicated voting instructions on the relevant resolutions at the SGM as an alternative to attending the SGM in person to exercise their voting rights at the SGM. The Company will continue to review the COVID-19 pandemic situation and may implement further precautionary measures and may make relevant adjustments and arrangements for the SGM accordingly. Further announcement will be issued as and when appropriate.

28 August 2020

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DEFINITIONS

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

“associate(s)”	has the meaning as defined in Chapter 14A of the Listing Rules
“BEH”	Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司), a limited liability company established in the PRC and a controlling shareholder of the Company
“Board”	the board of Directors of the Company
“Changzhou Xinguang”	Changzhou Xinguang New Energy Co., Ltd. * (常州新光新能源有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“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 issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 686)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Finance Department”	the finance department of the Group
“Finance Lease Business Framework Agreement”	the finance lease business framework agreement entered into on 15 May 2020 (as supplemented by the Supplemental Agreement dated 5 August 2020) between the Company and Shenzhen Jingneng Leasing
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) and the Sales and Leaseback Agreements and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) (including the proposed annual caps) and the Sales and Leaseback Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than BEH and other Shareholders who are required under the Listing Rules to abstain from voting at the SGM for the resolution approving the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) and the Sales and Leaseback Agreements and the transactions contemplated thereunder
“Latest Practicable Date”	25 August 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Leased Assets”	the photovoltaic power station system equipments under the Sales and Leaseback Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatts
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Reminbi, the lawful currency of the PRC
“Sales and Leaseback Agreements”	means together the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement and Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement entered into on 17 August 2020 and their respective Securities

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“Securities”	means together the Yongren Huiguang Electricity Fee Rights Pledge Agreement, Yongren Huiguang Equipment Mortgage Agreement, Yongren Huiguang Share Pledge Agreement, Yongsheng Huiguang Electricity Fee Rights Pledge Agreement, Yongsheng Huiguang Equipment Mortgage Agreement, Yongsheng Huiguang Share Pledge Agreement I and Yongsheng Huiguang Share Pledge Agreement II
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM” or “Special General Meeting”	the special general meeting of the Company to be convened at Room 1811, 18/F., Building 5, No. 9 Courtyard, Guang’an Road, Fengtai District, Beijing, PRC and via video conference set up at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Tuesday, 15 September 2020 at 11:00 a.m. or any adjournment thereof, and the notice of which is attached to this circular
“Share(s)”	ordinary Share(s) of HK\$0.1 each in the share capital of the Company
“Shareholders”	holder(s) of issued Shares of the Company
“Shenzhen Jingneng Leasing”	Shenzhen Jingneng Financial Leasing Co., Ltd.* (深圳京能融資租賃有限公司), a limited liability company established in the PRC, which is a subsidiary of BEH and hence a connected person of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as ascribed to it under the Listing Rules
“Supplemental Agreement”	a supplemental agreement entered into on 5 August 2020 between the Company and Shenzhen Jingneng Leasing (to amend and supplement certain terms in the Finance Lease Business Framework Agreement)

DEFINITIONS

“Yongren Huiguang”	Yongren Huiguang Photovoltaic Power Generation Co., Ltd.* (永仁惠光光伏發電有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement”	the sales and leaseback agreement entered into on 17 August 2020 between Yongren Huiguang and Shenzhen Jingneng Leasing
“Yongren Huiguang Electricity Fee Rights Pledge Agreement”	the electricity fee rights pledge agreement entered into on 17 August 2020 between Yongren Huiguang and Shenzhen Jingneng Leasing in relation to the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement
“Yongren Huiguang Equipment Mortgage Agreement”	the equipment mortgage agreement entered into on 17 August 2020 between Yongren Huiguang and Shenzhen Jingneng Leasing in relation to the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement
“Yongren Huiguang Share Pledge Agreement”	the share pledge agreement entered into on 17 August 2020 between Changzhou Xinguang and Shenzhen Jingneng Leasing in relation to the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement
“Yongsheng Huiguang”	Yongsheng Huiguang Photovoltaic Power Generation Co., Ltd.* (永勝惠光光伏發電有限公司), a limited liability company established in the PRC and a subsidiary of the Company
“Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement”	the sales and leaseback agreement entered into on 17 August 2020 between Yongsheng Huiguang and Shenzhen Jingneng Leasing
“Yongsheng Huiguang Electricity Fee Rights Pledge Agreement”	the electricity fee rights pledge agreement entered into on 17 August 2020 between Yongsheng Huiguang and Shenzhen Jingneng Leasing in relation to the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement

DEFINITIONS

“Yongsheng Huiguang Equipment Mortgage Agreement”	the equipment mortgage agreement entered into on 17 August 2020 between Yongsheng Huiguang and Shenzhen Jingneng Leasing in relation to the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement
“Yongsheng Huiguang Share Pledge Agreement I”	the share pledge agreement entered into on 17 August 2020 between Changzhou Xinguang and Shenzhen Jingneng Leasing in relation to the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement
“Yongsheng Huiguang Share Pledge Agreement II”	the share pledge agreement entered into on 17 August 2020 in relation to the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment 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.*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Ping (*Chairman and Chief Executive Officer*)
Mr. Lu Zhenwei
Mr. Xu Jianjun

Non-Executive Directors:

Mr. Sui Xiaofeng
Mr. Chen Dayu
Mr. Li Hao
Ms. Xie Yi
Mr. Yu Qiuming

Independent Non-Executive Directors:

Mr. Kwan Kai Cheong
Mr. Yen Yuen Ho, Tony
Mr. Shi Dinghuan
Mr. Chen Hongsheng

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

Unit 1012, 10/F.
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

28 August 2020

To: the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED AND DISCLOSEABLE TRANSACTION
IN RELATION TO FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT;
(2) CONNECTED AND DISCLOSEABLE TRANSACTIONS IN RELATION TO SALES
AND LEASEBACK AGREEMENTS; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

I. INTRODUCTION

References are made to the announcements of the Company dated 15 May 2020, 5 August 2020 and 17 August 2020 in relation to the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) information relating to the Finance Lease Business Framework Agreement; (ii) information relating to the Sales and Leaseback Agreements; (iii) a letter of advice from the Independent Board Committee to the Independent Shareholders in connection with the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements; (iv) a letter of advice from the Independent Financial Adviser setting out, among other things, its recommendation to the Independent Board Committee and to the Independent Shareholders in connection with the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements; and (v) the notice of the SGM to be convened and held for the purpose of considering and, if thought fit, approving the resolution in respect of the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements.

II. FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

Principal terms of the Finance Lease Business Framework Agreement are summarised as follows:

Date:	15 May 2020 (after trading hours) (as supplemented by the Supplemental Agreement dated 5 August 2020)
Parties:	(i) the Company (ii) Shenzhen Jingneng Leasing
Scope of direct lease services:	Pursuant to the Finance Lease Business Framework Agreement, Shenzhen Jingneng Leasing and/or its associates will provide direct leasing services to the Group. It is anticipated that assets which would be subject to finance leases contemplated under the Finance Lease Business Framework Agreement include power generation equipment for renewable energy.

LETTER FROM THE BOARD

Upon the requests or instructions of the Group, Shenzhen Jingneng Leasing and/or its associates will provide finance lease solutions to the Group for the purchase of equipment, and will make the payment for the equipment to the designated suppliers in accordance with the conditions set by the Group and charge the Group lease rental for the equipment according to the schedule. Since the initial purchase of equipment with supplier, the Group is responsible for the overall acceptability and bears the related risk and rewards on the conditions of the underlying assets. During the lease period, the Group has full control of the equipment and is responsible for the overall condition of the underlying assets, including bearing all costs and responsibility for repair and maintenance. Shenzhen Jingneng Leasing will not interfere with the Groups' use of the equipment. Further, the Group can make improvements or additions to the equipment at its own expense at any time without reducing the value, function and remaining useful life of the leased asset or any additional parts of it. All lease rental will be settled by the Group in cash. Upon maturity of such direct leasing pursuant to the prescribed repayment schedule or early repayment, the Group will be entitled to purchase the assets at a nominal consideration.

Annual caps and the basis for annual caps:

The annual cap is calculated with reference to the lease consideration, which includes charges being the principal amount, lease interests and handling fees. The lease consideration will be determined by the Group and Shenzhen Jingneng Leasing and/or its associates after arm's length negotiations and with reference to the market price of the same type of finance lease assets.

Since the Finance Lease Business Framework Agreement is a new transaction between the Company and Shenzhen Jingneng Leasing, there is no historical transaction information.

The proposed annual caps for the Finance Lease Business Framework Agreement with Shenzhen Jingneng Leasing are RMB500 million for each of the three years ending 31 December 2022, which are determined taking into account, among other things, (i) the scale of the upcoming photovoltaic power generation projects; (ii) the financing requirements of past photovoltaic power generation projects; and (iii) current and history costs of photovoltaic power generation projects.

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As explained in the Company's announcement dated 3 July 2020, the power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital. Historically, the financing requirements of the Group for photovoltaic power generation project per MW in 2018 amounted to approximately RMB4.9 million. As at 31 December 2019, the Group and its associates owned 61 solar power plants with a total installed capacity of approximately 1,979.2MW. Taking into account the current pace of development and plans for expansion through possible acquisitions, it is expected that the Company will be in a position to expand the capacity of power plants by approximately 500MW each year. The financing requirements are expected to be at least approximately RMB2 billion, and the Company will need to utilise (amongst other financial resources) direct leasing arrangements in order to fund its capital requirements.

Given the Group remains positive on the development of the new energy industry, the Group expects there to be an increase in power construction projects and the Group would therefore require continuous and steady finance leasing services.

On the above basis, the Board is of the view that allocating an annual cap of RMB500 million per year for the purpose of finance lease with Jingneng Leasing would be fair and reasonable.

III. DURATION OF LEASE TERM OF THE FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

When determining the lease term under the Finance Lease Business Framework Agreement, the Company will take into account, among others, the useful life of the relevant leased equipments, the financial needs of the Company and the funding availability of Shenzhen Jingneng Leasing, which in general should not exceed the useful life of such leased equipments. The lease term of relevant financial leases may exceed three years.

LETTER FROM THE BOARD

IV. SALES AND LEASEBACK AGREEMENTS

The principal terms of the Sales and Leaseback Agreements are summarised as follows:

A. Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement

Date:	17 August 2020 (after trading hours)
Parties:	(i) Yongren Huiguang (ii) Shenzhen Jingneng Leasing
Scope of services:	Shenzhen Jingneng Leasing will purchase photovoltaic power station system equipment owned by Yongren Huiguang that meet the requirements of its leaseback business to the extent permitted by law at a consideration of RMB190,000,000, and lease such equipment to Yongren Huiguang and charge Yongren Huiguang lease payment. All lease payment will be settled by Yongren Huiguang by bank transfer.
Lease Term:	The lease term under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement will be for nine years, from 18 September 2020 to 17 September 2029, subject to the terms and conditions provided therein.
Legal Title:	Shenzhen Jingneng Leasing shall own the legal title of the photovoltaic power station system equipment under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement during the lease term.
Lease Payment:	The total lease amount payable to Shenzhen Jingneng Leasing under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement is approximately RMB240,859,388.88. The estimated total lease amount payable includes: 1. the total principal lease amount of RMB190,000,000, which shall be paid by Yongren Huiguang in 36 equal instalments on a quarterly basis over the lease term;

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2. the lease interest rate is a floating interest rate and calculated by the above-five-year loan prime rate as promulgated by reference to the National Interbank Funding Centre with downward adjustment of 5 basis points. The floating interest rate will be automatically adjusted for each 12 months with reference to the then latest above-five-year loan prime rate. The lease interest shall be paid in 36 instalments over the lease term, together with the total principal amounts. The estimated total interest amounted to approximately RMB48,674,388.88, based on the latest loan prime rate of 4.65%; and
3. the management fee of RMB2,185,000, which will be paid together with the total principal lease amount in the first instalment during the lease period.

Other terms: Upon maturity of the lease term and subject to the fulfilment of all of its obligations under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement, Yongren Huiguang is entitled to purchase back the photovoltaic power station system equipment at a nominal consideration of RMB10,600 (inclusive of value-added tax at the rate of 6%).

The following security arrangements were entered into in relation to the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement. The principal terms are summarised as follows:

1. Yongren Huiguang Electricity Fee Rights Pledge Agreement

Main Terms: Yongren Huiguang pledges its right of receiving the electricity fee income in relation to the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement to Shenzhen Jingneng Leasing.

The period of such pledge pursuant to the Yongren Huiguang Electricity Fee Rights Pledge Agreement is for such period until 17 September 2029 (or such earlier date contemporaneous with the end of the Yongren Huiguang 35MW Photovoltaic Power Station System Agreement should the obligations thereunder are completed prior to such date).

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2. Yongren Huiguang Equipment Mortgage Agreement

Main Terms: Yongren Huiguang will mortgage the leased equipment under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement to Shenzhen Jingneng Leasing.

Shenzhen Jingneng Leasing has the right to recover RMB240,859,388.88, which is the total lease amount payable under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement.

The term of the Yongren Huiguang Equipment Mortgage Agreement will be for nine years, from 18 September 2020 to 17 September 2029, subject to the completion of the obligations under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement.

3. Yongren Huiguang Share Pledge Agreement

Main Terms: In order to secure the performance of Yongren Huiguang under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement, Changzhou Xinguan, the 100% equity holder of Yongren Huiguang, pledged its corresponding registered share capital amounting to RMB50,000,000 to Shenzhen Jingneng Leasing.

The total amount of secured debt under the Yongren Huiguang Share Pledge Agreement consists of the principal amount of the secured debt being RMB190,000,000 and total lease amount being RMB240,859,388.88.

The term of the Yongren Huiguang Share Pledge Agreement will be for nine years, from 18 September 2020 to 17 September 2029, subject to the completion of the obligations under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement.

B. Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement

Date: 17 August 2020 (after trading hours)

Parties: (i) Yongsheng Huiguang

LETTER FROM THE BOARD

(ii) Shenzhen Jingneng Leasing

- Scope of services: Shenzhen Jingneng Leasing will purchase equipment owned by Yongsheng Huiguang that meet the requirements of its leaseback business to the extent permitted by law at a consideration of RMB100,000,000, and lease such equipment to Yongsheng Huiguang and charge Yongsheng Huiguang lease rental. All lease rental will be settled by Yongsheng Huiguang by bank transfer.
- Lease Term: The lease term under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement will be for nine years, from 18 September 2020 to 17 September 2029, subject to the terms and conditions provided therein.
- Legal Title: Shenzhen Jingneng Leasing owns the legal title of the photovoltaic power station system equipment under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement during the lease term.
- Lease Payment: The total lease amount payable to Shenzhen Jingneng Leasing under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement is approximately RMB127,134,313.89. The estimated total lease amount payable includes:
1. the total principal lease amount of RMB100,000,000, which shall be paid by Yongsheng Huiguang in 36 instalments on a quarterly basis over the lease term;
 2. the lease interest rate is a floating interest rate and calculated by reference to the above-five-year loan prime rate as promulgated by the National Interbank Funding Centre with downward adjustment of 5 basis points. The floating interest rate will be automatically adjusted for each 12 months with reference to the then latest above-five-year loan prime rate. The lease interest shall be paid in 36 instalments over the lease term, together with the total principal amounts. The estimated total interest amounted to approximately RMB25,984,313.89, based on the latest loan prime rate of 4.65%; and

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3. the management fee of RMB1,150,000, which will be paid together with the total principal lease amount in the first instalment during the lease period.

Other terms: Upon maturity of the lease term and subject to the fulfilment of all of its obligations under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement, Yongsheng Huiguang is entitled to purchase back the photovoltaic power station system equipment at a nominal consideration of RMB10,600 (inclusive of value-added tax at the rate of 6%).

The following security arrangements were entered into in relation to the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement. The principal terms are summarised as follows:

1. Yongsheng Huiguang Electricity Fee Rights Pledge Agreement

Main Terms: Yongsheng Huiguang pledges its right of receiving the electricity fee income in relation to Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement to Shenzhen Jingneng Leasing.

The period of such pledge pursuant to the Yongsheng Huiguang Electricity Fee Rights Pledge Agreement is for such period until 17 September 2029 (or such earlier date contemporaneous with the end of the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Agreement should the obligations thereunder are completed prior to such date).

2. Yongsheng Huiguang Equipment Mortgage Agreement

Main Terms: Yongsheng Huiguang will mortgage the leased equipment under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement to Shenzhen Jingneng Leasing. Shenzhen Jingneng Leasing has the right to recover RMB127,134,313.89, which is the total lease amount payable under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement.

The term of the Yongsheng Huiguang Equipment Mortgage Agreement will be for nine years, from 18 September 2020 to 17 September 2029, subject to performance of obligations under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement.

LETTER FROM THE BOARD

3. Yongsheng Huiguang Share Pledge Agreement I

Main Terms: In order to secure the performance of Yongsheng Huiguang under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement, Changzhou Xinguang, the 55.64% equity holder of Yongsheng Huiguang, pledged its corresponding registered share capital amounting to RMB30,600,000 to Shenzhen Jingneng Leasing.

The total amount of secured debt under the Yongsheng Huiguang Share Pledge Agreement I consists of the principal amount of the secured debt being RMB100,000,000 and total lease amount being RMB127,134,313.89.

The term of the Yongsheng Huiguang Share Pledge Agreement I will be for nine years, from 18 September 2020 to 17 September 2029, subject to completion of the obligations under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement.

4. Yongsheng Huiguang Share Pledge Agreement II

Main Terms: In order to secure the performance of Yongsheng Huiguang under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement, the 44.36% equity holder of Yongsheng Huiguang pledged its corresponding registered share capital amounting to RMB24,400,000 to Shenzhen Jingneng Leasing.

The total amount of secured debt under the Yongsheng Huiguang Share Pledge Agreement II consists of the principal amount of the secured debt being RMB100,000,000 and total lease amount being RMB127,134,313.89.

The term of the Yongsheng Huiguang Share Pledge Agreement II will be for nine years, from 18 September 2020 to 17 September 2029, subject to completion of the obligations under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement.

LETTER FROM THE BOARD

V. INFORMATION ON THE ASSETS

The Leased Assets under the Sales and Leaseback Agreements include a 35MW photovoltaic power plant and a 19.8MW photovoltaic power plant, which are used for solar power generation as a part of the Group's power generation business.

Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement

As at 31 December 2019, the book value of the relevant assets was approximately RMB265,000,000.

	Year ended 31 December 2018	Year ended 31 December 2019
	(Audited)	(Audited)
	(RMB' million)	(RMB' million)
The profit before tax and net profit attributable to the relevant assets	9	18
The profit after tax and net profit attributable to the relevant assets	8	16

Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement

As at 31 December 2019, the book value of the relevant assets was approximately RMB144,000,000.

	Year ended 31 December 2018	Year ended 31 December 2019
	(Audited)	(Audited)
	(RMB' million)	(RMB' million)
The loss before tax and net profit attributable to the relevant assets	3	4
The loss after tax and net profit attributable to the relevant assets	3	4

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

LETTER FROM THE BOARD

VI. INTERNAL CONTROL MEASURES

To safeguard the interests of our Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions contemplated under the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements, which include the following:

Comparison of with independent quotations

The Finance Department is responsible for collecting and monitoring the information under the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements. Prior to entering into individual leasing contracts under the Finance Lease Business Framework Agreement, the Finance Department will compare the major terms and financing costs associated with such arrangements to the major terms provided and financing costs charged by at least two independent third parties which provide finance leasing of a similar scale and nature in the PRC. It is intended that the Group will be sourcing such quotes from independent third parties whose operational scale and financial position are at least comparable to those of Shenzhen Jingneng Leasing having a track record of at least one year in providing similar direct leasing services. Officers handling the relevant matters shall submit a report to the head of the Finance Department and the chief financial officer of the Group for approval, which is subject to the preliminary and final review by them based on the relevant rules and regulations.

Pricing terms and mechanism

The Finance Department and other relevant operation departments of the Group are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of both continuing connected transactions and connected transactions. They are also jointly responsible for evaluating the transaction terms under each underlying agreement of the Finance Lease Business Framework Agreement and the transaction terms under the Sales and Leaseback Agreements, in particular, the fairness and reasonableness of the pricing terms under each agreement.

Independent non-executive Directors have also reviewed and will continue to review the terms of the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements and the transactions thereunder to ensure that the agreements are entered into on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The Finance Department will monitor the direct leasing transactions under the Finance Lease Business Framework Agreement on a regular basis. In particular, the Finance Department will be in close contact with the Group's business teams responsible for direct leasing so that the Finance Department will be able to reasonably anticipate the expected transaction amount in advance. With the benefit of time and communication, the Finance Department will monitor and assess whether the annual cap is expected to be exceeded based on proposed transactions to be entered into, and where necessary, elevate such issue to the Board with proposed revised annual cap and such other relevant information so that the Board will be in a position to consider and, where applicable, comply with applicable Listing Rules in connection with such revised annual caps.

Independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the Finance Lease Business Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreements and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by unrelated third parties.

As the Group has certain internal control measures and monitoring procedures to supervise the continuing connected transactions of the Group and the low interest rates offered by Shenzhen Jingneng Leasing (which will be verified through independent quotes obtained referred to above), the Directors consider that the procedures in place will ensure such transactions be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

VII. REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT, SUPPLEMENTAL AGREEMENT AND SALES AND LEASEBACK AGREEMENTS

The Company intends to minimize incurring substantial amount of capital expenditure in purchasing large amount of power generation equipment in the construction of new energy power plants. The Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements would enable the Company to control financing risk and financing cost in its course of investing in new projects and satisfy the Company's demand of funds for purchasing power generation equipment in the early phase construction of the project in a timely manner. Pursuant to the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements, the Company would enjoy terms of finance lease that are on normal commercial terms or better from Shenzhen Jingneng Leasing and/or its associates.

LETTER FROM THE BOARD

Further, the Sales and Leaseback Agreements provide the Group with more financial resources and enable the Group to make better allocation of resources. Pursuant to the Sales and Leaseback Agreements, the Company would enjoy terms of finance lease that are on normal commercial terms or better from Shenzhen Jingneng Leasing and/or its associates.

Having considered the above, the Directors are of the view that the terms of the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements have been negotiated on arm's length basis and the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements are entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better. The terms of the Finance Lease Business Framework Agreement (including the proposed annual caps) and the Sales and Leaseback Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As Mr. Zhang Ping (the executive Director), Mr. Huang Hui (the then executive Director), Mr. Sui Xiaofeng (the non-executive Director) and Mr. Chen Dayu (the non-executive Director) also have important positions in BEH, they have abstained from voting on the resolution(s) approving the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements in the relevant Board meetings.

VIII. IMPLICATIONS UNDER THE LISTING RULES

A. Finance Lease Business Framework Agreement

BEH is the controlling shareholder of the Company, indirectly holding approximately 32% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules. As Shenzhen Jingneng Leasing is a subsidiary of BEH, Shenzhen Jingneng Leasing is also a connected person of the Company. Accordingly, the Finance Lease Business Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Finance Lease Business Framework Agreement and the transactions contemplated thereunder exceeds 5%, the direct lease services constitute a continuing connected transaction which is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As the highest applicable percentage ratios of the Finance Lease Business Framework Agreement and the transactions contemplated thereunder exceeds 5% but is less than 25%, the direct lease services constitute a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

B. Sales and Leaseback Agreements

As Shenzhen Jingneng Leasing is a subsidiary of BEH, the controlling shareholder of the Company, Shenzhen Jingneng Leasing is a connected person of the Company. Accordingly, the Sales and Leaseback Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Sales and Leaseback Agreements and the transactions contemplated thereunder, on an aggregated basis, exceeds 5%, the transactions under the Sales and Leaseback Agreements constitute connected transactions which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Sales and Leaseback Agreements and the transactions contemplated thereunder, on an aggregated basis, exceeds 5% but is less than 25%, the transactions under the Sales and Leaseback Agreements constitute discloseable transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

IX. GENERAL INFORMATION ON THE PARTIES

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 development, investment, operation and management of solar power plants and other renewable energy projects.

Yongren Huiguang is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company and is principally engaged in development, investment, operation and management of photovoltaic power plant projects.

Yongsheng Huiguang is a limited liability company established in the PRC and a subsidiary of the Company and is principally engaged in development, investment, operation and management of photovoltaic power plant projects.

Changzhou Xinguang is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company and is principally engaged in development, investment, operation and management of photovoltaic power plant projects.

LETTER FROM THE BOARD

Shenzhen Jingneng Leasing is a limited liability company established in the PRC and a subsidiary of BEH. Shenzhen Jingneng Leasing primarily provides financing leasing services to the public and members of the BEH group. Shenzhen Jingneng Leasing is an associate of BEH under the Listing Rules.

BEH is a limited liability company established in the PRC which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. BEH is wholly-owned by Beijing State-owned Capital Operation and Management Center. BEH is the controlling shareholder of the Company, indirectly holding approximately 32% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules.

X. FINANCIAL EFFECTS OF THE FINANCE LEASE BUSINESS AGREEMENT AND SALES AND LEASEBACK AGREEMENTS

Consistent with the historical accounting treatment of its previous transactions that were of the same nature, the Company will not recognise the arrangements under the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements as rights-of-use asset pursuant to HKFRS 16.

Direct leasing under the Finance Lease Business Framework Agreement is in substance a financing arrangement rather than a lease transaction under “HKFRS 16 Leases”. Payment would be made directly by Shenzhen Jingneng Leasing to the supplier designated by the Group for the purchase of equipment. The Group is responsible for the overall acceptability of the underlying assets and bears the related risk and rewards on the conditions of the underlying assets since the initial purchase of equipment with supplier. Charges in connection with direct leasing by Shenzhen Jingneng Leasing is in substance the principal and interests for such financing activity. Upon maturity of such direct leasing pursuant to the prescribed repayment schedule or early repayment, the Group will be entitled to purchase the assets at a nominal consideration. The Group is able to control the equipment throughout their entire economic life. Accordingly, the Group will recognise, at the time of the transfer of such equipment from the supplier initially, the asset as an addition to property, plant and equipment (construction-in-progress), applying “HKAS 16 Property, plant and equipment” while the liability as a loan from leasing company applying “HKFRS 9 Financial instruments”.

LETTER FROM THE BOARD

The sales and leaseback services under the Sales and Leaseback Agreements are in substance a financing arrangement rather than a lease transaction under “HKFRS 16 Leases”. Under the arrangement, Shenzhen Jingneng Leasing will purchase the equipment owned by the Group and then leaseback to the Group for rentals. Upon maturity, the Group will be entitled to purchase back the assets at a nominal consideration. As substantial risks and rewards of such assets were retained by the Group before and after these arrangements, the transaction will not satisfy the requirement of “HKFRS 15 Revenue” to be accounted for as a sale of an asset. According to HKFRS 16.103(a), the seller-lessee shall continue to recognise the transferred asset and a recognition of financial liability applying “HKFRS 9 Financial instruments” for the cash received.

XI. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages 47 to 49 of this circular, at which ordinary solutions will be proposed for the Shareholders to consider, and if thought fit, to approve the terms under the Finance Lease Business Framework Agreement (including the proposed annual caps) and the Sales and Leaseback Agreements and the transactions contemplated thereunder.

All Shareholders who have a material interest in any of the transactions contemplated by the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements, together with their close associates, will be required to abstain from voting at the SGM. As at the Latest Practicable Date, as Shenzhen Jingneng Leasing is a subsidiary of BEH, each of BEH, Shenzhen Jingneng Leasing and their respective associates are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

In order to determine the entitlement for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 9 September 2020.

A form of proxy for use at the SGM is enclosed to this circular and such form of proxy is also published on websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pandagreen.com). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

XII. VOTING AT THE SPECIAL GENERAL MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolutions put to the vote at the SGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

XIII. RECOMMENDATION

The Directors, including the independent non-executive Directors after considering the advice from the Independent Financial Adviser, are of the view that the terms of the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements have been negotiated on arm's length basis and the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements are entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better. The terms of the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements and the transactions contemplated thereunder as well as the proposed annual caps under the Finance Lease Business Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the Finance Lease Business Framework Agreement and the Sales and Leaseback Agreements proposed at the SGM.

By order of the Board
Panda Green Energy Group Limited
Zhang Ping
Chairman of the Board

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



熊貓綠能
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)

28 August 2020

To: The Independent Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED AND DISCLOSEABLE TRANSACTION
IN RELATION TO FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT
AND
(2) CONNECTED AND DISCLOSEABLE TRANSACTIONS IN RELATION TO
SALES AND LEASEBACK AGREEMENTS**

We refer to the circular of the Company dated 28 August 2020 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the Finance Lease Business Framework Agreement (including the proposed annual caps), the Sales and Leaseback Agreements and the transactions contemplated thereunder, details of which are set out in the Circular.

We wish to draw your attention to the “Letter from the Board” as set out on pages 6 to 23 of the Circular and the “Letter from Gram Capital”, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Finance Lease Business Framework Agreement (including the proposed annual caps), the Sales and Leaseback Agreements and the transactions contemplated thereunder as set out on pages 26 to 41 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the terms of the Finance Lease Business Framework Agreement (including the proposed annual caps), the Sales and Leaseback Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM.

Yours faithfully,

Independent Board Committee

Mr. Kwan Kai Cheong Mr. Yen Yuen Ho, Tony

Mr. Shi Dinghuan Mr. Chen Hongsheng

Independent non-executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

28 August 2020

*To: The independent board committee and the independent shareholders
of Panda Green Energy Group Limited*

Dear Sirs,

(I) CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS; AND (II) CONNECTED AND DISCLOSEABLE TRANSACTIONS

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the transactions contemplated under the Finance Lease Business Framework Agreement (the “**Direct Lease Transactions**”); and (ii) the transactions contemplated under the Sales and Leaseback Agreements (the “**Sales and Leaseback Transactions**”, together with the Direct Lease Transactions, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 28 August 2020 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 15 May 2020 (after trading hours) and 5 August 2020 (after trading hours), the Company and Shenzhen Jingneng Leasing entered into the Finance Lease Business Framework Agreement and the Supplemental Agreement respectively, pursuant to which Shenzhen Jingneng Leasing has agreed to provide direct leasing services to the Group for the three years ending 31 December 2022, subject to the terms and conditions provided therein.

On 17 August 2020 (after trading hours), Yongren Huiguang and Yongsheng Huiguang, being subsidiaries of the Company entered into Sales and Leaseback Agreements with Shenzhen Jingneng Leasing respectively. As part of the sales and leaseback arrangements, on the even date, Yongren Huiguang, Yongsheng Huiguang and their shareholders (as the case may be) also entered into agreements in respect of the Securities with Shenzhen Jingneng Leasing.

LETTER FROM GRAM CAPITAL

With reference to the Board Letter, the Direct Lease Transactions constitute discloseable and continuing connected transactions and are subject to the reporting and announcement requirements, annual review and the independent shareholders' approval requirement under the Listing Rules. In addition, the Sales and Leaseback Transactions constitute discloseable and connected transactions and are subject to the reporting and announcement requirements and the independent shareholders' approval requirement under the Listing Rules.

The Independent Board Committee comprising Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Chen Hongsheng (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Shenzhen Jingneng Leasing, and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Information on the Company

With reference to the Board Letter, 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 development, investment, operation and management of solar power plants and other renewable energy projects.

LETTER FROM GRAM CAPITAL

With reference to the Company's announcement dated 25 August 2020 in respect of the Company's annual results for the year ended 31 December 2019 (the "**Announcement**"), the Company will further focus on its main business (i.e. clean energy business). Based on production safety and stability, it will take high-quality development as the core with an aim to improve its efficiency. Driven by the market-oriented mechanism, it will improve its governance system, pay close attention to its production, construction and operation, and actively resolve its financial capital risks to further promote its sustainable and stable development, so as to make the Company a world-class green energy investment operation management company.

Information on Shenzhen Jingneng Leasing

Shenzhen Jingneng Leasing is a limited liability company established in the PRC and a subsidiary of BEH. Shenzhen Jingneng Leasing primarily provides financing leasing services to the public and members of the BEH group. BEH is a limited liability company established in the PRC which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. BEH is wholly owned by Beijing State-owned Capital Operation and Management Center.

Reasons for and benefit of the Transactions

With reference to the Board Letter, the Company intends to minimize incurring substantial amount of capital expenditure in purchasing large amount of power generation equipment in the construction of new energy power plants. The Transactions would enable the Company to control financing risk and financing cost in its course of operating current or investing in new renewable energy projects and satisfy the Company's demand of funds for purchasing power generation equipment in the early phase construction of the project in a timely manner.

According to the Announcement, the power generation business is capital intensive in nature. The Group has been exploring various financing channels to enhance its financing capability and reduce its finance cost.

Pursuant to the Finance Lease Business Framework Agreement, the Company would enjoy terms of finance lease (direct lease) that are on normal commercial terms or better from Shenzhen Jingneng Leasing and/or its associates.

As for the existing finance lease arrangement, the Directors advised that the replacement of lease service provider to Shenzhen Jingneng Leasing may allow the Group, among other things, to enjoy a lower finance cost as compared to the existing lease arrangements.

As for new power construction projects, the Directors advised that the Direct Lease Transactions would allow the Group to convert the capital expenditure in the projects' construction stages to the annual cost expenditure. It would improve the initial cash flow of the projects and reduce the fund stress of the Company so as provide effective support for the Group to expand the power plants investment and construction scale quickly in the future.

LETTER FROM GRAM CAPITAL

Having considered the above reasons and benefits, we are of the view that the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

A. THE DIRECT LEASE TRANSACTIONS

Set out below are the principal terms of the Direct Lease Transactions, details of which are set out under the section headed “**FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT**” in the Board Letter.

Principal terms of the Direct Lease Transactions

Date: 15 May 2020 (after trading hours) as supplemented by the Supplemental Agreement on 5 August 2020

Parties: (1) The Company; and
(2) Shenzhen Jingneng Leasing

Scope of finance lease services: Pursuant to the Finance Lease Business Framework Agreement, Shenzhen Jingneng Leasing and/or its associates will provide direct leasing services to the Group. It is anticipated that assets which would be subject to finance lease contemplated under the Finance Lease Business Framework Agreement include power generation equipment for renewable energy.

Upon the requests or instructions of the Group, Shenzhen Jingneng Leasing and/or its associates will provide finance leasing solutions to the Group for the purchase of equipment, and will make the payment for the equipment to the designated suppliers in accordance with the conditions set by the Group and charge the Group lease rental for the equipment according to the schedule.

All lease rental will be settled by the Group in cash. Upon maturity of such direct leasing pursuant to the prescribed repayment schedule or early repayment, the Group will be entitled to purchase the assets at a nominal consideration.

LETTER FROM GRAM CAPITAL

Pricing

Pursuant to the Finance Lease Business Framework Agreement, Shenzhen Jingneng Leasing or its related companies shall provide finance leasing services to the Group on normal commercial terms and with interest rate not higher than market price of the same type of finance leasing assets.

With reference to the Board Letter, the annual cap is calculated with reference to the lease consideration, which includes charges being the principal amount, lease interests and handling fees. The lease consideration will be determined by the Group and Shenzhen Jingneng Leasing and/or its associates after arm's length negotiations and with reference to the market price of the same type of finance leasing assets.

We understood from the Directors that the Company will adopt internal approval and monitoring procedures (the “**Internal Procedures**”) relating to the transactions under the Finance Lease Business Framework Agreement to safeguard the interests of the Shareholders as a whole, including the minority Shareholders. Details of the procedures are set out under the section headed “INTERNAL CONTROL MEASURES” in the Board Letter.

Having considered that, among other things, before entering into any new finance lease arrangement with Shenzhen Jingneng Leasing in respect of the Direct Lease Transactions, there will be price quotation procedures and price comparison procedures, we consider that the effective implementation of the Internal Procedures would help to ensure fair pricing of the Direct Lease Transactions according to the pricing policies.

With reference to the Board Letter, when determining the lease term under the Finance Lease Business Framework Agreement, the Company will take into account, among others, the useful life of the relevant leased equipments, the financial needs of the Company and the funding availability of Shenzhen Jingneng Leasing, which in general should not exceed the useful life of such leased equipments. The lease term of relevant financial leases may exceed three years. In assessing the reasons for the duration of individual finance lease arrangements under the Finance Lease Business Framework Agreement may exceed three years, we considered the following factors:

- (i) by entering into the finance lease arrangement with a longer duration, the payment obligation of the costs of the equipments of the Group is allowed to be spread over a longer period, which would reduce stress on the Group's working capital and related plans; and

LETTER FROM GRAM CAPITAL

- (ii) the lease period of individual direct lease agreement(s) shall take into account, among other things, the useful life of the relevant leased equipments (i.e. generally over 20 years as advised by the Directors).

In considering whether it is normal business practice for finance lease agreements of similar nature with the Finance Lease Business Framework Agreement to have a term of such duration, we identified similar finance lease arrangements entered into by companies listed on the Stock Exchange regarding the provision of finance lease arrangements to the listed companies, with duration of more than three years. In addition, the durations of majority of the Group's existing finance lease arrangements with independent third parties were more than three years.

Taking into account of the above, we are of the view that that the duration of the individual finance lease arrangements under the Finance Lease Business Framework Agreement, being longer than three years is required and it is normal business practice for the relevant finance lease(s) under the Finance Lease Business Framework Agreement to be of such duration.

In light of the above, we are of the view that the Direct Lease Transactions are on normal commercial terms and are fair and reasonable.

Proposed annual caps

The table below are the proposed annual caps for the three years ending 31 December 2022 of the Direct Lease Transactions (the “Cap(s)”):

	For the year ending 31 December 2020 RMB' million	For the year ending 31 December 2021 RMB' million	For the year ending 31 December 2022 RMB' million
The Caps	500	500	500

With reference to the Board Letter, the Caps for the three years ending 31 December 2022 are determined after taking into account of various factors, details of which were set out under the section headed “Annual caps and the basis for annual caps” in the Board Letter.

LETTER FROM GRAM CAPITAL

To assess the fairness and reasonableness of the Caps for the three years ending 31 December 2022, we conducted following analyses:

- As advised by the Directors, the power generation business is a capital-intensive business and the development of the Group requires a lot of capital.

The underlying asset of the proposed finance lease will be power plant equipment/parts.

- As advised by the Directors, it is expected that the Company will be in a position to expand the capacity of power plants by approximately 500MW each year. The financing requirements are expected to be at least approximately RMB2 billion, and the Company may need to conduct further fundraising to meet its capital requirements (including but not limited to finance leases and issuance of bonds).

As at 31 December 2019, the Group and its associates owned 61 solar power plants with a total installed capacity of approximately 1,979.2MW. With reference to the Company's previous annual reports, the Group's annual increase in total installed capacity of solar power plants were recorded as 509MW during 2015, 315MW during 2016, 796MW during 2017 and 242MW during 2018 respectively, represented the average annual increase of approximately 465MW (note: change of installed capacity of solar power plants during 2019 were not considered as the Group recorded a decrease in installed capacity of solar power plants during 2019). Accordingly, we consider the expected increase in total installed capacity of solar power plants of 500MW per annum to be acceptable.

- Upon our further enquiry, the Directors provided us a project filing certificate (項目備案證) of a solar power project of the Group (the "**Project**"), showing (i) the installed capacity of the Project; (ii) proposed total investment of the Project; (iii) proposed capital amount of the Project.

According to the certificate, the "implied ratio of funding needs per installed capacity of solar power plants" (i.e. RMB4 million per MW, calculated by RMB2 billion over 500MW) was less than the "implied ratio of funding needs per installed capacity of the Project" (calculated by (total investment of the Project – capital amount of the Project) over total investment of the Project).

Based on the above factors and as further advised by the Directors that they expected the demand of Direct Lease Transactions to be stable for the three years ending 31 December 2022, we consider that the Caps for the three years ending 31 December 2022 (which were the same during the period) to be fair and reasonable.

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Shareholders should note that as the Caps are related to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2022, and it does not represent forecasts of revenue to be recorded from the Direct Lease Transactions. Consequently, we express no opinion as to how closely the actual revenue, purchase or income to be incurred under the Direct Lease Transactions will correspond with the Caps.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Direct Lease Transactions must be restricted by the Caps for the period concerned under the Finance Lease Business Framework Agreement; (ii) the terms of the Direct Lease Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Direct Lease Transactions must be included in the Company's subsequent published annual reports and financial accounts.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Direct Lease Transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the Caps.

In the event that the total amounts of the Direct Lease Transactions are anticipated to exceed the Caps, or that there is any proposed material amendment to the terms of the Finance Lease Business Framework Agreement as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Direct Lease Transactions and thus the interest of the Independent Shareholders would be safeguarded.

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Recommendation on the Direct Lease Transactions

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Direct Lease Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Direct Lease Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Direct Lease Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

B. THE SALES AND LEASEBACK TRANSACTIONS

Principal terms of the Sales and Leaseback Transactions

Set out below are the principal terms of the Sales and Leaseback Transactions, details of which are set out under the section headed “**SALES AND LEASEBACK AGREEMENTS**” in the Board Letter.

Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement

Date:	17 August 2020
Parties:	(i) Yongren Huiguang (ii) Shenzhen Jingneng Leasing
Scope of services:	Shenzhen Jingneng Leasing will purchase photovoltaic power station equipment owned by Yongren Huiguang that meet the requirements of its leaseback business to the extent permitted by law at a consideration of RMB190,000,000, and lease such equipment to Yongren Huiguang and charge Yongren Huiguang lease payment. All lease payment will be settled by Yongren Huiguang by payment transfer.
Lease Term:	The lease term under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement will be for 9 years, from 18 September 2020 to 17 September 2029.

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Legal Title:

Shenzhen Jingneng Leasing shall own the legal title of the photovoltaic power station system equipment under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement during the lease term.

Lease Payment:

The total lease amount payable to Shenzhen Jingneng Leasing under the Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement is approximately RMB240,859,388.88. The estimated total lease amount payable includes:

1. the total principal lease amount of RMB190,000,000, which shall be paid by Yongren Huiguang in 36 equal instalments on a quarterly basis over the Lease Term;
2. the total lease interest. The lease interest rate is a floating interest rate and calculated by the above-five-year loan prime rate as promulgated by the National Interbank Funding Centre with downward adjustment of 5 basis points. The floating interest rate will be automatically adjusted after each 12 months with reference to the then latest above-five-year loan prime rate. The lease interest shall be paid in 36 instalments over the lease term, together with the total principal amounts. The estimated total interest amounted to RMB48,674,388.88, based on the latest loan prime rate of 4.65%; and
3. the management fee of RMB2,185,000, which will be paid together with the total principal lease amount in the first instalment during the lease period.

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Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement

Date:	17 August 2020
Parties:	(i) Yongsheng Huiguang (ii) Shenzhen Jingneng Leasing
Scope of services:	Shenzhen Jingneng Leasing will purchase equipment owned by Yongsheng Huiguang that meet the requirements of its leaseback business to the extent permitted by law at a consideration of RMB100,000,000, and lease such equipment to Yongsheng Huiguang and charge Yongsheng Huiguang lease rental. All lease rental will be settled by Yongsheng Huiguang by payment transfer.
Lease Term:	The lease term under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement will be for 9 years, from 18 September 2020 to 17 September 2029.
Legal Title:	Shenzhen Jingneng Leasing owns the legal title of the photovoltaic power station system equipment under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement during the Lease Term.
Lease Payment	The total lease amount payable to Shenzhen Jingneng Leasing under the Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement is RMB127,134,313.89. The estimated total lease amount payable includes: 1. the total principal lease amount of RMB100,000,000, which shall be paid by Yongsheng Huiguang in 36 instalments on a quarterly basis over the Lease Term;

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2. the total interest. The lease interest is a floating interest rate and calculated by the above-five-year loan prime rate as promulgated by the National Interbank Funding Centre with downward upward adjustment of 5 basis points. The floating interest rate will be automatically adjusted after each 12 months with reference to the then latest above-five-year loan prime rate. The lease interest shall be paid in 36 instalments over the Lease Term, together with the total principal amounts. The estimated total interest amounted to RMB25,984,313.89, based on the latest loan prime rate of 4.65%; and
3. the management fee of RMB1,150,000, which will be paid together with the total principal lease amount in the first instalment during the lease period

As mentioned above, as part of the sales and leaseback arrangements, Yongren Huiguang, Yongsheng Huiguang and their shareholders (as the case may be) also entered into agreements in respect of the Securities with Shenzhen Jingneng Leasing. Details of the arrangement of Securities are set out under the sections headed “Yongren Huiguang 35MW Photovoltaic Power Station System Equipment Agreement” and “Yongsheng Huiguang 19.8MW Photovoltaic Power Station System Equipment Agreement” respectively. As advised by the Directors, the arrangements of Securities were not uncommon for sales and leaseback arrangements.

For our due diligence purpose, we obtained (A) existing lease agreements (the “**Existing Lease Agreements**”) entered into between (i) Yongren Huiguang and an independent third party; and (ii) Yongsheng Huiguang and an independent third party; and (B) existing agreements in respect of arrangement of securities for aforesaid lease arrangements (the “**Existing Pledge Arrangements**”). As confirmed by the Directors, the Existing Lease Agreements had been terminated. In addition, the Directors also provided us the quotations of sales and leaseback arrangements for same underlying assets offered by two independent third parties in 2020 (i.e. the “**Quotations**”).

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Based on the above documents and as advised by the Directors, we noted that:

- (i) costs of lease arrangements under the Sales and Leaseback Agreements were lower than costs of lease arrangements under the Existing Lease Agreements;
- (ii) according to the Quotations, difference between principal amounts under the Sales and Leaseback Agreements and principal amounts/estimated principal amounts offered by the two independent third parties were not more than 10%;
- (iii) according to the Quotations, durations of the Sales and Leaseback Agreements were one year less than the duration of sales and leaseback arrangements offered by the two independent third parties;
- (iv) according to the Quotations, based on the latest above-five-year loan prime rate as promulgated by the National Interbank Funding Centre, lease interest rate under the Sales and Leaseback Agreements fell within ranges of lease interest rate under the sales and leaseback arrangements offered by the two independent third parties;
- (v) according to the Quotations, implied rates of one-off expenses (such as management fees) under the Sales and Leaseback Agreements were less than those under the sales and leaseback arrangements offered by the two independent third parties;
- (vi) according to the Quotations, implied effective rate of total costs (calculated according to internal rate of return method and after taking into account of time value of money) under the Sales and Leaseback Agreements were less than those under the sales and leaseback arrangements offered by the two independent third parties; and
- (vii) according to the Quotations, other than the general creditability increase measures (according to the Company's understanding, such measures included pledge of leased assets, lessee's equity interests and electricity fee rights), additional measures for increasing the creditability were required under the sales and leaseback arrangements offered by the two independent third parties,

In addition, according to the Existing Lease Agreements, previous finance lease arrangement for Yongren Huiguang was direct lease arrangement and for Yongsheng Huiguang was sales and leaseback lease arrangement.

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According to relevant agreements in respect of the previous finance lease arrangement for Yongsheng Huiguang (which was similar finance lease arrangement as compared to the Sales and Leaseback Transactions (i.e. sales and leaseback lease arrangement)), there were arrangements for (i) the pledge of underlying assets; (ii) the pledge of Yongsheng Huiguang's equity interests by one of Yongsheng Huiguang's shareholders; (iii) the pledge of lessee's electricity fee rights; and (iv) guarantee for all obligations and liabilities under the sale and leaseback agreement. Details of our findings were summarised below for Independent Shareholders' information.

	Previous finance lease arrangement for Yongsheng Huiguang	Sales and Leaseback Transactions
Finance lease type	Sales and leaseback arrangement	Sales and leaseback arrangement
Underlying assets pledge arrangement	Yes Duration: in line with duration of sales and leaseback arrangement	Yes Duration: in line with duration of sales and leaseback arrangement
Lessee's equity interests pledge arrangement	Yes Duration: the release of pledge will take place upon the fulfilment of obligation under the sale and leaseback agreement and the equity interests pledge agreement.	Yes Duration: in line with duration of sales and leaseback arrangement
Electricity fee rights pledge arrangement	Yes Duration: in line with duration of sales and leaseback arrangement	Yes Duration: subject to the sale and leaseback agreements coming into effect to (i) two years after the completion of performance under the sale and leaseback agreements; or (ii) the end of term of the sale and leaseback agreements (whichever is later)
Guarantee arrangement	Yes Duration: the second anniversary upon completion of sale and leaseback arrangement	No

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In light of the above factors, we are of the view that the terms of the Sales and Leaseback Transactions are on normal commercial terms and are fair and reasonable.

Recommendation on the Sales and Leaseback Transactions

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Sales and Leaseback Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Sales and Leaseback Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Sales and Leaseback Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in share options

Granters	Date of grant	Exercise price (HK\$/share)	Number of outstanding share options	Capacity	Exercise period ^(Note)
Mr. Lu Zhenwei	28 January 2016	0.564	3,000,000	Beneficial owner	28 January 2017 to 27 January 2021
	16 June 2017	1.076	5,000,000	Beneficial owner	16 June 2018 to 15 June 2022
Mr. Yu Qiuming	12 September 2017	1.132	70,000,000	Beneficial owner	12 September 2018 to 11 September 2022
Mr. Kwan Kai Cheong	28 January 2016	0.564	1,000,000	Beneficial owner	28 January 2017 to 27 January 2021
	16 June 2017	1.076	3,000,000	Beneficial owner	16 June 2018 to 15 June 2022

Granters	Date of grant	Exercise price (HK\$/share)	Number of outstanding share options	Capacity	Exercise period ^(Note)
Mr. Yen Yuen Ho, Tong	28 January 2016	0.564	1,000,000	Beneficial owner	28 January 2017 to 27 January 2021
	16 June 2017	1.076	3,000,000	Beneficial owner	16 June 2018 to 15 June 2022
Mr. Shi Dinghuan	28 January 2016	0.564	1,000,000	Beneficial owner	28 January 2017 to 27 January 2021
	16 June 2017	1.076	3,000,000	Beneficial owner	16 June 2018 to 15 June 2022

Note: All share options granted by the Company shall vest in three tranches within a period of 3 years in proportions of 30%, 30% and 40% of the share options granted, i.e. 30% of the share options granted shall vest on the 1st anniversary of the grant, another 30% shall vest on the 2nd anniversary of the grant, and the remaining 40% shall vest on the 3rd anniversary of the grant. In this table, “exercise period” begins with the 1st anniversary of the grant date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Mr. Zhang Ping, an executive Director, is the assistant to the general manager of BEH, the Company's controlling shareholder. Mr. Lu Zhenwei, an executive Director, is a director and the chairman of the board of directors of China Merchants New Energy Group Limited, which is a non-wholly-owned subsidiary of China Merchants Group Limited, the Company's substantial shareholder, and the executive director and chief financial officer of New Energy Exchange Limited. Mr. Xu Jianjun, an executive Director, is a deputy party secretary, general manager and a director of Qingdao Industrial Investment (Group) Co., Ltd.* (青島城投實業投資(集團)有限公司), which is a wholly-owned subsidiary of the Company's substantial shareholder Qingdao City Construction Investment (Group) Co., Ltd.. Mr. Sui Xiaofeng, a non-executive Director, is the head of strategic development department of BEH, the Company's controlling shareholder, and a director and general manager of Beijing Energy Investment Holding (Hong Kong) Co., Limited* (北京能源投資集團(香港)有限公司), the Company's controlling shareholder. Mr. Chen Dayu, a non-executive Director, is the head of corporate management department of BEH, the Company's controlling shareholder.

3. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, save as disclosed in the announcements of the Company dated 15 January 2020, 17 January 2020, 24 January 2020, 10 February 2020, 19 March 2020, 30 March 2020, 9 April 2020, 15 April 2020, 12 May 2020, 13 May 2020, 10 July 2020, 19 July 2020, 31 July 2020 and 25 August 2020, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTOR'S INTERESTS IN ASSETS AND CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contracts or arrangements which is significant in relation to the business of the Group and no Director was interested in any assets which have acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2019 (being the date of which the latest published audited financial statements of the Group were made up).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors had, and none of them were aware of any of their close associates had, interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given an opinion or advice, which is contained or referred to in this circular:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity as defined under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appear.

As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect shareholding in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

8. GENERAL

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The Company's Hong Kong branch share registrar and transfer office is Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (c) The company secretary of the Company is Ms. Zhang Xiao, an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Finance Lease Business Framework Agreement, Supplement Agreement Sales and Leaseback Agreements and Securities will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours (9:00 a.m. to 6:00 p.m.) from Monday to Friday (both days inclusive) up to and including the date of the SGM.

NOTICE OF SPECIAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the special general meeting (the “**Meeting**”) of Panda Green Energy Group Limited (the “**Company**”) will be held at Room 1811, 18/F., Building 5, No. 9 Courtyard, Guang’an Road, Fengtai District, Beijing, PRC and via video conference set up at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Tuesday, 15 September 2020, at 11:00 a.m. for the following purpose:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the continuing connected and discloseable transaction pursuant to the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) (as defined in the circular of the Company dated 28 August 2020 (the “**Circular**”)), a copy of which is marked “A” and initialled by the Chairman of the Meeting for the purpose of identification, the terms and the transactions contemplated thereunder together with the proposed annual caps as set out in the Circular be and are hereby approved, confirmed and ratified;
- (b) the connected and discloseable transactions pursuant to the Sales and Leaseback Agreements (as defined in the Circular), a copy of which is marked “A” and initialled by the Chairman of the Meeting for the purpose of identification, the terms and the transactions contemplated thereunder as set out in the Circular be and are hereby approved, confirmed and ratified; and

NOTICE OF SPECIAL GENERAL MEETING

- (c) any one of the directors of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he or she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) and the Sales and Leaseback Agreements.”

By order of the Board
Panda Green Energy Group Limited
Zhang Ping
Chairman of the Board

Hong Kong, 28 August 2020

Notes:

1. To facilitate shareholders of the Company (the “**Shareholders**”) attending the Meeting, electronic facilities will be set up at the principal place of business in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168- 200 Connaught Road Central, Hong Kong (the “**Hong Kong Venue**”) where Shareholders or his/her/its proxies may participate in the Meeting, and communicate with other attendees of the Meeting through such electronic facilities in a real and timely manner. Shareholders or his/her/its proxies can also cast their votes at Hong Kong Venue in person.
2. Precautionary Measures for the Special General Meeting

In view of the ongoing novel coronavirus disease (COVID-19) pandemic, the Company will implement the following precautionary measures at the Meeting venue and the Hong Kong Venue for the sake of health and safety of our Shareholders, Directors, staff, stakeholders and other participants, including, without limitation:

- (1) Compulsory temperature checks
- (2) Filling and submission of health declaration form
- (3) Wearing of surgical face mask
- (4) No refreshments or drinks will be provided

Any person who does not comply with the precautionary measures referred to items no.(1) to (3) above, with body temperature above 37.2 degree Celsius, has any of the symptoms stated in the health declaration form or is subject to any Hong Kong Government prescribed quarantine (in the case of attending Hong Kong Venue), may be denied entry into the Meeting venue or the Hong Kong Venue. The Company encourages Shareholders to appoint the chairman of the Meeting as their proxy to vote according to their indicated voting instructions on the relevant resolutions at the Meeting as an alternative to attending the Meeting in person to exercise their voting rights at the Meeting. The Company will continue to review the COVID-19 pandemic situation and may implement further changes and precautionary measures and may make relevant adjustments and arrangements for the Meeting accordingly. Further announcement will be issued as and when appropriate.

NOTICE OF SPECIAL GENERAL MEETING

3. In order to determine the entitlement for attending and voting at the Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 9 September 2020.
4. A member entitled to attend and vote at the Meeting is entitled to appoint one or, if he holds two or more shares, more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
5. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish. In such event, the instrument appointing such a proxy shall be deemed to be revoked.
6. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of that power of attorney or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time fixed for holding of the Meeting or any adjournment thereof.
7. In the case of joint holders of Shares, any one of such holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holder are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
8. Votes on the ordinary resolutions set out herein and are to be passed at the Meeting will be taken by way of poll.
9. If Tropical Cyclone Warning Signal No.8 or above, black rainstorm warning or extreme conditions caused by supertyphoons is in effect in Hong Kong after 8:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of the Company at www.pandagreen.com and on the website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.
10. As at the date hereof, the Board comprises:

Executive Directors:

Mr. Zhang Ping (*Chairman and Chief Executive Officer*)

Mr. Lu Zhenwei

Mr. Xu Jianjun

Non-Executive Directors:

Mr. Sui Xiaofeng

Mr. Chen Dayu

Mr. Li Hao

Ms. Xie Yi

Mr. Yu Qiuming

Independent Non-Executive Directors:

Mr. Kwan Kai Cheong

Mr. Yen Yuen Ho, Tony

Mr. Shi Dinghuan

Mr. Chen Hongsheng