

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



熊猫绿能
Panda Green

PANDA GREEN ENERGY GROUP LIMITED

熊猫绿色能源集团有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
ACQUISITION OF A 50MW SOLAR POWER PLANT
IN INNER MONGOLIA, THE PRC**

THE ACQUISITION

On 12 October 2017, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Sellers, whereby the Purchaser has agreed to acquire the entire equity interest in the Target Company, which owns and operates a grid-connected solar power plant with an installed capacity of approximately 50MW located in Inner Mongolia, the PRC at the Consideration of RMB196,000,000.

LISTING RULES IMPLICATIONS

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

INTRODUCTION

The Board is pleased to announce that on 12 October 2017, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Sellers, whereby the Purchaser has agreed to acquire the entire equity interest in the Target Company, which owns and operates a grid-connected solar power plant with an installed capacity of approximately 50MW located in Inner Mongolia, the PRC at the Consideration of RMB196,000,000.

THE ACQUISITION

The Equity Transfer Agreement

Date: 12 October 2017

Parties:

(1) Purchaser

(2) Seller 1

(3) Seller 2

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Sellers and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Equity interest and the plant to be acquired

Pursuant to the Equity Transfer Agreement, subject to the fulfillment of the Conditions, the Purchaser has agreed to purchase, and the Sellers have agreed to sell, the entire equity interest in the Target Company.

The Target Company owns and operates a grid-connected solar power plant with an installed capacity of approximately 50MW located in Inner Mongolia, the PRC. Please refer to the paragraph headed "Information on the Target Company" below for further information of the Target Company.

Consideration

The Consideration is RMB196,000,000 which comprises (i) RMB2,020,760 payable to Seller 1, and (ii) RMB193,979,240 payable to Seller 2.

The Consideration shall be settled by the Purchaser in cash by two installments as follows:

- (a) on the day after the fulfilment of the followings, the Purchaser shall pay RMB2,020,760 to Seller 1 and RMB137,979,240 to Seller 2:
 - (i) the Conditions (a), (b) and (c) set forth below having been satisfied;
 - (ii) the entire equity interest of the Target Company having been transferred from the Sellers to the Purchaser and a new business license having been issued to this effect;
 - (iii) all the company licenses, chops, bank accounts operation and financial materials having been handed over to the Purchaser;
 - (iv) the current operation and maintenance agreement of the Target Company having been terminated; and
 - (v) the Purchaser and the Sellers having agreed on the settlement of the indebtedness incurred by the Target Company during the transitional period of the Acquisition.
- (b) on the day after the fulfilment of the followings, the Purchaser shall pay RMB56,000,000 to Seller 2:
 - (i) Seller 1 having entered into an EPC supplemental contract with the Target Company and having performed certain refund obligation thereunder; and
 - (ii) the Sellers having reimbursed the interest and other expenses incurred up to the Completion, if any, by the Target Company under a project loan.

The Group will fund the payment of the Consideration by internal resources.

Under the Equity Transfer Agreement, the parties agree that the Target Company shall have a total liability of not more than RMB269,762,750.62 as of 30 April 2017 and the Sellers agreed to indemnify the Purchaser for any outstanding liability of the Target Company which exceeds RMB269,762,750.62.

The Consideration was arrived at after arm's length negotiations on normal commercial terms with reference to various factors, including the total costs of construction, liabilities and net assets of the Target Project as of 30 April 2017, the revenue from the sales of electricity generated by the Target Project and the Group's internal analysis of the financial model. Having considered the above factors and the fact that the Target Project has achieved on-grid connection and it provides steady income from sales of electricity, the Directors are of the view that the Consideration for the Acquisition is fair and reasonable and the terms of the Acquisition are in the interest of the Company and its shareholders as a whole.

Completion

Under the Equity Transfer Agreement, Completion will take place on the date on which a new business license reflecting registration of the transfer of the entire equity interest in the Target Company is issued. On 12 October 2017, Completion of the Equity Transfer Agreement took place, and the Target Company has become an indirect wholly-owned subsidiary of the Company.

Conditions

Completion of the Acquisition is conditional on the fulfillment of the following Conditions:

- (a) the pledge on the entire equity interest in the Target Company having been released and as of the date of Completion, the equity interest in the Target Company is not subject to any pledge, security or encumbrances;
- (b) the holder(s) of security interests over the equity interest or other rights in the Target Company having provided its consent to the Acquisition and the lender of a project loan having agreed on the early repayment by the Target Company of the principal amount of such loan and any accrued interest thereon;
- (c) Seller 2 having completed the acquisition of 98.969% equity interest from a third party before 30 October 2017 (and the acquisition has been completed on the date of this announcement);
- (d) the Target Company having been duly established and existing and having obtained all the requisite approvals, licenses and permits concerning its operation and business as set forth in its business license and all registered capital having been paid up;
- (e) the Target Company having been the sole legal entity for the initial development, investment, construction and operation of the Target Project, and beneficially owns the assets and rights of the Target Project;

- (f) the Sellers having provided the Purchaser with the financial statements of the Target Company, which is complete, true and accurate;
- (g) the conducting of on-site due diligence inspection of the Target Company and Target Project by the intermediaries designated by the Purchaser and the due diligence reports (including, but not limited to, legal, technical and financial due diligence reports) issued by such intermediaries contain no material adverse opinion, or, if issues are identified in such report, the parties having reached supplementary agreements that would meet the requirements of the Purchaser and/or having reached mutual agreement to such issues;
- (h) each of the parties to the Equity Transfer Agreement having obtained their respective internal approvals to the transfer of equity interest in the Target Company;
- (i) approval from the regulatory authorities in the PRC having been obtained in connection with the Acquisition, if applicable;
- (j) the Target Company having obtained filing documents, annual construction directives and/or government subsidy directives issued by the competent government departments in respect of the Target Project which are valid and subsisting; having obtained approval for on-grid connection of the Target Project; having completed all procedures for land use rights for the Target Project with valid documentation; having entered into grid connection agreement(s) and electricity sale agreement(s) in relation to the Target Project; the Target Project having completed the construction and on-grid connection and commenced electricity generation; and the conditions for financing having been satisfied by the Target Project; and
- (k) if further approval is required to be obtained from the original project license department due to the request of the government authorities; or such government authorities request Target Company to obtain the consent of the other party in agreements, contracts, documents, deeds and other documents in which Target Company is a party; and such matters have been or will be the subject of application which affects or will affect the normal business operation or application of government subsidy of the Target Company, the written consent, approval or registration of the parties, government department shall be one of the prerequisites.

The Purchaser may proceed with Completion at its discretion notwithstanding any of the above Conditions is not fulfilled and, in such circumstance, the outstanding Conditions shall survive Completion and the Seller shall remain liable to procure the fulfilment of such Conditions.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited company incorporated in the PRC on 31 July 2014, and is principally engaged in the business of solar photovoltaic power generation.

Based on the unaudited management accounts of the Target Company, the unaudited total assets value and the net assets value of the Target Company as at 30 April 2017 are approximately RMB499 million and approximately RMB15 million, respectively; and the revenue and net profits (both before and after taxation) of the Target Company for the two financial years ended 31 December 2015 and 31 December 2016 and four months ended 30 April 2017 are set out below:

	Year ended 31 December 2015 <i>RMB (million)</i> unaudited	Year ended 31 December 2016 <i>RMB (million)</i> unaudited	Four months ended 30 April 2017 <i>RMB (million)</i> unaudited
Revenue	–	60	22
Net Profit before taxation	–	6	6
Net Profit after taxation	–	6	6

INFORMATION ON THE SELLERS

Seller 1 is a company limited by shares incorporated in the PRC, and principally engaged in renewable energy technology research and development, system integration, EPC and smart energy solutions.

Seller 2 is a limited liability company incorporated in the PRC, and principally engaged in renewable energy investment, electricity generation, electricity sales, operation and maintenance and technical consultation.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Company is an investment holding company and the Group (including the Purchaser) is principally engaged in the development, investment, operation and management of renewable energy projects.

It is the Group's strategy to identify suitable investment opportunities to acquire renewable energy projects with good prospects and potential for stable returns. Having taken into consideration of the fact that the Target Project has achieved on-grid connection since December 2015, and will bring in operating revenue to the Group, the Directors are of the view that the Acquisition will supplement the Group's existing renewable power plant portfolio and further expand its scale of business in the renewable energy sector to enhance return to the shareholders.

LISTING RULES IMPLICATIONS

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Acquisition”	the acquisition of entire equity interest in the Target Company by the Purchaser from the Sellers
“Board”	the board of Directors
“business day(s)”	a day (other than a Saturday, Sunday or public holiday) on which banks in the PRC are generally open for business throughout their normal business hours
“Company”	Panda Green Energy Group Limited (熊貓綠色能源集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the sale and purchase of entire equity interest in the Target Company in accordance with the terms and conditions of the Equity Transfer Agreement
“Conditions”	the conditions precedent set out in the Equity Transfer Agreement
“Consideration”	the consideration of RMB196,000,000 in cash for the sale and purchase of the entire equity interest in the Target Company
“Directors”	the directors of the Company
“EPC”	engineering, procurement and construction

“Equity Transfer Agreement”	the agreement dated 12 October 2017 entered into between the Purchaser and the Sellers in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt, which equals to 1,000,000 watts
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Chayouqianqi United Photovoltaics Electricity Co., Ltd.* (察右前旗聯合光伏發電有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller 1”	Beijing Guoruntianneng New Energy Technology Corporation* (北京國潤天能新能源科技股份有限公司), a company limited by shares established in the PRC, is the beneficial owner of 1.031% equity interest in the Target Company
“Seller 2”	Tibet Huaxin New Energy Co., Ltd.* (西藏華信新能源有限公司), a company established in the PRC with limited liability, is the beneficial owner of 98.969% equity interest in the Target Company
“Sellers”	the Seller 1 and the Seller 2
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Inner Mongolia Guorun Chayouqianqi Electricity Co., Ltd.* (內蒙古國潤(察右前旗)發電有限公司), a company established in the PRC with limited liability
“Target Project”	a grid-connected solar power plant project located in Inner Mongolia, the PRC owned and operated by the Target Company with an installed capacity of approximately 50MW
“%”	per cent.

For and on behalf of
Panda Green Energy Group Limited
Li, Alan
Chairman of the Board

Hong Kong, 12 October 2017

As at the date of this announcement, the executive directors of the Company are Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei, Mr. Li Hong, Ms. Qiu Ping, Maggie, Mr. Jiang Wei and Mr. Yu Qiuming; the non-executive directors of the Company are Academician Yao Jiannian, Mr. Tang Wenyong and Mr. Li Hao; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing.

* for identification purpose only