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熊猫绿能
Panda Green

PANDA GREEN ENERGY GROUP LIMITED

熊猫绿色能源集团有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

**DISCLOSEABLE TRANSACTION
ENTERING INTO THE ENGINEERING PROCUREMENT AND
CONSTRUCTION CONTRACT RELATING TO
A 75MW SOLAR POWER PLANT PROJECT**

EPC CONTRACT

The Board is pleased to announce that on 22 June 2018, Zhaolian Lvhui, an indirect non-wholly owned subsidiary of the Company, entered into the EPC Contract with the EPC Contractor, pursuant to which, the EPC Contractor agreed to provide engineering, procurement and construction services for the Project at the total consideration of RMB401,250,000. The Project to be constructed is a solar power plant with a designed capacity of approximately 75MW located in Guangdong Province, the PRC, which is complementary with local agriculture.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the EPC Contract is more than 5% but all the applicable percentage ratios are less than 25%, the transaction contemplated under the EPC Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 22 June 2018, Zhaolian Lvhui, an indirect non-wholly owned subsidiary of the Company, entered into the EPC Contract with the EPC Contractor, pursuant to which, the EPC Contractor agreed to provide engineering, procurement and construction services for the Project at the total consideration of RMB401,250,000. The Project to be constructed is a solar power plant with a designed capacity of approximately 75MW located in Guangdong Province, the PRC, which is complementary with local agriculture.

EPC CONTRACT

The principal terms of the EPC Contract are as follows:

Date

22 June 2018

Parties

- (1) Zhaolian Lvhui
- (2) EPC Contractor

Subject Matter

Zhaolian Lvhui has engaged the EPC Contractor to provide engineering, procurement and construction services for the Project. The scope of the EPC Services mainly includes, among others, geological survey, engineering design, procurement, transportation services, site preparation work, civil engineering, power plant construction and installation works, equipment testing and system acceptance testing to ensure reliable performance of the power plant. The warranty period in respect of the EPC Services shall be 12 months upon the issuance of a final acceptance certificate by Zhaolian Lvhui.

According to the EPC Contract, all the construction and on-grid connection works in relation to the Project are expected to be completed by 30 December 2018.

Basis of Consideration

The total maximum consideration under the EPC Contract will be approximately RMB401,250,000 based on the designed capacity of the Project, which is consisted of the consideration for, among others, engineering design, procurement of equipment, civil engineering, installation and construction of a 75MW solar power plant.

The total consideration under the EPC Contract was determined by the parties after arm's length negotiations with reference to the prevailing market price of similar EPC Services, the special features and specifications required for an agriculture and solar complementary power plant, the scope of services provided under the EPC Contract, the fluctuation of labor market, the possible adjustment of relevant policies and the material costs incurred during the provision of EPC Services. Zhaolian Lvhui is entitled to have the amount of the consideration under the EPC Contract reduced, by way of entering into supplemental agreement in writing with the EPC Contractor, according to the actual amount of works in relation to the Project that would be undertaken by the EPC Contractor.

Payment Terms

- (i) The consideration for the major works in relation to the construction of the Project and procurement of certain key equipment related thereto representing 80% of the total consideration shall be paid by Zhaolian Lvhui to the EPC Contractor in stages according to the achievement of certain milestones including, among others, the signing date of the EPC Contract, the completion of orders for equipment, and the completion of works equivalent to a certain amount of grid-connected power to be generated;
- (ii) The consideration for other works in relation to the Project representing 15% of the total consideration shall be paid by Zhaolian Lvhui to the EPC Contractor according to the achievement of certain payment terms including, among others, the issuance of a final acceptance certificate by Zhaolian Lvhui; and
- (iii) Zhaolian Lvhui will retain 5% of the total consideration as quality assurance fund, which will be released by Zhaolian Lvhui to the EPC Contractor on an interest-free basis within 8 days after the expiration of the said warranty period provided that there is no outstanding quality issue of the EPC Services.

The total consideration will be settled in cash by way of utilizing internal resources of the Group and proceeds from external financing.

INFORMATION ON THE EPC CONTRACTOR

The EPC Contractor is a company established in the PRC with limited liability and is principally engaged in, among others, (a) design, installation, survey and supervision of electricity engineering project; and (b) sales of products in relation to solar power. As at the date of this announcement, the Group indirectly holds 12.4% of issued share capital of the EPC Contractor.

Save as disclosed in this section, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the EPC Contractor and its ultimate beneficial owner is a third party independent of the Company and its connected persons (as defined in the Listing Rules) as at the date of the EPC Contract. None of the Directors has any material interest in the transaction contemplated under the EPC Contract.

INFORMATION ON THE COMPANY AND REASONS AND BENEFITS FOR ENTERING INTO THE EPC CONTRACT

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of renewable power plants.

The Directors consider that the Project, upon completion, will increase the total installed electricity generation capacity of the Group, as well as promote sustainable development of local agricultural production.

The transaction contemplated under the EPC Contract is entered into via arms' length negotiations on normal commercial terms. The Directors consider and believe that the terms of the EPC Contract are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the EPC Contract is more than 5% but all the applicable percentage ratios are less than 25%, the transaction contemplated under the EPC Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Panda Green Energy Group Limited (熊貓綠色能源集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract dated 22 June 2018 and entered into by Zhaolian Lvhui and the EPC Contractor in relation to engagement of the EPC Contractor to provide EPC Services
“EPC Contractor”	Shanxi Silu Electricity Engineering Co. Ltd. * (山西絲路電力工程有限公司), a company incorporated in the PRC with limited liability
“EPC Services”	the provision of engineering, procurement and construction services for the construction of the Project
“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”	megawatts, which equals 1,000,000 watt
“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
“Project”	the development and operation of a 75MW agricultural and solar complementary power plant located in Guangdong Province, the PRC

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhaolian Lvhui”	Yangchun Zhaolian Lvhui Photovoltaics Power Generation Co., Ltd.* (陽春市招聯綠輝光伏發電有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 22 June 2018

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, Mr. Jiang Wei and Mr. Yu Qiuming; the non-executive directors of the Company are 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*