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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

If you have sold or transferred all your shares in the Company, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to sell, dispose, acquire, purchase or subscribe for securities in the Company.

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**熊猫绿能**  
Panda Green

**PANDA GREEN ENERGY GROUP LIMITED**

**熊猫绿色能源集团有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 686)**

- (1) SUBSCRIPTION AND ISSUANCE OF NEW SHARES  
UNDER SPECIFIC MANDATE;  
(2) APPLICATION FOR WHITEWASH WAIVER;  
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
(4) PROPOSED RE-ELECTION OF DIRECTORS; AND  
(5) NOTICE OF SPECIAL GENERAL MEETING**

**Financial Adviser to the Company**



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



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Capitalised terms used in this cover page have the same meanings as defined in this circular unless otherwise provided.

A letter from the Board is set out on pages 6 to 23 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 24 to 25 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-53 of this circular.

A notice convening the SGM to be held at 11:00 a.m. on Monday, 30 December 2019 at Pacific Room on 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong, is set out on pages SGM-1 to SGM-4 of this circular. A form of proxy for the SGM for use by the Shareholders is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the enclosed 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 possible but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjourned meeting 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 adjourned meeting thereof (as the case may be) should you so wish.

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## EXPECTED TIMETABLE

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### EXPECTED TIMETABLE FOR THE SGM

Despatch of SGM circular, proxy form and the SGM Notice . . . Wednesday, 11 December 2019

Latest time for lodging transfer documents for entitlements

to the right to attend and vote at the SGM . . . . . 4:00 p.m.,  
Friday, 20 December 2019

Latest time for lodging proxy forms for the SGM . . . . . 11:00 a.m.,  
Saturday, 28 December 2019

SGM . . . . . 11:00 a.m.,  
Monday, 30 December 2019

Announcement of voting results of the SGM . . . . . Monday, 30 December 2019

*Notes:*

- (1) Shareholders should note that the dates or deadlines specified in the expected timetable for the SGM as set out above, and in other parts of this circular, are indicative only. In the event any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers it appropriate to do so subject to relevant rules and regulations. The Company will make an announcement to notify Shareholders, the Stock Exchange and the SFC of any such extension or adjustment to the expected timetable.
- (2) All times and dates in this circular refer to Hong Kong local times and dates.

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## DEFINITIONS

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

“acting in concert”	having the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement dated 19 November 2019 made by the Company in relation to, among others, the Subscription, the Whitewash Waiver and the proposed Increase in Authorised Share Capital
“associates”	having the meaning ascribed to it under the Listing Rules
“Bermuda Act”	the companies act 1981 of Bermuda
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Company”	Panda Green Energy Group Limited ( 熊貓綠色能源集團有限公司 ), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 686)
“Completion”	the completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Day”	6 January 2020, or any other day agreed by the parties to the Subscription Agreement in writing
“Directors”	the directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of such Executive Director
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“Increase in Authorised Share Capital”	proposed increase in the authorised share capital of the Company from HK\$2,000,000,000.00 divided into 20,000,000,000 Shares of HK\$0.1 each to HK\$3,000,000,000.00 divided into 30,000,000,000 Shares of HK\$0.1 each by the creation of an additional 10,000,000,000 new Shares
“Independent Board Committee”	an independent committee of the Board, which comprises all the non-executive Directors and independent non-executive Directors, namely Mr. Yu Qiuming, Mr. Li Hao, Ms. Xie Yi, Mr. Wang Heng, Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Chen Hongsheng, in compliance with Rule 2.8 of the Takeovers Code, who have no direct or indirect interest in the Subscription Agreement or the Whitewash Waiver
“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver
“Independent Shareholders”	Shareholder(s) other than: (i) the Subscriber and parties acting in concert with it and its associates; (ii) those who are involved in or interested in the Subscription and the Whitewash Waiver and the transactions contemplated thereunder; and (iii) those who are required to abstain from voting in the SGM to consider and approve the Subscription Agreement, the Whitewash Waiver and the transactions contemplated thereunder under the Listing Rules and the Takeovers Code
“Independent Third Party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are third parties independent of, and not connected with, the Company and its connected persons

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## DEFINITIONS

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“Last Trading Day”	19 November 2019, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	9 December 2019, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum dated 2 August 2019 entered into between the Company and Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司), which owns the entire issued shares of the Subscriber, setting out parties’ preliminary understanding for strategic cooperation
“PRC”	the People’s Republic of China, which for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held for the Shareholders or the Independent Shareholders, as appropriate, to consider and, if thought fit, approve, among others, the Subscription and the transactions contemplated thereunder (including the Specific Mandate), the Whitewash Waiver, the Increase of Authorised Share Capital and the re-election of Directors
“Share(s)”	Ordinary share(s) of HK\$0.1 each in the share capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Shares
“Share Option”	the outstanding share option(s), exercisable or not, granted by the Company under the Share Option Schemes
“Share Option Schemes”	the share option schemes adopted by the Company on 19 June 2012
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the SGM for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 19 November 2019 and entered into between the Company and the Subscriber for the Subscription
“Subscription Price”	HK\$0.25 per Subscription Share
“Subscription Shares”	new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC as amended from time to time
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber and any parties acting in concert with it to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and any parties acting in concert with it which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement

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## DEFINITIONS

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“%” 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.*

*In this circular, translation of US\$ into HK\$ based on the exchange rate of US\$1.00 to HK\$7.80. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or United States dollars have been, could have been or may be converted at such or any other rate or at all.*

*In this circular, translation of RMB into HK\$ based on the exchange rate of RMB1.00 to HK\$1.1172. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.*



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## LETTER FROM THE BOARD

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**熊猫绿能**  
**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)**

*Executive Directors:*

Mr. Lu Zhenwei (*Chairman*)  
Ms. Zhong Hui (*Chief Executive Officer*)  
Mr. Chen Qinglong  
Mr. Xu Jianjun

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-executive Directors:*

Mr. Yu Qiuming  
Mr. Li Hao  
Ms. Xie Yi  
Mr. Wang Heng

*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

*Independent non-executive Directors:*

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

10 December 2019

*To the Shareholders*

Dear Sir/Madam,

- (1) SUBSCRIPTION AND ISSUANCE OF NEW SHARES  
UNDER SPECIFIC MANDATE;  
(2) APPLICATION FOR WHITEWASH WAIVER;  
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
(4) PROPOSED RE-ELECTION OF DIRECTORS; AND  
(5) NOTICE OF SPECIAL GENERAL MEETING**

#### **INTRODUCTION**

References are made to the announcements issued by the Company on 2 August 2019 and 19 November 2019 in relation to, among other things, the Subscription, the Whitewash Waiver and the proposed Increase in Authorised Share Capital. The Company entered into the Subscription Agreement with the Subscriber on 19 November 2019. Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 7,176,943,498 Shares at the Subscription Price of HK\$0.25 per Subscription Share for a total cash consideration of HK\$1,794,235,874.5.

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## LETTER FROM THE BOARD

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The primary purpose of this circular is to provide you with, among other matters, (i) further details of the Subscription, the Whitewash Waiver and the proposed Increase in Authorised Share Capital; (ii) a letter of recommendations from the Independent Board Committee to the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; (iv) financial information of the Group; (v) information relating to the Directors subject to re-election; (vi) the notice of the SGM; and (vii) other information as required under the Listing Rules and the Takeovers Code.

### THE SUBSCRIPTION AGREEMENT

Date: 19 November 2019 (after trading hours)

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

The Directors confirm, as well as confirmed in writing by the Subscriber to the Company, each of the Subscriber and its ultimate beneficial owners does not own or have control or direction over any Shares as at the Latest Practicable Date and is a party independent of the Company and its connected persons (as defined under the Listing Rules) of the Company. Please refer to the section headed “Information of the Subscriber” for more information of the Subscriber.

### The Subscription Shares

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

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

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## LETTER FROM THE BOARD

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### The Subscription Price

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

- (i) a discount of approximately 21.88% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on 2 August 2019, being the date of the MOU;
- (ii) a premium of approximately 7.76% over closing price of HK\$0.232 per Share as quoted on the Stock Exchange on 19 November 2019, being the Last Trading Day;
- (iii) a premium of approximately 9.17% over the average closing price of approximately HK\$0.229 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 10.13% over the average closing price of approximately HK\$0.227 per Share for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 35.14% over the closing price per of HK\$0.185 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a discount of approximately 49% to the unaudited consolidated net asset value per Share of the Company of approximately RMB0.44 (equivalent to approximately HK\$0.49) as at 30 June 2019.

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

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

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## LETTER FROM THE BOARD

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### Conditions of the Subscription

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

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

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## LETTER FROM THE BOARD

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- (g) the Executive granting the Whitewash Waiver to the Subscriber and parties acting in concert with it and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted; and
- (h) the Subscriber obtaining the following governmental approvals:
  - i. approval from the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality;
  - ii. consent or waiver from the Anti-monopoly Bureau of the State Administration for Market Regulation; and
  - iii. consent or waiver from the Beijing Development and Reform Commission.

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

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

As at the Latest Practicable Date, other than condition (a), none of the above conditions has been fulfilled or waived.

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## LETTER FROM THE BOARD

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

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

### **Completion**

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

### **Ranking**

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

### **Mandate for the issue of the Subscription Shares**

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

### **Listing Application**

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

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## LETTER FROM THE BOARD

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### INFORMATION OF THE SUBSCRIBER

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

### INFORMATION OF THE COMPANY AND THE GROUP

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

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

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

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

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

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

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## LETTER FROM THE BOARD

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### REASONS FOR THE SUBSCRIPTION

The Company has been actively looking for cooperation opportunities to improve its financial and operational capabilities. The Directors are of the view that the Subscription represents a good opportunity for the Company to raise funds to strengthen its capital base, to improve its financial position for the Company's future development and to introduce strategic investors to the Company. The Directors are also of the view that the Subscription represents an opportunity for the Group to bring in a solid strategic investor, namely the Subscriber. By doing so, the Company shall be able to enhance its credit rating, lower its financing costs and improve liquidity position of the Company, in particular to repay the outstanding US\$350 million senior unsecured bonds which will mature on 25 January 2020. The Company is currently exploring all means to ensure that the remaining amount of the outstanding bonds will be settled. The Company will comply with the requirements set out in the relevant Listing Rules, including without limitation making further announcements (if any), in respect of the Company's plan and actions to settle the bonds in due course.

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

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

### FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP

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

- (a) it is intended that the Group will continue with its existing business following the Completion;
- (b) it shares the view of the Board as disclosed in the paragraph headed "Reasons for the Subscription" above, in which it is mentioned that the Subscription is in the interests of the Group;
- (c) there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group's employees and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business;



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## LETTER FROM THE BOARD

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- (d) it recognises the asset quality of the Company and will assist the Company in reducing financing costs with its credit advantages; and
- (e) as both the Subscriber and the Company are involved in the renewable energy industry and have geographical overlap in project level, future cooperation in talent, technology and management could be further implemented to improve operational efficiency.

### CHANGES TO THE COMPOSITION OF THE BOARD

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

### USE OF PROCEEDS

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

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

### SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has a total of 15,251,004,934 Shares in issue, and a total of 315,001,000 Share Options and 871,075,858 unlisted warrants remain outstanding.

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

## LETTER FROM THE BOARD

Shareholders	As at the		Upon Completion		Upon Completion	
	Latest Practicable Date <sup>(Note 1)</sup>		(assuming there is no change		(assuming there is no change in	
	No. of Shares	%	in the issued share capital of		the issued share capital of the	
			the Company other than the issue		Company other than the issue of	
			of the Subscription Shares)		the Subscription Shares and upon	
			(Note 2)		full exercise of the existing	
			No. of Shares	%	Share Options and unlisted	
					warrants) <sup>(Note 3)</sup>	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Subscriber	–	–	7,176,943,498	32.00	7,176,943,498	30.39
China Merchants New Energy Group Limited and its parties acting in concert	3,469,281,329 <i>(Note 4)</i>	22.75	3,469,281,329 <i>(Note 4)</i>	15.47	3,832,229,603	16.23
China Huarong Overseas Investment Holdings Co., Limited	3,048,927,933 <i>(Note 5)</i>	19.99	3,048,927,933 <i>(Note 5)</i>	13.59	3,048,927,933	12.91
Huaqing Solar Power Limited	3,048,750,000 <i>(Note 6)</i>	19.99	3,048,750,000 <i>(Note 6)</i>	13.59	3,048,750,000	12.91
Directors	–	–	–	–	98,000,000 <i>(Note 7)</i>	0.42
Public Shareholders	5,684,045,672	37.27	5,684,045,672	25.35	6,409,174,256	27.14
<b>Total</b>	15,251,004,934	100.00	22,427,948,432	100.00	23,614,025,290	100.00

*Notes:*

- These percentages are calculated based on 15,251,004,934 Shares in issue as at the Latest Practicable Date.
- These percentages are calculated based on 22,427,948,432 Shares in issue upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares).
- These percentages are calculated based on 23,614,025,290 Shares in issue upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and upon full exercise of the existing Share Options and unlisted warrants).
- These Shares are held by the associates of and the parties acting in concert with China Merchants New Energy Group Limited\* (招商新能源集團有限公司) (“CMNEG”) pursuant to an agreement under Section 317 of the SFO. CMNEG is indirectly owned as to 79.36% by China Merchants Group Limited\* (招商局集團有限公司).
- These Shares are held by the subsidiaries of China Huarong Overseas Investment Holdings Co., Limited\* (中國華融海外投資控股有限公司), which is an indirectly wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd.\* (華融華僑資產管理股份有限公司), owned as to 91% by Huarong Zhiyuan Investment & Management Co., Ltd.\* (華融致遠投資管理有限責任公司).
- These Shares are held by Huaqing Solar Power Limited, which is indirectly wholly-owned by Qingdao City Construction Investment (Group) Co., Ltd.\* (青島城市建設投資(集團)有限責任公司).
- Please refer to “Appendix III – 4. Disclosure of Interests – (a) Interests of Directors and Chief Executives” for details of relevant Directors’ long positions in the Share Options.

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## LETTER FROM THE BOARD

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### FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activity in the past twelve months from the Latest Practicable Date:

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

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

Save as disclosed above, the Company has not conducted any fund raising activities in the past twelve months before the Latest Practicable Date.

The Company does not believe that the Subscription will give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

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## LETTER FROM THE BOARD

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### INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

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

- (a) has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of the announcement dated 2 August 2019 in relation to the MOU (save for the strategic cooperation contemplated thereunder and the discussion with the Directors thereon);
- (b) will make any acquisitions or disposals of voting rights in the Company in the period between this circular and the completion of the Subscription;
- (c) owns or has control or direction over any voting rights or rights over the Shares or any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (d) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or of the Subscriber which might be material to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (e) other than the aggregate Subscription Price payable under the Subscription Agreement, has paid or will pay any other consideration, compensations or benefits in whatever form to the Company or any parties acting in concert with it in relation to the Subscription Shares;
- (f) has entered into any understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber or parties acting in concert with it on one hand and the Company and the Shareholders on the other hand;
- (g) has entered into any understanding, agreement, arrangement or special deal between the Company, its subsidiaries or associated companies on one hand and any Shareholders on the other hand;
- (h) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution approving the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;

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## LETTER FROM THE BOARD

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- (i) has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement or the Whitewash Waiver (including any such agreements or arrangements that would result in any break fees being payable); and
- (j) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

### SECURITIES OF THE COMPANY

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

- (a) a total of 15,251,004,934 Shares are in issue;
- (b) 20,400,000 outstanding Share Options granted under the Share Option Scheme, which may be exercised into 20,400,000 Shares at the exercise price of HK\$1.00 per Share Option;
- (c) 11,101,000 outstanding Share Options granted under the Share Option Scheme, which may be exercised into 11,101,000 Shares at the exercise price of HK\$0.564 per Share Option;
- (d) 213,500,000 outstanding Share Options granted under the Share Option Scheme, which may be exercised into 213,500,000 Shares at the exercise price of HK\$1.076 per Share Option;
- (e) 70,000,000 outstanding Share Options granted under the Share Option Scheme, which may be exercised into 70,000,000 Shares at the exercise price of HK\$1.132 per Share Option; and
- (f) outstanding unlisted warrants approved by the Shareholder on 28 November 2016 and issued on 20 March 2017, where 871,075,858 new Shares may be issued upon full exercise of such warrants at the exercise price of HK\$0.646 per warrant share (subject to adjustment).

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

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## LETTER FROM THE BOARD

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### DEALINGS DISCLOSURE

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

***“Responsibilities of stockbrokers, banks and other intermediaries***

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

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

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

### WHITEWASH WAIVER

#### Application for Whitewash Waiver

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

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## LETTER FROM THE BOARD

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

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

### **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

#### **The Independent Board Committee**

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

#### **Appointment of the Independent Financial Adviser**

Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

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

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## LETTER FROM THE BOARD

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

### PROPOSED RE-ELECTION OF DIRECTORS

References are made to the announcement of the Company dated 27 June 2019 in relation to the appointment of (i) Ms. Zhong Hui as an executive Director; (ii) Mr. Chen Qinglong as an executive Director; (iii) Mr. Xu Jianjun as an executive Director and (iv) Mr. Wang Heng as a non-executive Director respectively.

Separately from the Subscription and the Whitewash Waiver, in accordance with Bye-law 83(2) of the bye-laws of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his/her appointment and be subject to re-election at such meeting. Accordingly, each of Ms. Zhong Hui, Mr. Chen Qinglong, Mr. Xu Jianjun and Mr. Wang Heng will retire from office as a Director and, being eligible, offer himself/herself for re-election at the SGM. Biographical details of Ms. Zhong Hui, Mr. Chen Qinglong, Mr. Xu Jianjun and Mr. Wang Heng are set out in the Appendix I to this circular.

### SGM

A notice convening the SGM to be held at 11:00 a.m. on Monday, 30 December 2019 at Pacific Room on 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong, is set out on pages SGM-1 to SGM-4 of this circular. Shareholders of the Company are advised to read the notice and complete and return the form of proxy for use at the SGM enclosed with this circular in accordance with the instructions printed thereon.

The SGM(s) will be held to consider and, if thought fit, pass resolutions to approve, among other matters, (i) the Subscription Agreement and transactions contemplated thereunder; (ii) grant of the Specific Mandate; (iii) the Whitewash Waiver; (iv) Increase in Authorised Share Capital; and (v) re-election of Directors. The voting in relation to resolutions to be proposed at the SGM(s) will be conducted by way of a poll. As at the Latest Practicable Date, none of the associates of and the parties acting in concert with the Subscriber and/or its associates owns any Shares.

There is no Shareholder that is interested in or involved in the Subscription, the Specific Mandate or the Whitewash Waiver and there is no Shareholder that is required to abstain from voting for the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver at the SGM. No Shareholders are required to abstain from voting in respect of the ordinary resolutions to approve the proposed re-election of Directors.



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## LETTER FROM THE BOARD

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Meanwhile, none of the Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on the relevant Board resolutions for approving the Subscription Agreement, the transactions contemplated thereunder and the Whitewash Waiver.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof should you so wish.

### RECOMMENDATION

Your attention is drawn to (i) the letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Subscription Agreement, the transactions contemplated thereunder, including the Specific Mandate, and the Whitewash Waiver; and (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement, the transactions contemplated thereunder, including the Specific Mandate, and the Whitewash Waiver.

The Board (including the members of the Independent Board Committee whose opinion is set forth in the "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" in this circular after considering the advice of the Independent Financial Adviser), is of the view that, the terms of the Subscription Agreement are fair, reasonable, and are in the interests of the Company and the Shareholders as a whole; and considers that (i) the execution, delivery and performance of the Subscription Agreement; (ii) the allotment and issuance of the Subscription Shares in accordance with the Subscription Agreement; (iii) the Specific Mandate under which the Subscription Shares will be issued; (iv) the Subscription and the Whitewash Waiver; (v) the proposed Increase in Authorised Share Capital and (vi) the proposed re-election of Directors, are in the interests of the Company and the Shareholders as a whole, accordingly, recommends that the Independent Shareholders to vote in favour of the resolution(s) relating thereto at the SGM.

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

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this circular.

By Order of the Board  
**Panda Green Energy Group Limited**  
**Lu Zhenwei**  
*Chairman of the Board*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter of the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate and the Whitewash Waiver for inclusion in this circular.*



**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)**

11 December 2019

*To the Independent Shareholders*

Dear Sir or Madam,

#### **SUBSCRIPTION AND ISSUANCE OF NEW SHARES UNDER SPECIFIC MANDATE AND APPLICATION FOR WHITEWASH WAIVER**

We have been appointed by the Board to form an Independent Board Committee to consider and advise you on the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate and the Whitewash Waiver, details of which are set out in the circular issued by the Company to the Shareholders dated 11 December 2019 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 6 to 23 and pages IFA-1 to IFA-30 of the Circular, respectively, and the additional information set out in the appendices to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the terms of the Subscription Agreement, and the principal factors and reasons considered by the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that although the Subscription Agreement is not in the ordinary and usual course of business of the Company, the terms of the Subscription Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder, the grant of the Specific Mandate and the Whitewash Waiver.

Yours faithfully,

**Independent Board Committee**

**Mr. Yu Qiuming**

*Non-executive Director*

**Mr. Li Hao**

*Non-executive Director*

**Ms. Xie Yi**

*Non-executive Director*

**Mr. Wang Heng**

*Non-executive Director*

**Mr. Kwan Kai Cheong**

*Independent non-executive Director*

**Mr. Yen Yuen Ho, Tony**

*Independent non-executive Director*

**Mr. Shi Dinghuan**

*Independent non-executive Director*

**Mr. Chen Hongsheng**

*Independent non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Lego, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this Circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver.*



10 December 2019

*To: The Independent Board Committee and the Independent Shareholders  
of Panda Green Energy Group Limited*

Dear Sirs or Madams,

**(1) SUBSCRIPTION AND ISSUANCE OF NEW SHARES  
UNDER SPECIFIC MANDATE;  
AND  
(2) APPLICATION FOR WHITEWASH WAIVER**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser, as approved by the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver, details of which are set out in the circular of the Company dated 10 December 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 19 November 2019, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 7,176,943,498 Subscription Shares, at the Subscription Price of HK\$0.25 per Subscription Share. The aggregate subscription price for the Subscription Shares is approximately HK\$1,794,235,874.5. The Subscription Shares will be issued pursuant to the Specific Mandate to be obtained at the SGM.

As at the Latest Practicable Date, the Subscriber and parties acting in concert with it did not own or have control in the Shares. Assuming that there is no change in the issued share capital of the Company since the Latest Practicable Date up to Completion other than the allotment and issue of the Subscription Shares, upon Completion, the Subscriber and parties acting in concert with it will be interested in 7,176,943,498 Shares, which represent (i) approximately 47.06% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 32.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Subscriber and parties acting in concert with it will be interested in more than 30% of the issued share capital of the Company upon Completion, pursuant to Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make mandatory general offers for all the issued Shares and other relevant securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. The Subscriber has made an application to the Executive for the Whitewash Waiver in this regard. The Executive has indicated that it is minded to grant the Whitewash Waiver subject to among other things, the condition that respective resolutions relating to the Whitewash Waiver on one hand, and the Subscription Agreement and the grant of Specific Mandate on the other hand, being separately approved by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders either in person or by proxy at the SGM by way of poll.

The Independent Board Committee comprising all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest or involvement in the transactions contemplated under the Subscription Agreement or the Whitewash Waiver, namely Mr. Yu Qiuming, Mr. Li Hao, Ms. Xie Yi, Mr. Wang Heng, Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Chen Hongsheng, has been established in accordance with Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests in the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, we have acted as the independent financial adviser to the independent board committee and the independent shareholder of the Company (details of which were set out in the circular of the Company dated 1 March 2019) in relation to the connected transactions involving subscription of new shares under specific mandate. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, the Subscriber, any of their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are qualified to give independent advice in respect of the Subscription and the Whitewash Waiver.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information and facts supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects at the time they were made and up to the Latest Practicable Date and may be relied upon. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the Latest Practicable Date and will continue to be true up to the time of the SGM, and that the Independent Shareholders will be informed as soon as reasonably practicable if we become aware of any material change to such information provided and representations made.

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Company, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Company or the Subscriber or any of their respective subsidiaries or associates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

#### 1. Business of the Company

The Company is principally engaged in the development, investment, operation and management of solar power plants and other renewable energy projects. As at 31 December 2018, the Company and its associates/joint venture had 74 solar power plants with aggregate installed capacity of approximately 2,329.6MW. These solar power plants are mainly located in the People's Republic of China ("PRC"). Almost all the solar power plants owned and controlled by the Company and its associates are ground-mounted, while a small portion of them are roof-top type. The Company strategically develops and acquires solar power plants to achieve predetermined minimal rate of return and selects its solar power plants based on a combination of considerations, including solar irradiation of the site, applicable feed-in tariffs, government subsidies, conditions for local grid connection, electricity transmission infrastructure and demand for electricity, etc.

As stated in the annual report of the Company for the year ended 31 December 2018 (the "2018 Annual Report"), following the success in the development of the "Top Runner" project for 100MW solar power plant in Datong, Shanxi in 2016, the Company successfully won another "Top Runner" project for 100MW floating solar power plants in Anhui Province in the same year. The project fully embodied technological innovation in respect of the fishery and solar power plant combination as well as comprehensive ecological control of subsidence areas. These floating solar power plants have achieved grid-connection during 2018.

The Company owned development rights mainly in hydropower in Tibet and Sichuan, PRC with an expected capacity of over 5GW. The Company indirectly holds 75% of the equity interest in the project company while the remaining 25% is indirectly held by the People's Government of Tibet Autonomous Region. The Group is awaiting the planning of the PRC government's ecological red line before the construction of any hydropower plants.

During 2018, the Company participated in certain photovoltaic poverty alleviation projects: one project with aggregate installed capacity of 75MW in Guangdong which was under construction; and two projects with aggregate installed capacity of 50MW in Sichuan which have achieved grid-connection during 2018.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Overview of the photovoltaic industry in the PRC

The photovoltaic industry in the PRC was largely impacted by the PRC government's subsidy reductions for photovoltaic power generation, widely known as the "531 New Policy" (531新政). The PRC government announced such move on 31 May 2018, which reduced the subsidies to newly approved photovoltaic power stations in each calendar year, subsequently led to a sudden contraction of the photovoltaic market in the PRC. During the year, the entire photovoltaic industry was particularly impacted by the "531 New Policy" (531新政) as well as the changes of the international trade environment. In the face of adversity, as stated in the 2018 Annual Report, the Company continued to adhere to the development policy of "steady progress, innovation and efficiency". Among others, from the continuous acquisition of quality power plant assets to boost total installed capacity, to the active introduction of powerful strategic investors such as Qingdao City Construction Investment (Group) Co. Limited, it demonstrated that the Company remained hopeful about its prospects. In addition, in order to cope with the challenges, the Company has carried out internal optimization. On one hand, the Company invited talents with rich experience in the finance, technology and management aspects. On the other hand, it carried out internal restructuring so as to improve the operation efficiency.

In view of the impact of the "531 New Policy" (531新政), in November of 2018, the PRC government adjusted its policies for the photovoltaic industry during the Midterm Review of the 13th Five-Year Plan. According to the policies announced by the National Energy Administration of the PRC in relation to the photovoltaic industry in September and October of 2019, the PRC government supports the stable development of the photovoltaic industry and was implementing various measures, among other things, (i) speeding up the payment of subsidies to the qualified corporates; (ii) elimination of obsolete coal power production capacity. It is also noted that the National Development and Reform Commission has issued Supervisory Measures for Guaranteed Purchase by Grid Enterprise on Renewable Energy (電網企業全額保障性收購可再生能源電量監管辦法(修訂)(徵求意見稿)) in November 2019 which required grid enterprise (電網企業) to fully purchase the electricity generated by the grid-connected renewable power plant. In view of the supportive policies from the PRC government, we considered that the industry will remain generally stable in near term.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the 2018 Annual Report, the capital of the Company will be strengthened in 2019 by receiving a new round of electricity subsidy from the Chinese Government and the capital contribution from its shareholders, for the Company's future development.

### 3. Historical financial information of the Company

#### (a) Historical financial results of the Company

Set out below is a summary of the audited financial results of the Group for the years ended 2016, 2017 and 2018 (“FY2016”, “FY2017” and “FY2018” respectively) as extracted from the annual report of the Company for the year ended 31 December 2017 (“2017 Annual Report”) and the 2018 Annual Report and the unaudited results for the six months ended 30 June 2019 (“HY2019”) and the six months ended 30 June 2018 (“HY2018”) extracted from the interim report of the Company for the six months ended 30 June 2019 (“2019 Interim Report”):

	FY2016	FY2017	FY2018	HY2018	HY2019
	RMB million	RMB million	RMB million	RMB million	RMB million
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	998	1,522	2,108	973	1,093
EBITDA	848	1,198	1,772	844	978
(Loss)/profit for the period	382	153	(454)	(87)	114
(Loss)/profit for the period attributable to equity holders of the Company	367	153	(451)	(87)	104

#### *FY2017 versus FY2016*

The increase in revenue and EBITDA was attributed to: (i) expansion in aggregate capacity from 1,007.6MW to 1,733.5MW, or around 72% by way of acquisition and self-development projects; and (ii) effective monitoring and control in electricity generation which enabled most plants to have recorded an increase in their electricity generation. The average tariff per kilowatt hour (“kWh”) (net of value added taxes) for 2017 was approximately RMB0.80.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During 2017, the Group recorded a net profit of approximately RMB153 million, representing a decrease of approximately 60% as compared to the corresponding period in 2016. The significant drop in net profit was mainly due to (i) the fair value loss on financial instruments of approximately RMB290 million; and (ii) the increase in finance costs by approximately 28%, as compared to the corresponding period in 2016. The fair value loss on financial instruments was mainly attributable to the fair value loss recognized on the issue of shares and warrants of approximately RMB229 million, which represents the difference in fair value of the shares and warrants as at the date on which the commitment to issue shares and warrants arose and the date of issue of such shares and warrants. The Group did not record any fair value loss on derivative financial instruments in 2016. In addition, the Group raised approximately RMB12,000 million debt financing during 2017 for its business development, early redemption of convertible bonds, repayment of existing indebtedness and working capital purposes, which resulted in the increase in finance cost by approximately 28% as compared to 2016.

### *FY2018 versus FY2017*

During 2018, the revenue and EBITDA were approximately RMB2,108 million and RMB1,772 million respectively (31 December 2017: RMB1,522 million and RMB1,198 million respectively). The increase in revenue and EBITDA was attributed to: (i) expansion in installed capacity of projects for around 14% by way of acquisition and self-development; and (ii) effective monitoring control in operation and maintenance so that most plants have increased in their electricity generation. The average tariff per kWh (net of value added taxes) for 2018 was approximately RMB0.80.

During 2018, the Group recorded a net loss of approximately RMB454 million, as compared with net profit of approximately RMB153 million for the corresponding period in 2017. The net loss in 2018 was mainly due to the decrease in gains from bargain purchase in 2018. The gain of approximately RMB26 million for 2018 came from the acquisition of 70MW solar power plants; while the gain of approximately RMB956 million in 2017 were mainly from the acquisition of the Tibet project which owns development rights over 5GW hydropower capacity and 80MW solar power capacity in Tibet and Sichuan. Considering that gains from bargain purchase are non-recurring in nature, if excluding the abovementioned gains from bargain purchase, the Group recorded net losses of approximately RMB803 million and RMB496 million for FY2017 and FY2018 respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *HY2019 versus HY2018*

During HY2019, the revenue and EBITDA from the continuing operations were approximately RMB1,093 million and RMB978 million respectively (HY2018: RMB973 million and RMB844 million respectively). The increase in revenue and EBITDA was attributed to: (i) expansion in installed capacity of projects for around 13% by ways of acquisition and self-development and (ii) effective monitoring control in operation and maintenance so that most power plants have increased in their electricity generation. The average tariff per kWh (net of value added taxes) for HY2019 was approximately RMB0.78.

During HY2019, the Group recorded a net profit of approximately RMB114 million (2018: loss of approximately RMB87 million). The profit for HY2019 comprised the profit from continuing operations of approximately RMB110 million and discontinued operation of approximately RMB4 million.

It is noted from the 2019 Interim Report that the Group focused its resources on managing its existing solar power business during the six months ended 30 June 2019, the total electricity generated by the power plants from the continuing operations of the Group and its associates/joint ventures has increased from approximately 1,502,170 megawatt hours in HY2018 to approximately 1,691,922 megawatt hours for HY2019, or by approximately 13%, and all these power plants are grid-connected and are generating electricity steadily. The improved financial results of the Group in HY2019 as compared with HY2018 indicated that the Group has been recovering from the 531 New Policy, as mentioned in the section “Overview of the photovoltaic industry in the PRC” above. The favourable policies published by the PRC government on photovoltaic industry will also support the stable development of the Group’s solar power business in near term.

Although the Company appears to be recovering from the 531 New Policy, given that the Group’s net current liabilities position as at 30 June 2019, as well as the repayment requirement of the outstanding US\$350 million senior unsecured bonds which will mature on 25 January 2020, we concur with the Directors’ view that even the Subscription Price is at a discount to the NAV, it is still fair and reasonable with reference to the current market and economic conditions, the prevailing market price of the Shares and the circumstances of the Company.

In view of (i) the improved financial result for HY2019 comparing to HY2018; (ii) the increase in the total electricity generated by power plant from continuing operations of the Group and its associates/joint ventures; and (iii) favourable policies published by the PRC government in support of the photovoltaic industry, we concur with the Directors’ view that the Group’s business will remain stable in near term.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**(b) Financial position of the Group**

Set out below is a summary of the audited consolidated financial position of the Company as at 31 December 2017 and 2018 and the unaudited consolidated financial position as at 30 June 2019 as disclosed in the 2017 Annual Report, the 2018 Annual Report and the 2019 Interim Report:

	<b>As at 31 December 2017</b>	<b>As at 31 December 2018</b>	<b>As at 30 June 2019</b>
	<i>RMB million</i> (audited)	<i>RMB million</i> (audited)	<i>RMB million</i> (unaudited)
<b>Assets</b>			
<b>Non-current assets</b>			
– Property, plant and equipment	15,567	17,115	16,111
– Right-of-use assets	–	–	131
– Intangible assets	2,524	2,245	2,245
– Investments accounted for using equity method	801	888	884
– Financial assets at fair value through profit or loss	132	60	76
– Financial assets at fair value through other comprehensive income	–	–	46
– Other receivables, deposits and prepayments	2,050	1,983	1,920
– Pledged deposits	903	1,838	1,847
– Deferred tax assets	29	28	26
	<u>22,006</u>	<u>24,157</u>	<u>23,286</u>
<b>Total non-current assets</b>	<b><u>22,006</u></b>	<b><u>24,157</u></b>	<b><u>23,286</u></b>
<b>Current assets</b>			
– Financial assets at fair value through profit or loss	231	189	187
– Trade, bills and tariff adjustment receivables	1,739	4,093	4,270
– Other receivables, deposits and prepayments	1,786	954	930
– Pledged deposits	1,229	967	771
– Restricted cash	10	8	24
– Cash and cash equivalents	1,593	407	222
	<u>6,588</u>	<u>6,618</u>	<u>6,404</u>
<b>Total current assets</b>	<b><u>6,588</u></b>	<b><u>6,618</u></b>	<b><u>6,404</u></b>
<b>Total assets</b>	<b><u>28,594</u></b>	<b><u>30,775</u></b>	<b><u>29,690</u></b>

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	As at <b>31 December 2017</b> <i>RMB million</i> (audited)	As at <b>31 December 2018</b> <i>RMB million</i> (audited)	As at <b>30 June 2019</b> <i>RMB million</i> (unaudited)
<b>Non-current liabilities</b>			
– Bank and other borrowings	12,997	16,649	13,453
– Lease liabilities	–	–	89
– Contingent consideration payables	16	10	–
– Deferred government grant	7	8	6
– Other payables	–	–	23
– Deferred tax liabilities	722	684	622
– Other derivative financial instruments	12	8	15
<b>Total non-current liabilities</b>	<b><u>13,754</u></b>	<b><u>17,359</u></b>	<b><u>14,208</u></b>
<b>Current liabilities</b>			
– Other payables and accruals	2,205	2,095	2,003
– Lease liabilities	–	–	18
– Bank and other borrowings	5,209	5,423	6,162
– Convertible bonds	981	–	–
– Contingent consideration payables	16	26	13
– Other derivative financial instruments	1	2	–
<b>Total current liabilities</b>	<b><u>8,412</u></b>	<b><u>7,546</u></b>	<b><u>8,196</u></b>
<b>Total liabilities</b>	<b><u>22,166</u></b>	<b><u>24,905</u></b>	<b><u>22,404</u></b>
<b>Net assets</b>	<b>6,428</b>	<b>5,870</b>	<b>7,286</b>
– Non-controlling interest	552	575	596
<b>– Equity attributable to owners of the Company (“NAV”)</b>	<b><u>5,876</u></b>	<b><u>5,295</u></b>	<b><u>6,690</u></b>
<b>NAV per Share (RMB)</b>	<b><u>0.62</u></b>	<b><u>0.56</u></b>	<b><u>0.44</u></b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*As at 31 December 2017*

As at 31 December 2017, total assets of the Group amounted to approximately RMB28,594 million, comprising non-current assets of RMB22,006 million and current assets of RMB6,588 million. The non-current assets comprised principally property, plant and equipment relating to power generating modules and equipment of approximately RMB15,567 million, intangible assets of approximately RMB2,524 million and other receivables, deposits and prepayments of approximately RMB2,050 million. The current assets comprised principally trade, bills and tariff adjustment receivables of approximately RMB1,739 million, other receivables, deposits and prepayments of approximately RMB1,786 million, pledged deposits of approximately RMB1,229 million and cash and cash equivalents of approximately RMB1,593 million.

Total liabilities of the Group amounted to approximately RMB22,166 million, representing an increase of approximately RMB7,593 million as compared to the total liabilities of the Group as at 31 December 2016. Total non-current liabilities increased from approximately RMB9,443 million as at 31 December 2016 to approximately RMB13,754 million, mainly due to the increase of bank and other borrowings. Total current liabilities increased from approximately RMB5,130 million as at 31 December 2016 to approximately RMB8,412 million as at 31 December 2017, mainly due to the increase in other payables and accruals as well as bank and other borrowings. Most of the proceeds raised from bank borrowings were used to redeem the Group's convertible bonds and repay the indebtedness.

As at 31 December 2017, the NAV per Share was approximately RMB0.62, calculated by dividing the NAV of approximately RMB5,876 million by 9,529,811,467 Shares in issue as at 31 December 2017.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Gearing ratio of the Group, calculated by dividing net debts (total borrowings, including current and non-current bank and other borrowings, construction costs payable and convertible bonds as shown in the consolidated statement of financial position, less cash deposits, including cash and cash equivalents, pledged deposits and restricted cash as shown in the consolidated statement of financial position) by total capital, was approximately 72.2%.

*As at 31 December 2018*

As at 31 December 2018, total assets of the Group amounted to approximately RMB30,775 million, comprising non-current assets of RMB24,157 million and current assets of RMB6,618 million. The non-current assets comprised principally property, plant and equipment relating to power generating modules and equipment of approximately RMB17,115 million, intangible assets of approximately RMB2,245 million, other receivables, deposits and prepayments of approximately RMB1,983 million and pledged deposits of approximately RMB1,838 million. The current assets comprised principally trade, bills and tariff adjustment receivables of approximately RMB4,093 million. Trade, bills and tariff adjustment receivables recorded a significant increase during 2018 mainly due to the delay of the 5th, 6th and 7th batches of the Renewable Energy Tariff Subsidy Catalogue.

Total liabilities of the Group amounted to approximately RMB24,905 million, representing an increase of approximately RMB2,739 million as compared to the total liabilities of the Group as at 31 December 2017. Total non-current liabilities increased from approximately RMB13,754 million as at 31 December 2017 to approximately RMB17,359 million, mainly due to the increase of bank and other borrowings. Total current liabilities decreased from approximately RMB8,412 million as at 31 December 2017 to approximately RMB7,546 million as at 31 December 2018, mainly due to the redemption of all the outstanding convertible bonds upon maturity during 2018.

As at 31 December 2018, the NAV per Share was approximately RMB0.56, calculated by dividing the NAV of approximately RMB5,295 million by 9,529,811,467 Shares in issue as at 31 December 2018.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Gearing ratio of the Group, calculated by dividing net debts (total borrowings, including current and non-current bank and other borrowings, construction costs payable and convertible bonds as shown in the consolidated statement of financial position, less cash deposits, including cash and cash equivalents, pledged deposits and restricted cash as shown in the consolidated statement of financial position) by total capital, was approximately 76.9%.

*As at 30 June 2019*

As at 30 June 2019, total assets of the Group amounted to approximately RMB29,690 million, comprising non-current assets of RMB23,286 million and current assets of RMB6,404 million. The non-current assets comprised principally property, plant and equipment relating to power generating modules and equipment of approximately RMB16,111 million, intangible assets of approximately RMB2,245 million. The current assets comprised principally trade, bills and tariff adjustment receivables of approximately RMB4,270 million.

Total liabilities of the Group amounted to approximately RMB22,404 million, representing a decrease of approximately RMB2,501 million as compared to the total liabilities of the Group as at 31 December 2018. Total non-current liabilities decreased from approximately RMB17,359 million as at 31 December 2018 to approximately RMB14,208 million, mainly due to the decrease of bank and other borrowings. Total current liabilities increased from approximately RMB7,546 million as at 31 December 2018 to approximately RMB8,196 million as at 30 June 2019, mainly due to the increase of bank and other borrowings during the first half of 2019.

As at 30 June 2019, the NAV per Share was approximately RMB0.44, calculated by dividing the NAV of approximately RMB6,690 million by 15,251,004,934 Shares in issue as at 30 June 2019.

Gearing ratio of the Group, calculated by dividing net debts (total borrowings, including current and non-current bank and other borrowings, construction costs payable and convertible bonds as shown in the consolidated statement of financial position, less cash deposits, including cash and cash equivalents, pledged deposits and restricted cash as shown in the consolidated statement of financial position) by total capital, was approximately 70.3%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Reasons for the Subscription and use of proceeds

The Company has been actively looking for cooperation opportunities to improve its financial and operational capabilities. The Directors are of the view that the Subscription represents a good opportunity for the Company to raise funds to strengthen its capital base, to improve its financial position for the Company's future development and to introduce strategic investors to the Company. The Directors are also of the view that the Subscription represents an opportunity for the Group to bring in a solid strategic investor, namely the Subscriber, the Company shall be able to enhance its credit rating, lower its financing costs and improve liquidity position of the Company, in particular to repay the outstanding US\$350 million senior unsecured bonds which will mature on 25 January 2020. The Company is currently exploring all means to ensure that the remaining amount of the outstanding bonds will be settled. The Company will comply with the requirements set out in the relevant Listing Rules, including without limitation making further announcements (if any), in respect of the Company's plan and actions to settle the bonds in due course.

Furthermore, the Subscriber is with leading expertise in wind power and photovoltaics development, and as a strategic investor to the Company, it would provide design and technique support to the Group's ongoing and future photovoltaics development projects. The Directors will explore the opportunity for the Group to generate synergy with the Subscriber in the future. As at the Latest Practicable Date, the Company does not have any concrete plan for acquisition, expansion or other synergy.

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

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

Given the potential synergy effect with the Subscriber and the relatively low cash position as at 30 June 2019 of apparently RMB222 million which is not sufficient for the repayment of the outstanding US\$350 million senior unsecured bonds which will mature on 25 June 2020, the Directors are therefore of the view and we concur that the Subscription is in the interest of the Company, the Shareholders and the Independent Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. Information of the Subscriber

The Subscriber is a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司), which is a state-owned company in the PRC indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, and is a top 500 company in PRC (中國企業500強) in the list published by China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會) for 2018. According to the official website of Beijing Energy Holding Co., Ltd., it and its subsidiaries are principally engaged in electricity production and supply, thermal heat production and supply, the production and sale of coal, property development and real estate management. Beijing Energy Holding Co., Ltd. had controlling stake in four listed companies in Hong Kong and PRC, including Beijing Jingneng Clean Energy Co., Limited (579.hk) which principally engaging in the construction, management and operation of clean energy power plants, including gas-fired power, heat energy, wind power, photovoltaic power and hydropower. With the resource available to the Subscriber through the group companies of Beijing Energy Holding Co., Ltd., it is expected that the Subscription will have synergy effect in terms of the current solar power business of the Group.

As stated in the letter from the Board contained in the Circular, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

### 6. Principal terms of the Subscription Agreement

Set out below is a summary of the principal terms of the Subscription Agreement, further details of which are set out in the letter from the Board contained in the Circular.

#### (a) *Subscription Shares*

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

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(b) The Subscription Price**

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

- (i) a discount of approximately 21.9% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on 2 August 2019, being the date of the MOU;
- (ii) a premium of approximately 7.8% over the closing price of HK\$0.232 per Share as quoted on the Stock Exchange on 19 November 2019, being the Last Trading Day;
- (iii) a premium of approximately 9.2% over the average closing price of approximately HK\$0.229 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 10.1% over the average closing price of approximately HK\$0.227 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 49.0% to the unaudited consolidated net asset value per Share of the Company of approximately RMB0.44 (equivalent to approximately HK\$0.49) as at 30 June 2019.

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

Our analysis on the Subscription Price is set out further in the section headed "Evaluation of the Subscription Price" below.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(c) Conditions of the Subscription*

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

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (f) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares to be issued (and such approval not being subsequently revoked prior to the Completion);
- (g) the Executive granting the Whitewash Waiver to the Subscriber and parties acting in concert with it and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted; and
- (h) the Subscriber obtaining the following governmental approvals:
  - i. approval from the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality;
  - ii. consent or waiver from the Anti-monopoly Bureau of the State Administration for Market Regulation; and
  - iii. consent or waiver from the Beijing Development and Reform Commission.

### 7. Evaluation of the Subscription Price

#### (a) *Comparison of the Subscription Price*

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

- (i) a premium of approximately 7.8% over the closing price of HK\$0.232 per Share as quoted on the Stock Exchange on 19 November 2019, being the Last Trading Day;
- (ii) a premium of approximately 9.2% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$0.229 per Share;
- (iii) a premium of approximately 10.1% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day of approximately HK\$0.227 per Share;
- (iv) a premium of approximately 11.1% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK\$0.225 per Share;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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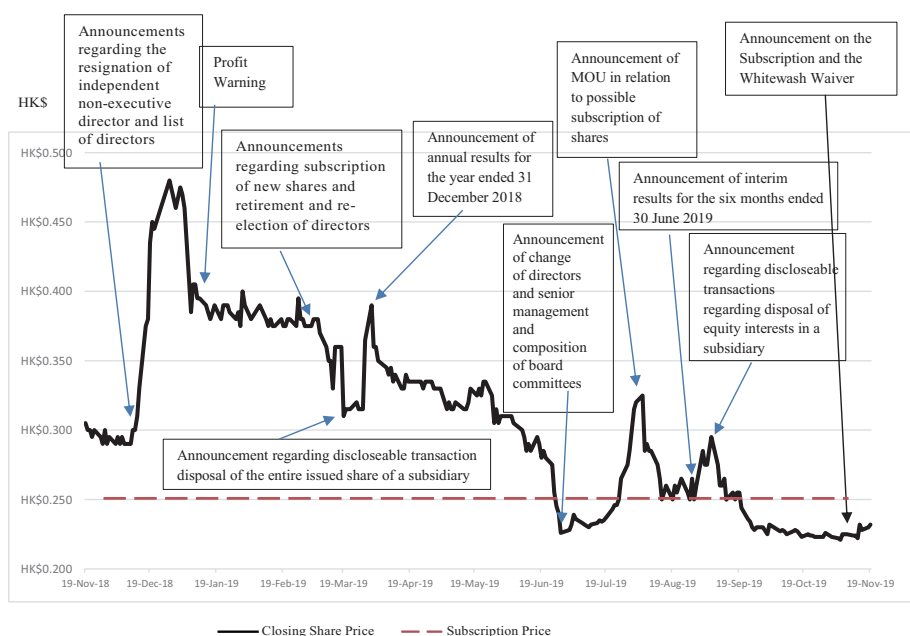
- (v) a premium of approximately 2.0% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Day of approximately HK\$0.245 per Share;
- (vi) a premium of approximately 35.1% over the closing price of HK\$0.185 per Share as quoted on the Stock Exchange on 9 December 2019, being the Latest Practicable Date;
- (vii) a premium of approximately 29.3% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Latest Practicable Date of approximately HK\$0.193 per Share;
- (viii) a premium of approximately 25.0% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten trading days up to and including the Latest Practicable Date of approximately HK\$0.200 per Share;
- (ix) a premium of approximately 15.3% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Latest Practicable Date of approximately HK\$0.217 per Share;
- (x) a premium of approximately 4.1% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 90 trading days up to and including the Latest Practicable Date of approximately HK\$0.240 per Shares;
- (xi) a discount of approximately 59.7% to the NAV per Share as at 31 December 2018 of approximately RMB0.56 (equivalent to approximately HK\$0.63) (calculated by dividing the NAV as at 31 December 2018 as shown in the 2018 Annual Report of approximately RMB5,295 million by 9,529,811,467 Shares in issue as at 31 December 2018); and
- (xii) a discount of approximately 49.0% to the NAV per Share as at 30 June 2019 of approximately RMB0.44 (equivalent to approximately HK\$0.49) (calculated by dividing the NAV as at 30 June 2019 as shown in the 2019 Interim Report of approximately RMB6,690 million by 15,251,004,934 Shares in issue as at 30 June 2019).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out above, it is noted that the Subscription Price of HK\$0.25 per Subscription Share generally represents premiums over the historical closing prices of the Shares and discounts to the net asset value per Share of the Company as at 31 December 2018 and 30 June 2019.

### (b) Review of historical Share price performance

The following chart depicts the daily closing price of the Shares as quoted on the Stock Exchange for the period from 19 November 2018, being the date falling one year prior to the Subscription Announcement, up to and including the Last Trading Day (the “Review Period”):



As illustrated in the chart above, the closing Share price ranged from HK\$0.211 to HK\$0.550 per Share during the Review Period, with an average closing price of approximately HK\$0.305 per Share. The Subscription Price of HK\$0.25 per Subscription Share lies towards the lower end of the range of the closing Share price in the Review Period. It represents a premium of approximately 18.5% over the lowest closing Share price, a discount of approximately 54.5% to the highest closing Share price and a discount of approximately 18.0% to the average closing Share price during the Review Period.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During the Review Period, by comparing the closing prices per Share with the respective latest NAV per Share in the corresponding period, we noted that (i) the average daily discount to NAV per Share was approximately 46.6% for the period from 19 November 2018, being the first trading day during the Review Period, to 29 March 2019, being the last trading day before the Company announced its results for FY2018, in such period, the lowest and highest daily discounts to NAV per Share were approximately 29.4% and 57.4% respectively, and the daily discounts to NAV per Share of 54 out of 88 trading days during such period were less than the relevant average daily discount to NAV per Share; (ii) the average daily discount to NAV per Share was approximately 53.8% for the period from 1 April 2019, being the first trading day after the Company announced its results for FY2018, to 30 August 2019, being the last trading day before the Company announced its results for HY2019, in such period, the lowest and highest daily discounts to NAV per Share were approximately 38.1% and 64.1% respectively, and the daily discounts to NAV per Share of 51 out of 103 trading days during such period were less than the relevant average daily discount to NAV per Share; and (iii) the average of daily discount to NAV per Share was approximately 51.6% for the period from 2 September 2019, being the first trading day after the Company announced its results for HY2019, to 19 November 2019, being the last trading day during the Review Period, in such period, the lowest and highest daily discounts to NAV per Share were approximately 39.8% and 54.9% respectively, and the daily discounts to NAV per Share of 15 out of 55 trading days during such period were less than the relevant average daily discount to NAV per Share.

Given (i) the deep discounts of the average closing Share prices during the Review Period to the relevant figures of NAV per Share as illustrated above, and (ii) the discount of the Subscription Price of approximately 49.0% to the NAV of the Group as at 30 June 2019 was comparable with the average daily NAV discount per Share of the corresponding period during the Review Period we consider the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Review of the trading liquidity of the Shares*

The table below sets out the total trading volume and the average daily trading volume of the Shares and the percentage of the average daily trading volume to the total number of issued Shares for each month during the Review Period:

Month	Total trading volume (Shares) <i>(Note 1)</i>	Number of trading days (days)	Average daily trading volume (Shares) <i>(Note 2)</i>	Percentage of the average daily trading volume over total number of issued Shares % <i>(Note 3)</i>
2018				
November	39,740,799	10	3,974,080	0.042%
December	391,687,929	18	21,760,441	0.228%
2019				
January	241,412,724	22	10,973,306	0.115%
February	126,624,023	17	7,448,472	0.078%
March	183,484,801	21	8,737,371	0.057%
April	130,914,885	19	6,890,257	0.045%
May	48,640,149	21	2,316,198	0.015%
June	130,427,000	19	6,864,579	0.045%
July	226,497,500	22	10,295,341	0.068%
August	330,795,799	22	15,036,173	0.099%
September	296,818,418	21	14,134,210	0.093%
October	59,206,786	21	2,819,371	0.019%
November (up to and including the Last Trading Day)	34,288,000	13	2,637,538	0.017%

*Notes:*

1. Source: HKEx
2. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period
3. For illustrative purpose only, based on total number of Shares in issue at the end of each month/period

As illustrated in the above table, the average daily trading volume was low during the Review Period, with a range from approximately 2.32 million Shares to approximately 21.76 million Shares, representing approximately 0.015% to 0.228% of total number of Shares in issue as at the end of the relevant month/period. We consider that the trading volume of the Shares has been thin as a whole during the Review Period.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Apart from the above, we have reviewed the average daily trading volume of the Reference Companies (as defined below) in the Review Period. We noted that the average daily trading volume of the Company was approximately 0.071% of the respective total number of Shares during the Review Period whilst the average daily trading volume of the Reference Companies ranged from 0.005% to 0.480% of the total number of their respective issued shares during the Review Period. As the average daily trading volume of the Company is within and lies towards the lower end of the range of that of the Reference Companies, we are of the view that the trading liquidity of the Company is also relatively low in the industry.

The low liquidity of the Shares may imply the lack of interest from potential investors to invest in the Shares, thus setting the Subscription Price at a discount to the NAV per Share could provide more incentive for the Subscriber to participate in the Subscription.

**(c) *Comparable companies' analysis***

According to the annual reports of the Company for the years ended 2016, 2017 and 2018, the Group has only one single reportable segment, which is solar energy segment.

For the purpose of our analysis of the Subscription Price, we have attempted to identify companies listed on the Stock Exchange which engage in businesses similar to and having similar income segment as the Group. We have attempted to identify companies listed on the Stock Exchange which recorded 100% of their total revenue from operation and management of solar power plants in the latest financial year based on disclosures contained in their respective latest published annual reports. Based on the above criteria, we have identified one company, namely GCL New Energy Holdings Ltd (Stock code: 0451). As we considered the sample size to be insufficient for our analysis, we have therefore extended our search and looked into companies. Given operation and management of wind power plants and development of hydropower are also one of the business segments of the Group, which, though did not record profits as those are in development phase, we therefore considered to include listed companies which recorded over 85% of their revenue from the operation and management of solar power plants as well as the other operation and management of wind power plants and development of hydropower in the most recent financial year as disclosed in their respective latest published annual reports in order to provide further reference for the purpose of our analysis. Based on the aforesaid criteria, we have identified four companies (altogether, the “**Reference Companies**”). We consider the list of Reference Companies is an exhaustive list based on the selection criteria as explained above.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below are the details of the historical price-to-earnings ratio (“**PE Multiple**”) and the price-to-book ratio (“**PB Multiple**”) of the Reference Companies, computed based on the closing share prices of the Reference Companies as at the date of the Subscription Agreement and their published audited financial information for the most recent financial year as disclosed in their respective latest annual reports:

Company name	Principal business <sup>(Note 1)</sup>	Closing share price as at the date of the Subscription Agreement	Earnings per share	Book value per share	PE Multiple (times)	PB Multiple (times)	Average daily trading volume (Note 5)
GCL New Energy Holdings Ltd (451)	mainly two segments; solar energy segment is engaged in the sales of electricity and the construction, operation and management of solar power plants; and PCB segment is mainly engaged in the manufacture and sales of PCBs.	HK\$0.220	HK\$0.03	HK\$0.36	7.33	0.61	0.071%
Huaneng Renewables Corporation Ltd. (958)	mainly engaged in wind power and solar power generation and sale in the PRC.	HK\$2.990	HK\$0.33	HK\$6.09	9.06	0.49	0.480%
China Renewable Energy Investment Ltd. (987)	principally engaged in renewable energy business.	HK\$0.182	HK\$0.03	HK\$0.69	6.07	0.26	0.005%
Concord New Energy Group Ltd. (182)	principally engaged in clean energy-related businesses.	HK\$0.365	HK\$0.07	HK\$0.72	5.56	0.50	0.080%
<b>The Company</b>	<b>principally engaged in the development, investment, operation and management of solar power plants and other renewable energy projects.</b>	<b>HK\$0.25</b> <i>(Note 2)</i>	<b>loss</b>	<b>HK\$0.62</b> <i>(Note 4)</i>	<b>N/A</b>	<b>0.40</b> <sup>(Note 3)</sup>	<b>0.071%</b>
				<b>Minimum</b>	5.56	0.26	0.005%
				<b>Maximum</b>	9.06	0.61	0.480%
				<b>Average</b>	7.00	0.47	0.159%
				<b>Median</b>	6.70	0.50	0.076%

*Notes:*

- Source: Website of the Stock Exchange
- Being the Subscription Price
- Being the PB Multiple as implied by dividing the Subscription Price by the NAV as at 31 December 2018 per Share
- For the purpose of this analysis, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1:HK\$1.1172
- Percentage of the average daily trading volume over the respective total number of issued shares during the Review Period

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Company recorded a loss attributable to the owners of the Company for FY2018, it is not possible to compute the PE Multiple implied by the Subscription Price.

The PB Multiples of the Reference Companies ranged from approximately 0.26 times to approximately 0.61 times, with a mean of 0.47 times and median of approximately 0.50 times. The PB Multiple implied by the Subscription Price of approximately 0.40 times is within the range above and slightly lower than the average of those of the Reference Companies.

Having considered the above, in particular (i) the Subscription Price falls within the range of the closing prices of the Shares during the Review Period; (ii) the discount of the Subscription Price to the NAV of the Group as at 30 June 2019 was comparable with the historical discount of the respective average closing Share price to the respective latest NAV in the corresponding period as mentioned in the section “Review of historical Share price performance” above; (iii) the trading volume of the Shares was generally thin and the Independent Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares; and (iv) the implied PB Multiple of the Subscription Price is within the range and slightly lower than the average of the historical PB Multiples of the Reference Companies, we are of the view that the Subscription is fair and reasonable so far as the Independent Shareholders are concerned.

### 8. Financial effects of the Subscription

#### (a) Working Capital

According to the 2019 Interim Report, as at 30 June 2019, the cash and bank balances of the Group amounted to approximately RMB222 million. Upon Completion, it is expected that the net proceeds of approximately HK\$1,763.7 million from the Subscription will enhance the cash position and therefore the working capital of the Group.

#### (b) NAV

According to the 2019 Interim Report, the NAV was approximately RMB6,690 million as at 30 June 2019. Upon Completion, it is expected that the NAV will be increased by the amount of net proceeds from the Subscription of approximately HK1,763.7 million (equivalent to approximately RMB1,578.7 million assuming the exchange rate is RMB1 to HK\$1.1172) and the Subscription is expected to have a positive effect on the NAV. On a per Share basis, given that the Subscription Price is lower than the NAV per Share as at 30 June 2019 of approximately RMB0.44 per Share, the NAV per Share is expected to decrease upon Completion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Upon Completion, we note that the expected NAV would be approximately RMB8,217.1 million (being the sum of the NAV as at 30 June 2019 of approximately RMB6,690 million and the net proceeds from the Subscription of approximately RMB1,527.1 million) and the number of issued Shares as at Completion would be 22,427,948,432 Shares (being the sum of the number of issued Shares as at the Latest Practicable Date of 15,251,004,934 Shares and the number of Subscription Shares of 7,176,943,498 Shares). Hence, upon Completion, the NAV per Share would decrease from approximately RMB0.44 per Share to approximately RMB0.37 per Share, representing a decrease of approximately 15.9%.

**(c) Gearing ratio**

As at 30 June 2019, the Group's gearing ratio was approximately 70.3%. Upon Completion, the Group's net assets are expected to be increased by the amount of net proceeds from the Subscription and therefore the gearing ratio and capital structure of the Group are expected to improve.

**9. Effects of the Subscription on shareholdings in the Company**

As at the Latest Practicable Date, the Company has a total of 15,251,004,934 Shares in issue, and a total of 315,001,000 Share Options and 871,075,858 unlisted warrants remain outstanding.

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

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders	As at the Latest Practicable Date <sup>(Note 1)</sup>		Upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares) <sup>(Note 2)</sup>		Upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and upon full exercise of the existing Share Options and unlisted warrants) <sup>(Note 3)</sup>	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Subscriber	–	–	7,176,943,498	32.00	7,176,943,498	30.39
China Merchants New Energy Group Limited and its parties acting in concert	3,469,281,329 <i>(Note 4)</i>	22.75	3,469,281,329 <i>(Note 4)</i>	15.47	3,832,229,603	16.23
China Huarong Overseas Investment Holdings Co., Limited	3,048,927,933 <i>(Note 5)</i>	19.99	3,048,837,933 <i>(Note 5)</i>	13.59	3,048,927,933	12.91
Huaqing Solar Power Limited	3,048,750,000 <i>(Note 6)</i>	19.99	3,048,750,000 <i>(Note 6)</i>	13.59	3,048,750,000	12.91
Directors	–	–	–	–	98,000,000 <i>(Note 7)</i>	0.42
<b>Public Shareholders</b>	<b><u>5,684,045,672</u></b>	<b><u>37.27</u></b>	<b><u>5,684,045,672</u></b>	<b><u>25.35</u></b>	<b><u>6,409,174,256</u></b>	<b><u>27.14</u></b>
<b>Total</b>	<b><u>15,251,004,934</u></b>	<b><u>100.00</u></b>	<b><u>22,427,948,432</u></b>	<b><u>100.00</u></b>	<b><u>23,614,025,290</u></b>	<b><u>100.00</u></b>

*Notes:*

- These percentages are calculated based on 15,251,004,934 Shares in issue as at the Latest Practicable Date.
- These percentages are calculated based on 22,427,948,432 Shares in issue upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares).
- These percentages are calculated based on 23,614,025,290 Shares in issue upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and upon full exercise of the existing Share Options and unlisted warrants).
- These shares are held by the associates of and the parties acting in concert with China Merchants New Energy Group Limited (招商新能源集團有限公司)\* (“CMNEG”) pursuant to an agreement under Section 317 of the SFO. CMNEG is indirectly owned as to 79.36% by China Merchants Group Limited\* (招商局集團有限公司).
- These shares are held by the subsidiaries of China Huarong Overseas Investment Holdings Co., Limited\* (中國華融海外投資控股有限公司), which is an indirectly wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd.\* (華融華僑資產管理股份有限公司), owned as to 91% by Huarong Zhiyuan Investment & Management Co., Ltd.\* (華融致遠投資管理有限責任公司).

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6. These shares are held by Huaqing Solar Power Limited, which is indirectly wholly-owned by Qingdao City Construction Investment (Group) Co., Ltd.\* (青島城市建設投資(集團)有限責任公司).
7. Please refer to “Appendix III – 4. Disclosure of Interests – (a) Interests of Directors and Chief Executives” for details of relevant Directors’ long positions in Share Options.

### 10. The Whitewash Waiver

Immediately after Completion, assuming there is no other change in the issued share capital of the Company, the Subscriber and parties acting in concert with it will be interested in 7,176,943,498 Shares, representing approximately 32.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Pursuant to Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make mandatory general offers for all the issued Shares and other relevant securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Subscriber has made an application to the Executive for the Whitewash Waiver which the Executive has indicated that it is minded to grant the Whitewash Waiver subject to, among other things, the condition that respective resolutions relating to the Whitewash Waiver on one hand, and the Subscription Agreement and the grant of Specific Mandate on the other hand, being separately approved by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders either in person or by proxy at the SGM by way of poll.

Shareholders should note that the Subscription is subject to the fulfilment or waiver (as the case may be) of the Conditions, including the granting by the Executive of the Whitewash Waiver and the approval by the Independent Shareholders at the SGM for the Whitewash Waiver, which Conditions are not capable of being waived. If the Whitewash Waiver is not approved by the Independent Shareholders, the Subscription will not proceed, and the effects of the Subscription as discussed above will not be accrued.

### OPINION AND RECOMMENDATION

In formulating our advice on the Subscription and the Whitewash Waiver, we have taken into account the following principal factors and reasons:

- (i) the net current liabilities position of the Group as at 30 June 2019 and the repayment obligation of the Group on the outstanding US\$350 million senior unsecured bonds which will mature on 25 January 2020, the Group needs sufficient funding to support the Group’s operation as well as alleviate the imminent financial difficulty to repay the abovementioned bond;



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) the Subscription Price falls within the range of the closing prices of the Shares during the Review Period, and represented premium our closing Share prices as discussed in the section headed “Comparison of the Subscription Price” above;
- (iii) the Subscription Price is at a discount of approximately 49.0% to over the net asset value per Share as at 30 June 2019, which is within the range of the average daily discount to NAV per Share of the corresponding period during the Review Period, which demonstrated that the share is long traded with a deep discount to the net asset value of the Company;
- (iv) the implied PB Multiple of the Subscription Price of approximately 0.40 times is within the range and slightly lower than the average of the PB Multiples of the Reference Companies;
- (v) the low liquidity of the Shares may imply the lack of interest from potential investors to invest in the Shares, thus setting the Subscription Price at a discount to the NAV per Share could provide more incentive for the Subscriber to participate in the Subscription;
- (vi) the Subscription will result in the Subscriber becoming the controlling Shareholder. The business network and experience of the Subscriber in the wind power and photovoltaics development sector is also expected to bring synergy for the future development and overall stable prospect of the Group’s business, as mentioned in the section “Information of the Subscriber” above;
- (vii) In view of the reputation and financial background of the Subscriber, the Company believes that the Subscription can enhance its credit rating, lower its financing costs and improve liquidity position of the Company, in particular to repay the outstanding US\$350 million senior unsecured bonds which will mature on 25 January 2020; and
- (viii) As a condition precedent of the Subscription, the Subscriber and its affiliates (if applicable) would deliver an undertaking letter in favour of the Company to provide RMB8,000,000,000 to RMB10,000,000,000 credit enhancement guarantee in the upcoming three years which can be regarded as further support to the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OPINION AND RECOMMENDATION

Having taken into account the analysis set out above, we are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms, and the terms of the Subscription and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Subscription and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Gary Mui**  
*Chief Executive Officer*

*Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the investment banking and securities industry.*

*The following are the particulars of the executive Directors namely Ms. Zhong Hui, Mr. Chen Qinglong, Mr. Xu Jianjun and the non-executive Director Mr. Wang Heng proposed to be re-elected at the SGM:*

**Ms. Zhong Hui**, aged 44, was appointed as an executive Director of the Company and re-designated from the co-chief executive officer of the Company to the chief executive officer of the Company on 27 June 2019. She is also a member of each of the Risk Control Committee and Strategy Committee of the Company. Ms. Zhong is currently the managing director of Shenzhen City China Merchants Huihe Equity Investment Fund Management Company Limited\* (深圳市招商慧合股權投資基金管理有限公司), which is a general partner of Shenzhen Guotiao China Merchants Merger and Acquisition Equity Investment Fund Limited Partnership\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)) (“**Guotiao Fund**”); and she is concurrently the managing director of China Merchants Sans Capital Management Co., Ltd.\* (深圳市招商三新資本管理有限責任公司), which is a general partner of Chongqing Huilin Equity Investment Fund Limited Partnership\* (重慶慧林股權投資基金合夥企業(有限合夥)) (“**Huilin Fund**”). She previously acted as the chief operating officer of Jingzhou China Merchants Huide Capital Management Company Limited\* (荊州招商慧德資本管理有限責任公司), being a subsidiary of China Merchants Capital Investment Co., Ltd. (招商局資本投資有限責任公司) and a general partner of Jingzhou Huikang Equity Investment Fund Limited Partnership\* (荊州慧康股權投資基金合夥企業(有限合夥)) (“**Huikang Fund**”), from March 2019 to April 2019. From January 2015 to December 2016, Ms. Zhong acted as the managing director of China Merchants Kunlun Capital Co., Ltd. (招商昆侖股權投資管理有限公司), being a general partner of Zhongxinjian Merchant Equity Investment Co., Ltd.\* (中新建招商股權投資有限公司) (“**Zhongxinjian Merchant**”). She was a director of Friedmann Pacific Asset Management (Hong Kong) Limited (富泰資產管理(香港)有限公司) from May 2005 to November 2010. Ms. Zhong further served as the global head of product management at Chinadotcom Corporation (中華網公司) from May 1999 to July 2000. Ms. Zhong has therefore accumulated extensive experience in strategic mergers and acquisitions and in corporate operations. Collectively, Guotiao Fund, Huilin Fund, Huikang Fund and Zhongxinjian Merchant have total assets under management in the amount of approximately RMB40 billion, with investments in different listed and non-listed companies, in particular in the sectors of renewable energy, extended healthcare, extended consumption, logistics and finance. Ms. Zhong obtained a Master’s degree of business administration from the University of Aberdeen in the United Kingdom in 2004.

The Company and Ms. Zhong have entered into a service contract for a term of three years commencing from 27 June 2019, which can be terminated by six months' notice in writing served by a party to the employment contract on the other. Ms. Zhong is entitled to a director's fee of HK\$200,000 per annum for her service as an executive Director of the Company. These have been determined by reference to her duties and responsibilities with the Company, the Company's remuneration policy and the prevailing market rate and subject to review at the discretion of the Board at the end of each financial year. Ms. Zhong may be entitled to discretionary bonus to be determined by the Board and may participate in the share option scheme of the Company.

Save as disclosed above, (i) Ms. Zhong does not hold any other position with the Company or its subsidiaries nor have any relationship with any director of the Company, senior management, substantial shareholder or controlling shareholder of the Company; (ii) Ms. Zhong does not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) Ms. Zhong does not have any other discloseable major appointments or professional qualifications.

As at the Latest Practicable Date, Ms. Zhong is not interested or deemed to be interested in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO. Save as disclosed herein, there are no matters concerning the re-election of Ms. Zhong that need to be brought to the attention of the shareholders of the Company or the Stock Exchange, nor is there any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

**Mr. Chen Qinglong**, aged 48, was appointed as an executive Director of the Company on 27 June 2019. He is also a member of Risk Control Committee of the Company and is an executive president of the Group. He served as the finance manager and company secretary of China LNG Shipping (International) Co., Limited (中國液化天然氣船務(國際)有限公司) from 2006 to 2019. From 2004 to 2006, Mr. Chen was the project manager of China LNG Shipping (Holdings) Limited. Mr. Chen was part of the project financing team at Guangdong LNG Transportation Project Joint Office\* (廣東LNG運輸項目聯合辦公室) from 2002 to 2004, and served as deputy chief accountant at China Merchants Group Limited (招商局集團有限公司), which is a substantial shareholder of the Company, from 2000 to 2002. Mr. Chen has therefore accumulated abundant experience in areas such as the development and management of finance, accounting and internal control policies and procedures; budgeting; financial and cost report analysis; and contract and tender management. Mr. Chen was awarded a Bachelor's degree of western financial accounting by the Central University of Finance and Economics in 1993, a Master's degree of business administration by the University of South Australia in 2002 and obtained a Master's degree of international shipping and transport logistics from the Hong Kong Polytechnic University in 2009.

The Company and Mr. Chen have entered into a service contract for a term of three years commencing from 27 June 2019, which can be terminated by six months' notice. Mr. Chen is entitled to a director's fee of HK\$200,000 per annum for his service as an executive Director of the Company. These have been determined by reference to his duties and responsibilities with the Company, the Company's remuneration policy and the prevailing market rate and subject to review at the discretion of the Board at the end of each financial year. Mr. Chen may be entitled to discretionary bonus to be determined by the Board and may participate in the share option scheme of the Company.

Save as disclosed above, (i) Mr. Chen does not hold any other position with the Company or its subsidiaries nor have any relationship with any director of the Company, senior management, substantial shareholder or controlling shareholder of the Company; (ii) Mr. Chen does not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) Mr. Chen does not have any other discloseable major appointments or professional qualifications.

As at the Latest Practicable Date, Mr. Chen is not interested or deemed to be interested in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO. Save as disclosed herein, there are no matters concerning the re-election of Mr. Chen that need to be brought to the attention of the shareholders of the Company or the Stock Exchange, nor is there any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

**Mr. Xu Jianjun**, aged 48, was appointed as an executive Director of the Company on 27 June 2019. Mr. Xu has served as deputy party secretary, deputy 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., since December 2016, where he is responsible for overseeing the daily operation and management of the company. Mr. Xu has also served as executive director of Qingdao City Construction New Energy Investment Co., Ltd.\* (青島城投新能源投資有限公司) since May 2018. From April 2016 to December 2016, Mr. Xu acted as the deputy general manager of Sheng Yuan Investment Co., Ltd.\* (盛源投資有限公司). Mr. Xu further acted as deputy manager of the securities investment and equity management department of Qingdao Huatong State-owned Capital Operation (Group) Co., Ltd. (青島華通國有資本運營(集團)有限公司) from June 2015 to April 2016. From May 2008 to June 2015, Mr. Xu was the office manager of Qingdao Financing Guarantee Centre Co., Ltd.\* (青島擔保中心有限公司). Therefore, Mr. Xu has expertise in the equity financing and investment industry. Mr. Xu was awarded a Bachelor's degree of Arts from the Shandong University of Art & Design in 1996.

The Company and Mr. Xu have entered into a service contract for a term of three years commencing from 27 June 2019, which can be terminated by three months' notice. Mr. Xu is entitled to a director's fee of HK\$200,000 per annum for his service as an executive director of the Company. These have been determined by reference to his duties and responsibilities with the Company, the Company's remuneration policy and the prevailing market rate and subject to review at the discretion of the Board at the end of each financial year. Mr. Xu may be entitled to discretionary bonus to be determined by the Board and may participate in the share option scheme of the Company.

Save as disclosed above, (i) Mr. Xu does not hold any other position with the Company or its subsidiaries nor have any relationship with any director of the Company, senior management, substantial shareholder or controlling shareholder of the Company; (ii) Mr. Xu does not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) Mr. Xu does not have any other discloseable major appointments or professional qualifications.

As at the Latest Practicable Date, Mr. Xu is not interested or deemed to be interested in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO. Save as disclosed herein, there are no matters concerning the re-election of Mr. Xu that need to be brought to the attention of the shareholders of the Company or the Stock Exchange, nor is there any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

**Mr. Wang Heng**, aged 32, was appointed as a non-executive Director of the Company on 27 June 2019. Mr. Wang has served as general manager assistant 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., and general manager of Qingdao City Construction New Energy Investment Co., Ltd.\* (青島城投新能源投資有限公司) since February 2017. From May 2014 to February 2017, Mr. Wang served as business manager of Qingdao Urban and Rural Construction Finance Lease Co., Ltd.\* (青島城鄉建設融資租賃有限公司). Mr. Wang possesses industry experience in the renewable energy sector. He was awarded a Bachelor's degree in economics from the Qingdao Agricultural University in 2010.

The Company and Mr. Wang have entered into a service contract for a term of one year commencing from 27 June 2019, which can be terminated by not less than one month's notice. Mr. Wang is entitled to a director's fee of HK\$200,000 per annum for his service as a non-executive director of the Company. These have been determined by reference to his duties and responsibilities with the Company, the Company's remuneration policy and the prevailing market rate and subject to review at the discretion of the Board at the end of each financial year. Mr. Wang may be entitled to discretionary bonus to be determined by the Board and may participate in the share option scheme of the Company.

Save as disclosed above, (i) Mr. Wang does not hold any other position with the Company or its subsidiaries nor have any relationship with any director of the Company, senior management, substantial shareholder or controlling shareholder of the Company; (ii) Mr. Wang does not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) Mr. Wang does not have any other discloseable major appointments or professional qualifications. As at the date of this announcement, Mr. Wang is not interested or deemed to be interested in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed herein, there are no matters concerning the re-election of Mr. Wang that need to be brought to the attention of the shareholders of the Company or the Stock Exchange, nor is there any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

**1. FINANCIAL SUMMARY**

The published consolidated financial statements of the Group for the six months ended 30 June 2019 and for each of the three years ended 31 December 2016, 2017 and 2018 are disclosed in the Company's interim report for the six months ended 30 June 2019 and annual reports for each of the three years ended 31 December 2016, 2017 and 2018 respectively, which can be accessed on both the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.pandagreen.com>):

- (i) annual report of the Company for the year ended 31 December 2016 published on 26 April 2017, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0426/lt201704261020.pdf>

- (ii) annual report of the Company for the year ended 31 December 2017 published on 13 April 2018, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0413/lt20180413365.pdf>

- (iii) annual report of the Company for the year ended 31 December 2018 published on 29 April 2019, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/lt201904291010.pdf>

- (iv) interim report of the Company for the six months ended 30 June 2019 published on 18 September 2019, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0918/lt20190918149.pdf>



### Summary of financial information of the Group

The following is a summary of the financial results of the Group for the years ended 31 December 2016, 2017 and 2018 and for the six months ended 30 June 2018 and 2019 as extracted from the relevant annual and interim reports and annual results announcement of the Company:

	For the year ended 31 December			For the six months ended 30 June	
	2018 RMB' million	2017 RMB' million	2016 RMB' million	2019 RMB' million	2018 RMB' million
Revenue	2,108	1,522	998	1,093	973
EBITDA	1,772	1,198	848	978	844
Bargain purchase	26	971	203	-	33
Finance costs	(1,337)	(1,275)	(998)	(622)	(628)
(Loss)/profit before income tax	(470)	174	383	139	(80)
Income tax credit/(expense)	16	(21)	(1)	(29)	(19)
(Loss)/profit for the year/ period attributable to					
- Equity holders of the Company	(451)	153	367	100	(99)
- Non-controlling interests	(3)	-	15	4	12
Comprehensive (loss)/income for the year/period attributable to:					
- Equity holders of the Company	(172)	192	(169)	(154)	(57)
- Non-controlling interests	-	-	-	11	-
Dividend	-	-	-	-	-
(Loss)/earnings per share					
- Basic per share (RMB cents)	(4.73)	1.91	7.63	0.81	(0.91)
- Diluted per share (RMB cents)	(4.73)	1.59	6.56	0.81	(0.91)

The auditor of the Company for the years ended 31 December 2016, 2017 and 2018 was PricewaterhouseCoopers. The audit opinions of PricewaterhouseCoopers in respect of the above years were not qualified nor modified, although an emphasis of matter or material uncertainty related to going concern was contained in the auditor's report of PricewaterhouseCoopers in respect of the above years.

**Details of emphasis of matter or material uncertainty related to going concern contained in the auditor's report**

***For the year ended 31 December 2018***

We draw your attention to Note 2.1(a) to the consolidated financial statements, which states that the Group reported a loss of RMB454 million during the year ended 31 December 2018 and the Group's current liabilities exceeded its current assets by RMB928 million as at 31 December 2018, and that the Group has certain financial obligations and capital expenditures under various contractual and other arrangements. These matters, along with other matters as described in Note 2.1(a) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***For the year ended 31 December 2017***

We draw your attention to Note 2.1.1 to the consolidated financial statements, which states that the Group's current liabilities exceeded its current assets by RMB1,824 million as at 31 December 2017, and that the Group has certain financial obligations and capital expenditures under various contractual and other arrangements. These matters, along with other matters as described in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***For the year ended 31 December 2016***

We draw your attention to Note 2.1.1 to the consolidated financial statements, which states that the Group's current liabilities exceeded its current assets by RMB594 million as at 31 December 2016, and that the Group has certain contractual and other arrangements to settle its financial obligations and various capital expenditures. These matters, along with other matters as described in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

## 2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

*RMB' million*

**Short-term indebtedness:**

Bank borrowings	[2,867]
Loans from leasing companies	[562]
Senior notes	[2,507]
Corporate bonds	[1,000]
Medium-term notes	[75]
Other loans	[577]
Unamortised loan facilities fees	[(92)]
Lease liabilities	[18]
Construction costs payable	[523]
Consideration payable in relation to acquisitions	[139]
Contingent consideration payable in relation to acquisition	[13]
Amounts due to associates	[8]
Other payables and accruals	[754]
<b>Total short-term indebtedness</b>	<u>-----</u> [8,951]

**Long-term indebtedness:**

Bank borrowings	[6,651]
Loans from leasing companies	[4,275]
Corporate bonds	[800]
Medium-term notes	[300]
Other loans	[39]
Unamortised loan facilities fees	[(290)]
Lease liabilities	[89]
Other payables	[16]
<b>Total long-term indebtedness</b>	<u>-----</u> [11,880]
<b>Total indebtedness</b>	<u>-----</u> [20,831]

Save as aforesaid and apart from intra-group liabilities, the Group did not have any other actual or material contingent liabilities outstanding at the close of business on [30 September 2019], being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since [30 September 2019] up to and including the Latest Practicable Date.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the financial resources, including borrowing facilities available to the Group, its internally generated funds, the net proceeds from the Subscription, and the credit enhance guarantee from the Subscriber, the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of publication of this circular.

### **4. MATERIAL CHANGES**

As at the Latest Practicable Date, save as disclosed in the Company's interim report dated 30 August 2019 and its announcements published on 5 September 2019, 9 September 2019 and 11 October 2019 in respect of the loss derived from the disposal of certain subsidiaries of the Group, there has not been any material change in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

## 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 Group. 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.

This circular includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

## 2. SHARE CAPITAL

### (a) Share capital of the Company

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) share capital immediately upon Completion (assuming there will be no other change in the number of issued Shares between the Latest Practicable Date and the date of Completion, save for the allotment and issuance of the Subscription Shares); and (iii) share capital immediately upon Completion (assuming there will be no other change in the number of issued Shares between the Latest Practicable Date and the date of Completion and upon full exercise of the existing share options and unlisted warrants, save for the allotment and issuance of the Subscription Shares and the proposed Increase of Authorised Share Capital) as follows:

#### (i) Share capital as at the Latest Practicable Date

	Nominal value per Share	Number of Shares
<b>Authorised:</b>		
As at the Latest Practicable Date	HK\$0.1	20,000,000,000
<b>Issued and fully paid:</b>		
As at the Latest Practicable Date	HK\$0.1	15,251,004,934

(ii) *Share capital immediately upon Completion (assuming there will be no other change in the number of issued Shares between the Latest Practicable Date and the date of Completion, save for the allotment and issuance of the Subscription Shares)*

	Nominal value per Share	Number of Shares
<b>Authorised:</b>		
As at Completion	HK\$0.1	30,000,000,000
<b>Issued and fully paid:</b>		
As at the Latest Practicable Date	HK\$0.1	15,251,004,934
Subscription Shares to be issued pursuant to the Subscription Shares in issue upon Completion	HK\$0.1	7,176,943,498
	HK\$0.1	22,427,948,432

(iii) *Share capital immediately upon Completion (assuming there will be no other change in the number of issued Shares between the Latest Practicable Date and the date of Completion and upon full exercise of the existing Share Options and unlisted warrants, save for the allotment and issuance of the Subscription Shares)*

	Nominal value per Share	Number of Shares
<b>Authorised:</b>		
As at Completion	HK\$0.1	30,000,000,000
<b>Issued and fully paid:</b>		
As at the Latest Practicable Date	HK\$0.1	15,251,004,934
Subscription Shares to be issued pursuant to the Subscription Shares in issue upon Completion	HK\$0.1	7,176,943,498
	HK\$0.1	23,614,135,290

All issued Shares rank equally in all respects with each other, including, in particular, as to dividends, voting rights and return of capital.

The Subscription Shares to be allotted and issued will, when issued and fully paid, rank equally in all respects with the Shares then in issue. The Subscriber will be entitled to receive all dividends and distributions which may be declared, made or paid on or after the date of issue of Subscription Shares. As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

On 20 January 2019, the Company entered into subscription agreements with various existing Shareholders and one existing debt holder for issuing and allotting approximately 5,721,193,467 subscription shares at HK\$0.3 for each subscription share.

Save as provided above, no Share has been issued since 31 December 2018 (being the date on which the latest audited financial statement of the Company was made up) and up to the Latest Practicable Date.

**(b) Share options and unlisted warrants**

As at the Latest Practicable Date, the Company has 315,001,000 share options conferring the right for the holders to subscribe for 315,001,000 Shares and 871,075,858 unlisted warrants conferring the right for the holders to subscribe for 871,075,858 Shares, details of which are set out as follows:-

**(i) Share Options**

Date of grant	Exercise price (HK\$/Share)	Number of outstanding Share Options	Exercise period
8 January 2015	1.000	20,400,000	8 January 2016 to 7 January 2020
28 January 2016	0.564	11,101,000	28 January 2017 to 27 January 2021
16 June 2017	1.076	213,500,000	16 June 2018 to 15 June 2022
12 September 2017	1.132	70,000,000	12 September 2018 to 11 September 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.

*(ii) Unlisted Warrants*

Warrant Placees	Number of Shares may be issued as at the Latest Practicable Date	Warrant Exercise Price	Exercise Period
ORIX Asia Capital Limited	387,810,759	HK\$0.646	20 March 2017 to 19 March 2020
PV China Investment Limited	120,316,825	HK\$0.646	20 March 2017 to 19 March 2020
Snow Hill Developments Limited	194,395,096	HK\$0.646	20 March 2017 to 19 March 2020
Magicgrand Group Limited	168,553,178	HK\$0.646	20 March 2017 to 19 March 2020
<b>Total</b>	<u>871,075,858</u>		

Save as disclosed above, as at the Latest Practicable Date, the Company did not have any outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into the Shares or any agreement or arrangement to issue Shares.

**3. MARKET PRICE**

The table below sets out the closing prices of the Shares on the Stock Exchange (i) on the last trading day of each of the calendar months during the period commencing on the date falling six months preceding 19 November 2019, being the date of the Announcement, up to and including the Latest Practicable Date (“**Relevant Period**”); (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date.

Date	Closing price per Share (HK\$)
31 May 2019	0.31
28 June 2019	0.226
31 July 2019	0.3
30 August 2019	0.26
30 September 2019	0.23
31 October 2019	0.224
18 November 2019 (being the last Business Day immediately preceding the Announcement)	0.23
19 November 2019 (being the Last Trading Day and the date of the Subscription Agreement)	0.232
9 December 2019 (being the Latest Practicable Date)	0.185



The highest and lowest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK\$0.335 on 23 May 2019 and 24 May 2019 and HK\$0.185 on 9 December 2019, respectively.

#### 4. DISCLOSURE OF INTERESTS

##### (a) Interests of Directors and Chief Executives

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*

Grantees	Date of grant	Exercise price (HK\$/share)	Number of outstanding share options	Capacity	Exercise period <sup>(note)</sup>
Mr. Lu Zhenwei	8 January 2015	1.000	2,000,000	Beneficial owner	8 January 2016 to 7 January 2020
	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	8 January 2015	1.000	2,000,000	Beneficial owner	8 January 2016 to 7 January 2020
	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. Yen Yuen Ho, Tony	8 January 2015	1.000	2,000,000	Beneficial owner	8 January 2016 to 7 January 2020
	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	8 January 2015	1.000	2,000,000	Beneficial owner	8 January 2016 to 7 January 2020
	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 the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO), which 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

#### (b) Substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO, the following companies had interests in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Capacity	Number of Shares held	Number of underlying shares held	Percentage of the issued shares <sup>(note 1)</sup>
China Merchants Group Limited (“CMG”)	Interest in controlled corporation	2,440,387,089 <i>(note 2)</i>	194,395,096 <i>(note 2)</i>	25.13%
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	1,028,894,240 <i>(note 3)</i>	168,553,178 <i>(note 3)</i>	
CMNEG	Beneficial owner	579,944,250	-	25.13%
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	1,537,344,513 <i>(note 4)</i>	362,948,274 <i>(note 4)</i>	
	Other	1,351,992,566 <i>(note 5)</i>		
New Energy Exchange Limited (“NEX”)	Beneficial owner	274,055,449	-	25.13%
	Interest in controlled corporation	186,627,621	-	
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	3,008,598,259 <i>(note 6)</i>	362,948,274 <i>(note 6)</i>	
China Huarong Asset Management Co., Ltd.	Interest in controlled corporation	3,048,927,933 <i>(note 7)</i>	-	19.99%

Name of Shareholders	Capacity	Number of Shares held	Number of underlying shares held	Percentage of the issued shares <sup>(note 1)</sup>
Qingdao City Construction Investment (Group) Co., Ltd.	Interest in controlled corporation	3,048,750,000 <i>(note 8)</i>	–	19.99%
ORIX Corporation	Interest in controlled corporation	1,074,138,234 <i>(note 9)</i>	–	9.59%
	Others	–	387,810,759 <i>(note 9)</i>	
Li Alan	Beneficial owner	99,005,000	–	25.78%
	Interest in controlled corporation	510,859,422 <i>(note 10)</i>	168,553,178 <i>(note 10)</i>	
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	2,958,421,907 <i>(note 11)</i>	194,395,096 <i>(note 11)</i>	
Zeng Xiangyi	Beneficial owner	15,603,800	–	25.23%
	Beneficial owner of a trust	6,403,200 <i>(note 12)</i>	–	
	Interest in controlled corporation	50,948,548 <i>(note 13)</i>	–	
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	3,411,929,581 <i>(note 14)</i>	362,948,274 <i>(note 14)</i>	
He Bing	Beneficial owner	559,701,493	–	6.18%
	Interest in controlled corporation	382,396,814 <i>(note 15)</i>		
The Subscriber	Beneficial Owner	7,176,943,498 <i>(note 16)</i>	–	47.06%

## Notes:

- These percentages are calculated based on 15,251,004,934 listed Shares in issue as at the Latest Practicable Date.
- Among these Shares and warrants, (i) 508,450,273 Shares and 194,395,096 unlisted warrants were held by Snow Hill Developments Limited (“**Snow Hill**”), an indirect wholly-owned subsidiary of CMG; (ii) 579,944,250 Shares were held by CMNEG, which is indirectly owned as to 79.36% by CMG; (iii) the economic interests of 1,216,793,309 Shares were beneficially owned by Shenzhen Guotiao China Merchants Merger and Acquisition Equity Investment Fund (LP)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)), which is managed by Shenzhen City China Merchants Huihe Equity Investment Fund Management Limited\* (深圳市招商慧合股權投資基金管理有限公司) as general partner, an indirect wholly-owned subsidiary of CMG; and (iv) the economic interests of 135,199,257 Shares were beneficially owned by Shenzhen City Guoxie First Equity Investment Fund (LP)\* (深圳市國協一期股權投資基金合夥企業(有限合夥)), which is managed by Shenzhen City China Merchants Guoxie First Equity Investment Fund Management Limited\* (深圳市招商國協壹號股權投資基金管理有限公司) as general partner, an indirect wholly-owned subsidiaries of CMG.

3. These Shares and warrants were held by a group of Shareholders acting in concert with GMNEG, including New Energy Exchange Limited, Pairing Venture Limited, Magicgrand Group Limited, Sino Arena Investments Limited, and China Green Holdings Limited, pursuant to an agreement under Section 317 of the SFO.
4. These Shares and warrants were held by a group of Shareholders acting in concert pursuant to an agreement under Section 317 of the SFO. CMNEG was taken to be interested in 1,537,344,513 shares and 362,948,274 unlisted warrants.
5. Shenzhen Guotiao China Merchants Merger and Acquisition Equity Investment Fund (LP)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)) and Shenzhen City Guoxie First Equity Investment Fund (LP)\* (深圳市國協一期股權投資基金合夥企業(有限合夥)), being the associates of CMNEG, entered into conditional subscription agreements on with the Company for the subscription of 1,216,793,309 Shares and 135,199,257 Shares.
6. These Shares and warrants were held by a group of Shareholders acting in concert pursuant to an agreement under Section 317 of the SFO. NEX was taken to be interested in 3,008,598,259 shares and 362,948,274 unlisted warrants.
7. These Shares were held by China Huarong Overseas Investment Holdings Co., Limited\* (中國華融海外投資控股有限公司), which is an indirect wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd.\* (華融華僑資產管理股份有限公司), owned as to 91% by Huarong Zhiyuan Investment & Management Co., Ltd.\* (華融致遠投資管理有限責任公司).
8. These Shares were held by Huaqing Solar Power Limited, which is indirectly wholly-owned by Qingdao City Construction Investment (Group) Co., Ltd.\* (青島城市建設投資(集團)有限責任公司).
9. These 1,074,138,234 Shares and 387,810,759 unlisted warrants were held by ORIX Asia Capital Limited, which is a wholly-owned subsidiary of ORIX Corporation.
10. Among these Shares and warrants, 18,173,487 Shares were held by Pairing Venture Limited, and 492,685,935 Shares and 168,553,178 warrants were held by Magicgrand Group Limited, which is owned as to 61.17% by Pairing Venture Limited.
11. These Shares and warrants were held by a group of Shareholders acting in concert, including CMNEG (招商新能源集團), China Green Holdings Limited (中國綠色控股有限公司), NEX, Snow Hill, Sino Arena Investments Limited, pursuant to an agreement under Section 317 of the SFO, and the associates of CMNEG, namely Shenzhen Guotiao China Merchants Merger and Acquisition Equity Investment Fund (LP)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)) and Shenzhen City Guoxie First Equity Investment Fund (LP)\* (深圳市國協一期股權投資基金合夥企業(有限合夥)).
12. These Shares were held by Sino Arena Investments Limited under a trust arrangement.
13. These Shares were held by Sino Arena Investments Limited, which is held as to 100% by Zeng Xiangyi.
14. These Shares and warrants were held by a group of Shareholders acting in concert, including CMNEG (招商新能源集團), China Green Holdings Limited (中國綠色控股有限公司), NEX, Snow Hill, Magicgrand Group Limited and Pairing Venture Limited pursuant to an agreement under Section 317 of the SFO, and the associates of CMNEG, namely, Shenzhen Guotiao China Merchants Merger and Acquisition Equity Investment Fund (LP)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)), Shenzhen City Guoxie First Equity Investment Fund (LP)\* (深圳市國協一期股權投資基金合夥企業(有限合夥)).

15. These Shares were held by Asia Pacific Energy and Infrastructure Investment Group Limited\* (亞太能源及基礎設施投資集團有限公司), which is wholly-owned by He Bing.
16. These Shares represent the Subscription Shares to be issued to the Subscriber upon completion of the Subscription. The Subscription Shares represent approximately (i) 47.06% of the issued share capital of the Company as at the Latest Practicable Date, and (ii) 32.00% of the total number of issued Shares as enlarged by the allotment and the issue of the Subscription Shares (assuming there being no other changes in the total number of issued Shares between the Latest Practicable Date and the date of completion of the Subscription).
17. Further to the Shareholders as set out above, as at the Latest Practicable Date, each of China Green Holdings Limited (an indirect wholly-owned subsidiary of NEX), Sino Arena Investments Limited, Magicgrand Group Limited and Pairing Venture Limited, was holding 2,205,621 Shares, 57,351,748 Shares, 492,685,935 Shares and 18,173,487 Shares respectively, each being a party acting in concert with CMNEG, Snow Hill and NEX pursuant to an agreement under Section 317 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and/or underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

## 5. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, namely Ms. Zhong Hui, Mr. Chen Qinglong, Mr. Xu Jianjun, and the non-executive Director, Mr. Wang Heng, has entered into a service contract with the Company on 27 June 2019. Particulars of the relevant Directors' service contracts are as follows:

Name of Directors	Term	Contract Expiry Date	Remuneration per annum (HK\$)	Termination Notice
Ms. Zhong Hui	three years	26 June 2022	200,000	Six months' notice in writing by either party
Mr. Chen Qinglong	three years	26 June 2022	200,000	Six months' notice in writing by either party
Mr. Xu Jianjun	three years	26 June 2022	200,000	Three months' notice in writing by either party
Mr. Wang Heng	one year	26 June 2020	200,000	Not less than one month's notice in writing by either party

Please refer to Appendix I of this circular for further information of the relevant Directors.

Save as disclosed above, there is no service contract with the Company or any of its subsidiaries or associated companies in force for the Directors (i) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the date of the Announcement; (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### **6. DIRECTOR'S INTERESTS IN ASSETS, CONTRACT OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests 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 2018 (being the date of which the latest published audited financial statements of the Group were made up).

#### **7. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, none of the Directors had interests in the businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

#### **8. ARRANGEMENTS AFFECTING DIRECTORS**

As at the Latest Practicable Date, other than the Subscription Agreement:

- (a) there was no agreement, arrangement or understanding (including any compensation agreement) existing between the Subscriber or any person acting in concert with it and any Director regarding any benefit to any Director as compensation for loss of office or otherwise in connection with the Subscription Agreement or the Whitewash Waiver;
- (b) there was no agreement, arrangement or understanding between any Director and any other person which is conditional on/or dependent upon the outcome of the Subscription Agreement or Whitewash Waiver otherwise connected with the Subscription Agreement or Whitewash Waiver; and

- (c) none of the Directors was materially interested in any contract entered into by the Subscriber.

## 9. MATERIAL CHANGE

Except for the disclosure in the interim report dated 30 August 2019 and the losses arising from disposal of subsidiaries as stated in the Company's announcements published on 5 September 2019, 9 September 2019 and 11 October 2019, as at the Latest Practicable Date, the Directors were not aware of any other material change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## 10. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

## 11. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its opinions or advices which are contained in this circular:

Name	Qualification
Lego Corporate Finance Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO

The expert named above has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter, report and/or advice and the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the expert named above 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 2018, being the date to which the latest published audited financial statements of the Company were made up.

**12. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of the Announcement and up to and including the Latest Practicable Date of this circular and are or may be material:

- a) the Subscription Agreement;
- b) the agreement dated 5 September 2019 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司), an indirect wholly-owned subsidiary of the Company as vendor and Changzhou Zhaolian Lvchang New Energy Co., Ltd.\* (常州市招聯綠昌新能源有限公司) as purchaser in relation to the disposal of the entire equity interest in Changzhou Zhaolian Lvzhao New Energy Co., Ltd.\* (常州市招聯綠昭新能源有限公司) at the consideration of RMB1 million;
- c) the agreement dated on 5 September 2019 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司), an indirect wholly-owned subsidiary of the Company as vendor and Shanxi Silu Electricity Engineering Co. Ltd.\* (山西絲路電力工程有限公司) as purchaser in relation to the disposal of the entire equity interest in Changzhou Zhaolian Lvyi New Energy Co., Ltd.\* (常州市招聯綠奕新能源有限公司) at the consideration of RMB197,500,000;
- d) the agreement dated 5 July 2019 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司), an indirect wholly-owned subsidiary of the Company as vendor and Zhangjiagang Zhaogang Equity Investment Fund Partnership (Limited Partnership)\* (張家港招港股權投資合夥企業(有限合夥)) as purchaser in relation to the disposal of 17% equity interest in Fengxian Huize Photovoltaic Energy Co., Ltd.\* (豐縣輝澤光伏能源有限公司) at the consideration of RMB43,350,000;
- e) the agreement and its supplement agreement both dated 22 March 2019 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司), an indirect wholly-owned subsidiary of the Company as vendor and Shenzhen Guodiao Equity Investment Fund Partnership (Limited Partnership)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)) as purchaser in relation to the disposal of 17% equity interest in Fengxian Huize Photovoltaic Energy Co., Ltd.\* (豐縣輝澤光伏能源有限公司) at the consideration of RMB43,350,000;



- f) the sale and purchase agreement dated 19 March 2019 entered into by Pearl International Investments S.A.R.L., an indirect wholly-owned subsidiary of the Company as seller and Greencoat Solar Assets II Limited as buyer in relation to the disposal of the entire equity interest in Notus Investments 2 S.À R.L. at the consideration of GBP 34,048,997.75;
- g) the subscription agreement dated 20 January 2019 and the supplemental subscription agreement dated 21 February 2019 entered into by the Company and Huaqing Solar Power Limited in respect of 3,048,750,000 new ordinary shares of par value of HK\$0.1 each of the Company at the subscription price of HK\$0.3 per share;
- h) the subscription agreement dated 20 January 2019 and entered into between the Company and Shenzhen Guodiao Equity Investment Fund Partnership (Limited Partnership)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)) in respect of no less than 909,201,407 new Shares and no more than 1,216,793,309 new ordinary shares of par value of HK\$0.1 each of the Company at the subscription price of HK\$0.3 per share;
- i) the subscription agreement dated 20 January 2019 and entered into between the Company and Shenzhen Guoxie First Equity Investment Fund Partnership (Limited Partnership)\* (深圳市國協一期股權投資基金合夥企業(有限合夥)) in respect of 135,199,257 new ordinary shares of par value of HK\$0.1 each of the Company at the subscription price of HK\$0.3 per share;
- j) the subscription agreement dated 20 January 2019 and entered into between the Company and China Huarong Overseas Investment Holdings Co., Limited in respect of 938,054,087 new ordinary shares of par value of HK\$0.1 each of the Company at the subscription price of HK\$0.3 per share;
- k) the subscription agreement dated 20 January 2019 and the supplemental subscription agreement dated 21 February 2019 entered into between the Company and Asia Pacific Energy and Infrastructure Investment Group Limited (亞太能源及基礎設施投資集團有限公司) in respect of 382,396,814 new ordinary shares of par value of HK\$0.1 each of the Company at the subscription price of HK\$0.3 per share;
- l) the engineering, procurement and construction contract dated 22 June 2018 entered into by Yangchun Zhaolian Lvhui Photovoltaics Power Generation Co., Ltd.\* (陽春市招聯綠輝光伏發電有限公司), an indirect non wholly-owned subsidiary of the Company and Shanxi Silu Electricity Engineering Co. Ltd.\* (山西絲路電力工程有限公司) as contractor (“**Shanxi Silu**”) in relation to engagement of Shanxi Silu to provide engineering, procurement and construction services for the development and operation of a 75MW agricultural and solar complementary power plant located in Guangdong Province, the PRC at the total consideration of RMB401,250,000;

- m) the agreement dated 17 May 2018 entered into between Chayouqianqi United Photovoltaics Electricity Co., Ltd.\* (察右前旗聯合光伏發電有限公司) (“Chayouqianqi”), an indirect wholly-owned subsidiary of the Company as purchaser and Shenzhen Clou Energy Service Co., Ltd.\* (深圳市科陸能源服務有限公司) (“Clou Energy”) as vendor in relation to the acquisition of the entire equity interest in Zhuozi Luyang New Energy Co., Ltd.\* (卓資縣陸陽新能源有限公司) at the consideration of RMB17,781,483.87;
- n) the agreement dated 17 May 2018 entered into between Chayouqianqi as purchaser and Clou Energy as vendor in relation to the acquisition of 80% of the entire equity interest in Hangjinhouqi Guodian Photovoltaics Electricity Co., Ltd.\* (杭錦後旗國電光伏發電有限公司) at the consideration of RMB81,220,929.42;
- o) the partnership agreement dated 12 December 2017 entered into between Changzhou Zhaolian Lvyi New Energy Limited\* (常州市招聯綠奕新能源有限公司), a wholly-owned subsidiary of the Company, Ping An Securities Co., Ltd.\* (平安證券股份有限公司), Wan Xiang Trust Limited\* (萬向信托有限公司) and China Zheyin Synergy Capital Management Company Limited\* (浙銀協同資本管理有限公司) as general partner for the purpose of the establishment of Changzhou Haozhen Venture Investment Center Limited Partnership\* (常州灝貞創業投資中心(有限合夥)), a limited partnership, whereby the Group agreed to contribute RMB500 million;
- p) the equity transfer agreement dated 12 October 2017 entered into between Chayouqianqi as purchaser and Beijing Guoruntianneng New Energy Technology Corporation\* (北京國潤天能新能源科技股份有限公司) and Tibet Huaxin New Energy Co., Ltd.\* (西藏華信新能源有限公司) as sellers, in relation to the acquisition of entire equity interest in Inner Mongolia Guorun Chayouqianqi Electricity Co., Ltd. (內蒙古國潤(察右前旗)發電有限公司) by Chayouqianqi at the consideration of RMB196,000,000;

### 13. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract, save for service contracts, or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

- (c) As at the Latest Practicable Date, save for the disclosure made in the paragraph 3(a) headed “Interests of Directors and Chief Executives” in this Appendix, none of the Directors or proposed Director was a director or employee of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.
- (d) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (e) The share registrar of the Company in Hong Kong is Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.
- (f) 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.
- (g) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

#### **14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection: (i) 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); and (ii) on the websites of the Company (<http://www.pandagreen.com>) and the Securities and Futures Commission (<http://www.sfc.hk>), in each case from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (d) the consent letter as referred to in the paragraph headed “10. Qualification and Consent of Expert” in this Appendix;
- (e) the material contracts referred to in the paragraph headed “11. Material Contracts” in this Appendix;

- (f) the annual reports of the Company for the two financial years ended 31 December 2017 and 31 December 2018 and the interim report of the Company for the six months ended 30 June 2019;
- (g) service contracts of each of the Directors referred to in the paragraph headed “5. Directors’ Service Contracts” in this Appendix; and
- (h) this circular.

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## NOTICE OF SPECIAL GENERAL MEETING

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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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of Panda Green Energy Group Limited (the “**Company**”) will be held on on Monday, 30 December 2019 at 11:00 a.m. at Pacific Room on 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following ordinary resolutions:

#### ORDINARY RESOLUTIONS

1. **“THAT,**
  - (a) the authorised share capital of the Company be increased from HK\$2,000,000,000.00 divided into 20,000,000,000 shares (the “**Shares**”) of HK\$0.1 each to HK\$3,000,000,000.00 divided into 30,000,000,000 Shares of HK\$0.1 each by the creation of an additional 10,000,000,000 new Shares, which shall rank equally in all respects with the existing Shares (the “**Increase in Authorised Share Capital**”);
  - (b) any one or more of the directors of the Company (the “**Director(s)**”) be and is/are hereby authorised to do all such acts and things and execute all such documents including under the seal of the Company if and where applicable as he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

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## NOTICE OF SPECIAL GENERAL MEETING

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2. “**THAT** subject to the fulfilment of the terms and conditions set out in the subscription agreement dated 19 November 2019 (the “**Subscription Agreement**”, copy of which has been produced to the Meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) entered into between the Company and Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司)(the “**Subscriber**”) pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 7,176,943,498 new Shares of the Company (the “**Subscription Shares**”) at the subscription price of HK\$0.25 per Subscription Share:-
- (a) the Subscription Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
  - (b) all the transactions contemplated under the Subscription Agreement, including but not limited to the specific mandate to allot and issue the Subscription Shares by the Company to the Subscriber pursuant to the Subscription Agreement (the “**Specific Mandate**”), be and are hereby approved and the Directors be and are hereby authorised to allot and issue the Subscription Shares to the Subscriber pursuant to the Subscription Agreement;
  - (c) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with the implementation of and giving effect to the Subscription Agreement and the transactions contemplated thereunder.”
3. “**THAT**,
- (a) subject to the granting of the Whitewash Waiver (as defined below) by the executive director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the executive director and any conditions that may be imposed thereon, the waiver of obligation on the part of the Subscriber and any parties acting in concert with it to make a mandatory general offer to shareholders of the Company for all the issued shares of the Company not already owned or agreed to be acquired by the Subscriber and any parties acting in concert with it which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “**Whitewash Waiver**”), be and is hereby approved;

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## NOTICE OF SPECIAL GENERAL MEETING

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- (b) any one or more of the Directors be and is/are hereby authorised to do all such acts; and things and execute all such document as he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to any of the matters relating to, or incidental to, the Whitewash Waiver.”
4. “**THAT** Ms. Zhong Hui be re-elected as an executive Director of the Company.”
5. “**THAT** Mr. Chen Qinglong be re-elected as an executive Director of the Company.”
6. “**THAT** Mr. Xu Jianjun be re-elected as an executive Director of the Company.”
7. “**THAT** Mr. Wang Heng be re-elected as a non-executive Director of the Company.”

Yours faithfully,  
For and on behalf of  
**Panda Green Energy Group Limited**  
**Lu Zhenwei**  
*Chairman of the Board*

Hong Kong, 11 December 2019

*Notes:*

1. Under the Hong Kong Code on Takeovers and Mergers, the resolution number 3 above in relation to the Whitewash Waiver and the resolution number 2 above in relation to the Subscription Agreement and the grant of Specific Mandate shall be approved by at least 75% and more than 50% respectively of the independent votes that are cast either in person or by proxy by the Independent Shareholders (as defined in the circular of the Company dated 11 December 2019) at the Meeting.
2. In order to determine the entitlement of members of the Company to attend and vote 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 at 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 Friday, 20 December 2019.
3. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her/its 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 and class of shares in respect of which each such proxy is so appointed.
4. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed 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.

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## NOTICE OF SPECIAL GENERAL MEETING

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5. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be 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, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
6. In the case of joint holders of Shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
7. If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 9:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will publish an announcement on the website of the Company at <http://www.pandagreen.com> and on the HKExnews website of the Stock Exchange of Hong Kong Limited at <http://www.hkexnews.com> to notify shareholders of the Company of the date, time and place of the rescheduled Meeting.
8. As at the date hereof, the Board of Directors of the Company comprises:

*Executive Directors:*

Mr. Lu Zhenwei (*Chairman*)  
Ms. Zhong Hui (*Chief Executive Officer*)  
Mr. Chen Qinglong  
Mr. Xu Jianjun

*Independent non-executive Directors:*

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

*Non-executive Directors:*

Mr. Yu Qiuming  
Mr. Li Hao  
Ms. Xie Yi  
Mr. Wang Heng





**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)**

**FORM OF PROXY FOR SPECIAL GENERAL MEETING TO BE HELD  
ON MONDAY, 30 DECEMBER 2019  
(OR ANY ADJOURNMENT THEREOF)**

I/We<sup>(Note 1)</sup> \_\_\_\_\_  
of \_\_\_\_\_  
being the registered holder(s) of<sup>(Note 2)</sup> \_\_\_\_\_  
ordinary shares of HK\$0.10 each in the capital of Panda Green Energy Group Limited (the “Company”) HEREBY APPOINT<sup>(Note 3)</sup> the  
chairman of the meeting, or \_\_\_\_\_  
of \_\_\_\_\_  
as my/our proxy to attend and vote for me/us and on my/our behalf at the special general meeting (the “SGM”) of the Company to be held at  
Pacific Room on 2/F, Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Monday, 30 December 2019 at 11:00 a.m. (or at any  
adjournment thereof) in respect of the resolutions set out in the notice convening the SGM (the “Notice of SGM”) as hereunder indicated, and,  
if no such indication is given, as my/our proxy thinks fit.

Capitalised terms used herein shall have the same meaning as those stated in the Notice of SGM.

Ordinary Resolutions		For <sup>(Note 4)</sup>	Against <sup>(Note 4)</sup>
1.	To approve, confirm and ratify the Increase in Authorised Share Capital and the transactions contemplated thereunder; and to authorise any one or more of Directors of the Company to do all such acts and things and execute all such documents including under the seal of the Company if and where applicable as he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.		
2.	To approve, confirm and ratify the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate; and to authorise any one or more of the Directors to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with the implementation of and giving effect to the Subscription Agreement and the transactions contemplated thereunder and to allot and issue the Subscription Shares to the Subscriber pursuant to the Subscription Agreement.		
3.	To approve, confirm and ratify the Whitewash Waiver; and to authorise any one or more of the Directors to do all such acts; and things and execute all such document as he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to any of the matters relating to, or incidental to, the Whitewash Waiver.		
4.	To re-elect Ms. Zhong Hui as an executive Director of the Company.		
5.	To re-elect Mr. Chen Qinglong as an executive Director of the Company.		
6.	To re-elect Mr. Xu Jianjun as an executive Director of the Company.		
7.	To re-elect Mr. Wang Heng as a non-executive Director of the Company.		

The full text of the resolutions appears in the notice of SGM dated 11 December 2019, which is included in the circular despatched to the Shareholders.

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 2019

Shareholder's signature \_\_\_\_\_ <sup>(note 5, 6, 7 and 8)</sup>

Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**. The name of all joint holders should be stated.
2. Please insert the number of Shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the Shares in the capital of the Company registered in your name(s).
3. A proxy need not be a shareholder of the Company. If any proxy other than the chairman of the SGM is preferred, delete the words "the chairman of the meeting, or" and insert the name and address of the proxy desired in the space provided. A shareholder entitled to attend and vote at the SGM is entitled to appoint more than one proxy to attend and vote on his behalf at the SGM provided that 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. **IF NO NAME IS INSERTED, THE CHAIRMAN OF THE SGM WILL ACT AS PROXY. ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED BY THE PERSON(S) WHO SIGN(S) IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR ANY RESOLUTION, PLEASE PLACE A "✓" IN THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST ANY RESOLUTION, PLEASE PLACE A "✓" IN THE BOX MARKED "AGAINST".** If this form of proxy returned is duly signed but without specific direction on any of the proposed resolution, the proxy will vote or abstain at his discretion in respect of the resolution; or if in respect of a particular proposed resolution there is no specific direction, the proxy will, in relation to that particular proposed resolution, vote or abstain at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the SGM other than those referred to in the notice convening the SGM.
5. To be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar, Union Registrars Limited of 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 appointed for holding the said SGM or any adjournment thereof.
6. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must either be executed under its common seal or under the hand of an officer or attorney or other person duly authorised.
7. Where there are joint registered holders of any Share, any one of such persons may vote at the SGM, either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the SGM, personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such shares shall alone be entitled to vote in respect thereof.
8. Completion and deposit of this form of proxy will not preclude you from attending in person and voting at the SGM or any adjournment hereof if you so wish. In such event, the instrument appointing a proxy must be deemed to be revoked.

### PERSONAL INFORMATION COLLECTION STATEMENT

Your supply of your and your proxy's (or proxies') name(s) and address(es) is on a voluntary basis for the purpose of processing your request for the appointment of a proxy (or proxies) and your voting instructions for the Meeting of the Company (the "**Purposes**"). We may transfer your and your proxy's (or proxies') name(s) and address(es) to our agent, contractor, or third party service provider who provides administrative, computer and other services to us and to such parties who are authorised by law to request the information or are otherwise relevant for the Purposes and need to receive the information. Your and your proxy's (or proxies') name(s) and address(es) will be retained for such period as may be necessary to fulfil the Purposes. You/your proxy (or proxies) has/have the right to request access to and/or correction of the relevant personal data in accordance with the provisions of the Personal Data (Privacy) Ordinance and any such request should be in writing to the Company/ Union Registrars Limited at the above address.