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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

(formerly known as United Photovoltaics Group Limited 聯合光伏集團有限公司)
(Incorporated in Bermuda with limited liability)
(Stock code: 686)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors (the "Board" or the "Directors") of Panda Green Energy Group Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017, together with the comparative figures for the corresponding period in 2016. The condensed consolidated interim financial information was prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Diversification of investment locations and portfolios

During the six months ended 30 June 2017 (the "Period"), the Group was principally engaged in the development, investment, operation and management of solar power plants and has started to diversify its portfolios with other renewable energy projects.

Solar power plant projects

During the Period, the Group focused its resources on managing its solar power business and has added solar power plants with a total installed capacity of 172.7MW. The location of these new plants includes 90.3MW in Shanxi, Hebei, Zhejiang and Tibet, the People's Republic of China (the "PRC") and 82.4MW in the United Kingdom (the "UK").

The solar power plants are mainly (or approximately 94%) located in the PRC. During the Period, the Group has successfully explored and completed its first overseas acquisition of operational solar power plants in the UK, with an installed capacity of 82.4MW. These solar plants in the UK were connected to the grid in March 2015 and were accredited under the renewables obligation scheme by the Office of Gas and Electricity Markets, a government regulator for the electricity and downstream natural gas markets in Great Britain. Stable electricity generation are noted from these solar power plants.

The solar power plants owned by the Group and its associates are mainly, or 97%, ground-mounted; while the remaining are distributed power plants that consist of roof-top or combined with agricultural facilities. Those ground-mounted solar power plants are in Inner Mongolia, Qinghai, Ningxia, Xinjiang, Gansu, Hubei, Shanxi, Shandong, Yunnan, Hebei and Tibet; while those distributed power plants are in Jiangsu, Hebei, Zhejiang and Guangdong.

The Group 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. The Group will also continue to explore good opportunities for growth outside the PRC, such as the United States, France, Australia, Germany, Japan, Philippines, and those countries contemplated in the Belt and Road initiatives as further described below.

Other renewable energy projects

During the Period, the Group seized a rare opportunity to invest in a renewable energy group which mainly owns development rights in hydropower projects with an expected capacity of over 5GW in the Tibet Autonomous Region and Sichuan of the PRC and 110MW solar power plants in which 20MW had been connected to the grid in June 2017. The Group indirectly holds 75% of the equity interest in this group while the remaining 25% is held by the People's Government of Tibet Autonomous Region. This group is in process of an acquisition of approximately 34% equity interest in a project company in the PRC which engages in wind power business.

Hydropower is a reliable source of renewable energy with a steady supply of power. Technology relating to the construction and operation of hydropower facility is mature and advanced in the PRC. Wind power is also a kind of reliable source of renewable energy. The Group will manage the development and construction of these projects and assess and plan for the capital needs based on the long-term development plan so that sufficient resources will be allocated to develop the hydropower projects in different stages over a long period of development time.

In the short run, the Group will continue focusing on the development of solar power business, while diversifying its renewable energy portfolios in order to supplement the energy supply in the long run.

Electricity generation

As at 30 June 2017, the Group and its associates had 42 on-grid solar power plants (30 June 2016: 26). The aggregate installed capacity of these solar power plants has increased to 1,464.1MW, by approximately 47% as compared to the corresponding period in 2016. All plants are grid-connected and are generating electricity steadily. The details of the electricity generation of such solar power plants are set out below. For accounting purpose, the volume of electricity generated by the solar power plants newly acquired during the Period was recorded only starting from their respective completion dates of acquisitions.

	For the six months ended 30 June					
	2017			2016		
Location	**Number of power plant**	**Aggregate installed capacity (MW)**	**Electricity generation (MWh)**	Number of power plant	Aggregate installed capacity (MW)	Electricity generation (MWh)
Subsidiaries:						
Inner Mongolia, PRC	**6**	**270.0**	**240,666**	6	270.0	222,810
Qinghai, PRC	**4**	**200.0**	**163,364**	4	200.0	154,473
Ningxia, PRC *(note 1)*	**1**	**200.0**	**146,989**	–	–	–
Shanxi, PRC *(note 2)*	**2**	**150.0**	**88,845**	1	100.0	2,640
Xinjiang, PRC	**6**	**120.0**	**71,767**	6	120.0	58,009
Hubei, PRC	**1**	**100.0**	**62,774**	1	100.0	48,574
Yunnan, PRC	**2**	**54.8**	**43,694**	1	19.8	15,928
Shandong, PRC	**1**	**40.0**	**29,439**	–	–	–
Hebei, PRC	**2**	**37.3**	**28,578**	–	–	–
Gansu, PRC	**1**	**100.0**	**20,670**	1	100.0	47,108
Tibet, PRC *(note 3)*	**2**	**20.0**	**–**	–	–	–
Others, PRC	**4**	**5.8**	**2,240**	2	2.4	1,198
United Kingdom	**6**	**82.4**	**40,018**	–	–	–
Sub-total	**38**	**1,380.3**	**939,044**	22	912.2	550,740
Associates:						
Inner Mongolia, PRC	**2**	**60.0**	**47,480**	2	60.0	44,220
Jiangsu, PRC	**2**	**23.8**	**16,914**	2	23.8	15,884
Sub-total	**4**	**83.8**	**64,394**	4	83.8	60,104
Total	**42**	**1,464.1**	**1,003,438**	26	996.0	610,844

Note 1 The Group has acquired the remaining 50% equity interest in the project company in May 2017 and the project company has become the wholly-owned subsidiary of the Group.

Note 2 The first self-developed panda-shaped solar power plant of the Group with an installed capacity of approximately 50MW achieved grid connection and started generating electricity on 29 June 2017.

Note 3 The project achieved grid connection in June 2017. The acquisition of this project was deemed to complete on 30 June 2017, applicable accounting standards permit the inclusion of the financial results relating to this project as stated in Note 12 to the interim financial information set out below.

As shown in the table above, the total electricity generated during the Period has increased to 1,003,438MWh, by approximately 64% as compared to the corresponding period of 2016. The solar power plants located in Inner Mongolia and Qinghai contributed approximately 29% and 16% of the total electricity generation for the Period respectively (2016: 44% and 25% respectively). The increase in electricity volume generated during the Period was mainly due to: (1) expansion in aggregate installed capacity of 468.1MW by way of acquisition and self-development projects; and (2) the improvement in electricity generation in most solar power plants.

The Group and its associates have expanded their aggregate installed capacity from 996MW as of 30 June 2016 to 1,464.1MW as of 30 June 2017, or 47%. The Group added 10 solar power plants in the PRC across Ningxia, Shanxi, Yunnan, Shandong, Hebei, Tibet, etc. and 6 solar power plants in the United Kingdom. These plants have stable electricity generation.

With the effective operating monitoring control by using our self-developed Global Smart PV Cloud Management System, most solar power plants have recorded an increase in electricity generation during the Period. For example, the electricity generation for Inner Mongolia and Qinghai have increased by 8% and 5.8% respectively year-on-year.

The curtailment issue continues to exist in Gansu province. During the Period, the electricity generation in Gansu has decreased which was mainly due to the coordination of the electricity transmission with Jiuquan-Shaoshan ±800 kV UHVDC and temporary suspension of operation for three months from March to June 2017. This UHVDC has successfully commenced its operation on 22 June 2017.

Project development and operation

Following the success in the development of "Top Runner" project, 100MW solar power plant in Datong, Shanxi, had been connected to grid in June 2016. During the Period, with a cooperation with the United Nations Development Program, the Group constructed 50MW Panda Power Plant in Datong, Shanxi and it has been successfully connected to grid in June 2017. It is designed and built as the image of the Chinese national treasure-the giant panda, of which the black part is made of mono-crystalline silicon solar cells, the grayish white part is made of the thin film cells and N-type double-sided mono-crystalline silicon cells. The color contrast in these kinds of solar panels generates an obvious black and white effect. From an aerial view, the whole power plant looks like a giant panda. The Group has plans to build Panda Power Plants along the "Belt and Road" countries and areas, and bring in the integrated multi-energy green ecological solutions in the coming 5 years.

Financing

The solar power plants business is capital intensive in nature. The Group has been rigorously exploring various financing channels to enhance its financing capability and reduce its finance cost. During the Period, the Group has raised approximately RMB7,117 million through various channels including placing new shares, issuing senior notes, medium-term notes, bank borrowings and finance leasing.

During the Period, the Company has successfully placed new shares to international strategic investors like ORIX Asia Capital Limited, Asia Climate Partners, China Huarong Asset Management Co. Ltd. Total net proceeds from new share placings were approximately HK$2,154 million (approximately RMB1,882 million). In addition, the Company has successfully issued a three-year US$350 million (approximately RMB2,312 million) senior notes for early redemption of certain convertible bonds, repayment of existing indebtedness and working capital purposes. These mark the affirmation from international capital market and confidence on the Company's future development.

In Q2 2017, the Group obtained a no objection letter granted by the Shanghai Stock Exchange for the listing and trading of the corporate bonds up to an amount of RMB1,000 million. The Group has successfully issued such bonds by way of private placement to qualified investors with aggregate principal amount of RMB1,000 million in July and August 2017.

FINANCIAL REVIEW

Financial highlight of the Group for the Period was demonstrated as follows:

	For the six months ended 30 June			
	2017	2016	**Change**	
	RMB'million	*RMB'million*	*RMB'million*	*%*
Revenue from sales of electricity and tariff adjustment	**690**	452	238	53
EBITDA	**556**	381	175	46
– Bargain purchase arising from business combination:				
(i) Tibet project; and	**909**	–	909	N/A
(ii) Others	**124**	4	120	3,000
– Depreciation	**(200)**	(166)	(34)	20
– Expenses in relation to convertible bonds:				
(i) Redeemed/converted during the Period; and	**(277)**	–	(277)	N/A
(ii) Outstanding at end of the Period	**(106)**	(258)	152	(59)
– Interests on bank and other borrowings	**(348)**	(176)	(172)	98
– Other operating income, net*	**24**	17	7	41
– Other fair value changes	**(387)**	461	(848)	N/A
– Share-based payment expenses	**(7)**	(5)	(2)	40
– Income tax expenses	**(11)**	–	(11)	N/A
Profit for the Period	**277**	258	19	7

* *Included the share of results from associates and joint venture*

General

The increase in the sales of electricity and tariff adjustment ("Sales") and EBITDA of the Group (excluding associates and joint venture) was attributed to: (i) expansion in aggregate capacity of from 912.2MW to 1,380.3MW, or around 51% by way of acquisition and self-development projects; and (ii) effective operation and management of solar power plants, such that most plants have increased their electricity generation volume.

The net profit increased during the Period and was mainly due to the net effect of a bargain purchase arising from the Tibet acquisition, fair value loss on issue of shares and warrants, and increase in finance costs due to early redemption of certain convertible bonds.

The Directors do not recommend the payment of any interim dividend for the Period.

Segment information

The Group is pursuing expansion and involvement in clean energy technologies, including solar, wind power and hydropower. During the Period, the Group has only one reportable segment which is renewable energy segment (2016: one).

The CODM assesses the performance of the operating segments principally based on their EBITDA. Given the hydropower segment is still under development stage, no EBITDA nor segment profit has been contributed to the Group during the Period.

Revenue

The geographical breakdown of Sales recognised during the Period was analysed as below:

	For the six months ended 30 June	
	2017	2016
	RMB'million	*RMB'million*
Subsidiaries:		
– Inner Mongolia, PRC	**198**	183
– Qinghai, PRC	**131**	131
– Shanxi, PRC	**72**	–
– Hubei, PRC	**59**	45
– Xinjiang, PRC	**53**	44
– Ningxia, PRC	**40**	–
– Yunnan, PRC	**30**	12
– Shandong, PRC	**30**	–
– Hebei, PRC	**24**	–
– Gansu, PRC	**15**	36
– Tibet, PRC	**–**	–
– Others, PRC	**1**	1
– United Kingdom	**37**	–
Shown as revenue on the interim condensed consolidated statement of profit or loss	**690**	452
Associates:		
– Jiangsu, PRC	**17**	16
– Inner Mongolia, PRC	**1**	1
Share of revenue from associates using equity method	**18**	17
Joint venture:		
– Ningxia, PRC	**34**	–
Share of revenue from joint venture using equity method	**34**	–
Total	**742**	469

Other income

In prior period, the Company received a compensation income of approximately RMB24 million in relation to an advance payment for a terminated proposed transaction. This was not applicable during the Period which contributed to the decrease.

Bargain purchase

Bargain purchase, in an accounting sense, refers to the consideration price in an acquisition being lower than the fair value of the target acquired. The gain of approximately RMB909 million out of RMB1,033 million was derived from the acquisition of a Tibet project. The project mainly consists of development rights over 5GW hydropower capacity with indefinite years of operation and 110MW solar power capacity in Tibet and Sichuan, among which 20MW solar power plants has been connected to the grid in Tibet in June 2017. The People's Government of Tibet Autonomous Region holds 25% of this project. The Group will allocate sufficient resources to develop the hydropower projects in stages that will meet the development costs over a long development period of 5 to 10 years in cooperation with the local government to provide economic and environmental benefits to the local communities. Considering the PRC government's support of the development of the renewable energy in Tibet, including the construction of Central Tibet Grid Interconnection Project; the uniqueness of the resources; the expected decrease in construction cost; and the expected development growth in Tibet, enormous economic benefits are expected to flow into the project company upon the commencement of operation of these renewable energy projects.

Fair value (losses)/gains on financial assets at fair value through profit or loss

During the Period, the Group acquired the remaining 50% equity interest in a solar power project in Ningxia, as mutually agreed with the seller, which led to a fair value loss to the original call option contract. Having said that, there was a corresponding increase in bargain purchase of approximately RMB124 million. In prior period, the gains represented the change in fair values in relation to guaranteed electricity output and an unlisted investment. There was no significant change in their fair values as at 30 June 2017.

Fair value (loss)/gains on financial liabilities at fair value through profit or loss

The loss for the Period represented a change in fair value of the shares and warrants from the date of commitment to issue and the date of issue and was one-off in nature. Such shares and warrants were issued in March 2017. The gain in prior period represented the change in fair values in relation to contingent consideration payables and a put option. They were expired in 2016 and not applicable for the Period.

Finance costs

During the Period, the Group has raised approximately RMB5,234 million by debt financing from various channels like senior notes, bank borrowings and finance leasing, etc. This is one of the reasons for the increase in interests in bank and other borrowings. Certain funds raised have been used to early redeem certain convertible bonds with higher finance costs. Another reason for the increase in interests in bank and other borrowings during the Period was mainly due to the active financing/refinancing activities taken place in the second half of 2016, representing 76% to 2016, in which the base for calculating interest was significantly higher on 30 June 2017 as compared to 30 June 2016.

Re-measurement fair value loss on derivative portion and early redemption loss in connection with early redemption or conversion of certain convertible bonds of approximately RMB154 million were recognised.

Income tax

Income tax mainly comprised the corporate income tax from certain project companies where the preferential tax concession rate of 12.5% applies.

Investment in a partnership

During the Period, the Group had set up a partnership with China Zheyin Synergy Capital Management Company Limited*（浙銀協同資本管理有限公司）, a member of Asset Management Association of China with qualification of private equity investment fund management. The Group will contribute a total capital contribution of RMB600 million to the partnership. The partnership will provide a platform for the Group to gain and maintain fruitful resources in respect of advanced technologies and development partners and access, explore and pursue new investment and cooperation opportunities in related or complementary businesses that are in line with the Group's long-term corporate strategy. As at 30 June 2017, the Group has injected RMB500 million to the Partnership. This investment was classified as "investments accounted for using equity method".

Trade, bills and tariff adjustment receivables

As at 30 June 2017, nearly 99% of the receivables, or approximately RMB1,762 million, for the Group were derived from PRC operation, among which tariff adjustment receivables from the PRC government subsidies on renewable energy projects of approximately RMB25 million (or 2%), RMB1,028 million (or 62%) and RMB601 million (or 36%) from the 5th, 6th and the forthcoming batches of the Catalogue respectively. During the Period, tariff adjustment receivable of approximately RMB366 million was settled. There were further settlement of approximately RMB338 million in July 2017. Having considered the historical repayment pattern, the risk of impairment is remote.

Intangible assets

Intangible assets mainly comprised the development rights attached on the Tibet project in developing over 5GW hydropower and 90MW solar power plants.

Convertible bonds

During the Period, the Company has negotiated with certain convertible bondholders for early redemption. Convertible bonds with aggregated principal amounts of approximately US$133 million and approximately HK$680 million have been early redeemed. In addition, holders of certain convertible bonds with principal amounts of approximately US$62 million and HK$90 million have converted their convertible bonds into the ordinary shares of the Company.

Bank and other borrowings

The Group is actively seeking opportunities to obtain financing/refinancing to lower the cost of funds and to improve the liquidity. During the Period, the Group has secured approximately RMB4,215 million long-term borrowings, including the issue of US$350 million senior notes which will mature in 2020.

Key performance indicators

The Group measures the delivery of its strategies and managing its business through regular measurement of several key performance indicators, particularly on the following ratios: EBITDA margin and current ratio.

EBITDA margin: EBITDA margin is a measurement of the Group's operating profitability and is calculated as EBITDA divided by the revenue. The Group's EBITDA decreased by 3% during the Period, from 84% to 81%. This was mainly due to a compensation income received in 2016 for a terminated proposed transaction and which did not occur for the Period. Other than this impact, the Group has slightly improved the EBITDA margin during the Period.

Current ratio: Current ratio measures the Group's ability to meet short-term debt obligation and is calculated as current assets divided by current liabilities. With the effort in obtaining equity and long-term debt financings, the current ratio has improved from approximately 0.88 at 31 December 2016 to 1.07 at 30 June 2017.

* *for identification purpose only*

RECENT DEVELOPMENT

During July and August 2017, the Group has issued RMB1,000 million corporate bonds. Such bonds will mature in 2020.

In August 2017, the Group had completed the acquisition of 22% equity interest in two project companies in the PRC for a total consideration of RMB2,860,000. One of them owns a 10MW on-grid solar power plant; while the other project company owns a 48MW on-grid wind power plant.

OUTLOOK

In recent years, as the pace of global energy transformation continues to pick up, the newly installed capacity of renewable energy exceeds historical records. The application and sustainability of technological innovation in renewable energy is accelerating the shift in demand for renewable energy and less reliance on fossil energy. The world nowadays has officially entered into a new economic era dominated by renewable energy.

The 13th Five-Year Period is a key period for China to transform into a low-carbon energy state. The development momentum of China's installed capacity of renewable energy shows continuing increase following the explosive growth in 2016. According to the statistics published by the National Energy Administration ("NEA"), in the first half of 2017, the accumulative installed capacity of China's renewable energy generation had exceeded 600GW in total, among which hydropower contributed 338GW, photovoltaic power contributed 102GW and wind power contributed 154GW. The newly installed capacity of renewable energy generation of 37GW in the first half of 2017 accounted for 70% of the newly installed capacity of all kinds of power, which further indicated that the speed of China's energy structure adjustment was continually accelerating, and development of renewable energy was embracing a large-scale development pattern. As of the first half of the year, China's installed capacity of hydropower, photovoltaic and wind power ranked first in the world, and China therefore became a veritable renewable energy superpower. On 19 July 2017, the NEA published the Guiding Opinions on the Implementation of the 13th Five-Year Plan of Renewable Energy Development (《關於可再生能源發展「十三五」規劃實施的指導意見》) and implemented the plan on expanding construction scale of photovoltaic and wind power plants during the period from 2017 to 2020. It is anticipated that, by 2020, the accumulative installed capacity of photovoltaic power plant (including distributed photovoltaic power plant and Top Runner projects) would be approximately 214GW, and the accumulative installed capacity of wind power plant would be 259GW, much more than previously expected. From this, it can be seen that photovoltaic and wind power would be the main force of renewable energy development during the 13th Five-Year Plan period.

Since the proposal of "the Belt and Road initiative" (the "B&R") in 2013, international cooperation in the fields of energy and electricity has been identified as one of the specific priority areas of development. With the growth in international energy cooperation favouring the more ecological path of the "B&R", China has become an energy exporter in international energy cooperation. At the "Belt and Road" Forum for International Cooperation (the "B&R" Forum) convened in Beijing on 14 May 2017, China put forward its positive vision that all parties should jointly promote the international cooperation in "B&R" and should join hands to build a community of common destiny for mankind. Following the proposal of B&R, the leaders of China have emphasized in their important addresses that the ecological civilization concepts shall be integrated into the construction of green path of the "B&R", which thereby indicated that the construction of a green ecological path in international energy cooperation is the top priority of the "B&R". The routes of "B&R" cover the continents of Asia, Europe and Africa, and the countries alongside have formed a complex, diverse, interconnected ecological environment as a whole and a community of common destiny for survival and development resulting from their landscape patterns, atmospheric circulations, animal and plant systems and human activities. These regions also face the problem of dealing with global climate change and sustainable development. Therefore, China and countries along the "B&R" could fundamentally achieve "joint discussion, joint construction, common share and win-win" in cooperation via the development of "B&R" through the construction of a green ecological path. On 29 June 2017, the first Panda Solar Plant in the globe developed and constructed by the Group and the United Nations Development Program ("UNDP") has successfully achieved grid connection. The project was also incorporated into The Action Plan for Jointly Promotion of "B&R" Construction by the Government of the People's Republic of China and UNDP (《中華人民共和國政府與聯合國開發計劃署關於共同推進 「一帶一路」建設的行動計劃》) at the "B&R" Forum. The Group focuses on development driven by innovation and eco-friendly solutions. It will continue to actively participate in more international green energy cooperation to export China's advanced green productivity and green ideology in the future.

The Group is devoted to achieving the "Sustainable Energy For All" goal proposed by the United Nations as well as carbon and emission reduction to deal with climatic change. It has developed into a global ecological development solutions provider and provides integrated ecological solutions in a multi-energy complementary manner. In May 2017, the Group reached several cooperation agreements in respect of renewable energy along the "B&R" routes with governments and enterprises of many countries at the "B&R" Forum, comprising: meeting with President of the Philippines Rodrigo Duterte, planning to jointly construct a Panda Solar Plant in Philippines; meeting with Josaia Voreqe Bainimarama, the Prime Minister of Fiji, planning to construct a Panda Solar Plant in Fiji; and signing a framework agreement on investment and cooperation with China Railway Construction Investment Group Corporation Ltd. and planning to jointly build a photovoltaic power plant of 29.4MW in Sri Lanka. All the aforesaid demonstrated the positive response and contribution of the Group to the strategy of accelerating China's outstanding green productivity and international outreach through integration of excellent resources domestic and abroad in response to "B&R" green initiative of the country.

China is the largest energy producing and consuming country in the world with vast territories and regional differences existing in terms of the demand for electricity, which makes multi-energy complementation to become the major trend of new energy transformation. As the renewable energy project reserves of the Group are getting enriched and more diversified, the Group will possess greater prominence in implementing strategy for multi-energy complementation. In August 2017, the Group completed the acquisition of 75% shareholding in a renewable energy group which owns development rights in hydropower and photovoltaic power projects with an expected capacity of over 5GW mainly located in Tibetan Plateau region, the important strategic resource reserve base and the important renewable energy base for west-east power transmission in the PRC. In March 2017, the National Development and Reform Commission has approved the Central Tibet Grid Interconnection Project with a total investment of RMB16.2 billion, which is expected to be put into operation in 2018. The project will effectively improve the reliability of the system power supply and clean energy delivery capacity, and to extend clean energy allocation in the southwest region in the PRC. The Group intends to capitalize on the completion of this major interconnection project and take initiative to develop clean energy power plant in Tibet region, so as to transmit green power to the Central PRC regions with high demand.

As of the first half of the year, the Group had installed capacity of photovoltaic power generation amounting to nearly 1.5GW and development rights in hydropower projects with an expected capacity of over 5GW respectively. The new era of economy mainly based on renewable energy has come. With abundant development resources in hand, looking forward, the Group will continuously focus on developing the solar power business in the future and diversify its renewable energy portfolios and investment locations gradually.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2017

		Unaudited Six months ended 30 June	
	Note	**2017**	2016
		RMB'million	*RMB'million* (Restated)
Sales of electricity		**187**	120
Tariff adjustment		**503**	332
Revenue	*3*	**690**	452
Other income		**1**	27
Employee benefits expenses (excluding share-based payment expenses)		**(56)**	(45)
Legal and professional fees		**(8)**	(3)
Maintenance costs		**(33)**	(17)
Rent and rates		**(9)**	(4)
Business hospitality		**(9)**	(6)
Water and electricity		**(3)**	(3)
Other expenses		**(17)**	(20)
EBITDA[#]		**556**	381
Acquisition costs arising from business combinations		**(8)**	–
Depreciation of property, plant and equipment		**(200)**	(166)
Bargain purchase arising from business combinations	*12*	**1,033**	4
Fair value (losses)/gains on financial assets at fair value through profit or loss	*4*	**(158)**	403
Fair value (loss)/gains on financial liabilities at fair value through profit or loss	*5*	**(229)**	58
Finance costs:			
– Interests on bank and other borrowings		**(348)**	(176)
– Expenses in relation to convertible bonds:	*6*		
(i) Redeemed/converted during the period; and		**(277)**	–
(ii) Outstanding at end of the period		**(106)**	(258)
Finance income		**10**	8
Share-based payment expenses		**(7)**	(5)
Share of profits of investments accounted for using equity method		**22**	9
Profit before income tax		**288**	258
Income tax expenses	*7*	**(11)**	–
Profit for the period		**277**	258

	Note	Unaudited Six months ended 30 June 2017 RMB'million	2016 RMB'million (Restated)
Profit attributable to:			
– Shareholders of the Company		**274**	249
– Non-controlling interests		**3**	9
		277	258
Earnings per share attributable to shareholders of the Company			
– Basic (RMB cents)	*9*	**4.18**	5.22
– Diluted (RMB cents)	*9*	**3.39**	3.73

\# *EBITDA represents earnings before interests, tax, fair value adjustments, non-cash items, non-recurring expenses and share of profits of investments accounted for using equity method. EBITDA is not a measure of performance under Hong Kong Financial Reporting Standards, but is used by management for monitoring business performance of a company from operational perspective. It may not be comparable to similar measures presented by other companies.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
		(Restated)
Profit for the period	**277**	258
Other comprehensive income/(loss):		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Exchange differences arising on translation of financial statements of subsidiaries	**103**	18
Cash flow hedge, net of tax	**(11)**	–
Other comprehensive income for the period, net of tax	**92**	18
Total comprehensive income for the period	**369**	276
Total comprehensive income for the period attributable to:		
– Shareholders of the Company	**366**	267
– Non-controlling interests	**3**	9
	369	276

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	Unaudited 30 June 2017 RMB'million	Audited 31 December 2016 RMB'million
ASSETS			
Non-current assets			
Property, plant and equipment		**13,391**	9,176
Intangible assets	*10*	**2,950**	917
Investments accounted for using equity method		**903**	515
Other receivables, deposits and prepayments		**981**	771
Deferred tax assets		**31**	–
Financial assets at fair value through profit or loss		**–**	252
Pledged deposits		**287**	1,014
		18,543	12,645
Current assets			
Financial assets at fair value through profit or loss		**437**	340
Other receivables, deposits and prepayments		**643**	754
Trade, bills and tariff adjustment receivables	*11*	**1,786**	1,418
Pledged deposits		**1,931**	987
Restricted cash		**44**	41
Cash and cash equivalents		**2,812**	996
		7,653	4,536
Total assets		**26,196**	17,181
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**754**	402
Reserves		**5,166**	2,092
		5,920	2,494
Non-controlling interests		**672**	114
Total equity		**6,592**	2,608

	Note	Unaudited 30 June 2017 *RMB'million*	Audited 31 December 2016 *RMB'million*
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		**10,823**	5,982
Convertible bonds		**882**	3,154
Contingent consideration payables		**14**	–
Deferred government grant		**2**	2
Deferred tax liabilities		**704**	305
		12,425	9,443
Current liabilities			
Other payables and accruals		**1,912**	978
Bank and other borrowings		**4,843**	4,152
Convertible bonds		**413**	–
Other derivative financial instruments		**11**	–
		7,179	5,130
Total liabilities		**19,604**	14,573
Total equity and liabilities		**26,196**	17,181

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Panda Green Energy Group Limited (formerly known as United Photovoltaics Group Limited) (the "Company") and its subsidiaries (together the "Group") are principally engaged in the development, investment, operation and management of solar power plants and starts to diversify its portfolio with other renewable energy projects.

The Company is an exempted limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The principal place of business in Hong Kong is Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The ordinary shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information ("Financial Information") is presented in Renminbi ("RMB"), unless otherwise stated. This Financial Information has been approved for issue by the Board of Directors on 30 August 2017.

1.1 Key events during the six months ended 30 June 2017

Acquisitions of subsidiaries (Note 12)

(i) The Group completed the acquisition of 8 solar power plants with aggregate installed capacity of 99.7MW, of which 82.4MW solar power plants are located in the United Kingdom (the "UK") and the remaining are located in the People's Republic of China (the "PRC").

(ii) The Group completed the acquisition of an additional 50% equity interest in its joint venture which owns a 200MW solar power plant in the PRC.

(iii) The Group was deemed to have completed the acquisition of a project company in Tibet, the PRC, which owns the development rights in hydropower projects with an aggregate installed capacity of approximately 5.2GW and solar power plants in operation or under construction or developments with an aggregate capacity of 110MW in Tibet and Sichuan, the PRC.

On-grid connection for self-developed solar power plant

The Group self-developed solar power plants with aggregate installed capacity of 53MW, among which 50MW was the first Panda solar power plant located in Datong, the PRC. All plants achieved on-grid connection and started generating electricity steadily.

Issue of new shares and warrants

The Company has issued 3,203 million new shares through placement and 871 million warrants. The net proceeds amounted to approximately HK$2,155 million (equivalent to approximately RMB1,883 million).

Issue of Senior Notes

The Group has issued US$350 million 8.25% senior notes due 2020 ("Senior Notes"). The aggregate net proceeds of approximately US$342 million (equivalent to RMB2,312 million).

Redemption and conversion of convertible bonds

The Group has early redeemed certain convertible bonds with principal amounting to approximately RMB1,494 million. In addition, certain convertible bonds with principal amounts in aggregate of approximately RMB497 million have been converted into the ordinary shares of the Company.

2 BASIS OF PREPARATION

This Financial Information for the six months ended 30 June 2017 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, contingent consideration payable, other derivative financial instruments and derivatives of convertible bonds, which were carried at fair values.

2.1 Going-concern basis

As at 30 June 2017, the Group's bank and other borrowings, construction costs payable, acquisition consideration payable and convertible bonds, aggregate to approximately RMB18,488 million, out of which approximately RMB6,769 million will be due in the coming twelve months. As at the same date, the Group's pledged deposits and cash and cash equivalents amounted to approximately RMB5,030 million. In addition, the Group has certain contractual and other arrangements to settle its financial obligations and various capital expenditures.

As at 30 June 2017, the Group paid RMB317 million as deposits for the proposed acquisitions of solar power plants with an aggregate installed capacity of 220MW pursuant to the terms of the conditional sale and purchase agreements or framework agreements. Should these potential acquisitions be completed, the Group would have to contribute additional capital to the solar power plants to finance the settlement of its Engineering, Procurement and Construction ("EPC") payables and other payables, which are estimated to be approximately RMB1,543 million.

The Group has certain contractual and other arrangements to settle its financial obligations and various capital expenditures. In June 2017, the Group entered into EPC contract with a contractor with a capital expenditure amounting to RMB170 million for its self-constructed solar power plant in Anhui Province, the PRC with an installed capacity of 100MW.

In June 2013, the Group acquired certain concession rights to develop and operate various solar power plant projects. The Group intends to exercise these concession rights and acquire the relevant solar power plant projects from the respective vendors before these rights expire in 2017 and 2018. The Group would require additional financing for these future acquisitions and the required amount is yet to be determined, as it is subject to the negotiation of the final consideration with the relevant vendors, as well as the negotiation of the amount of liabilities of the acquirees to be assumed by the Group upon completion of the acquisitions.

The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations and capital expenditures under various contractual and other arrangements. All the above conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 30 June 2017. The directors are of the opinion that, taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2017.

(i) In August 2017, the Group has successfully obtained long-term bank and other borrowings of approximately RMB527 million.

(ii) In July and August 2017, the Group successfully issued 3-year corporate bonds totaling of RMB1,000 million.

(iii) In December 2016, the Group obtained the official registration acceptance notification issued by the National Association of Financial Market Institutional Investors for the issuance of medium-term notes in the China Inter-Bank Bond Market up to a principal amount of RMB700 million in the PRC within two years from December 2016. The directors are confident that the Group could successfully issue the medium-term notes in the coming two years as and when required.

(iv) China Merchants New Energy Group Limited ("CMNEG"), a shareholder of the Company and an indirect non-wholly owned subsidiary of China Merchants, issued a letter to the Group and agreed to provide financial support to the Group for a period up to 31 August 2018 to enable the Group to meet its liabilities and obligations (including capital expenditures and operating expenses) as and when they fall due and to carry on its business without a significant curtailment of operations.

(v) The Group is also in the process of negotiating long-term borrowings from banks or other financial institutions to finance the settlement of its existing financial obligations and capital expenditures. In addition, should the proposed acquisitions be completed, the Group will try to negotiate long-term borrowings from banks or other financial institutions to finance the settlement of EPC payables and other payables of these newly acquired subsidiaries. Based on the past experience of the Group, the directors are confident that they could obtain such long-term borrowings from banks and other financial institutions.

(vi) The solar power plants currently held and planned to be acquired by the Group have already achieved on-grid connection. They are expected to generate operating cash inflows to the Group. The directors are confident that all existing solar power plants currently held by the Group, if not registered in the previous Renewable Energy Tariff Subsidy Catalogue ("Catalogue"), are eligible for the registration onto the forthcoming batches of the Catalogue.

In the opinion of the directors, in light of the above plans and measures, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 30 June 2017. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

Notwithstanding the above, significant uncertainty exists as to whether management of the Group can achieve the plans and measures described in (iii) to (vi) above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to obtain the financial support from CMNEG as needed, secure various sources of short-term or long-term financing as and when required, and to generate adequate operating cash inflows from its existing solar power plants and other plants to be acquired or constructed in the expected timeframe.

Should the Group be unable to continue as a going concern, adjustment would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Financial Information.

3 SEGMENT INFORMATION

The Chief Operation Decision-Maker ("CODM") has been identified as the Board of Directors of the Company. CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The Group is pursuing expansion and involvement in clean energy technologies, including solar, wind power and hydropower. During the period, the Group has one reportable segment which is renewable energy segment (2016: one). Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the CODM.

The CODM assesses the performance of the operating segments principally based on their EBITDA. Given the hydropower segment is still under development stage, no EBITDA nor segment profit has been contributed to the Group during the period. Accordingly, reconciliation of segment profit to Group's profit is not separately presented.

The Group's revenue from external customers by geographical areas is as follows:

	Unaudited For the six months ended 30 June	
	2017	2016
	RMB'million	*RMB'million*
PRC	**653**	452
UK	**37**	–
	690	452

The Group's non-current assets (excluding deposits for investments, pledged deposits, value-added tax recoverable, deferred tax assets and financial assets at fair value through profit or loss) by geographical areas is as follows:

	Unaudited	Audited
	30 June	31 December
	2017	2016
	RMB'million	*RMB'million*
PRC	**16,679**	10,619
UK	**572**	–
Hong Kong	**1**	1
	17,252	10,620

For the six months ended 30 June 2017, there were three customers (2016: three) which individually contributed over 10% of the Group's total revenue. The revenue contributed from each of these customers was as follows:

	Unaudited For the six months ended 30 June	
	2017	2016
	RMB'million	*RMB'million*
Customer A	**156**	144
Customer B	**131**	131
Customer C	**72**	–
Customer D	**–**	45

4 FAIR VALUE (LOSSES)/GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited For the six months ended 30 June	
	2017	2016
	RMB'million	*RMB'million*
Call option issued relating to the acquisition of investments accounted for using equity method	**(167)**	(10)
Guaranteed electricity output	**–**	306
Unlisted investment	**12**	107
Previously held interest in a joint venture	**(3)**	–
	(158)	403

5 FAIR VALUE (LOSS)/GAINS ON FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited For the six months ended 30 June	
	2017	2016
	RMB'million	*RMB'million*
Issue of shares and warrants	**(229)**	–
Contingent consideration payables	**–**	37
Put option issued in relation to the acquisition of an associate	**–**	21
	(229)	58

6 EXPENSES IN RELATION TO CONVERTIBLE BONDS

	Unaudited For the six months ended 30 June	
	2017	2016
	RMB'million	*RMB'million*
(i) Redeemed/converted during the period:		
– Interest accretion	**123**	–
– Subsequent re-measurement losses on derivative portion and losses on early redemption	**154**	–
	277	–
(ii) Outstanding at end of the period:		
– Interest accretion	**96**	317
– Subsequent re-measurement losses/(gains) on derivative portion	**10**	(59)
	106	258
	383	258

7 INCOME TAX EXPENSES

	Unaudited For the six months ended 30 June	
	2017	2016
	RMB'million	*RMB'million*
Current income tax	**12**	–
Deferred income tax	**(1)**	–
	11	–

The Group's operations in the PRC are subject to the corporate income tax law of the PRC (the "PRC corporate income tax"). The standard PRC corporate income tax rate is 25%. The project companies of solar power plants are entitled to preferential tax concession. Income tax on profits assessable outside the PRC has been provided at rates prevailing in the respective jurisdictions.

8 DIVIDENDS

No dividend on ordinary share has been paid or declared by the Company for the six months ended 30 June 2017 (30 June 2016: Nil).

9 EARNINGS PER SHARE

(a) Basic

Basic earnings per share was calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period:

	Unaudited For the six months ended 30 June 2017	2016
Profit attributable to the shareholders of the Company (RMB'million)	**274**	249
Weighted average number of ordinary shares in issue (million shares)	**6,553**	4,772
Basic earnings per share (RMB cents)	**4.18**	5.22

(b) Diluted

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the six months ended 30 June 2017, the Company has three (30 June 2016: three) categories of dilutive potential ordinary shares: convertible bonds, warrants and share option (30 June 2016: convertible bonds, put option and share option).

The convertible bonds were assumed to have been converted into ordinary shares, and the net profit has been adjusted to eliminate the interest expense and fair value change less the tax effect.

For the share option and warrants, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share option/ warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options/warrants.

	Unaudited For the six months ended 30 June 2017	2016
Earnings (RMB'million)		
Profit attributable to the shareholders of the Company	**274**	249
Assumed exercise/conversion of certain convertible bonds (2016: put option and convertible bonds)		
Adjustments for:		
A put option	**–**	(12)
Certain convertible bonds		
– Interest accretion	**10**	35
– Subsequent re-measurement gains on derivative portion and loss on early redemption	**(37)**	(49)
Adjusted profit attributable to shareholders of the Company used to determine the diluted earnings per share	**247**	223
Weighted average number of ordinary shares in issue (million shares)	**6,553**	4,772
Adjustments for:		
– Assumed conversion of certain convertible bonds	**502**	1,022
– Assumed exercise of a put option	**–**	194
– Assumed exercise of share options	**11**	–
– Assumed exercise of warrants	**208**	–
Weighted average number of ordinary shares used to determine the diluted earnings per share	**7,274**	5,988
Diluted earnings per share attributable to the shareholders of the Company (RMB cents)	**3.39**	3.73

Certain convertible bonds were not assumed to be converted as they would have an anti-dilutive impact to the profit attributable to the shareholders of the Company per share, for the six months ended 30 June 2017 (30 June 2016: certain convertible bonds and share option).

10 INTANGIBLE ASSETS

	Concession rights *RMB'million*	Development rights *RMB'million*	Total *RMB'million*
Net carrying value at 1 January 2017	917	–	917
Acquisition of subsidiaries *(Note 12)*	–	2,062	2,062
Redesignation in relation to acquisition of subsidiaries *(Note 12)*	(29)	–	(29)
Net carrying value at 30 June 2017	**888**	**2,062**	**2,950**
Cost	1,541	2,062	3,603
Accumulated impairment	(653)	–	(653)
Net carrying value at 30 June 2017	**888**	**2,062**	**2,950**

11 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES

As at 30 June 2017, trade receivables of approximately RMB47 million represented receivables from sales of electricity and are usually settled within one month. Tariff adjustment receivables mainly represented (i) the PRC government subsidies on renewable energy projects to be received from the State Grid Corporation of China and Inner Mongolia Power Co. Ltd based on the respective electricity sale and purchase agreements for each of the Group's solar plants and prevailing nationwide government policies, of which approximately RMB25 million, RMB1,028 million and RMB601 million were arising from the 5th batch, 6th batch and the forthcoming batches of the Catalogue, respectively; and (ii) the PRC provincial government subsidies on renewable energy projects, of which approximately RMB11 million and RMB13 million are arising from electricity generated in 2016 and 2017, respectively.

As at 30 June 2017, the Group had bills receivables of approximately RMB39 million (31 December 2016: RMB9 million).

As at 30 June 2017, the ageing analysis of the trade and tariff adjustment receivables based on invoice date were as follows:

	Unaudited **30 June** **2017** ***RMB'million***	Audited 31 December 2016 *RMB'million*
Not yet due	**1,308**	1,409
0 – 30 days	**202**	–
31 – 60 days	**37**	–
61 – 90 days	**28**	–
91 – 180 days	**172**	–
	1,747	1,409

12 BUSINESS COMBINATIONS

It is the Group's strategy to identify suitable investment opportunity to acquire solar power plants with good prospects and potential for stable returns. In addition to solar power, the Group is also looking for opportunities to pursue expansion and involvement in other clean energy technologies such as hydropower.

During the period, the Group has completed the acquisition/acquisition of additional equity interest of 8 solar power plants, of which 82.4MW solar power plants are located in the UK ("UK Projects") and the remaining are located in the PRC ("PRC Projects"). In addition, the Group was deemed to have completed the acquisition of a project company in Tibet, the PRC, which owns development rights in hydropower projects with an aggregate installed capacity of approximately 5.2GW and solar power plants in operation or under construction or developments with an aggregate capacity of 110MW ("Tibet Projects").

Details of these acquisitions were as follows:

(i) UK Projects

In January 2017, the Group completed the acquisition of a 100% equity interest in Notus Investments 2 S.à.r.l., which owns 6 solar power plants in the UK with an installed capacity of 82.4MW, for a cash consideration of approximately RMB243 million from a third party. A contingent consideration will be paid in cash as earn-out payment for 5 years commencing from 1 October 2016 based on the volume of electricity output. The fair value of performance-based contingent considerations is calculated based on discounted cash flows of future consideration payment with the revision of estimated future profit of the acquired businesses.

This acquisition was part of the solar power energy initiative in relation to the concession rights acquired in China Solar Power Group Limited ("CSPG") in June 2013, an amount of approximately RMB7 million has been redesignated from intangible assets as part of investment cost, and an amount of approximately RMB1 million has been recognised as deferred tax liabilities arising from fair value changes.

(ii) PRC Projects

In February 2017, the Group completed the acquisition of a 100% equity interest in Tangshan Zhaoxin Solar Power Co., Ltd. ("Tangshan Zhaoxin") for a cash consideration of RMB40 million from a third party. The principal activities of Tangshan Zhaoxin are the development and operation of a solar power plant located in Hebei Province, the PRC, with an aggregate installed capacity of approximately 17.3MW.

This acquisition was part of the solar power energy initiative in relation to the concession rights acquired in CSPG in June 2013, an amount of approximately RMB22 million has been redesignated from intangible assets as part of investment cost, and an amount of approximately RMB4 million has been recognised as deferred tax liabilities arising from fair value changes.

In May 2017, the Group completed the step-acquisition in Tibet Zhongzi Photovoltaics Energy Limited ("Tibet Zhongzi"), with installed capacity of 200MW located in Ningxia, from 50% to 100% for cash consideration of approximately RMB108 million from a third party.

(iii) Tibet Projects

In May 2017, the Group entered into a conditional sale and purchase agreement with a third party to acquire 100% equity interest in China New Energy Holdings (Hong Kong) Limited, which indirectly held a 75% equity interest in a project company in Tibet, the PRC. The consideration, as recorded, comprised cash payment of HK$330 million (approximately RMB249 million) (inclusive of HK$100 million for two hydropower companies as the transfer of legal title in progress but exclusive of HK$270 million as acquisition of 34.54% equity interests in a wind power company has not been completed (as stated in the Circular dated 16 June 2017)) and the allotment and issue of approximately 560 million new shares of the Company.

The project company indirectly mainly owns:

(i) Development rights in hydropower projects with an aggregate installed capacity of approximately 5.2GW in Tibet and Sichuan; and

(ii) 110MW in solar power projects in Tibet in which 20MW have connected to grid in June 2017 and remaining 90MW are development rights.

The key assumptions used for the post-tax cash flow projections for the provisional purchase price allocation, which are based on past experience of the Group and external sources of market information, are as follows:

	Hydropower	**Solar power**
Capacity	5,230.1MW	110MW
Utilisation hours	4,300 to 4,700MWh/MWp	1,900 to 1,950MWh/MWp
Degradation factor	0% per annum	0.5% per annum
Feed-in tariff	RMB0.30 to RMB0.44/kWh	RMB1.05 to RMB1.15/kWh
Discount rate	10.5% to 11.5%	8% to 9%
Construction costs per watt	RMB11.0 to RMB13.0	RMB12.0 to RMB13.0

On 30 June 2017, all the condition precedents under conditional sale and purchase agreement were substantially fulfilled, including receipt by the Company of proxies representing affirmative votes from more than 50% shareholders of the Company for the transaction; and the Risk Control Committee of the Company had reviewed and approved the results from the due diligence review of the assets, liabilities, operations, taxation, finance and business of the target group and a PRC legal opinion on the transaction and audit reports of the target group. The transfer of the legal title is procedural in nature. The special general meeting for the transaction was held on 4 July 2017 where approximately 99.89% of the shareholders of the Company voting at the relevant general meeting had voted for the transaction and the transfer of legal title and the issue of consideration shares were completed on 11 August 2017. In addition, in order to speed up the progress of the projects under construction and those project pipeline under development, the seller had agreed to pass the management and decision making rights on the target group to the Group prior to 30 June 2017. Meanwhile, the Group has taken the operating and decision making role in significant subsidiary of the target group with our nominees acting as directors and general manager in June 2017. In view of the fact that the Group has (i) power to direct the relevant activities over the target group; (ii) rights to variable returns from its involvement with the target group; and (iii) the ability to use its power over the target group to affect the amount of the target group's returns in accordance with HKFRS 10 "Consolidated Financial Statements" the Group considered that it had obtained effective control over the target group in substance and is entitled, for accounting purposes, to deem the transaction as having been completed on 30 June 2017 and therefore include the relevant financial results in these Financial Information.

Should the legal completion date be considered as the date on which the transfer of legal title and the issue of consideration shares, i.e. 11 August 2017, the net profit for the six months ended 30 June 2017 and total equity as at 30 June 2017 will be reduced by approximately RMB909 million and RMB1,965 million respectively. And such profits and equity would then be reflected in the second half of the year.

The table below illustrates the sensitivity of the significant inputs in the provisional purchase price allocation in Tibet projects when they are changed to reasonable possible alternative inputs:

	Range of inputs	**Favourable/ (unfavourable) changes in profit or loss** *RMB' million*
Utilisation hours	+5%	845
	–5%	(792)
Discount rate	+0.5%	(786)
	–0.5%	972
Construction costs per watt	+5%	(660)
	–5%	687

Certain business combinations are individually immaterial but are material collectively to the Group, the aggregate financial information as at acquisition date is presented as follows:

	UK Projects ***RMB'million***	**PRC Projects** ***RMB'million***	**Tibet Projects** ***RMB'million***	**Total** ***RMB'million***
Consideration:				
Consideration				
– Cash	243	148	249	640
– Equity	–	–	501	501
Contingent consideration payable: Cash	18	–	–	18
Redesignation of concession rights previously recognised				
– Intangible assets *(Note 10)*	7	22	–	29
– Deferred tax liabilities	(1)	(4)	–	(5)
Fair value of previously held interest	–	232	–	232
Total consideration	267	398	750	1,415

	UK Projects *RMB'million*	PRC Projects *RMB'million*	Tibet Projects *RMB'million*	Total *RMB'million*
Recognised amounts of provisional fair value of identifiable assets acquired, liabilities assumed and non-controlling interests				
Property, plant and equipment	947	1,881	695	3,523
Intangible assets *(Note 10)*	–	–	2,062	2,062
Cash and cash equivalents	32	5	146	183
Borrowings	(642)	(1,183)	(441)	(2,266)
Others	(70)	(181)	(248)	(499)
Total identifiable net assets	267	522	2,214	3,003
Non-controlling interests	–	–	(555)	(555)
Bargain purchase recognised in interim condensed consolidated statement of profit or loss*	–	(124)	(909)	(1,033)
	267	398	750	1,415

* *The amount was mainly derived from the acquisition of the Tibet projects. The projects consists of development rights of over 5GW hydropower and 90MW solar power plants, where the Group will allocate sufficient resources to develop the hydropower projects in stages that will meet the development costs over a long period of development time of 5 to 10 years in cooperation with the local government to provide economic and environmental benefits to the local communities. Considering the PRC government's support of the development of the renewable energy in Tibet, including the construction of Central Tibet Grid Interconnection Project; the uniqueness of the resources; the expected decline in construction cost and the expected development growth in Tibet, enormous economic benefits are expected to flow into the project company upon the commencement of operation of these renewable energy projects.*

13 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

During July and August 2017, the Group has issued RMB1,000 million corporate bonds. Such bonds will mature in 2020.

In August 2017, the Group has completed the acquisition of 22% equity interest in two project companies in the PRC for a total consideration of RMB2,860,000. One of them owns a 10MW on-grid solar power plant; while the other project company owns a 48MW on-grid wind power plant.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the six-month period ended 30 June 2017, the Company has applied the principles and complied all the code provisions of the corporate governance code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, save for the following deviation:

Mr. Li, Alan, an executive Director, is the chief executive officer and the Chairman of the Board. Code A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Board believes that the balance of power and authority between chairman and chief executive will not be impaired by the present arrangement and the significant weight of the non-executive directors (including the independent ones) will enable the Board as a whole to effectively exercise its non-bias judgement.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted a code for securities transactions by the Directors on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry of all the Directors, the Company confirmed that all the Directors have complied with the requirements set out in the Model Code and the Company's relevant policies throughout the six-month period ended 30 June 2017.

AUDIT COMMITTEE

The financial statements of the Group for the six-month period ended 30 June 2017 have been reviewed by the Company's audit committee comprising three members, including two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one non-executive Director, namely Mr. Tang Wenyong.

INTERIM DIVIDEND

No interim dividend for the six months ended 30 June 2017 has been declared by the Board, and the register of members of the Company will not be closed for that purpose.

PUBLICATION OF RESULT ANNOUNCEMENT AND INTERIM REPORT

The results announcement is published on the Stock Exchange's website at http://www.hkex.com.hk and the Company's website at http://www.pandagreen.com. The interim report of the Group for the Period containing all the relevant information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be published on the Stock Exchange's website at http://www.hkex.com.hk and the Company's website at http://www.pandagreen.com and be dispatched in due course.

APPRECIATION

The Board of Directors would like to take this opportunity to thank every stakeholder of the Company for their contributions to the Company during the period under review.

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

Hong Kong, 30 August 2017

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