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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)

PROFIT ALERT

This announcement is made by Panda Green Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the latest information for the six months ended 30 June 2018 (the “**Period**”), subject to the finalization of the valuation results, it is expected that the Group may record a net loss of approximately RMB80 million, as compared to the restated net profit of approximately RMB27 million for the corresponding period in 2017. The net profit for the six months ended 30 June 2017 was restated from RMB277 million to RMB27 million as a result of the finalization of the purchase price allocation for the business combinations that occurred in the first half of 2017 and the adjustment for the loss on early redemption of convertible bonds as adopted in the annual report in 2017.

During the Period, the Group maintained its focus on managing its existing renewable energy business. The business operating performance has improved for the Period. The aggregate installed capacity of power plants of the Group and its associates/joint venture was around 2.1GW. The revenue and EBITDA of the Group for the Period are expected to increase by around 50% and 60%, respectively, as compared to the corresponding period in 2017. The finance costs (including those for convertible bonds, bank and other borrowings) to revenue ratio is expected to be around 70% for the Period, as compared to 121% for the corresponding period in 2017.

Having said that, the Group expects its overall results for the Period may record a loss. The reasons for turning profit to loss for the Period were mainly attributed to a few non-cash factors: (i) a drop in bargain purchases; (ii) an increase in the amortization of share-based payment; and (iii) an expected fair value loss in financial instruments.

Firstly, in 2017, the Group acquired a Tibet project which owns development rights over 5GW hydropower capacity and 80MW solar power capacity in Tibet and Sichuan. The bargain purchase for this transaction as reflected in the 2017 annual report was approximately RMB598 million. During the Period, the Group only acquired 20MW solar power plants. Accordingly, the bargain purchases to be recorded are expected to be significantly less than the corresponding period in 2017.

Secondly, the Company granted 589 million share options and 80 million share options in June 2017 and September 2017 respectively. The amortization for the share-based payment expenses for the Period is expected to be approximately RMB61 million (30 June 2017: RMB7 million).

Lastly, it is anticipated a fair value loss in financial instruments will be recorded for the Period. The Group is re-measuring the value of its financial instruments, which is subject to the finalization of the valuation results.

The figures contained in this announcement are only based on the information currently available to the Company, which are subject to adjustments and have not been finalized and reviewed by the audit committee of the Company. The Company is still in the course of finalizing the interim results, including but not limited to the determination of various valuations. The interim results announcement of the Group for the Period is expected to be published by the end of August 2018 and the actual results of the Group may be different from what are disclosed herein.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 3 August 2018

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