熊猫绿能
Panda Green

PANDA GREEN ENERGY GROUP LIMITED

Stock Code: 00686.HK

Building a Green Future

Interim Report 2017

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li, Alan *(Chairman and CEO)*
Mr. Lu Zhenwei
Mr. Li Hong *(Chief Financial Officer)*
Ms. Qiu Ping, Maggie
(Executive President and Company Secretary)
Mr. Jiang Wei *(Chief Operating Officer)*

Non-executive Directors

Academician Yao Jiannian
Mr. Tang Wenyong
Mr. Li Hao

Independent Non-executive Directors

Mr. Kwan Kai Cheong
Mr. Yen Yuen Ho, Tony
Mr. Shi Dinghuan
Mr. Ma Kwong Wing

BOARD COMMITTEES

Audit Committee

Mr. Kwan Kai Cheong *(chairman)*
Mr. Yen Yuen Ho, Tony
Mr. Tang Wenyong

Remuneration Committee

Mr. Yen Yuen Ho, Tony *(chairman)*
Mr. Kwan Kai Cheong
Mr. Tang Wenyong

Nomination Committee

Mr. Li, Alan *(chairman)*
Mr. Yen Yuen Ho, Tony
Mr. Kwan Kai Cheong

Risk Control Committee

Mr. Lu Zhenwei *(chairman)*
Mr. Li, Alan
Mr. Kwan Kai Cheong
Mr. Tang Wenyong
Mr. Li Hong
Mr. Li Hao

Strategy Committee

Mr. Zou Yiqiao* *(chairman)*
Mr. Li, Alan
Mr. Lam Tsz Cheung, Anthony*

* *Non-board member*

AUDITORS

PricewaterhouseCoopers

SOLICITORS

Bermuda
Conyers Dill & Pearman

Hong Kong
Reed Smith Richards Butler
Troutman Sanders

Mainland China
Grandall Law Firm, Hangzhou Office

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Development Bank Corporation
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
The Export-Import Bank of China
Bangkok Bank Public Company Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Estera Management (Bermuda) Limited

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street, Hamilton HM 11,
Bermuda

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

WEBSITE

http://www.pandagreen.com

Management Discussion and Analysis

BUSINESS REVIEW

Diversification of investment locations and portfolios

During the six months ended 30 June 2017 (the "Period"), Panda Green Energy Group Limited (formerly known as United Photovoltaics Group Limited) (the "Company" or "Panda Green") and its subsidiaries (together 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.

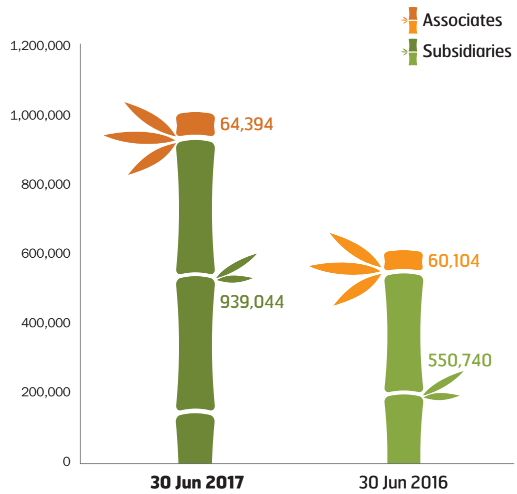
In the short run, the Group will continue focusing on the development of solar power business, while diversifying its renewable energy portfolios in order to supplement the energy supply in the long run.

Management Discussion and Analysis (continued)

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.

Electricity Generation Volume (MWh)



	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

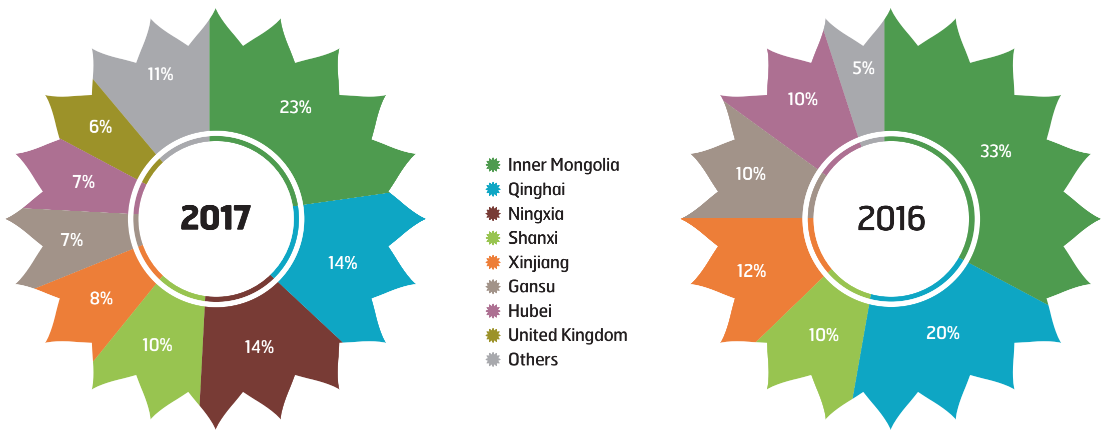
Management Discussion and Analysis (continued)

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 18 to the interim financial information set out below.

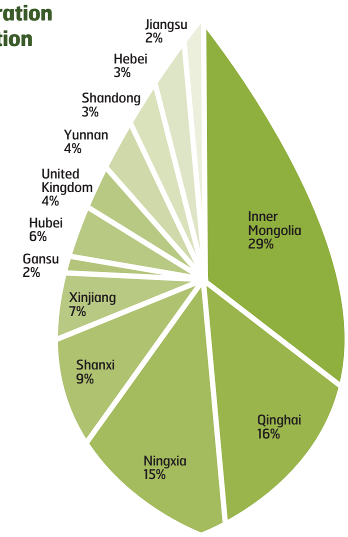
Installed Capacity by Location



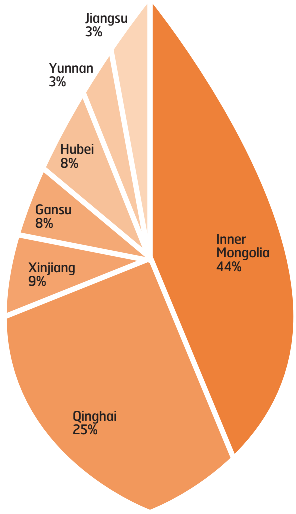
As shown in the table above, the total electricity generated during the Period has increased to 1,003,438MWh, by approximately 64% as compared to the corresponding period of 2016. The solar power plants located in Inner Mongolia and Qinghai contributed approximately 29% and 16% of the total electricity 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.

Management Discussion and Analysis (continued)

Electricity Generation Volume by Location



2017



2016

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.

Management Discussion and Analysis (continued)

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 RMB1,883 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*

Management Discussion and Analysis (continued)

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 segment principally based on their EBITDA. Given the hydropower project is still under development stage, no EBITDA nor segment profit has been contributed to the Group during the Period.

Management Discussion and Analysis (continued)

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.

Management Discussion and Analysis (continued)

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 have 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. Certain funds raised have been used to early redeem certain convertible bonds with higher finance costs. Also, the active financing/refinancing activities taken place in the second half of 2016, representing 76% to 2016, which result in significant increase in bank and other borrowings on 30 June 2017 as compared to 30 June 2016. Accordingly, the interest on bank and other borrowings increased by approximately 98% as compared to the corresponding period in 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.

Management Discussion and Analysis (continued)

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.

Management Discussion and Analysis (continued)

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.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

As at 30 June 2017, the Group recorded non-current assets of approximately RMB18,543 million, current assets of approximately RMB7,653 million, current liabilities of approximately RMB7,179 million and non-current liabilities of approximately RMB12,425 million.

The Group has established a treasury policy with the objective of lowering cost of funds. Therefore, funding for all its operations has been centrally reviewed and monitored at the Group level. To manage the Group's exposure to fluctuations in interest rates on each solar power project, appropriate funding policies will be applied including the use of bank and other borrowings, issue of convertible bonds, issue of senior notes or placing of new shares. The management will continue its efforts in obtaining the most privileged rates and favourable terms to the Group for its financing.

The Group monitors capital based on the gearing ratio. This ratio is calculated as net debts divided by total capital. Net debts is calculated as total borrowings (including current and non-current bank and other borrowings, construction costs payables and convertible bonds as shown in the interim condensed consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the interim condensed consolidated statement of financial position plus net debts.

Management Discussion and Analysis (continued)

The gearing ratios as at 30 June 2017 and 31 December 2016 were as follows:

	30 June 2017 RMB' million	31 December 2016 RMB' million
Bank and other borrowings	15,666	10,134
Construction costs payables	1,235	563
Convertible bonds	1,295	3,154
	18,196	13,851
Less: cash and cash equivalents	(2,812)	(996)
Net debts	15,384	12,855
Total equity	6,592	2,608
Total capital	21,976	15,463
Gearing ratio	70.0%	83.1%

The decrease in gearing ratio was mainly attributable to the effort in obtaining equity financing. During the Period, the Company has completed equity financing of approximately HK$2,158 million (equivalent to RMB1,885 million).

Except for the bank borrowings and convertible bonds with aggregate amounts of RMB11,345 million and RMB1,295 million respectively, which were carried at fixed rates, the remaining borrowings of the Group bore floating interest rates.

As at 30 June 2017, the cash and cash equivalents were denominated in the following currencies:

	RMB' million
RMB	1,069
HK$	1,181
US$	546
GBP	16
	2,812

Management Discussion and Analysis (continued)

As at 30 June 2017, the maturity and currency profile for the Group's bank and other borrowings and convertible bonds are set out as follows:

	Within 1 year RMB' million	2nd year RMB' million	3-5 years RMB' million	6-10 years RMB' million	Over 10 years RMB' million	Total RMB' million
RMB	3,447	2,192	2,070	2,852	408	10,969
US$	1,304	729	2,379	–	–	4,412
GBP	23	24	257	513	–	817
HK$	482	186	95	–	–	763
	5,256	3,131	4,801	3,365	408	16,961

During the Period, the Group's UK solar power plants had interest rate swaps arrangement from floating to fixed for its bank borrowings. Other than that, the Group did not have any financial instruments for hedging purposes. It is the Group's policy not to enter into derivative transactions for speculative purposes.

As at 30 June 2017, the Group had capital commitment in respect of property, plant and equipment contracted amounted to approximately RMB170 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Group has completed several acquisitions of subsidiaries, however, none of these acquisitions is individually material to the Group. Acquisition of a holding company which owns the development rights mainly in hydropower projects with an expected capacity of over 5GW in Tibet was deemed to have been completed during the Period. There was no material disposal of associated companies during the Period.

MATERIAL RELIANCE ON KEY CUSTOMER

The key customers in the PRC for the sales of electricity business were subsidiaries of the State Grid Corporation of China ("State Grid") and Inner Mongolia Power (Group) Co. Ltd ("Inner Mongolia Grid"), all of which are PRC state-owned electric utility companies that transmit and distribute power in the PRC. As at 30 June 2017, the receivables from the subsidiaries of State Grid and Inner Mongolia Grid were approximately 78% and 21% of the total trade, bills and tariff adjustment receivables respectively.

There was only one customer for the sales of electricity in the UK. This customer has strong financial position based on its public available financial information and is one of group companies in a Norwegian government-owned power company which was affirmed a corporate credit rating of 'A-/A-2' and 'Baa1' from S&P and Moody, respectively, in July 2017.

Having considered the repayment track record, the risk of concentration of key customers in the PRC and UK was considered minimal.

Management Discussion and Analysis (continued)

CHARGE ON ASSETS

As at 30 June 2017, bank and other borrowings of the Group were secured by the pledge over certain power generating modules and equipment, certain guarantee deposits, the fee collection right in relation to the sales of electricity in certain subsidiaries and mortgage over the shares of certain subsidiaries of the Group.

Certain outstanding convertible bonds are secured by mortgages/charges over shares of certain subsidiaries, assets of certain subsidiaries and fee collection right in relation to the sales of electricity in certain subsidiaries.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 325 full-time employees (30 June 2016: 296), among which 44 were in Hong Kong and 281 were in the PRC. Employees were remunerated according to the nature of their positions, individual qualification, performance, working experience and market trends, with merit incorporated in the periodic remuneration review to reward and motivate individual performance. The Group offers competitive compensation and benefit packages to different levels of staff, including additional medical insurance, discretionary bonus, various training programmes, sponsorship for further study, as well as share option scheme for the benefits of the directors and eligible employees of the members of the Group. Total employee benefits cost (including share-based payment) for the Period amounted to approximately RMB63 million.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group operates mainly in Mainland China, Hong Kong and United Kingdom. For the operations in Mainland China, the transactions are mostly denominated in RMB. Minimal exposure to fluctuation in exchange rates is expected. For the operations in Hong Kong, most of the transactions are denominated in HK$ and US$. Since the exchange rate of US$ against HK$ is pegged to each other under Linked Exchange Rate System, the exposure to fluctuation in exchange rates will only arise from the translation to the presentation currency of the Group. For the operations in the United Kingdom, the net cash inflows from operations are sufficient to cover its loans which are denominated in local currency, therefore, no exchange rate exposure is concerned. The Group did not resort to any currency hedging facility for the Period. However, management will monitor the Group’s foreign currency exposure should the need arises.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no significant contingent liability.

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.

Management Discussion and Analysis (continued)

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

Management Discussion and Analysis (continued)

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 RESULTS

The board of directors (the "Board" or the "Directors") of Panda Green Energy Group Limited (formerly known as United Photovoltaics Group Limited) (the "Company" or "Panda Green Energy") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in the previous year as follows:

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June 2017 RMB'million	 2016 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	10	**(200)**	(166)
Bargain purchase arising from business combinations	18	**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

Interim Condensed Consolidated Statement of Profit or Loss (continued)

For the six months ended 30 June 2017

	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 RMB'million	2016 RMB'million (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

The notes on pages 26 to 50 form an integral part of this condensed consolidated interim financial information.

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	10	**13,391**	9,176
Intangible assets	11	**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	12	**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	13	**754**	402
Reserves		**5,166**	2,092
		5,920	2,494
Non-controlling interests		**672**	114
Total equity		**6,592**	2,608

Interim Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2017

	Note	Unaudited 30 June 2017 RMB'million	Audited 31 December 2016 RMB'million
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	14	**10,823**	5,982
Convertible bonds	15	**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	14	**4,843**	4,152
Convertible bonds	15	**413**	–
Other derivative financial instruments		**11**	–
		7,179	5,130
Total liabilities		**19,604**	14,573
Total equity and liabilities		**26,196**	17,181

The notes on pages 26 to 50 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Unaudited									
	Attributable to shareholders of the Company									
	Share capital RMB'million	Share premium RMB'million	Share-based payment reserve RMB'million	Convertible bonds equity reserve RMB'million	Translation reserve RMB'million	Other reserve RMB'million	Accumulated losses RMB'million	Total RMB'million	Non-controlling interests RMB'million	Total equity RMB'million
Balance at 1 January 2017	402	4,602	77	257	(327)	99	(2,616)	2,494	114	2,608
Comprehensive income										
Profit for the period	–	–	–	–	–	–	274	274	3	277
Other comprehensive income/ (loss)	–	–	–	–	103	(11)	–	92	–	92
Total comprehensive income/ (loss) for the period ended 30 June 2017	–	–	–	–	103	(11)	274	366	3	369
Non-controlling interests arising from business combinations (Note 18)	–	–	–	–	–	501	–	501	555	1,056
Issue of shares through placement and warrant subscription (Note 13)	280	1,779	–	–	–	53	–	2,112	–	2,112
Issue of shares upon conversion of convertible bonds (Note 13)	72	387	–	(20)	–	–	–	439	–	439
Issue of shares upon exercise of share options (Note 13)	–	3	(2)	–	–	–	–	1	–	1
Redemption of convertible bonds	–	–	–	(31)	–	–	31	–	–	–
Share-based payments	–	–	7	–	–	–	–	7	–	7
Total transactions with shareholders, recognised directly in equity	352	2,169	5	(51)	–	554	31	3,060	555	3,615
Balance at 30 June 2017	754	6,771	82	206	(224)	642	(2,311)	5,920	672	6,592

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2017

	Unaudited									
	Attributable to shareholders of the Company									
	Share capital RMB'million	Share premium RMB'million	Share-based payment reserve RMB'million	Convertible bonds equity reserve RMB'million	Translation reserve RMB'million	Other reserve RMB'million	Accumulated losses RMB'million	Total RMB'million	Non-controlling interests RMB'million	Total equity RMB'million
Balance at 1 January 2016	386	4,511	119	222	(158)	(10)	(2,945)	2,125	105	2,230
Comprehensive income										
Profit for the period	–	–	–	–	–	–	249	249	9	258
Other comprehensive income	–	–	–	–	18	–	–	18	–	18
Total comprehensive income for the period ended 30 June 2016	–	–	–	–	18	–	249	267	9	276
Issue of shares upon conversion of convertible bonds	7	45	4	(2)	–	–	–	54	–	54
Reclassification from contingent consideration payable to convertible bonds	–	–	–	37	–	–	–	37	–	37
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	–	31	31
Share-based payments	–	–	5	–	–	–	–	5	–	5
Total transactions with shareholders, recognised directly in equity	7	45	9	35	–	–	–	96	31	127
Balance at 30 June 2016	393	4,556	128	257	(140)	(10)	(2,696)	2,488	145	2,633

The notes on pages 26 to 50 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June 2017 RMB'million	2016 RMB'million
Cash flow from operating activities			
Net cash generated from operations	16	**414**	8
Income tax paid		**(9)**	–
Net cash generated from operating activities		**405**	8
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash acquired	18	**(60)**	(12)
Capital contribution to investments accounted for using equity method		**(620)**	–
Deposits paid for investments		**(205)**	(115)
Deposits refund for investments		**–**	424
Dividend received from an investment accounted for using equity method		**19**	–
Interest received		**8**	4
Capital expenditure		**(659)**	(1,348)
Net cash used in investing activities		**(1,517)**	(1,047)
Cash flow from financing activities			
Interests on banks and other borrowings paid		**(223)**	(140)
Interests on convertible bonds paid		**(133)**	(141)
Decrease/(increase) in restricted cash		**(3)**	186
Increase in pledged deposits		**(196)**	–
Redemption of convertible bonds		**(1,614)**	–
Net proceeds from bank borrowings		**2,146**	810
Repayment of bank borrowings		**(1,129)**	(465)
Net proceeds from loans from leasing companies		**746**	725
Repayment of loans from leasing companies		**(891)**	(15)
Net proceeds from medium-term notes		**30**	32
Net proceeds from Senior Notes		**2,312**	–
Net proceeds from placing of new shares and issue of warrant		**1,883**	–
Net proceeds from exercise of share options		**3**	–
Repayment of loan from a third party		**(56)**	–
Net cash generated from financing activities		**2,875**	992
Net increase/(decrease) in cash and cash equivalents		**1,763**	(47)
Cash and cash equivalents at beginning of period		**996**	947
Effect of foreign exchange rate changes		**53**	(11)
Cash and cash equivalents at end of period		**2,812**	889

The notes on pages 26 to 50 form an integral part of this condensed consolidated interim financial information.

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 18)

(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 (Note 13)

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).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

1 GENERAL INFORMATION (continued)

Issue of Senior Notes (Note 14)

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 (Note 15)

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.

2 BASIS OF PREPARATION (continued)

2.1 Going-concern basis (continued)

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.

2 BASIS OF PREPARATION (continued)

2.1 Going-concern basis (continued)

(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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

2 BASIS OF PREPARATION (continued)

2.2 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017.

Amendments to HKFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

Preliminary assessment on impact of standards issued but not yet applied by the Group:

HKFRS 9	Financial Instruments	No significant impact is expected.
HKFRS 15	Revenue from Contracts with Customers	No significant impact is expected.
HKFRS 16	Lease	As at 30 June 2017, the Group had non-cancellable lease commitments of approximately RMB179 million. Majority of these commitments will be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities. Right-of-use assets will be amortised on a straight line basis during the lease terms while the lease liabilities will be measured at amortised cost subsequent to the adoption of this standard.

The Group will continue to assess the financial impact of these standards and does not intend to early adopt these standards before their respective effective dates.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

2 BASIS OF PREPARATION (continued)

2.3 Critical accounting estimates and assumptions

The preparation of this Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

2.4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and interest rate risk), credit risk and liquidity risk.

The Financial Information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016. There have been no changes in the risk management policies since year end. Compared to 31 December 2016, there was no material change in the contractual undiscounted cash out flows for financial liabilities as at 30 June 2017.

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 project 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

3 SEGMENT INFORMATION (continued)

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

6 EXPENSES IN RELATION TO CONVERTIBLE BONDS

	Unaudited For the six months ended 30 June 2017 RMB'million	2016 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 RMB'million	2016 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).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

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 options (30 June 2016: convertible bonds, put option and share options).

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 options 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 options/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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

9 EARNINGS PER SHARE (continued)

(b) Diluted (continued)

	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 options).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

10 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment is analysed as follows:

	RMB'million
As at 1 January 2017	**9,176**
Acquisition of subsidiaries (Note 18)	**3,523**
Additions	**869**
Depreciation charge	**(200)**
Exchange difference	**23**
As at 30 June 2017	**13,391**

11 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 18)	–	2,062	**2,062**
Redesignation in relation to acquisition of subsidiaries (Note 18)	(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**

12 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 (Group) 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).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

12 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES (continued)

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

13 SHARE CAPITAL

	Number of shares (million)	RMB'million
Ordinary shares of HK$0.10 each		
Authorised:		
As at 1 January 2017 and 30 June 2017	**20,000**	1,637
Issued and fully paid:		
As at 1 January 2017	**4,944**	402
Issue of shares through placement (Note (a))	**3,203**	280
Issue of shares upon conversion of convertible bonds (Note (b))	**817**	72
Issue of shares upon exercise of share options (Note (c))	**5**	–
As at 30 June 2017	**8,969**	754

Note:

(a) During the six months ended 30 June 2017, the Company issued approximately 2,233 million, 270 million and 700 million shares through placement with a price of HK$0.5814, HK$0.83 and HK$0.95 respectively. The aggregate net proceeds from the placement was approximately RMB1,883 million after netting off related transaction costs.

(b) During the six months ended 30 June 2017, the Company issued and allotted approximately 817 million shares upon conversion of certain convertible bonds. The weighted average conversion price was HK$0.707 per share.

(c) During the six months ended 30 June 2017, approximately 5 million shares were issued upon exercise of share options. The net proceeds were approximately RMB3 million. The exercise price was HK$0.564 per share.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

14 BANK AND OTHER BORROWINGS

	Unaudited 30 June 2017 RMB'million	Audited 31 December 2016 RMB'million
Non-current	**10,823**	5,982
Current	**4,843**	4,152
	15,666	10,134

Movements in bank and other borrowings is analysed as follows:

	RMB'million
As at 1 January 2017	**10,134**
Acquisition of subsidiaries (Note 18)	**2,266**
Amortisation of loan facilities fees	**43**
Interest accretion	**81**
Net proceeds from bank borrowings	**2,146**
Repayment of bank borrowings	**(1,129)**
Net proceeds from loans from leasing companies	**746**
Repayment of loans from leasing companies	**(891)**
Net proceeds from medium-term notes	**30**
Net proceeds from Senior Notes	**2,312**
Repayment of loan from a third party	**(56)**
Unamortised interest cost on pledged deposits	**(48)**
Exchange difference	**32**
As at 30 June 2017	**15,666**

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

15 CONVERTIBLE BONDS

Summarised below is the movement of each portion under liabilities component during the period:

	Financial liabilities at amortised cost-debt portion RMB'million	Financial liabilities at fair value through profit or loss-derivative portion RMB'million	Total RMB'million
As at 1 January 2017	3,068	86	3,154
Interest accretion	219	–	219
Subsequent remeasurement and loss on early redemption recognised	228	(64)	164
Interests settlement	(140)	–	(140)
Conversion of convertible bonds	(430)	–	(430)
Early redemption	(1,614)	–	(1,614)
Exchange difference	(57)	(1)	(58)
As at 30 June 2017	1,274	21	1,295

The liability component of convertible bonds was analysed as follows:	
Non-current liabilities	882
Current liabilities	413
As at 30 June 2017	1,295

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

16 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash generated from operations

	Unaudited For the six months ended 30 June 2017 RMB'million	2016 RMB'million
Profit before income tax	288	258
Adjustments for:		
Bargain purchase arising from business combinations	(1,033)	(4)
Deprecation of property, plant and equipment	200	166
Fair value losses/(gains) on financial assets at fair value through profit or loss	158	(403)
Fair value losses/(gains) on financial liabilities at fair value through profit or loss	229	(58)
Finance costs:		
– Interests on bank and other borrowings	348	176
– Expenses in relation to convertible bonds	383	258
Finance income	(10)	(8)
Share-based payment expenses	7	5
Share of profits of of investments accounted for using equity method	(22)	(9)
Operating profit before working capital changes	548	381
Changes in working capital		
Trade, bills and tariff adjustment receivables	(218)	(244)
Others	84	(129)
Net cash generated from operations	414	8

17 COMMITMENTS

As at 30 June 2017, the Group had capital commitment in respect of property, plant and equipment contracted amounted to approximately RMB170 million (31 December 2016: Nil).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

18 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

18 BUSINESS COMBINATIONS (continued)

(ii) PRC Projects (continued)

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

18 BUSINESS COMBINATIONS (continued)

(iii) Tibet Projects (continued)

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

18 BUSINESS COMBINATIONS (continued)

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 11)	7	22	–	29
– Deferred tax liabilities	(1)	(4)	–	(5)
Fair value of previously held interest (Note (d))	–	232	–	232
Total consideration	267	398	750	1,415
Recognised amounts of provisional fair value of identifiable assets acquired, liabilities assumed and non-controlling interests				
Property, plant and equipment (Note 10)	947	1,881	695	3,523
Intangible assets (Note 11)	–	–	2,062	2,062
Cash and cash equivalents	32	5	146	183
Borrowings (Note 14)	(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 (Note (e))	–	(124)	(909)	(1,033)
	267	398	750	1,415
Acquisition costs recognised in interim condensed consolidated statement of profit or loss	7	–	1	8
Net cash outflow arising from the acquisitions				
Cash consideration	(243)	(148)	(249)	(640)
Less: Deposit for investments paid	–	70	103	173
Consideration payable	–	78	146	224
Cash and cash equivalents acquired	32	5	146	183
	(211)	5	146	(60)

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

18 BUSINESS COMBINATIONS (continued)

Notes:

(a) Revenue and profit contribution

The table below illustrates the revenue on sales of electricity and tariff adjustment and the profit included in the interim condensed consolidated statement of profit or loss since acquisition date contributed by each acquisition.

	UK Projects RMB'million	PRC Projects RMB'million	Tibet Projects RMB'million	Total RMB'million
Revenue and tariff adjustment	37	48	–	85
Profit contributed to the Group	10	18	–	28

Had the consolidation taken place at 1 January 2017, the interim condensed consolidated statement of profit or loss would show pro-forma revenue on sales of electricity and tariff adjustment of approximately RMB760 million and profit of RMB290 million.

(b) Acquired receivables

The fair values of trade, bills and other receivables and prepayments acquired were approximately RMB292 million and included trade, bills and tariff adjustment receivables with fair values as below:

	UK Projects RMB'million	PRC Projects RMB'million	Tibet Projects RMB'million	Total RMB'million
Trade, bills and tariff adjustment receivables	7	143	–	150

The gross contractual amount of these trade receivables due in aggregate was approximately RMB150 million, of which no balance was expected to be uncollectible.

(c) Provisional fair value of acquired identifiable assets

The fair value of the acquired identifiable assets was provisional pending receipt of the final valuations for those assets. Deferred tax liabilities of approximately RMB404 million have been provided for in relation to these fair value adjustments.

(d) Upon completion of the step-acquisition in Tibet Zhongzi, this transaction was accounted for as a business combination achieved in stages. The Group remeasured its previously held interest in Tibet Zhongzi on the acquisition date. A fair value loss on previously held interest of approximately RMB3 million was recognised in the interim condensed consolidated statement of profit or loss.

The fair value of previously held interest in Tibet Zhongzi were estimated based on the discounted cashflow model, with the following assumptions:

Utilisation hours	1,550MWh/MWp
Degradation factor	0.5% per annum
Feed-in tariff	RMB0.9/kWh
Discount rate	8%
Construction cost	RMB8.6/W

(e) Bargain purchase on business combinations

The Group recognised bargain purchase of approximately RMB1,033 million in the interim condensed consolidated statement of profit or loss as a result of acquisition of PRC Projects and Tibet Projects. The main reason giving rise to the bargain purchase was the fact that the discounted cash flows over the expected useful lives of the acquired project companies exceeded the total consideration paid.

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.

(f) Non-controlling interests

The non-controlling interests were recognised at their proportionate share of the recognised amounts of acquirees' identifiable net assets.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

19 RELATED-PARTY TRANSACTIONS

(a) Significant related party transactions

Other than those balances and transactions disclosed elsewhere in this Financial Information, no significant related party transactions between the Group and its related parties were occurred during the period (30 June 2016: Nil).

(b) Key management compensation

	Unaudited For the six months ended 30 June	
	2017	2016
	RMB'million	RMB'million
Short-term employee benefits	**7**	6
Share-based payment	**4**	1
	11	7

20 FAIR VALUE MEASUREMENT

(a) Financial assets and financial liabilities measured at fair value

The levels of financial instruments carried at fair value have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

All financial assets and liabilities which were carried at fair value as at 30 June 2017 were categorised as level 3.

There were no transfers of financial assets between level 1, level 2 and level 3 fair value hierarchy classifications during the period.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

20 FAIR VALUE MEASUREMENT (continued)

(a) Financial assets and financial liabilities measured at fair value (continued)

The following table presents the changes in level 3 instruments for the period ended 30 June 2017.

	Financial assets at fair value through profit or loss				Financial liabilities at fair value through profit or loss	
	Asso Call Option RMB'million	JV Call Option RMB'million	Guaranteed electricity output RMB'million	Unlisted investment RMB'million	Derivatives portion of convertible bonds RMB'million	Other derivative financial Instruments RMB'million
Opening balance at 1 January 2017	87	165	111	229	(86)	–
Initial recognition	–	–	–	–	–	(11)
Fair value gains/(losses) and losses on redemption recognised in the interim condensed consolidated statement of profit or loss	(2)	(165)	–	12	64	–
Exchange difference	–	–	–	–	1	–
Closing balance at 30 June 2017	85	–	111	241	(21)	(11)
Total gains/(losses) for the period included in the interim condensed consolidated statement of profit or loss for assets and liabilities held at the end of the reporting period	(2)	(165)	–	12	64	–
Change in unrealised gain/(loss) for the period included in the interim condensed consolidated statement of profit or loss for assets and liabilities held at the end of the reporting period	(2)	(165)	–	12	64	–

20 FAIR VALUE MEASUREMENT (continued)

(b) Sensitivity analysis of observable and unobservable inputs

As described, the fair values of financial assets and liabilities that are classified in level 3 of the fair value hierarchy are determined using valuation techniques that make use of significant inputs that are not based on observable market data. These fair values could be sensitive to changes in the assumptions used to derive the inputs. Volatility is the main significant unobservable input. The table below illustrates the sensitivity of the significant inputs when they are changed to reasonably possible alternative inputs:

Description	Fair value at 30 June 2017 RMB'million	Fair value at 31 December 2016 RMB'million	Valuation techniques	Significant inputs	Range of inputs	Favourable/(unfavourable) changes in profit or loss 30 June 2017 RMB'million	Favourable/(unfavourable) changes in profit or loss 31 December 2016 RMB'million
Financial assets at fair value through profit or loss							
– Asso Call Option	85	87	Binomial model	Volatility	+5%	7	9
					–5%	(7)	(9)
Financial liabilities at fair value through profit or loss							
– Derivatives portion of convertible bonds	(21)	(86)	Binomial model	Volatility	+5%	(8)	(16)
					–5%	7	15
				Share price	+HK$0.10	(10)	(68)
					–HK$0.10	8	48

Except for the liability component of the convertible bonds which were carried at amortised cost, the carrying amounts of all financial assets and financial liabilities of the Group approximated their fair values as at 30 June 2017 (31 December 2016: Same).

	Unaudited 30 June 2017 Carrying value RMB'million	Unaudited 30 June 2017 Fair value RMB'million	Audited 31 December 2016 Carrying value RMB'million	Audited 31 December 2016 Fair value RMB'million
Financial liabilities				
Convertible bonds carried at amortised cost	**1,274**	**1,362**	3,068	3,568

Notes to the Unaudited Condensed Consolidated Interim Financial Information (continued)

20 FAIR VALUE MEASUREMENT (continued)

(b) Sensitivity analysis of observable and unobservable inputs (continued)

The fair values of the liability portion of the convertible bonds carried at amortised cost were within level 3 of the fair value hierarchy and were determined by discounted cash flow using the inputs including contractual cash flows over the remaining contractual terms of the convertible bonds and discount rate that reflects the credit risk of the Company.

21 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.

22 COMPARATIVE FIGURES

Certain comparative figures have been restated to confront to the current period's presentation.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2017, the interests of the directors of the Company (the "**Directors**"), the chief executive and their associates in the ordinary shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

(a) Long positions in ordinary shares

	Number of shares			
Name of Director	Personal interests	Corporate interests	Other interests	Percentage of issued shares
Mr. Li, Alan	10,905,000	510,859,422 (note 1)	–	5.82%
Mr. Li Hong	3,371,200	–	1,600,800 (note 2)	0.06%
Ms. Qiu Ping, Maggie	4,902,000	–	–	0.05%
Mr. Jiang Wei	780,240	–	640,320 (note 3)	0.02%
Mr. Yao Jiannian	300,000	–	–	0.003%

(b) Long positions in warrants

	Number of underlying shares			
Name of Director	Personal interests	Corporate interests	Other interests	Percentage of issued shares
Mr. Li, Alan	–	168,553,178 (note 4)	–	1.88%

Notes:

1. Among the 510,859,422 shares, 492,685,935 shares were held by Magicgrand Group Limited ("**Magicgrand**") while the other 18,173,487 shares were held by Pairing Venture Limited, both of which are companies beneficially wholly-owned by Mr. Li, Alan.

2. Mr. Li Hong is entitled to receive from a trustee company 1,600,800 shares, subject to performance review, by undertaking to work for China Solar Power Group Limited ("**CSPG**"), a wholly-owned subsidiary of the Company, for a period of three years.

3. Mr. Jiang Wei is entitled to receive from a trustee company 640,320 shares, subject to performance review, by undertaking to work for CSPG for a period of three years.

4. These unlisted warrants were held by Magicgrand. The warrants entitle the holder to subscribe in cash for 168,553,178 shares at the initial subscription price of HK$0.646 during the 3-year subscription period commencing from 20 March 2017.

Other Information (continued)

Other than disclosed above and in the section headed "*Share option scheme*" below, none of the Directors or the chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as of 30 June 2017.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the sections headed "*Directors' and chief executive's interests in shares, underlying shares and debentures*" above and "*Share option scheme*" below, at no time during the six-month period ended 30 June 2017 was the Company, its holding company, any of its subsidiaries or any of subsidiaries of its holding company, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the period under review.

SHARE OPTION SCHEME

At the annual general meeting of the Company held on 19 June 2012, the shareholders of the Company (the "**Shareholder(s)**") approved the adoption of a share option scheme (the "**Option Scheme**"). On 8 January 2015, a total of 64,500,000 share options to subscribe for 64,500,000 shares were granted under the Option Scheme. On 28 January 2016, a total of 36,568,319 share options to subscribe for 36,568,319 shares were granted under the Option Scheme.

Other Information (continued)

SHARE OPTION SCHEME (continued)

As the original scheme limit of the Option Scheme were almost fully utilised, on 26 May 2017, the scheme limit of the Option Scheme was refreshed by the Shareholders at the annual general meeting. After the refreshment, a total of 589,250,000 share options to subscribe for 589,250,000 shares were granted under the Option Scheme on 16 June 2017. Details of the share options granted under the Option Scheme to Directors and employees of the Group and movement in such holding during the period under review are as follows:

Directors	Date of grant	Exercise price (HK$/share)	Closing price before the date of grant (HK$/share)	Outstanding at 1 January 2017	Changes during the period			Outstanding at 30 June 2017	Exercise period (note)
					Granted	Exercised	Lapsed		
Mr. Li, Alan	8 January 2015	1	1	6,000,000	–	–	–	6,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	3,000,000	–	(900,000)	–	2,100,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	80,000,000	–	–	80,000,000	16 June 2018 to 15 June 2022
Mr. Lu Zhenwei	8 January 2015	1	1	2,000,000	–	–	–	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	3,000,000	–	–	–	3,000,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	5,000,000	–	–	5,000,000	16 June 2018 to 15 June 2022
Mr. Li Hong	8 January 2015	1	1	2,000,000	–	–	–	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	3,000,000	–	(900,000)	–	2,100,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	80,000,000	–	–	80,000,000	16 June 2018 to 15 June 2022
Ms. Qiu Ping, Maggie	8 January 2015	1	1	3,000,000	–	–	–	3,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	3,000,000	–	(900,000)	–	2,100,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	80,000,000	–	–	80,000,000	16 June 2018 to 15 June 2022
Mr. Jiang Wei	8 January 2015	1	1	2,000,000	–	–	–	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	1,000,000	–	(300,000)	–	700,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	80,000,000	–	–	80,000,000	16 June 2018 to 15 June 2022

Other Information (continued)

Directors	Date of grant	Exercise price (HK$/share)	Closing price before the date of grant (HK$/share)	Outstanding at 1 January 2017	Changes during the period Granted	Exercised	Lapsed	Outstanding at 30 June 2017	Exercise period (note)
Academician Yao Jiannian	8 January 2015	1	1	3,000,000	–	–	–	3,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	1,000,000	–	(300,000)	–	700,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	3,000,000	–	–	3,000,000	16 June 2018 to 15 June 2022
Mr. Tang Wenyong	28 January 2016	0.564	0.54	1,000,000	–	–	–	1,000,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	3,000,000	–	–	3,000,000	16 June 2018 to 15 June 2022
Mr. Li Hao	16 June 2017	1.076	1	–	3,000,000	–	–	3,000,000	16 June 2018 to 15 June 2022
Mr. Kwan Kai Cheong	8 January 2015	1	1	2,000,000	–	–	–	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	1,000,000	–	–	–	1,000,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	3,000,000	–	–	3,000,000	16 June 2018 to 15 June 2022
Mr. Yen Yuen Ho, Tony	8 January 2015	1	1	2,000,000	–	–	–	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	1,000,000	–	–	–	1,000,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	3,000,000	–	–	3,000,000	16 June 2018 to 15 June 2022
Mr. Shi Dinghuan	8 January 2015	1	1	2,000,000	–	–	–	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	1,000,000	–	–	–	1,000,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	3,000,000	–	–	3,000,000	16 June 2018 to 15 June 2022
Mr. Ma Kwong Wing	8 January 2015	1	1	2,000,000	–	–	–	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	1,000,000	–	–	–	1,000,000	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	3,000,000	–	–	3,000,000	16 June 2018 to 15 June 2022

Other Information (continued)

Directors	Date of grant	Exercise price (HK$/share)	Closing price before the date of grant (HK$/share)	Outstanding at 1 January 2017	Changes during the period Granted	Exercised	Lapsed	Outstanding at 30 June 2017	Exercise period (note)
Other officers and employees	8 January 2015	1	1	23,700,000	–	–	(1,000,000)	22,700,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	0.54	15,650,319	–	(1,743,000)	(846,000)	13,061,319	28 January 2017 to 27 January 2021
	16 June 2017	1.076	1	–	243,250,000	–	–	243,250,000	16 June 2018 to 15 June 2022
Total				84,350,319	589,250,000	(5,043,000)	(1,846,000)	666,711,319	

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.

A summary of principal terms of the Option Scheme is set out below:

On 19 June 2012, the Company adopted the Option Scheme at the annual general meeting, under which the Board of Directors may, at their discretion, invite full-time employees and directors of the Group, advisors or consultants to the Group, providers of goods and/or services or customers of the Group, shareholders of any member of the Group or any other person who, as determined by the Board of Directors, has contributed to the Group, to subscribe for shares at any time during ten years from the date of adoption.

By reason of voluntary resignation or by termination of employment in accordance with the provisions of employment contract, other than on redundancy, or because the relevant employing company ceases to be a member of the Group, all share options granted to the relevant person, to the extent of those not already exercised, shall lapse and the date of the lapse shall be determined by the Directors.

The total number of shares which may be issued upon exercise of all share options to be granted under the Option Scheme and any other share option schemes must not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the Option Scheme unless the Company obtains a fresh approval from the Shareholders. Notwithstanding the foregoing, the maximum number of shares in respect of which share options may be granted under the Option Scheme together with any share options outstanding and yet to be exercised under the Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time.

Other Information (continued)

The total number of shares issued and to be issued upon exercise of the share options granted to each participant (including exercised, cancelled and outstanding share options) in any twelve-month period shall not exceed 1% of the total number of shares in issue.

Share options granted under the Option Scheme must be accepted within 28 days from the date of grant. Upon acceptance, the grantee shall pay HK$1.00 to the Company as consideration for the grant.

The subscription price for the shares under the Option Scheme shall be a price determined by the Board of Directors and notified to an eligible participant and shall be no less than the higher of:

(i) the closing price of the share as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day;
(ii) the average closing price of the share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
(iii) the nominal value of a share.

The recognition of compensation cost of share options is based on their fair values of the share options on grant date. The fair values of share options measured at the date of grant were determined by using binomial model. The significant assumptions used in the model to derive the fair value were as follows:

Date of grant	8 January 2015	28 January 2016	16 June 2017
Risk free rate	1.257%	1.295%	0.984%
Volatility	45%	45%	50%
Dividend yield	0%	0%	0%
Expected option life (year)	5	5	5
Fair value (HK$' million)	22.5	7.1	233.5

After vesting, when the share options are forfeited prior to the expiry date, the amount previously recognised in the "share-based payment reserve" will be transferred to the "accumulated losses" within the consolidated statement of changes in equity.

The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used.

Other Information (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO show that the following Shareholders (other than those disclosed in the section headed "Directors' and chief executive's interests in shares, underlying shares and debentures") had notified the Company or the Stock Exchange of relevant interests and short positions in the shares, underlying shares of the Company.

Long position in the shares

Name of Shareholder	Capacity	Number of shares held	Number of underlying shares held	Percentage of the issued shares (note 1)
China Merchants Group Limited* （招商局集團有限公司） ("**China Merchants**")	Interest in controlled corporation	1,088,394,523 (note 2)	676,264,620 (note 3)	31.49%
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	891,435,360 (note 4)	168,553,178 (note 4)	
China Merchants New Energy Group Limited ("**CMNEG**")	Beneficial owner	579,944,250	–	26.12%
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	1,399,885,633 (note 5)	362,948,274 (note 5)	
New Energy Exchange Limited ("**NEX**")	Beneficial owner	274,055,449	–	26.12%
	Interest in controlled corporation	46,627,621	–	
	Interest in parties acting in concert pursuant to an agreement under Section 317 of SFO	1,659,146,813 (note 6)	362,948,274 (note 6)	
China Merchants Fund Management Limited*（招商基金管理有限公司） ("**CM Fund**") (note 7)	Investment Manager	–	481,869,524	5.37%
China Huarong Asset Management Co., Ltd.	Interest in controlled corporation	2,185,269,846 (note 8)	–	24.36%
ORIX Corporation	Interest in controlled corporation	1,074,138,234 (note 9)	–	16.30%
	Others	–	387,810,759 (note 9)	
Asia Climate Partners LP	Interest in controlled corporation	333,247,334	–	5.06%
	Other	–	120,316,825	
Asia Pacific Energy and Infrastructure Investment Group Limited	Beneficial owner	559,701,493 (note 10)	–	6.24%
Qingdao City Construction Investment (Group) Co., Ltd.	Interest in controlled corporation	–	486,564,540 (note 11)	5.42%

Other Information (continued)

Notes:

1. These percentages are calculated based on 8,969,275,974 shares in issue as at 30 June 2017.

2. These shares were beneficially held by Snow Hill Developments Limited ("**Snow Hill**"), which is an indirect wholly-owned subsidiary of China Merchants.

3. Among these 676,264,620 underlying shares, 481,869,524 underlying shares were held by CM Fund, which is a controlled corporation of China Merchants, and 194,395,096 underlying shares were held by Snow Hill.

4. These shares and warrants were held by a group of Shareholders acting in concert, including CMNEG and Snow Hill, pursuant to an agreement under Section 317 of the SFO. China Merchants was taken to be interested in 891,435,360 shares and 168,553,178 unlisted warrants.

5. 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 1,399,885,633 shares and 362,948,274 unlisted warrants.

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 1,659,146,813 shares and 362,948,274 unlisted warrants.

7. CM Fund is owned as to 55% by China Merchants Bank Co., Ltd. and as to 45% by China Merchants Securities Co., Limited, and China Merchants holds 44.09% interest in China Merchants Securities Co., Limited. Accordingly, each of its shareholders and China Merchants is deemed to have interest in those 481,869,524 underlying shares.

8. Among these 2,185,269,846 shares, 646,153,846 shares were held by Power Revenue Limited, 839,116,000 shares were held by New Modern Management Limited, and 700,000,000 shares were held by Future Galaxy Asia Limited, each of which is an indirectly non-wholly owned subsidiary of China Huarong Asset Management Co., Ltd. respectively. Mr. Sun Siu Kit is also deemed to be interested in those 2,185,269,846 Shares because he holds 40% equity interest in an upstream shareholder of Power Revenue Limited, New Modern Management Limited and Future Galaxy Asia Limited.

9. These 1,074,138,234 shares and 387,810,759 underlying shares were held by ORIX Asia Capital Limited, which is a wholly-owned subsidiary of ORIX Corporation.

10. These represent the consideration shares under a sale and purchase agreement dated 12 May 2017, which were issued on 11 August 2017 upon completion and were held by a nominee of Asia Pacific Energy and Infrastructure Investment Group Limited.

11. These underlying shares were held by Huaqing Solar Power Limited, which is indirectly wholly owned by Qingdao City Construction Investment (Group) Co., Ltd.

12. Further to the Shareholders as set out above, as at 30 June 2017, each of China Green Holdings Limited (a wholly-owned subsidiary of NEX), Sino Arena Investments Limited, Magicgrand and Pairing Venture Limited, was holding 2,205,621 shares, 59,892,868 shares, 492,685,935 shares and 18,173,487 shares respectively, 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, the Directors are not aware of any person (not being a Director) who, as at 30 June 2017, had an interest or a short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept under Section 336 of Part XV of the SFO or who (other than a member of the Group) was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Other Information (continued)

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.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B (1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the 2016 Annual Report of the Company are set out below:

Name of the Directors	Details of changes
Mr. Yen Yuen Ho, Tony	Appointed as an independent non-executive director of Utopa Limited, a commercial property operating company in China, with effect from 9 March 2017

Other Information (continued)

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.

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

* *For identification purpose only*