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PANDA GREEN ENERGY GROUP LIMITED
熊 貓 綠 色 能 源 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)
(Stock code: 686)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of directors (the "Board" or the "Directors") of Panda Green Energy Group Limited (the "Company" or "Panda Green") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019. The condensed consolidated interim financial information was prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Diversification of Investment Locations and Portfolios

During the six months ended 30 June 2020 (the "Period"), the Group, as a leading global eco-development solutions provider, is principally engaged in the development, investment, operation and management of solar power plants and other renewable energy projects.

Solar Power Plant Projects

During the Period, the Group focused its resources on managing its existing solar power business. As at 30 June 2020, the Group and its associates had 62 (31 December 2019: 61) solar power plants with aggregate installed capacity of approximately 2,029.2 megawatts ("MW") (31 December 2019: 1,979.2MW). As at 30 June 2020, all of the solar power plants were located in the People's Republic of China ("PRC"). The Group has well-diversified its solar power plants in 18 different regions in the PRC during the Period (31 December 2019: 18).

Almost all the solar power plants owned and controlled by the Group and its associates are ground-mounted, with a small portion of them being roof-top type. The Group strategically develops, constructs and acquires solar power plants to achieve predetermined minimal rate of return and selects its solar power plants based on a combination of factors, including solar irradiation of the site, applicable feed-in tariffs, government subsidies, conditions for local grid connection, electricity transmission infrastructure and demand for electricity.

Other Renewable Energy Projects

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

In the short run, the Group will focus on the development of solar and wind power business, while diversifying its renewable energy portfolios in order to supplement the multi-type energy supply in the long run.

Electricity Generation

During the Period, the total electricity generated by the power plants from the continuing operations of the Group and its associates has decreased from approximately 1,691,922 megawatt hours ("MWh") in 2019 to approximately 1,451,033 MWh, or by approximately 14.24% as a result of the disposals of certain power plants by the Group in the second half year of 2019. All these power plants are grid-connected and are generating electricity steadily.

Table 1 Power Plants from the Continuing Operations Summary

	For the six months ended 30 June							
	2020				2019			
	Number of power plants	**Aggregate installed capacity** *(MW)*	**Electricity generation** *(MWh)*	**Weighted average utilisation hours** *(Hours)*	Number of power plants	Aggregate installed capacity *(MW)*	Electricity generation *(MWh)*	Weighted average utilisation hours *(Hours)*
Subsidiaries								
Solar power plants	**58**	**1,945.4**	**1,388,242**	**669**	55	1,845.4	1,351,053	732
Wind power plants [(i)]	**–**	**–**	**–**	**N/A**	1	48.0	48,582	1,012
	58	**1,945.4**	**1,388,242**		56	1,893.4	1,399,635	
Associates								
Solar power plants	**4**	**83.8**	**62,791**	**749**	12	353.8	292,287	826
Total	**62**	**2,029.2**	**1,451,033**		68	2,247.2	1,691,922	

(i) The wind power plants were disposed in the second half year of 2019.

The details of the electricity generated from each region for the Period are set out as below. For accounting purpose, the volume of electricity generated by the newly acquired or constructed solar power plants during the Period was only recorded starting from their respective completion dates of acquisition or construction, as the case may be.

Table 2 Power Plants Information by Resource Zone – Continuing Operations

Location	Number of power plant	Aggregate installed capacity *(MW)*	Electricity generation *(MWh)*	Revenue *(RMB' million)*	Average tariff per kWh (net of VAT) *(RMB)*
	As at 30 June 2020		**For the six months ended 30 June 2020**		
Subsidiaries					
(i) Zone 1					
Inner Mongolia, PRC	10	380.0	323,313	244	0.76
Ningxia, PRC	1	200.0	155,948	117	0.75
Gansu, PRC	1	100.0	79,379	57	0.72
Zone 1 sub-total	12	680.0	558,640	418	0.75
(ii) Zone 2					
Qinghai, PRC	4	200.0	139,704	115	0.82
Shanxi, PRC	2	150.0	112,507	83	0.74
Shandong, PRC	3	50.0	35,687	21	0.58
Xinjiang, PRC	7	120.2	91,981	74	0.81
Inner Mongolia, PRC	1	60.0	50,230	42	0.83
Yunnan, PRC	3	57.1	45,585	33	0.73
Hebei, PRC	2	37.3	27,041	21	0.78
Sichuan, PRC	3	50.0	45,244	29	0.65
Zone 2 sub-total	25	724.6	547,979	418	0.76

Location	As at 30 June 2020		For the six months ended 30 June 2020		
	Number of power plant	Aggregate installed capacity	Electricity generation	Revenue	Average tariff per kWh (net of VAT)
		(MW)	*(MWh)*	*(RMB' million)*	*(RMB)*
(iii) Zone 3					
Hubei, PRC	1	100.0	57,235	53	0.92
Shandong, PRC	1	40.0	28,324	25	0.88
Guangxi, PRC	1	60.0	26,023	22	0.86
Hunan, PRC	6	120.0	50,468	43	0.86
Guangdong, PRC	4	22.8	12,648	11	0.87
Zhejiang, PRC	1	3.0	1,494	1	0.83
Anhui, PRC	1	100.0	57,642	38	0.65
Zone 3 sub-total	15	445.8	233,834	193	0.83
(iv) Others					
Tibet, PRC	6	95.0	47,789	42	0.88
Others sub-total	6	95.0	47,789	42	0.88
Subsidiaries sub-total	**58**	**1,945.4**	**1,388,242**	**1,071**	**0.77**
Associates					
Inner Mongolia, PRC	2	60.0	46,993	41	0.88
Jiangsu, PRC *	2	23.8	15,798	34	2.12
Associates sub-total	**4**	**83.8**	**62,791**	**75**	**1.19**
Total	**62**	**2,029.2**	**1,451,033**	**1,146**	**0.79**

* Among the solar power plants located in Jiangsu, PRC, two roof-top power plants owned by Fengxian Huize Photovoltaics Energy Limited have obtained electricity price of RMB2.41/kilowatt-hour ("kWh") (VAT included) or RMB2.06/kWh (net of VAT), which is in line with the guarantee made by the vendor upon acquisition of certain equity interest by the Group in 2013. The guaranteed electricity price for 2019 was met and no compensation was payable pursuant to the electricity income guarantee for the Period.

Financing

The power generation business is capital intensive in nature. The Group has been exploring various financing channels to enhance its financing capability and reduce its finance cost. During the Period, the Group has raised funds by means of equity financing and debt financing. As at 30 June 2020, the effective interest rate for bank and other borrowings was approximately 5.09% (31 December 2019: 5.43%).

FINANCIAL REVIEW

During the Period, the Group recorded a net profit of approximately RMB93 million (30 June 2019: RMB114 million).

Revenue and EBITDA

During the Period, the revenue and EBITDA from the continuing operations were approximately RMB1,071 million and RMB977 million respectively (30 June 2019: RMB1,093 million and RMB978 million respectively). The average tariff per kWh (net of VAT) for the Period was approximately RMB0.77. Table 2 summaries the details of the breakdown of revenue generated by each provincial region.

Finance costs

The total finance costs have dropped from approximately RMB622 million in 2019 to approximately RMB569 million during the Period, or a decrease of approximately 8.5%. The decrease was mainly attributable to the support from the credit enhancement from our new single largest shareholder, Beijing Energy Holding Co., Ltd. ("BEH"). The Group has taken various new financing or re-financing activities during the Period and has successfully lowered certain finance costs.

Income Tax

During the Period, income tax mainly comprised the corporate income tax from certain project companies where the preferential tax concession rates of 7.5% or 12.5% applies.

Discontinued Operation

In 2019, the Group disposed of its solar power plants located in the UK to an independent third party. The UK operation was classified as a discontinued operation. The gain was calculated after netting off the consideration, transaction costs incurred, net assets of the portfolio and the transfer of the reserves under an interest rate swap contract.

Trade, Bills and Tariff Adjustment Receivables

The trade and bills receivables will usually be settled within three to twelve months. For the tariff adjustment receivables in the PRC during the Period, there was a further delay in settlement in the 5th, 6th, 7th and 8th batches.

Table 3 Breakdown of Trade, Bills, Tariff Adjustment Receivables at Subsidiaries Level

	30 June 2020		31 December 2019	
	Installed capacity *(MW)*	***RMB' million***	Installed capacity *(MW)*	*RMB' million*
Trade and bills receivables		**113**		113
Tariff adjustment receivables				
PRC				
5th batch	**100.0**	**235**	100.0	187
6th batch	**630.0**	**1,462**	630.0	1,154
7th batch	**327.6**	**641**	327.6	755
8th batch or after	**867.8**	**1,868**	817.8	1,599
Total	**1,925.4**	**4,319**	1,875.4	3,808

Bank and Other Borrowings

The Group is actively seeking opportunities of financing/refinancing to lower the cost of funds and to improve liquidity.

Key Performance Indicators

The Group measures the delivery of its strategies and manages its business through regular measurements of several key performance indicators, particularly on the following ratios: EBITDA margin, debt to EBITDA ratio, funds from operations to net debt ratio and interest coverage ratio.

EBITDA Margin: EBITDA margin is a measurement of the Group's operating profitability and is calculated as EBITDA divided by the revenue. The Group's EBITDA margin has increased by approximately 2% from approximately 89% for the six months ended 30 June 2019 to approximately 91% for the Period. This was mainly due to effective costs control implemented and the synergies from the increased capacity of power plants.

Debt to EBITDA Ratio: Debt to EBITDA ratio is a measurement of the number of years that will take the Group to repay its debts assuming net debts and EBITDA are held constant. This ratio is calculated as the net debts divided by EBITDA. Net debts is calculated as total borrowings less cash deposits. Total borrowings include current and non-current bank and other borrowings and construction costs payables as shown in the consolidated statement of financial position. The ratio has decreased during the Period to approximately 14.9 (30 June 2019: 17.7).

Funds from Operations to Net Debt Ratio: Funds from operations to debt ratio is a measurement of the Group's ability to pay its debts using its operating income alone. This ratio is calculated as EBITDA net of cash interest paid divided by net debts. The ratio has increased from approximately 2.8% for the six months ended 30 June 2019 to approximately 4.3% for the Period.

Interest Coverage Ratio: Interest coverage ratio measures the Group's ability to pay interest on its interest-bearing debt. The ratio is calculated as EBITDA divided by net interest paid (actual interest paid minus actual interest income received during the Period). The ratio was approximately 2.77 for the Period (30 June 2019: 2.01).

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

As at 30 June 2020, the Group recorded current assets of approximately RMB9,633 million and current liabilities of approximately RMB8,056 million.

The Group has established a treasury policy with the objective of lowering cost of funds. Therefore, funding for all its operations have 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 senior notes, medium-term notes and corporate bonds or issuance 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 its capital structure based on the gearing ratio. This ratio is calculated as net debts divided by total capital. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debts.

The capital structure (including its gearing ratio) as at 30 June 2020 was as follows:

	30 June 2020 *RMB' million*	31 December 2019 *RMB' million*
Bank and other borrowings	**18,082**	18,301
Construction costs payables	**478**	574
Total borrowings	**18,560**	18,875
Less: Cash deposits	**(3,984)**	(2,964)
Net debts	**14,576**	15,911
Total equity	**5,265**	3,641
Total capital	**19,841**	19,552
Gearing ratio	**73.5%**	81.4%

The drop in gearing ratio was attributable to the issuance of new shares during the Period.

The Group will use its best endeavour to lower its gearing ratio in the future by deleveraging its liabilities, including but not limited to co-investing in power plants with strategic business partners to reduce the capital expenditure.

Except for certain bank and other borrowings with aggregate amounts of approximately RMB6,680 million which were carried at fixed rates, the remaining borrowings of the Group bore floating interest rates.

As at 30 June 2020, the cash deposits were denominated in the following currencies:

	Pledged deposits	**Restricted cash**	**Cash and cash equivalents**	**Total**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
RMB	1,942	13	1,182	3,137
HK$	–	3	821	824
US$	–	–	23	23
	1,942	16	2,026	3,984
Representing:				
Non-current portion	489	–	–	489
Current portion	1,453	16	2,026	3,495
	1,942	16	2,026	3,984

As at 30 June 2020, the maturity, currency profile and weighted average life for the Group's bank and other borrowings are set out as follows:

	Within 1 year	**2nd year**	**3-5 years**	**6-10 years**	**Over 10 years**	**Total**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
RMB	4,451	1,602	6,202	2,886	555	15,696
US$	880	1,698	–	–	–	2,578
HK$	146	–	–	–	–	146
	5,477	3,300	6,202	2,886	555	18,420
Less: unamortised loan facilities fees	(73)	(46)	(108)	(96)	(15)	(338)
Carrying amount	5,404	3,254	6,094	2,790	540	18,082

The Group did not have any financial instruments for hedging purposes.

As at 30 June 2020, the Group had capital commitment in respect of property, plant and equipment amounted to approximately RMB262 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSDIAIARIES, ASSOCIATES AND JOINT VENTURES

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint venture.

PERFORMANCE AND FUTURE PROSPECTS FOR SIGNIFICANT INVESTMENTS HELD

As at 30 June 2020, the Group had no significant investment.

MATERIAL RELIANCE ON KEY CUSTOMERS

The key customers in the PRC for the sales of electricity were subsidiaries of the State Grid Corporation of China ("State Grid") and Inner Mongolia Power (Group) Co., Ltd. ("Inner Mongolia Power"), which are PRC state-owned electric utility companies that transmit and distribute power in the PRC. As at 30 June 2020, the receivables from the subsidiaries of State Grid and Inner Mongolia Power were approximately 85.6% and 14% of the total trade, bills and tariff adjustment receivables, respectively.

CHARGE ON ASSETS

As at 30 June 2020, 74% of bank and other borrowings of the Group were secured by the pledge over certain power generating modules and equipment, guarantee deposits, the fee collection right in relation to the sales of electricity in certain subsidiaries and/or pledge over the shares/equity interest of certain subsidiaries of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 403 full-time employees (30 June 2019: 422). Employees were remunerated according to the nature of their positions, individual qualification, performance, working experience and market trends, with merit incorporated in the regular 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 (excluding share-based payment expenses) for the continuing operations for the Period amounted to approximately RMB42 million (30 June 2019: RMB57 million).

EXPOSURE TO FLUCATUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group operates mainly in Mainland China and Hong Kong. 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 the Linked Exchange Rate System, the exposure to fluctuation in exchange rates will mainly arise from the translation to the presentation currency of the Group. The Group did not resort to any currency hedging facility for the Period. However, management will enhance the monitoring on the Group's foreign currency exposure, should the need arise.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no significant contingent liability.

IMPORTANT EVENTS OCCURRED SINCE THE END OF THE FINANCIAL PERIOD

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the PRC. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date of this announcement, the Group was not aware of any material adverse effects on the Group's operations and financial position as a result of the COVID-19 outbreak.

OUTLOOK

2020 is the final year of China's 13th Five-Year Plan, and it is also the key year for the photovoltaic industry to realise the "warm sun" development. Immediately following the issuance of more than 10 favourable policies such as the "Notice on Establishing and Improving the Guarantee Mechanism for Renewable Energy Electric Power Consumption"(《關於建立健全可再生能源電力消納保障機制的通知》) by the National Development and Reform Commission and the National Energy Administration in 2019, China issued the "Several Opinions on Promoting the Healthy Development of the Power Generation of Non-water Renewable Energy"(《關於促進非水可再生能源發電健康發展的若干意見》) at the beginning of 2020, which clearly states that it is necessary to improve the current subsidy method and actively support the development of the photovoltaic industry. The start of a new era of grid parity with the declining costs marked a significant turning point in the development history of the whole photovoltaic industry, where the industry's growth pattern is gradually moving away from the reliance on policies and subsidies. Therefore, a brand new decade of rapid growth fueled by endogenous force for the photovoltaic industry is being unveiled.

In the first half of 2020, the Company not only strived to overcome the challenges brought by COVID-19 to speed up the resumption of work and production, it also took a series of measures to improve its management system and enhance safety production standard and market exploration capability, in a bid to cope with the changes of the photovoltaic industry in China.

Firstly, it successfully introduced BEH as its largest shareholder in early 2020, which facilitated the reconstitution of the Board and the management, allowing it to focus on unresolved issues from the past, enhance internal control, standardise corporate governance, optimise and adjust governance structure and organisation, and initiate its strategy planning, formulation and modification in new era for catering to the latest market conditions.

Secondly, it had the full support in financial capital from BEH, its largest shareholder, whose support enabled it to gain enough development momentum by expanding financing channels, expediating financing replacement, tightening control over existing assets, rapidly optimising the Company's capital and debt structure, and improving cash flows.

Thirdly, it remained safe, smooth and orderly production, construction and operation as evidenced by zero accident in power plants under operation, with active progress made in the application for a new batch of the Catalogue of National Subsidies, and the strengthening of process control over projects under construction and of construction quality.

Fourthly, it considered development as its foremost task. To this end, it resolved difficulties with high quality development, appropriately promoted the M&A of quality projects, actively reserved future project resources in key areas such as Xinjiang, strived to explore overseas clean energy markets, speedily enhanced the scalable and intensive development of new energies including photovoltaic energy.

Looking forward, the world is embracing the rapid growth period of clean energy dominated by photovoltaic and wind power. The technological progress and scale-oriented industry development of clean energy ushers in a new phrase that wind and photovoltaic power to compete against traditional coal fuel, natural gas and nuclear energy when getting rid of subsidy from governments. Therefore, countries, especially western countries represented by Europe, Australia and the U.K. rolled out the planning objective and timetables for clean-energy popularization of power supply. China, as a major energy producer and consumer, has formulated development objective for wind and photovoltaic power in 14th Five Year Plan. Based on the domestic photovoltaic power business, the Company strives to make parallel expansion in new business of photovoltaic power generation and the merger and acquisition of operating assets; the Company strives to become the investor and operator with competitive advantages by proactive access to Australian and European market; the Company aims to enter the European market in large scale and be the investor and operator with competitive advantages in photovoltaic power in Europe by grasping the opportunity of recovery of photovoltaic power generation in Europe and high yield of parity photovoltaic power by giving play to the international advantages in Chinese capital in modules and EPC and organizing world-class professional teams.

During the second half of 2020, the Company will change challenges into opportunities, take opportunities as challenges, compete for opportunities and embrace challenges for achieving continuous progress in its comprehensive strategic transformation. With the support from BEH and other shareholders, the Company will further promote the landing of the experiment on the reform of state-owned investment company by continuously focusing its main business (i.e. clean energy business), taking safety production and stability as basis and high quality development as core, targeting at efficiency improvement, gaining power from market mechanism, reinforcing risk control, and highlighting value creation, in order to achieve sustainable and stable development and become a world-class clean energy and ecological investment operator.

Firstly, we will take regular measures to prevent and control the epidemic, further reduce costs and tap the potential and emphasize the refined management to vigorously focus on the production and operation. We will also strengthen the power marketing capabilities, enhance the investigation of potential safety hazards and reduce financial costs of capital and operation and maintenance costs, aiming to increase the profitability per kWh of operating power stations and ensure the achievement of the annual profit targets.

Secondly, we will continue to improve the corporate governance system and accelerate the benchmarking between organisational reforms and management on the basis of properly handling the historical legacies, with a view to improving the talent training mechanism and the internal circulation of corporate management, creating a positive corporate culture and activating our development momentum.

Thirdly, we will speed up the investment and development of new domestic and overseas projects while strictly controlling risks, which will highlight key areas and economies of scale to enhance scale effects and synergy and create a new profit growth point for the Company.

Fourthly, we will use new infrastructure projects as an opportunity to actively explore the integrated development of hydrogen energy, energy storage and renewable energy, increase technological innovations and the application and transformation of advanced energy technologies and strengthen the deep integration of energy and information industry technologies, thus promoting the construction of a clean energy industry ecosystem featuring green-oriented, multi-energy complementary and smart synergy.

The upcoming 14th Five-Year Period is a new starting point for the Company. Well-positioned to capture opportunities arising from the rapid development of the photovoltaic industry, we will wait with patience and set sail as and when appropriate.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

INTERIM RESULTS

The Board presents the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2020 together with the comparative figures for the corresponding period in the previous year as follows:

		Unaudited Six months ended 30 June	
		2020	2019
	Note	***RMB' million***	*RMB' million*
CONTINUING OPERATIONS			
Sales of electricity		**330**	324
Tariff adjustment		**741**	769
Revenue	*3*	**1,071**	1,093
Other income		**20**	12
Employee benefits expenses (excluding share-based payment expenses)		**(42)**	(57)
Land use tax		**(4)**	(4)
Legal and professional fees		**(10)**	(7)
Maintenance costs		**(21)**	(17)
Other expenses		**(37)**	(42)
EBITDA#		**977**	978
Depreciation for property, plant and equipment		**(284)**	(299)
Depreciation for right-of-use assets		**(14)**	(8)
Fair value gain on financial assets at fair value through profit or loss, net	*4*	**–**	14
Fair value losses on financial liabilities at fair value through profit or loss, net		**–**	(2)
Finance income		**18**	38
Finance costs	*5*	**(569)**	(622)
Share-based payment expenses		**(6)**	(1)
Loss on disposal of property, plant and equipment		**(2)**	–
(Loss)/gain on disposal of investments accounted for using equity method		**(2)**	10
Share of profits of investments accounted for using equity method		**14**	30
Gain on termination of leases		**–**	1
Profit before income tax		**132**	139
Income tax expenses	*6*	**(39)**	(29)
Profit for the period from continuing operations		**93**	110

	Note	Unaudited Six months ended 30 June 2020 RMB' million	2019 RMB' million
Profit for the period from continuing operations		**93**	110
DISCONTINUED OPERATION			
Profit for the period from discontinued operations		**–**	4
PROFIT FOR THE PERIOD		**93**	114
PROFIT ATTRIBUTABLE TO			
Equity holders of the Company			
Continuing operations		**85**	100
Discontinued operation		**–**	4
		85	104
Non-controlling interests			
Continuing operations		**8**	10
Discontinued operation		**–**	–
		8	10
		93	114
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
Basic and diluted (RMB cents)			
Continuing operations		**0.41**	0.78
Discontinued operation		**–**	0.03
		0.41	0.81

EBITDA represents earnings before depreciation, finance income, finance costs, income tax expenses, fair value adjustments, non-cash items, non-recurring items, share-based payment 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 widely used by management for monitoring business performance of a company from operational perspective. It may not be comparable to similar measures presented by the other companies.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Unaudited Six months ended 30 June **2020** *RMB' million*	2019 *RMB' million*
PROFIT FOR THE PERIOD	**93**	114
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Release of other reserve in relation to discontinued operation	**–**	11
Currencies translation differences	**(49)**	36
Release of currencies translation differences in relation to discontinued operation	**–**	(1)
Item that will not be reclassified to profit or loss		
Fair value changes of financial assets at fair value through other comprehensive income	**–**	(189)
Other comprehensive loss for the period, net of tax	**(49)**	(143)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**44**	(29)
Total comprehensive income/(loss) for the period attributable to		
Equity holders of the Company	**36**	(50)
Non-controlling interests	**8**	21
	44	(29)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO		
Equity holders of the Company		
Continuing operations	**36**	(65)
Discontinued operation	**–**	15
	36	(50)
Non-controlling interests		
Continuing operations	**8**	21
Discontinued operation	**–**	–
	8	21
	44	(29)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	**Unaudited 30 June 2020 RMB' million**	Audited 31 December 2019 RMB' million
ASSETS			
Non-current assets			
Property, plant and equipment		**14,173**	14,246
Right-of-use assets		**312**	307
Intangible assets		**869**	869
Investments accounted for using equity method		**257**	297
Other receivables, deposits and prepayments		**625**	540
Pledged deposits		**489**	1,265
Deferred tax assets		**27**	27
Total non-current assets		**16,752**	17,551
Current assets			
Financial assets at fair value through profit or loss		**42**	42
Trade, bills and tariff adjustment receivables	*9*	**4,319**	3,808
Other receivables, contract assets, deposits and prepayments		**1,777**	2,356
Pledged deposits		**1,453**	1,440
Restricted cash		**16**	20
Cash and cash equivalents		**2,026**	239
Total current assets		**9,633**	7,905
Total assets		**26,385**	25,456
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	*10*	**1,924**	1,285
Reserves		**3,016**	2,039
		4,940	3,324
Non-controlling interests		**325**	317
Total equity		**5,265**	3,641

	Note	Unaudited 30 June 2020 RMB' million	Audited 31 December 2019 RMB' million
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	*11*	**12,678**	10,677
Lease liabilities		**121**	107
Deferred government grant		**1**	5
Deferred tax liabilities		**256**	256
Other payables		**8**	8
Total non-current liabilities		**13,064**	11,053
Current liabilities			
Other payables and accruals		**2,642**	3,124
Lease liabilities		**10**	14
Bank and other borrowings	*11*	**5,404**	7,624
Total current liabilities		**8,056**	10,762
Total liabilities		**21,120**	21,815
Total equity and liabilities		**26,385**	25,456

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company is an exempted limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business in Hong Kong is Unit 1012, 10th Floor, 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 (the "Stock Exchange").

The Group is principally engaged in the development, investment, operation and management of solar power plants and other renewable energy projects.

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 on 31 August 2020.

Key Event During the Six Months Ended 30 June 2020

Issue of shares

On 18 February 2020, the Company issued an aggregate of 7,176,943,498 subscription shares at the subscription price of HK$0.25 per share. The net proceeds from the issue of new shares amounted to approximately HK$1,766 million (equivalent to approximately RMB1,573 million). For details, please refer to the announcement of the Company dated 19 November 2019 and the circular of the Company dated 11 December 2019.

2 BASIS OF PREPARATION

This Financial Information for the six months ended 30 June 2020 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2019, 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/liabilities at fair value through profit or loss, contingent consideration payable and other derivative financial instruments, which were carried at fair values.

2.1 Going Concern

During the six months ended 30 June 2020, the Group reported a profit of approximately RMB93 million. As at 30 June 2020, the Group's current assets exceeded its current liabilities by approximately RMB1,577 million. As at 30 June 2020, the Group has total bank and other borrowings of approximately RMB18,420 million, of which approximately RMB5,477 million are scheduled to be repayable within the coming twelve months from 30 June 2020. As at the same date, its cash and cash equivalents amounted to approximately RMB2,026 million.

The Group has certain contractual and other arrangements to settle its financial obligations and various capital expenditures. As at 30 June 2020, the Group had capital commitment of approximately RMB262 million, mainly in relation to the construction of solar power plants, with an aggregate installed capacity of 113.5MW.

As at 30 June 2020, total tariff adjustment receivables increased by approximately RMB511 million to approximately RMB4,206 million due to the delay in the expected settlement timeframe. During the six months ended 30 June 2020, the Group had received settlements of tariff adjustment receivables with a total amount of approximately RMB297 million.

Save as mentioned above, the liquidity of the Group improved significantly after BEH became the single largest shareholder of the Company in February 2020. In addition, subsequent to 30 June 2020, the Group successfully obtained and has drawn down short-term borrowings of US$125 million and RMB900 million. Besides, the Directors are also in the process of negotiating with various banks and other financial institutions to raise short-term or long-term financing of approximately RMB2,700 million with the credit enhancement guarantee provided by BEH, which provides credit enhancement guarantee to the Group and takes measures so as to enable the Group to have sufficient working capital to carry on its business.

As disclosed in 2019 Annual Report, under the relevant bank loan agreements, certain covenant may cause the relevant bank borrowings of US$150 million (equivalent to approximately RMB1,037.5 million) become immediately due and payable should the lender exercise its rights under the loan agreements. The Directors of the Group is of the opinion that the bank will not take any action to exercise their rights in respect the covenants based on their communication with the bank.

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 2020. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2.2 Significant Accounting Policies

(i) New and amended standards, improvements and interpretation adopted by the Group

The following new and amendments to HKFRSs, improvements and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2020:

HKAS 1 and HKAS 8 Amendments	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 Amendments	Interest Rate Benchmark Reform
HKFRS 3 Amendments	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the new and amended standards, improvements and interpretation did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New and amended standards, interpretations and revised framework that have been issued but were not yet effective

Effective for accounting periods beginning on or after 1 January 2021

HKFRS 16 Amendments	Covid-19 Related Rent Concessions
HKFRS 17	Insurance Contracts

Effective for accounting periods beginning on or after 1 January 2022

HKFRS 3 Amendments	Reference to the Conceptual Framework
HKAS 16 Amendments	Property, Plant and Equipment: Proceeds before intended use
HKAS 37 Amendments	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements Project	Annual Improvements 2018 – 2020 Cycle

Effective for accounting periods beginning on or after 1 January 2023

HKAS 1 Amendments	Classification of Liabilities as Current or Non-current

Effective for accounting periods beginning on or after a date to be determined

HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group has commenced an assessment of the impact of these new and amended standards, interpretations and revised framework but is not yet in a position to state whether they would have a significant impact of its results of operations and financial position.

The Group does not intend to early adopt these standards before their respective effective dates.

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 2019.

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 2019. There have been no changes in the risk management policies since year end. Compared to 31 December 2019, there was no material change in the contractual undiscounted cash out flows for financial liabilities as at 30 June 2020.

3 SEGMENT INFORMATION

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

The Group's businesses involve clean energy technologies, including solar, wind power and hydropower. During the six months ended 30 June 2020 and 2019, the Group has one reportable segment which is solar energy segment. No material revenue, EBITDA, segment profit nor total assets had been attributed by the hydropower segment as it is still under development stage and therefore CODM does not regard hydropower as a reportable segment. Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the CODM. Accordingly, reconciliation of segment profit to the Group's profit is not separately presented. During the six months ended 30 June 2020 and 2019, the major operating entities of the Group are domiciled in the PRC and accordingly, all of the Group's revenue are derived in the PRC. During the period ended 30 June 2019, the Group completed the disposal of its business in the UK (the "Disposed Business") and the financial results of the Disposed Business are presented in the condensed consolidated financial statement of profit or loss as discontinued operation.

All of the Group's revenue from external customers from continuing operations were in the PRC.

The Group's non-current assets other than financial instruments and deferred tax assets by geographical area are as follows:

	Unaudited 30 June 2020 *RMB' million*	Audited 31 December 2019 *RMB' million*
The PRC	**15,605**	15,722
Hong Kong	**12**	6
	15,617	15,728

For the six months ended 30 June 2020, there were three customers (2019: four) which individually contributed over 10% of the Group's total revenue from continuing operations. The revenue contributed from each of these customers was as follows:

	Unaudited For the six months ended 30 June	
	2020 *RMB' million*	2019 *RMB' million*
Customer A	**244**	239
Customer B	**117**	124
Customer C	**114**	110
Customer D	**–**	131

4 FAIR VALUE GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NET

	Unaudited For the six months ended 30 June	
	2020 *RMB' million*	2019 *RMB' million*
Call option issued relating to the acquisition of investments accounted for using equity method	**–**	(7)
Call option issued relating to the partial disposal of an investment accounted for using equity method	**–**	23
Unlisted investments	**–**	(2)
	–	14

5 FINANCE COSTS

	Unaudited For the six months ended 30 June	
	2020	2019
	RMB' million	*RMB' million*
In relation to bank and other borrowings		
Interest expenses	**476**	558
Loan facilities fee	**90**	60
	566	618
In relation to lease liabilities		
Interest expenses	**3**	4
Total finance costs	**569**	622

6 INCOME TAX EXPENSES

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%. Certain subsidiaries of renewable energy projects are entitled to preferential tax concession. Income tax on profits assessable outside the PRC has been provided at rates prevailing in the respective jurisdictions.

The income tax expenses in the condensed consolidated statement of profit or loss represented:

	Unaudited For the six months ended 30 June	
	2020	2019
	RMB' million	*RMB' million*
Current income tax	**39**	29
Deferred income tax	**–**	–
	39	29

7 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended 30 June 2020 (30 June 2019: Nil).

8 EARNINGS PER SHARE

Basic earning per share was calculated by dividing profit from continuing operations and discontinued operation attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited For the six months ended 30 June	
	2020	2019
Earnings (RMB' million)		
Earnings attributable to the equity holders of the Company		
Continuing operations	**85**	100
Discontinued operation	**–**	4
	85	104
Weighted average number of ordinary shares in issue (million shares)	**20,535**	12,754
Basic and dilutive earnings per share (RMB cents)		
Continuing operations	**0.41**	0.78
Discontinued operation	**–**	0.03
	0.41	0.81

Diluted earnings per share was calculated based on profit from continuing operations and discontinued operation attributable to the equity holders of the Company and 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 2020, the Group has one (2019: two categories) category of potential ordinary shares including share options (2019: share options and warrants).

For the share options, 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 (2019: share options and warrants). Share options were not assumed to be exercised as they would have an anti-dilutive impact to the profit or loss attributable to the equity holders of the Company for the six months ended 30 June 2020 and 2019. Diluted earnings per share for the six months ended 30 June 2020 and 2019 for both continuing operations and discontinued operation are same as that of basic earnings per share.

9 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES

	Unaudited 30 June 2020 *RMB' million*	Audited 31 December 2019 *RMB' million*
Trade receivables	**85**	49
Tariff adjustment receivables	**4,206**	3,695
Trade and tariff adjustment receivables	**4,291**	3,744
Bills receivables	**28**	64
Trade, bills and tariff adjustment receivables	**4,319**	3,808

As at 30 June 2020, trade receivables of approximately RMB85 million (31 December 2019: RMB49 million) represented receivables from sales of electricity and are usually settled within three to twelve months.

Tariff adjustment receivables mainly represented the central government subsidies on renewable energy projects to be received from the State Grid Corporation of China and Inner Mongolia Power Company Limited based on the respective electricity sale and purchase agreements for each of the Group's solar plants and prevailing nationwide government policies.

The ageing analysis by invoice date of the trade and tariff adjustment receivables were as follows:

	Unaudited 30 June 2020 *RMB' million*	Audited 31 December 2019 *RMB' million*
Current	**4,173**	3,625
1 – 30 days	**17**	17
31 – 60 days	**–**	–
61 – 90 days	**–**	–
91 – 180 days	**–**	2
181 – 365 days	**–**	–
Over 365 days	**101**	100
	4,291	3,744

10 SHARE CAPITAL

	Number of shares *(million)*	*RMB' million*
Ordinary shares of HK$0.10 each		
Authorised		
At 31 December 2019 and 30 June 2020	30,000	2,525
Issued and fully paid		
At 1 January 2020	15,251	1,285
Issue of shares	7,177	639
At 30 June 2020	22,428	1,924

All shares issued during the six months ended 30 June 2020 rank pari passu in all respects with the existing shares of the Company.

On 18 February 2020, the Company issued an aggregate of 7,176,943,498 ordinary shares at HK$0.25 per share through placement. The net price for the shares issued was approximately HK$0.25 per share. The market price of the Company's ordinary shares listed on the Stock Exchange on 18 November 2019, being the last trading day before the date on which the terms of the subscription were fixed, was HK$0.23. The net proceeds from the issue of shares amounted to approximately HK$1,766 million (equivalent to approximately RMB1,573 million).

The Directors were of the view that the Subscription represents a good opportunity for the Company to raise funds to strengthen its capital base, to improve its financial position for the Company's future development and to introduce strategic investors to the Company.

As at the date of this announcement, all the net proceeds from the issue of shares of approximately HK$1,766 million (equivalent to approximately RMB1,573 million) have been fully utilised for the repayments of indebtedness in accordance with the intentions previously disclosed by the Company in the announcement dated 19 November 2019 and the circular dated 11 December 2019.

11 BANK AND OTHER BORROWINGS

	Unaudited	Audited
	30 June	31 December
	2020	2019
	RMB' million	*RMB' million*
Non-current	**12,678**	10,677
Current	**5,404**	7,624
	18,082	18,301

Movements in bank and other borrowings is analysed as follows:

	RMB' million
As at 1 January 2020	**18,301**
Amortisation of loan facilities fees	**89**
Proceeds from bank borrowings	**4,297**
Repayments of bank borrowings	**(1,878)**
Repayments of loans from leasing companies	**(824)**
Proceeds from other loans	**77**
Repayments of other loans	**(224)**
Repayments of senior notes	**(1,783)**
Repayments of medium-term notes	**(32)**
Payment of interest expenses	**(60)**
Setting off with bills receivable	**(52)**
Unamortised interest cost on pledged deposits	**111**
Exchange difference	**60**
As at 30 June 2020	**18,082**

Note:

The effective interest rate for bank and other borrowings as at 30 June 2020 was 5.09% (31 December 2019: 5.43%).

PURCHASE, SALE OR REDEMPTION 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 Period, the Company has applied the principles and complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except for the following:

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Zhang Ping was appointed as the chairman of the Board and the chief executive officer of the Company with effect from 21 February 2020. The Board considers that the balance of power and authority between the chairman and the chief executive officer 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. This structure can enhance the Company's efficiency in decision-making and effectively capture business opportunities.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 for Securities Transactions by Directors of Listed Issuers (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 Period.

AUDIT COMMITTEE

This interim results of the Group for the Period 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. Sui Xiaofeng.

INTERIM DIVIDEND

No interim dividend for the Period has been declared by the Board, and the register of members of the Company will not be closed for that purpose.

APPRECIATION

The Board would like to take this opportunity to thank every stakeholder of the Company for their contributions to the Group during the Period.

For and on behalf of
Panda Green Energy Group Limited
Zhang Ping
Chairman of the Board

Hong Kong, 31 August 2020

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman and Chief Executive Officer), Mr. Lu Zhenwei and Mr. Xu Jianjun; the non-executive directors of the Company are Mr. Sui Xiaofeng, Mr. Chen Dayu, Mr. Li Hao, Ms. Xie Yi and Mr. Yu Qiuming; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Chen Hongsheng.