熊猫绿能
Panda Green

PANDA GREEN ENERGY GROUP LIMITED
熊貓綠色能源集團有限公司

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "Board" or the "Directors") of Panda Green Energy Group Limited (the "Company" or "Panda Green") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2018, together with the comparative figures for the corresponding period in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

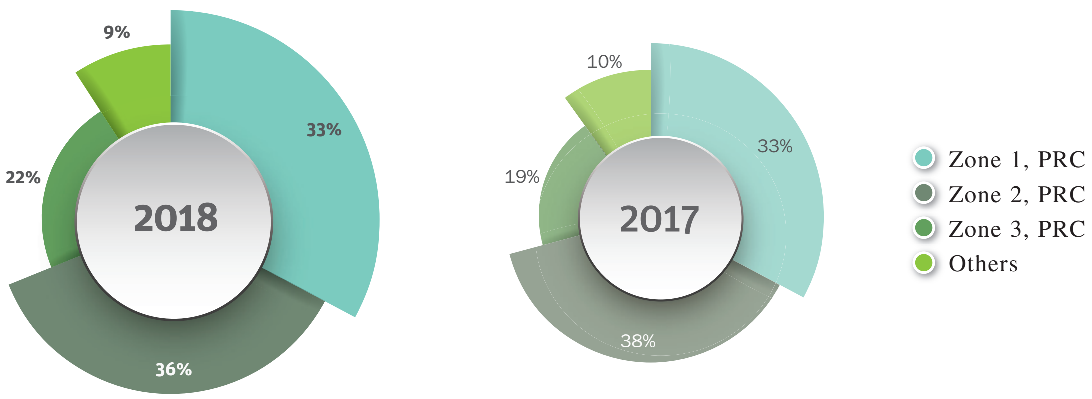
Diversification of investment locations and portfolios

The Group is a leading global eco-development solutions provider. During the year ended 31 December 2018 (the "Year"), the Group 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 Year, the Group focused its resources on managing its existing solar power business and has added solar power plants with a total installed capacity of 242.3 megawatts ("MW"). As at 31 December 2018, the Group and its associates/joint venture had 74 (31 December 2017: 65) solar power plants with aggregate installed capacity of approximately 2,329.6MW (31 December 2017: 2,087.3MW). These solar power plants are mainly (or approximately 96%) located in the People's Republic of China ("PRC"). Among subsidiaries, the Group has well-diversified its solar power plants in 18 different regions during the Year (31 December 2017: 16). Chart 1 analyses the locations of these solar power plants among various resource regions. It was noted that approximately 33% and 38% of the solar power plants were located within zone 1 and zone 2 in the PRC respectively in 2017; while zone 1 and zone 2 accounted for 33% and 36%, respectively of the total installed capacity in 2018. This shows our efforts in mitigating concentration risks by diversification of locations.

Chart 1 Location of solar power plants



Almost all the solar power plants owned and controlled by the Group and its associates are ground-mounted, while a small portion of them are roof-top type. 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, etc. The Group will also continue to explore good opportunities for growth.

Other renewable energy projects

During the Year, the Group had wind power plants in Shanxi, PRC with aggregate installed capacity of 96MW. Phase one with installed capacity of 48MW has been grid connected with full capacity; while phase two with installed capacity of 48MW was under construction.

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

In the short run, the Group will remain focused on the development of solar 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 Year, the total electricity generated by the power plants of the Group and its associates/ joint venture has increased from approximately 2,115,253 megawatt hours ("MWh") in 2017 to approximately 3,192,630 MWh, representing an increase of approximately 51%. All these power plants are grid-connected and are generating electricity steadily.

Table 1 Power plants summary

	For the year ended 31 December							
	2018				2017			
	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	**61**	**1,927.8**	**2,577,791**	**1,387**	52	1,685.5	1,857,859	1,268
– Wind power plants	**1**	**48.0**	**99,308**	**2,069**	1	48.0	42,938	895
	62	**1,975.8**	**2,677,099**		53	1,733.5	1,900,797	
Associates/joint venture								
– Solar power plants	**12**	**353.8**	**515,531**	**1,457**	12	353.8	214,456	2,559
Total	**74**	**2,329.6**	**3,192,630**		65	2,087.3	2,115,253	

The details of the electricity generated from each region for the Year are set out as below. For accounting purpose, the volume of electricity generated by the solar power plants newly acquired during the Year was recorded only starting from their respective completion date of acquisitions.

Average utilisation hours

The weighted average utilisation hour of solar power plants of the Group and its associates/ joint venture has slightly increased for the Year. The Group actively carried out power market transactions, including inter-provincial solar power transmission, to improve the electricity generation and the utilisation hours. The Group's first wind power plants in Shanxi, PRC recorded average utilisation hours of 2,069 for the Year.

Table 2 Power plants information by resource zone

	As at 31 December 2018			For the year ended 31 December 2018		
Location	**Number of power plant**		**Aggregate installed capacity**	**Electricity generation**	**Revenue**	**Average tariff per KWh (net of VAT)**
	Solar	***Wind***	*(MW)*	*(MWh)*	*(RMB' million)*	*(RMB)*
Subsidiaries:						
(i) Zone 1						
Inner Mongolia, PRC	9	–	330.0	505,806	387	0.76
Ningxia, PRC	1	–	200.0	291,177	217	0.75
Gansu, PRC	1	–	100.0	131,735	105	0.80
Zone 1 sub-total	11	–	630.0	928,718	709	0.76
(ii) Zone 2						
Qinghai, PRC	4	–	200.0	332,519	274	0.82
Shanxi, PRC	4	–	170.0	272,222	194	0.71
Xinjiang, PRC	7	–	120.2	178,739	131	0.74
Inner Mongolia, PRC	1	–	60.0	101,906	84	0.83
Yunnan, PRC	3	–	57.0	84,442	58	0.69
Hebei, PRC	2	–	37.3	52,835	47	0.90
Xichuan, PRC	3	–	50.0	34,849	25	0.71
Zone 2 sub-total	24	–	694.5	1,057,512	813	0.77

Location	As at 31 December 2018			For the year ended 31 December 2018		
	Number of power plant		Aggregate installed capacity	Electricity generation	Revenue	Average tariff per KWh (net of VAT)
	Solar	***Wind***	*(MW)*	*(MWh)*	*(RMB' million)*	*(RMB)*
(iii) Zone 3						
Hubei, PRC	1	–	100.0	116,831	110	0.94
Shandong, PRC	1	–	40.0	54,415	47	0.87
Guangxi, PRC	1	–	60.0	63,654	53	0.83
Hunan, PRC	6	–	120.0	123,642	124	1.00
Guangdong, PRC	3	–	2.8	3,015	2	0.62
Zhejiang, PRC	1	–	3.1	6,190	3	0.44
Anhui, PRC	1	–	100.0	60,613	39	0.64
Zone 3 sub-total	14	–	425.9	428,360	378	0.88
(iv) Others						
United Kingdom	6	–	82.4	82,736	85	1.03
Shanxi, PRC	–	1	48.0	99,308	52	0.52
Tibet, PRC	6	–	95.0	80,465	71	0.89
Others sub-total	12	1	225.4	262,509	208	0.79
Subsidiaries sub-total	**61**	**1**	**1,975.8**	**2,677,099**	**2,108**	**0.79**
Associates/joint venture:						
Inner Mongolia, PRC	4	–	160.0	250,160	207	0.83
Yunnan, PRC	2	–	60.0	70,776	52	0.74
Shanxi, PRC	1	–	50.0	66,564	54	0.82
Qinghai, PRC	2	–	50.0	86,606	78	0.90
Jiangsu, PRC *	3	–	33.8	41,425	70	1.69
Associates/joint venture sub-total	**12**	**–**	**353.8**	**515,531**	**461**	**0.90**
Total	**73**	**1**	**2,329.6**	**3,192,630**	**2,569**	**0.80**

* 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/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 2017 was met and no compensation was payable pursuant to the electricity income guarantee for the year ended 31 December 2018.

Project development

Following the success in the development of the "Top Runner" project for 100MW solar power plant in Datong, Shanxi in 2016, the Group successfully won another "Top Runner" project for 100MW floating solar power plants in Anhui Province in the same year. The project fully embodied technological innovation in respect of the fishery and solar power plant combination as well as comprehensive ecological control of subsidence areas. These floating solar power plants have achieved grid-connection during the Year.

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

Financing

The power generation 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 Year, the Group has raised approximately RMB9 billion through various channels including medium-term notes, bank borrowings and finance leasing, etc.

FINANCIAL REVIEW

Revenue and EBITDA

During the Year, the revenue and EBITDA were approximately RMB2,108 million and RMB1,772 million respectively (31 December 2017: RMB1,522 million and RMB1,198 million respectively). The increase in revenue and EBITDA was attributed to: (i) expansion in installed capacity of projects for around 14% by way of acquisition and self-development; and (ii) effective monitoring control in operation and maintenance so that most plants have increased in their electricity generation. The average tariff per KWh (net of VAT) for the Year was approximately RMB0.80. Table 2 summaries the details of the breakdown of revenue generated by each provincial region.

Bargain purchase

Bargain purchase, in accounting sense, refers to the consideration price in an acquisition being lower than the fair value of the target acquired. The gain of approximately RMB26 million for the Year came from the acquisition of 70MW solar power plants; while the gain of approximately RMB956 million in prior year were mainly from the acquisition of Tibet project which owns development rights over 5GW hydropower capacity and 80MW solar power capacity in Tibet and Sichuan.

Fair value losses on financial assets at fair value through profit or loss

The amount recognised for the Year comprised (i) a fair value loss of approximately RMB72 million, which primarily resulted from the fair value loss on the call option to acquire 96.68% equity interest in an associate. Accordingly, a fair value loss, representing the carrying amount of the call option as at 31 December 2017, was recognised; and (ii) the fair value loss on an unlisted investment recognised of approximately RMB42 million.

Fair value loss on financial liabilities at fair value through profit or loss

In prior year, the Group has recognised a fair value loss of approximately RMB229 million in relation to a change in fair value of the shares and unlisted warrants between the date of commitment to issue and the date of issue. Such loss was no longer applicable for the Year.

Finance costs

The finance costs increased from approximately RMB1,275 million in 2017 to RMB1,337 million during the Year. The increase was mainly attributable to expansion in installed capacity. Having said that, the overall finance costs to EBITDA ratio has been controlled from 106% in 2017 to 75% during the Year.

Impairment charge on concession rights

In June 2013, the Group acquired concession rights from various vendors to develop and operate various solar power plant projects. The Group has been in discussions with respective vendors and intends to exercise these concession rights and will acquire more solar power plants before their expiry.

On 31 May 2018, the National Development and Reform Commission, the Ministry of Finance of the PRC and the National Energy Administration jointly published "the Notice on PV Power Generation in 2018" (《2018年光伏發電有關事項的通知》, "the Notice") with an aim to lowering solar feed-in-tariffs. According to the Notice, (i) for roof-top projects, only those rooftop projects on-grid on or before 31 May 2018 are eligible to national tariff adjustment; (ii) for ground projects, the benchmark on-grid price will be reduced by RMB0.05/KWh to RMB0.5/KWh, RMB0.6/KWh and RMB0.7/KWh for the projects in zone 1, zone 2 and zone 3, respectively.

Management performed impairment test to determine the recoverable amount of the concession rights which was determined based on fair value less costs of disposal. In this connection, management prepared cash flow forecasts of each of the concession right taking into account factors, including but not limited to, the above revision of government policy, acquisition status of solar power plant projects, operational status of the solar power plants planned to be acquired; and the ability to exercise the concession rights before its expiry. As a result of the impairment test, an impairment charge of approximately RMB279 million (2017: RMB32 million) on concession rights was recognised during the year ended 31 December 2018.

Share-based payment

A share-based payment expense was related to the amortisation of the fair value of share options granted under the Company's share option scheme. The decrease was due to the resignation of certain directors and staff of the Group during the Year.

Income tax

Income tax mainly comprised the corporate income tax from certain project companies where the preferential tax concession rate of 7.5% or 12.5% applies.

Trade, bills and tariff adjustment receivables

The trade and bills receivables will usually be settled within one year. For the tariff adjustment receivables in the PRC, during the Year, there was a delay in settlement for the 5th, 6th and 7th batches of the Renewable Energy Tariff Subsidy Catalogue (the "Catalogue"). For the tariff adjustment receivables in the United Kingdom ("UK") (i.e. income relating to the renewable obligation certificate), they will usually be settled within 4 months as a result of the processing time required for applying for renewable obligation certificates.

Table 3 Breakdown of trade, bills and tariff adjustment receivables at subsidiaries level

	31 December 2018		31 December 2017	
	Installed capacity *(MW)*	***RMB' million***	Installed capacity *(MW)*	*RMB' million*
Trade and bills receivables		**1,164**		76
Tariff adjustment receivables				
– PRC				
– 5th batch	**100.0**	**138**	100.0	60
– 6th batch	**678.0**	**1,014**	678.0	529
– 7th batch	**337.6**	**763**	267.2	564
– 8th batch or after	**777.8**	**1,000**	605.9	499
– UK	**82.4**	**14**	82.4	11
Total	**1,975.8**	**4,093**	1,733.5	1,739

Convertible bonds

During the Year, the Company has redeemed all the outstanding convertible bonds upon maturity.

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 Year, the Group has obtained approximately RMB8,730 million borrowings, including the issue of an onshore 3-year RMB300 million medium-term note, a re-financing of an offshore 3-year US$100 million loan and the loan of approximately US$123 million to refinance one of the convertible bonds.

Key performance indicators

The Group measures the delivery of its strategies and managing its business through regular measurements of several key performance indicators, particularly on the following ratios: EBITDA margin, funds from operations to debt ratio and debt to EBITDA 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 increased by 5% during the Year from 79% to 84%. This was mainly due to effective costs control implemented during the Year and the synergies from the increased capacity of power plants.

Debt to EBITDA ratio: Debt to EBITDA ratio is a measurement of the 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, construction costs payables and convertible bonds as shown in the consolidated statement of financial position. The ratio has slightly decreased during the Year to approximately 11.03 (31 December 2017: 13.95).

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 the EBITDA plus cash interest received net of cash interest paid, divided by net debts. The ratio has increased for the Year from 2.6% to 4.1%.

Interest coverage ratio: Interest coverage ratio measures the Group's ability to pay interest on its interest-bearing debt. The ratio is calculated by EBITDA over net interest paid (actual interest paid minus actual interest income received during the Year). The ratio was 1.84 for the Year (31 December 2017: 1.56).

Liquidity, financial resources, gearing ratio and capital structure

As at 31 December 2018, the Group recorded non-current assets of approximately RMB24,157 million, current assets of approximately RMB6,618 million, current liabilities of approximately RMB7,546 million and non-current liabilities of approximately RMB17,359 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 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 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 31 December 2018 was as follows:

	31 December 2018 *RMB' million*	31 December 2017 *RMB' million*
Bank and other borrowings	**22,072**	18,206
Construction costs payables	**701**	1,264
Convertible bonds	**–**	981
Total borrowings	**22,773**	20,451
Less: cash deposits	**(3,220)**	(3,735)
Net debts	**19,553**	16,716
Total equity	**5,870**	6,428
Total capital	**25,423**	23,144
Gearing ratio	**76.9%**	72.2%

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

Except for certain bank and other borrowings with aggregate amounts of RMB9,617 million which were carried at fixed rates, the remaining borrowings of the Group bore floating interest rates.

As at 31 December 2018, the cash deposits were denominated in the following currencies:

	Pledged deposits *RMB' million*	**Restricted cash** *RMB' million*	**Cash and cash equivalents** *RMB' million*	**Total** *RMB' million*
RMB	2,801	8	336	3,145
HK$	–	–	23	23
US$	–	–	1	1
GBP	4	–	47	51
	2,805	8	407	3,220
Representing:				
Non-current portion	1,838	–	–	1,838
Current portion	967	8	407	1,382
	2,805	8	407	3,220

As at 31 December 2018, the maturity, currency profile and weighted average life for the Group's bank and other borrowings and convertible bonds are set out as follows:

	Within 1 year	2nd year	3-5 years	6-10 years	Over 10 years	Total	Weighted average life
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*	*(Years)*
RMB	4,194	3,173	4,722	4,341	679	17,109	6.82
US$	941	2,790	678	–	–	4,409	1.26
HK$	190	31	–	–	–	221	0.84
GBP	197	26	89	439	21	772	4.13
	5,522	6,020	5,489	4,780	700	22,511	5.25
Less: unamortised loan facilities fee	(99)	(70)	(120)	(115)	(35)	(439)	
Carrying amount	5,423	5,950	5,369	4,665	665	22,072	

During the Year, the Group's UK solar power plants had a floating-for-fixed interest rate swap arrangement for its bank borrowings. Other than that, the Group did not have any financial instruments for hedging purposes.

As at 31 December 2018, the Group had capital commitment in respect of property, plant and equipment contracted amounted to approximately RMB369 million.

Material acquisitions and disposals of subsidiaries and associated companies

During the Year, the Group has completed two acquisitions of subsidiaries with an aggregate installed capacity of 70MW. None of them is individually material to the Group.

Save as mentioned above, the Group did not have any other material acquisitions nor disposals of subsidiaries and associates during the Year.

Performance and future prospects for significant investments held

A project company will be considered material when its total assets and total revenue exceed 10% of the Group. No project company holding operating power plants is individually material to the Group.

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 Grid Limited ("Inner Mongolia Grid"), all of which are PRC state-owned electric utility companies that transmit and distribute power in the PRC. As at 31 December 2018, the receivables from the subsidiaries of State Grid and Inner Mongolia Grid were approximately 79.1% and 20.4% 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 publicly available financial information and operates as a subsidiary of a Norwegian government-owned power company.

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

Charge on assets

As at 31 December 2018, 63% 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 31 December 2018, the Group had 418 full-time employees (31 December 2017: 459). 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 of RMB42 million) for the Year amounted to approximately RMB106 million (31 December 2017: RMB124 million).

Exposure to fluctuations in exchange rates and related hedges

The Group operates mainly in Mainland China, Hong Kong and the UK. 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. For the operations in the UK, the net cash inflows from operations are sufficient to cover its loans which are denominated in local currency, therefore, no significant exchange rate exposure is concerned. The Group did not resort to any currency hedging facility for the Year. However, the management will monitor the Group's foreign currency exposure should the need arise.

Contingent liabilities

As at 31 December 2018, the Group had no significant contingent liability.

OUTLOOK

2018 marks a year full of challenges for both Panda Green and the whole renewable energy industry in China. The entire industry was inevitably impacted by the "531 New Deal"(531新政）and the changes of the international trade environment. In the face of adversity, the Group continued to adhere to the development policy of "steady progress, innovation and efficiency". Among others, from the continuous acquisition of quality power plant assets to boost total installed capacity, to the active introduction of powerful strategic investors such as Qingdao City Construction Investment (Group) Co. Limited, demonstrated that the Group remained hopeful about its prospects. In addition, in order to cope with the challenges, the Group has carried out internal optimisation. On one hand, the Group invited talents with rich experience in the finance, technology and management aspects. On the other hand, it carried out internal restructuring so as to improve the operation efficiency. We believe that the popularisation of renewable energy is an irreversible trend. The past year was only a transition period of industrial transformation. As we overcome this short but difficult journey, we will embrace the upcoming wave of renewable energy industry.

2019 will mark a year of restart for Panda Green. The capital strength of the Group will be greatly strengthened after receiving a new round of electricity subsidy from the Chinese Government and the capital contribution from shareholders, such as China Merchants New Energy Group Limited, China Huarong Overseas Investment Holdings Co., Limited and Asia Pacific Energy and Infrastructure Investment Group Limited, which will be providing a solid foundation for the future development. In 2019, in response to the China's "Belt and Road" policy, the management and each employee of the Group will make greater contributions to the promotion of a green economy and the building of a low-carbon and efficient energy system in China and around the world.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Note	**2018** **RMB' million**	2017 RMB' million
Sales of electricity		**630**	419
Tariff adjustment		**1,478**	1,103
Revenue	*3*	**2,108**	1,522
Other income	*4*	**19**	15
Employee benefits expenses (excluding share-based payment expenses)		**(106)**	(124)
Land use tax		**(13)**	(19)
Legal and professional fees		**(38)**	(26)
Maintenance costs		**(77)**	(93)
Other expenses		**(121)**	(77)
EBITDA#		**1,772**	1,198
Acquisition costs arising from business combinations		**(2)**	(26)
Depreciation		**(595)**	(459)
Bargain purchase arising from:			
(i) Business combinations; and		**26**	956
(ii) Acquisition of investments accounted for using equity method		**–**	15
Fair value losses on financial assets at fair value through profit or loss	*5*	**(114)**	(61)
Fair value losses on financial liabilities at fair value through profit or loss		**(7)**	(229)
Finance income		**84**	53
Finance costs	*6*	**(1,337)**	(1,275)
Impairment charge on concession rights		**(279)**	(32)
Impairment charge on financial assets		**(13)**	–
Share-based payment expenses		**(42)**	(71)
Share of profits of investments accounted for using equity method		**37**	105
(Loss)/profit before income tax		**(470)**	174
Income tax credit/(expense)	*7*	**16**	(21)
(Loss)/profit for the year		**(454)**	153

	Note	**2018** *RMB' million*	2017 *RMB' million*
(Loss)/profit for the year attributable to			
Equity holders of the Company		**(451)**	153
Non-controlling interests		**(3)**	–
		(454)	153
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic per share (RMB cents)	*9*	**(4.73)**	1.91
Diluted per share (RMB cents)		**(4.73)**	1.59

EBITDA represents earnings before finance income, finance costs, tax, fair value adjustments, non-cash items, non-recurring items, bargain purchase and acquisition costs arising from business combinations, bargain purchase arising from acquisition of investments accounted for using equity method, 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	RMB' million	*RMB' million*
(Loss)/profit for the year	**(454)**	153
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss		
Cash flow hedge, net of tax	**(1)**	(13)
Currencies translation differences	**(171)**	205
Other comprehensive (loss)/income for the year, net of tax	**(172)**	192
Total comprehensive (loss)/income for the year	**(626)**	345
Total comprehensive (loss)/income for the year attributable to		
Equity holders of the Company	**(623)**	345
Non-controlling interests	**(3)**	–
	(626)	345

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 RMB' million	2017 RMB' million
ASSETS			
Non-current assets			
Property, plant and equipment		**17,115**	15,567
Intangible assets		**2,245**	2,524
Investments accounted for using equity method		**888**	801
Financial assets at fair value through profit or loss		**60**	132
Other receivables, deposits and prepayments		**1,983**	2,050
Pledged deposits		**1,838**	903
Deferred tax assets		**28**	29
Total non-current assets		**24,157**	22,006
Current assets			
Financial assets at fair value through profit or loss		**189**	231
Trade, bills and tariff adjustment receivables	*10*	**4,093**	1,739
Other receivables, deposits and prepayments		**954**	1,786
Pledged deposits		**967**	1,229
Restricted cash		**8**	10
Cash and cash equivalents		**407**	1,593
Total current assets		**6,618**	6,588
Total assets		**30,775**	28,594
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**803**	803
Reserves		**4,492**	5,073
		5,295	5,876
Non-controlling interests		**575**	552
Total equity		**5,870**	6,428

	Note	**2018** RMB' million	2017 RMB' million
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	*11*	**16,649**	12,997
Contingent consideration payables		**10**	16
Deferred government grant		**8**	7
Deferred tax liabilities		**684**	722
Other derivative financial instruments		**8**	12
Total non-current liabilities		**17,359**	13,754
Current liabilities			
Other payables and accruals		**2,095**	2,205
Bank and other borrowings	*11*	**5,423**	5,209
Convertible bonds		**–**	981
Contingent consideration payables		**26**	16
Other derivative financial instruments		**2**	1
Total current liabilities		**7,546**	8,412
Total liabilities		**24,905**	22,166
Total equity and liabilities		**30,775**	28,594

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Panda Green Energy Group Limited (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, 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 (the "Stock Exchange).

The Company and its subsidiaries (together, the "Group") are principally engaged in the development, investment, operation and management of solar power plants and other renewable energy projects.

These consolidated financial statements are presented in Renminbi ("RMB") and rounded to the nearest million, unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements have 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. The preparation of these consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Going concern

During the year ended 31 December 2018, the Group reported a loss of RMB454 million. As at 31 December 2018, the Group's current liabilities exceeded its current assets by approximately RMB928 million. As at 31 December 2018, the Group had total bank and other borrowings of RMB 22,511 million, of which approximately RMB5,522 million are scheduled to be repayable within the coming twelve months from 31 December 2018 (Note 11). As at the same date, its cash and cash equivalents amounted to RMB407 million only.

In December 2018, the Group entered into two conditional sale and purchase agreements with an independent third party to acquire 51% and 100% equity interests of two of its subsidiaries at RMB269 million and RMB274 million, respectively, comprising consideration payables and assumption of Engineering, Procurement and Construction ("EPC") payables and other payables.

As at 31 December 2018, the Group paid RMB1,255 million as deposits pursuant to the agreements with various vendors for further negotiation of potential acquisitions of solar and wind power plants with an aggregate installed capacity of not less than 800MW. Should these potential acquisitions be completed, the Group would have to contribute additional capital to finance the settlement of its EPC payables and other payables of these solar and wind power plants.

The Group has certain contractual and other arrangements to settle its financial obligations and various capital expenditures. As at 31 December 2018, the Group had capital commitment of RMB369 million, mainly in relation to the construction of solar and wind power plants, with an aggregate installed capacity of 293MW.

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. 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.

As at 31 December 2018, total tariff adjustment receivables increased by RMB1,266 million to RMB2,929 million due to the delay in the expected settlement timeframe.

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 31 December 2018. 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 31 December 2018:

(i) Subsequent to 31 December 2018, the Group successfully obtained short-term bank borrowings of RMB260 million and long-term bank borrowings of approximately RMB180 million.

(ii) In March 2019, the Company completed the allotment and issuance of 5,721,193,467 subscription shares at the subscription price of HK$0.3 per share. The net proceeds from the share subscriptions amounted to approximately HK$797 million (equivalent to approximately RMB695 million) after setting-off against a loan of HK$915 million (equivalent to approximately RMB799 million) from one of the subscribers (Note 12(a)).

(iii) In March 2019, the Group completed the disposal of its 100% equity interest in a subsidiary in the United Kingdom with net proceeds of approximately GBP28.4 million (equivalent to approximately RMB247 million) (Note 12(b)).

(iv) In March 2019, the Group entered into a conditional sale and purchase agreement to dispose of its 17% equity interest in an associate for a consideration of approximately RMB43 million and the consideration was received in advance in December 2018 (Note 12(c)).

(v) The Group has plans to further divest certain of its solar power projects.

(vi) During the year, the Group had obtained two short-term loan facilities with an aggregated amount of RMB250 million from banks in the PRC. As at 31 December 2018, the Group had already drawn down RMB50 million from one of the facilities. The directors are confident that the Group could draw down the remaining unutilised loan facility of RMB200 million in the coming year.

(vii) In September 2017, the Group obtained the official registration acceptance notification from the China Securities Regulatory Commission for the listing and issuance of corporate bonds up to a principal amount of RMB1.5 billion in the PRC within two years from September 2017. As at 31 December 2018, the Group had issued 3-year corporate bonds with an aggregate principal amounts of RMB800 million. The directors are confident that the Group could successfully issue the remaining corporate bonds with the principal amounts of RMB700 million as and when required.

(viii) China Merchants New Energy Group Limited ("CMNEG"), a shareholder of the Company and an indirect owned subsidiary of China Merchants Group Limited, had issued a letter to the Group and agreed to provide support to the Group for a period up to 28 March 2020 and take measures to enable the Group to have sufficient working capital to meet its liabilities and obligations as and when they fall due and to continue to carry on its business.

(ix) 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 will be able to obtain such long-term borrowings from banks and other financial institutions.

(x) The solar and wind 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 and wind 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 31 December 2018. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements 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 (iv) to (x) above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to divest certain of its solar power projects as planned, secure the short-term borrowings from the PRC banks, successfully issue long-term corporate bonds in the PRC, obtain the financial support from CMNEG as and when needed, secure various sources of short-term or long-term financing as and when required, and to generate adequate operating cash inflow in the expected timeframe from its existing renewable energy projects as well as those to be acquired or constructed.

Should the Group be unable to continue as a going concern, adjustments 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 consolidated financial statements.

(b) Changes in accounting policy and disclosures

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

The following new and amendments to HKFRSs standards, improvements and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2018.

HKFRS 2 Amendments	Classification and Measurement of Share-Based Payment Transactions
HKFRS 4 Amendments	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 Amendments	Clarifications to HKFRS 15 Revenue from Contracts with Customers
HKAS 40 Amendments	Transfers to Investment Property
HK(IFRIC) – Int 22	Foreign Currency Translations and Advance Consideration
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle

Same as disclosed in Note 2(b)(iii), the adoption of these new and amended standards, improvements and interpretation did not have any impact on the amounts recognised in prior periods and will also not affect the current or future periods.

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

The following new and amended standards, interpretations and revised framework have been issued but were not yet effective for the financial year beginning on 1 January 2018 and have not been adopted early by the Group:

Effective for accounting periods beginning on or after 1 January 2019

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
HKFRS 9 Amendments	Prepayment Features with Negative Compensation
HKAS 19 Amendments	Plan Amendments, Curtailment or Settlement
HKAS 28 Amendments	Long-Term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Effective for accounting periods beginning on or after 1 January 2020

HKAS 1 (Revised)	Presentation of Financial Statement
HKAS 8 Amendments	Accounting Policies, Changes in Accounting Estimates and Errors
HKFRS 3 Amendments	Business Combinations
Conceptual Framework for Financial Reporting 2018	Framework for Financial Reporting

Effective for accounting periods beginning on or after 1 January 2021

HKFRS 17	Insurance Contracts

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

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

The Group has commenced a preliminary assessment of the impact of adopting the above new standards.

HKFRS 16	Leases	As at 31 December 2018, the Group had non-cancellable lease commitments of approximately RMB224 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.

There are no other standards that are not yet effective and that would be expected to have a material impact to the Group in the current or future reporting periods and on foreseeable transactions.

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

(iii) Impacts and changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* on the Group's consolidated financial statements.

(1) Impact on the consolidated financial statements

The Group elects to adopt HKFRS 9 and HKFRS 15 without restating comparative information however, there is no reclassifications or adjustments arising from the adoption of HKFRS 9 and HKFRS 15. Details by standard are explained below.

(2) HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies to the consolidated financial statements. In accordance with the transitional provisions in HKFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

(a) Classification and measurement of financial instruments on adoption of HKFRS 9

The financial assets currently held by the Group include financial instruments previously classified as loans and receivables and financial assets at fair value through profit or loss which continue to be measured at amortised cost and fair value, respectively, under HKFRS 9. Accordingly, there is no impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as HKFRS 9 only affect the accounting for non-derivative financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 and have not been changed.

(b) Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's expected credit loss model:

– Trade, bills and tariff adjustment receivables

– Other receivables and deposits

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. There is no impact of the change in impairment methodology on the Group's retained earnings and equity.

While pledged deposits, restricted cash and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade, bills and tariff adjustment receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade, bills and tariff adjustment receivables. There is no increase in loss allowance for trade, bills and tariff adjustment receivables on 1 January 2018.

Other receivables and deposits

Loss allowance on other receivables and deposits from third parties are measured as either 12-months expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then loss allowance is measured as lifetime expected credit losses. There is no increase of loss allowance for other receivables and deposits on 1 January 2018.

(3) HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies to the consolidated financial statements.

The adoption of HKFRS 15 did not result in any changes to the Group's recognition policies.

3 SEGMENT INFORMATION

The Chief Operation Decision-Maker ("CODM") has been identified as the Board 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 power, wind power and hydropower. During the year ended 31 December 2018, the Group has one reportable segment which is solar energy segment (2017: one). No material revenue, EBITDA, segment profit nor total assets had been attributed by the hydropower and wind power segments as it is still under development stage and therefore CODM does not regard these segments as reportable segments. 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.

The Group's revenue from contracts with external customers by geographical areas at a point in time is as follows:

	2018	2017
	RMB' million	*RMB' million*
The PRC	**2,023**	1,451
The UK	**85**	71
	2,108	1,522

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

	2018	2017
	RMB' million	*RMB' million*
The PRC	**19,768**	18,509
The UK	**528**	556
Others	**9**	13
	20,305	19,078

For the year ended 31 December 2018, there were four customers (2017: three) which individually contributed over 10% of the Group's total revenue. During the year ended 31 December 2018, the revenue contributed from each of these customers was as follows:

	2018	2017
	RMB' million	*RMB' million*
Customer A	**386**	315
Customer B	**274**	262
Customer C	**246**	190
Customer D	**217**	–

4 OTHER INCOME

	2018	2017
	RMB' million	*RMB' million*
Government grant	**2**	12
Operation and maintenance service income	**7**	–
Others	**10**	3
	19	15

5 FAIR VALUE LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	RMB' million	*RMB' million*
Call options in relation to acquisition of investments accounted for using equity method	**(72)**	4
Guaranteed electricity output	**–**	(49)
Unlisted investment	**(42)**	(13)
Previously held interest in investment accounted for using equity method	**–**	(3)
	(114)	(61)

6 FINANCE COSTS

	2018	2017
	RMB' million	*RMB' million*
In relation to bank and other borrowings		
Interest expenses	**1,029**	751
Loan facilities fees	**172**	123
	1,201	874
In relation to convertible bonds:		
(i) Redeemed/converted during the year:		
Interest accretion	**143**	182
Subsequent re-measurement (gains)/losses on derivative portion	**(7)**	51
Losses on early redemption	**–**	28
	136	261
(ii) Outstanding at end of the year:		
Interest accretion	**–**	143
Subsequent re-measurement gains on derivative portion	**–**	(3)
	–	140
Total finance costs	**1,337**	1,275

7 INCOME TAX CREDIT/(EXPENSE)

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.

8 DIVIDEND

No dividend has been paid or declared by the Company during the year ended 31 December 2018 (2017: Same).

9 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share was calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2018	2017
(Loss)/profit attributable to equity holders of the Company *(RMB'million)*	**(451)**	153
Weighted average number of ordinary shares in issue *(million shares)*	**9,530**	7,990
Basic (loss)/earnings per share *(RMB cents)*	**(4.73)**	1.91

(b) Diluted

Diluted (loss)/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 year ended 31 December 2018, the Group has one (2017: three) categories of dilutive potential ordinary shares: share options (2017: convertible bonds, share options and warrants).

The convertible bonds were assumed to have been converted into ordinary shares, and the net profit has been adjusted to eliminate the interest expense, fair value change and gain/(loss) on early redemption 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 below is compared with the number of shares that would have been issued assuming the exercise of the share options/warrants.

	2018	2017
Earnings *(RMB'million)*		
(Loss)/profit attribution to equity holders of the Company	**(451)**	153
Assumed exercise of share options (2017: certain convertible bonds, share options and warrants)		
Adjustments for:		
Certain convertible bonds		
Imputed accretion	**–**	20
Subsequent re-measurement gain on derivative portion	**–**	(22)
Gain on early redemption	**–**	(15)
Adjusted (loss)/profit attributed to shareholders of the Company used to determine the diluted earnings per share	**(451)**	136
Weighted average number of ordinary shares in issue *(million shares)*	**9,530**	7,990
Adjustments for:		
Assumed conversion of certain convertible bonds	**–**	249
Assumed exercise of share options	**1**	13
Assumed exercise of warrants	**–**	277
Weighted average number of ordinary shares used to determine the diluted earnings per share	**9,531**	8,529
Diluted (loss)/earnings per share attributable to the equity holders of the Company ***(RMB cents)***	**(4.73)**	1.59

Certain share options, convertible bonds and warrants were not assumed to be exercised/converted as they would have an anti-dilutive impact to the loss attributable to the equity holders of the Company for the year ended 31 December 2018 (2017: certain convertible bonds and share options).

10 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES

	2018 *RMB' million*	2017 *RMB' million*
Trade receivables	**72**	55
Tariff adjustment receivables	**2,929**	1,663
Trade and tariff adjustment receivables	**3,001**	1,718
Bills receivables	**1,092**	21
Trade, bills and tariff adjustment receivables	**4,093**	1,739

As at 31 December 2018, trade receivables of approximately RMB72 million represented receivables from sales of electricity and are usually settled within one month (2017: RMB55 million).

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 trade and tariff adjustment receivables was as follows:

	2018 *RMB' million*	2017 *RMB' million*
Current	**2,535**	1,512
1 – 30 days	**63**	41
31 – 60 days	**39**	56
61 – 90 days	**36**	11
91 – 180 days	**91**	36
181 – 365 days	**103**	62
Over 365 days	**134**	–
	3,001	1,718

The maximum exposure to credit risk at the reporting date was the carrying value of each of the receivable mentioned above. The Group did not hold any collateral as security.

The maturity dates of bills receivable are within one year.

11 BANK AND OTHER BORROWINGS

	2018			2017		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	RMB' million	***RMB' million***	***RMB' million***	*RMB' million*	*RMB' million*	*RMB' million*
Bank borrowings	**3,249**	**7,401**	**10,650**	4,946	5,810	10,756
Loans from leasing companies	**593**	**4,946**	**5,539**	257	3,226	3,483
Senior notes	**–**	**2,451**	**2,451**	–	2,287	2,287
Corporate bonds	**–**	**1,800**	**1,800**	–	1,800	1,800
Medium-term notes	**103**	**331**	**434**	126	124	250
Other loans *(Note)*	**1,577**	**60**	**1,637**	–	20	20
	5,522	**16,989**	**22,511**	5,329	13,267	18,596
Unamortised loan facilities fees	**(99)**	**(340)**	**(439)**	(120)	(270)	(390)
	5,423	**16,649**	**22,072**	5,209	12,997	18,206

Note:

During the Year, a convertible bond with principal amount of US$100 million payable to Huaqing Solar Power Limited ("Huaqing") was matured. On 26 December 2018, such convertible bond with its redemption amount and related interest, totalling approximately US$123 million, was redeemed and converted to a loan of approximately US$123 million.

12 SUBSEQUENT EVENTS AFTER REPORTING DATE

(a) On 20 January 2019, the Company entered into shares subscription agreements with various existing shareholders and one existing debt holder for issuing and allotting approximately 5,721,193,467 subscription shares at HK$0.3 for each subscription share. The net proceeds from the share subscriptions amounted to approximately HK$797 million (equivalent to approximately RMB695 million) after setting-off against a loan of HK$915 million (equivalent to approximately RMB799 million) from one of the subscribers. This new shares subscription has been completed on 21 March 2019.

(b) On 19 March 2019, the Group entered into a sale and purchase agreement with an independent third party for disposing 100% equity interest of a subsidiary with operation in the UK ("UK operations"), which holds solar power plants with aggregate installed capacity of 82.4MW, for a cash consideration of approximately GBP34 million (equivalent to approximately RMB296 million). The transaction has been completed on 19 March 2019. As at 31 December 2018, there was no board approval to commit the disposal of the UK operations.

(c) On 22 March 2019, a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement to dispose 17% equity interest in an associate for a consideration of approximately RMB43 million. The completion of the transaction is subject to the fulfillment of certain conditions as set in the agreement.

AUDIT OPINION

The auditor of the Group will issue an opinion with material uncertainty related to going concern on the consolidated financial statements of the Group for the year under audit. An extract of the auditor's report is set out in the section headed "EXTRACT OF THE AUDITOR'S REPORT" below.

EXTRACT OF THE AUDITOR'S REPORT OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note 2(a) to the consolidated financial statements, which states that the Group reported a loss of RMB454 million during the year ended 31 December 2018 and the Group's current liabilities exceeded its current assets by RMB928 million as at 31 December 2018, and that the Group has certain financial obligations and capital expenditures under various contractual and other arrangements. These matters, along with other matters as described in Note 2(a) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and has maintained a framework of corporate governance policies and practices to apply the principles of good governance in our daily operation. During the year ended 31 December 2018, 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, save for the following deviation.

During the year ended 31 December 2018, Mr. Li, Alan, an executive director, took both the positions of CEO and the Chairman of the Board. Code A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Board was of the view that such structure of chairman and chief executive officer enabled the Company to achieve its overall business goals more effectively and efficiently as the Company is in a rapid development phase for the time being. Our Board also believed that the balance of power and authority between chairman and chief executive would not be impaired by such arrangement, and the significant weight of the non-executive directors (including the independent ones) enabled the Board as a whole to effectively exercise its non-bias judgement. Following the amendment of the memorandum of association and bye-laws of the Company to establish a co-chairman structure and appointment of Mr. Lu Zhenwei as a Co-Chairman of the Board on 10 September 2018, the Board believes that a division of responsibility between the chairmen and chief executive is established and fulfills the requirement under Code A.2.1.

Furthermore, Mr. Yu Qiuming, an executive director, was appointed as the Co-Chief Executive Officer on 16 July 2018. Mr. Yu, together with Mr. Li, Alan, are responsible for formulating the Group's business strategy, overseeing development of renewable energy projects, and day to day operation of the Group.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

Audit Committee currently consists of 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. The Audit Committee is chaired by Mr. Kwan Kai Cheong who possesses relevant professional qualification and expertise in financial reporting matters. The Audit Committee acts as an important link between the Board and the Company's auditors. It is responsible for making recommendations to the Board on the appointment and re-appointment of the external auditor, and to approve the remuneration and terms of engagement of the external auditor. It is empowered to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. It reviews, makes recommendations and reports to the Board on findings relating to the financial statements, reports and accounts, financial reporting system, internal control procedures and compliance issues. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the annual report and annual results for the year ended 31 December 2018 before the results were submitted to the Board for approval.

PUBLICATION OF RESULTS ANNOUNCEMENT, ANNUAL REPORT AND ESG REPORT

This announcement is required to be published on the website of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and at the website of the Company at http://www.pandagreen.com. The annual report containing all the information required under Appendix 16 to the Listing Rules and the Group's ESG Report will be published on the Stock Exchange's website in due course.

APPRECIATION

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

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

Hong Kong, 29 March 2019

As at the date of this announcement, the executive directors of the Company are Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei (Co-Chairman), Mr. Yu Qiuming (Co-Chief Executive Officer), Mr. Li Hong and Mr. Li Guangqiang; the non-executive directors of the Company are Mr. Tang Wenyong, Mr. Li Hao and Ms. Xie Yi; 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.

* *for identification purpose only*