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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "Board" or the "Directors") of Panda Green Energy Group Limited (the "Company" or "Panda Green") announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019, together with the comparative audited figures for the corresponding period in 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

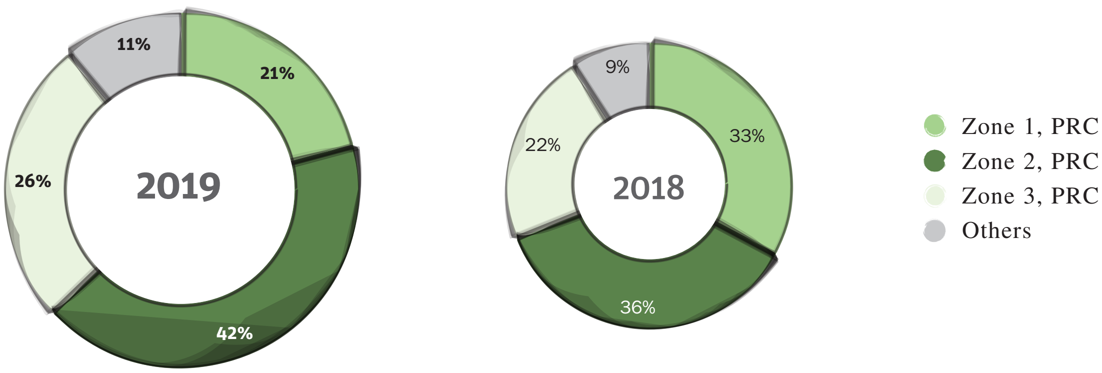
Diversification of Investment Locations and Portfolios

During the year ended 31 December 2019 (the "Year"), 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 Year, the Group focused its resources on managing its existing solar power business. As at 31 December 2019, the Group and its associates had 57 (31 December 2018: 74) solar power plants with aggregate installed capacity of approximately 1,909.2 megawatts ("MW") (31 December 2018: 2,329.6MW). As at 31 December 2019, 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 during the Year (31 December 2018: 18). Chart 1 analyses the locations of these solar power plants among various resource regions. This shows the Group's efforts in mitigating concentration risks by diversification of location selection.

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, with a small portion of them being 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 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.

During the Year, the Group disposed all of its solar power plants in the United Kingdom ("UK") and certain solar power plants in the PRC to independent third parties.

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 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 from the continuing operations of the Group and its associates has slightly increased from approximately 3,109,894 megawatt hours ("MWh") in 2018 to approximately 3,172,916 MWh, or by approximately 2.03%. All these power plants are grid-connected and are generating electricity steadily.

Table 1 Power Plants with Continuing Operations Summary

	For the year ended 31 December							
	2019				2018			
	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)*
		(unaudited)				(audited)		
Subsidiaries								
– Solar power plants	**53**	**1,825.4**	**2,686,470**	**1,455**	55	1,845.3	2,495,055	1,406
– Wind power plant (i)	**–**	**–**	**65,761**	**N/A**	1	48.0	99,308	2,069
	53	**1,825.4**	**2,752,231**		56	1,893.3	2,594,363	
Associates/joint ventures								
– Solar power plants	**4**	**83.8**	**420,685**	**1,514**	12	353.8	515,531	1,457
Total	**57**	**1,909.2**	**3,172,916**		68	2,247.1	3,109,894	

(i) The wind power plant was disposed during the Year.

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 newly acquired solar power plants during the Year was only recorded starting from their respective completion dates of acquisition.

Table 2 Power Plants Information by Resource Zone – Continuing operations

	As at 31 December 2019			For the year ended 31 December 2019		
Location	**Number of power plant Solar**	**Wind**	**Aggregate Installed capacity** *(MW)*	**Electricity generation** *(MWh)*	**Revenue** *(RMB'million)*	**Average tariff per KWh (net of VAT)** *(RMB)*
		(unaudited)			**(unaudited)**	
Subsidiaries						
(i) Zone 1						
Inner Mongolia, PRC	9	–	330.0	560,724	437	0.78
Ningxia, PRC	1	–	200.0	291,000	220	0.75
Gansu, PRC	1	–	100.0	147,663	109	0.74
Zone 1 sub-total	11	–	630.0	999,387	766	0.77
(ii) Zone 2						
Qinghai, PRC	4	–	200.0	310,141	256	0.82
Shanxi, PRC	2	–	150.0	276,058	214	0.78
Xinjiang, PRC	7	–	120.2	179,057	134	0.75
Inner Mongolia, PRC	1	–	60.0	101,706	82	0.81
Yunnan, PRC	3	–	57.1	90,464	67	0.74
Hebei, PRC	2	–	37.3	51,028	42	0.82
Sichuan, PRC	3	–	50.0	89,773	58	0.65
Zone 2 sub-total	22	–	674.6	1,098,227	853	0.78

Location	As at 31 December 2019			For the year ended 31 December 2019		
	Number of power plant		Aggregate Installed capacity	Electricity generation	Revenue	Average tariff per KWh (net of VAT)
	Solar	Wind	*(MW)*	*(MWh)*	*(RMB'million)*	*(RMB)*
		(unaudited)			(unaudited)	
(iii) Zone 3						
Hubei, PRC	1	–	100.0	115,653	112	0.97
Shandong, PRC	1	–	40.0	59,536	53	0.88
Guangxi, PRC	1	–	60.0	62,142	53	0.85
Hunan, PRC	6	–	120.0	104,822	107	1.02
Guangdong, PRC	3	–	2.8	2,966	9	0.95
Zhejiang, PRC	1	–	3.0	2,803	2	0.89
Anhui, PRC	1	–	100.0	119,721	78	0.65
Zone 3 sub-total	14	–	425.8	467,643	414	0.89
(iv) Others						
Shanxi, PRC	–	–	–	65,761	31	0.47
Tibet, PRC	6	–	95.0	121,213	104	0.86
Others sub-total	6	–	95.0	186,974	135	0.73
Subsidiaries sub-total	**53**	**–**	**1,825.4**	**2,752,231**	**2,168**	**0.79**
Associates						
Inner Mongolia, PRC	2	–	60.0	219,850	185	0.84
Yunnan, PRC	–	–	–	53,393	38	0.71
Shanxi, PRC	–	–	–	49,378	41	0.84
Qinghai, PRC	–	–	–	57,491	51	0.89
Jiangsu, PRC*	2	–	23.8	40,573	75	1.84
Associates sub-total	**4**	**–**	**83.8**	**420,685**	**390**	**0.93**
Total	**57**	**–**	**1,909.2**	**3,172,916**	**2,558**	**0.81**

* *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 2018 was met and no compensation was payable pursuant to the electricity income guarantee for the year ended 31 December 2019.*

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 Year, the Group has raised funds by means of equity financing and debt financing. As at 31 December 2019, the effective interest rate for bank and other borrowings was approximately 5.42% (31 December 2018: 5.31%).

FINANCIAL REVIEW

During the Year, the Group recorded a net loss of approximately RMB3,598 million (31 December 2018: loss of approximately RMB454 million). The loss for the Year was mainly attributable to the impairment charge on intangible assets of approximately RMB1,556 million, the impairment charge on investment deposits of approximately RMB1,022 million, the impairment charge on property, plant and equipment of approximately RMB756 million, the impairment charge on financial assets of approximately RMB200 million, loss on disposal of subsidiaries of approximately RMB302 million and fair value loss of re-measurement of financial instruments of approximately RMB181 million.

Revenue and EBITDA

During the Year, the revenue and EBITDA from the continuing operations were approximately RMB2,168 million and RMB1,901 million respectively (31 December 2018: approximately RMB2,023 million and RMB1,700 million respectively). The average tariff per KWh (net of VAT) for the Year was approximately RMB0.81. Table 2 summarises the details of the breakdown of revenue generated by each provincial region.

Fair Value Losses on Financial Assets at Fair Value Through Profit or Loss

The amount of fair value loss recognised for the Year was approximately RMB181 million (31 December 2018: loss of approximately RMB114 million). It was mainly due to a fair value loss of approximately RMB163 million for an unlisted investment. The principal activities of the unlisted investment are engaging in the development, investment, operation, management of solar power plants, and the information technology development and technical support service. The unlisted investment had been affected by the adjusted FIT policy published jointly by the National Development and Reform Commission ("NDRC"), the Ministry of Finance of the PRC and the National Energy Administration in 2018. The business performance was even deteriorated in 2019. As a result of the re-measurement valuation, the fair value loss was recognised for the Year. In 2018, the fair value loss was mainly resulted from an unexercised call option to acquire equity interest in an associate.

Fair Value Gains/(Losses) on Financial Liabilities at Fair Value Through Profit or Loss

The amount represented a fair value gain arising from a release of contingent consideration payable as a result of the disposal of a project company during the Year.

Finance Costs

The total finance costs has dropped from approximately RMB1,319 million in 2018 to approximately RMB1,239 million during the Year, or a decrease of 6.1%. The decrease was mainly the full settlement of high-yield convertible bonds in 2018 and the raising of equity funding in March 2019.

Share-Based Payment Expenses

Share-based payment expenses were relevant to the amortisation of the fair value of share options granted under the Company's share option scheme. The decrease in the share-based payment expenses was attributable to the Group's revised estimate of the number of options that are expected to vest based on the non-market vesting and service condition, as certain directors and staff of the Group had resigned during the Year.

Impairment Charge on Development Rights

The Group recognised development rights in relation to hydropower projects with an expected capacity of approximately 5.2GW in Tibet and Sichuan Province, the PRC, and 60MW solar power projects in 2017. In May 2018, the People's Government of Tibet Autonomous Region published the "Notice on leveraging feed-in-tariff of electricity" (《西藏自治區人民政府關於進一步規範和理順全區上網電價及銷售電價的通知》, "Tibet Notice 1") with an aim to adjust the electricity price of hydropower plants in Tibet in which FIT of the Group's hydropower projects will reduce from RMB0.44/KWh to RMB0.35/KWh. According to the Tibet Notice 1, such policy was on temporary trial from 1 May 2018 to 31 December 2020 and will be revisited upon 31 December 2020.

In June 2019, the People's Government of Tibet Autonomous Region further published the "Notice on reducing residential electricity consumption and industrial and commercial electricity prices" (《西藏自治區人民政府關於降低居民生用電和工商業用電價格的通知》, "Tibet Notice 2"), the FIT of the Group's hydropower projects will further reduce from RMB0.35/KWh to RMB0.341/KWh. According to the Tibet Notice 2, such policy was on temporary trial from 1 July 2019 to 31 December 2020 and will be revisited upon 31 December 2020. The Group is not optimistic that the probability that the FIT will be resumed to RMB0.44/KWh after the expiry of Tibet Notice 2.

In addition, the Group estimated that the construction costs for the hydropower projects will increase, based on the available market observation.

Management performed impairment test to determine the recoverable amount of the development rights which was determined based on fair value less costs of disposal. In this connection, management has prepared cash flow forecasts for the hydropower projects, taking into account of factors, including but not limited to, the above revision of government policies, construction cost, development plans, probability for the revision of FIT after 2020. The Group has engaged an independent external valuer to assess the recoverable amount of development rights. As a result of the impairment test, an impairment charge of approximately RMB1,011 million was recognised for 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.

In April 2019, the NDRC published "the Notice on improving the grid-connected electricity price mechanism for photovoltaic power generation" (《國家發展改革委關於完善光伏發電上網電價機制有關問題的通知》, the "Notice"). According to the Notice, for ground projects, the benchmark on-grid price will further be reduced to RMB0.4/KWh, RMB0.45/KWh and RMB0.55/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 has prepared cash flow forecasts of each of the concession rights 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 probability to exercise the concession rights before its expiry. The Group has engaged an independent external valuer to assess the recoverable amount of concession rights. As a result of the impairment test, an impairment charge of approximately RMB545 million (2018: approximately RMB279 million) on concession rights was recognised during the Year.

Impairment Charge on Property, Plant and Equipment

The Group has assessed if there are any impairment indicators for its property, plant and equipment, in particular the power generating modules and equipment, including but not limited to the actual insolation hours generated by individual solar power plants compared against the parameters originally adopted in the valuation model at the time of acquisitions. Certain solar power plants appeared to have impairment indicators. The Group has engaged an independent external valuer to assess the recoverable amount of property, plant and equipment. Accordingly, the Group has recognised an impairment charge on property, plant and equipment of approximately RMB756 million during the Year.

Impairment Charge on Financial Assets

The Group has assessed the recoverable amounts of its financial assets. Management of the Group was not optimistic on the recovery of certain financial assets and recognised an impairment charge of approximately RMB200 million during the Year.

Impairment Charge on Investment Deposits

The Group had placed certain investment deposits in 2017 to independent third parties in order to secure potential projects in the future. There was no progress on projects acquisitions to utilise the deposits over the past years. Management of the Group was uncertain about the progress of the projects acquisitions or the ability of refund from these parties should the relevant projects cannot go ahead. The Group has started legal procedures in order to recover the loss from these parties, including issuing legal letters to these parties. However, management of the Group was not optimistic for the recovery and the Group has recognised an impairment charge on investment deposits of approximately RMB1,022 million during the Year.

Loss on Disposal of Subsidiaries

During the Year, the Group completed the disposal of certain subsidiaries, including a subsidiary which owned wind power plants with aggregate installed capacity of 96MW in the PRC; and two subsidiaries which had investments in joint ventures which held solar power plants with aggregate installed capacity of 270MW in the PRC. The losses were mainly arising from the reversal of a non-cash purchase price allocation adjustments recognised at the time of acquisitions in Group's level.

Income Tax

During the Year, 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.

Discontinued Operation

During the Year, the Group disposed of its solar power plants located in the UK to an independent third party for approximately GBP34 million. 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 Year, there was a further delay in settlement in the 5th, 6th and 7th batches.

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

	31 December 2019		31 December 2018	
	Installed capacity *(MW)*	***RMB'million* (unaudited)**	Installed capacity *(MW)*	*RMB'million* (audited)
Trade and bills receivables		**113**		1,164
Tariff adjustment receivables				
– PRC				
– 5th batch	**100.0**	**187**	100.0	138
– 6th batch	**630.0**	**1,154**	678.0	1,014
– 7th batch	**327.6**	**755**	337.2	763
– 8th batch or after	**767.8**	**1,599**	778.2	1,000
– UK	**–**	**–**	82.4	14
Total	**1,825.4**	**3,808**	1,975.8	4,093

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 4% from 84% to 88% for the Year. This was mainly due to effective costs control implemented during the Year, the synergies from the increased capacity of power plants and adoption of the new accounting standard, HKFRS 16, whereas comparative figures were not restated for relevant expenses.

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 Year to approximately 8.5 (31 December 2018: 11.5).

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 net of cash interest paid divided by net debts. The ratio has increased from 3.8% to 6.9% for the Year.

Interest Coverage Ratio: Interest coverage ratio measures the Group's ability to pay interest on its interest-bearing debt. The ratio is calculated by dividing EBITDA by net interest paid (actual interest paid minus actual interest income received during the Year). The ratio was 2.13 for the Year (31 December 2018: 1.77).

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

As at 31 December 2019, the Group recorded unaudited non-current assets of approximately RMB17,822 million, current assets of approximately RMB6,582 million, current liabilities of approximately RMB9,767 million and non-current liabilities of approximately RMB11,127 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 2019 was as follows:

	31 December 2019	31 December 2018
	RMB'million	*RMB'million*
	(unaudited)	(audited)
Bank and other borrowings	**18,257**	22,072
Construction costs payables	**779**	701
Total borrowings	**19,036**	22,773
Less: cash deposits	**(2,964)**	(3,220)
Net debts	**16,072**	19,553
Total equity	**3,510**	5,870
Total capital	**19,582**	25,423
Gearing ratio	**82.1%**	76.9%

The increase in gearing ratio was attributable to drop in total equity as a result of the impairment charge recognised on certain assets during the Year, after offsetting the impact from the placing of new shares in March 2019.

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 to reduce the capital expenditure.

Except for certain bank and other borrowings with aggregate amounts of approximately RMB6,461 million which were carried at fixed rates, the remaining borrowings of the Group bore floating interest rates.

As at 31 December 2019, 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*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
RMB	2,705	18	238	2,961
HK$	–	2	1	3
	2,705	20	239	2,964
Representing:				
Non-current portion	1,302	–	–	1,302
Current portion	1,403	20	239	1,662
	2,705	20	239	2,964

As at 31 December 2019, 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**	**Weighted average life**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*(Years)*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
RMB	4,528	2,099	4,151	3,380	653	14,811	6.16
US$	2,920	692	–	–	–	3,612	0.34
HK$	211	–	–	–	–	211	0.41
	7,659	2,791	4,151	3,380	653	18,634	4.96
Less: unamortised loan facilities fees	(80)	(52)	(122)	(101)	(22)	(377)	
Carrying amount	7,579	2,739	4,029	3,279	631	18,257	

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

As at 31 December 2019, the Group had capital commitment in respect of property, plant and equipment contracted amounted to approximately RMB81 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, the Group completed the disposal of its (i) 100% equity interest in a subsidiary which owned solar power plants with aggregate installed capacity of 82.4MW in the UK; (ii) 95% equity interest in a subsidiary which owned wind power plants with aggregate installed capacity of 96MW in the PRC; (iii) 100% equity interests in two subsidiaries which had investments in joint ventures which held solar power plants with aggregate installed capacity of 270MW in the PRC; and (iv) 100% equity interests in a subsidiary which owned solar power plants with aggregate installed capacity of 20MW in the PRC. Save as mentioned above, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint venture 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 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 31 December 2019, the receivables from the subsidiaries of State Grid and Inner Mongolia Power were approximately 82% and 17.7% of the total trade, bills and tariff adjustment receivables, respectively.

CHARGE ON ASSETS

As at 31 December 2019, 64% 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 2019, the Group had 412 full-time employees (31 December 2018: 418). 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 approximately RMB6 million) for the continuing operations for the Year amounted to approximately RMB115 million (31 December 2018: approximately RMB106 million).

EXPOSURE TO FLUCTUATIONS 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 Year. However, the management will enhance the monitoring on the Group's foreign currency exposure, should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no significant contingent liability.

IMPORTANT EVENTS OCCURRED SINCE THE END OF THE FINANCIAL PERIOD

(a) Issuance of new senior notes

In January 2020, the Company has successfully issued new 8% senior notes in the principal amount of approximately US$372 million (including the exchange notes in the aggregate principal amount of approximately US$112 million of the existing senior notes) for the settlement of the senior note which matured in January 2020. For details, please refer to the announcements of the Company dated 17 January 2020 and 20 January 2020.

(b) Issuance of new shares

In February 2020, the Company completed the allotment and issuance of 7,176,943,498 subscription shares at the subscription price of HK$0.25 per share. The gross proceeds from the share subscriptions amounted to approximately HK$1,794 million (equivalent to approximately RMB1,597 million). For details, please refer to the announcements of the Company dated 2 August 2019, 19 November 2019, 10 December 2019, 12 December 2019, 24 December 2019, 30 December 2019, 16 January 2020 and 18 February 2020 and the circular of the Company dated 11 December 2019.

(c) COVID-19 outbreak

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 consolidated financial statements as a result of the COVID-19 outbreak.

PROSPECTS

2019 is the year when Panda Green transformed its development pattern from "scale expansion" to "quality and efficiency". During this year, as to its operations, Panda Green has completed the main production and operation indicators such as power generation and electricity fee income; as to its financing, it has met the capital requirements for repayment of principal and interest without any default. Moreover, among other things, it has (i) actively introduced the state-owned enterprise Qingdao City Construction Investment (Group) Co. Limited to be a main strategic shareholder of the Company, (ii) signed a share subscription agreement with Beijing Energy; and (iii) obtained a number of policy subsidies. Looking back over the past year, the Company has achieved "making progress while maintaining stability", laying a solid foundation for its subsequent development.

2020 is the final year of China's 13th Five-Year Plan, and it is also the key year for the photovoltaic industry to get out of the "cold winter" and realise the "warm sun" development. Immediately after the issuance of more than 10 favorable policies such as the "Notice on Establishing a Guarantee Mechanism for Sound Renewable Energy 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 Non-water Renewable Energy Power Generation"(《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.

In early 2020, Panda Green successfully introduced Beijing Energy to be its largest shareholder. In this new year, with the support of Beijing Energy and various shareholders, Panda Green will further focus on its main business (i.e. clean energy business). Based on production safety and stability, it will take high-quality development as the core with an aim to improve its efficiency. Driven by the market-oriented mechanism, it will improve its governance system, pay close attention to its production and operation construction, and actively resolve its financial capital risks to further promote its sustainable and stable development, so as to make Panda Green a world-class green energy investment operation management company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	2019	2018
		RMB'million	*RMB'million*
			(Restated)
		(unaudited)	(audited)
CONTINUING OPERATIONS			
Sales of electricity		**629**	599
Tariff adjustment		**1,539**	1,424
Revenue	*3*	**2,168**	2,023
Other income	*6*	**50**	14
Employee benefits expenses (excluding share-based payment expense)		**(115)**	(106)
Land use tax		**(8)**	(6)
Legal and professional fees		**(19)**	(35)
Maintenance costs		**(47)**	(71)
Other expenses		**(128)**	(119)
EBITDA#		**1,901**	1,700
Acquisition costs arising from business combinations		**–**	(2)
Depreciation for property, plant and equipment		**(592)**	(553)
Depreciation for right-of-use assets		**(17)**	–
Bargain purchase arising from business combinations		**–**	26
Fair value losses on financial assets at fair value through profit or loss	*4*	**(181)**	(114)
Fair value gains/(losses) on financial liabilities at fair value through profit or loss	*5*	**13**	(7)
Finance income	*7*	**77**	84
Finance costs	*8*	**(1,239)**	(1,319)
Impairment charge on concession rights		**(545)**	(279)
Impairment charge on development rights		**(1,011)**	–
Impairment charge on property, plant and equipment		**(756)**	–
Impairment charge on financial assets		**(200)**	(13)
Impairment charge on deposits for investments		**(1,022)**	–
Share-based payment expenses		**(6)**	(42)
Share of profits of investments accounted for using equity method		**36**	37
Loss on disposal of subsidiaries		**(302)**	–
Loss before income tax		**(3,844)**	(482)
Income tax credit	*9*	**242**	13
Loss for the year from continuing operations		**(3,602)**	(469)

	Note	**2019**	2018
		RMB'million	*RMB'million*
			(Restated)
		(unaudited)	(audited)
Loss for the year from continuing operations		**(3,602)**	(469)
DISCONTINUED OPERATION			
Profit from discontinued operation		**4**	15
LOSS FOR THE YEAR		**(3,598)**	(454)
(LOSS)/PROFIT ATTRIBUTABLE TO			
Equity holders of the Company			
Continuing operations		**(3,383)**	(466)
Discontinued operation		**4**	15
		(3,379)	(451)
Non-controlling interests			
Continuing operations		**(219)**	(3)
Discontinued operation		**–**	–
		(219)	(3)
		(3,598)	(454)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted *(RMB cents)*	*11*		
Continuing operations		**(24.14)**	(4.89)
Discontinued operation		**0.03**	0.16
		(24.11)	(4.73)

EBITDA represents earnings before depreciation, finance income, finance costs, tax, fair value adjustments, non-cash items, non-recurring items, bargain purchase and acquisition costs arising from business combinations, impairment charges, loss on disposal of subsidiaries, 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 2019

	2019 *RMB'million* (unaudited)	2018 *RMB'million* (Restated) (audited)
LOSS FOR THE YEAR	**(3,598)**	(454)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Cash flow hedge, net of tax	**11**	2
Currencies translation differences	**(10)**	(171)
Currencies translation differences of discontinued operation	**(1)**	–
Items that will not be reclassified to profit or loss		
Fair value changes of financial assets at fair value through other comprehensive income	**(232)**	–
Other comprehensive loss for the year, net of tax	**(232)**	(169)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(3,830)**	(623)
Total comprehensive loss for the year attributable to		
Equity holdings of the Company	**(3,611)**	(620)
Non-controlling interests	**(219)**	(3)
	(3,830)	(623)
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO		
Equity holdings of the Company		
Continuing operations	**(3,626)**	(636)
Discontinued operation	**15**	16
	(3,611)	(620)
Non-controlling interests		
Continuing operations	**(219)**	(3)
Discontinued operation	**–**	–
	(219)	(3)
	(3,830)	(623)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 RMB'million (unaudited)	2018 RMB'million (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**14,430**	17,115
Right-of-use assets		**322**	–
Intangible assets		**689**	2,245
Investments accounted for using equity method		**297**	888
Financial assets at fair value through profit or loss		**–**	60
Other receivables, deposits and prepayments		**726**	1,983
Pledged deposits		**1,302**	1,838
Deferred tax assets		**56**	28
Total non-current assets		**17,822**	24,157
Current assets			
Financial assets at fair value through profit or loss		**29**	189
Trade, bills and tariff adjustment receivables	*12*	**3,808**	4,093
Other receivables, contract assets and deposits and prepayments		**1,083**	954
Pledged deposits		**1,403**	967
Restricted cash		**20**	8
Cash and cash equivalents		**239**	407
Total current assets		**6,582**	6,618
Total assets		**24,404**	30,775
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**1,285**	803
Reserves		**1,849**	4,492
		3,134	5,295
Non-controlling interests		**376**	575
Total equity		**3,510**	5,870

	Note	**2019**	2018
		RMB'million	*RMB'million*
		(unaudited)	(audited)
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	*13*	**10,678**	16,649
Lease liabilities		**107**	–
Contingent consideration payables		**–**	10
Deferred government grant		**5**	8
Deferred tax liabilities		**329**	684
Other payables		**8**	–
Other derivative financial instruments		**–**	8
Total non-current liabilities		**11,127**	17,359
Current liabilities			
Other payables and accruals		**2,174**	2,095
Lease liabilities		**14**	–
Bank and other borrowings	*13*	**7,579**	5,423
Contingent consideration payables		**–**	26
Other derivative financial instruments		**–**	2
Total current liabilities		**9,767**	7,546
Total liabilities		**20,894**	24,905
Total equity and liabilities		**24,404**	30,775

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 ("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 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, the revaluation of financial assets at fair value through other comprehensive income, 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 2019, the Group reported a loss of approximately RMB3,602 million. As at 31 December 2019, the Group's current liabilities exceeded its current assets by approximately RMB3,185 million. As at 31 December 2019, the Group had total bank and other borrowings of approximately RMB18,257 million, of which approximately RMB7,659 million are scheduled to be repayable within the coming twelve months from 31 December 2019. As at the same date, its cash and cash equivalents amounted to approximately RMB239 million only.

The Group has certain contractual and other arrangements to settle its financial obligations and various capital expenditures. As at 31 December 2019, the Group had capital commitment of approximately RMB81 million, mainly in relation to the construction of solar power plants, with an aggregate installed capacity of 182.5MW.

As at 31 December 2019, total tariff adjustment receivables increased by approximately RMB766 million to approximately RMB3,695 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 2019. The directors of the Company (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 2019:

(i) In January 2020, the Group has successfully issued an aggregate of approximately US$372 million guaranteed 8% senior notes due 2022, which includes exchange notes in an aggregate principal amount of approximately US$112 million ("Exchange Notes") and new senior notes in an aggregate principal amount of US$260 million ("New Notes"), for the settlement of the existing senior note which matured in January 2020. Subject to the completion of the share subscription as described in (ii) below, the Company shall make an offer to purchase all outstanding New Notes at a purchase price or redemption price equal to 100.5% of the principal amount of the New Notes plus the accrued and unpaid interest.

(ii) In February 2020, the Company completed the allotment and issuance of 7,176,943,498 subscription shares at the subscription price of HK$0.25 per share. The gross proceeds from the share subscriptions amounted to approximately HK$1,794 million (equivalent to approximately RMB1,597 million).

(iii) Subsequent to 31 December 2019, the Group successfully obtained short-term bank borrowings of RMB100 million.

(iv) Beijing Energy Holding Co. Ltd ("Beijing Energy"), a single largest shareholder of the Company after the completion of the share subscription in (ii) above, had issued a letter to the Group to provide credit enhancement guarantee of RMB8 billion to 10 billion to support the Group to negotiate short-term or long-term borrowings from banks or other financial institutions for a period of 3 years up to 18 February 2023, depending on the actual operating funding needs. 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. The Directors are confident that the Group will be able to further obtain new banking facilities with the credit enhancement guarantee provided by Beijing Energy.

(v) The solar power plants currently held by the Group have already achieved on-grid connection. They are expected to generate operating cash inflows to the Group. The Directors are confident that all existing solar power plants currently held by the Group, if not registered in the previous Renewable Energy Tariff Subsidy Catalogue are eligible for entering the list of the national financial subsidy.

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 2019. 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) and (v) above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to secure the short-term and long-term borrowings from the bank in Hong Kong, secure various sources of short-term or long-term financing with the credit enhancement guarantee provided by Beijing Energy as and when needed and generate adequate operating cash inflow in the expected timeframe from its existing renewable energy projects.

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, improvements and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2019:

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

Save as disclosed in Note 2(b)(iii) below, the adoption of other 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 2020

HKAS 1 and HKAS 8 Amendments	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 Amendments	Hedge accounting
HKFRS 3 Amendments	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual 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 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.

(iii) Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's consolidated financial statements.

The Group had to change its accounting policies as a result of adopting HKFRS 16. In accordance with the transition provisions of HKFRS 16, the Group has adopted the modified retrospective application for existing leases at 1 January 2019 with certain transition reliefs and under which comparative figures are not restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

On adoption of HKFRS 16, the Group recognised the lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.77%.

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

– applying a single discount rate to a portfolio of leases with reasonably similar characteristics;

– relying on previous assessments on whether leases are onerous; and

– accounting for operating leases with a remaining lease term of less than 12 months as short-term leases.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Measurement of lease liabilities

	2019 ***RMB'million***
Operating lease commitments disclosed as at 31 December 2018	**224**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**(81)**
Lease liabilities recognised as at 1 January 2019	**143**
Of which are:	
Current lease liabilities	**125**
Non-current lease liabilities	**18**
	143

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The right-of-use assets as at 1 January 2019 are reconciled as follows:

	2019
	RMB'million
Lease liabilities recognised as at 1 January 2019	**143**
Rental prepayments recognised as at 31 December 2018	**29**
Land use rights recognised as at 31 December 2018	**128**
Right-of-use assets recognised as at 1 January 2019	**300**

Adjustments recognised in the consolidated statement of financial position on 1 January 2019

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

- Property, plant and equipment – decrease by RMB128 million
- Other receivables, deposits and prepayments – decrease by RMB29 million
- Right-of-use assets – increase by RMB300 million
- Lease liabilities – increase by RMB143 million
- There was no impact on retained earnings at 1 January 2019

Accounting policies applied from 1 January 2019 – Leases

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonable certain to exercise a purchase option, the right-of-use is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3 SEGMENT INFORMATION

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

The Group is pursuing expansion and involvement in clean energy technologies, including solar power and hydropower. During the year ended 31 December 2019, the Group has one reportable segment which is solar energy segment (2018: 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.

For the year ended 31 December 2019, the major operating entities of the Group are domiciled in the PRC and accordingly, all of the Group's revenue was derived in the PRC (2018: revenue was derived in the PRC and the UK). During the year, the Group completed the disposal of its business in the UK (the "Disposed Business"). Accordingly, the financial results of the Disposed Business are presented in the consolidated profit or loss as discontinued operation.

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

	2019	2018
	RMB'million	*RMB'million*
		(Restated)
	(unaudited)	(audited)
The PRC	**15,783**	19,768
Others	**6**	9
	15,789	19,777

For the year ended 31 December 2019, there were four customers (2018: four) which individually contributed over 10% of the Group's total revenue. During the year, the revenue contributed from each of these customers was as follows:

	2019	2018
	RMB'million	*RMB'million*
	(unaudited)	(audited)
Customer A	**436**	386
Customer B	**245**	246
Customer C	**255**	274
Customer D	**220**	217

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

	2019	2018
	RMB'million	*RMB'million*
	(unaudited)	(audited)
Call options in relation to acquisition of investments accounted for using equity method	**(7)**	(72)
Guaranteed electricity output	**(11)**	–
Unlisted investment	**(163)**	(42)
	(181)	(114)

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

	2019	2018
	RMB'million	*RMB'million*
	(unaudited)	(audited)
Contingent consideration payables	**13**	(7)

6 OTHER INCOME

	2019	2018
	RMB'million	*RMB'million*
		(Restated)
	(unaudited)	(audited)
Government grant	**7**	2
Operation and maintenance service income	**14**	7
Others	**29**	5
	50	14

7 FINANCE INCOME

	2019	2018
	RMB'million	*RMB'million*
	(unaudited)	(audited)
Interest income on bank balances and deposits	**62**	43
Interest income on loan	**–**	29
Amortisation of imputed interest income on pledged deposits	**15**	12
	77	84

8 FINANCE COSTS

	2019	2018
	RMB'million	*RMB'million*
		(Restated)
	(unaudited)	(audited)
In relation to bank and other borrowings		
Interest expenses	**1,121**	1,011
Loan facilities fees	**113**	172
	1,234	1,183
In relation to convertible bonds:		
Interest accretion	**–**	143
Subsequent re-measurement gains on derivative portion	**–**	(7)
	–	136
In relation to lease liabilities		
Interest expenses	**5**	–
Total finance costs	**1,239**	1,319

9 INCOME TAX CREDIT

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.

10 DIVIDEND

No dividend has been paid or declared by the Company during the year ended 31 December 2019 (2018: Same).

11 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share was calculated by dividing (loss)/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 year ended 31 December 2019.

	2019	2018
		(Restated)
	(unaudited)	(audited)
(Loss)/earnings *(RMB'million)*		
(Loss)/earnings attributable to the equity holders of the Company		
Continuing operations	**(3,383)**	(466)
Discontinued operation	**4**	15
	(3,379)	(451)
Weighted average number of ordinary shares in issue *(million shares)*	**14,013**	9,530
Basic and dilutive (loss)/earnings per share *(RMB cents)*		
Continuing operations	**(24.14)**	(4.89)
Discontinued operation	**0.03**	0.16
	(24.11)	(4.73)

Diluted (loss)/earnings per share was calculated based on (loss)/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 year ended 31 December 2019, the Group has two (2018: three) categories of potential ordinary shares: share options and warrants (2018: convertible bonds, share options and warrants).

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. Share options and warrants 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 year ended 31 December 2019 (2018: convertible bonds, certain share options and warrants). Accordingly, diluted (loss)/earnings per share for the years for both continuing operations and discontinued operation are same as basic (loss)/earnings per share.

12 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES

	2019	2018
	RMB'million	*RMB'million*
	(unaudited)	(audited)
Trade receivables	**49**	72
Tariff adjustment receivables	**3,695**	2,929
Trade and tariff adjustment receivables	**3,744**	3,001
Bills receivables	**64**	1,092
Trade, bills and tariff adjustment receivables	**3,808**	4,093

As at 31 December 2019, trade receivables of approximately RMB49 million (2018: approximately RMB72 million) represented receivables from sales of electricity and are usually settled within one month.

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 power plants and prevailing nationwide government policies.

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

	2019	2018
	RMB'million	*RMB'million*
	(unaudited)	(audited)
Current	**3,625**	2,535
1–30 days	**17**	63
31–60 days	**–**	39
61–90 days	**–**	36
91–180 days	**2**	91
181–365 days	**–**	103
Over 365 days	**100**	134
	3,744	3,001

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.

13 BANK AND OTHER BORROWINGS

	2019			2018		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	RMB'million	***RMB'million***	***RMB'million***	*RMB'million*	*RMB'million*	*RMB'million*
	(unaudited)	**(unaudited)**	**(unaudited)**	(audited)	(audited)	(audited)
Bank borrowings	**2,643**	**6,181**	**8,824**	3,249	7,401	10,650
Loans from leasing companies	**756**	**4,464**	**5,220**	593	4,946	5,539
Senior notes	**2,506**	**–**	**2,506**	–	2,451	2,451
Corporate bonds	**1,530**	**–**	**1,530**	–	1,800	1,800
Medium-term notes	**32**	**300**	**332**	103	331	434
Other loans	**192**	**30**	**222**	1,577	60	1,637
	7,659	**10,975**	**18,634**	5,522	16,989	22,511
Unamortised loan facilities fees	**(80)**	**(297)**	**(377)**	(99)	(340)	(439)
	7,579	**10,678**	**18,257**	5,423	16,649	22,072

14 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

(a) Issuance of new senior notes

In January 2020, the Group has successfully issued new 8% senior notes in the principal amount of approximately US$372 million (including the exchange notes in the aggregate principal amount of approximately US$112 million of the existing senior notes) for the settlement of the existing senior note which matured in January 2020.

(b) New share subscription

In February 2020, the Company completed the allotment and issuance of 7,176,943,498 subscription shares at the subscription price of HK$0.25 per share. The gross proceeds from the share subscriptions amounted to approximately HK$1,794 million (equivalent to approximately RMB1,597 million).

(c) COVID-19 outbreak

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 consolidated financial statements as a result of the COVID-19 outbreak.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, 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 standard of corporate governance to protect the interests of the Company and the Shareholders as a whole. The Company believes that rigorous standards of corporate governance enhance the sustainability of the Company. To this end, the Company has maintained a framework of corporate governance policies and practices to apply the principles of good corporate governance in daily operation. This framework is built upon principles of accountability and integrity.

The Company has applied the principles and code provisions of the corporate governance code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of corporate governance. During the year ended 31 December 2019, the Company has complied with all applicable code provisions under the CG Code.

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. Wang Heng. 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 unaudited annual results for the year ended 31 December 2019 before the unaudited annual results were submitted to the Board for approval. The unaudited annual results as set out in this announcement have been reviewed and agreed by the Board (including the independent non-executive Directors) and the Audit Committee.

REVIEW OF THE UNAUDITED ANNUAL RESULTS

Due to restrictions in force in parts of China to combat the outbreak of COVID-19, the audit of the financial statements of the Group for the year ended 31 December 2019 has not been completed as of the date of this announcement. As the operation of the Group were mainly located in the PRC, the audit was affected as a result of the delay of (i) receiving necessary audit confirmations; (ii) conducting audit field works; and (iii) assessing impairment issues and related valuation. The unaudited results for the year ended 31 December 2019 contained herein have not been audited and agreed with the Company's auditors as required under Rule 13.49(2) of the Listing Rules. As mentioned in note 2 in this unaudited annual results announcement, there are events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Since the audit of the Group's consolidated financial statements for the year ended 31 December 2019 has not been completed, it is uncertain, as at the date of this announcement, whether the auditors of the Company would issue a modified report to the consolidated financial statements in this regard. Following the completion of the audit by the Company's auditors, the Company will issue further announcement in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. The Company expects that the audit will be completed on or before 30 April 2020.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019.

PUBLICATION OF RESULTS ANNOUNCEMENT, ANNUAL REPORT AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This announcement is required to be published on the website of the Stock Exchange and on 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 Environmental, Social and Governance 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.

The financial information contained herein in respect of the annual results of the Group has not been audited and has not been agreed with the auditors of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 March 2020

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman and Chief Executive Officer), Mr. Huang Hui (Chief Financial Officer), Mr. Lu Zhenwei and Mr. Xu Jianjun; the non-executive directors of the Company are Mr. Wang Heng, 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.