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南京熊猫电子股份有限公司

NANJING PANDA ELECTRONICS COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00553)

2015 PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

1. IMPORTANT NOTICE

- 1.1** This summary of annual report was extracted from the Annual Report of Nanjing Panda Electronics Company Limited (the “**Company**”) and its subsidiaries (collectively as the “**Group**”). To have comprehensive knowledge of the operating results, financial position and future development plan of the Company, investors are advised to carefully read the full text of the annual report on the website of the Shanghai Stock Exchange and other such websites designated by China Securities Regulatory Commission.
- 1.2** The board of directors, the supervisory committee and the directors, supervisors and senior management staff of the Company confirm that the information contained in this summary of annual report is true, accurate, and complete without any misrepresentation, misleading statements, or material omissions, and severally and jointly accept legal responsibility for the above.
- 1.3** All the Directors of the Company attended the Board meeting.
- 1.4 Basic Information of the Company**

Stock type	Listing stock exchange	Stock Profile		Stock name before change
		Abbreviated name	Stock Code	
A share	Shanghai Stock Exchange	Nanjing Panda	600775	N/A
H share	Hong Kong Stock Exchange	Nanjing Panda	00553	N/A

Contact person and information	Secretary to the Board	Securities Affairs representative
Name	Shen Jianlong	Wang Dongdong
Telephone	(86 25) 84801144	(86 25) 84801144
Fax	(86 25) 84820729	(86 25) 84820729
E-mail address	dms@panda.cn	dms@panda.cn

- 1.5** The Company will distribute a cash dividend of RMB0.68 (tax inclusive) for every ten shares to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2015, with the total cash dividend to be distributed amounting to RMB62,141,019.97, and the balance to be carried forward to next year. The Company does not transfer capital reserve into share capital.

II. INFORMATION ON PRINCIPAL ACTIVITIES OR PRODUCTS DURING THE REPORTING PERIOD

2.1 Principal Activities

The principal activities of the Company are the development, manufacture and sale of electronic equipment products, consumer electronic products and electronic manufacturing products. Electronic equipment includes automation equipment, electronic transport equipment and communication equipment; consumer electronics include digital home electronics and related products; electronics manufacturing include EMS and other services.

According to the development strategy of the Company, the Company will prioritize and focus on the development of electronic equipment products related business. At present, the automation equipment products mainly consist of LCD panel and LCD glass production line system as well as the ancillary components of production and transmission equipment, and industrial robot in relevant industries; electronic transport equipment products mainly comprise railway transit ACC system, AFC system and terminal equipment; communication equipment products mainly include TD-LTE small base station related products, various time-frequency equipment and specific communication equipment, and radio and television broadcast transmitters.

The Company accelerated the integration of its consumer electronic business, and mainly relied on Shenzhen Jinghua Electronics Co., Ltd. to carry out the digital home business.

After years of development, electronic manufacturing services of the Company, which is centered around EMS, has been underpinned by the Company's capabilities of plastic casings, painting, assembling and processing as well as its manufacturing processes and technology of special new materials used for RF antenna.

- 2.2** The Company adopts the “market-oriented” strategy, chooses optimization of product structure as its target, intensifies research and development of new products and expands its product portfolio, eventually materializing the industrial upgrading from single product to systematic whole set. The Company strengthens and improves management and enhances operating efficiency in a great effort to become a nationally leading and internationally renowned electronic equipment manufacturers and service provider.

2.3 Industry overview

In 2015, the electronic information industry in which the Company is situated entered into a new normal in keeping with the macroeconomic trend in China. During the year, principal operating revenue from the electronic information manufacturing industry reached RMB11.1 trillion, a year-on-year increase of 7.6%. Scaled electronic information manufacturing industry achieved value added growth of 10.5%, 4.4% higher than the industry average (6.1%) and ranking fifth among 41 industrial sectors in China. Its revenue and total profit increased by 7.6% and 7.2%, 6.8% and 9.5% higher than the industry average, respectively. Their proportions in the industry total reached 10.1% and 8.8%, increased by 0.7% and 1% over the previous year, respectively.

Among various industries, the electronic equipment industry in which the Company is principally engaged grew relatively rapidly. In 2015, the electronic equipment industry achieved revenue and profit growth of 14.5% and 14.1%, exceeding the industry average.

At present, the electronic equipment industry is developing intelligent manufacturing systems featuring new sensors, intelligent control systems, industrial robots, automation of complete sets of production lines. Intelligent Manufacturing technology is advancing towards intelligent machines and intelligent systems, and their development trends mainly comprise modular and reconfigurable structure, open, computerized and networking-based control technology, digitalized and decentralized servo drive technology, practical multi-sensor fusion technology, optimized design of working environment and flexible operation, and networking-based and intelligent systems. The future development of robot technology is heading towards “Industry 4.0 Revolution” that features an in-depth integration of individuation, digitization, networking and intellectualization and centers on people-oriented industrial automation for high-end equipment manufacturing.

The Company continuously facilitates its ability building for independent innovation and self-owned brand building in the robot and intelligent manufacturing industry so as to improve its core competitiveness. In the course of implementing the projects regarding industrialization of industrial robots and key intelligent manufacturing technologies, the company has established a robot research institute and a municipal engineering technology research center and is trying to upgrade it to a provincial engineering technology research center. The Company started the establishment of a core information equipment system laboratory for intelligent manufacturing in an effort to join a mission to build a national core information equipment laboratory for joint intelligent manufacturing. The company is striving to situate the National Robot Testing and Evaluation Center in “Panda” for participation in the establishment of the national robot evaluation and certification system.

The Company concentrated scientific and technological resources on making new breakthroughs in key technologies of electronic equipment. Currently, with improving design of the 1.4m/6kg industrial robot, its product performance has outrun similar domestic products, signifying that company has the technology capacity for research and development of key robot components (such as robot controller and servo drive system). With substantially enhanced capabilities for factory automation and intelligent supporting products, the Company has the technology and market base for the equipment systems of panel display production lines and the equipment systems of glass substrate production lines, and is striving to develop digital workshops, equipment for intelligent manufacturing systems and intelligent factories. Its proprietary communication technology for rail transit is becoming increasingly advanced by virtue of its industry-leading position in new AFC, ACC systems and equipment underpinned by cloud computing.

2.4 Explanation on substantial changes of major assets during the reporting period of the Company

As at 31 December 2015, total assets of the Company was RMB4,891,799,400, total liabilities of the Company was RMB1,431,906,200 and asset-liability ratio of the Company was 29.27%. Compared with those of 31 December 2014, total assets represent an increase of 5.79%, asset-liability ratio increased by 2.44 percentage points. Overall, these figures remained stable without any material change. In addition, the overseas assets was RMB110,521,900, representing 2.26% of total assets.

In 2015, Phase I of Electronic Equipment Industrial Park of the Company reached the predicted ready-for-use conditions and was transferred to fixed assets, resulting an increase of 56.95% of the fixed assets and a decrease of 98.28% of construction in progress; research and development expenses which was RMB17,592,500 met conditions of capitalization and was transferred to intangible assets; the Company paid back short-term borrowings of RMB30,000,000 and the balance of short-term borrowings was nil at the end of the period.

III. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

3.1 Main Financial Data (prepared in accordance with Accounting Standards for Business Enterprises of the People's Republic of China)

Unit: Yuan Currency: RMB

	2015	2014	Year- on-year increase/ decrease (%)	2013
Total assets	4,891,799,403.91	4,624,124,678.17	5.79	4,481,026,625.01
Operating revenue	3,613,482,935.50	3,487,641,068.94	3.61	4,136,214,822.97
Net profit attributable to shareholders of the Company	143,836,663.39	153,230,139.40	-6.13	184,820,911.32
Net profit attributable to shareholders of the Company after extraordinary items	109,123,429.39	99,280,829.13	9.91	48,046,324.59
Net asset attributable to shareholders of the Company	3,263,279,379.67	3,178,952,959.93	2.65	3,136,035,617.70
Net cash flow from operating activities	108,995,230.11	44,034,013.77	147.53	8,714,863.42
Total share capital as at the end of the period	913,838,529.00	913,838,529.00		913,838,529.00
Basic earnings per share (RMB/share)	0.1574	0.1677	-6.14	0.2356
Diluted earnings per share (RMB/share)	0.1574	0.1677	-6.14	0.2356
Weighted average return on net assets (%)	4.46	4.82	-0.36 percentage points	7.66

3.2 Prepared in Accordance with Hong Kong Financial Reporting Standards

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2015
(Expressed in Renminbi)

		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	4	3,570,627	3,450,690
Cost of sales		<u>(3,100,955)</u>	<u>(2,980,123)</u>
Gross profit		469,672	470,567
Other income and net gains/(losses)	5	25,904	46,424
Distribution costs		(50,563)	(47,798)
Administrative expenses		<u>(437,714)</u>	<u>(418,061)</u>
Operating profit		7,299	51,132
Finance income/(costs), net	6	30,271	32,182
Share of profits of associates		<u>185,177</u>	<u>137,497</u>
Profit before taxation	7	222,747	220,811
Income tax expense	8	<u>(33,628)</u>	<u>(24,385)</u>
Profit and total comprehensive income for the year		<u>189,119</u>	<u>196,426</u>
Attributable to:			
Equity shareholders of the Company		143,837	153,230
Non-controlling interests		<u>45,282</u>	<u>43,196</u>
		<u>189,119</u>	<u>196,426</u>
Earnings per share (<i>RMB cents</i>)			
– Basic and diluted	9	<u>15.74</u>	<u>16.77</u>

Consolidated statement of financial position at 31 December 2015
(Expressed in Renminbi)

		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Land use rights		70,786	72,416
Property, plant and equipment		1,006,957	906,954
Investment properties		14,760	16,176
Associates		447,694	501,710
Available-for-sale equity securities		3,650	3,650
Capitalised development costs		23,275	17,593
Deferred tax assets		6,801	6,760
		1,573,923	1,525,259
Current assets			
Inventories		295,597	279,439
Trade and bills receivables	11	1,239,576	931,497
Amounts due from customers for contract work		131,333	231,131
Deposits, prepayments and other receivables		232,149	278,816
Other financial assets	12	457,000	550,000
Restricted bank deposits	13	108,420	115,626
Cash and cash equivalents		853,802	712,357
		3,317,877	3,098,866
Total assets		4,891,800	4,624,125

	<i>Note</i>	2015 RMB'000	2014 <i>RMB'000</i>
EQUITY			
Capital and reserves attributable to equity shareholders of the Company			
Share capital		913,839	913,839
Share premium and reserves		2,349,441	2,265,114
		3,263,280	3,178,953
Non-controlling interests		196,614	204,508
Total equity		3,459,894	3,383,461
LIABILITIES			
Non-current liabilities			
Other payables		26,276	17,251
Deferred tax liabilities		226	155
		26,502	17,406
Current liabilities			
Bank and other borrowings	14	93,284	113,633
Trade payables	15	910,699	772,053
Accruals and other payables		392,132	322,686
Tax payable		9,289	14,886
		1,405,404	1,223,258
Total liabilities		1,431,906	1,240,664
Total equity and liabilities		4,891,800	4,624,125
Net current assets		1,912,473	1,875,608
Total assets less current liabilities		3,486,396	3,400,867

Notes

1 General information

Nanjing Panda Electronics Company Limited (the “**Company**”) was established as a joint stock company with limited liability in the People’s Republic of China (the “**PRC**”) on 29 April 1992. The Company’s H shares have been listed on The Stock Exchange of Hong Kong Limited (“**SEHK**”) since 2 May 1996 and its A shares have been listed on the Shanghai Stock Exchange since 18 November 1996. The registered office of the Company is located at Level 1–2, Block 5, North Wing, Nanjing High and New Technology Development Zone, Nanjing, Jiangsu Province, the PRC. On 25 March 2015, the principal place of business of the Company was changed from 301 Zhongshan Road East, Nanjing, Jiangsu Province, the PRC to 7 Jingtian Road, Nanjing, Jiangsu Province, the PRC.

The principal activities of the Company and its subsidiaries (together the “**Group**”) are the development, manufacture and sale of electronic equipment products, consumer electronic products and electronic manufacturing products.

The directors consider the immediate parent and ultimate holding company of the Company to be Panda Electronics Group Limited (“**PEGL**”) and China Electronic Corporation (“**CEC**”), respectively. Both PEGL and CEC are PRC state-owned enterprises.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”), Interpretations and Accounting Guidelines issued by the Hong Kong Institute of Certified Public Accountants. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except that other financial assets are carried at their fair values and certain items of property, plant and equipment are stated at 1995 valuation less accumulated depreciation and impairment losses.

In November 2014, the Company completed the acquisition of an additional 5.07% equity interest in Shenzhen Jinghua Electronics Co., Ltd. (“**Shenzhen Jinghua**”) from the ultimate holding company, PEGL, at a total cash consideration of RMB50,366,000 and, as a result, the Company’s equity interest in Shenzhen Jinghua has increased from 38.03% to 43.10% and the Company is able to control a majority of the board of directors of Shenzhen Jinghua. Shenzhen Jinghua, previously an associate of the Company, has become a subsidiary. This transaction was regarded as a business combination under common control as the Company and Shenzhen Jinghua are controlled by PEGL both before and after the aforesaid acquisition, and has been accounted for in accordance with the Accounting Guideline 5 “Merger accounting for common control combinations” issued by the HKICPA. Accordingly, the acquired assets and liabilities are stated as the predecessor’s values, and were included in the consolidated financial statements from the beginning of the earliest period presented as if Shenzhen Jinghua had always been part of the Group.

3 Application of new and revised HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s consolidated financial statements:

- Annual improvements to HKFRSs 2010-2012 cycle
- Annual improvements to HKFRSs 2011-2013 cycle

The adoption of these amendments has had no effect on the Group’s consolidated financial statements.

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

**Effective for
accounting periods
beginning on or after**

Annual improvements to HKFRSs 2012–2014 cycle	1 January 2016
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 1, Disclosure initiative	1 January 2016
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 15, Revenue from contracts with customers	1 January 2017
HKFRS 9, Financial instruments	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application, but is not yet in a position to state whether they would have a significant impact on the Group's consolidated financial statements.

4 Revenue and segmental information

The Group determines its operating segments based on the internal financial information reviewed by the board of directors of the Company that are used to make strategic decisions. For the year ended 31 December 2015, the Group has the following reportable segments:

(i)	Electronic equipment products:	Development, production and sale of electronic equipment products
(ii)	Consumer electronic products:	Development, production and sale of consumer electronic products
(iii)	Electronic manufacturing products:	Development, production and sale of electronic manufacturing products

The segmental information was prepared in accordance with the method adopted by the senior executive management of the Group in evaluating segment performance and allocation of resources between segments. The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all non-current and current assets with the exception of interests in associates, available-for-sale equity securities, other financial assets and other corporate assets. Segment liabilities include all non-current and current liabilities with the exception of other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The following tables set out information on the Group's revenue, results and certain assets, liabilities and expenditure by reportable segments for the years ended 31 December 2015 and 2014:

Year ended 31 December 2015

	Electronic equipment products RMB'000	Consumer electronic products RMB'000	Electronic manufacturing products RMB'000	Other operations RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue						
External sales	1,762,076	735,371	895,380	177,800	-	3,570,627
Internal sales	88,369	472,887	13,035	64,536	(638,827)	-
Total	1,850,445	1,208,258	908,415	242,336	(638,827)	3,570,627
Results						
Segment results	79,165	14,555	41,441	55,246	(71,750)	118,657
Unallocated corporate expenses						(111,358)
Interest income						35,014
Interest expense						(4,743)
Share of profits of associates						185,177
Income tax expense						(33,628)
Profit for the year						189,119

At 31 December 2015

	Electronic equipment products <i>RMB'000</i>	Consumer electronic products <i>RMB'000</i>	Electronic manufacturing products <i>RMB'000</i>	Other operations <i>RMB'000</i>	Elimination <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Assets						
Segment assets	2,623,852	357,535	711,190	491,109	(721,868)	3,461,818
Associates						447,694
Available-for-sale equity securities						3,650
Other financial assets						457,000
Unallocated corporate assets						521,638
						<u>4,891,800</u>
Consolidated total assets						<u>4,891,800</u>

Liabilities						
Segment liabilities	1,175,735	163,654	300,019	189,698	(451,000)	1,378,106
Unallocated corporate liabilities						53,800
						<u>1,431,906</u>
Consolidated total liabilities						<u>1,431,906</u>

	Electronic equipment products <i>RMB'000</i>	Consumer electronic products <i>RMB'000</i>	Electronic manufacturing products <i>RMB'000</i>	Other operations <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Other information						
Capital expenditure	159,260	1,721	20,004	2,584	13,343	196,912
Depreciation and amortisation	21,340	6,787	26,737	7,587	18,762	81,213
Write-down of inventories	7,862	350	9,617	–	–	17,829
Loss/(gain) on disposals of property, plant and equipment	662	23	85	4	(508)	266
Impairment loss recognised/ (reversed) on trade receivables	2,992	2,416	11	1,199	(50)	6,568
Impairment loss recognised on property, plant and equipment	<u>44</u>	<u>–</u>	<u>–</u>	<u>25</u>	<u>–</u>	<u>69</u>

Year ended 31 December 2014

	Electronic equipment products <i>RMB'000</i>	Consumer electronic products <i>RMB'000</i>	Electronic manufacturing products <i>RMB'000</i>	Other operations <i>RMB'000</i>	Elimination <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Revenue						
External sales	1,530,780	800,701	958,801	160,408	–	3,450,690
Internal sales	<u>128,417</u>	<u>57,240</u>	<u>14,022</u>	<u>62,843</u>	<u>(262,522)</u>	<u>–</u>
Total	<u><u>1,659,197</u></u>	<u><u>857,941</u></u>	<u><u>972,823</u></u>	<u><u>223,251</u></u>	<u><u>(262,522)</u></u>	<u><u>3,450,690</u></u>
Results						
Segment results	<u><u>96,354</u></u>	<u><u>14,509</u></u>	<u><u>36,944</u></u>	<u><u>55,785</u></u>	<u><u>(46,691)</u></u>	156,901
Unallocated corporate expenses						(105,769)
Interest income						39,728
Interest expense						(7,546)
Share of profits of associates						137,497
Income tax expense						<u>(24,385)</u>
Profit for the year						<u><u>196,426</u></u>

At 31 December 2014

	Electronic equipment products <i>RMB'000</i>	Consumer electronic products <i>RMB'000</i>	Electronic manufacturing products <i>RMB'000</i>	Other operations <i>RMB'000</i>	Elimination <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Assets						
Segment assets	2,179,124	351,166	748,238	489,669	(740,039)	3,028,158
Associates						501,710
Available-for-sale equity securities						3,650
Other financial assets						550,000
Unallocated corporate assets						<u>540,607</u>
Consolidated total assets						<u><u>4,624,125</u></u>
Liabilities						
Segment liabilities	846,673	201,994	340,259	195,148	(394,804)	1,189,270
Unallocated corporate liabilities						<u>51,394</u>
Consolidated total liabilities						<u><u>1,240,664</u></u>

	Electronic equipment products <i>RMB'000</i>	Consumer electronic products <i>RMB'000</i>	Electronic manufacturing products <i>RMB'000</i>	Other operations <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Consolidated <i>RMB'000</i>
Other information						
Capital expenditure	146,500	1,426	13,126	6,077	4,960	172,089
Depreciation and amortisation	5,023	6,981	27,118	8,160	17,613	64,895
Write-down of inventories	3,911	57	11,568	2,777	–	18,313
Loss/(gain) on disposals of property, plant and equipment	31	(69)	46	171	10	189
Impairment loss recognised/ (reversed) on trade receivables	<u>5,226</u>	<u>6,605</u>	<u>(5)</u>	<u>(64)</u>	<u>–</u>	<u>11,762</u>

(a) Geographical information

As over 90% of the Group's revenue, expenses, assets and liabilities are attributable to the Group's operations in the PRC, no geographical information is presented.

(b) Major customers

During the year ended 31 December 2015, there were two customers in the electronic equipment products segment that accounted for over 10% of the Group's revenue. Sales to these customers amounted to RMB906,246,000.

During the year ended 31 December 2014, there was one customer in the consumer electronic products segment that accounted for over 10% of the Group's revenue. Sales to this customer amounted to RMB407,464,000.

5 Other income and net gains/(losses)

	2015 RMB'000	2014 RMB'000
Other income		
Rental income	5,758	4,364
Property management fee income	2,023	3,551
Government grants [#]	9,859	34,011
Sundry income	3,448	13,422
	21,088	55,348
Other net gains/(losses)		
Loss on disposals of property, plant and equipment	(266)	(162)
Loss on deregistration of a subsidiary	–	(840)
Exchange gains/(losses)	5,082	(7,922)
	4,816	(8,924)
	25,904	46,424

[#] Government grants include mainly funds and subsidies from local government authorities for the development of the Group and the research and development activities undertaken by the Group.

6 Finance income/(costs) – net

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Finance income		
– Interest income on short-term deposits	13,235	15,067
– Interest income on other financial assets	21,779	24,661
	35,014	39,728
Finance costs		
– Bank and other borrowings	(3,951)	(6,745)
– Others	(792)	(801)
	(4,743)	(7,546)
Finance income/(costs) – net	30,271	32,182

7 Profit before taxation

Profit before taxation is arrived at after charging:

	2015 RMB'000	2014 <i>RMB'000</i>
Cost of inventories recognised as an expense	2,556,617	2,069,077
Amortisation of		
– Land use rights	1,630	1,630
– Capitalised development costs	2,116	–
Depreciation of		
– Property, plant and equipment	76,051	61,819
– Investment properties	1,416	1,446
Loss on disposals of property, plant and equipment ^{##}	266	189
Impairment loss recognised on		
– Trade receivables	6,568	11,762
– Other receivables	668	1,830
– Amounts due from fellow subsidiaries and associates	1,291	1,046
– Property, plant and equipment	69	–
Write-down of inventories	17,829	18,313
Research and development expenses [#]	183,182	178,492
Staff costs (including directors' and supervisors' emoluments)		
– Salaries and other allowances	456,248	444,084
– Retirement benefit scheme contributions	55,072	56,441
Auditors' remuneration	1,900	1,700
Operating lease rentals in respect of		
– Land and buildings	7,089	8,286
– Plant and equipment	3,535	1,002
– Motor vehicles	1,390	1,443

[#] Research and development expenses include RMB80,220,000 (2014: RMB57,938,000) relating to staff costs which is also included in the respective amount disclosed separately above.

^{##} Loss on disposals of property, plant and equipment of RMB266,000 (2014: RMB162,000) and RMBNil (2014: RMB27,000) was included in other net gains/(losses) and cost of sales respectively, in the Consolidated Statement of profit or loss and other comprehensive income.

8 Income tax expense

- (a) Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current tax		
– PRC enterprise income tax	32,818	29,561
– Under-provision in prior year	780	45
	<u>33,598</u>	<u>29,606</u>
Deferred tax		
– attributable to the origination and reversal of temporary differences	30	(5,221)
	<u>33,628</u>	<u>24,385</u>

- (b) The income tax expense for the year can be reconciled to the accounting profit as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit before taxation	<u>222,747</u>	<u>220,811</u>
Tax calculated at the statutory PRC tax rate of 25% (2014: 25%)	55,687	55,203
Exemption/reduction of income tax under preferential tax treatment	(27,723)	(16,366)
Tax effect of:		
Share of results of associates	(27,791)	(20,631)
Expenses not deductible for tax purposes	1,398	1,649
Tax concessions	(6,554)	(4,299)
Unrecognised tax losses and other deferred tax assets	37,884	10,916
Utilisation of previously unrecognised tax losses and other deferred tax assets	(53)	(2,132)
Under-provision in prior year	780	45
Income tax expense for the year	<u>33,628</u>	<u>24,385</u>

9 Earnings per share

The calculation of the basic earnings per share is based on profit attributable to equity shareholders of the Company of RMB143,837,000 (2014: RMB153,230,000) and the weighted average number of 913,839,000 shares in issue throughout the years ended 31 December 2015 and 2014.

The diluted earnings per share for the years ended 31 December 2015 and 2014 are the same as the basic earnings per share as there were no potential dilutive shares outstanding during both years.

10 Dividends

- (a) Dividends payable to equity shareholders of the Company attributable to the year:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of RMB68 cents per ten shares (2014: RMB66 cents per ten shares)	<u><u>62,141</u></u>	<u><u>60,313</u></u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period. This proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting on a date to be fixed.

- (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Final dividend in respect of the financial year ended 31 December 2014, approved and paid during the year, of RMB66 cents per ten shares (2013: RMB66 cents per ten shares)	<u><u>60,313</u></u>	<u><u>60,313</u></u>

11 Trade and bills receivables

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	613,871	507,144
Less: Provision for impairment	<u>(26,418)</u>	<u>(19,901)</u>
	587,453	487,243
Bills receivable	200,005	195,887
Due from intermediate holding company	9	–
Due from immediate holding company	2,539	314
Due from fellow subsidiaries	439,993	237,131
Due from subsidiaries	–	–
Due from associates	<u>9,577</u>	<u>10,922</u>
Total trade and bills receivables	<u><u>1,239,576</u></u>	<u><u>931,497</u></u>

- (a) The Group allows a credit period ranging from 30 to 180 days to its trade customers.
- (b) The following is the aging analysis of trade and bills receivables, net of provision for impairment:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 1 year	1,087,460	816,832
1 to 2 years	102,514	82,576
2 to 3 years	39,030	27,300
Over 3 years	<u>10,572</u>	<u>4,789</u>
	<u><u>1,239,576</u></u>	<u><u>931,497</u></u>

12 Other financial assets

At 31 December 2015, other financial assets of the Group of RMB457,000,000 (2014: RMB550,000,000) represented short-term wealth management products managed by banks in the PRC which undertake return of principal and income yield of 3.50%-3.95% (2014: 2.86%-5.60%) per annum upon maturity.

13 Restricted bank deposits

The restricted bank deposits are pledged as security for:

	2015 RMB'000	2014 <i>RMB'000</i>
Bills payable	60,021	81,981
Performance bonds given by banks to customers in respect of projects undertaken	48,399	33,645
	108,420	115,626

14 Bank and other borrowings

	2015 RMB'000	2014 <i>RMB'000</i>
Short term bank loans	–	30,000
Bills payable, secured	93,284	83,633
	93,284	113,633

At 31 December 2015 and 2014, all of the bills payable were secured by restricted bank deposits (see Note 13).

15 Trade payables

	2015 RMB'000	2014 <i>RMB'000</i>
Trade payables	865,762	707,543
Due to immediate holding company	3,754	3,241
Due to fellow subsidiaries	41,155	61,012
Due to subsidiaries	–	–
Due to associates	28	257
Total trade payables	910,699	772,053

The following is an ageing analysis of trade payables:

	2015 RMB'000	2014 RMB'000
Within 1 year	796,015	697,256
1 to 2 years	67,748	33,570
2 to 3 years	12,761	9,980
Over 3 years	34,175	31,247
	910,699	772,053

The average credit period on purchase of goods is 30 to 90 days. The Group has financial risk management policies in place to ensure that payables are settled within the credit timeframe.

16 Contingent liabilities

	2015 RMB'000	2014 RMB'000
Performance bonds given by banks to customers in respect of projects undertaken	48,399	33,645

17 Commitments

Capital commitments

At 31 December 2015, outstanding capital commitments not provided for in the consolidated financial statements are as follows:

	2015 RMB'000	2014 RMB'000
Contracted for – Property, plant and equipment	3,956	79,465

IV. MAIN FINANCIAL INDICATORS BY QUARTER IN 2015

Unit: Yuan Currency: RMB

	First quarter (Jan.-Mar.)	Second quarter (Apr.-Jun.)	Third quarter (Jul.-Sep.)	Fourth quarter (Oct.-Dec.)
Operating revenue	876,132,360.65	771,602,408.69	854,006,552.07	1,111,741,614.09
Net profit attributable to shareholders of the Company	31,714,371.34	55,911,517.46	25,277,728.89	30,933,045.70
Net profit attributable to shareholders of the Company after extraordinary items	26,261,042.32	50,905,664.24	18,538,928.93	13,417,793.88
Net cash flow from operating activities	-113,121,176.77	80,280,910.31	-37,668,780.08	179,504,276.65

V. PARTICULARS OF SHARE CAPITAL AND SHAREHOLDERS

5.1 Number of Holders of Ordinary Shares and Shareholding of Top 10 shareholders

Unit: share

Total number of holders of ordinary shares at the end of the reporting period	31,044
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Total number of holders of ordinary shares as at the end of the month immediately before the publication date of the annual report	40,390
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Unit: share

Name of Shareholder (full name)	Shareholding of Top 10 shareholders				Pledged or frozen Shares		
	Increase/ decrease during the year ended 31 December 2015 (the “Reporting Period”)	Number of shares held at the end of the reporting period	Percentage (%)	Number of shares held subject to trading moratorium	Status of shares	Number of shares	Type of shareholders
Hong Kong Securities Clearing Company Nominees Limited	311,970	241,419,569	26.42	0	Unknown		Overseas legal person
Panda Electronics Group Co., Ltd (“PEGL”)	-124,053,556	210,661,444	23.05	0	Pledged	93,880,000	State-owned legal person
China Huarong Assets Management Co., Ltd (“China Huarong”)	82,811,667	82,811,667	9.06	0	Unknown		State-owned legal person
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	6,889,825	46,105,511	5.05	39,215,686	Unknown		State-owned legal person

Unit: share

Name of Shareholder (full name)	Shareholding of Top 10 shareholders			Pledged or frozen Shares			
	Increase/decrease during the year ended 31 December 2015 (the "Reporting Period")	Number of shares held at the end of the reporting period	Percentage (%)	Number of shares held subject to trading moratorium	Status of shares	Number of shares	Type of shareholders
China Great Wall Asset Management Corporation ("China Great Wall")	14,172,397	14,172,397	1.55	0	Unknown		State-owned legal person
National Social Security Fund 114 Portfolio (全國社保基金一一四組合)	2,541,419	7,450,546	0.82	0	Unknown		Others
China Life Insurance Company Limited-dividend-personal dividend-005L-FH002 Shanghai	5,490,013	6,639,933	0.73	0	Unknown		Others
Li Na	3,254,200	5,788,713	0.63	0	Unknown		Domestic natural person
South Industry Assets Management Co., Ltd. (南方工業資產管理有限責任公司)	-10,000,000	5,000,000	0.55	0	Unknown		State-owned legal person
Zhang Qunying	3,134,788	3,134,788	0.34	0	Unknown		Domestic natural person
Details for the connected relationship or party acting in concert among the aforesaid shareholders	NEIIC holds 100% equity interests of PEG, the controlling shareholder of the Company. NEIIC directly holds 42,109,511 A shares and 3,996,000 H shares of the Company, representing 5.05% of the total number of shares. NEIIC indirectly holds 210,661,444 A shares of the Company through PEG, representing 23.05% of the total number of shares. In total, NEIIC holds 28.10% equity interests of the Company. Save as the above, the Company is not aware of any connected relationship or party acting in concert among the aforesaid shareholders.						

Note:

- From 5 June 2015 to 16 June 2015, PEG reduced its shareholdings in the Company by 27,069,492 shares (representing 2.96% of the total share capital of the Company) via the Shanghai Stock Exchange trading system. Before the reduction, PEG held 334,715,000 shares of the Company, representing 36.63% of the total share capital of the Company; after the reduction, PEG holds 307,645,508 shares of the Company, representing 33.67% of the total share capital of the Company.
- As approved by relevant authorities, PEG transferred 82,811,667 A shares and 14,172,397 A shares (totaling 96,984,064 A shares) of the Company that it held to China Huarong and China Great Wall by agreement, respectively. Upon completion of the share transfers, the Company's total share capital remained unchanged. In particular, PEG held 210,661,444 shares, representing 23.05% of the total share capital; China Huarong held 82,811,667 shares, representing 9.06% of the total share capital; China Great Wall held 14,172,397 shares, representing 1.55% of the total share capital.

- (3) From 17 July 2015 to 31 December 2015, NEIIC acquired 2,893,825 A shares of the Company, representing 0.32% of the total share capital of the Company, and 3,996,000 H shares of the Company, representing 0.44% of the total share capital of the Company, from the secondary market through targeted asset management plans. Before the acquisitions, NEIIC held 39,215,686 A shares of the Company, representing 4.29% of the total share capital of the Company; after the acquisitions, NEIIC hold 42,109,511 A shares of the Company, representing 4.61% of the total share capital of the Company, and 3,996,000 H shares of the Company, representing 0.44% of the total share capital of the Company. The aggregate shareholding of NEIIC in the Company is 5.05%.

5.2 Diagram of the shareholding and controlling relationship between the Company and the controlling shareholder

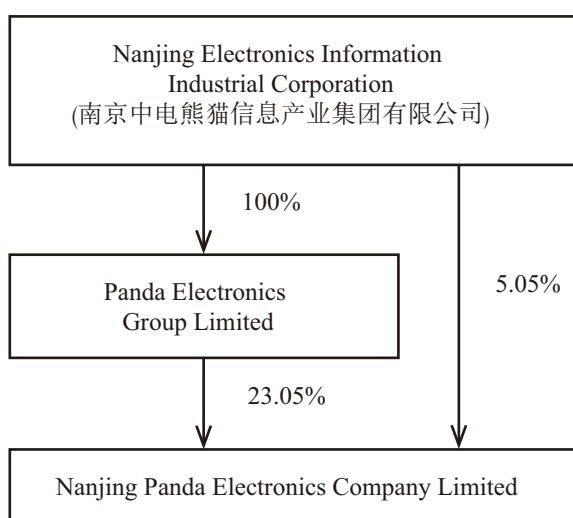
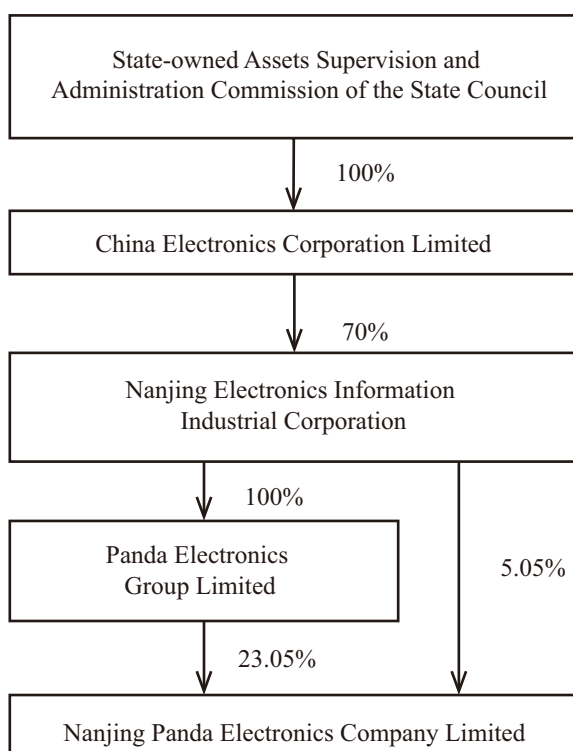


Diagram of shareholding and controlling relationship between the Company and its ultimate controller



VI. MANAGEMENT DISCUSSION AND ANALYSIS

In 2015, with a focus on major construction works and key projects, the Company further optimized its corporate structure and product mix to integrate its electronic equipment business, to better supply automation equipment for panel display and relevant projects, and to deliver rail transit equipment as required, leading to an increase of 15.18% in sales of electronic equipment products as compared with that in 2014. As the Company took the initiative to reduce the orders of consumer electronics with low profit margins, sales of consumer electronics declined to some extent. In 2015, sales of electronic equipment products accounted for 49.21% of the principal operating revenue, an increase of 4.62% as compared with that in 2014.

In recent years, with the increasing technical labor costs and declining prices of major projects, major construction works and processing services, gross margin for part of the business of the Company has decreased. The Company adjusted its product mix to increase the proportion of the revenue from electronic equipment products with relatively high gross margin in the Company's principal operating revenue, resulting in increased consolidated gross margin as compared with that in 2014.

The Company adopted a number of measures for business improvement: to explore new business such as the supply of the automatic transmission equipment for glass substrate production lines based on China's electronics industry chain; to follow up key projects and step up efforts in market expansion for rail and electronics manufacturing services; to improve production processes and use modified materials so as to improve gross profit contribution of products; to control expenses and increase operating profit; to better regulate and serve joint ventures in order to increase investment returns.

6.1 Analysis of changes in related items in the income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Operating income	3,613,482,935.50	3,487,641,068.94	3.61
Operating cost	3,080,701,274.16	2,961,809,427.32	4.01
Selling expenses	52,987,800.34	47,797,930.15	10.86
Administrative expenses	426,406,618.48	400,768,184.73	6.40
Financial expenses	-11,800,026.20	1,161,359.03	N/A
Net cash flows from operating activities	108,995,230.11	44,034,013.77	147.53
Net cash flows from investment activities	162,176,904.97	-589,843,900.99	N/A
Net cash flows from financing activities	-129,858,089.45	-228,097,020.51	N/A
R&D expenses	190,979,892.86	196,084,196.33	-2.60
Non-operating income	14,158,738.96	47,687,662.49	-70.31
Income tax	33,627,824.51	24,384,653.86	37.91

6.1.1 Analysis on revenue and cost

(1) Principle operations by business sector, product and geographical regions

Unit: Yuan Currency: RMB

By sector	Principle operations by business sector					
	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income from the same period last year (%)	Increase/decrease in operating cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Electronic equipment products	1,758,582,561.60	1,513,237,509.32	13.95	15.18	15.54	Decreased by 0.27 percentage points
Electronic manufacturing services	887,041,802.08	771,473,843.48	13.03	-6.17	-6.12	Decreased by 0.05 percentage points
Consumer electronics products	739,042,271.78	660,174,107.32	10.67	-7.71	-7.89	Increased by 0.17 percentage points
Others	189,288,727.61	105,550,302.98	44.24	25.17	39.49	Decreased by 5.73 percentage points

Unit: Yuan Currency: RMB

By product	Operating income	Operating cost	Gross profit margin (%)	Principle operations by product			Increase/decrease in gross profit margin from the same period last year (%)
				Increase/decrease in operating income from the same period last year (%)	Increase/decrease in operating cost from the same period last year (%)		
Railway transit products	320,802,270.74	263,553,587.34	17.85	49.23	48.90		Increased by 0.18 percentage points
System integration and building intellectualization products	444,718,520.03	404,325,086.03	9.08	6.29	6.61		Decreased by 0.27 percentage points
Industrial automation equipment	896,948,640.77	786,382,381.71	12.33	25.09	28.09		Decreased by 2.05 percentage points
Communication system	81,980,969.78	48,040,085.31	41.40	-51.30	-61.70		Increased by 15.91 percentage points
Plastic injection molding	424,565,036.38	388,415,443.51	8.51	-10.35	-4.27		Decreased by 5.81 percentage points
Surface mounting	446,462,406.90	368,649,665.04	17.43	-0.95	-7.34		Increased by 5.70 percentage points
Digital products	720,720,121.30	640,205,957.83	11.17	-9.19	-10.26		Increased by 1.06 percentage points
Rental property	140,773,698.71	67,193,538.78	52.27	25.50	45.18		Decreased by 6.47 percentage points
Others	96,983,698.46	83,669,987.55	13.73	28.65	28.71		Decreased by 0.04 percentage points

Principle operations by geographical regions						
By geographical regions	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income from the same period last year (%)	Increase/decrease in operating cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Nanjing	2,794,527,802.63	2,417,707,735.18	13.48	7.27	7.78	Decreased by 0.41 percentage points
Shenzhen	779,427,560.44	632,728,027.92	18.82	-4.83	-7.05	Increased by 1.93 percentage points

The Company's principal subsidiaries are all in the communication, electronic equipment manufacturing and other related industries. During the Reporting Period, sales revenue of electronic equipment products achieved a year-on-year increase of 15.18% due to growth in LCD production line business. Sales revenue of consumer electronics, however, dropped by 7.71% over the preceding year as a result of fierce market competition and sluggish overseas market. Revenue from electronics manufacturing services also declined by 6.17% over the preceding year due to shrinking injection molding business.

During the Reporting Period, sales revenue of rail transit products as one of the Company's main products achieved a year-on-year increase of 49.23% due to growth in rail transit and intelligent system business. Sales revenue of industrial automation equipment products increased by 25.09% over the preceding year due to the acquisition of LCD projects.

The Company's main operations are primarily located in Nanjing and Shenzhen. During the Reporting Period, sales revenue of the Nanjing segment achieved a year-on-year increase of 7.27% due to growth in rail transit and intelligence system business as well as LCD production line business. Sales revenue of the Shenzhen segment, however, decreased by 4.83% over the preceding year due to fierce competition in the tablet market and the stagnant overseas market.

(2) *Sales from major customers and suppliers*

During the reporting period, sales from the top five customers amounted to RMB1,352,003,200, representing 37.83% of the total sales in 2015, and 14.84% of the total sales was attributable to the sales to the largest customer for the year.

During the reporting period, the aggregate amount of purchase from the top five suppliers of the Company amounted to RMB379,839,700, accounting for 16.59% of the total amount of purchase made by the Company in 2015. The purchase amount from the largest supplier accounted for 5.70% of the total amount of purchase of the Company for the year.

6.2 Analysis of assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Notes
Accounts receivable	1,043,468,726.23	21.33	735,609,844.69	15.91	41.85	Mainly due to increase of accounts receivable in the credit term as a result of revenue recognition
Interest receivable	994,401.51	0.02	47,886.55		1,976.58	Mainly due to the increase of deposit interest recognized on a accrual basis in the period
Fixed assets	988,924,408.37	20.22	630,073,976.79	13.63	56.95	Mainly due to the construction work for electronic equipment park phase I completed as planned, transferred into fixed asset

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Notes
Construction in progress	4,643,526.54	0.09	269,882,125.43	5.84	-98.28	Mainly due to the construction work for electronic equipment park phase I completed as planned, transferred into fixed asset
Development expenditure			17,592,455.22	0.38	-100.00	Mainly due to the intangible assets from capitalization of development expenditure in the period
Long-term deferred expense	8,306,199.54	0.17	2,673,980.57	0.06	210.63	Mainly due to the increase of long-term decoration and afforestation fee
Short-term borrowings			30,000,000.00	0.65	-100.00	Mainly due to the repayment of short term bank borrowings in the period
Tax payable	27,980,335.62	0.57	20,861,633.84	0.45	34.12	Mainly due to the increase in taxable value-added tax in the period
Other current liabilities	40,756,600.00	0.83	5,468,600.00	0.12	645.28	Mainly due to the increase of government subsidy unrecognized according to standards at the end of the period

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets	Change in the amount at the end of the period as compared to the amount at the end of the previous period	Notes
		(%)		(%)	(%)	
Long-term salaries payable	26,276,064.59	0.54	17,250,831.64	0.37	52.32	Mainly due to the provision for dismissal welfare as a result of the increase in early retirement
Deferred income tax liabilities	226,137.51		154,681.89		46.20	Mainly due to the increase of taxable tentative difference recognized in the period

6.3 Analysis of major invested companies

(1) Nanjing Ericsson Panda Communication Co., Ltd. (“ENC”)

ENC was set up on 15 September 1992 with a total investment of US\$40.88 million and a registered capital of US\$20.9 million. ENC is held as to 27% by the Company, 51% by Ericsson (China) Company Limited, 20% by China Potevio Co., Ltd., and 2% by Yung Shing Enterprise, Hong Kong. ENC mainly engages in R&D and production of mobile telecommunication system equipment and network communication system equipment, etc. At present, ENC is the largest manufacturing and supply centre of Ericsson in the world, mainly engages in industrialization and mass production of products developed by Ericsson, and deliver goods to customers around the world.

Operating revenue of ENC for 2015 amounted to RMB12,708,102,000 representing a year-on-year decrease of 6.36%; net profit amounted to RMB306,513,000, representing a year-on-year increase of RMB282,478,000. Reason(s) for changes in the main indicators: gross profit and net profit from products increased significantly since 2015 due to adjustment of the Company’s business operation model.

(2) *Beijing SE Putian Mobile Communications Co., Ltd. (“BMC”)*

BMC was set up on 8 August 1995 with a total investment of US\$90 million and a registered capital of US\$30 million. BMC is held as to 20% by the Company, 27% by China Potevio Co., Ltd., 26% by Sony Mobile Communications (China) Limited (索尼移動通信產品（中國）有限公司), 25% by Sony Mobile Communications Limited (索尼移動通信有限公司) and 2% by Yung Shing Enterprise, Hong Kong. BMC mainly engages in the manufacture of Sony mobile terminals (mobile phones) and is the principal production base and supply centre of Sony mobile phones.

Operating revenue of BMC in 2015 amounted to RMB22,865,917,000, representing a year-on-year decrease of 24.39%; net profit was RMB510,100,000, representing a year-on-year decrease of 22.80%. Reason(s) for changes in the main indicators: the Company’s revenue from products and net profit decreased over the preceding year due to intensifying competition in the smart phone market.

(3) *Investment income from major invested companies*

During the reporting period, the Company’s investment income amounted to RMB185,180,000. The investment income of main invested companies are as follows:

Unit: RMB0’000 Currency: RMB

Invested companies	Operating income	Net profit	Shareholding of the Company	Investment income received by the Company
ENC	1,270,810.20	30,651.30	27	8,275.85
BMC	2,286,591.70	51,010	20	10,202.00

Changes in net profit of major subsidiaries are as follows:

Unit: RMB0'000 Currency: RMB

Subsidiary	Net profit		Change (%)
	2015	2014	
Nanjing Panda Electronics Equipment Co., Ltd.	2,410.12	3,557.36	-32.25
Nanjing Panda Information Industry Co., Ltd.	2,332.58	2,703.21	-13.71
Nanjing Panda Electronics Manufacturing Co., Ltd.	3,270.37	3,593.35	-8.99
Nanjing Panda Communications Technology Co., Ltd.	1,386.48	1,284.72	7.92
Nanjing Panda Electronic Technology Development Company Limited	-2,176.35	-33.91	N/A
Shenzhen Jinghua	7,063.80	5,236.50	34.90
Nanjing Panda Xinxing Industrial Co., Ltd.	249.80	151.22	65.19

6.4 Operating Plan

The operating targets of the Company in 2015 were to achieve a revenue of RMB4,000,000,000 and total profit of RMB230,000,000. According to the audited financial report, operating revenue of the Company in 2015 was RMB3,613,482,900 and total profit was RMB222,747,000.

The operation objectives of the Company in 2016 are to achieve an operating revenue of RMB3,800,000,000 and a total profit of RMB220,000,000. In 2016, faced with slowdown in the economy and many uncertainties in the completion of its operation objectives, the Company will uphold the pragmatic work style and seek progress while maintaining stability in an effort to achieve its operation objectives.

6.5 Profit distribution plan for 2015

The 2015 financial report of the Company has been audited by Baker Tilly Hong Kong Limited and Baker Tilly China (Special General Partnership). The Company achieved a net profit of RMB110,298,200 (as parent company) in 2015, surplus reserves of RMB11,029,800 shall be appropriated. Given the distributed profit to shareholders in 2014 of RMB60,313,300 according to the 2014 profit distribution plan, and the undistributed profit at the beginning of the period of RMB235,215,200, hence the actual distributable profit to shareholders this year amounted to RMB274,170,200.

In accordance with the Articles of Association of the Company and Shanghai Stock Exchange, it was proposed to distribute a cash dividend of RMB0.68 (tax inclusive) for every ten shares to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2015, with the total cash dividend to be distributed amounting to RMB62,141,000, and the remaining part to be carried forward to next year. The Company does not transfer capital reserve into share capital. This proposal was considered and approved at the 4th meeting of the eighth session of the Board of the Company. It was agreed to submit to the general meeting for consideration.

6.6 Other Disclosures

(1) In accordance with the HKFRSs, the gearing ratio of the Company (the ratio between total liabilities and total assets), current liabilities, liquidity ratio and quick ratio were 29%, RMB1,405,400,000, 236% and 215% respectively as at 31 December 2015 as shown in the consolidated financial statements of the Company.

Cash: bank balances and cash amounted to RMB962,220,000 as at 31 December 2015 as shown in the consolidated financial statements of the Company.

Loans: short-term bank loans and other loans amounted to RMB93,280,000 as at 31 December 2015 as shown in the consolidated financial statements of the Company.

During the reporting period, the 1-year renminbi benchmark interest rate with financial institutions was 5.60% (from the beginning of the period to 28 February 2015), 5.35% (from 1 March 2015 to 10 May 2015), 5.10% (from 11 May 2015 to 27 June 2015), 4.85% (from 28 June 2015 to 25 August 2015), 4.60% (from 26 August 2015 to 23 October 2015) and 4.35% (from 24 October 2015 to 31 December 2015).

(2) Connected transactions relating to creditor's rights and debts

Unit: Yuan Currency: RMB

Connected parties	Connected relationship	provision of funds to connected parties			Provision of funds to the Company by connected parties		
		Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
Shenzhen Jingyin Electronics Co., Ltd	Associate of the subsidiary	177,537.52	-177,537.52				
China Electronics Corporation	Ultimate holding company				34,000,000.00		34,000,000.00
Panda Electronics Group Limited	Group Company				10,437,293.38	-647,374.43	9,789,918.95
Nanjing Thales Panda Transportation System Company Limited	Associate of the subsidiary				860,265.92		860,265.92
Nanjing Zhongdian Panda Property Management Co., Ltd. (南京中電熊貓物業管理有限公司)	Ultimately controlled by the same party				521,396.27		521,396.27
Nanjing Electronics (Kunshan) Co., Ltd	Associate of the subsidiary				300,000.00		300,000.00
Nanjing Panda Electronics Transportation Company	Subsidiary of the Group				28,458.94	102,036.53	130,495.47
Nanjing Electronics Information Industrial Corporation	Ultimately controlled by the same party				44,600.00	30,000.00	74,600.00
Panda (Beijing) International Information Technology Co., Ltd	Subsidiary of the Group				45,588.91		45,588.91
Nanjing Panda Science Park Development Co., Ltd. (南京熊貓科技園開發有限公司)	Subsidiary of the Group					20,000.00	20,000.00
China National Electronics Import/Export Corporation	Ultimately controlled by the same party				10,000.00		10,000.00
Nanjing Panda DaSheng Electronics Technology Co.,Ltd	Subsidiary of the Group				200.00		200.00
Shenzhen Jingfa plastic packaging products Co., Ltd.	Associate of the subsidiary				228,000.00	-228,000.00	
Shanghai Panda Hunning Electronic Technology Co., Ltd.	Ultimately controlled by the same party				108,848.00	-108,848.00	
Total		<u>177,537.52</u>	<u>-177,537.52</u>	<u></u>	<u>46,584,651.42</u>	<u>-832,185.90</u>	<u>45,752,465.52</u>

Reason of creditor's rights and debts

Influence of creditor's rights and debts on the Company

The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange in so far as they are applicable in respect of the aforesaid connected transactions and continuing connected transactions.

(3) *Tax Policies*

The Company is registered in the Nanjing New and High-tech Industrial Development Zone, which is approved by the State Council as a national new and high-tech industrial development zone. The Company passed the review of new and high-tech enterprise in October 2014 (certificate no. GR201432002014), which is valid for 3 years. The applicable enterprise income tax rate is 15% under relevant policies and regulations.

(4) *Basic Medical Insurance for Employees*

The Company acted pursuant to the “Provisional Regulations on Basic Medical Insurance for Employees in Nanjing Municipality” and implemented a basic medical insurance scheme for its employees since 1 January 2001. The Company pays the premiums for such basic medical insurance scheme and the premiums are equivalent to 9% of the verified basic payment of all of the existing employees of the Company. Save for the aforesaid premiums, the Company is not responsible for any other medical expenses.

(5) *Relocation Compensation*

Reference is made to the relevant announcements and the Relocation Agreement regarding the relocation of the Company’s plant situated at No. 1–2 Youyihe Road of Qinhuai District, Nanjing, entered into between Guanghua Road Office of People’s Government of Qinhuai District, Nanjing and the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 31 December 2013. Pursuant to relevant valuation, Guanghua Road Office (or other designated unit) of the People’s Government of Qinhuai District, Nanjing shall pay the Company a relocation compensation of RMB31.41 million by installments based on the relocation progress. During the reporting period, the said relocation led to an increase of the non-recurring profit and loss of the Company of RMB568,900. As at 31 December 2015, the said relocation resulted in an aggregate increase of RMB11,997,800 in the non-recurring profit and loss of the Company.

(6) *Code on Corporate Governance and Model Code*

During the reporting period, the Company has adopted and complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

During the reporting period, the Company has adopted and applied the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

Having made specific enquiry to all directors and supervisors of the Company, all directors and supervisors have expressed that they have complied with the Model Code as stipulated by the Hong Kong Stock Exchange and the relevant requirements in the Management Regulations on the Shareholding of Directors, Supervisors and Senior Management and the Relevant Changes (《董事、監事和高級管理人員所持本公司股份及其變動管理規定》) as stipulated by the Shanghai Stock Exchange.

(7) *Audit Committee*

The Company has set up an Audit Committee in compliance with the requirements of Rule 3.21 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The Audit Committee has reviewed the interim financial report for 2015 and the audited financial report for 2015.

(8) *Purchase, sale or redemption of the Company’s listed securities*

As at the end of 31 December 2015, neither the Company nor its subsidiaries purchased, sold or redeemed the Company’s listed securities.

(9) *Audit Opinion*

The 2015 financial report of the Company was audited by Baker Tilly Hong Kong Limited and Baker Tilly China (Special General Partnership) in accordance with Hong Kong Financial Reporting Standards and Accounting Standards for Business Enterprises of China respectively, which issued auditor’s reports with unqualified opinions.

VII. MATTERS RELATING TO THE FINANCIAL REPORT

- 7.1 As compared with the last financial report, there are no changes in accounting policies, accounting estimations and accounting methods during the reporting period. The Company should explain about the situation, reason and its impact.

N/A

- 7.2 For retrospective restatement of major accounting errors during the reporting period, the Company should explain about the situation, rectify the amount, reason and its impact.

N/A

- 7.3 For changes in the consolidation scope of the financial statements as compared to the last financial report, the Company should provide specific explanation.

7.3.1 The Board of the Company's indirect holding subsidiary Shenzhen Jinghua Information Technology Co., Ltd. considered and approved the establishment of the wholly-owned subsidiary CEC JWD Trading (HK) Company Limited in Hong Kong and CEC JWD Trading (HK) Company Limited was officially established on 30 July 2014. In 2015, CEC JWD Trading (HK) Company Limited started business and established a financial account and was therefore consolidated into the Company in 2015.

7.3.2 On 10 June 2015, the Board of the Company considered and approved the establishment of the wholly-owned subsidiary Shanghai Panda Robot Technology Company Limited in Shanghai Zhangjiang High-tech Park with registered capital RMB285,000,000. The company obtained the "Business License" on 26 June 2015. As of 1 December 2015, Shanghai Panda Robot Technology Company Limited has received an investment of RMB1,000,000 from the Company and was consolidated into the Company in 2015.

7.3.3 Shenzhen Jinghua Internet Co., Ltd. and Dongguan Jingbanghua Electronics Co., Ltd., both indirect controlled subsidiaries of the Company, were deregistered on 3 December 2015 and 10 November 2015 respectively and therefore ceased to be consolidated into the Company since the deregistration date.

- 7.4 For the qualified opinions issued by the accounting firm in respect of the annual financial report, the Board and the Supervisory committee shall explain about the relevant matters.

N/A

By order of the Board
Nanjing Panda Electronics Company Limited
Lai Weide
Chairman

Nanjing, the People's Republic of China
21 March 2016

As at the date of this announcement, the Board comprises Executive Directors: Mr. Lai Weide, Mr. Xu Guofei and Mr. Xia Dechuan; Non-executive Directors: Mr. Yu Yanqiu, Mr. Deng Weiming and Mr. Lu Qing; and Independent Non-executive Directors: Ms. Du Jie, Mr. Chu Wai Tsun, Vincent and Mr. Zhang Chun.