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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)

## 2014 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**”). Investors who are interested in obtaining further details should carefully read the full text of the Annual Report which will be published on the website of the Shanghai Stock Exchange.

#### 1.2 Basic Information of the Company

Stock abbreviation	A Share: Nanjing Panda	Stock code	A Share: 600775
	H Share: Nanjing Panda		H Share: 00553

Place of listing	A Share: Shanghai Stock Exchange
	H Share: The Stock Exchange of Hong Kong Limited

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## 2. MAJOR FINANCIAL DATA AND CHANGE OF SHAREHOLDERS

### 2.1 Major financial data (prepared in accordance with the PRC Accounting Standards for Business Enterprises)

Unit: RMB'000

	2013				2012	
	2014	After adjustment(s)	Before adjustment(s)	Increase/decrease of the period compared with the same period last year (%)	After adjustment(s)	Before adjustment(s)
Total Assets	4,624,124.68	4,481,026.63	4,138,059.51	3.19	3,467,854.82	3,116,256.11
Net assets attributable to the shareholders of the Company	3,178,952.96	3,136,035.62	3,122,698.04	1.37	1,697,862.22	1,684,756.01

	2013				2012	
	2014	After adjustment(s)	Before adjustment(s)	Increase/decrease of the end of the period compared with the end of the same period last year (%)	After adjustment(s)	Before adjustment(s)
Net cash flows generated from the operating activities	44,034.01	8,714.86	-86,545.58	405.27	-9,314.72	-82,211.03
Operating income	3,487,641.07	4,136,214.82	2,479,485.13	-15.68	3,731,105.10	2,430,042.28
Net profit attributable to the shareholders of the Company	153,230.14	184,820.91	182,839.21	-17.09	133,548.85	131,554.10
Net profit (after deduction of non-recurring gains and losses) attributable to the shareholders of the Company	99,280.83	48,046.32	48,046.32	106.64	59,446.94	59,446.94
Weighted average return on net assets (%)	4.82	7.66	7.62	down 2.84 percentage points	8.10	8.06
Basic earnings per share (RMB/share)	0.1677	0.2356	0.2331	-28.82	0.2039	0.2008
Diluted earnings per share (RMB/share)	0.1677	0.2356	0.2331	-28.82	0.2039	0.2008

## 2.2 Accounting data and financial indicators highlights (prepared under Hong Kong Financial Reporting Standards)

### Consolidated statement of comprehensive income

for the year ended 31 December 2014

(Expressed in Renminbi)

	<i>Note</i>	<b>2014</b> <i>RMB'000</i>	<b>2013</b> <i>RMB'000</i> (Restated)
<b>Turnover</b>	4	<b>3,450,690</b>	4,096,035
Cost of sales		<u>(2,980,123)</u>	<u>(3,627,212)</u>
<b>Gross profit</b>		<b>470,567</b>	468,823
Other income and net (losses)/gains	5	<b>46,424</b>	148,804
Distribution costs		<b>(47,798)</b>	(53,269)
Administrative expenses		<u><b>(418,061)</b></u>	<u>(431,666)</u>
<b>Operating profit</b>		<b>51,132</b>	132,692
Finance income/(costs), net	6	<b>32,182</b>	(4,577)
Share of profits of associates		<u><b>137,497</b></u>	<u>123,082</u>
<b>Profit before taxation</b>	7	<b>220,811</b>	251,197
Income tax expense	8	<u><b>(24,385)</b></u>	<u>(28,532)</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>196,426</b></u>	<u>222,665</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>153,230</b>	184,821
Non-controlling interests		<u><b>43,196</b></u>	<u>37,844</u>
		<u><b>196,426</b></u>	<u>222,665</u>
<b>Earnings per share (RMB cents)</b>			
— Basic and diluted	9	<u><b>16.77</b></u>	<u>23.56</u>

**Consolidated balance sheet***At 31 December 2014**(Expressed in Renminbi)*

		<b>2014</b>	2013	2012
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<i>RMB'000</i>
			(Restated)	(Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Land use rights		<b>72,416</b>	74,046	83,835
Property, plant and equipment		<b>906,954</b>	815,255	724,179
Investment properties		<b>16,176</b>	17,446	13,284
Associates		<b>501,710</b>	403,513	492,141
Available-for-sale equity securities		<b>3,650</b>	3,650	3,650
Capitalised development costs		<b>17,593</b>	—	—
Deferred tax assets		<b>6,760</b>	1,617	6,351
		<b><u>1,525,259</u></b>	<u>1,315,527</u>	<u>1,323,440</u>
<b>Current assets</b>				
Inventories		<b>279,439</b>	254,170	277,313
Trade and bills receivables	11	<b>931,497</b>	788,298	814,968
Amounts due from customers for contract work		<b>231,131</b>	172,314	86,975
Deposits, prepayments and other receivables		<b>278,816</b>	308,713	138,675
Other financial assets	12	<b>550,000</b>	76,000	—
Restricted bank deposits	13	<b>115,626</b>	70,846	212,759
Cash and cash equivalents		<b>712,357</b>	1,495,159	613,725
		<b><u>3,098,866</u></b>	<u>3,165,500</u>	<u>2,144,415</u>
<b>Total assets</b>		<b><u><u>4,624,125</u></u></b>	<u><u>4,481,027</u></u>	<u><u>3,467,855</u></u>

		2014	2013	2012
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>RMB'000</i> (Restated)
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity shareholders of the Company</b>				
Share capital		<b>913,839</b>	913,839	655,015
Share premium and reserves		<b>2,265,114</b>	2,222,197	1,042,847
		<b>3,178,953</b>	3,136,036	1,697,862
<b>Non-controlling interests</b>		<b>204,508</b>	194,888	195,629
<b>Total equity</b>		<b>3,383,461</b>	3,330,924	1,893,491
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Other payables		<b>17,251</b>	18,435	23,649
Deferred tax liabilities		<b>155</b>	233	312
		<b>17,406</b>	18,668	23,961
<b>Current liabilities</b>				
Bank and other borrowings	14	<b>113,633</b>	160,926	648,335
Trade payables	15	<b>772,053</b>	653,014	590,458
Accruals and other payables		<b>322,686</b>	301,589	298,521
Tax payable		<b>14,886</b>	15,906	13,089
		<b>1,223,258</b>	1,131,435	1,550,403
<b>Total liabilities</b>		<b>1,240,664</b>	1,150,103	1,574,364
<b>Total equity and liabilities</b>		<b>4,624,125</b>	4,481,027	3,467,855
<b>Net current assets</b>		<b>1,875,608</b>	2,034,065	594,012
<b>Total assets less current liabilities</b>		<b>3,400,867</b>	3,349,592	1,917,452

### 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 (“**Hong Kong Stock Exchange**”) 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 East Zhongshan Road, 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 (“**HKICPA**”). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that 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 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. The comparative figures in these consolidated financial statements have been restated as if the business combination had been completed on the earliest date of the period being presented, i.e. 1 January 2012.

The acquisition of Shenzhen Jinghua had resulted in increase in the Group's profit and total comprehensive income for the year ended 31 December 2014 by RMB45,533,000. Details of the adjustments for the common control combination on the Group's results for the year ended 31 December 2013 and the Group's financial position as at 31 December 2013 and 2012 are in the note 16.

### **3 Application of new and revised HKFRSs**

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation 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:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities
- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets
- HK(IFRIC) Interpretation 21, Levies

The adoption of the above amendments and interpretation 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 2014 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

	<b>Effective for accounting periods beginning on or after</b>
Annual improvements to HKFRSs 2010–2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011–2013 cycle	1 July 2014
Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations	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 these amendments and new standards 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 2014, 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 provide an analysis of the Group's revenue, results and certain assets, liabilities and expenditure information by reportable segments for the years ended 31 December 2014 and 2013:

## 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>
<b>Revenue</b>						
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>
<b>Total</b>	<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>
<b>Results</b>						
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>
<b>Assets</b>						
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						540,607
Consolidated total assets						<u>4,624,125</u>
<b>Liabilities</b>						
Segment liabilities	846,673	201,994	340,259	195,148	(394,804)	1,189,270
Unallocated corporate liabilities						51,394
Consolidated total liabilities						<u>1,240,664</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>
<b>Other information</b>						
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>

## Year ended 31 December 2013

	Electronic equipment products <i>RMB'000</i> (Restated)	Consumer electronic products <i>RMB'000</i> (Restated)	Electronic manufacturing products <i>RMB'000</i> (Restated)	Other operations <i>RMB'000</i> (Restated)	Elimination <i>RMB'000</i> (Restated)	Consolidated <i>RMB'000</i> (Restated)
<b>Revenue</b>						
External sales	1,433,402	1,798,702	717,295	146,636	—	4,096,035
Internal sales	168,073	78,406	6,649	51,595	(304,723)	—
<b>Total</b>	<u>1,601,475</u>	<u>1,877,108</u>	<u>723,944</u>	<u>198,231</u>	<u>(304,723)</u>	<u>4,096,035</u>
<b>Results</b>						
Segment results	<u>125,032</u>	<u>(25,368)</u>	<u>29,468</u>	<u>60,618</u>	<u>(30,487)</u>	159,263
Unallocated corporate expenses						(26,571)
Interest income						24,871
Interest expense						(29,448)
Share of profits of associates						123,082
Income tax expense						<u>(28,532)</u>
Profit for the year						<u>222,665</u>

## At 31 December 2013

	Electronic equipment products <i>RMB'000</i> (Restated)	Consumer electronic products <i>RMB'000</i> (Restated)	Electronic manufacturing products <i>RMB'000</i> (Restated)	Other operations <i>RMB'000</i> (Restated)	Elimination <i>RMB'000</i> (Restated)	Consolidated <i>RMB'000</i> (Restated)
<b>Assets</b>						
Segment assets	1,827,423	402,599	626,208	456,090	(718,126)	2,594,194
Associates						403,513
Available-for-sale equity securities						3,650
Other financial assets						76,000
Unallocated corporate assets						<u>1,403,670</u>
Consolidated total assets						<u><u>4,481,027</u></u>
<b>Liabilities</b>						
Segment liabilities	797,670	186,352	258,596	155,714	(351,333)	1,046,999
Unallocated corporate liabilities						<u>103,104</u>
Consolidated total liabilities						<u><u>1,150,103</u></u>

	Electronic equipment products RMB'000 (Restated)	Consumer electronic products RMB'000 (Restated)	Electronic manufacturing products RMB'000 (Restated)	Other operations RMB'000 (Restated)	Unallocated RMB'000 (Restated)	Consolidated RMB'000 (Restated)
<b>Other information</b>						
Capital expenditure	157,404	21,594	5,761	8,337	13,221	206,317
Depreciation and amortisation	5,716	8,842	29,129	9,577	19,810	73,074
Write-down of inventories	1,887	349	5,833	367	—	8,436
Loss/(gain) on disposals of property, plant and equipment	199	572	(309)	3	342	807
Gain on disposals of investment properties	—	—	—	(41)	—	(41)
Impairment loss recognised/(reversed) on trade receivables	<u>1,080</u>	<u>49,937</u>	<u>(549)</u>	<u>(161)</u>	<u>190</u>	<u>50,497</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

There was one (2013 as restated: 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 (2013 as restated: RMB1,160,430,000).

## 5 Other income and net (losses)/gains

	<b>2014</b> <b>RMB'000</b>	2013 <i>RMB'000</i> (Restated)
Other income		
Rental income	<b>4,364</b>	7,141
Property management fee income	<b>3,551</b>	5,310
Compensation income on relocation of factory plants <sup>#</sup>	—	83,753
Government grants <sup>##</sup>	<b>34,011</b>	46,190
Sundry income	<b>13,422</b>	10,226
	<u><b>55,348</b></u>	<u>152,620</u>
Other net (losses)/gains		
Loss on disposals of property, plant and equipment	<b>(162)</b>	(807)
Gain on disposals of investment properties	—	41
Loss on deregistration of a subsidiary	<b>(840)</b>	—
Exchange losses	<b>(7,922)</b>	(3,050)
	<u><b>(8,924)</b></u>	<u>(3,816)</u>
	<u><b>46,424</b></u>	<u>148,804</u>

<sup>#</sup> During the year ended 31 December 2013, compensation income from local government authorities is net of the loss recognised on disposal of land use rights of RMB7,882,000 and property, plant and equipment of RMB32,416,000 incidental to the relocation of the factory plants.

<sup>##</sup> 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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i> (Restated)
Finance income		
— Interest income on short-term deposits	15,067	14,640
— Interest income on other financial assets	<u>24,661</u>	<u>10,231</u>
	<u>39,728</u>	<u>24,871</u>
Finance costs		
— Bank and other borrowings wholly repayable within five years	(6,745)	(28,788)
— Others	<u>(801)</u>	<u>(660)</u>
	<u>(7,546)</u>	<u>(29,448)</u>
Finance income/(costs), net	<u><u>32,182</u></u>	<u><u>(4,577)</u></u>

## 7 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i> (Restated)
Cost of inventories recognised as an expense	2,069,077	2,758,837
Amortisation of land use rights	1,630	1,922
Depreciation of		
— Property, plant and equipment	61,819	69,538
— Investment properties	1,446	1,614
Loss on disposals of property, plant and equipment <sup>##</sup>	189	—
Impairment loss recognised/(reversed) on		
— Trade receivables	11,762	50,497
— Other receivables	1,830	(769)
— Amounts due from fellow subsidiaries and associates	1,046	(758)
Write-down of inventories	18,313	8,436
Research and development expenses <sup>#</sup>	178,492	152,840
Staff costs (including directors' and supervisors' emoluments)		
— Salaries and other allowances	444,084	355,052
— Retirement benefit scheme contributions	56,441	55,396
Auditors' remuneration	1,700	1,935
Operating lease rentals in respect of		
— Land and buildings	8,286	8,587
— Plant and equipment	1,002	1,772
— Motor vehicles	1,443	498
	<u><u>1,443</u></u>	<u><u>498</u></u>

- # Research and development expenses include RMB57,938,000 (2013 as restated: RMB58,569,000) relating to staff costs which is also included in the respective amount disclosed separately above.
- ## Loss on disposals of property, plant and equipment of RMB162,000 (2013 as restated: RMB807,000) and RMB27,000 (2013: RMBnil) was included in other net (losses)/gain and cost of sales, respectively, in the consolidated statement of comprehensive income.

## 8 Income tax expense

- (a) Income tax expense in the consolidated statement of comprehensive income represents:

	<b>2014</b> <b><i>RMB'000</i></b>	2013 <i>RMB'000</i> (Restated)
Current tax		
— PRC enterprise income tax	<b>29,561</b>	30,323
— Under/(over)-provision in prior year	<b>45</b>	(6,446)
	<b>29,606</b>	23,877
Deferred tax		
— attributable to the origination and reversal of temporary differences	<b>(5,221)</b>	4,178
— resulting from a change in tax rate	<b>—</b>	477
	<b>(5,221)</b>	4,655
	<b>24,385</b>	28,532

- (b) The taxation charge for the year can be reconciled to the accounting profit as follows:

	<b>2014</b> <b><i>RMB'000</i></b>	2013 <i>RMB'000</i> (Restated)
Profit before taxation	<b><u>220,811</u></b>	<b><u>251,197</u></b>
Tax calculated at the statutory PRC tax rate of 25% (2013: 25%)	<b>55,203</b>	62,800
Exemption/reduction of income tax under preferential tax treatment	<b>(16,366)</b>	(21,543)
Tax effect of:		
Share of results of associates	<b>(20,631)</b>	(18,427)
Income not subject to tax	—	(59)
Expenses not deductible for tax purposes	<b>1,649</b>	3,046
Tax concessions	<b>(4,299)</b>	(2,265)
Effect of change in tax rate	—	477
Unrecognised tax losses and other deferred tax assets	<b>10,916</b>	11,151
Utilisation of previously unrecognised tax losses and other deferred tax assets	<b>(2,132)</b>	(202)
Under/(over)-provision in prior year	<b><u>45</u></b>	<b><u>(6,446)</u></b>
Tax charge for the year	<b><u>24,385</u></b>	<b><u>28,532</u></b>

## 9 Earnings per share

The calculation of the basic earnings per share is based on profit attributable to equity shareholders of the Company of RMB153,230,000 (2013 as restated: RMB184,821,000) and the weighted average number of 913,839,000 (2013: 784,427,000) shares in issue during the year, calculated as follows:

	<b>2014</b> <b>'000</b>	2013 '000
Issued shares at 1 January	<b>913,839</b>	655,015
Effect of new A shares issued during the year	<u>—</u>	<u>129,412</u>
Weighted average number of shares at 31 December	<u><b>913,839</b></u>	<u>784,427</u>

The diluted earnings per share for the years ended 31 December 2014 and 2013 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 Company attributable to the year:

	<b>2014</b> <b>RMB'000</b>	2013 RMB'000
Final dividend proposed after the balance sheet date of RMB66 cents per ten shares (2013: RMB66 cents per ten shares)	<u><b>60,313</b></u>	<u>60,313</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. 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 Company attributable to the previous financial year, approved and paid during the year:

	<b>2014</b> <b><i>RMB'000</i></b>	2013 <i>RMB'000</i>
Final dividend in respect of the financial year ended 31 December 2013, approved and paid during the year, of RMB66 cents per ten shares (2012: RMB60 cents)	<b><u>60,313</u></b>	<u>39,301</u>

## 11 Trade and bills receivables

	<b>2014</b> <b><i>RMB'000</i></b>	2013 <i>RMB'000</i> (Restated)
Trade receivables	<b>507,144</b>	533,564
Less: Provision for impairment	<b><u>(19,901)</u></b>	<u>(59,969)</u>
	<b>487,243</b>	473,595
Bills receivable	<b>195,887</b>	130,405
Due from intermediate holding company	—	9
Due from immediate holding company	<b>314</b>	21,634
Due from fellow subsidiaries	<b>237,131</b>	158,832
Due from subsidiaries	—	—
Due from associates	<b><u>10,922</u></b>	<u>3,823</u>
Total trade and bills receivables	<b><u>931,497</u></b>	<u>788,298</u>

- (a) The Group allows a credit period ranging from 30 to 180 days to its trade customers.

- (b) The following is the ageing analysis of trade and bills receivables, net of provision for impairment:

	<b>2014</b> <b><i>RMB'000</i></b>	2013 <i>RMB'000</i> (Restated)
Within 1 year	<b>816,832</b>	707,336
1 to 2 years	<b>82,576</b>	64,425
2 to 3 years	<b>27,300</b>	16,236
Over 3 years	<b>4,789</b>	301
	<b><u>931,497</u></b>	<u>788,298</u>

## 12 Other financial assets

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

At 31 December 2013, other financial assets of the Group of RMB76,000,000 (as restated) represented short-term wealth management products managed by banks in the PRC which undertake return of principal and income yield of 3.60%–6.30% per annum upon maturity.

### 13 Restricted bank deposits

The restricted bank deposits are pledged as security for:

	<b>2014</b>	<b>2013</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Bills payable	<b>81,981</b>	28,814
Performance bonds given by banks to customers in respect of projects undertaken	<b>33,645</b>	42,032
	<b><u>115,626</u></b>	<b><u>70,846</u></b>

### 14 Bank and other borrowings

	<b>2014</b>	<b>2013</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Short term bank loans	<b>30,000</b>	94,000
Other short term loans	—	5,000
Bills payable, secured	<b>83,633</b>	61,926
	<b><u>113,633</u></b>	<b><u>160,926</u></b>

At 31 December 2014, the Company's short term bank loans amounting to RMBnil (2013: RMB50,000,000) were secured by corporate guarantees from the immediate holding company.

At 31 December 2014, the Group's and the Company's bills payable were secured by restricted bank deposits (see note 13). At 31 December 2013, the Company's bills payable were also secured by corporate guarantee from an intermediate holding company to the extent of RMB1,333,000.

At 31 December 2013, other short term loans represented the loans borrowed from a fellow subsidiary of the Company, a financial institution in the PRC.



## 15 Trade payables

	<b>2014</b> <b><i>RMB'000</i></b>	2013 <i>RMB'000</i> (Restated)
Trade payables	<b>707,543</b>	610,059
Due to immediate holding company	<b>3,241</b>	3,678
Due to fellow subsidiaries	<b>61,012</b>	37,136
Due to subsidiaries	—	—
Due to associates	<b>257</b>	95
Due to related companies	—	2,046
	<hr/>	<hr/>
Total trade payables	<b><u>772,053</u></b>	<b><u>653,014</u></b>

The following is an ageing analysis of trade payables:

	<b>2014</b> <b><i>RMB'000</i></b>	2013 <i>RMB'000</i> (Restated)
Within 1 year	<b>697,256</b>	557,522
1 to 2 years	<b>33,570</b>	42,051
2 to 3 years	<b>9,980</b>	6,407
Over 3 years	<b>31,247</b>	47,034
	<hr/>	<hr/>
	<b><u>772,053</u></b>	<b><u>653,014</u></b>

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 Business combination under common control

Details of adjustments for common control combination of Shenzhen Jinghua (details in note 2) on the Group's results for the year ended 31 December 2013 and the consolidated balance sheets at 31 December 2013 and 2012 are as follows:

	As previously reported <i>RMB'000</i>	Shenzhen Jinghua <i>RMB'000</i>	Adjustments <i>RMB'000</i>	As restated <i>RMB'000</i>
<b>Year ended</b>				
<b>31 December 2013</b>				
Turnover	<u>2,447,754</u>	<u>1,648,281</u>	<u>—</u>	<u>4,096,035</u>
Profit before taxation	200,546	65,588	(14,937)	251,197
Income tax expense	<u>(12,171)</u>	<u>(16,361)</u>	<u>—</u>	<u>(28,532)</u>
<b>Profit for the year</b>	<u>188,375</u>	<u>49,227</u>	<u>(14,937)</u>	<u>222,665</u>
<b>Earnings per share</b>				
<i>(RMB cents)</i>				
— Basic and diluted	<u>23.31</u>	<u>2.15</u>	<u>(1.9)</u>	<u>23.56</u>
<b>At 31 December 2013</b>				
<b>ASSETS</b>				
Non-current assets	1,329,301	86,089	(99,863)	1,315,527
Trade and bills receivables	754,728	33,570	—	788,298
Other current assets	<u>2,056,623</u>	<u>320,579</u>	<u>—</u>	<u>2,377,202</u>
<b>Total assets</b>	<u>4,140,652</u>	<u>440,238</u>	<u>(99,863)</u>	<u>4,481,027</u>

	As previously reported <i>RMB'000</i>	Shenzhen Jinghua <i>RMB'000</i>	Adjustments <i>RMB'000</i>	As restated <i>RMB'000</i>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Share capital	913,839	115,068	(115,068)	913,839
Reserves	<u>2,208,860</u>	<u>147,499</u>	<u>(134,162)</u>	<u>2,222,197</u>
	3,122,699	262,567	(249,230)	3,136,036
Non-controlling interests	<u>9,527</u>	<u>35,970</u>	<u>149,391</u>	<u>194,888</u>
<b>Total equity</b>	<u><u>3,132,226</u></u>	<u><u>298,537</u></u>	<u><u>(99,839)</u></u>	<u><u>3,330,924</u></u>
<b>LIABILITIES</b>				
Non-current liabilities	11,226	7,442	—	18,668
Trade payables	579,860	73,154	—	653,014
Other current liabilities	<u>414,748</u>	<u>63,697</u>	<u>(24)</u>	<u>478,421</u>
<b>Total liabilities</b>	<u><u>1,005,834</u></u>	<u><u>144,293</u></u>	<u><u>(24)</u></u>	<u><u>1,150,103</u></u>
<b>Total equity and liabilities</b>	<u><u>4,138,060</u></u>	<u><u>442,830</u></u>	<u><u>(99,863)</u></u>	<u><u>4,481,027</u></u>

	As previously reported RMB'000	Shenzhen Jinghua RMB'000	Adjustments RMB'000	As restated RMB'000
<b>At 31 December 2012</b>				
<b>ASSETS</b>				
Non-current assets	1,346,118	75,377	(98,055)	1,323,440
Trade and bills receivables	782,623	32,345	—	814,968
Other current assets	987,515	341,932	—	1,329,447
<b>Total assets</b>	<b>3,116,256</b>	<b>449,654</b>	<b>(98,055)</b>	<b>3,467,855</b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
Share capital	655,015	115,068	(115,068)	655,015
Reserves	1,029,741	142,767	(129,661)	1,042,847
	1,684,756	257,835	(244,729)	1,697,862
Non-controlling interests	7,536	41,395	146,698	195,629
<b>Total equity</b>	<b>1,692,292</b>	<b>299,230</b>	<b>(98,031)</b>	<b>1,893,491</b>
<b>LIABILITIES</b>				
Non-current liabilities	23,961	—	—	23,961
Trade payables	473,874	116,584	—	590,458
Other current liabilities	926,129	33,840	(24)	959,945
<b>Total liabilities</b>	<b>1,423,964</b>	<b>150,424</b>	<b>(24)</b>	<b>1,574,364</b>
<b>Total equity and liabilities</b>	<b>3,116,256</b>	<b>449,654</b>	<b>(98,055)</b>	<b>3,467,855</b>

*Note:*

The above adjustments mainly represent the deemed disposal of the Company's existing 38.03% equity interests held in Shenzhen Jinghua as previously recorded as an interest in associate; and eliminate the Company's net investment in Shenzhen Jinghua and the current accounts between the Group companies and Shenzhen Jinghua. No other significant adjustments were made to the net assets and net profit of any entities of the Group as a result of the common control combination to achieve consistency of accounting policies.

## **17 Contingent liabilities**

	<b>2014</b>	<b>2013</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Performance bonds given by banks to customers in respect of projects undertaken	<b><u>33,645</u></b>	<b><u>42,032</u></b>

## **18 Commitments**

### **Capital commitments**

At 31 December 2014, outstanding capital commitments not provided for in the consolidated financial statements are as follows:

	<b>2014</b>	<b>2013</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Contracted for Property, plant and equipment	<b><u>79,465</u></b>	<b><u>123,006</u></b>

## 2.3 Shareholding of Top 10 shareholders

*Unit: share*

Total number of shareholders at the end of the Reporting Period: 24,626 (including 24,591 A shareholders and 35 H shareholders)

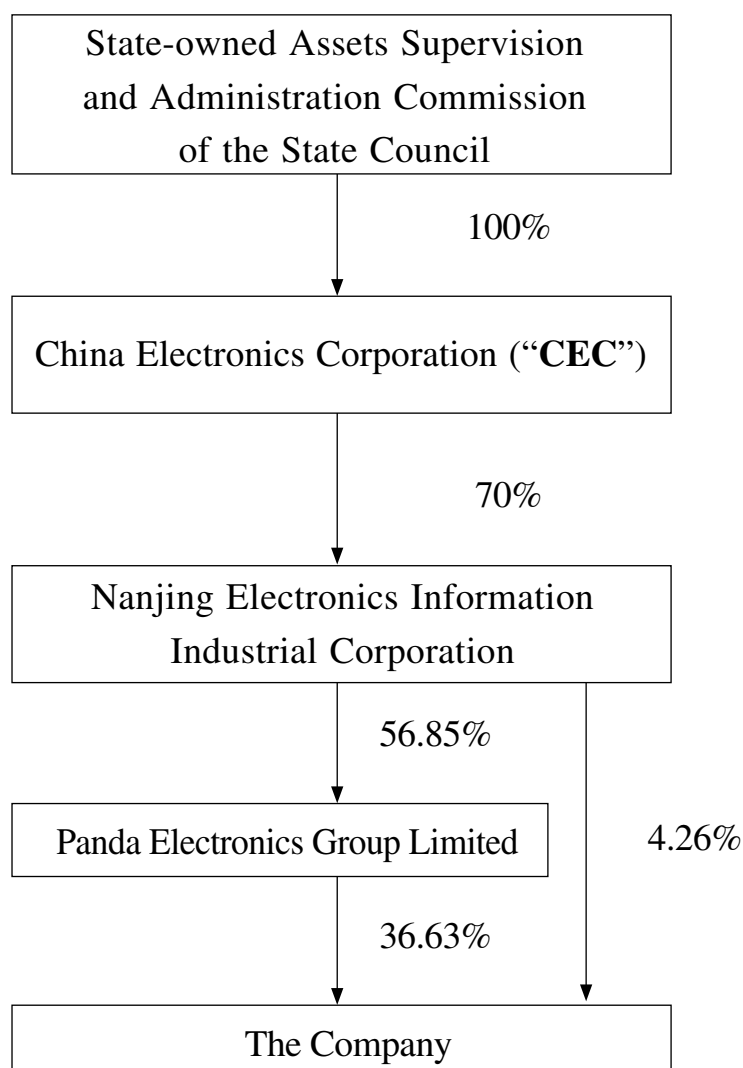
Total number of shareholders at the end of the fifth trading day prior to the disclosure of this announcement: 24,453 (including 24,419 A shareholders and 34 H shareholders)

### Details of Shareholding of Top 10 shareholders

Name of Shareholder	Nature of Shareholder	Percentage of Shareholding	Number of shares held	Shareholding of Top Ten Shareholders		
				Number of shares held subject to trading moratorium	Number of pledged or frozen shares	
PANDA Electronics Group Co., Ltd (“PEGL”)	State-owned legal person	36.63	334,715,000	0	Pledged	167,350,000
Hong Kong Securities Clearing Company Nominees Limited	Offshore legal person	26.36	241,107,599	0	Unknown	
Information Industrial Corporation (“NEIIC”)	State-owned legal person	4.29	39,215,686	39,215,686	Unknown	
South Industry Assets Management Co.	State-owned legal person	1.64	15,000,000	0	Unknown	
China Construction Bank — China AMC Dividend Mixed Open Securities Investment Fund (中國建設銀行 — 華夏紅利混合型開放式證券投資基金)	Others	0.85	7,750,793	0	Unknown	
Industrial and Commercial Bank of China (ICBC) — GF Jufeng Equity Securities Investment Fund (中國工商銀行 — 廣發聚豐股票型證券投資基金)	Others	0.71	6,468,926	0	Unknown	
Agricultural Bank of China — Invesco Great Wall Resources Monopoly Equity Securities Investment Fund (中國農業銀行股份有限公司 — 景順長城資源壟斷股票型證券投資基金) (LOF)	Others	0.54	4,923,931	0	Unknown	
National Social Security Fund 114 Portfolio (全國社保基金一一四組合)	Others	0.54	4,909,127	0	Unknown	
Wang Xue Lian	Domestic legal person	0.25	2,291,121	0	Unknown	

Shareholding of Top Ten Shareholders					
Name of Shareholder	Nature of Shareholder	Percentage of Shareholding	Number of shares held	Number of shares held subject to trading moratorium	Number of pledged or frozen shares
Agricultural Bank — Fullgoal Tiancheng Dividend Flexible Allocation Mixed Securities Investment Fund (中國農業銀行—富國天成紅利靈活配置混合型證券投資基金)	Others	0.24	2,167,652	0	Unknown
Details for the connected relationship or party acting in concert among the aforesaid shareholders		NEIIC holds 56.85% equity shares of PEG L, the controlling shareholder of the Company. NEIIC directly holds 39,215,686 shares of the Company, representing 4.29% of the total number of shares. NEIIC directly and indirectly holds 40.92% equity shares of the Company in total. In addition to the above, the Company is not aware of any connected relationship or party acting in concert among the aforesaid shareholders.			

**2.4 The equity and controlling relationship between the Company and the de facto controller is as follows:**



### 3. MANAGEMENT DISCUSSION AND ANALYSIS

In 2014, when the world economic recovery seemed to be difficult with a lack of momentum, the economic growth of the PRC entered into a macroscopic environment of new normality. The Company actively adopted corresponding measures, focusing on business development, persisted in innovation, and strived to achieve operating goals. Furthermore, the Company took the initiative to facilitate innovation, improve a business management, grasped market opportunities, made greater structural adjustment so as to further revitalise the Company and to constantly enhance the quality and efficiency of corporate development. As a result, all missions and goals were accomplished and achieved in a better manner.

In 2014, the Company recorded better performance and results. According to the Accounting Standards for Business Enterprises of the PRC (中國企業會計準則), the Company's operating revenue for 2014 amounted to RMB3,487,641,100, with total profits of RMB220,810,700 and net profits of RMB153,230,100. According to Hong Kong Financial Reporting Standards, the revenue of main business for the entire year amounted to RMB3,450,690,000, with profits from main business of RMB470,570,000 and profits attributable to shareholders of RMB153,230,000.

In 2014, the Company acquired the 5,834,430 shares of Shenzhen Jinghua (representing 5.07% of its total share capital) listed for open bidding by PEGL by way of cash; upon completion of the transaction, the Company directly held 43.10% equity interests in Shenzhen Jinghua, and held the major representation in the board of directors of Shenzhen Jinghua after re-election and the accounts of Shenzhen Jinghua were consolidated in the consolidated statements of the Group. The Company benefited from such transaction as the Company could expand its field of consumer electronics products, enhance its consolidated competitiveness, and optimise the standard of management of investee companies.



In 2014, the Company persisted in integrating technological innovation with mechanism innovation, stimulated the creative power of all elements in the technological innovation system, and strengthened its endogenous power of corporate innovation. The Company carefully prepared and implemented the scientific research plan with respect to the main business and completed key scientific research projects pursuant to the schedule. Focusing on the technical bottleneck that restrained business development, the Company used advantageous resources in centralized manner, made a breakthrough, and mastered certain core technologies with its proprietary intellectual property rights. All in all, it achieved a new step in its technical strength and core competitiveness. In 2014, the Company was awarded the title of IP Management Model Enterprise of the City of Nanjing.

In 2014, the Company facilitated the establishment of a uniform remuneration system and examination for accountability of all staff. It continued to refine the examination of operating responsibilities and performance of middle management staff. The Company strengthened the work on bringing in talents at a high level. For this year, two doctorate degree holders and 14 master's degree holders were brought in. Moreover, a mechanism was established to train three types of staff. The Company also explored and formulated different proposals for cultivating staff, and organized one course of training class of key young management staff. It strengthened efforts to train technical staff and trained 36 research students (master degree) for the past three years through collaboration with universities. Besides, training of hi-tech talents was strengthened. Hi-tech talents obtained excellent results in all competitions held in Jiangsu Province, CEC and City of Nanjing. The Company was granted the “Award of Cradle for Hi-tech Talents” (「高技能人才搖籃獎」) by the provincial government and was granted the “Example for Educating and Training for National Staff” (「全國職工教育培訓示範點」) by the National Trade Union.

In the year 2014, the construction of the Company's electronic equipment industrial park (“**Parl**”) was completed and the park commenced operations in the same year. Occupying 270 mus of land, the building area of the Park was approximately 118,000 square metres. 5 blocks of production plants of high standard and one block for R&D were built. Such blocks were used to manufacture and conduct R&D of automatic equipment of plants, smart intelligent equipment for tracks and transport and others. In addition, the construction of the Company's electronic manufacturing equipment industrial park was fully completed.

In the year 2014, the Company actively facilitated the implementation of the proposal of deploying information technology, completed the construction of new data centre, completed the reconstruction of the office automatic system, implemented mobile office, and safeguarded the timely handling and sharing of information; the Company strictly managed the internal control and completed all types of auditing items in a total of 25 with an auditing coverage rate of 60% by basing on the standard of internal control and standard of auditing work, focusing on key missions, being oriented with risk prevention and centering at compliance and efficiency for commencing internal audit. The Company continued to improve the establishment of the systems focused on such issues found during operation and management, and implemented the amendment of the 9th version of the Company's Management System.

In the year 2014, the Company strengthened its system implementation capabilities, facilitated complete budget management, improved fund management, implemented the standardized use of proceeds raised; strengthened the examination and review of contracts and laws; standardized the associated transactions and conducted information disclosure; strengthened quality and security management and ensured that no accidents occurred during the entire year; standardized licenses to use its brand name, unified brand differentiation, investigated and handled fake products; enhanced its efficiency with help of effective management and control of risk.

In the year 2014, the Company was committed to implementing all resolutions adopted at the staff and workers' congress, strived to do a good deed for the staff and to be prayment, and was dedicated to building harmonious relationship with staff. It also actively developed innovative campaigns in respect of economy and technology for groups of staff, supported the labour unions to organize leisurely activities (including sports or non-sports) for relaxation and fun. In the long run, the Company remains committed to caring donation work and its concern towards staff who face hardship.

In the year 2014, the Company maintained the momentum of steady development in its production and operation as a whole. On the other hand, the difficulties in the development of the Company and bottlenecking were still prominent. The Company would face challenges in many aspects on its way to further development: there remains room for improvement of its R&D and independent innovation capabilities; the impact produced by the decline of the revenue and profits of important joint ventures should not be ignored; the vision and capability of exploring the market needed further enhancement. The internal control, risk management and cost control could be further refined. The above may have adverse impacts to the continuous growth of the Company's business performance for quite some time in the future.

### 3.1 Analysis of principal operations

#### 3.1.1 Analysis of changes in related items in the income statement and cash flow statement:

*Unit: RMB0'000*

	Amount for the period	Amount for the same period last year	Change (%)	Notes
Operating income	348,764.11	413,621.48	-15.68	
Operating cost	296,180.94	361,877.57	-18.15	
Selling expenses	4,779.79	5,326.93	-10.27	
Administrative expenses	40,076.82	38,139.68	5.08	
Financial expenses	116.14	1,851.56	-93.73	Mainly because the average short-term borrowing during the period is decreased significantly when compared to that of the previous period
Loss in assets impairment	3,295.11	5,740.64	-42.60	Mainly because more provisions for bad debts were made in the previous period
Non-operating income	4,768.77	14,238.88	-66.51	Mainly because the compensation proceeds confirmed pursuant to Demolishment and Relocation Compensation Agreement during the previous period was significant

Non-operating expenses	231.19	362.61	-36.24	Mainly as a result of the disposal of fixed assets during the previous period
Net cash flows from operating activities	4,403.40	871.49	405.27	Mainly due to larger amount of payment for goods pursuant to the contract during the previous period
Net cash flows from investment activities	-58,984.39	-5,488.07	N/A	Mainly because the Company used proceeds which were temporarily idle for purchasing wealth management products
Net cash flows from financing activities	-22,809.70	92,771.74	-124.59	Mainly due to the proceeds received from non-public issuance of A shares during the previous period

### 3.1.2 Income

#### *(1) Analysis on the factors causing changes in business income*

*Unit: RMB0'000*

Name of product and service	Amount for the period		Amount for the previous period		Increase from last year (%)
	Income	As a percentage of the income from principal businesses (%)	Income	As a percentage of the income from principal businesses (%)	
Electronic equipment products	152,683.86	44.59	142,771.36	35.03	6.94
Consumer electronics products	80,076.93	23.39	174,671.03	42.85	-54.16
Electronic manufacturing service	94,539.95	27.61	75,242.44	18.46	25.65
Others	15,123.06	4.42	14,937.74	3.66	1.24

During the reporting period, the sales revenue of electronic equipment products remained stable and amounted to RMB1,526,838,600, representing a year on year. increase of 6.94% as compared with that of the same period last year, and its rate of contribution to the principal business was 44.59%; under the influence of recession in overseas market, the sales revenue of consumer electronics products amounted to RMB800,769,300, representing a year on year decrease of 54.16% as compared with that of the same period last year, and its rate of contribution to the principal business was 23.39%; and the sales revenue of electronic manufacturing service amounted to RMB945,399,500, representing a year on year increase of 25.65% as compared with that of the same period last year, and its rate of contribution to the principal businesses was 27.61%.

***(2) Analysis on the factors affecting the income from the sales of products of the Company comprising mostly physical products***

During the Reporting Period, the accumulated sales revenue of electronic equipment products and consumer electronics products amounted to RMB2,327,607,900, representing approximately 67.97% of the revenue of the principal businesses. Such products constituted a major part of the Company's principal businesses, among which, the details of electronic equipment products are as follows:

*Unit: RMB0'000*

<b>Products</b>	<b>Income</b>	<b>As a percentage of the income from the principal businesses (%)</b>
Automatic equipment	<b>127,583.19</b>	<b>37.26</b>
Transport electronic equipment	<b>24,290.90</b>	<b>7.09</b>
Communication equipment	<b>809.77</b>	<b>0.24</b>

### 3.1.3 Cost

Unit: RMB0'000

Composition of cost	Amount for the period	As a percentage of total cost for the period (%)	Amount for the same period last year	Amount for the same period last year as a percentage of total cost (%)	Change in the amount for the period as compared with that of the same period last year (%)
Material cost	239,897.88	81.00	313,010.38	86.50	-23.36
Labor cost	23,915.21	8.07	22,487.55	6.21	6.35
Manufacturing costs	32,367.85	10.93	26,379.64	7.29	22.70

Since the ratio accounted for by cost of materials was higher for consumer electronics products, the trading volume of consumer electronics products declined due to the impact produced by the downturn of economy of overseas market. The ratio accounted for by the corresponding materials with respect to the total cost was reduced. Correspondingly, the labour cost and manufacturing cost rose.

### 3.1.4 Major suppliers and customers

During the reporting period, the aggregate amount of sales to the top five customers of the Company amounted to RMB1,249,869,600, accounting for 35.84% of the total amount of sales of the Company for the year. The sales to the largest customer made up 11.68% of the sales of the Company for the year.

During the reporting period, the aggregate amount of purchases from the top five suppliers of the Company amounted to RMB422,644,700, accounting for 17.34% of the total amount of purchases made by the Company in 2014. The purchase amount from the largest supplier accounted for 4.01% of the total amount of purchases of the Company for the year.

During the year, none of the Directors, Supervisors and their close associates or shareholders (which to the knowledge of the Directors own more than 5% of the Company's Issued Share Capital) had any interests in the Company's suppliers or customers mentioned above.

### 3.1.5 Expenses

*Unit: RMB0'000*

	Amount for the period	Amount for the same period last year	Change (%)	Note
Selling expenses	<b>4,779.79</b>	5,326.93	-10.27	
Administrative expenses	<b>40,076.82</b>	38,139.68	5.08	
Financial expenses	<b>116.14</b>	1,851.56	-93.73	Mainly because the average short-term borrowing during the period is decreased significantly when compared to that of the previous period
Income tax	<b>2,438.47</b>	2,853.24	-14.54	

### 3.1.6 R&D expenses

*Unit: RMB0'000*

	Amount for the period	Amount for the previous period	Change (%)
R&D expenses for the period	<b>17,849.17</b>	15,329.85	16.43%
Capitalized R&D expenses for the period			
Total R&D expenses	<b>17,849.17</b>	15,329.85	16.43%
The percentage of total R&D expenses over net assets (%)	<b>5.61</b>	4.89	increased by 0.72 percentage points
The percentage of total R&D expenses over operating income (%)	<b>5.12</b>	3.71	increased by 1.41 percentage points

### 3.1.7 Cash flow

*Unit: RMB0'000*

	Amount for the period	Amount for the same period last year	Change (%)	Note
Net cash flow from operating activities	<b>4,403.40</b>	871.49	405.27	Mainly due to larger amount of payment for goods pursuant to the contract during the previous period
Net cash flow from investment activities	<b>-58,984.39</b>	-5,488.07	N/A	Mainly because the Company used proceeds which were temporarily idle for purchasing wealth management products
Net cash flow from financing activities	<b>-22,809.70</b>	92,771.74	-124.59	Mainly due to the proceeds received from non-public issuance of A shares during the previous period

During the reporting period, the net profit of the Company was generated from operating activities and investment activities. There was a difference between the cash flow from operating activities and net profit for the year as more income was generated from investment activities.

### 3.1.8 Liquidity of capital

In accordance with the Hong Kong Financial Reporting Standards, the Group's gearing ratio (the ratio between total liabilities and total assets) was 27%, current liabilities were RMB1,223,260,000, liquidity ratio was 254% and quick ratio was 231% respectively as at 31 December 2014 as shown in the consolidated financial statements of the Company.

Cash: bank balances and cash amounted to RMB827,980,000 as at 31 December 2014 as shown in the consolidated financial statements of the Company.



Loans: short-term bank and other loans amounted to RMB113,630,000 as at 31 December 2014 as shown in the consolidated financial statements of the Company.

During the Reporting Period, the RMB loan benchmark interest rate for a one-year term of a financial institution were respectively: 6.00% commencing from the beginning of the period to 21 November 2014; 5.60% commencing from 22 November 2014 to 31 December 2014.

### 3.2 Principal businesses by product (prepared under the PRC Accounting Standards for Business Enterprises)

*Unit: RMB0'000*

Product	Operating income	Operating cost	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 operating profit margin from the same period last year (%)
Electronic equipment products	152,683.86	130,972.57	16.58%	6.94	8.33			Decreased by 1.51 percentage points from last year
Electronic manufacturing services	94,539.95	82,176.82	15.04%	25.65	24.83			Increased by 0.75 percentage points from last year
Consumer electronics products	80,076.93	71,671.41	11.73%	-54.16	-56.48			Increased by 5.67 percentage points from last year

The Company's major subsidiary engaged in communications and electronic equipment manufacturing industry and relevant industries. During the Reporting Period, electronic equipment products remained stable; owing to the impact produced by the downturn of the economy of overseas market, consumer electronic products recorded less sales revenue, with a year-on-year decrease of 54.16%; electronic manufacturing service recorded a year-on-year increase of 25.65% in the sales revenue because of the increase in LED accessories projects.

The Company carried its principal businesses mainly within different areas of mainland China.

### 3.3 Analysis of assets and liabilities

*Unit: RMB0'000*

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 (%)	Note
Currency fund	82,798.31	17.91	156,600.50	34.95	-47.13	Mainly because the Company used proceeds which were temporarily idle for purchasing wealth management products
Bills receivable	19,588.72	4.24	13,040.48	2.91	50.21	Mainly because the bills receivable received for the selling commodities for this period temporarily increased
Other current assets	55,000.00	11.89	7,600.00	1.70	623.68	Mainly because the Company used proceeds which were tentatively idle for purchasing wealth management products
Deferred income tax assets	676.02	0.15	161.73	0.04	318.00	Mainly because of a greater tentative difference in deductible at the end of the period
Short-term loans	3,000.00	0.65	9,900.00	2.21	-69.70	Mainly because loan repayment was made to the bank during this period
Bills payable	8,363.35	1.81	6,192.58	1.38	35.05	Mainly because bills were issued pursuant to contract for the purchase of commodities during this period
Advances	13,641.41	2.95	9,891.98	2.21	37.90	Mainly because the advance payment for engineering projects was increased
Interest payable	—		8.33	0	-100.00	Mainly because loan repayment was made to the bank at the end of the period
Dividends payable	348.90	0.08	1,102.95	0.25	-68.37	Mainly because of payment of dividend to the minority shareholders
Other current liabilities	546.86	0.12	79.38	0.02	588.91	Mainly because more governmental subsidies at the end of the period had not yet been confirmed
Deferred income tax liabilities	15.47	0	23.32	0.01	-33.67	Mainly because of a lesser tentative difference in deductible at the end of the period

### 3.4. Use of proceeds

For details of the use of proceeds raised from the non-public issuance of A shares, please refer to the “Specific Report on the Deposit and the Actual Use of Proceeds Raised by Nanjing Panda Electronics Company Limited (Lin 2015-[019]))” (《南京熊猫电子股份有限公司募集资金存放与实际情况的专项报告》(临2014-019)) and the “Verification Report on the Deposit and the Actual Use of Proceeds Raised by Nanjing Panda Electronics Company Limited (Tian Zhi Ye Zi [2015]6927-3))” (《南京熊猫电子股份有限公司募集资金存放与实际情况的鉴证报告》(天职业字[2015][6927-3]号) issued by Baker Tilly China (Special General Partnership) published in China Securities Journal and Shanghai Securities News and on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange.

### 3.5 Analysis of subsidiaries and invested companies

#### 3.5.1 Analysis of major subsidiaries

*Unit: RMB0'000*

Subsidiary	Net profit 2014	2013	Change (%)
Nanjing Panda Electronics Equipment Co., Ltd. (“ <b>Electronic Equipment Company</b> ”)	<b>2,874.19</b>	1,420.18	102.38
Nanjing Panda Information Industry Co., Ltd. (“ <b>Information Industry Company</b> ”)	<b>2,368.18</b>	1,546.16	53.17
Nanjing Panda Electronic Manufacture Co., Ltd.	<b>2,685.46</b>	3,287.74	-18.32
Nanjing Panda Communications Technology Co., Ltd. (“ <b>Communications Technology Company</b> ”)	<b>1,284.72</b>	815.94	57.45
Nanjing Panda Xinxing Industrial Co., Ltd.	<b>151.22</b>	182.77	-17.26
Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	<b>907.88</b>	-501.95	N/A
Nanjing Panda Mechanical Manufacturing Co., Ltd.	<b>140.94</b>	945.10	-85.09
Nanjing Panda Electromechanical Instruments Technology Co., Ltd.	<b>691.01</b>	518.07	33.38
Nanjing Panda Electronic Technology Development Company Limited	<b>-33.91</b>	63.32	-153.55
Galant Limited	<b>-26.63</b>	190.56	-113.97
Shezhen Jinghua	<b>5,236.50</b>	3,925.21	33.41

Since transfer equipment business was increased, Electronics Equipment Co., Ltd. recorded an increase in revenue, with a significant increase in the profits. Information Industry Company recorded an increase in its artificial intelligence system business, with rise in its revenue and profits. Communications Technology Company recorded an increase in special communications equipment business with a higher profit margin, and recorded an increase in its profits. Shenzhen Jinghua adjusted the product structure and as a result, its profit margin was raised and its net profits were increased.

### **3.5.2 Analysis of 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 Hong Kong Yung Shing Enterprise Company. ENC is mainly engaged in R&D and production of mobile telecommunication system equipment and network communication system equipment, etc. It is one of Ericsson’s three major supply and manufacturing centres in the world. Operating revenue of ENC for 2014 amounted to RMB13,571,481,000 representing an increase of 9.47% year-on-year; net profit amounted to RMB24,035,000, representing a decrease of 93.70% year-on-year. Reason(s) for changes in the main indicators: the changes in the business portfolio of ENC and the higher than normal proportion of hardware delivered in 2014 had led to a fall in the profit (the gross profit margin of hardware was lower).

② Beijing SE Putian Mobile Communication 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 Hong Kong Yung Shing Enterprise Company. BMC is mainly engaged 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 2014 amounted to RMB30,242,788,000, representing a decrease of 10.78% year-on-year; net profit was RMB660,719,000, representing an increase of 587.68% year-on-year. Reason(s) for changes in the main indicators: a significant increase in net profit due to the enhanced cost control and the expense minimisation of BMC.

### 3.5.3 Others

- (1) Detailed explanation about any material change in the Company’s profit composition or profit sources: Not applicable
- (2) Explanation about the analysis on the progress of the implementation of the Company’s various financing at early stage and restructuring of major assets
  - Non-public issuance of A shares for raising proceeds

Upon reviewed and approved by the China Securities Regulatory Commission and the relevant ministry, the Company issued 258,823,529 ordinary A shares dominated in RMB by non-public offering in June 2013, and raised proceeds of RMB1.32 billion.

During the Reporting Period, the Company used the raised proceeds, and disclosed the use of raised proceeds in a true, accurate and complete manner pursuant to the provisions and requirements of the relevant laws, regulations and standardized documents, mainly including: using the raised proceeds in proceeds investment projects, using temporary idle raised proceeds to purchase banks' wealth management products with capital guarantee, using the raised proceeds to increase capital for some implementing entities for proceeds investment projects etc. After the construction of the civil engineering work of such proceeds investment projects using the raised proceeds has commenced, some changes or optimization was made to the design proposal. In turn, the progress of the engineering was affected and as a result, delay to different extent was caused to automation equipment industrialisation project, communication equipment, traffic electronic equipment, industrialization project and R&D center project. For details, please refer to the Specific Report on the Deposit and the Actual Use of Proceeds Raised by Nanjing Panda Electronics Company Limited (Lin 2015-019)) (《南京熊猫電子股份有限公司募集資金存放與實際使用情況的專項報告》(臨2014[-019])) published in China Securities Journal and Shanghai Securities News and on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange.

On 30 June 2014, the restriction on sale of shares was relieved in respect of 219,607,843 shares subscribed by such other 8 investors (and among whom, AEGON-INDUSTRIAL Fund Management Co., Ltd. participated in such subscription through 10 accounts) apart from NEIIC and could be circulated on the market. For details, please refer to the Announcement on Listing and Trading of Shares Subject to Trading Moratorium Issued by Non-public Issue of Nanjing Panda Electronics Company Limited (Lin 2014-049) (《南京熊猫電子股份有限公司非公開發行限售股上市流通公告》(臨2014-049)) published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 25 June 2014.

- Material assets reorganization of acquisition of 5.07% equity interests in Shenzhen Jinghua

On 15 July 2014, the Company convened the 14th Meeting of the Seventh Session of the Board, and it was considered and approved on the Meeting that the Company acquired the 5,834,430 shares of Shenzhen Jinghua (representing 5.07% of its total share capital) listed for open bidding by PEGL by way of cash; upon completion of the transaction, the Company would directly hold 43.10% equity interests in Shenzhen Jinghua, and hold the major representation in the board of directors of Shenzhen Jinghua after re-election and the accounts of Shenzhen Jinghua will be consolidated in the consolidated statements of the Group. In accordance with relevant provisions under the Regulation on Significant Asset Reorganizations of Listed Companies (《上市公司重大資產重組管理辦法》), the transaction constituted a material asset reorganization.

On 28 August 2014, the Company updated the Report on Reorganization and the relevant documents pursuant to the relevant requirements.

On 24 November 2014, the Company convened the second extraordinary meeting of 2014 and it was considered and approved at the meeting the acquisition by the Company of 5.07% equity shares of Shenzhen Jinghua being held by PEGL by way of cash, and that such transaction constituting a material asset reorganization, and other relevant matters.

On 8 December 2014, amendments to Shenzhen Jinghua's Articles of Association in relation to the registration of changes in share custody were filed with the industrial and commercial administration and confirmed by Market Supervision Administration of Shenzhen Municipality and issued confirmation document. As such, the implementation of the Company's material asset reorganization has been completed.

The Company benefited from such transaction as the Company could expand its field of consumer electronics products, enhance its consolidated competitiveness and improve the standard of management of investee companies. For details of the foregoing matters, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange respectively on 16 July 2014, 28 August 2014, 25 November 2014 and 9 December 2014.

The accounts of Shenzhen Jinghua will be consolidated, by the Company, in the consolidated statements, producing an impact on the operating revenue and net profits attributable to parent company in the consolidated statement. After the merger with Shenzhen Jinghua, the operating revenue and net profits attributable to parent company in the consolidated statement of the Company respectively recorded an increase of RMB826,514,100 and an increase of RMB 2,654,900.

### **3.6 Outlook and Future Plans of the Company**

The Company will transform into a prominent enterprise with the equipment business as its principal business, grasping even more core technologies in key areas and controlling intellectual properties. Further, the Company will be able to provide holistic services and overall solutions and possess stronger domestic and international marketing capabilities. With such cutting edges and higher asset efficiency, the Company will continue to synergize and develop into a leading large-scale listed company supplying electronic equipments in China..



In 2015, the Company will continue to refine the governance structure of the legal person, further adjust the corporate structure and product structure, and engage in work related to the market, scientific research, fund and talents; it will solidly facilitate the enhancement in corporate management and carry out the following work in good manner:

- 3.6.1 Endeavour to achieve all operating targets: The target operating revenue and total profit of the Company in 2015 are RMB4,000,000,000 and RMB230,000,000 respectively. In 2015, as the operation and development environment is still complicated, the attainment of the above targets is still subject to many uncertain factors, however, the Company will closely center on its operation and development target and make efforts to achieve these targets, by way of continuing to strive for the success.
- 3.6.2 The Company will continue to promote the implementation of using raised proceeds to invest in proceeds investment projects and continue to promote the implementation of automation equipment industrialisation project, communication equipment industrialisation project, traffic electronic equipment industrialisation project and R&D center project, strive to explore and develop the market, make greater contribution in R&D, enhance economic benefits and strengthen the Company's competitiveness on the international market.
- 3.6.3 The Company will strengthen R&D and the upgrading and reform of technology. It will prepare the planning for and implement the plan for key R&D projects for 2015, further promote the R&D and manufacturing of civilian electronic equipment industry, and carry out the technological reform on electronic manufacturing and electronic equipment.
- 3.6.4 It will strengthen the building of talent groups. It will also implement strategy for talented professionals, make greater effects to bring in technical talents, building and managing a team of talents and set up highly efficient performance assessment system.

### **3.7 Capital Demands for Maintaining the Existing Business and Completing Construction of the Investment Projects**

In 2015, the Company will continue to push forward the electronic equipment industrialization project. Meanwhile, the Company will further enhance its capability in electronic manufacturing services and actively expand the line of consumer electronics and digital home products.

As for fund sources, in addition to its accumulated profit, the Company issued A shares dominated in RMB by non-public offering in June 2013, raised proceeds amounted to RMB1,320,000,000, which was used to develop electronic equipment industry. Furthermore, the Company will make investments in matters relating to enhancement of electronic manufacturing service capability and expansion of the product line of consumer electronics and digital home products based on the actual conditions.

### **3.8 Potential Risks**

#### **3.8.1 Market risk**

Spurred by industry policies, and amid continuously rising market demands, more capital may enter the electronic information industry in the future, especially and in particular, the industry segments where the Company belongs to. As a result, the Company will face fiercer market competition. Should the Company fail to maintain its edge in respect of technological R&D, product, quality control and marketing, its position in the industry would be shaken to a certain extent.

The Company continues to be dedicated to exploring and developing the market, conducting R&D for new products, enhancing the stability of products, utilizing plain media and network media for carrying out the advertising planning for the brand; it will continuously explore and develop the marketing channels. At present, the market risk is within the scope of control.

### **3.8.2 Risk associated with development of technology**

As the replacement speed of technologies relating to electronic information industry is fast, together with intense market competition, should the Company fail to maintain technological innovation, constantly keep track of the newest technologies in both domestic and international electronic information industry, obtain updates on customers' latest demands, accelerate the R&D speed for new products, or maintain its leading position in the PRC, the Company would run the risk of decreasing market share and replacement of its products by the new products of the competitors.

In 2014, the Company contributed RMB178,491,700 to R&D and continued to explore the integration and adjustment made to the R&D capability, create the mode of contribution, maintain growth in the R&D capability in respect of automatic equipment in plant and artificial intelligence equipment regarding track and transport. Technical development risk is within the scope of control at present.

### **3.9 Plan for Profit Distribution**

In accordance with the Articles of Association of the Company, it was proposed to distribute a cash dividend of RMB0.66 (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 2014, with the total cash dividend to be distributed amounting to RMB60,313,300, 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 18th meeting of the seventh session of the Board of the Company. It was agreed to submit to the general meeting for consideration.

### **3.10 Fulfillment of social responsibility**

The Company prepared and disclosed the “Social Responsibility Report of Nanjing Panda Electronics Company Limited for 2014”, the full text of which was published at the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

## 3.11 Significant Events

### 3.11.1 Asset transactions and enterprise merger

- (1) The connected transaction in which 5,834,430 shares (accounting for 5.07% of its total share capital) of Shenzhen Jinghua held by PEGL were acquired.**

For details, please refer to the relevant announcements dated 16 July 2014, 28 August 2014, 25 November 2014 and 9 December 2014 published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange.

- (2) The connected transaction in which 30% of equity interests in Nanjing Panda Electromechanical Instruments Technology Co., Ltd. held by the natural person shareholder were transferred.**

For details, please refer to the Announcement on Connected Transactions of Nanjing Panda Electronics Company Limited (Lin 2014-024) (《南京熊猫电子股份有限公司關聯交易公告》(臨2014-024)) dated 10 April 2014 published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange.

### 3.11.2 Connected transactions

During the reporting period, the continuing connected transactions conducted between the Group, NEIC Group, CEC Group (including Financial Company) which were conducted in the usual course of business and on normal commercial terms, were considered and approved at the extraordinary meeting of the Seventh Session of the Board of the Company and were approved by independent shareholders at the second extraordinary general meeting of 2012, the first extraordinary general meeting of 2014, and the third extraordinary general meeting of 2014, the procedures of which were in compliance with relevant requirements. For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange respectively on 22 December 2012, 13 March 2014 and 30 December 2014.

All connected transactions were confirmed by the independent non-executive directors of the Company and had not exceeded their respective annual caps.

These continuing connected transactions provide the Group with a stable source of income and reliable supply of high-quality services, materials, components and parts, which is conducive to the maintaining of stability of the Group's production and operation. In addition, all of these connected transactions were conducted on normal commercial terms and were fair and reasonable with justice pricing; and the approval procedures had been performed in accordance with the relevant requirements and were in the best interests of the Company and its shareholders as a whole.

Details of the continuing connected transactions between the Group, NEIIC Group and CEC Group (including Financial Company) during the reporting period will be set out in the financial statements of the 2014 annual financial report of the Company. As for such continuing connected transactions, the Company entered into agreements with NEIIC and CEC (including the Finance Company) in compliance with the relevant requirements of the relevant laws, regulations, regulatory documents and the Articles of Association, and performed relevant procedures for reporting and approval and the obligation for information disclosure according to the law. PEGL and its connected persons abstained from voting at the Board meetings and general meetings of the Company to procure the compliance of such continuing connected transactions in the principle of "fairness, justice and openness" and normal business transaction rules, and ensure the legitimate rights and interests of the Company and other shareholders are not prejudiced. Therefore, such continuing connected transactions will not have any impact on the independence of the Company.

### 3.11.3 Connected transactions relating to creditor's rights and debts

Unit: RMB0'000

Connected parties	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
Nanjing Electronics (Kunshan) Co. Ltd.	279.94	-279.94	0	30.00		30.00
Shenzhen Jingyin Electronics Co., Ltd.	22.43	-4.68	17.75			
CEC				3,400		3,400
Panda Electronics Group Limited				1,334.16	-290.43	1,043.73
Nanjing Thales Panda Transportation System Company Limited				86.03		86.03
Nanjing Zhongdian Panda Property Management Co., Ltd. (南京中 電熊貓物業管理有限公司)				23.89	28.25	52.14
Nanjing Panda Electronic Technology Development Company Limited				22.8		22.80
Panda (Beijing) International Information Technology Co., Ltd.					10.88	10.88
Nanjing Panda Electronics Transportation Company				4.56		4.56
Nanjing Panda Piezoelectric Technology Co., Ltd.				4.36	0.10	4.46
Nanjing Ericsson Panda Communication Co., Ltd.				4.64	-1.79	2.85
Nanjing China Electronics Panda Liquid Crystal Display Technology Co., LTD					1.00	1.00
Nanjing Electronics Information Industrial Corporation				0.02		0.02
Shanghai Panda Huning Electronic Technology Co., Ltd.				2.58	-2.58	0
China National Electronic Import and Export Corp.				53.92	-53.92	0
Shenzhen Jingfa Plastic Packaging Products Co., Ltd.				7.24	-7.24	0
Total	302.37	-284.62	17.75	4,974.20	-315.73	4,658.47

Amount incurred regarding the fund provided to the controlling Shareholder and its subsidiaries by the Company (RMB) during the reporting period	0
Balance of fund provided to the controlling Shareholder and its subsidiaries by the Company (RMB)	0
Reason for formation of amounts due to or from connected parties	Business contact
Repayment of amounts due to or from Connected parties	Normal
Commitment related to amounts due to or from connected parties	N/A
Impact produced on the Company's operating results and financial position results or financial position	No material impact produced on the Company's operating

### 3.12 Auditors

At the Company's annual general meeting on 20 May 2014, the proposal for reappointment of Baker Tilly Hong Kong Limited and Baker Tilly China (Special General Partnership) as international auditor and the PRC auditor as well as internal control auditor of the Company for 2014 respectively was considered and approved; and the total remuneration for such auditors was determined within the limit of RMB1.7 million.

Baker Tilly China (Special General Partnership) and Baker Tilly Hong Kong Limited have provided the Company with audit services for 7 and 5 consecutive years, respectively. Remuneration paid by the Company to the two abovementioned audit institutions for their audit services for the annual report was aggregately RMB1,700,000, of which RMB1,050,000 was paid to Baker Tilly China (Special General Partnership) while RMB650,000 was paid to Baker Tilly Hong Kong Limited.

In December 2014, the Company entered into an independent financial advisory agreement with China Securities Co., Ltd. on the major asset restructuring of the Company. Pursuant to the agreement, the fees amounted to RMB980,000.

### 3.13 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.

### 3.14 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.

### **3.15 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 2014 and the audited financial report for 2014.

**3.16** 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 8.5% of the verified basic payment of all of the existing employees of the Company and provides subsidies to employees who have serious illness and whose medical expenses are covered under the medical scheme. The total subsidy cost given in 2014 was not more than RMB3,398,800. Save for the aforesaid premiums, the Company is not responsible for any other medical expenses.

**3.17** 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 did not produce material impact on the non-recurring profit and loss of the Company. As at 31 December 2014, the said relocation resulted in an aggregate increase of RMB11,677,600 in the non-recurring profit and loss of the Company.

### **3.18 About the Write-off of accounts receivable made by the subsidiary**

The Board of the Company convened the meeting by accepting the resolution in written form and considered and approved the “Resolution Regarding the Write-off of Account Receivable Made by Nanjing Panda Electronics Company Limited” (《關於控股子公司南京熊貓信息產業有限公司核銷應收賬款》) whereby it was agreed that it was to process the write-off, in full, regarding the balance of account receivable of the existing customer Pandigital.Inc of Information Industry Company as at 31 December 2013, amounted to RMB64,005,396.55. Write-off of accounts shall be processed pursuant to the requirements of the Accounting Standards for Business Enterprises and the relevant tax laws and regulations. The foregoing account receivable was RMB64,005,396.55. Information Industry Company had made provisions, in full, for the bad debts. The processing of the write-off for bad debts would not produce any impact on the gain and loss of Panda Information and the Company. Independent directors and supervisory meeting expressed views on their consent.

**3.19** During the reporting period, the Company purchased liability insurance for its Directors and senior management in compliance with the amendments to the Rules Governing the Listing of Securities on the Main Board issued by the Hong Kong Stock Exchange.

### **3.20 Purchase, sale or redemption of the Company’s listed securities**

As at the end of 31 December 2014, neither the Company nor its subsidiaries purchased, sold or redeemed the Company’s listed securities.

## IV. MATTERS RELATING TO THE FINANCIAL REPORT

**4.1 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.**

- (I) On the sixteenth meeting of the Seven Session of the Board convened by the Company on 30 October 2014, the “Resolution Regarding the Implementation of the 2014 New Accounting Standards Promulgated by the Ministry of Finance” (《關於執行2014年財政部新會計準則的議案》) was considered and approved. In accordance with the specific standards of the “Accounting Standards for Business Enterprises No. 2 — Long-term Equity Investments” (《企業會計準則第2號 — 長期股權投資》), the “Accounting Standard for Business Enterprises No. 39 — Fair Value Measurement” (《企業會計準則第39號 — 公允價值計量》) and others, in a total of seven accounting standards as promulgated or amended by the Ministry of Finance in 2014, the Company made adjustment to the items and amounts regarding the long-term equity investment, financial assets available for sale and staff’s remuneration payable. The Company’s amount at the beginning of the period, the financial statement, consolidated statement, fair value calculation and joint venture arrangement as in the financial statement for the current period and the business and items related to interest for other subjects, were verified and disclosed pursuant to the corresponding standards. The implementation of the new standards would not produce any impact on the Company’s amount at the beginning of the period and the amount of the items in the financial statement for the current period. Such change in the accounting policy and the adjustment for the verification of the accounting items would not produce any impact on the Company’s total assets, net assets and net profits for 2013 and the third quarter of 2014. For details, please refer to the “Announcement on the Changes in the Accounting Policy of Nanjing Panda Electronics Company Limited” (Lin 2014-087) (《南京熊貓電子股份有限公司關於會計政策變更的公告》) (臨2014-087) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 31 October 2014.

(II) On the eighteenth meeting of the Seven Session of the Board convened by the Company on 30 March 2015, the “Resolution Regarding the Changes in the Company’s Accounting Policy and Accounting Estimate” (《關於公司會計政策與會計估計變更的議案》) was considered and approved. For details, please refer to the “Announcement on the Changes in the Accounting Policy and Accounting Estimate of Nanjing Panda Electronics Company Limited” (Lin 2015-020) (《南京熊貓電子股份有限公司關於會計政策與會計估計變更的公告》) (臨2015-020) published on China Securities Journal, Shanghai Securities News and the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange.

**4.2** There was no material accounting deviation adjustment during the reporting period.

**4.3** As compared with the last financial report, changes in the scope of consolidation in the financial report for the reporting period are set out below:

**4.3.1** The deregistration of Nanjing Panda Technical Equipment Co., Ltd., a subsidiary of the Company, on 14 April 2014.

**4.3.2** The deregistration of Shenzhen Jinghua Lighting Technology Co., Ltd., the subsidiary of the Company, was made on 7 July 2014 and prior to such deregistration and cancellation of its accounts, the accounts of such subsidiary had been incorporated into the Company’s consolidated statement in appropriate manner.

**4.3.2** Save as mentioned above, there are no other change.

#### 4.4 Audit Opinion

The 2014 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.

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

Nanjing, the People's Republic of China  
30 March 2015

*As at the date of this announcement, the Board comprises Executive Directors: Mr. Lai Weide and Mr. Xu Guofei; Non-executive Directors: Mr. Deng Weiming, Mr. Lu Qing, Mr. Xia Dechuan and Mr. Jason Hsuan; and Independent Non-executive Directors: Ms. Zhang Xiuhua, Ms. Liu Danping and Mr. Chu Wai Tsun, Vincent.*