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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)

**SUMMARY OF 2018 INTERIM REPORT**

**I. IMPORTANT NOTICE**

1. The summary of the results of Nanjing Panda Electronics Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the six months ended 30 June 2018 (the “**Reporting Period**”) is set out below. The financial statements contained in this report are unaudited. The summary of 2018 Interim Report is based on the full-length 2018 Interim Report. Investors who wish to know more details should carefully read the full text of the Interim Report simultaneously posted on the websites designated by the China Securities Regulatory Commission (“**CSRC**”), such as the website of the Shanghai Stock Exchange.
2. The board of directors, the supervisory committee, the directors, supervisors and senior management of the Company confirm that the information in this interim report is true, accurate and complete and does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the contents herein.
3. All Directors of the Company attended the Board meeting.
4. This interim report of the Company is unaudited.
5. The Company would not make any profit distribution or capitalization of capital reserve for the first half of 2018.

## II. BASIC INFORMATION ABOUT THE COMPANY

### 2.1 Company profile

Overview of stock				
Class of stock	The stock exchange on which the shares are listed	Stock abbreviation	Stock code	Stock abbreviation before change
A Share(s)	Shanghai Stock Exchange	NPEC	600775	N/A
H Share(s)	The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”)	NPEC	00553	N/A
Contact persons and contact information		Secretary to the Board	Representative of Securities Affairs	
Name		Shen Jianlong	Wang Dongdong	
Telephone		(8625) 8480 1144	(8625) 8480 1144	
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## Interim results

The board of directors (the “**Board**”) of the Company hereby announces the unaudited interim results of the Group for the Reporting Period prepared in accordance with the PRC Accounting Standards for Business Enterprises.

As the Company adopts merely the PRC Accounting Standards for Business Enterprises for preparing its financial statements from 2016, the relevant financial data for the first half of 2018 have been presented in accordance with the PRC Accounting Standards for Business Enterprises in this announcement.

### 2.2 Major financial data of the Company (Unaudited)

*Unit: Yuan    Currency: RMB*

	At the end of the Reporting Period (30 June 2018)	At the end of last year (31 December 2017)	Change from the end of last year (%)
Total assets	6,086,728,066.45	5,665,503,486.59	7.43
Net assets attributable to shareholders of the Company	3,350,643,900.45	3,363,593,136.77	-0.38
	Reporting Period (January to June 2018)	Corresponding period of last year (January to June 2017)	Change from corresponding period of last year (%)
Net cash flow from operating activities	-132,738,177.15	136,865,399.94	-196.98
Operating income	1,993,629,769.74	1,751,575,928.03	13.82
Net profit attributable to shareholders of the Company	51,019,460.71	44,885,550.09	13.67
Net profit attributable to shareholders of the Company after deduction of extraordinary items	42,239,537.95	31,268,811.21	35.09
Weighted average return on net assets (%)	1.51	1.35	Increased by 0.16 percentage point
Basic earnings per share (RMB/share)	0.0558	0.0491	13.65
Diluted earnings per share (RMB/share)	0.0558	0.0491	13.65

## 2.3 Total number of shareholders, shareholdings of the top ten shareholders and the top ten holders of tradable shares (or holders of shares not subject to trading moratorium) as at the end of the Reporting Period

*Unit: shares*

Total number of shareholders as at the end of the Reporting Period (*account*) 36,510

Name of shareholders	Shareholdings of top ten shareholders			Number of shares held subject to trading moratorium	Number of shares pledged or frozen
	Nature of shareholders	Percentage of shareholding (%)	Number of shares held		
HKSCC (Nominee) Limited	Overseas legal person	26.59	243,019,509	0	Unknown
Panda Electronics Group Limited (“PEGL”)	State-owned legal person	23.05	210,661,444	0	Unknown
China Huarong Asset Management Co., Ltd.	State-owned legal person	9.01	82,357,867	0	Unknown
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	State-owned legal person	6.93	63,302,611	0	Unknown
China Great Wall Asset Management Corporation	State-owned legal person	1.55	14,172,397	0	Unknown
Hua Wei (華偉)	Domestic natural person	0.48	4,400,771	0	Unknown
Huang Liangfu (黃亮富)	Domestic natural person	0.45	4,148,825	0	Unknown
Xi Caixia (奚彩霞)	Domestic natural person	0.38	3,515,000	0	Unknown
Yuan Yonglin (袁永林)	Domestic natural person	0.30	2,730,000	0	Unknown
Zhou Donghua (周東華)	Domestic natural person	0.21	1,900,000	0	Unknown
Description on connected relationship or party acting in concert among the aforesaid shareholders	NEIIC holds 100% equity interests of PEGL, the controlling shareholder of the Company. NEIIC holds, directly and through asset management plans, 49,534,611 A shares and 13,768,000 H shares of the Company, representing 6.93% of the total number of shares. NEIIC indirectly holds 210,661,444 A shares of the Company through PEGL, representing 23.05% of the total number of shares. In total, NEIIC holds 29.98% of the shares of the Company. Save as the above, the Company is not aware of any connected relationship or party acting in concert among other shareholders.				

*Notes:*

HKSCC (Nominees) Limited held 243,019,509 shares (including 241,437,570 H shares and 1,581,939 A shares) of the Company on behalf of several clients, representing 26.59% of the issued share capital of the Company. The Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.

**2.4 Particulars of the total number of holders of preferred shares and the top 10 holders of preferred shares as at the end of the Reporting Period**

☐ Applicable    ☒ N/A

**2.5 Change in the controlling shareholder and the de facto controller**

☐ Applicable    ☒ N/A

**2.6 Outstanding and overdue payment of the Company's debts**

☐ Applicable    ☒ N/A

**III. MANAGEMENT DISCUSSION AND ANALYSIS**

**3.1 The discussion and analysis on the operation**

In the first half of 2018, the Company strived to deepen structural reform, promote mechanism innovation and boost industry transformation and upgrading in response to the actual business development and external environment. In addition, the Company was committed to fully implementing development plan, developing a detailed roadmap and proceeding it in an orderly way. Moreover, the Company believed in strengthening lean management and improving quality and efficiency. As a result, the Company accomplished the operating targets and key tasks assigned by the Board, and maintained a sound momentum of development. During the Reporting Period, the Company recorded operating income of RMB1,993,629,800, total profit of RMB90,205,200 and net profit attributable to shareholders of the parent company of RMB51,019,500.

### 3.1.1 Analysis of principal operations

#### (1) Analysis of changes in relevant items in the financial statements (Unaudited)

Unit: Yuan    Currency: RMB

Item	Amount for the Period (January to June 2018)	Amount for the corresponding period of last year (January to June 2017)	Change (%)
Operating income	1,993,629,769.74	1,751,575,928.03	13.82
Operating costs	1,703,793,649.19	1,501,200,035.86	13.50
Cost of sales	24,842,746.83	23,862,747.13	4.11
Administrative expenses	99,945,852.85	99,005,721.91	0.95
Financial expenses	370,226.01	-2,210,703.19	N/A
Net cash flows from operating activities	-132,738,177.15	136,865,399.94	-196.98
Net cash flows from investment activities	-19,187,056.26	-221,731,235.10	N/A
Net cash flows from financing activities	87,423,327.93	-7,628,731.76	N/A
R&D expenses	103,166,097.03	83,028,112.67	24.25
Assets impairment loss	-238,867.43	7,105,725.45	-103.36
Credit impairment loss	1,018,592.09	–	N/A
Other income	1,268,248.20	2,527,179.69	-49.82
Gain from the disposal of assets	-178,452.31	27,066.49	-759.31
Non-operating income	2,910,814.51	10,942,287.92	-73.40

#### Reasons for the changes:

- (1) Financial expenses: Mainly due to the increase in interest expense of short-term bank borrowings;
- (2) Net cash flows from operating activities: Mainly due to cash paid for purchasing of goods during the period;
- (3) Net cash flows from investment activities: Mainly due to expiration of wealth management products purchased from banks;
- (4) Net cash flows from financing activities: Mainly due to the short-term bank borrowings obtained and proceeds from discount;

- (5) Assets impairment loss: Mainly due to the decrease in provision for impairment of inventories in the period;
- (6) Credit impairment loss: The reclassification of impairment loss of financial instruments into this item to comply with new standards for financial instruments;
- (7) Other income: Mainly due to the decrease in refunds of taxes in the period;
- (8) Gain from the disposal of assets: Mainly due to the decrease in gain from the disposal of non-current assets in the period;
- (9) Non-operating income: Mainly due to the decrease in government subsidy recognized under relevant accounting standards in the period.

(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 (%)	Remarks
Notes receivable and accounts receivable	756,259,003.02	12.42	1,514,714,889.82	26.74	-50.07	Due to the reclassification of eligible receivables into contract assets to comply with new revenue standards
Other receivables	106,869,225.11	1.76	79,788,515.23	1.41	33.94	Mainly due to the increase in deposit paid in the period
Inventories	1,065,806,599.60	17.51	591,018,560.71	10.43	80.33	Mainly due to the increase in inventory of raw materials
Contract assets	649,979,334.72	10.68	-	-	N/A	Due to the reclassification of eligible receivables into contract assets to comply with new revenue standards
Available-for-sale financial assets	-	-	3,650,000.00	0.06	-100.00	Due to the reclassification of financial instruments originally accounted as available-for-sale financial assets into other non-current financial liabilities to comply with new standards for financial instruments
Other non-current financial assets	3,650,000.00	0.06	-	-	N/A	Due to the reclassification of financial instruments originally accounted as available-for-sale financial assets into other non-current financial liabilities to comply with new standards for financial instruments

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 (%)	Remarks
Long-term deferred expenses	2,042,525.98	0.03	3,602,788.29	0.06	-43.31	Mainly due to the amortization of long-term deferred expenses on a monthly basis
Short-term loans	95,000,000.00	1.56	45,000,000.00	0.79	111.11	Mainly due to the increase in short-term bank borrowings
Receipts in advance	-	-	242,767,679.91	4.29	-100.00	Due to the reclassification of eligible receipts in advance into contract liabilities to comply with new revenue standards
Contract liabilities	184,446,949.47	3.03	-	-	N/A	Due to the reclassification of eligible receipts in advance into contract liabilities to comply with new revenue standards
Staff Salaries payable	16,961,824.11	0.28	30,808,648.21	0.54	-44.94	Mainly due to salaries and related cost paid during the period
Other payables	228,338,235.46	3.75	156,119,627.23	2.76	46.26	Mainly due to the distribution of ordinary share dividends in the period
Other current liabilities	56,600,000.00	0.93	27,100,000.00	0.48	108.86	Mainly due to increase in government subsidy not yet recognized under relevant accounting standards at the end of the period

## 3.2 Analysis of investments

### 3.2.1 Overall analysis of equity investment

In the first half of 2018, the Company cautiously made investments in fixed assets and relevant projects in accordance with the operating plan and the capital expenditure budget. To meet the needs for business development, the Company further optimized its corporate structure and accelerated industry transformation and upgrading. On the premises that relevant operation and business are unaffected, the Company disposed ineffective and low-efficiency assets. Nanjing Guanghua Electronics Plastic Casings Factory and Nanjing Panda Mechanical Engineering Plant, two controlling subsidiaries of the Company, have completed procedure of business deregistration. The deregistered companies have ceased operations, which have no significant effect on the Company's overall production, operation and performance.



### 3.2.2 Analysis of major subsidiaries and investee companies

#### (1) Information of major subsidiaries

Unit: 0'000    Currency: RMB

Subsidiary	Major products or services	Registered capital	30 June 2018		January to June 2018	
			Total assets	Net assets	Operating income	Net profit
Nanjing Panda Electronics Equipment Co., Ltd.	Manufacture and sale of automatic transmission equipment and industrial robots	19,000	122,294.74	39,359.37	43,384.79	1,266.88
Nanjing Panda Information Industry Co., Ltd.	Production and sale of AFC and ACC systems and equipment of railway transit, building intellectualization and system integration	USD 3,194.6435	128,071.35	36,772.51	51,009.57	635.40
Nanjing Panda Electronic Manufacture Co., Ltd.	EMS services	USD2,000	89,362.95	42,163.54	60,843.89	2,284.06
Nanjing Panda Communications Technology Co., Ltd.	Manufacture and sale of mobile communication, digital communication and network communication systems and products	10,000	19,781.96	14,918.11	2,931.65	70.49
Nanjing Panda Xinxing Industrial Co., Ltd.	Property and catering services	2,000	6,602.74	3,406.64	7,013.73	215.28
Nanjing Panda Electronic Technology Development Company Limited	Manufacturing of general purpose equipment, software development, and property management	70,000	72,158.56	62,094.46	736.60	-1,332.70
Shenzhen Jinghua Electronics Co., Ltd.	Research and development, manufacturing and sales of communication equipment and digital products	11,507	51,419.22	37,437.42	34,802.62	3,907.97

(2) *Information of major investee companies (January to June 2018)*

*Unit: 0'000 Currency: RMB*

Name of investee company	Operating income	Net Profit	Equity interests held by the Company	Investment Income received by the Company
Nanjing Ericsson Panda Communication Co., Ltd.	359,644.49	8,258.03	27%	2,229.67
Beijing SE Putian Mobile Communication Co., Ltd.	92,451.63	1,378.38	20%	275.68

**3.3 Plan for Profit Distribution or Capitalization of Capital Reserve**

***3.3.1 Plans for profit distribution and capitalization of capital reserve for the first half year***

The Company will not make any profit distribution or convert any capital reserve into share capital for the first half of 2018.

***3.3.2 Implementation of or adjustment to the profit appropriation plan during the Reporting Period***

The resolution in relation to the profit appropriation plan for the year 2017 was considered and approved at the fifteenth meeting of the eighth session of the Board of the Company and the 2017 annual general meeting of the Company, pursuant to which, a cash dividend of RMB0.70 (tax inclusive) for every ten shares was distributed to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2017, with the total cash dividend distributed amounting to RMB63,968,697.03 and the remaining profits to be carried forward to next year. The Company would not make any capitalization of capital reserve. As at the date of this report, the profit appropriation plan had been duly implemented. For details, please refer to the announcements published by the Company in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 30 March 2018, 30 June 2018 and 9 July 2018 and on the website of the Hong Kong Stock Exchange on 29 March 2018, 29 June 2018 and 6 July 2018, respectively.

### **3.4 Other matters**

#### ***3.4.1 Liquidity of capital***

As shown in the consolidated financial statements of the Company prepared under the PRC Accounting Standards for Business Enterprises, as at 30 June 2018, the Company's gearing ratio (the ratio of total liabilities to total assets) was 41.12%; current liabilities amounted to RMB2,469 million; liquidity ratio was 1.92; quick ratio was 1.45; bank deposits and cash amounted to RMB1,127 million; and short-term bank and other loans amounted to RMB95 million.

During the Reporting Period, the benchmark interest rate on 1-year RMB loans from financial institutions was 4.35%.

#### ***3.4.2 Purchase, sale or redemption of the Company's listed shares***

During the Reporting Period, the Group did not purchase, sell or redeem any of the Company's listed shares.

#### ***3.4.3 Liability insurance for its Directors, supervisors and senior management***

During the Reporting Period, the Company purchased liability insurance for its Directors, supervisors and senior management in compliance with relevant requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

#### ***3.4.4 Corporate Governance***

During the Reporting Period, the Company has complied with the provisions under the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

#### ***3.4.5 Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code")***

During the Reporting Period, the Company adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to the Directors, all Directors have confirmed that they complied with the Model Code during the Reporting Period.

#### ***3.4.6 Events after the Reporting Period***

As at the date of this announcement, the Group did not record any material events after the Reporting Period.

### **3.5 Audit committee**

The audit committee and the management of the Company have reviewed the accounting principles and accounting standards and methods adopted by the Company, discussed the matters relating to internal control and reviewed the interim results for the Reporting Period. The audit committee is of the opinion that the relevant financial report complies with the applicable accounting standards and laws and that adequate disclosure has been made.

The audit committee convened a meeting on 28 March 2018 to review 2017 financial report of the Company and the summary report on audit work in 2017 performed by BDO China Shu Lun Pan Certified Public Accountants LLP and agreed to submit the same to the Board for review. The appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international, domestic and internal control auditors for 2018 was agreed at the meeting and relevant proposal was submitted to the Board for consideration.

Having reviewed the unaudited financial report of the Company for the six months ended 30 June 2018, the audit committee is of the opinion that the financial report complies with the applicable accounting standards and laws and that adequate disclosure has been made.

### **3.6 Appointment and Removal of Auditors**

At the 15th meeting of the eighth session of the Board, the resolution in relation to the appointment of the auditors for 2018 was considered and approved, whereby it was proposed that BDO China Shu Lun Pan Certified Public Accountants LLP be re-appointed as the Company's international auditor, PRC auditor and internal control auditor for 2018 and that their remuneration be determined within the limit of RMB2.10 million and it was agreed that the same be submitted to the 2017 annual general meeting of the Company for shareholders' consideration.

The 2017 annual general meeting of the Company considered and approved the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international auditor, PRC auditor and internal control auditor for 2018, and authorized the Board to determine their remuneration within the limit of RMB2.10 million.

For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 30 March 2018 and 30 June 2018 and on the website of the Hong Kong Stock Exchange on 29 March 2018 and 29 June 2018.

### **3.7 Changes in accounting policies, accounting estimates and accounting methods compared with the previous accounting period, reasons thereof and their impact.**

1. The resolution on the change in the Company's accounting policies and the related matters was considered and approved at the fifteenth meeting of the eighth session of the Board of the Company on 29 March 2018. In 2017, the Ministry of Finance issued the Accounting Standards for Business Enterprises No. 42–Non-Current Assets Held for Sale, Disposal Groups and Termination of Business Operation, which took effect on 28 May 2017. Non-current assets held for sale, disposal groups and termination of business operation existing on the date of the implementation shall be handled with prospective application method. The Ministry of Finance issued the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises (《財政部關於修訂印發一般企業財務報表格式的通知》) in 2017, and has revised the format of financial statements for general enterprises, which is applicable to the financial statements for the year 2017 and subsequent periods. In accordance with the requirements of the above accounting standards and notice, the Company changed the relevant accounting policies and implemented the above standards and notice according to the stipulated implementation date. The decision-making process for this change in accounting policies is in compliance with the relevant laws and regulations and the Articles of Association. For details of the change in accounting policies, please refer to the Announcement of Nanjing Panda on Change in Accounting Policies (Lin 2018–013) published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 30 March 2018 and relevant announcement published on the website of the Hong Kong Stock Exchange on 29 March 2018. The change in accounting policies only affects the presentation of the items in the Company's financial statement, but has no impact on the Company's total assets, net assets, profit or loss, nor does it involve retrospective adjustments in prior years.

2. The resolution on the change in the Company's accounting policies and the related matters was considered and approved at the second meeting of the ninth session of the Board of the Company on 30 August 2018. In 2017, the Ministry of Finance revised the Accounting Standards for Business Enterprises No. 14–Revenue, the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, the Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments, pursuant which, the enterprises concurrently listed on domestic and foreign stock exchanges shall adopt such accounting standards with effect from 1 January 2018. On 15 June 2018, the Ministry of Finance issued the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises for 2018 (《財政部關於修訂印發2018年度一般企業財務報表格式的通知》) (Cai Kuai [2018] No. 15), and has revised the format of financial statements for general enterprises. In accordance with the requirements of the above accounting standards and notice, the Company changed relevant accounting policies and implemented the above standards and notice according to the stipulated implementation date. The Company has prepared the interim financial statements for 2018 according to such format as prescribed in the notice Cai Kuai [2018] No. 15 and changed the presentation of relevant financial statements with retrospective application method. The change in accounting policies only affects the presentation of the relevant items in the Company's financial statement, but has no material impact on the Company's financial positions, operating results and cash flow for the period. The change in accounting policies was made on reasonable basis according to the relevant requirements of the Ministry of Finance, which was in line with the relevant regulations and the actual situation of the Company. The decision-making process for this change in accounting policies is in compliance with relevant laws and regulations and the Articles of Association. For details, please refer to the Announcement of Nanjing Panda on Change in Accounting Policies (Lin 2018–033) published by the Company on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 31 August 2018 and the relevant announcement published on the website of the Hong Kong Stock Exchange on 30 August 2018.

**3.8 In case retrospective restatement is required for major accounting errors during the Reporting Period, the Company shall give explanations on the situation, amount affected, reasons thereof and its impact.**

N/A

**3.9 Where there are changes in the consolidation scope of the financial statements as compared with the last financial report, the Company shall give specific explanations.**

Nanjing Panda Mechanical Engineering Plant and Nanjing Guanghua Electronics Plastic Casings Factory, the subsidiaries of the Company, were deregistered in the period. Prior to their deregistration, the subsidiaries had been incorporated into the consolidated financial statements of the Company properly.

**3.10 Where the interim financial report has been audited and the non-standard audit report has been issued therefor, the Board and the Supervisory Committee shall make explanations on the matters concerned.**

N/A

#### IV. FINANCIAL REPORT (PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES)

##### Consolidated Balance Sheet

30 June 2018

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB Yuan*

Assets	Closing balance	Opening balance
<b>Current assets:</b>		
Cash and cash equivalents	<b>1,236,030,059.02</b>	1,328,745,296.50
Settlement provisions		
Placement		
Financial assets measured at fair value through profit and loss		
Financial assets held for trading		
Derivative financial assets		
Notes receivable and accounts receivable	<b>756,259,003.02</b>	1,514,714,889.82
Advance to suppliers	<b>314,975,696.87</b>	248,488,640.75
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	<b>106,869,225.11</b>	79,788,515.23
Financial assets purchased for resale		
Inventories	<b>1,065,806,599.60</b>	591,018,560.71
Contract assets	<b>649,979,334.72</b>	
Held-for-sale assets	<b>78,387,788.27</b>	78,387,788.27
Non-current assets due within one year		
Other current assets	<b>521,050,556.23</b>	465,410,493.64
<b>Total current assets</b>	<b>4,729,358,262.84</b>	4,306,554,184.92



**Consolidated Balance Sheet (Continued)**  
**30 June 2018**

<b>Assets</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Non-current assets:</b>		
Loans and advances to customers		
Available-for-sale financial assets		3,650,000.00
Held-to-maturity investments		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	<b>358,308,042.35</b>	332,625,534.79
Other investments in equity instruments		
Other non-current financial assets	<b>3,650,000.00</b>	
Investment properties	<b>7,638,293.76</b>	8,314,534.74
Fixed assets	<b>832,940,346.38</b>	853,555,020.10
Construction in progress	<b>49,532,665.55</b>	50,659,931.64
Biological assets for production		
Fuel assets		
Intangible assets	<b>94,130,726.55</b>	97,307,446.15
Development expenses	–	
Goodwill		
Long-term deferred expenses	<b>2,042,525.98</b>	3,602,788.29
Deferred income tax assets	<b>9,127,203.04</b>	9,234,045.96
Other non-current assets		
<b>Total non-current assets</b>	<b><u>1,357,369,803.61</u></b>	<b><u>1,358,949,301.67</u></b>
<b>Total assets</b>	<b><u><u>6,086,728,066.45</u></u></b>	<b><u><u>5,665,503,486.59</u></u></b>

**Consolidated Balance Sheet (Continued)**  
**30 June 2018**

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current liabilities:</b>		
Short-term loans	<b>95,000,000.00</b>	45,000,000.00
Borrowing from PBOC		
Customer and interbank deposits		
Borrowing from interbank		
Financial liabilities measured at fair value through profit and loss		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable and accounts payable	<b>1,858,571,918.59</b>	1,526,511,390.66
Advances from customers		242,767,679.91
Contract liabilities	<b>184,446,949.47</b>	
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Salaries payable	<b>16,961,824.11</b>	30,808,648.21
Taxes payable	<b>29,480,920.39</b>	29,450,814.25
Other payables	<b>228,338,235.46</b>	156,119,627.23
Reinsurers due		
Insurance contract reserves		
Customers' deposits held for securities brokerage		
Securities underwriting		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	<b><u>56,600,000.00</u></b>	<b><u>27,100,000.00</u></b>
<b>Total current liabilities</b>	<b><u>2,469,399,848.02</u></b>	<b><u>2,057,758,160.26</u></b>

**Consolidated Balance Sheet (Continued)**  
**30 June 2018**

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Non-current liabilities:</b>		
Long-term loans	–	
Bonds payables	–	
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term staff salaries payable	<b>26,016,831.57</b>	28,037,472.50
Accrued liabilities		
Deferred income	<b>7,517,272.12</b>	7,984,320.10
Deferred income tax liabilities	<b>76,009.90</b>	79,780.30
Other non-current liabilities		
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>33,610,113.59</b>	36,101,572.90
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>2,503,009,961.61</b>	<b>2,093,859,733.16</b>
	<hr/>	<hr/>

**Consolidated Balance Sheet (Continued)**  
**30 June 2018**

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Owners' equity:</b>		
Share capital	<b>913,838,529.00</b>	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	<b>1,464,043,022.82</b>	1,464,043,022.82
Less: treasury share		
Other comprehensive income		
Special reserve		
Surplus reserve	<b>254,995,636.63</b>	254,995,636.63
General risk reserve		
Undistributed profits	<b><u>717,766,712.00</u></b>	<u>730,715,948.32</u>
<b>Subtotal of the equity attributable to the shareholders of the parent company</b>	<b><u>3,350,643,900.45</u></b>	<u>3,363,593,136.77</u>
<b>Minority interests</b>	<b><u>233,074,204.39</u></b>	<u>208,050,616.66</u>
<b>Total owners' equity</b>	<b><u>3,583,718,104.84</u></b>	<u>3,571,643,753.43</u>
<b>Total liabilities and owners' equity</b>	<b><u><u>6,086,728,066.45</u></u></b>	<u><u>5,665,503,486.59</u></u>

*Legal representative :*  
**Xia Dechuan**

*Chief Accountant:*  
**Shen Jianlong**

*Head of the  
Accounting Department:*  
**Liu Xianfang**

## Consolidated Income Statement

January–June 2018

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB Yuan

Items	Amount for the current period	Amount for the prior period
<b>1. Total operating income</b>	<b>1,993,629,769.74</b>	1,751,575,928.03
Include: Operating income	<b>1,993,629,769.74</b>	1,751,575,928.03
Interests income		
Premiums earned		
Income from bank charges and commissions		
<b>2. Total operating cost</b>	<b>1,942,308,699.04</b>	1,723,647,996.99
Include: Operating cost	<b>1,703,793,649.19</b>	1,501,200,035.86
Interests expenses		
Bank charges and commissions expenses		
Insurance withdrawal payment		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Business taxes and surcharge	<b>9,410,402.47</b>	11,656,357.16
Selling expenses	<b>24,842,746.83</b>	23,862,747.13
Administrative expenses	<b>99,945,852.85</b>	99,005,721.91
R&D costs	<b>103,166,097.03</b>	83,028,112.67
Financial expenses	<b>370,226.01</b>	-2,210,703.19
Including: Interest expense	<b>1,489,974.74</b>	525,043.40
Interest incomes	<b>-5,522,060.92</b>	-6,138,429.01
Loss in assets impairment	<b>-238,867.43</b>	7,105,725.45
Loss in credit impairment	<b>1,018,592.09</b>	
Add: Other incomes	<b>1,268,248.20</b>	2,527,179.69
Investment income		
(losses are represented by “-”)	<b>35,460,772.49</b>	38,928,575.85
Include: Investment income of associates and joint ventures	<b>25,682,507.56</b>	32,250,321.46
Income on hedging the net exposure		
(losses are represented by “-”)		
Income from change in fair value		
(losses are represented by “-”)		
Gains on disposal of assets		
(losses are represented by “-”)	<b>-178,452.31</b>	27,066.49
Exchange gain (losses are represented by “-”)	<b>-</b>	

**Consolidated Income Statement (Continued)**  
*January–June 2018*

Items	Amount for the current period	Amount for the prior period
<b>3. Operating profit (losses are represented by “-”)</b>	<b>87,871,639.08</b>	69,410,753.07
Add: Non-operating income	<b>2,910,814.51</b>	10,942,287.92
Less: Non-operating expenses	<b>577,222.19</b>	743,784.89
<b>4. Total profit (total losses are represented by “-”)</b>	<b>90,205,231.40</b>	79,609,256.10
Less: Income tax expense	<b>14,162,182.96</b>	13,975,660.57
<b>5. Net profit (net losses are represented by “-”)</b>	<b>76,043,048.44</b>	65,633,595.53
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by “-”)	<b>76,043,048.44</b>	65,633,595.53
2. Net profit for discontinued operation (net losses are represented by “-”)		
(2) Classified by the attribution of the ownership		
1. Minority interests	<b>25,023,587.73</b>	20,748,045.44
2. Net Profit attributable to the equity shareholders of the parent company	<b>51,019,460.71</b>	44,885,550.09
<b>6. Net other comprehensive income after tax</b>		
Net other comprehensive income after tax attributable to owners of the parent company		
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss		
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment		
4. Changes in fair value of the enterprise’s own credit risk		

**Consolidated Income Statement (Continued)**  
*January–June 2018*

Items	Amount for the current period	Amount for the prior period
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets		
4. Changes in fair value of other equity instruments investment		
5. Amount of financial assets reclassified to other comprehensive income		
6. Provision for credit impairment of other bonds investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority interests		
<b>7. Total comprehensive income</b>	<b>76,043,048.44</b>	65,633,595.53
Total comprehensive income attributable to the equity holders of the parent company	<b>51,019,460.71</b>	44,885,550.09
Total comprehensive income attributable to minority shareholders	<b>25,023,587.73</b>	20,748,045.44
<b>8. Earnings per share:</b>		
(1) Basic earnings per share ( <i>RMB/share</i> )	<b>0.0558</b>	0.0491
(2) Diluted earnings per share ( <i>RMB/share</i> )	<b>0.0558</b>	0.0491

*Legal representative :*  
**Xia Dechuan**

*Chief Accountant:*  
**Shen Jianlong**

*Head of the  
Accounting Department:*  
**Liu Xianfang**

## Consolidated Cash flow statement

January–June 2018

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB Yuan

Items	Amount for the current period	Amount for the prior period
<b>1. Cash flows from operating activities</b>		
Cash received from the sale of goods and rendering of services	2,051,599,065.88	2,129,010,322.27
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from banks and other financial institutions		
Cash received from premiums of original insurance contract		
Net amount of reinsurance business		
Net increase in deposits of the insured and investment		
Net increase in disposal of financial assets at fair value through profit or loss		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Refunds of taxes	36,957,849.05	30,925,898.30
Cash received relating to other operating activities	124,685,674.31	131,368,610.42
<b>Sub-total of cash inflows from operating activities</b>	<b>2,213,242,589.24</b>	<b>2,291,304,830.99</b>
Cash paid on purchase of goods and services received	1,848,536,201.20	1,688,004,232.65
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	240,655,958.39	206,149,283.94
Cash paid for all types of taxes	115,249,064.91	97,960,168.65
Cash paid relating to other operating activities	141,539,541.89	162,325,745.81
<b>Sub-total of cash outflows from operating activities</b>	<b>2,345,980,766.39</b>	<b>2,154,439,431.05</b>
<b>Net cash flows from operating activities</b>	<b>-132,738,177.15</b>	<b>136,865,399.94</b>



**Consolidated Cash flow statement (Continued)**  
*January–June 2018*

Items	Amount for the current period	Amount for the prior period
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal and returns of investments	–	–
Cash received from return on investments	<b>10,024,098.81</b>	6,678,254.39
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	<b>106,399.35</b>	121,000.00
Net cash received from disposal of subsidiaries and other operating entities	–	–
Cash received relating to other investment activities	<u><b>950,000,000.00</b></u>	<u>1,167,500,000.00</u>
<b>Sub-total of cash inflows from investing activities</b>	<u><b>960,130,498.16</b></u>	<u><b>1,174,299,254.39</b></u>
Cash paid on purchase of fixed assets, intangible assets and other long term assets	<b>19,317,554.42</b>	26,530,489.49
Cash paid for investments	–	–
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities	–	–
Cash paid relating to other investment activities	<u><b>960,000,000.00</b></u>	<u>1,369,500,000.00</u>
<b>Sub-total of cash outflows from investing activities</b>	<u><b>979,317,554.42</b></u>	<u><b>1,396,030,489.49</b></u>
<b>Net cash flows from investing activities</b>	<u><b>-19,187,056.26</b></u>	<u><b>-221,731,235.10</b></u>

**Consolidated Cash flow statement (Continued)**  
*January–June 2018*

Items	Amount for the current period	Amount for the prior period
<b>3. Cash flows from financing activities</b>		
Cash received from investment	–	
Including: cash received by subsidiaries from minority shareholders' investment	–	
Cash received from borrowings	<b>95,000,000.00</b>	45,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	<b>39,198,666.76</b>	–
<b>Sub-total of cash inflows from financing activities</b>	<b>134,198,666.76</b>	<b>45,000,000.00</b>
Cash paid on repayment of borrowings	<b>45,000,000.00</b>	40,000,000.00
Cash paid on distribution of dividends or profits, or interests expenses	<b>1,489,974.74</b>	12,628,731.76
Including: bonus and profit paid to minority shareholders by subsidiaries	–	12,160,000.00
Cash paid on other financing activities	<b>285,364.09</b>	–
<b>Sub-total of cash outflows from financing activities</b>	<b>46,775,338.83</b>	<b>52,628,731.76</b>
<b>Net cash flows from financing activities</b>	<b>87,423,327.93</b>	<b>-7,628,731.76</b>
<b>4. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>-100,015.82</b>	-1,668,856.91
<b>5. Net increase in cash and cash equivalents</b>	<b>-64,601,921.30</b>	-94,163,423.83
Add: balance of cash and cash equivalents at the beginning of the period	<b>1,191,597,115.73</b>	1,141,683,919.27
<b>6. Balance of cash and cash equivalents at the end of the period</b>	<b>1,126,995,194.43</b>	1,047,520,495.44

*Legal representative:*  
**Xia Dechuan**

*Chief Accountant:*  
**Shen Jianlong**

*Head of the  
Accounting Department:*  
**Liu Xianfang**

# Consolidated Statement of changes in equity

## January–June 2018

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB Yuan

Items	Current period											
	Equity attributable to parent company							Other comprehensive income				
	Share capital	Other equity instrument		Capital reserve	Less: treasury shares	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total owners' equity	
Preference shares		Perpetual bonds	Others									
I. Balance at the end of prior year	913,838,529.00			1,464,043,022.82	-	-	254,995,636.63	-	730,715,948.32	208,050,616.66	3,571,643,753.43	
Add: Changes in accounting policies	-			-	-	-	-	-	-	-	-	
Error correction of prior period	-			-	-	-	-	-	-	-	-	
Business combination involving entities under common control	-			-	-	-	-	-	-	-	-	
Others	-			-	-	-	-	-	-	-	-	
II. Balance at the beginning of current year	913,838,529.00			1,464,043,022.82	-	-	254,995,636.63	-	730,715,948.32	208,050,616.66	3,571,643,753.43	
III. Changes of current year (decreases are represented by "-")												
(I) Total comprehensive income	-			-	-	-	-	-	-12,949,236.32	25,023,587.73	12,074,351.41	
(II) Share capital contributed or withdrew by owners	-			-	-	-	-	-	51,019,460.71	25,023,587.73	76,043,048.44	
1. Share capital contributed by owners	-			-	-	-	-	-	-	-	-	
2. Capital contributed by holders of other equity instruments	-			-	-	-	-	-	-	-	-	
3. Amount of share-based payment included	-			-	-	-	-	-	-	-	-	
4. Others	-			-	-	-	-	-	-	-	-	
(III) Profit distribution	-			-	-	-	-	-	-	-	-	
1. Appropriation of surplus reserve	-			-	-	-	-	-	-63,968,697.03	-	-63,968,697.03	
2. Appropriation of general risk reserve	-			-	-	-	-	-	-	-	-	
3. Appropriation of profit to owners	-			-	-	-	-	-	-63,968,697.03	-	-63,968,697.03	
4. Others	-			-	-	-	-	-	-	-	-	
(IV) Internal carry-over within equity	-			-	-	-	-	-	-	-	-	
1. Transfer of capital reserve to share capital	-			-	-	-	-	-	-	-	-	
2. Transfer of surplus reserve to share capital	-			-	-	-	-	-	-	-	-	
3. Surplus reserve to cover losses	-			-	-	-	-	-	-	-	-	
4. Change in defined benefit plan carried over to retained earnings	-			-	-	-	-	-	-	-	-	
5. Other comprehensive income carried over to retained earnings	-			-	-	-	-	-	-	-	-	
6. Others	-			-	-	-	-	-	-	-	-	
(V) Appropriation and application of special reserve	-			-	-	-	-	-	-	-	-	
1. Appropriation of special reserve	-			-	-	-	-	-	-	-	-	
2. Application of special reserve	-			-	-	-	-	-	-	-	-	
(VI) Others	-			-	-	-	-	-	-	-	-	
IV. Balance at the end of current year	913,838,529.00			1,464,043,022.82	-	-	254,995,636.63	-	717,766,712.00	233,074,204.39	3,583,718,104.84	

# Consolidated Statement of changes in equity (Continued)

## January-June 2018

Items	Preceding period											
	Equity attributable to parent company										Total owners' equity	
	Share capital	Other equity instrument		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Minority interests
	Preference shares	Perpetual bonds	Others									
I. Balance at the end of prior year	913,838,529.00			1,464,133,820.05	-	-	-	251,825,696.34	-	690,472,508.00	190,129,847.54	3,510,400,400.93
Add: Changes in accounting policies	-			-	-	-	-	-	-	-	-	-
Error correction of prior period	-			-	-	-	-	-	-	-	-	-
Business combination involving entities under common control	-			-	-	-	-	-	-	-	-	-
Others	-			-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	913,838,529.00			1,464,133,820.05	-	-	-	251,825,696.34	-	690,472,508.00	190,129,847.54	3,510,400,400.93
III. Changes of current year (decreases are represented by "-")												
(I) Total comprehensive income	-			16,503.68	-	-	-	-	-	-19,083,146.94	22,920,341.76	3,853,698.50
(II) Share capital contributed or withdrew by owners	-			-	-	-	-	-	-	44,885,550.09	20,748,045.44	65,633,595.53
1. Share capital contributed by owners	-			-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-			16,503.68	-	-	-	-	-	-	2,172,296.32	2,188,800.00
3. Amount of share-based payment included	-			-	-	-	-	-	-	-	-	-
4. Others	-			16,503.68	-	-	-	-	-	-	-	-
(III) Profit distribution	-			-	-	-	-	-	-	-	-	-
1. Appropriation of surplus reserve	-			-	-	-	-	-	-	-	2,172,296.32	2,188,800.00
2. Appropriation of general risk reserve	-			-	-	-	-	-	-	-63,968,697.03	-	-63,968,697.03
3. Appropriation of profit to owners	-			-	-	-	-	-	-	-	-	-
4. Others	-			-	-	-	-	-	-	-	-	-
(IV) Internal carry-over within equity	-			-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to share capital	-			-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to share capital	-			-	-	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-			-	-	-	-	-	-	-	-	-
4. Changes arising from carry-over of re-measured net liabilities or net assets of defined benefit plan	-			-	-	-	-	-	-	-	-	-
5. Other	-			-	-	-	-	-	-	-	-	-
(V) Appropriation and application of special reserve	-			-	-	-	-	-	-	-	-	-
1. Appropriation of special reserve	-			-	-	-	-	-	-	-	-	-
2. Application of special reserve	-			-	-	-	-	-	-	-	-	-
(VI) Others	-			-	-	-	-	-	-	-	-	-
IV. Balance at the end of current year	913,838,529.00			1,464,150,323.73	-	-	-	251,825,696.34	-	671,389,361.06	213,050,189.30	3,514,254,099.43

Legal Representative:  
Xia Dechuan

Chief Accountant:  
Shen Jianlong

Head of the Accounting Department:  
Liu Xianfang

**Balance Sheet***30 June 2018*

Prepared by: Nanjing Panda Electronics Company Limited

*Unit: RMB Yuan*

<b>Assets</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current assets:</b>		
Cash and cash equivalents	<b>133,579,967.58</b>	172,698,117.78
Financial assets measured at fair value through profit and loss		–
Financial assets held for trading		–
Derivative financial assets		–
Notes receivable and accounts receivable	<b>92,929,430.25</b>	83,430,484.10
Advance to suppliers	<b>8,723,691.13</b>	2,793,993.19
Other receivables	<b>271,331,680.49</b>	251,914,483.98
Inventories	<b>34,177,134.80</b>	23,223,302.05
Contract assets		
Held-for-sale assets	<b>78,387,788.27</b>	78,387,788.27
Non-current assets due within one year		
Other current assets	<b>414,659,521.84</b>	450,000,000.00
<b>Total current assets</b>	<b><u>1,033,789,214.36</u></b>	<b><u>1,062,448,169.37</u></b>

**Balance Sheet (Continued)**  
**30 June 2018**

<b>Assets</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Non-current assets:</b>		
Available-for-sale financial assets		3,650,000.00
Held-to-maturity investments		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	1,779,246,291.41	1,782,505,983.43
Other investments in equity instruments		
Other non-current financial assets	3,650,000.00	
Investment properties	144,514,374.28	
Fixed assets	102,434,346.54	253,254,688.19
Construction in progress	1,539,752.37	1,539,752.37
Biological assets for production		
Fuel assets		
Intangible assets	11,454,342.78	11,830,656.32
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
<b>Total non-current assets</b>	<b><u>2,042,839,107.38</u></b>	<b><u>2,052,781,080.31</u></b>
<b>Total assets</b>	<b><u>3,076,628,321.74</u></b>	<b><u>3,115,229,249.68</u></b>

**Balance Sheet (Continued)**  
**30 June 2018**

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current liabilities:</b>		
Short-term loans	–	
Financial liabilities measured at fair value through profit and loss		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable and accounts payable	<b>54,522,285.05</b>	48,910,348.83
Advances from customers		563,650.00
Contract liabilities	<b>4,000.00</b>	
Staff Salaries payable	<b>1,263,862.40</b>	2,075,743.65
Taxes payable	<b>14,648,347.82</b>	9,345,731.70
Other payables	<b>235,455,651.77</b>	216,846,128.21
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	–	
<b>Total current liabilities</b>	<b><u>305,894,147.04</u></b>	<b><u>277,741,602.39</u></b>
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term staff salaries payable	<b>2,828,665.75</b>	3,249,053.43
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b><u>2,828,665.75</u></b>	<b><u>3,249,053.43</u></b>
<b>Total liabilities</b>	<b><u>308,722,812.79</u></b>	<b><u>280,990,655.82</u></b>

**Balance Sheet (Continued)**  
**30 June 2018**

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Owners' equity:</b>		
Share capital	<b>913,838,529.00</b>	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	<b>1,434,870,834.28</b>	1,434,870,834.28
Less: treasury share	–	
Other comprehensive income		
Special reserve		
Surplus reserve	<b>254,995,636.63</b>	254,995,636.63
Undistributed profits	<b>164,200,509.04</b>	230,533,593.95
<b>Total owners' equity</b>	<b><u>2,767,905,508.95</u></b>	<b><u>2,834,238,593.86</u></b>
<b>Total liabilities and owners' equity</b>	<b><u>3,076,628,321.74</u></b>	<b><u>3,115,229,249.68</u></b>

*Legal representative :*  
**Xia Dechuan**

*Chief Accountant:*  
**Shen Jianlong**

*Head of the  
Accounting Department:*  
**Liu Xianfang**



## Income Statement

January–June 2018

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB Yuan

Items	Amount for the current period	Amount for the prior period
<b>1. Total operating income</b>	<b>63,006,618.56</b>	54,385,837.67
Less: Operating cost	<b>35,598,969.47</b>	30,093,584.43
Business taxes and surcharge	<b>2,655,900.98</b>	2,857,871.46
Selling expenses	<b>2,081,113.84</b>	2,002,994.12
Administrative expenses	<b>45,289,518.52</b>	51,298,382.85
R&D costs	<b>4,375,401.51</b>	3,395,433.13
Financial expenses	<b>-1,001,182.08</b>	-3,408,353.96
Including: Interest expense	–	–
Interest incomes	<b>-946,751.69</b>	-2,797,058.01
Loss in assets impairment	<b>-255.71</b>	-1,459,520.42
Loss in credit impairment	<b>-4,050,740.35</b>	–
Add: Other incomes	–	–
Investment income (losses are represented by “-”)	<b>1,408,417.90</b>	46,323,991.23
Include: Investment income of associates and joint ventures	<b>25,053,420.89</b>	31,888,929.98
Income on hedging the net exposure (losses are represented by “-”)	–	–
Income from change in fair value (losses are represented by “-”)	–	–
Gains on disposal of assets (losses are represented by “-”)	<b>854.70</b>	-132,328.02
<b>2. Operating profit</b> (losses are represented by “-”)	<b>-20,532,835.02</b>	15,797,109.27
Add: Non-operating income	<b>18,200,914.74</b>	88,703.11
Less: Non-operating expenses	<b>32,467.60</b>	60,628.51
<b>3. Total profit (total losses are represented by “-”)</b>	<b>-2,364,387.88</b>	15,825,183.87
Less: Income tax expense	–	–
<b>4. Net profit (net losses are represented by “-”)</b>	<b>-2,364,387.88</b>	15,825,183.87
(1) Net profit for going concern(net losses are represented by “-”)	<b>-2,364,387.88</b>	15,825,183.87
(2) Net profit for discontinued operation(net losses are represented by “-”)	–	–

**Income Statement (Continued)***January–June 2018*

Items	Amount for the current period	Amount for the prior period
<b>5. Net other comprehensive income after tax</b>		
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss		
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment		
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets		
4. Changes in fair value of other equity instruments investment		
5. Amount of financial assets reclassified to other comprehensive income		
6. Provision for credit impairment of other bonds investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority interests		
<b>6. Total comprehensive income:</b>	<b>-2,364,387.88</b>	<b>15,825,183.87</b>
<b>7. Earnings per share:</b>		
(1) Basic earnings per share		
(2) Diluted earnings per share		

*Legal representative :*  
**Xia Dechuan**

*Chief Accountant:*  
**Shen Jianlong**

*Head of the  
Accounting Department:*  
**Liu Xianfang**

## Cash flow statement

January–June 2018

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB Yuan

Items	Amount for the current period	Amount for the prior period
<b>1. Cash flows from operating activities:</b>		
Cash received from the sale of goods and rendering of services	49,420,552.68	54,711,370.16
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central banks		
Net increase in loans from banks and other financial institutions		
Cash received from premiums of original insurance contract		
Net amount of reinsurance business		
Net increase in deposits of the insured and investment		
Net increase in disposal of trading financial assets		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Refunds of taxes	–	557,563.18
Cash received relating to other operating activities	69,583,432.96	31,022,592.88
<b>Sub-total of cash inflows from operating activities</b>	<b>119,003,985.64</b>	<b>86,291,526.22</b>
Cash paid on purchase of goods and services received	30,505,465.75	32,756,131.96
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	44,545,818.53	32,927,580.52
Cash paid for all types of taxes	6,922,181.10	3,937,031.60
Cash paid relating to other operating activities	116,209,026.87	14,900,368.27
<b>Sub-total of cash outflows from operating activities</b>	<b>198,182,492.25</b>	<b>84,521,112.35</b>
<b>Net cash flows from operating activities</b>	<b>-79,178,506.61</b>	<b>1,770,413.87</b>

**Cash flow statement (Continued)***January–June 2018*

Items	Amount for the current period	Amount for the prior period
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal and returns of investments	–	–
Cash received from return on investments	<b>9,573,070.12</b>	14,435,061.25
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	–	106,000.00
Net cash received from the disposal of subsidiaries and other operating entities	–	–
Cash received relating to other investment activities	<b>900,000,000.00</b>	753,000,000.00
<b>Sub-total of cash inflows from investing activities</b>	<b>909,573,070.12</b>	767,541,061.25
Cash paid on purchase of fixed assets, intangible assets and other long term assets	–	601,080.00
Cash paid for investments	<b>10,000,000.00</b>	–
Net increase in pledge loans		
Net cash paid on acquisition of subsidiaries and other operating entities	–	–
Cash paid relating to other investment activities	<b>860,000,000.00</b>	865,000,000.00
<b>Sub-total of cash outflows from investing activities</b>	<b>870,000,000.00</b>	865,601,080.00
<b>Net cash flows from investing activities</b>	<b>39,573,070.12</b>	-98,060,018.75

**Cash flow statement (Continued)***January–June 2018*

Items	Amount for the current period	Amount for the prior period
<b>3. Cash flows from financing activities</b>		
Cash received from absorbing investment	–	
Including: cash received from minority shareholder investment by subsidiaries		
Cash received from borrowings	–	
Cash received from issuing bonds		
Cash received relating to other financing activities	–	–
	<hr/>	<hr/>
<b>Sub-total of cash inflows from financing activities</b>	<b>–</b>	<b>–</b>
	<hr/> <hr/>	<hr/> <hr/>
Cash paid on repayment of borrowings	–	
Cash paid on distribution of dividends, profits, or interests expenses	–	
Including: dividends and profits paid to minority shareholders by subsidiaries		
Cash paid relating to other financing activities	–	–
	<hr/>	<hr/>
<b>Sub-total of cash outflows from financing activities</b>	<b>–</b>	<b>–</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Net cash flows from financing activities</b>	<b>–</b>	<b>–</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>4. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>0.54</b>	<b>-110.52</b>
<b>5. Net increase in cash and cash equivalents</b>	<b>-39,605,435.95</b>	<b>-96,289,715.40</b>
Add: balance of cash and cash equivalents at the beginning of the period	<b>171,036,014.33</b>	<b>332,032,352.83</b>
<b>6. Balance of cash and cash equivalents at the end of the period</b>	<b>131,430,578.38</b>	<b>235,742,637.43</b>

*Legal representative:*  
**Xia Dechuan**

*Chief Accountant:*  
**Shen Jianlong**

*Head of the  
Accounting Department:*  
**Liu Xianfang**

Unit: RMB Yuan

Items	Other equity instrument				Current period							
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total owners' equity
I. Balance at the end of prior year	913,838,529.00				1,434,870,834.28	-	-	-	254,995,636.63	-	230,533,593.95	2,834,238,593.86
Add: Changes in accounting policies	-				-	-	-	-	-	-	-	-
Error correction of prior period	-				-	-	-	-	-	-	-	-
Others	-				-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	913,838,529.00				1,434,870,834.28	-	-	-	254,995,636.63	-	230,533,593.95	2,834,238,593.86
III. Changes of current year (decreases are represented by “-”)												
(I) Total comprehensive income	-				-	-	-	-	-	-	-66,333,084.91	-66,333,084.91
(II) Share capital contributed or withdrew by owners	-				-	-	-	-	-	-	-2,364,387.88	-2,364,387.88
1. Share capital contributed by owners	-				-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-				-	-	-	-	-	-	-	-
3. Amount of share-based payment included	-				-	-	-	-	-	-	-	-
4. Others	-				-	-	-	-	-	-	-	-
(III) Profit distribution	-				-	-	-	-	-	-	-63,968,697.03	-63,968,697.03
1. Appropriation of surplus reserve	-				-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-				-	-	-	-	-	-	-	-
3. Appropriation of profit to owners	-				-	-	-	-	-	-	-	-
4. Others	-				-	-	-	-	-	-	-63,968,697.03	-63,968,697.03
(IV) Internal carry-over within equity	-				-	-	-	-	-	-	-	-
1. Transfer of capital reserve to share capital	-				-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to share capital	-				-	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-				-	-	-	-	-	-	-	-
4. Change in defined benefit plan carried over to retained earnings	-				-	-	-	-	-	-	-	-
5. Other comprehensive income carried over to retained earnings	-				-	-	-	-	-	-	-	-
6. Others	-				-	-	-	-	-	-	-	-
(V) Appropriation and application of special reserve	-				-	-	-	-	-	-	-	-
1. Appropriation of special reserve	-				-	-	-	-	-	-	-	-
2. Application of special reserve	-				-	-	-	-	-	-	-	-
(VI) Others	-				-	-	-	-	-	-	-	-
IV. Balance at the end of current year	913,838,529.00				1,434,870,834.28	-	-	-	254,995,636.63	-	164,200,509.04	2,767,905,508.95

*Head of the Accounting Department:*  
**Liu Xianfang**

# Statement of changes in equity (Continued)

## January–June 2018

Items	Other equity instrument				Preceding period							
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total owners' equity
I. Balance at the end of prior year	913,838,529.00				1,434,870,834.28	-	-	-	251,825,696.34	-	265,972,828.42	2,866,507,888.04
Add: Changes in accounting policies	-				-	-	-	-	-	-	-	-
Error correction of prior period	-				-	-	-	-	-	-	-	-
Others	-				-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	913,838,529.00				1,434,870,834.28	-	-	-	251,825,696.34	-	265,972,828.42	2,866,507,888.04
III. Changes of current year (decreases are represented by “-”)												
(I) Total comprehensive income	-				-	-	-	-	-	-	-48,143,513.16	-48,143,513.16
(II) Share capital contributed or withdrew by owners	-				-	-	-	-	-	-	15,825,183.87	15,825,183.87
1. Share capital contributed by owners	-				-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-				-	-	-	-	-	-	-	-
3. Amount of share-based payment included	-				-	-	-	-	-	-	-	-
4. Others	-				-	-	-	-	-	-	-63,968,697.03	-63,968,697.03
(III) Profit distribution	-				-	-	-	-	-	-	-	-
1. Appropriation of surplus reserve	-				-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-				-	-	-	-	-	-	-	-
3. Appropriation of profit to owners	-				-	-	-	-	-	-	-63,968,697.03	-63,968,697.03
4. Others	-				-	-	-	-	-	-	-	-
(IV) Internal carry-over within equity	-				-	-	-	-	-	-	-	-
1. Transfer of capital reserve to share capital	-				-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to share capital	-				-	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-				-	-	-	-	-	-	-	-
4. Changes arising from carry-over of re-measured net liabilities or net assets of defined benefit plan	-				-	-	-	-	-	-	-	-
5. Others	-				-	-	-	-	-	-	-	-
(V) Appropriation and application of special reserve	-				-	-	-	-	-	-	-	-
1. Appropriation of special reserve	-				-	-	-	-	-	-	-	-
2. Application of special reserve	-				-	-	-	-	-	-	-	-
(VI) Others	-				-	-	-	-	-	-	-	-
IV. Balance at the end of current year	913,838,529.00				1,434,870,834.28	-	-	-	251,825,696.34	-	217,829,315.26	2,818,364,374.88

Legal Representative:  
**Xia Dechuan**

Chief Accountant:  
**Shen Jianlong**

Head of the Accounting Department:  
**Liu Xianfang**

## **Notes to the condensed consolidated financial statements**

*(Expressed in Renminbi)*

### **(I) Basis of preparation**

Financial statements of the company have been prepared on going concern basis based on actual transactions and events. Financial statements have been also prepared in accordance with the basic standards of Accounting Standards for Business Enterprises (hereinafter referred as “ASBE”), specific accounting standards, the Application Guidance on ASBE, and the Explanation on ASBE as well as other relevant regulations (jointly referred to as the “Accounting Standards for Enterprises”) which were issued by the Ministry of Finance. In addition, the financial statements of the company are also prepared in accordance with the presentation and disclosure requirements of “No. 15 Reporting Regulation on the information disclosure for public share offering companies – Ordinary Reporting Regulation” published by China Securities Regulatory Commission. The company has had the ability to continue as a going concern and find no events or circumstances that may cast significant doubts upon it within a period of 12 months since the end of this report period.

### **(II) Statement on compliance with Accounting Standards for Business Enterprises**

The consolidated financial statements present fairly, in all material respects, the financial position of the Company and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

### **(III) Significant accounting policies and changes therein**

Apart from the changes in accounting policies arising from the revised ASBE, the accounting policies adopted by the Group for the consolidated statements as at 30 June 2018 are the same with those adopted for the financial statements for the year ended 31 December 2017.



## **1. *Changes in significant accounting policies***

The Company, as a company dually listed on domestic and foreign stock exchanges, implemented the amended ASBE of No.14 –Revenue, No.22 – Recognition and Measurement of Financial Instruments, No.23 – Transfer of Financial Assets, No.24 – Hedge Accounting and No.37 – Presentation of Financial Instruments, which were amended by the Ministry of Finance in 2017 (collectively, the New Financial Instrument Standard), since 1st January 2018.

According to the rules of applying for the New Revenue Standard, no adjustments will be made to the figures in comparative financial statements in the first year. That is to say, the New Revenue Standard requires the entity to adjust the retained earnings at the beginning of initial adoption (i.e. 1 January 2018) of the New Revenue Standard for the cumulative affected figures and amounts of other relative items in the financial statements, and need not to adjust information in comparable period. Upon adoption of the New Revenue Standard, the Company reclassifies accounts receivable up to standards into contract assets as at the end of the interim period, and recognises advances paid up to standards as contract liabilities in the interim financial statements, in each case without adjusting comparative opening figures. Apart from the above influence, there is no material impact on the interim financial statements of the Company. The items and amount which were influenced are as follows:

### ***Consolidated Balance Sheet***

*Unit: RMB*

<b>Item</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
Accounts receivable	1,261,564,736.39	(649,979,334.72)	611,585,401.67
Contract assets		649,979,334.72	649,979,334.72
Advances from customers	184,446,949.47	(184,446,949.47)	
Contract liabilities		184,446,949.47	184,446,949.47

### *Balance Sheet of the Company*

*Unit: RMB*

<b>Item</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
Advances from customers	4,000.00	(4,000.00)	
Contract liabilities		4,000.00	4,000.00

According to the rules of applying for the New Financial Instrument Standard, the Company has a choice to make no adjustments to the figures in comparative financial statements at the first year. That is to say, the New Financial Instrument Standard requires the entity to adjust the retained earnings or other comprehensive income at the beginning of initial adoption (i.e. 1 January 2018) of the New Revenue Standard for the cumulative affected figures and need not to adjust information in comparable period. Upon adoption of the New Standards, the opening balance of available-for-sale financial assets are adjusted to the item of other non-current financial assets at the end of the period, without adjusting comparative opening figures. The expected credit loss resulting from the provisions for impairment of financial instruments is adjusted to the item of credit impairment loss, without adjusting comparative figures. Apart from the above influence, there is no material impact on the interim financial statements of the Company. The items and amount which were influenced, are as follows:

### *Consolidated Balance Sheet*

*Unit: RMB*

<b>Item</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
Available-for-sale financial assets	3,650,000.00	(3,650,000.00)	
Other non-current financial assets		3,650,000.00	3,650,000.00

### *Consolidated Income Statement*

*Unit: RMB*

<b>Item</b>	<b>Before adjustment</b>	<b>Before adjustment</b>	<b>Before adjustment</b>
Assets impairment loss	779,724.66	(1,018,592.09)	(238,867.43)
Credit impairment loss		1,018,592.09	1,018,592.09

### *Balance Sheet of the Company*

*Unit: RMB*

<b>Item</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
Available-for-sale financial assets	3,650,000.00	(3,650,000.00)	
Other non-current financial assets		3,650,000.00	3,650,000.00

### *Income Statement of the Company*

*Unit: RMB*

<b>Item</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
Assets impairment loss	(4,050,996.06)	4,050,740.35	(255.71)
Credit impairment loss		(4,050,740.35)	(4,050,740.35)

On 15 June 2018, the Ministry of Finance issued the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises for 2018 (Cai Kuai [2018] No. 15), and has revised the format of financial statements for general enterprises. The Company has prepared its interim financial statements for 2018 according to the presentation format required under Cai Kuai [2018] No. 15 and applied the presentation format requirements respectively. As at 30 June 2018, the items affected are as follows:

### *Consolidated Balance Sheet*

*Unit: RMB*

<b>Item</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
Notes receivable	144,673,601.35	(144,673,601.35)	
Accounts receivable	611,585,401.67	(611,585,401.67)	
Notes receivable and accounts receivable		756,259,003.02	756,259,003.02
Notes payable	168,917,721.11	(168,917,721.11)	
Accounts payable	1,689,654,197.48	(1,689,654,197.48)	
Notes payable and accounts payable		1,858,571,918.59	1,858,571,918.59
Interest payable	116,794.52	(116,794.52)	
Dividends payable	67,711,663.82	(67,711,663.82)	
Other payables	160,509,777.12	67,828,458.34	228,338,235.46

### *Consolidated Income Statement*

*Unit: RMB*

<b>Item</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
Administrative expenses	203,111,949.88	(103,166,097.03)	99,945,852.85
R&D expenses		103,166,097.03	103,166,097.03
Interest expense		1,489,974.74	1,489,974.74
Interest income		-5,522,060.92	-5,522,060.92

### *Balance Sheet of the Company*

*Unit: RMB*

<b>Item</b>	<b>Before adjustment</b>	<b>Adjustment</b>	<b>After adjustment</b>
Notes receivable	12,830,000.00	(12,830,000.00)	
Accounts receivable	80,099,430.25	(80,099,430.25)	
Notes receivable and accounts receivable		92,929,430.25	92,929,430.25
Notes payable	4,479,255.89	(4,479,255.89)	
Accounts payable	50,043,029.16	(50,043,029.16)	
Notes payable and accounts payable		54,522,285.05	54,522,285.05
Dividends payable	63,968,697.03	(63,968,697.03)	
Other payables	171,486,954.74	63,968,697.03	235,455,651.77

### *Income Statement of the Company*

*Unit: RMB*

Item	Before adjustment	Adjustment	After adjustment
Administrative expenses	49,664,920.03	(4,375,401.51)	45,289,518.52
R&D expenses		4,375,401.51	4,375,401.51
Interest income		-946,751.69	-946,751.69

As at 31 December 2017, the items affected are as follows:

### *Consolidated Balance Sheet*

*Unit: RMB*

Item	Before adjustment	Adjustment	After adjustment
Notes receivable	232,310,149.59	(232,310,149.59)	
Accounts receivable	1,282,404,740.23	(1,282,404,740.23)	
Notes receivable and accounts receivable		1,514,714,889.82	1,514,714,889.82
Notes payable	183,557,608.11	(183,557,608.11)	
Accounts payable	1,342,953,782.55	(1,342,953,782.55)	
Notes payable and accounts payable		1,526,511,390.66	1,526,511,390.66
Dividends payable	3,742,966.79	(3,742,966.79)	
Other payables	152,376,660.44	3,742,966.79	156,119,627.23

### *Consolidated Income Statement*

*Unit: RMB*

Item	Before adjustment	Adjustment	After adjustment
Administrative expenses	182,033,834.58	(83,028,112.67)	99,005,721.91
R&D expenses		83,028,112.67	83,028,112.67
Interest expense		525,043.40	525,043.40
Interest income		-6,138,429.01	-6,138,429.01

### *Balance Sheet of the Company*

*Unit: RMB*

Item	Before adjustment	Adjustment	After adjustment
Notes receivable	10,440,000.00	(10,440,000.00)	
Accounts receivable	72,990,484.10	(72,990,484.10)	
Notes receivable and accounts receivable		83,430,484.10	83,430,484.10
Dividends receivable	973,887.56	(973,887.56)	
Other receivables	250,940,596.42	973,887.56	251,914,483.98
Notes payable	3,261,041.54	(3,261,041.54)	
Accounts payable	45,649,307.29	(45,649,307.29)	
Notes payable and accounts payable		48,910,348.83	48,910,348.83

### *Income Statement of the Company*

*Unit: RMB*

Item	Before adjustment	Adjustment	After adjustment
Administrative expenses	54,693,815.98	(3,395,433.13)	51,298,382.85
R&D expenses		3,395,433.13	3,395,433.13
Interest income		-2,797,058.01	-2,797,058.01

## **(IV) Operating revenue, operating cost and segment information**

### **1. Operating revenue and operating cost**

Items	Current period		Preceding period	
	Revenue	Cost	Revenue	Cost
Main operation	1,990,390,967.77	1,702,357,561.36	1,727,032,908.49	1,479,898,539.08
Other operation	3,238,801.97	1,436,087.83	24,543,019.54	21,301,496.78
Total	<u>1,993,629,769.74</u>	<u>1,703,793,649.19</u>	<u>1,751,575,928.03</u>	<u>1,501,200,035.86</u>

## 2. Disaggregation of operating income

Items	Smart city industry	Electronic manufacturing services	Intelligent manufacturing industry	Others	Undistributed amount	Inter-segment elimination	Consolidated
Principal operating revenue	433,309,220.89	885,514,393.69	728,755,431.07	18,101,064.53		-75,289,142.41	1,990,390,967.77
Other operating revenue	<u>1,288,681.11</u>	<u>25,639,584.59</u>	<u>829,651.43</u>	<u></u>	<u></u>	<u>-24,519,115.16</u>	<u>3,238,801.97</u>
Total	<u>434,597,902.00</u>	<u>911,153,978.28</u>	<u>729,585,082.50</u>	<u>18,101,064.53</u>	<u></u>	<u>-99,808,257.57</u>	<u>1,993,629,769.74</u>

### Operating revenue by region

### Current period

The PRC

**1,777,920,084.77**

Other regions

**215,709,684.97**

## 3. Segment information

Items	Electronic manufacturing products	Electronic equipment products	Consumer electronic products	Others	Unallocated amount	Inter-segment elimination	Consolidated
External sales	857,928,821.87	697,287,036.91	425,979,422.88	12,434,488.08			1,993,629,769.74
Inter-segment sales	121,815,228.55	70,561,576.84	32,196,949.62	34,981,086.22		-259,554,841.23	
Investment income from associates and joint ventures				629,086.67	25,053,420.89		25,682,507.56
Impairment loss on assets	-255.71	-238,611.72					-238,867.43
Depreciation and amortisation	3,333,282.36	13,504,998.38	2,664,846.92	15,883,459.82	5,673,812.94		41,060,400.42
Profit before tax	28,546,203.68	57,176,724.66	12,590,121.25	-24,956,080.66	8,208,866.41	8,639,396.06	90,205,231.40
Income tax expenses	2,755,037.65	11,407,145.31					14,162,182.96
Net profit	<u>25,791,166.03</u>	<u>45,769,579.35</u>	<u>12,590,121.25</u>	<u>-24,956,080.66</u>	<u>8,208,866.41</u>	<u>8,639,396.06</u>	<u>76,043,048.44</u>
Total assets	<u>1,935,128,943.03</u>	<u>1,436,867,793.97</u>	<u>1,288,220,159.58</u>	<u>832,692,867.07</u>	<u>2,935,316,755.46</u>	<u>-2,341,498,452.66</u>	<u>6,086,728,066.45</u>
Total liabilities	<u>1,311,281,534.73</u>	<u>626,767,810.39</u>	<u>885,645,234.98</u>	<u>175,703,232.28</u>	<u>152,741,625.43</u>	<u>-649,129,476.20</u>	<u>2,503,009,961.61</u>
Non-cash expenses apart from depreciation and amortisation							
Long-term equity investments of associates and joint ventures		1,533,803.00	9,313,494.30	347,460,745.05			358,308,042.35
The increase of other noncurrent assets apart from long-term equity investments	<u>618,138.16</u>	<u>-8,017,603.50</u>	<u>5,714,397.01</u>	<u>-15,521,881.92</u>	<u>-6,317,550.22</u>	<u>-3,737,505.15</u>	<u>-27,262,005.62</u>

**(V) Income tax expenses**

**1. List of income tax expenses**

<b>Items</b>	<b>Current period</b>	<b>Preceding period</b>
Current income tax expenses	<b>14,059,110.44</b>	13,419,159.88
Deferred income tax expenses	<b>103,072.52</b>	556,500.69
Total	<b>14,162,182.96</b>	13,975,660.57

**2. Explanation of the relationship of income tax expenses and accounting profit**

<b>Items</b>	<b>Current period</b>
Profit before tax	<b>90,205,231.40</b>
Income tax expenses calculated at the applicable tax rate	<b>20,479,201.64</b>
Different tax rate of subsidiaries	<b>-4,806,899.20</b>
Adjustment on previous income tax	
Profit or loss attribute to joint venture and associate	<b>-6,263,355.22</b>
Income not subject to tax	
Expenses not deductible for tax purposes	<b>4,753,235.74</b>
Claim additional deduction R&D	
Utilisation of previously unrecognised tax losses	
Unrecognised deductible temporary difference and deductible tax loss	
Others	
Total income tax expenses	<b>14,162,182.96</b>



**(VI) Extraordinary Profit and Loss**

<b>Items</b>	<b>Amount</b>
Gain/loss on disposal of non-current assets	-178,452.31
Government grants counted into the current profit and loss, except for the one closely related with the normal operation of the company and gained constantly at a fixed amount or quantity according to certain standard based on state policies	2,102,100.00
Profit and loss from entrusting others for investment or asset management	10,024,098.81
Switch-back of impairment provisions of accounts receivable that have undergone impairment test alone	307,207.91
Other non-operating income and expenses besides the above items	231,492.32
Subtotal	12,486,446.73
The effect of income tax expenses	-2,874,998.69
The effect of non-controlling interests	-831,525.28
Total	8,779,922.76

**(VII) ROE and Earnings per share**

<b>Profit during reporting period</b>	<b>Weighted average ROE (%)</b>	<b>Earnings per share (RMB/share)</b>	
		<b>Basic earnings per share</b>	<b>Diluted earnings per share</b>
Net profit attributable to holders of ordinary shares of the Company	1.5101	0.0558	0.0558
Net profit attributable to holders of ordinary shares after extraordinary items	1.2503	0.0462	0.0462

**(VIII) Cash and Bank Balance**

Items	Closing balance	Opening Balance
Cash	513,683.76	348,203.19
Bank deposit	1,126,481,510.67	1,191,248,912.54
Other currency	<u>109,034,864.59</u>	<u>137,148,180.77</u>
Total	<u><u>1,236,030,059.02</u></u>	<u><u>1,328,745,296.50</u></u>
Including the balances of deposits overseas	<u>23,932,654.66</u>	<u>18,638,048.69</u>

Cash and Bank which is restricted by deposit, pledge and repatriation from abroad is shown below :

Items	Closing balance	Opening Balance
Deposit of bank's acceptance bill	66,498,871.57	74,808,590.86
Deposit of C/L	9,110,095.69	9,692,195.77
Deposit of performance guarantee and bid	33,425,897.33	52,647,394.14
Term deposits or demand deposits for guarantee		
Overseas deposits of which remittance back to China is limited		
Total	109,034,864.59	137,148,180.77

Up to 30 June 2018, other cash and bank amounting to RMB109,034,864.59 includes the deposits of bank's acceptance of bill as well as unconditional and irrevocable letter of guarantee.

**(IX) Notes receivable and accounts receivable**

<b>Items</b>	<b>Closing balance</b>	<b>Opening Balance</b>
Notes receivable	<b>144,673,601.35</b>	232,310,149.59
Accounts receivable	<b>611,585,401.67</b>	1,282,404,740.23
Total	<b><u>756,259,003.02</u></b>	<b><u>1,514,714,889.82</u></b>

**1. Notes receivable**

*(1) Notes receivable shown as classification*

<b>Items</b>	<b>Closing balance</b>	<b>Opening Balance</b>
Bank acceptance bills	<b>144,673,601.35</b>	232,310,149.59
Commercial acceptance bills		
Total	<b><u>144,673,601.35</u></b>	<b><u>232,310,149.59</u></b>

*(2) There is no notes receivable which was pledged*

*(3) The notes receivable that have been endorsed or discounted at the end of the period and have not yet expired at the balance sheet date*

<b>Items</b>	<b>The amount has been terminated at the end of the period</b>	<b>The amount has not been terminated at the end of the period</b>
Bank acceptance bills	<b>69,368,700.89</b>	
Commercial acceptance bills		
Total	<b><u>69,368,700.89</u></b>	

- (4) *There is no notes receivable turning into accounts receivable due to issuer's default at the year end*
- (5) *The notes receivable at the end of the year all will be expired within 6 months*

## 2. **Accounts receivable**

### (1) *Accounts receivable shown by classification*

Accounts receivable shown by aging:

Aging	Carrying Amount		Closing balance Provision for bad debt		Carrying Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Within 1 year (including 1 year)	537,614,494.27	83.87	422,339.40	0.08	537,192,154.87
1-2 years (including 2 years)	33,003,419.32	5.15	1,359,400.00	4.12	31,644,019.32
2-3 years (including 3 years)	651,967.42	0.10	429,472.72	65.87	222,494.70
Over 3 years	69,736,732.14	10.88	27,209,999.36	39.02	42,526,732.78
Total	<u>641,006,613.15</u>	<u>100.00</u>	<u>29,421,211.48</u>		<u>611,585,401.67</u>

Aging	Carrying Amount		Opening Balance Provision for bad debt		Carrying Value
	Amount	Percentage (%)	Amount	Percentage (%)	
Within 1 year (including 1 year)	963,777,005.59	73.28	373,982.71	0.04	963,403,022.88
1-2 years (including 2 years)	198,065,358.99	15.06	3,255,903.86	1.64	194,809,455.13
2-3 years (including 3 years)	129,609,977.66	9.85	20,265,749.86	15.64	109,344,227.80
Over 3 years	23,818,267.70	1.81	8,970,233.28	37.66	14,848,034.42
Total	<u>1,315,270,609.94</u>	<u>100.00</u>	<u>32,865,869.71</u>		<u>1,282,404,740.23</u>

**(2) The situation of reversed or received accounts receivables**

	<b>January – June 2018</b>	<b>January – June 2017</b>
Opening Balance	<b>32,865,869.71</b>	24,820,186.97
Provision in the period		2,066.80
Recovery or reversal in the period	<b>307,207.91</b>	353,506.90
Write-off in the period	<b>62,045.82</b>	2,066.80
Closing balance	<b>32,496,615.98</b>	24,466,680.07

**(3) Details of the top five debtors of account receivables at the end of the period**

<b>Name of debtor</b>	<b>Amount</b>	<b>Closing balance Percentage of total account receivable (%)</b>	<b>Provision for bad debt</b>
Nanjing CEC Panda FPD Technology Co., Ltd.	86,135,025.09	13.44	
Nanjing Panda Handa Technology Co., Ltd.	55,786,657.79	8.70	33,649.21
Jiangsu Cable Network Development Co. Ltd Sihong Branch	46,014,302.62	7.18	
Nanjing CEC Panda LCD Technology Co., Ltd.	37,298,495.54	5.82	
Nanjing Tieda Supply Chain Management Co., Ltd.	37,252,863.36	5.81	
<b>Total</b>	<b>262,487,344.40</b>	<b>40.95</b>	<b>33,649.21</b>

**(4) No accounts receivable to be derecognised due to the transfer of financial assets in the period.**

**(5) No transferred accounts receivable in which the Company continued to involve and relevant assets or liabilities formed.**

**(6) *The situation of overdue accounts receivable***

<b>Items</b>	<b>Closing balance</b>
Accounts receivable not overdue and not impaired	<b>491,590,424.43</b>
Accounts receivable overdue and not impaired – within 3 months	<b>64,637,291.49</b>
Accounts receivable overdue and not impaired – over 3 months	<b><u>55,357,685.75</u></b>
Total	<b><u><u>611,585,401.67</u></u></b>

**(7) *Notes to accounts receivable:***

When selling large products or providing construction project service, the Company normally asked the clients deposit or progress payment. Quality guarantee deposit is between 5% and 10% of the total sales and the guarantee period is 1 to 2 years.

As to other products sales, the transaction terms signed between the Company and clients are mainly based on credit. The company normally requires new clients to pay in advance or cash on delivery. The credit period is usually in 3 months and the period can be extended up to 6 months for main clients. The Company strictly takes control of accounts receivable which has not been recovered and introduces credit control police in order to minimise the credit risk. Executives check the overdue balance of accounts receivable regularly. Additionally, accounts receivables are formed in different industries and due to the clients diversification, the Company does not suffer from material and centralized credit risk. The accounts receivable are not interest-bearing.

The largest credit risk of The Company's accounts receivable is the carrying value of accounts receivable in the consolidated financial statement. Due to the top five debtors of accounts receivable occupying 40.95% of total accounts receivable in consolidated financial statement as at 30 June 2018 (31 December 2017: 37.49%), The Company does not suffer from material and centralised credit risk.

**(X) Notes payable and accounts payable**

Type	Closing balance	Opening balance
Notes payable	168,917,721.11	183,557,608.11
accounts payable	<u>1,689,654,197.48</u>	<u>1,342,953,782.55</u>
Total	<u>1,858,571,918.59</u>	<u>1,526,511,390.66</u>

**1. Notes payable**

Type	Closing balance	Opening balance
Bank acceptance bills	168,917,721.11	183,557,608.11
Commercial acceptance bills		
Total	168,917,721.11	183,557,608.11

## 2. Accounts payable

(1) *List of accounts payable*

Classified by aging based on their recording dates

<b>Aging</b>	<b>Closing balance</b>	Opening balance
Within 1 year (including 1 year)	<b>1,366,285,287.72</b>	1,048,824,443.59
1–2 years(including 2 years)	<b>49,515,974.46</b>	164,119,320.61
2–3 years(including 3 years)	<b>156,486,174.00</b>	79,250,265.58
Over 3 years	<b><u>117,366,761.30</u></b>	<u>50,759,752.77</u>
<b>Total</b>	<b><u>1,689,654,197.48</u></b>	<u>1,342,953,782.55</u>

Classified by nature

Item	Closing balance	Opening balance
Goods	<b>1,278,660,035.14</b>	1,027,943,892.19
Project funds	<b>360,572,119.85</b>	282,555,339.45
Processing and maintenance funds	<b>39,300,704.37</b>	17,250,252.72
Logistics warehousing funds	<b>2,168,957.06</b>	6,354,302.33
Others	<b>8,952,381.06</b>	8,849,995.86
Total	<b><u>1,689,654,197.48</u></b>	<b><u>1,342,953,782.55</u></b>

(2) Significant account payables aged over 1 year

Item	Closing balance	Reasons for outstanding or carried forward
Nanjing Panda Electronics Imp. & Exp. Co., Ltd.	<b>35,034,189.33</b>	Not settled
Nanjing Zhuolong Technology & Trade Co., Ltd.	<b>7,646,548.50</b>	Not settled
Suzhou Golden Brain Intelligent System Engineering Co. Ltd.	<b>6,120,369.96</b>	Not settled
Shanghai Railway Communication Co., Ltd.	<b>5,467,145.40</b>	Not settled
Nanjing Chuangzhu Intelligent Technology Co., Ltd.	<b>4,875,910.10</b>	Not settled
Kunshan Judong Photoelectricity Equipment Co., Ltd.	<b>4,158,180.00</b>	Not settled
Aibuke (Nanjing) Electronic Technology Co., Ltd.	<b>3,638,024.34</b>	Not settled
Nanjing Changxin Technology Co., Ltd.	<b>3,155,387.28</b>	Not settled
Jiangsu Sumeng Information Technology Co., Ltd.	<b>2,964,196.57</b>	Not settled
Nanjing Hua Hao Building Technology Co., Ltd.	<b>2,962,251.80</b>	Not settled
Zhongtian Rili RF Cables Co., Ltd.	<b>2,852,331.40</b>	Not settled
Jiangsu Bodi Yuan Electronics Technology Co., Ltd.	<b>2,627,627.32</b>	Not settled
Hebei Far East Communication System Engineering Co., Ltd.	<b>2,529,839.50</b>	Not settled
Zhejiang Dahua Technology Co., Ltd.	<b>2,469,898.00</b>	Not settled



Item	Closing balance	Reasons for outstanding or carried forward
Nanjing Ke'an Electronics Co., Ltd	<b>2,411,673.45</b>	Not settled
Anhui Tairan Information Technology Engineering Co., Ltd.	<b>2,274,943.38</b>	Not settled
Meiguang Building Materials Store, Shuangtang Town, Xinyi City	<b>2,273,920.00</b>	Not settled
Nanjing Gangjia Intelligent Technology Co., Ltd.	<b>2,111,377.67</b>	Not settled
Xinkaitai Electronic Store, Xuanwu District, Nanjing City	<b>2,063,057.78</b>	Not settled
Beijing Jinbalun Radio and Television Technology Co., Ltd.	<b>2,043,408.48</b>	Not settled
Total	<b><u>99,680,280.26</u></b>	

**(XI) Significant commitments**

At the balance sheet date, commitment made by the company that has been contracted but not listed on the Statement of Balance Sheet is shown below:

Item	Closing balance	Opening balance
Housing and building		384,030.00
Machinery and Equipment		
Intangible assets/software	<b><u>13,769,840.00</u></b>	
Total	<b><u>13,769,840.00</u></b>	<b><u>384,030.00</u></b>

**(XII) During the reporting period, there was no correction of major accounting errors ;**

**(XIII) Changes in the scope of consolidation**

During the period, Nanjing Panda Machinery and Electronics Factory and Nanjing Guanghua Electronics Plastic Casings Factory, both being subsidiaries of the Company, were deregistered, prior to which both subsidiaries were duly incorporated in the consolidated statements of the Company.

#### **(XIV) Other Matters**

##### ***1. Guarantees***

The Company offered a guarantee of RMB45,790,650.30 in the form of performance guarantee for its subsidiary Nanjing Panda Information Industry Co., Ltd. (Shanghai Pudong Development Bank, Nanjing Branch);

The Company offered a guarantee of RMB3,082,762.49 in the form of bank guarantee and a guarantee of RMB240,000.00 in the form of bank acceptance bill for its subsidiary Nanjing Panda Information Industry Co., Ltd. (China Merchant Bank, Nanjing Branch);

The Company offered a guarantee of RMB2,946,474.86 in the form of performance guarantee for its subsidiary Nanjing Panda Information Industry Co., Ltd. (Bank of Ningbo, Nanjing Branch) ;

The Company offered a guarantee of RMB119,000.00 in the form of performance guarantee, a guarantee of RMB3,390,181.90 in the form of bank acceptance bill, a guarantee of RMB45,000,000.00 in the form of guaranteed borrowings and a guarantee of RMB59,223,297.79 in the form of letter of credit for its subsidiary Nanjing Panda Electronics Equipment Co., Ltd. (Ping'an Bank, Nanjing Branch) ;

The Company offered a guarantee of RMB3,026,791.40 in the form of performance guarantee and a guarantee of RMB26,231,470.07 in the form of bank acceptance bill for its subsidiary Nanjing Panda Electronics Equipment Co., Ltd. (Industrial Bank Co., Ltd., Nanjing Maigao Bridge Branch) ;

The Company offered a guarantee of RMB12,251,166.48 in the form of performance guarantee, a guarantee of RMB14,000,000.00 in the form of bank acceptance bill and a guarantee of RMB50,000,000.00 in the form of guaranteed borrowings for its subsidiary Nanjing Panda Electronics Equipment Co., Ltd. (China Electronics Finance Co., Ltd);

The Company offered a guarantee of RMB4,366,378.78 in the form of bank acceptance bill for its subsidiary Nanjing Panda Electronics Equipment Co., Ltd. (Shanghai Pudong Development Bank, Nanjing Branch);

The Company offered a guarantee of RMB13,334,474.30 in the form of bank acceptance bill and a guarantee of RMB7,039,000.00 in the form of letter of credit for its subsidiary Nanjing Panda Electronic Manufacture Co., Ltd. (China Merchant Bank, Nanjing Branch);

The Company offered a guarantee of RMB27,377,914.39 in the form of bank acceptance bill for its subsidiary Nanjing Panda Electronic Manufacture Co., Ltd. (Industrial Bank Co., Ltd., Nanjing Maigao Bridge Branch);

The Company offered a guarantee of RMB6,390,877.17 in the form of bank acceptance bill for its subsidiary Nanjing Huage Electronic Plastic Industry Co., Ltd. (China Electronics Finance Co., Ltd);

The Company offered a guarantee of RMB4,500,000.00 in the form of bank acceptance bill for its subsidiary Nanjing Panda Machine Electricity Manufacturing Co., Ltd. (Industrial Bank, Nanjing Maigao Bridge Branch).

## **2. Litigation**

Nanjing Panda Electronics Equipment Co., Ltd. (“Electronics Equipment”), a subsidiary of the Company, and Jiangsu Jinling Paper Co., Ltd. (“Jinling Paper”), entered into the Cooperation Contract in respect of the Introduction of CAO Treatment System by Jiangsu Jinling Paper Co., Ltd. on 16 February, 2011. As at January 2016, Jinling Paper owed payment for goods with a principal amount of RMB2,477,000.00 to Electronics Equipment.

Electronics Equipment filed a lawsuit with the People’s Court of Dafeng District, Yancheng City, Jiangsu Province in March 2016, appealing for repayment of the outstanding payment for goods with a principal amount of RMB2,477,000.00 and the interests thereon amounting to RMB465,039.10 resulting from the delay in payment. The People’s Court of Dafeng District issued the first instance judgement (2016 (Su) 0982 Min Chu No. 1678) on 9 March 2016, rejecting the claim of Electronics Equipment. Electronics Equipment brought an appeal to the Intermediate People’s Court of Yancheng City against the said judgement.

On 16 November 2016, the Intermediate People’s Court of Yancheng City ruled that the civil judgement (2016 (Su) 0982 Min Chu No. 1678) issued by the People’s Court of Dafeng District be revoked and the case be subject to retrial at the People’s Court of Dafeng District.

On 11 January 2017, the People’s Court of Dafeng District reestablished a collegial panel for the retrial of the case and issued the judgment of second instance (2017 (Su) 0982 Min Chu No. 152), ruling that Jinling Paper to pay RMB995,000.00 to Electronics Equipment for the goods and dismissing the other claims of Electronics Equipment. Jinling Paper appealed against the retrial results. As at the date of the financial statements, the Intermediate People’s Court of Yancheng City has not issued a judgement on the appeal.

In addition, Jinling Paper filed a lawsuit against Electronics Equipment, appealing for rescission of the Cooperation Contract entered into with Electronics Equipment in respect of the Introduction of CAO Treatment System by Jiangsu Jinling Paper Co., Ltd. and demanding Electronics Equipment to return the contract payment in an aggregative amount of RMB9,873,000.00. The People's Court of Dafeng District has accepted the case.

As at the date of the financial statements, the People's Court of Dafeng District has not issued a judgement on the case.

By Order of the Board  
**Nanjing Panda Electronics Company Limited**  
**Xu Guofei**  
*Chairman*

Nanjing, the People's Republic of China  
30 August 2018

*As at the date of this announcement, the Board comprises Executive Directors: Mr. Xu Guofei, Mr. Chen Kuanyi and Mr. Xia Dechuan; Non-executive Directors: Mr. Lu Qing, Mr. Deng Weiming and Mr. Gao Gan; and Independent Non-executive Directors: Ms. Du Jie, Mr. Zhang Chun and Mr. Gao Yajun.*

\* *For identification purpose only*