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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)

## 2018 THIRD QUARTERLY REPORT

### I. IMPORTANT NOTICE

- 1.1 The board of directors (the “**Board**”), the supervisory committee, and the directors, supervisors, and senior management of Nanjing Panda Electronics Company Limited (the “**Company**”) confirm that the information in this quarterly report is truthful, accurate and complete, does not contain any misrepresentation, misleading statement, or material omission, and severally and jointly accept responsibility.
- 1.2 All directors of the Company attended the Board meeting held on 29 October 2018 to consider the quarterly report.
- 1.3 Mr. Xia Dechuan, the responsible person of the Company, Mr. Shen Jianlong, the Chief Accountant, and Ms. Liu Xianfang, the head of Accounting Department (person in charge of accounting matters) of the Company have declared the truthfulness, accuracy and completeness of the financial statements contained in the quarterly report.
- 1.4 The Company’s financial statements for the third quarter were unaudited.

## II. MAJOR FINANCIAL DATA AND CHANGE IN SHAREHOLDERS OF THE COMPANY

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

*Unit: RMB (Yuan)*

	As at the end of the reporting period	As at the end of the previous year	Changes from the end of the previous year (%)
Total assets	6,209,213,521.00	5,665,503,486.59	9.60
Net assets attributable to shareholders of the Company	3,380,852,721.85	3,363,593,136.77	0.51
	From the beginning of the year to the end of the reporting period (January–September)	From the beginning of the previous year to the end of the reporting period of the previous year (January–September)	Changes as compared to the corresponding period of the previous year (%)
Net cash flows from operating activities	-130,311,185.54	168,371,365.39	-177.40
	From the beginning of the year to the end of the reporting period (January–September)	From the beginning of the previous year to the end of the reporting period of the previous year (January–September)	Changes as compared to the corresponding period of the previous year (%)
Operating income	3,089,634,636.68	2,863,124,419.13	7.91
Net profit attributable to shareholders of the Company	81,228,282.11	51,190,675.34	58.68
Net profit attributable to shareholders of the Company after extraordinary items	66,987,568.32	30,353,014.33	120.69
Return on net assets (weighted average) (%)	2.39	1.52	Increased by 0.87 percentage point
Basic earnings per share ( <i>yuan/share</i> )	0.0889	0.0560	58.75
Diluted earnings per share ( <i>yuan/share</i> )	0.0889	0.0560	58.75

Increase in net assets attributable to shareholders of the Company and net profit attributable to shareholders of the Company after extraordinary items was mainly due to the increase in gross profit as compared to the corresponding period of the previous year benefiting from the revenue growth in the period.

## Extraordinary items and amounts

☒ Applicable      ☐ Not applicable

*Unit: RMB (Yuan)*

Item	Amount for	Amount from	Explanation
	the period (July– September)	the beginning of the year to the end of the reporting period (January– September)	
Profit and loss from disposal of non-current assets	-470,566.05	-649,018.36	
Government grants accounted for as current profit and loss (except for government grants which are closely related to normal business of the Company, conformed to requirements of State policy, and granted continuously according to certain standardised amounts or quotas)	1,599,002.95	3,701,102.95	
Gain/loss from entrusted investment or asset management	5,000,232.61	15,024,331.42	
Reversal of provisions for impairment of accounts receivable individually tested for impairment	183,073.52	490,281.43	
Non-operating income and expenses other than the aforesaid items	1,061,729.10	1,293,221.42	
Impact of minority interest (after-tax)	-307,580.43	-1,139,105.71	
Impact of income tax	-1,605,100.67	-4,480,099.36	
Total	<u>5,460,791.03</u>	<u>14,240,713.79</u>	

**2.2 Total number of shareholders, shareholdings of the top 10 shareholders and top 10 shareholders of circulating shares (holders of shares not subject to trading moratorium) as at the end of the reporting period**

*Unit: Share*

Total number of shareholders 37,101 (in particular: A shareholders: 37,073; H shareholders: 28)

**Shareholdings of the top 10 shareholders**

Full name of shareholders	Number of shares held as at the end of the reporting period	Percentage (%)	Number of shares held subject to trading moratorium	Pledged or frozen Status of share	Number	Nature of shareholder
HKSCC (Nominees) Limited	242,502,087	26.54	0	Unknown	0	Overseas legal person
Panda Electronics Group Limited (“PEGL”)	210,661,444	23.05	0	Unknown	0	State-owned legal person
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司)	82,357,867	9.01	0	Unknown	0	State-owned legal person
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	63,302,611	6.93	0	Unknown	0	State-owned legal person
China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司)	14,172,397	1.55	0	Unknown	0	State-owned legal person
Hua Wei (華緯)	4,302,571	0.47	0	Unknown	0	Domestic natural person
Huang Liangfu (黃亮富)	4,148,825	0.45	0	Unknown	0	Domestic natural person
Xi Caixia (奚彩霞)	3,514,000	0.38	0	Unknown	0	Domestic natural person
Yuan Yonglin (袁永林)	2,730,000	0.30	0	Unknown	0	Domestic natural person
Zhang Xiaofeng (張曉峰)	1,845,163	0.20	0	Unknown	0	Domestic natural person

## Shareholdings of the top 10 holders of shares not subject to trading moratorium

Name of shareholders	Number of shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
HKSCC (Nominees) Limited	242,502,087	Overseas listed foreign shares	241,437,570
		RMB denominated ordinary shares	1,064,517
Panda Electronics Group Limited	210,661,444	RMB denominated ordinary shares	210,661,444
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司)	82,357,867	RMB denominated ordinary shares	82,357,867
Nanjing Electronics Information Industrial Corporation	63,302,611	RMB denominated ordinary shares	49,534,611
		Overseas listed foreign shares	13,768,000
China Great Wall Asset Management Co., Ltd.(中國長城資產管理股份有限公司)	14,172,397	RMB denominated ordinary shares	14,172,397
Hua Wei (華偉)	4,302,571	RMB denominated ordinary shares	4,302,571
Huang Liangfu (黃亮富)	4,148,825	RMB denominated ordinary shares	4,148,825
Xi Caixia (奚彩霞)	3,514,000	RMB denominated ordinary shares	3,514,000
Yuan Yonglin (袁永林)	2,730,000	RMB denominated ordinary shares	2,730,000
Zhang Xiaofeng (張曉峰)	1,845,163	RMB denominated ordinary shares	1,845,163
Description of the connected relationship or party acting in concert among the aforesaid shareholders	NEIC holds 100% equity interests of PEGL, the controlling shareholder of the Company. NEIC 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. NEIC indirectly holds 210,661,444 A shares of the Company through PEGL, representing 23.05% of the total number of shares. In total, NEIC 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:*

- (1) HKSCC (Nominees) Limited held 242,502,087 shares (in particular: 241,437,570 H shares, 1,064,517 A shares) of the Company on behalf of several clients, representing 26.54% 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.

## 2.3 Total number of holders of preference shares, top 10 holders of preference shares and top 10 holders of preference shares (not subject to trading moratorium) as at the end of the reporting period

☐ Applicable ☒ Not applicable

## III. SIGNIFICANT EVENTS

### 3.1 Significant changes in items in the principal financial statements and financial indicators of the Company and the reasons

☒ Applicable ☐ Not applicable

#### 3.1.1 Major changes in items of balance sheet:

*Unit: RMB (Yuan)*

Items	30 September 2018	31 December 2017	Change (%)	Remarks
Bills receivable and accounts receivable	774,597,333.36	1,514,714,889.82	-48.86	Due to the reclassification of eligible receivables into contract assets to comply with new revenue standards
Other receivables	110,662,845.53	79,788,515.23	38.70	Mainly due to the increase in deposits paid in the period
Inventories	1,075,214,890.58	591,018,560.71	81.93	Mainly due to the increase in inventories prepared for the factory automation projects and system integration projects in Chengdu and Xiangyang
Contract assets	741,474,680.85	0	N/A	Due to the reclassification of eligible receivables into contract assets to comply with new revenue standards

Items	30 September 2018	31 December 2017	Change (%)	Remarks
Other current assets	<b>56,553,180.49</b>	465,410,493.64	-87.85	Mainly due to the recovery of the principal of the bank wealth management products upon expiration at the end of the period
Long-term deferred expenses	<b>1,695,528.28</b>	3,602,788.29	-52.94	Mainly due to the amortization of long-term deferred items on a monthly basis
Short-term loans	<b>95,000,000.00</b>	45,000,000.00	111.11	Mainly due to the increase in short-term bank borrowings
Receipts in advance	<b>0</b>	242,767,679.91	-100.00	Due to the reclassification of eligible receipts in advance into contract liabilities to comply with new revenue standards
Contract liabilities	<b>259,532,827.51</b>	0	N/A	Due to the reclassification of eligible receipts in advance into contract liabilities to comply with new revenue standards
Staff salaries payable	<b>16,062,297.44</b>	30,808,648.21	-47.86	Mainly due to salaries and related cost paid during the period
Other current liabilities	<b>57,940,000.00</b>	27,100,000.00	113.80	Mainly due to increase in government subsidy not yet recognized under relevant accounting standards at the end of the period

### **3.1.2 Major changes in items of income statement and of cash flow statement**

*Unit: RMB (Yuan)*

Items	January- September 2018	January- September 2017	Change (%)	Remarks
Assets impairment loss	<b>-238,867.43</b>	20,369,990.96	-101.17	Mainly due to the decrease in provision for impairment of inventories in the period
Credit impairment loss	<b>835,518.58</b>	0	N/A	Due to the reclassification of impairment loss of financial instruments into this item to comply with new revenue standards
Gain from the disposal of assets	<b>-649,018.36</b>	-313,938.00	N/A	Mainly due to the decrease in gain from the disposal of non-current assets in the period
Non-operating income	<b>5,585,739.89</b>	15,332,477.12	-63.57	Mainly due to the decrease in government subsidy recognized under relevant accounting standards in the period
Net cash flows from operating activities	<b>-130,311,185.54</b>	168,371,365.39	-177.40	Mainly due to cash paid for purchasing of goods during the period
Net cash flows from investment activities	<b>416,214,334.49</b>	-214,292,249.91	N/A	Mainly due to expiration of wealth management products purchased from bank
Net cash flows from financing activities	<b>15,046,083.57</b>	-72,172,730.56	N/A	Mainly due to the short-term bank borrowings obtained and cash from discounting



**3.2 Progress of significant events and analysis of their impact and solutions**

☐ Applicable      ☒ Not applicable

**3.3 Overdue undertakings during the reporting period**

☐ Applicable      ☒ Not applicable

**3.4 Warnings on any potential loss in accumulated net profit for the period from the beginning of the year to the end of next reporting period or any material changes from the corresponding period of last year and the explanations thereof**

☐ Applicable      ☒ Not applicable

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

Nanjing, the People's Republic of China  
29 October 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.*

#### IV. APPENDIX

### 2018 third quarterly financial statements (unaudited) (prepared in accordance with the PRC Accounting Standards for Business Enterprises)

#### CONSOLIDATED BALANCE SHEET

30 September 2018

Prepared by: Nanjing Panda Electronics Company Limited      Unit: RMB (Yuan)

Item	30 September 2018	31 December 2017
<b>Current assets:</b>		
Cash and bank balances	<b>1,686,986,957.48</b>	1,328,745,296.50
Settlement provisions		
Placement		
Financial assets held for trading		
Derivative financial assets		
Bills receivable and accounts receivable	<b>774,597,333.36</b>	1,514,714,889.82
Including: Bills receivable	<b>99,177,344.84</b>	232,310,149.59
Accounts receivable	<b>675,419,988.52</b>	1,282,404,740.23
Prepayments	<b>314,616,550.94</b>	248,488,640.75
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	<b>110,662,845.53</b>	79,788,515.23
Including: Interest receivable		
Dividends receivable		
Financial assets purchased for resale		
Inventories	<b>1,075,214,890.58</b>	591,018,560.71
Contract assets	<b>741,474,680.85</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>56,553,180.49</b>	465,410,493.64
<b>Total current assets</b>	<b><u>4,838,494,227.50</u></b>	<b><u>4,306,554,184.92</u></b>

Item	30 September 2018	31 December 2017
<b>Non-current assets:</b>		
Loans and advances to customers		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investment	370,799,949.90	332,625,534.79
Other investments in equity instruments		
Other non-current financial assets	3,650,000.00	3,650,000.00
Investment properties	7,351,714.86	8,314,534.74
Fixed assets	836,275,862.28	853,555,020.10
Construction in progress	47,773,957.29	50,659,931.64
Biological assets for production		
Oil and gas assets		
Intangible assets	94,103,058.30	97,307,446.15
Development expenses		
Goodwill		
Long-term deferred expenses	1,695,528.28	3,602,788.29
Deferred income tax assets	9,069,222.59	9,234,045.96
Other non-current assets		
<b>Total non-current assets</b>	<b>1,370,719,293.50</b>	<b>1,358,949,301.67</b>
<b>Total assets</b>	<b>6,209,213,521.00</b>	<b>5,665,503,486.59</b>

*Legal Representative:*  
**Xia Dechuan**

*Person in charge of  
accounting work:*  
**Shen Jianlong**

*Person in charge of the  
Accounting Department:*  
**Liu Xianfang**

Item	30 September 2018	31 December 2017
<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 held for trading		
Derivative financial liabilities		
Bills payable and accounts payable	<b>1,939,099,917.69</b>	1,526,511,390.66
Advances from customers		242,767,679.91
Contract liabilities	<b>259,532,827.51</b>	
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Salaries payable	<b>16,062,297.44</b>	30,808,648.21
Taxes payable	<b>27,698,737.82</b>	29,450,814.25
Other payables	<b>183,632,273.64</b>	156,119,627.23
Including: Interest payable	<b>116,794.52</b>	
Dividends payable	<b>4,152,246.79</b>	3,742,966.79
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>57,940,000.00</b>	27,100,000.00
<b>Total current liabilities</b>	<b><u>2,578,966,054.10</u></b>	<b><u>2,057,758,160.26</u></b>

<b>Item</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term employee salary payable	<b>25,904,205.71</b>	28,037,472.50
Accrued liabilities		
Deferred income	<b>7,283,748.13</b>	7,984,320.10
Deferred income tax liabilities	<b>74,124.71</b>	79,780.30
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b><u>33,262,078.55</u></b>	<b><u>36,101,572.90</u></b>
<b>Total liabilities</b>	<b><u>2,612,228,132.65</u></b>	<b><u>2,093,859,733.16</u></b>

Item	30 September 2018	31 December 2017
<b>Owner's equity (or Shareholders' equity):</b>		
Paid-in capital (share capital)	<b>913,838,529.00</b>	913,838,529.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	<b>1,464,043,022.82</b>	1,464,043,022.82
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	<b>254,995,636.63</b>	254,995,636.63
General risk reserve		
Undistributed profits	<b><u>747,975,533.40</u></b>	<u>730,715,948.32</u>
 Total equity attributable to the shareholders of the parent company	<b><u>3,380,852,721.85</u></b>	3,363,593,136.77
Minority interests	<b><u>216,132,666.50</u></b>	<u>208,050,616.66</u>
 <b>Total owner's equity (or shareholders' equity)</b>	<b><u><u>3,596,985,388.35</u></u></b>	<b><u><u>3,571,643,753.43</u></u></b>
 <b>Total liabilities and owner's equity (or shareholders' equity)</b>	<b><u><u>6,209,213,521.00</u></u></b>	<b><u><u>5,665,503,486.59</u></u></b>
 <i>Legal Representative:</i> <b>Xia Dechuan</b>	<i>Person in charge of accounting work:</i> <b>Shen Jianlong</b>	<i>Person in charge of the Accounting Department:</i> <b>Liu Xianfang</b>

# CONSOLIDATED INCOME STATEMENT

January–September 2018

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Item	July– September 2018	July– September 2017	January– September 2018	January– September 2017
<b>I. Total operating income</b>	<b>1,096,004,866.94</b>	1,111,548,491.10	<b>3,089,634,636.68</b>	2,863,124,419.13
Including: Operating income	<b>1,096,004,866.94</b>	1,111,548,491.10	<b>3,089,634,636.68</b>	2,863,124,419.13
Interests income				
Premiums earned				
Income from bank charges and commissions				
<b>II. Total operating cost</b>	<b>1,061,262,026.61</b>	1,105,589,985.05	<b>3,003,784,249.64</b>	2,829,237,982.04
Including: Operating cost	<b>926,681,547.30</b>	953,880,620.68	<b>2,627,727,779.04</b>	2,455,080,656.54
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>3,697,711.37</b>	5,785,452.14	<b>13,108,113.84</b>	17,441,809.30
Selling expenses	<b>15,811,264.19</b>	14,195,475.62	<b>40,654,011.02</b>	38,058,222.75
Administrative expenses	<b>52,882,914.85</b>	56,818,678.04	<b>152,808,767.70</b>	155,824,399.95
R&D costs	<b>67,746,648.43</b>	64,619,232.05	<b>173,893,686.90</b>	147,647,344.72
Financial expenses	<b>-5,374,986.02</b>	-2,973,738.99	<b>-5,004,760.01</b>	-5,184,442.18
Including: Interest expense	<b>1,156,133.33</b>	518,990.13	<b>2,646,108.07</b>	1,044,033.53
Interest incomes	<b>-4,522,883.06</b>	-3,361,705.29	<b>-10,044,943.98</b>	-9,500,134.30
Loss in assets impairment		13,264,265.51	<b>-238,867.43</b>	20,369,990.96
Loss in credit impairment	<b>-183,073.51</b>		<b>835,518.58</b>	

Item	July- September 2018	July- September 2017	January- September 2018	January- September 2017
Add: Other incomes	385,691.41		1,887,463.60	2,527,179.69
Investment income (losses are represented by “-”)	17,492,140.16	19,878,185.65	52,952,912.65	58,806,761.50
Including: Investment income of associates and joint ventures	12,491,907.55	4,391,686.39	38,174,415.11	36,642,007.85
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 “-”)	-470,566.05	-341,004.49	-649,018.36	-313,938.00
Exchange gain (losses are represented by “-”)				
<b>III. Operating profit (losses are represented by “-”)</b>	<b>52,150,105.85</b>	25,495,687.21	<b>140,041,744.93</b>	94,906,440.28
Add: Non-operating income	2,674,925.38	4,390,189.20	5,585,739.89	15,332,477.12
Less: Non-operating expenses	14,193.33	-24,163.59	591,415.52	719,621.30
<b>IV. Total profit (total losses are represented by “-”)</b>	<b>54,810,837.90</b>	29,910,040.00	<b>145,036,069.30</b>	109,519,296.10
Less: Income tax expense	8,965,817.89	7,923,762.67	23,128,000.85	21,899,423.24
<b>V. Net profit (net losses are represented by “-”)</b>	<b>45,845,020.01</b>	21,986,277.33	<b>121,908,068.45</b>	87,619,872.86
(I) Classified by the business continuity				
1. Net profit for going concern (net losses are represented by “-”)	45,845,020.01	21,986,277.33	121,908,068.45	87,619,872.86
2. Net profit for discontinued operation (net losses are represented by “-”)				
(II) Classified by the attribution of the ownership				
1. Net profit attributable to the owners of the parent company	30,188,821.40	6,305,125.25	81,228,282.11	51,190,675.34
2. Minority interests	15,656,198.61	15,681,152.08	40,679,786.34	36,429,197.52



Item	July- September 2018	July- September 2017	January- September 2018	January- September 2017
<b>VI. Net other comprehensive income after tax</b>				
Net other comprehensive income after tax attributable to owners of the parent company				
(I) Other comprehensive income which will not be reclassified 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				
(II) 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. Changes in fair value of other equity instruments investment				
3. Amount of financial assets reclassified to other comprehensive income				
4. Provision for credit impairment of other debenture investment				
5. Cash flow hedging reserve				
6. Translation difference of financial statements in foreign currencies				
Net other comprehensive income after tax attributable to minority interests				

Item	July- September 2018	July- September 2017	January- September 2018	January- September 2017
<b>VII. Total comprehensive income</b>	<b>45,845,020.01</b>	21,986,277.33	<b>121,908,068.45</b>	87,619,872.86
Total comprehensive income attributable to the equity holders of the parent company	<b>30,188,821.40</b>	6,305,125.25	<b>81,228,282.11</b>	51,190,675.34
Total comprehensive income attributable to minority shareholders	<b>15,656,198.61</b>	15,681,152.08	<b>40,679,786.34</b>	36,429,197.52
<b>VIII. Earnings per share:</b>				
(1) Basic earnings per share (RMB/share)	<b>0.0330</b>	0.0069	<b>0.0889</b>	0.0560
(2) Diluted earnings per share (RMB/share)	<b>0.0330</b>	0.0069	<b>0.0889</b>	0.0560
<i>Legal Representative:</i> <b>Xia Dechuan</b>	<i>Person in charge of account work:</i> <b>Shen Jianlong</b>	<i>Person in charge of the accounting department:</i> <b>Liu Xianfang</b>		

## CONSOLIDATED CASH FLOW STATEMENT

January–September 2018

(Unless otherwise stated, the amount denominated in RMB Yuan)

Prepared by: Nanjing Panda Electronics Company Limited      Unit: RMB (Yuan)

Item	January– September 2018	January– September 2017
<b>I. Cash flows from operating activities:</b>		
Cash received from the sale of goods and rendering of services	<b>3,281,785,738.91</b>	3,332,816,552.37
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	<b>57,399,510.89</b>	56,464,836.45
Cash received relating to other operating activities	<b>134,097,962.53</b>	131,560,706.76
<b>Sub-total of cash inflows from operating activities</b>	<b>3,473,283,212.33</b>	3,520,842,095.58

<b>Item</b>	<b>January– September 2018</b>	<b>January– September 2017</b>
Cash paid for purchase of goods and services received	<b>2,846,573,131.73</b>	2,589,069,082.00
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	<b>344,775,068.56</b>	306,505,321.09
Cash paid for all types of taxes	<b>154,102,225.95</b>	164,101,506.40
Cash paid relating to other operating activities	<b>258,143,971.63</b>	292,794,820.70
<b>Sub-total of cash outflows from operating activities</b>	<b>3,603,594,397.87</b>	3,352,470,730.19
<b>Net cash flows from operating activities</b>	<b>-130,311,185.54</b>	168,371,365.39

Item	January– September 2018	January– September 2017
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments		
Cash received from return on investments	15,024,331.42	77,042,520.28
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	369,399.35	165,630.00
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investment activities	<u>1,410,000,000.00</u>	<u>1,617,500,000.00</u>
<b>Sub-total of cash inflows from investing activities</b>	<u>1,425,393,730.77</u>	<u>1,694,708,150.28</u>
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	49,179,396.28	39,500,400.19
Cash paid for investments		
Net increase in secured loans		
Net cash paid for acquisition of subsidiaries and other operating entities		
Cash paid on other investment activities	<u>960,000,000.00</u>	<u>1,869,500,000.00</u>
<b>Sub-total of cash outflows from investing activities</b>	<u>1,009,179,396.28</u>	<u>1,909,000,400.19</u>
<b>Net cash flows from investing activities</b>	<u><u>416,214,334.49</u></u>	<u><u>-214,292,249.91</u></u>

Item	January– September 2018	January– September 2017
<b>III. Cash flows from financing activities:</b>		
Cash received from investments		
Including: Cash received by subsidiaries from minority shareholders’ investment		
Cash received from borrowings	95,000,000.00	45,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	39,198,666.76	
<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	45,000,000.00	40,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	73,867,219.10	77,172,730.56
Including: Dividend and profit paid to minority shareholders by subsidiaries	7,252,414.00	12,160,000.00
Cash paid on other financing activities	285,364.09	
<b>Sub-total of cash outflows from                     financing activities</b>	<b>119,152,583.19</b>	<b>117,172,730.56</b>
<b>Net cash flows from financing                     activities</b>	<b>15,046,083.57</b>	<b>-72,172,730.56</b>
<b>IV. Effect of fluctuations in exchange                     rates on cash and cash equivalents</b>	<b>2,947,699.95</b>	<b>-3,496,854.57</b>
<b>V. Net increase in cash and cash                     equivalents</b>	<b>303,896,932.47</b>	<b>-121,590,469.65</b>
Add: Balance of cash and cash equivalents at the beginning of the period	1,191,597,115.73	1,141,683,919.27
<b>VI. Balance of cash and cash equivalents                     at the end of the period</b>	<b>1,495,494,048.20</b>	<b>1,020,093,449.62</b>

*Legal Representative of  
the Company:*  
**Xia Dechuan**

*Person in charge of  
accounting work:*  
**Shen Jianlong**

*Person in charge of the  
Accounting Department:*  
**Liu Xianfang**

**BALANCE SHEET***30 September 2018**(Unless otherwise stated, the amount denominated in RMB Yuan)*Prepared by: Nanjing Panda Electronics Company Limited      *Unit: RMB (Yuan)*

<b>Item</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
<b>Current assets:</b>		
Cash and bank balances	<b>496,081,134.79</b>	172,698,117.78
Settlement provisions		
Placement		
Financial assets held for trading		
Derivative financial assets		
Bills receivable and accounts receivable	<b>68,571,683.65</b>	83,430,484.10
Including: Bills receivable	<b>9,572,000.00</b>	10,440,000.00
Accounts receivable	<b>58,999,683.65</b>	72,990,484.10
Prepayments	<b>4,977,716.04</b>	2,793,993.19
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	<b>279,480,876.93</b>	251,914,483.98
Including: Interest receivable		
Dividends receivable		973,887.56
Financial assets purchased for resale		
Inventories	<b>32,946,522.67</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>6,503,310.79</b>	450,000,000.00
<b>Total current assets</b>	<b><u>966,949,033.14</u></b>	<b><u>1,062,448,169.37</u></b>

Item	30 September 2018	31 December 2017
<b>Non-current assets:</b>		
Loans and advances to customers		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investment	<b>1,801,655,370.52</b>	1,782,505,983.43
Other investments in equity instruments		
Other non-current financial assets	<b>3,650,000.00</b>	3,650,000.00
Investment properties	<b>142,102,089.50</b>	
Fixed assets	<b>102,116,874.25</b>	253,254,688.19
Construction in progress		1,539,752.37
Biological assets for production		
Oil and gas assets		
Intangible assets	<b>13,355,078.08</b>	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>2,062,879,412.35</u></b>	<b><u>2,052,781,080.31</u></b>
<b>Total assets</b>	<b><u>3,029,828,445.49</u></b>	<b><u>3,115,229,249.68</u></b>

*Legal Representative:*  
**Xia Dechuan**

*Person in charge of  
accounting work:*  
**Shen Jianlong**

*Person in charge of the  
Accounting Department:*  
**Liu Xianfang**



Item	July– September 2018	July– September 2017
<b>Current liabilities:</b>		
Short-term loans		
Borrowing from PBOC		
Customer and interbank deposits		
Borrowing from interbank		
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable and accounts payable	<b>38,439,787.71</b>	48,910,348.83
Advances from customers		563,650.00
Contract liabilities	<b>151,400.00</b>	
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Salaries payable	<b>1,724,840.35</b>	2,075,743.65
Taxes payable	<b>13,879,931.32</b>	9,345,731.70
Other payables	<b>176,091,268.66</b>	216,846,128.21
Including: Interest payable		
Dividends payable		
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>Total current liabilities</b>	<b><u>230,287,228.04</u></b>	<b><u>277,741,602.39</u></b>

Item	July– September 2018	July– September 2017
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term employee salary payable	2,828,665.75	3,249,053.43
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>2,828,665.75</b>	<b>3,249,053.43</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities</b>	<b>233,115,893.79</b>	<b>280,990,655.82</b>
	<hr/> <hr/>	<hr/> <hr/>

Item	July– September 2018	July– September 2017
<b>Owner's equity (or Shareholders' equity):</b>		
Paid-in capital (Share capital)	<b>913,838,529.00</b>	913,838,529.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	<b>1,434,870,834.28</b>	1,434,870,834.28
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	<b>254,995,636.63</b>	254,995,636.63
Undistributed profits	<b>193,007,551.79</b>	230,533,593.95
<b>Total Owner's equity (or Shareholders' equity):</b>	<b><u>2,796,712,551.70</u></b>	<b><u>2,834,238,593.86</u></b>
<b>Total liabilities and Owner's equity (or Shareholders' equity)</b>	<b><u>3,029,828,445.49</u></b>	<b><u>3,115,229,249.68</u></b>

*Legal Representative:*  
**Xia Dechuan**

*Person in charge of  
accounting work:*  
**Shen Jianlong**

*Person in charge of the  
Accounting Department:*  
**Liu Xianfang**

**INCOME STATEMENT**  
*January–September 2018*

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

Item	July– September 2018	July– September 2017	January– September 2018	January– September 2017
I. Operating income	<b>17,524,703.57</b>	51,300,986.77	<b>80,531,322.13</b>	105,686,824.44
Less: Operating cost	<b>14,044,868.43</b>	42,108,642.89	<b>49,643,837.90</b>	72,202,227.32
Business taxes and surcharge	<b>84,254.86</b>	1,269,688.10	<b>2,740,155.84</b>	4,127,559.56
Selling expenses	<b>444,683.53</b>	869,851.69	<b>2,525,797.37</b>	2,872,845.81
Administrative expenses	<b>23,184,761.13</b>	23,213,781.05	<b>68,474,279.65</b>	74,512,163.90
R&D costs	<b>3,245,021.39</b>	7,479,593.86	<b>7,620,422.90</b>	10,875,026.99
Financial expenses	<b>-231,031.06</b>	-778,505.36	<b>-1,232,213.14</b>	-4,186,859.32
Including: Interest expense				
Interest incomes	<b>-798,163.58</b>	-889,996.49	<b>-1,744,915.27</b>	-3,687,054.50
Loss in assets impairment		-560,457.19	<b>-255.71</b>	-2,019,977.61
Loss in credit impairment			<b>-4,050,740.35</b>	
Add: Other incomes				
Investment income (losses are represented by “-”)	<b>51,929,226.02</b>	7,925,437.20	<b>53,337,643.92</b>	54,249,428.43
Include: Investment income of associates and joint ventures	<b>12,409,079.11</b>	4,282,495.87	<b>37,462,500.00</b>	36,171,425.85
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 “-”)		-79,208.91	<b>854.70</b>	-211,536.93

Item	July- September 2018	July- September 2017	January- September 2018	January- September 2017
<b>II. Operating profit</b>				
(losses are represented by “-”)	<b>28,681,371.31</b>	-14,455,379.98	<b>8,148,536.29</b>	1,341,729.29
Add: Non-operating income	<b>129,805.84</b>	5,634.04	<b>18,330,720.58</b>	94,337.15
Less: Non-operating expenses	<b>4,134.40</b>		<b>36,602.00</b>	60,628.51
<b>III.Total profit (total losses are represented by “-”)</b>	<b>28,807,042.75</b>	-14,449,745.94	<b>26,442,654.87</b>	1,375,437.93
Less: Income tax expense				
<b>IV.Net profit (net losses are represented by “-”)</b>	<b>28,807,042.75</b>	-14,449,745.94	<b>26,442,654.87</b>	1,375,437.93
(1) Net profit for going concern(net losses are represented by “-”)	<b>28,807,042.75</b>	-14,449,745.94	<b>26,442,654.87</b>	1,375,437.93
(2) Net profit for discontinued operation(net losses are represented by “-”)				
<b>V. Net other comprehensive income after tax</b>				
(1) Other comprehensive income which will not be reclassified 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				

Item	July- September 2018	July- September 2017	January- September 2018	January- September 2017
(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. Changes in fair value of other equity instruments investment				
3. Amount of financial assets reclassified to other comprehensive income				
4. Provision for credit impairment of other debenture investment				
5. Cash flow hedging reserve				
6. Translation difference of financial statements in foreign currencies				

<b>VI. Total comprehensive income:</b>	<b>28,807,042.75</b>	-14,449,745.94	<b>26,442,654.87</b>	1,375,437.93
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**VII. Earnings per share:**

- (1) Basic earnings per share  
(RMB/share)
- (2) Diluted earnings per share  
(RMB/share)

<i>Legal Representative:</i> <b>Xia Dechuan</b>	<i>Person in charge of account work:</i> <b>Shen Jianlong</b>	<i>Person in charge of the accounting department:</i> <b>Liu Xianfang</b>
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## CASH FLOW STATEMENT

January–September 2018

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

Item	July– September 2018	July– September 2017
<b>I. Cash flows from operating activities:</b>		
Cash received from the sale of goods and rendering of services	<b>91,760,217.81</b>	94,382,918.33
Refunds of taxes		557,563.18
Cash received relating to other operating activities	<b>179,393,358.25</b>	32,045,613.56
<b>Sub-total of cash inflows from operating activities</b>	<b>271,153,576.06</b>	126,986,095.07
Cash paid for purchase of goods and services received	<b>53,015,421.02</b>	62,276,472.97
Cash paid to and on behalf of employees	<b>58,575,575.15</b>	48,637,162.67
Cash paid for all types of taxes	<b>11,228,509.20</b>	14,251,631.91
Cash paid relating to other operating activities	<b>240,075,574.22</b>	39,413,537.42
<b>Sub-total of cash outflows from operating activities</b>	<b>362,895,079.59</b>	164,578,804.97
<b>Net cash flows from operating activities</b>	<b>-91,741,503.53</b>	-37,592,709.90

Item	July– September 2018	July– September 2017
<b>II. Cash flows from investing activities:</b>		
Cash received from disposal of investments		
Cash received from return on investments	<b>49,093,217.03</b>	83,568,444.58
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		106,000.00
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investment activities	<b><u>1,310,000,000.00</u></b>	<u>1,113,000,000.00</u>
<b>Sub-total of cash inflows from investing activities</b>	<b><u>1,359,093,217.03</u></b>	<u>1,196,674,444.58</u>
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		749,424.78
Cash paid for investments	<b>20,000,000.00</b>	
Net cash paid for acquisition of subsidiaries and other operating entities		
Cash paid on other investment activities	<b><u>860,000,000.00</u></b>	<u>1,275,000,000.00</u>
<b>Sub-total of cash outflows from investing activities</b>	<b><u>880,000,000.00</u></b>	<u>1,275,749,424.78</u>
<b>Net cash flows from investing activities</b>	<b><u><u>479,093,217.03</u></u></b>	<u><u>-79,074,980.20</u></u>



Item	July– September 2018	July– September 2017
<b>III. Cash flows from financing activities:</b>		
Cash received from investments		
Cash received from borrowings		
Cash received from issuing bonds		
Cash received from other financing activities		
<b>Sub-total of cash inflows from financing activities</b>		
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends, profits, or interest expenses	<b>63,968,697.03</b>	63,968,697.03
Cash paid on other financing activities		
<b>Sub-total of cash outflows from financing activities</b>	<b>63,968,697.03</b>	63,968,697.03
<b>Net cash flows from financing activities</b>	<b><u>-63,968,697.03</u></b>	<b><u>-63,968,697.03</u></b>

Item	July– September 2018	July– September 2017
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>0.54</b>	<b>-110.52</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>323,383,017.01</b>	<b>-180,636,497.65</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>VI. Balance of cash and cash equivalents at the end of the period</b>	<b>494,419,031.34</b>	<b>151,395,855.18</b>

*Legal Representative:*  
**Xia Dechuan**

*Person in charge of  
accounting work:*  
**Shen Jianlong**

*Person in charge of the  
Accounting Department:*  
**Liu Xianfang**