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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 2019 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 2019 (the “**Reporting Period**”) is set out below. The financial statements contained in this report are unaudited. The summary of 2019 Interim Report is based on the full-length 2019 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 2019.

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

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Representative of securities affairs

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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 2019 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 2019)	At the end of last year (31 December 2018)	Change from the end of last year (%)
Total assets	6,277,346,877.50	6,184,619,023.98	1.50
Net assets attributable to shareholders of the Company	3,437,711,434.85	3,468,424,299.40	-0.89
	Reporting Period (January to June 2019)	Corresponding period of last year (January to June 2018)	Change from corresponding period of last year (%)
Net cash flow from operating activities	-302,748,167.59	-132,738,177.15	N/A
Operating income	2,129,345,776.54	1,993,629,769.74	6.81
Net profit attributable to shareholders of the Company	42,389,523.73	51,019,460.71	-16.91
Net profit attributable to shareholders of the Company after deduction of extraordinary items	30,861,450.97	42,239,537.95	-26.94
Weighted average return on net assets (%)	1.22	1.51	Decreased by 0.29 percentage point
Basic earnings per share (RMB/share)	0.0464	0.0558	-16.91
Diluted earnings per share (RMB/share)	0.0464	0.0558	-16.91

2.3 Total number of shareholders, shareholdings of the top ten shareholders and 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*) 94,745

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	26.57	242,800,218	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	7.17	65,517,891	0	Unknown
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	State-owned legal person	6.93	63,302,611	0	Unknown
Zhang Xiaofeng(張曉峰)	Domestic natural person	0.20	1,845,163	0	Unknown
Cheng Lijun(程利軍)	Domestic natural person	0.17	1,569,900	0	Unknown
Qi Liqin(齊麗琴)	Domestic natural person	0.11	1,015,667	0	Unknown
Lu Weirong(盧偉榮)	Domestic natural person	0.11	1,000,000	0	Unknown
Wang Ping(王萍)	Domestic natural person	0.10	950,000	0	Unknown
Duan Yijie(段義傑)	Domestic natural person	0.10	927,274	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 242,800,218 shares (including 214,397,470 H shares and 1,402,748 A shares) of the Company on behalf of several clients, representing 26.57% 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 2019, 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. 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 RMB2,129,345,800, total profit of RMB90,680,600 and net profit attributable to shareholders of the parent company of RMB42,389,500.

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	Amount for the corresponding period of last year	Change (%)
Operating income	2,129,345,776.54	1,993,629,769.74	6.81
Operating costs	1,823,553,320.49	1,703,793,649.19	7.03
Cost of sales	21,892,592.48	24,842,746.83	-11.88
Administrative expenses	105,415,293.63	99,945,852.85	5.47
Financial expenses	-195,797.60	370,226.01	-152.89
R&D expenses	103,493,120.42	103,166,097.03	0.32
Net cash flows from operating activities	-302,748,167.59	-132,738,177.15	N/A
Net cash flows from investment activities	-167,394,063.22	-19,187,056.26	N/A
Net cash flows from financing activities	-27,932,923.84	87,423,327.93	-131.95
Interest expenses	2,433,504.47	1,775,338.83	37.07
Other income	5,766,281.17	1,268,248.20	354.67
Gain from change in fair value	2,975,260.27	0	N/A
Credit impairment losses	-4,102,573.57	-1,018,592.09	N/A
Assets impairment losses	-13,210,343.27	238,867.43	-5,630.41
Gains on disposal of assets	190,885.76	-178,452.31	N/A
Non-operating expenses	305,589.45	577,222.19	-47.06
Income tax expenses	20,907,362.66	14,162,182.96	47.63

Reasons for the changes:

- (1) Operating income: Mainly due to the period-on-period increase in the income from electronic manufacturing services during the period.
- (2) Operating costs: Mainly due to the increase in the income and corresponding increase in costs from electronic manufacturing services business during the period
- (3) Cost of sales: Mainly due to the decrease in advertising and exhibition expenses during the period

- (4) Administrative expenses: Mainly due to increase in salary and wages expenses during the period.
- (5) Financial expenses: Mainly due to the decrease in exchange losses during the period as a result of the RMB exchange rate changes;
- (6) R&D expenses: remains unchanged during the Reporting Period;
- (7) Net cash flows from operating activities: Mainly due to cash paid for purchasing of goods during the period;
- (8) Net cash flows from investment activities: Mainly due to expiration of wealth management products purchased from banks;
- (9) Net cash flows from financing activities: Mainly due to repayment of short-term bank loans during the period;
- (10) Interest expenses: Mainly due to the increase in interest expenses paid for short-term bank loans during the period;
- (11) Other income: Mainly due to the period-on-period increase in government subsidy relating to operations activities;
- (12) Gains on changes in fair value: Gains from the change in fair value of transactional financial assets during the period;
- (13) Credit impairment losses: Mainly due to provision for bad debts of financial assets during the period;
- (14) Assets impairment losses: Mainly due to provision for impairment of long-term equity investments during the period;
- (15) Gains on disposal of assets: Mainly due to the increase in gain from the disposal of non-current assets during the period;
- (16) Non-operating expenses: Mainly due to the decrease in current write-off losses recognized during the period;
- (17) Income tax expenses: Mainly due to the increase in current income tax during 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
Monetary funds	985,801,017.17	15.70	1,448,751,802.35	23.43	-31.96	Mainly due to the increase in principal of bank wealth management products outstanding, and the payment for goods purchased during the period
Transactional financial assets	492,975,260.27	7.85	360,000,000.00	5.82	36.94	Due to the changes in principal and fair value of bank wealth management products due at the end of the period
Prepayments	257,096,422.53	4.10	181,267,525.19	2.93	41.83	Mainly due to the increase in prepayments of purchase amounts and project funds
Contract assets	524,347,156.71	8.35	360,753,744.24	5.83	45.35	Mainly due to the increase in the right to receive consideration upon the transfer of goods to customers during the period
Right-of-use assets	4,878,959.38	0.08	0	0	N/A	Due to the recognition of eligible leased equipment as right-of-use assets to comply with new lease standards
Long-term deferred expenses	2,032,859.02	0.03	1,289,730.68	0.02	57.62	Mainly due to the increase in long-term deferred items during the period
Short-term loans	50,000,000.00	0.80	95,000,000.00	1.54	-47.37	Due to the partial repayment of short-term bank loans during the period
Notes payables	259,142,824.49	4.13	187,360,370.61	3.03	38.31	Mainly due to the increase in the purchase of goods settled by notes during the period
Receipts in advance	1,336,367.67	0.02	2,051,740.10	0.03	-34.87	Mainly due to the decrease in service fees, etc. received in advance during the period
Staff salaries payable	20,998,899.48	0.33	34,316,099.14	0.55	-38.81	Mainly due to salaries and related cost paid during the period
Other payables	197,072,263.29	3.14	101,554,174.51	1.64	94.06	Mainly due to the distribution of ordinary share dividends in the period
Lease liabilities	4,975,397.42	0.08	0	0	N/A	Due to the recognition of eligible leased equipment as right-of-use assets to comply with new lease standards, and the recognition of present value of the outstanding lease payment as lease liabilities
Accrued liabilities	0	0	2,900,000.00	0.05	-100.00	Due to the full payment due for litigation matters during the period

3.2 Analysis of investments

3.2.1 Overall analysis of equity investment

In the first half of 2019, the Company cautiously and normatively made investments in fixed assets and relevant projects in accordance with the capital expenditure budget and actual operating conditions.

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 2019		January to June 2019	
			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	104,968.50	36,484.94	41,850.18	1,021.10
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	140,080.39	40,925.67	52,847.16	1,946.03
Nanjing Panda Electronic Manufacture Co., Ltd.	EMS services	USD2,000	108,750.19	47,066.78	75,997.42	3,165.79
Nanjing Panda Communications Technology Co., Ltd.	Manufacture and sale of mobile communication, digital communication and network communication systems and products	10,000	22,408.69	16,298.88	3,681.20	-194.13
Nanjing Panda Xinxing Industrial Co., Ltd.	Property and catering services	2,000	6,398.58	4,152.25	7,088.61	194.22
Nanjing Panda Electronic Technology Development Company Limited	Manufacturing of general purpose equipment, software development, and property management	70,000	66,417.62	60,429.47	719.85	-1,300.07
Shenzhen Jinghua Electronics Co., Ltd.	Research and development, manufacturing and sales of communication equipment and digital products	11,507	52,290.78	35,022.49	33,484.74	4,308.40

(2) *Information of major investee companies (January to June 2019)*

Unit: 0'000 Currency: RMB

Name of investee company	Operating income	Net Profit	Equity interests	Investment Income
			held by the Company	received by the Company
Nanjing Ericsson Panda Communication Co., Ltd.	491,969.99	9,116.10	27.00%	2,461.35

The Company holds 20% equity interest in Beijing SE Putian Mobile Communication Co., Ltd. Beijing SE Putian Mobile Communication Co., Ltd. announced at its board meeting held on 28 March 2019, it will work on preparing for the liquidation and the Company will make provisions for the dividend payable and the long-term equity investment impairment according to the relevant liquidation memorandum documents for the period. During the Reporting Period, Beijing SE Putian Mobile Communication Co., Ltd. record operating revenue of RMB282,965,700, net profit of RMB-306,063,800, which had no impact on the profit and loss of the Company.

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 2019.

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

The resolution in relation to the profit distribution plan for the year 2018 was considered and approved at the fourth meeting of the ninth session of the Board of the Company and the 2018 annual general meeting of the Company, pursuant to which, a cash dividend of RMB0.80 (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 2018, with the total cash dividend distributed amounting to RMB73,107,082.32 and the remaining profits to be carried forward to next year. The Company would not make any distribution 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 29 March 2019, 29 June 2019 and 8 July 2019 and on the website of the Hong Kong Stock Exchange on 28 March 2019, 28 June 2019 and 5 July 2019, 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 2019, the Company's gearing ratio (the ratio of total liabilities to total assets) was 41.24%; current liabilities amounted to RMB2,556 million; liquidity ratio was 1.83; quick ratio was 1.39; bank deposits and cash amounted to RMB793 million; and short-term bank and other loans amounted to RMB50 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 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 2019 to review 2018 financial report of the Company and the summary report on audit work in 2018 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 2019 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 2019, 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 fourth meeting of the ninth session of the Board, the resolution in relation to the appointment of the auditors for 2019 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 2019 and that their remuneration be determined within the limit of RMB2.10 million and it was agreed that the same be submitted to the 2018 annual general meeting of the Company for shareholders' consideration.

The 2018 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 2019, 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 29 March 2019 and 29 June 2019 and on the website of the Hong Kong Stock Exchange on 28 March 2019 and 28 June 2019.

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 Some of the Company's Accounting Policies was considered and approved at the fifth meeting of the ninth session of the Board of the Company on 26 April 2019. In 2018, the Ministry of Finance revised the Accounting Standards for Business Enterprises No. 21 – Leases, the Company being an enterprise concurrently listed on domestic and foreign stock exchanges, the Company shall adopt such accounting standard with effect from 1 January 2019. This change in accounting policies is a reasonable change in accordance with relevant documents of the Ministry of Finance, and is in compliance with Accounting Standards and relevant requirements, and actual conditions. The decision process is in compliance with the relevant laws and regulations and the Articles of Association. The changes in accounting policies will affect the items of statement of the Company but cause no material impact the current financial conditions and operating results of the Company. For details of the change in accounting policies, please refer to the Announcement of Nanjing Panda on Change in Some of Accounting Policies (Lin 2019-029)

published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 29 April 2019 and the related announcement published on the website of the Hong Kong Stock Exchange on 26 April 2019.

- (2) The resolution on the change in some of the Company's accounting policies was considered and approved at the tenth meeting of the ninth session of the Board of the Company on 29 August 2019. On 30 April 2019, the Ministry of Finance issued the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for 2019 (《關於修訂印發2019年度一般企業財務報表格式的通知》) (Cai Kuai [2019] No. 6), and has revised the format of financial statements for general enterprises. In accordance with the requirements of the above notice, the Company changed relevant accounting policies. The change in accounting policies was made by the Company on reasonable basis according to the relevant documents of the Ministry of Finance, which was in line with the accounting 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 Amendment of Some of Accounting Policies (Lin 2019-[056]) published by the Company on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 30 August 2019 and the related announcement published on the website of the Hong Kong Stock Exchange on 29 August 2019.

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

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

Consolidated Balance Sheet

30 June 2019

(Expressed in RMB, unless otherwise stated)

ASSETS	Closing balance	Balance at the end of last year
Current assets:		
Cash and cash equivalents	985,801,017.17	1,448,751,802.35
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets held for trading	492,975,260.27	360,000,000.00
Derivative financial assets		
Notes receivable	305,140,698.53	268,269,716.38
Accounts receivable	1,144,041,933.70	1,003,441,127.48
Financing receivables		
Advance to suppliers	257,096,422.53	181,267,525.19
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	73,884,455.42	88,573,078.94
Financial assets held under resale agreements		
Inventories	878,435,686.79	867,808,744.86
Contract assets	524,347,156.71	360,753,744.24
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	27,359,732.35	34,724,089.13
Total current assets	4,689,082,363.47	4,613,589,828.57

Consolidated Balance Sheet (Continued)
30 June 2019
(Expressed in RMB, unless otherwise stated)

ASSETS	Closing balance	Balance at the end of last year
Non-current assets		
Loans and advances to customers		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	303,462,391.56	293,775,084.76
Other equity instruments investments	3,911,610.55	3,905,351.83
Other non-current financial assets		
Investment properties	16,158,418.62	19,461,979.00
Fixed assets	855,413,462.19	826,049,821.47
Construction in progress	280,476,946.23	304,808,394.92
Biological assets for production		
Fuel assets		
Right-of-use assets	4,878,959.38	
Intangible assets	109,497,944.57	109,121,966.50
Development expenses		
Goodwill		
Long-term deferred expense	2,032,859.02	1,289,730.68
Deferred income tax assets	12,431,921.91	12,616,866.25
Other non-current assets		
Total non-current assets	<u>1,588,264,514.03</u>	<u>1,571,029,195.41</u>
Total assets	<u>6,277,346,877.50</u>	<u>6,184,619,023.98</u>

Consolidated Balance Sheet (Continued)
30 June 2019
(Expressed in RMB, unless otherwise stated)

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Current liabilities:		
Short-term borrowings	50,000,000.00	95,000,000.00
Borrowings from central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	259,142,824.49	187,360,370.61
Accounts payable	1,548,838,917.16	1,544,459,424.66
Advance receipts from customers	1,336,367.67	2,051,740.10
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Security trading of agency		
Securities underwriting		
Staff salaries payable	20,998,899.48	34,316,099.14
Taxes and surcharges payable	182,887,195.43	185,387,137.32
Other payables	197,072,263.29	101,554,174.51
Bank charges and commissions due		
Reinsurers due		
Contract liabilities	231,793,165.14	221,380,505.81
Liabilities held for sale		
Non-current liabilities due within one year		
Current liabilities	<u>63,980,275.93</u>	<u>86,456,520.71</u>
Total current liabilities	<u>2,556,049,908.59</u>	<u>2,457,965,972.86</u>

Consolidated Balance Sheet (Continued)
30 June 2019
(Expressed in RMB, unless otherwise stated)

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Non-current liabilities		
Insurance contract reserves		
Long-term payables		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	4,975,397.42	
Long-term payables		
Long-term staff salaries payables	21,085,502.13	24,722,333.29
Accrued liabilities		2,900,000.00
Deferred income	6,583,176.16	7,050,224.14
Deferred income tax liabilities	103,697.07	102,132.39
Other non-current liabilities		
Total non-current liabilities	32,747,772.78	34,774,689.82
Total liabilities	2,588,797,681.37	2,492,740,662.68

Consolidated Balance Sheet (Continued)
30 June 2019
(Expressed in RMB, unless otherwise stated)

	Closing balance	Balance at the end of last year
Liabilities and owners' equity		
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,470,691,800.13	1,470,691,800.13
Less: Treasury shares		
Other comprehensive income	196,207.91	191,513.87
Special reserve	258,647,274.54	258,647,274.54
Surplus reserve		
General preparation		
Undistributed profit	<u>794,337,623.27</u>	<u>825,055,181.86</u>
Total equity attributable to the shareholders of the parent company	<u>3,437,711,434.85</u>	<u>3,468,424,299.40</u>
Minority interests	<u>250,837,761.28</u>	<u>223,454,061.90</u>
Total owners' equity	<u>3,688,549,196.13</u>	<u>3,691,878,361.30</u>
Total liabilities and owners' equity	<u><u>6,277,346,877.50</u></u>	<u><u>6,184,619,023.98</u></u>

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Parent Company Balance Sheet*30 June 2019**(Expressed in RMB, unless otherwise stated)*

ASSETS	Closing balance	Balance at the end of last year
Current assets:		
Cash and cash equivalents	112,853,056.66	238,805,153.90
Financial assets held for trading	372,169,095.89	310,000,000.00
Derivative financial assets		
Notes receivables	19,334,520.00	
Accounts receivable	39,578,270.13	53,407,782.74
Financing receivables		
Prepayments	1,631,825.29	3,768,695.26
Other receivables	311,602,597.89	295,423,983.44
Inventories	26,789,012.93	20,183,017.20
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets		
Total current assets	883,958,378.79	921,588,632.54

Parent Company Balance Sheet (Continued)
30 June 2019
(Expressed in RMB, unless otherwise stated)

ASSETS	Closing balance	Balance at the end of last year
Non-current assets		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	1,743,458,909.77	1,733,874,170.35
Other equity instruments investments	3,911,610.55	3,905,351.83
Other non-current financial assets		
Investment properties	177,581,109.29	176,978,570.90
Fixed assets	58,786,385.85	64,501,654.72
Construction in progress	250,978,140.95	248,705,534.64
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	12,577,997.05	13,069,376.80
Development expenses		
Goodwill		
Long-term deferred expense		
Deferred tax assets		
Other non-current assets		
Total non-current assets	<u>2,247,294,153.46</u>	<u>2,241,034,659.24</u>
Total assets	<u>3,131,252,532.25</u>	<u>3,162,623,291.78</u>

Parent Company Balance Sheet (Continued)
30 June 2019
(Expressed in RMB, unless otherwise stated)

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	3,929,110.36	
Accounts payable	30,735,493.17	38,708,811.11
Advance receipts from customers	871,406.00	4,000.00
Staff salaries payable	1,916,101.77	2,946,015.92
Taxes payable	152,669,856.98	153,711,832.83
Other payables	225,869,545.88	154,312,183.92
Contract liabilities		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	415,991,514.16	349,682,843.78
Non-current liabilities		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long term Staff salaries payable	2,460,048.82	2,998,820.29
Accrued liabilities		2,900,000.00
Deferred income		
Deferred income tax liabilities	65,402.64	63,837.96
Other non-current liabilities		
Total non-current liabilities	2,525,451.46	5,962,658.25
Total liabilities	418,516,965.62	355,645,502.03

Parent Company Balance Sheet (Continued)*30 June 2019**(Expressed in RMB, unless otherwise stated)*

	Closing balance	Balance at the end of last year
Liabilities and owners' equity		
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,434,870,834.28	1,434,870,834.28
Less: Treasury shares		
Other comprehensive income	196,207.91	191,513.87
Special reserve		
Surplus reserve	258,647,274.54	258,647,274.54
Undistributed profits	105,182,720.90	199,429,638.06
Total owners' equity	<u>2,712,735,566.63</u>	<u>2,806,977,789.75</u>
Total liabilities and owners' equity	<u>3,131,252,532.25</u>	<u>3,162,623,291.78</u>

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Consolidated Income Statement

January–June 2019

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Revenue	2,129,345,776.54	1,993,629,769.74
Including: Operating income	2,129,345,776.54	1,993,629,769.74
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	2,064,814,237.55	1,941,528,974.38
Including: Operating costs	1,823,553,320.49	1,703,793,649.19
Interest expenses		
Fee and commission expense		
Surrenders		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Tax and surcharges	10,655,708.13	9,410,402.47
Selling expenses	21,892,592.48	24,842,746.83
Administrative expenses	105,415,293.63	99,945,852.85
R&D costs	103,493,120.42	103,166,097.03
Financial expenses	-195,797.60	370,226.01
Including: Interest expense	2,433,504.47	1,775,338.83
Interest income	-5,294,211.03	-5,522,060.92
Add: Other gains	5,766,281.17	1,268,248.20
Investment income (losses are represented by “-”)	32,227,952.92	35,460,772.49
Including: Investment income of associates and joint ventures	24,716,024.79	25,682,507.56
Gains arising from derecognition of financial assets at amortised cost		
Exchange gain (losses are represented by “-”)		
Income on hedging the net exposure (losses are represented by “-”)		
Gains arising from changes in fair value (losses are represented by “-”)	2,975,260.27	
Credit impairment loss (losses are represented by “-”)	-4,102,573.57	-1,018,592.09
Asset impairment loss (losses are represented by “-”)	-13,210,343.27	238,867.43
Gains on disposal of assets (losses are represented by “-”)	190,885.76	-178,452.31

Consolidated Income Statement (Continued)
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
3. Operating profit (losses are represented by “-”)	88,379,002.27	87,871,639.08
Add: Non-operating income	2,607,172.95	2,910,814.51
Less: Non-operating expenses	305,589.45	577,222.19
4. Total profit (total losses are represented by “-”)	90,680,585.77	90,205,231.40
Less: Income tax expense	20,907,362.66	14,162,182.96
5. Net profit (net losses are represented by “-”)	69,773,223.11	76,043,048.44
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by “-”)	69,773,223.11	76,043,048.44
2. Net profit for discontinued operation (net losses are represented by “-”)		
(2) Classified by the attribution of the ownership		
1. Net Profit attributable to the equity shareholders of the parent company (net losses are represented by “-”)	42,389,523.73	51,019,460.71
2. Minority interests (net losses are represented by “-”)	27,383,699.38	25,023,587.73
6. Net other comprehensive income after tax	4,694.04	
Net other comprehensive income after tax attributable to owners of the parent company	4,694.04	
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	4,694.04	
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	4,694.04	
4. Changes in fair value of the enterprise’s own credit risk		

Consolidated Income Statement (Continued)
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous 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. 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 bonds investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		
Net other comprehensive income after tax attributable to minority shareholders		
7. Total comprehensive income	69,777,917.15	76,043,048.44
Total comprehensive income attributable to the equity holders of the parent company	42,394,217.77	51,019,460.71
Total comprehensive income attributable to minority shareholders	27,383,699.38	25,023,587.73
8. Earnings per share:		
(1) Basic earnings per share (<i>RMB/share</i>)	0.0464	0.0558
(2) Diluted earnings per share (<i>RMB/share</i>)	0.0464	0.0558

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Parent Company Income Statement
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Operating income	35,979,155.19	63,006,618.56
Less: Operating costs	19,445,018.71	35,598,969.47
Business taxes and surcharge	2,194,620.77	2,655,900.98
Selling expenses	1,026,123.63	2,081,113.84
Administrative expenses	45,751,952.85	45,289,518.52
R&D costs	9,966,410.41	4,375,401.51
Financial expenses	-1,177,208.75	-1,001,182.08
Including: Interest expense		
Interest income	-865,310.60	-946,751.69
Add: Other incomes	25,993.99	–
Investment income (losses are represented by “-”)	31,318,523.30	1,408,417.90
Including: Investment income of associates and joint ventures	24,613,457.41	25,053,420.89
Gains arising from derecognition of financial assets at amortised cost		
Income on hedging the net exposure (losses are represented by “-”)		
Income from change in fair value (losses are represented by “-”)	2,169,095.89	
Credit impairment loss (losses are represented by “-”)		4,050,740.35
Assets impairment loss (losses are represented by “-”)	-13,188,717.99	255.71
Gains on disposal of assets (losses are represented by “-”)	-32,467.60	854.70
2. Operating profit (losses are represented by “-”)	-20,935,334.84	-20,532,835.02
Add: Non-operating income		18,200,914.74
Less: Non-operating expenses	204,500.00	32,467.60
3. Total profit (total losses are represented by “-”)	-21,139,834.84	-2,364,387.88
Less: Income tax expense		

Parent Company Income Statement (Continued)*January–June 2019**(Expressed in RMB, unless otherwise stated)*

Items	Amount for the current period	Amount for the previous period
4. Net profit (net losses are represented by “-”)	-21,139,834.84	-2,364,387.88
(I) Net profit for going concern (net losses are represented by “-”)	-21,139,834.84	-2,364,387.88
(II) Net profit for discontinued operation (net losses are represented by “-”)		
5. Net other comprehensive income after tax	4,694.04	
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	4,694.04	
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	4,694.04	
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. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		

Company Income Statement (Continued)
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
6. Total comprehensive income	-21,135,140.80	-2,364,387.88
7. Earnings per share:		
(1) Basic earnings per share <i>(RMB/share)</i>		
(2) Diluted earnings per share <i>(RMB/share)</i>		

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Consolidated Cash Flow Statement
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	1,917,822,585.46	2,051,599,065.88
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		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Net cash received from securities brokerage		
Refunds of taxes	36,995,137.15	36,957,849.05
Cash received relating to other operating activities	<u>135,307,177.54</u>	<u>124,685,674.31</u>
Sub-total of cash inflows from operating activities	<u>2,090,124,900.15</u>	<u>2,213,242,589.24</u>

Consolidated Cash Flow Statement (Continued)
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
Cash paid on purchase of goods and services received	1,948,079,929.87	1,848,536,201.20
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		
Net increase in financial assets held for trading		
Net increase in placement		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	261,894,614.47	240,655,958.39
Cash paid for all types of taxes	76,227,262.45	115,249,064.91
Cash paid relating to other operating activities	106,671,260.95	141,539,541.89
Sub-total of cash outflows from operating activities	<u>2,392,873,067.74</u>	<u>2,345,980,766.39</u>
Net cash flows generated from operating activities	<u>-302,748,167.59</u>	<u>-132,738,177.15</u>

Consolidated Cash Flow Statement (Continued)
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
2. Cash flows from investing activities		
Cash received from disposal and returns of investments		
Cash received from return on investments	29,347,027.95	10,024,098.81
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	3,191,048.10	106,399.35
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	860,000,000.00	950,000,000.00
Sub-total of cash inflows from investing activities	892,538,076.05	960,130,498.16
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	69,932,139.27	19,317,554.42
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 investing activities	990,000,000.00	960,000,000.00
Sub-total of cash outflows from investing activities	1,059,932,139.27	979,317,554.42
Net cash flows generated from operating activities	-167,394,063.22	-19,187,056.26

Consolidated Cash Flow Statement (Continued)
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
3. Net cash flows generated from financing activities		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	95,000,000.00	95,000,000.00
Cash received from issuing bonds		
Cash received relating to other financing activities	19,500,580.63	39,198,666.76
Sub-total of cash inflows from financing activities	114,500,580.63	134,198,666.76
Cash paid on repayment of borrowings	140,000,000.00	45,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	2,305,605.11	1,489,974.74
Including: bonus and profit paid to minority shareholders by subsidiaries		
Cash paid relating to other financing activities	127,899.36	285,364.09
Sub-total of cash outflows from financing activities	142,433,504.47	46,775,338.83
Net cash flows generated from financing activities	-27,932,923.84	87,423,327.93
4. Effect of foreign exchange rate changes on cash and cash equivalents	-1,068,186.26	-100,015.82
5. Net increase in cash and cash equivalents	-499,143,340.91	-64,601,921.30
Add: Cash and cash equivalents	1,292,114,192.80	1,191,597,115.73
6. Cash and cash equivalents	792,970,851.89	1,126,995,194.43

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Parent Company Cash Flow Statement
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	31,358,826.06	49,420,552.68
Refunds of taxes		
Cash received received to other operating activities	23,617,416.01	69,583,432.96
Sub-total of cash inflows from operating activities	54,976,242.07	119,003,985.64
Cash paid on purchase of goods and services received	18,722,950.81	30,505,465.75
Cash paid to and on behalf of employees	50,093,202.73	44,545,818.53
Cash paid for all types of taxes	3,792,973.03	6,922,181.10
Cash paid relating to other operating activities	73,226,772.04	116,209,026.87
Sub-total of cash outflows from operating activities	145,835,898.61	198,182,492.25
Net cash flows generated from operating activities	-90,859,656.54	-79,178,506.61

Parent Company Cash Flow Statement (Continued)
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
2. Cash flows from investing activities		
Cash received from disposal and returns of investments		
Cash received from return on investments	25,564,905.44	9,573,070.12
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	<u>670,000,000.00</u>	<u>900,000,000.00</u>
Sub-total of cash inflows from investing activities	<u>695,564,905.44</u>	<u>909,573,070.12</u>
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		
Cash paid for investments		10,000,000.00
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	<u>730,000,000.00</u>	<u>860,000,000.00</u>
Sub-total of cash outflows from investing activities	<u>730,000,000.00</u>	<u>870,000,000.00</u>
Net cash flows generated from operating activities	<u>-34,435,094.56</u>	<u>39,573,070.12</u>

Parent Consolidated Cash Flow Statement (Continued)
January–June 2019

Items	Amount for the current period	Amount for the previous period
3. Cash flows from financing activities		
Cash received from investment		
Cash received from borrowings		
Cash received from issuing bonds		
Cash received from other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interests expenses		
Cash paid on other financing activities		
Sub-total of cash outflows from financing activities		
Net cash flows from financing activities		
4. Effect of fluctuations in exchange rates on cash and cash equivalents		0.54
5. Net increase in cash and cash equivalents	-125,294,751.10	-39,605,435.95
Add: balance of cash and cash equivalents at the beginning of the period	236,485,704.31	171,036,014.33
6. Balance of cash and cash equivalents at the end of the period	111,190,953.21	131,430,578.38

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the
Accounting Department:*
Liu Xianfang

Consolidated Statement of changes in equity

January–June 2019

(Expressed in RMB, unless otherwise stated)

Items	Current period													
	Equity attributable to parent company													
	Other equity instrument			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Other	Subtotal	Minority interests	Total owners' equity
Share capital	Preference shares	Perpetual bonds	Others											
I. Balance at the end of prior year	913,838,529.00			1,470,691,800.13		191,513.87		258,647,274.54		825,055,181.86		3,468,424,299.40	223,454,061.90	3,691,878,361.30
Add: Changes in accounting policies														
Error correction of previous period														
Business combination involving entities under common control														
Others														
II. Balance at the beginning of current year	913,838,529.00			1,470,691,800.13		191,513.87		258,647,274.54		825,055,181.86		3,468,424,299.40	223,454,061.90	3,691,878,361.30
III. Changes of current year (decreases are represented by "-")														
(I) Total comprehensive income						4,694.04				-30,717,558.59		-30,712,864.55	27,383,699.38	-3,329,165.17
(II) Share capital contributed or withdrew by owners						4,694.04				42,389,523.73		42,394,217.77	27,383,699.38	69,777,917.15
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										-73,107,082.32		-73,107,082.32		-73,107,082.32
2. Appropriation of general risk reserve														
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. Change in defined benefit plan carried over to retained earnings														
5. Others														
(V) Appropriation and application of special reserve														
1. Appropriation of special reserve														
2. Application of special reserve														
Others														
(VI)														
IV. Balance at the end of current period	913,838,529.00			1,470,691,800.13		196,207.91		258,647,274.54		794,337,623.27		3,437,711,434.85	250,837,761.28	3,688,549,196.13

Consolidated Statement of changes in equity (Continued)
January–June 2019
(Expressed in RMB, unless otherwise stated)

Items	Preceding period													
	Equity attributable to parent company													
	Share capital	Other equity instrument		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Other	Subtotal	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				254,995,656.63		730,715,948.32		3,363,593,136.77	208,050,616.66	3,571,643,753.43
Add: Changes in accounting policies														
Error correction of previous 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				254,995,656.63		730,715,948.32		3,363,593,136.77	208,050,616.66	3,571,643,753.43
III. Changes of current year (decreases are represented by "-")														
(I) Total comprehensive income														
(II) Share capital contributed or withdrew by owners														
1. Share capital contributed by owners														
2. Capital contributed by holders of other equity instruments												-12,949,236.32	25,023,587.73	12,074,351.41
3. Amount of share-based payment included												51,019,460.71	25,023,587.73	76,043,048.44
4. Others														
(III) Profit distribution														
1. Appropriation of surplus reserve														
2. Appropriation of general risk reserve														
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			1,464,043,022.82				254,995,656.63		717,766,712.00		3,350,643,900.45	223,074,204.39	3,583,718,104.84

Legal Representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Parent Company Statement of changes in equity

January–June 2019

(Expressed in RMB, unless other wise stated)

Items	Other equity instrument				Current period				Total owners' equity		
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve		Surplus reserve	Undistributed profit
I. Balance at the end of prior year	913,838,529.00				1,434,870,834.28		191,513.87		258,647,274.54	199,429,638.06	2,806,977,789.75
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Balance at the beginning of current year	913,838,529.00				1,434,870,834.28		191,513.87		258,647,274.54	199,429,638.06	2,806,977,789.75
III. Changes of current year (decreases are represented by “-”)											
(I) Total comprehensive income											
(II) Share capital contributed or withdrew by owners											
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											
2. Appropriation to owners (or shareholders)											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to (or 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) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of current period	913,838,529.00				1,434,870,834.28		196,207.91		258,647,274.54	105,182,720.90	2,712,735,566.63

Parent Company Statement of changes in equity (Continued)

January–June 2019

(Expressed in RMB, unless other wise stated)

Items	Other equity instrument				Preceding period			
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Total owners' equity
I. Balance at the end of prior year	913,838,529.00				1,434,870,834.28			2,834,238,593.86
Add: Changes in accounting policies								
Error correction of previous period								
Others								
II. Balance at the beginning of current year	913,838,529.00				1,434,870,834.28			2,834,238,593.86
III. Changes of current year (decreases are represented by “-”)								
(I) Total comprehensive income								
(II) Share capital contributed or withdrew by owners								
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								
2. Appropriation to owners (or shareholders)								
3. Others								
(IV) Internal carry-over within equity								
1. Transfer of capital reserve to capital (or share capital)								
2. Transfer of surplus reserve to capital (or 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			2,767,905,508.95

Legal Representative:

Xia Dechuan

Chief Accountant:

Hu Dali

Head of the Accounting Department:

Liu Xianfang

NOTES

(1) PREPARATION OF BASIS

Based on going concern and actual transactions and events, the Company prepared financial statements in accordance with the basic and specific standards of the Accounting Standards for Business Enterprises, the Application Guidance for Accounting Standard for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as “CAS”), and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting issued by the China Securities Regulatory Commission.

(2) GOING CONCERN

For the reporting period and at least 12 months since the end of the reporting period, the Company’s production and operation was stable with reasonable asset and liability structure, therefore it has ability to continue as a going concern and there is no significant risk affecting its ability to continue as a going concern.

(3) SEGMENT REPORTS

The Company established 4 parts of segment reports on the basis of the internal organisational structure, management requirement and internal report system. They are intelligent city industry, electronic manufacturing service, intelligent manufacturing industry and others. Each segment provides different products and service, or activities from different areas. Due to the different demands of each segment applying for different technology and marketing strategy, the company’s management control the different segments of business activities separately, and evaluate the operating results on a regular basis in order to allocate resources and evaluate its performance.

The inter-segment transfer price is determined based on the actual transaction price, and the expenses indirectly attributable to each segment are distributed among the segments according to the corresponding proportion. The assets are allocated based on the operations of the segments and the location of the assets. Segment liabilities include liabilities attributable to the segment from the segment’s operating activities. If the liabilities related to the liabilities shared by the multiple operating segments are allocated to these operating segments, the shared liabilities are also allocated to these operating segments.

Non-current assets are classified according to the assets in which they are located, excluding available-for-sale financial assets and deferred income tax assets. The non-current assets of the Company are all within the China Mainland.

Item	Intelligent city industry	Electronic manufacturing service	Electronic manufacturing industry	Others	Undistributed amount	Eliminations among segments	Total
Trade income from third party	839,423,275.78	852,153,901.49	396,994,444.66	40,774,154.61			2,129,345,776.54
Trade income between segments	32,835,379.77	36,729,931.20	25,647,314.15	14,102,412.82		-109,315,037.94	
Investment income from joint ventures and associated		102,567.38			24,613,457.41		24,716,024.79
Asset impairment of losses				-21,625.28	-13,188,717.99		-13,210,343.27
Credit impairment losses	-987,865.58	656,576.61		-3,771,284.60			-4,102,573.57
Depreciation and amortisation expense	3,446,370.22	6,944,719.34	4,281,264.60	16,528,980.05	11,469,153.23		42,670,487.44
Total Profit	34,160,245.32	73,002,627.07	10,210,398.30	-27,144,411.35	-1,740,584.46	2,192,310.89	90,680,585.77
Income tax expense	5,150,973.69	15,748,237.47		8,151.50			20,907,362.66
Net profit	29,009,271.63	57,254,389.60	10,210,398.30	-27,152,562.85	-1,740,584.46	2,192,310.89	69,773,223.11
Total assets	2,073,383,263.29	1,670,276,602.58	1,116,504,137.32	777,703,356.93	3,018,768,822.30	-2,379,289,304.92	6,277,346,877.50
Total liabilities	1,325,464,080.03	775,268,814.62	688,824,329.39	165,479,961.94	295,818,873.53	-662,058,378.14	2,588,797,681.37
Other non-cash expense beside depreciation and amortisation expense				1,789,028.15	301,673,363.41		303,462,391.56
Long-term investment for joint ventures and associated enterprises	1,589,886.41	13,170,007.45	10,066,325.64	-10,537,372.99	-2,800,910.65	-3,939,924.04	7,548,011.82
Increase in other non-current assets besides long-term investment							

(4) ACCOUNTS RECEIVABLE

(1) *Accounts receivable shown by aging*

Aging	Closing balance
Within 1 year (including 1 year)	977,722,846.82
Including: 0–6 months	837,342,491.22
7–12 months	140,380,355.60
1–2 years	128,657,187.74
2–3 years	39,592,205.72
3–4 years	30,092,282.05
4–5 years	1,315,839.97
Over 5 years	6,646,529.00
Total	1,184,026,891.30

Notes: the above amount is without the provisions of accounts receivable.

2. *Accounts receivable disclosed by classification by means of bad debt provision*

Type	Carrying Amount		Closing balance		Carrying Value
			Bad debt Provision		
	Value	Percentage (%)	Value	Provision percentage (%)	
Accounts receivable with individual accrual	320,453,755.11	27.06	22,333,291.84	6.97	298,120,463.27
Including:					
Accounts receivable with individual significance and accruing bad debt provision individually	295,369,459.24	24.95	16,879,699.05	5.71	278,489,760.19
Accounts receivable with individual insignificance but individually accruing bad debt provision	25,084,295.87	2.11	5,453,592.79	21.74	19,630,703.08
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	863,573,136.19	72.94	17,651,665.76	2.04	845,921,470.43
Among which: Aging portfolio	445,491,305.68	37.63	17,393,417.55	3.90	428,097,888.13
Related parties portfolio	418,081,830.51	35.31	258,248.21	0.06	417,823,582.30
Total	1,184,026,891.30	100.00	39,984,957.60		1,144,041,933.70

Type	Carrying Amount		Opening balance Bad debt Provision		Carrying Value
	Value	Percentage (%)	Value	Provision percentage (%)	
Single item of bad debt provision	233,783,226.75	22.41	22,264,703.00	9.52	211,518,523.75
Among which:					
Accounts receivable with individual significance and accruing bad debt provision individually	189,887,214.14	18.20	16,879,699.05	8.89	173,007,515.09
Accounts receivable with individual insignificance but individually accruing bad debt provision	43,896,012.61	4.21	5,385,003.95	12.27	38,511,008.66
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	809,493,651.24	77.59	17,571,047.51	2.17	791,922,603.73
Among which: Aging portfolio	407,082,120.09	39.02	17,287,845.29	4.25	389,794,274.80
Related parties portfolio	402,411,531.15	38.57	283,202.22	0.07	402,128,328.93
Total	<u>1,043,276,877.99</u>	<u>100.00</u>	<u>39,835,750.51</u>		<u>1,003,441,127.48</u>

Single item of bad debt provision:

Name	Carrying amount	Closing balance		Reasons for provision
		Bad debt provision	Provision percentage (%)	
Chengdu Rail Transit Group Co., Ltd.	79,850,880.00			Expected to be recovered
NARI Technology Co., Ltd.	65,925,570.64	35,822.50	0.05	Expected partly not to be recovered
Tianjin Binhai Rail Transit Development Co., Ltd.	23,018,700.00			Expected to be recovered
Nanjing Metro Group Co., Ltd.	17,277,352.95			Expected to be recovered
Nanjing Yougete Communication Equipment Co., Ltd.	14,275,594.00	14,275,594.00	100.00	Expected to be recovered
Nanjing Ninggao Railway Transportation Co., Ltd.	14,188,690.38			Expected to be recovered
Shijiazhuang Railway Transportation Co., Ltd.	13,034,598.29			Expected to be recovered
Xinjiang Uygur Autonomous Region Press and Publications Bureau of Radio and Television	12,214,150.80	1,988,587.62	16.28	Expected partly not to be recovered
Bwton Technology Co., Ltd.				Expected to be recovered
Nanjing Ninggao Railway Transportation Co., Ltd.	10,545,256.26			Expected to be recovered
Tianjin Underground Railway Group Co., Ltd.	9,512,022.30			Expected to be recovered
Suzhou Rail Transit Group Co., Ltd.	11,430,385.79			Expected to be recovered
Jiangsu Cable Network Development Co. Ltd. Sihong Branch	5,914,000.00	543,650.00	9.19	Expected partly not to be recovered
Jiangsu Province Cable Broadcasting Network Co., Ltd Nanjing Branch	5,896,625.57	36,044.93	0.61	Expected partly not to be recovered
China Cable Television Network Co., Ltd. Hainan Branch	3,827,640.00	24,331.00	0.64	Expected partly not to be recovered
Chengdu Metro Co., Ltd.	3,714,992.26			Expected to be recovered
Zhangzhou Wanda Plaza Co., Ltd.	3,170,200.08			Expected to be recovered
Linquan County Key Project Construction Administration Bureau	2,720,000.00			Expected to be recovered
Information Department of A Certain Military Region Command	2,023,000.00	2,023,000.00	100.00	Expected not to be recovered
Subtotal of other petty amount	10,814,095.79	3,406,261.79	31.50	Expected partly not to be recovered
TOTAL	<u>320,453,755.11</u>	<u>22,333,291.84</u>		

Provision by portfolio:

Name	Closing balance		Provision percentage (%)
	Accounts receivable	Bad debt Provision	
Aging portfolio	445,491,305.68	17,393,417.55	3.90
Related parties portfolio	418,081,830.51	258,248.21	0.06
TOTAL	<u>863,573,136.19</u>	<u>17,651,665.76</u>	

1) *In a portfolio, accounts receivable accruing bad debt provision by aging method*

Aging	End of period Carrying value		Bad debt Provision
	Amount	(%)	
Within 1 year (inclusive)	368,386,812.02	82.69	440,617.25
Among which: 0-6 months	359,574,467.12	80.71	
7-12 months	8,812,344.90	1.98	440,617.25
1-2 years past due	43,883,854.53	9.85	4,388,385.45
2-3 years past due	12,692,094.63	2.85	1,903,814.20
3-4 years past due	13,193,300.11	2.96	3,957,990.03
4-5 years past due	1,265,267.54	0.28	632,633.77
Over 5 years	6,069,976.85	1.36	6,069,976.85
TOTAL	<u>445,491,305.68</u>	<u>100.00</u>	<u>17,393,417.55</u>

- 2) *In a portfolio, accounts receivable accruing bad debt provision by other means:*

Name	Carrying amount	End of period Provision percentage (%)	Bad debt Provision
Related parties portfolio	418,081,830.51	0.06	258,248.21
TOTAL	418,081,830.51		258,248.21

3. *Provision, transfer and recovery of bad debts in the period*

Type	Opening balance	Change amount for current period			Closing balance
		Accrual of bad debts	Return or recovery	Transfer or write-off	
Single item of bad debt provision	22,264,703.00	68,588.84			22,333,291.84
Among them: Accounts receivable with significant single amount and separate provision for bad debts	16,879,699.05				16,879,699.05
Accounts receivable with insignificant single amount but with separate provision for bad debts	5,385,003.95	68,588.84			5,453,592.79
Receivables with provision for bad debts based on credit risk characteristics	17,571,047.51	791,798.68	711,180.43		17,651,665.76
Among them: Receivables with provision for bad debts by aging analysis	17,287,845.29	791,798.68	686,226.42		17,393,417.55
Receivables with other combinations for provision for bad debts	283,202.22		24,954.01		258,248.21
Total	39,835,750.51	860,387.52	711,180.43		39,984,957.60

4. *There were no accounts receivable effectively verified in the period.*

5. Status of top five receivables according to the closing balance collected by the debtor.

Name	Accounts receivable	Closing balance Percentage of total receivables (%)	Provision for bad debt
Nanjing CEC-Panda Flat Panel Technology Co., Ltd	136,985,130.67	11.57	
Chengdu CEC-Panda Display Technology Co.,Ltd.	136,155,510.37	11.50	
Chengdu Rail Transit Group Co, Ltd.	79,850,880.00	6.74	
NARI Technology Co., Ltd	65,925,570.64	5.57	35,822.50
Nanjing CEC-Panda LCD Technology Co.,Ltd.	57,045,844.29	4.82	
TOTAL	<u>475,962,935.97</u>	<u>40.20</u>	<u>35,822.50</u>

(5) OTHER EQUITY INSTRUMENTS INVESTMENTS

1. Other equity instruments investments

Project	Closing balance	Opening Balance
Jiangsu Research and Design Institute Of Urban Rail Transit Co., Ltd	<u>3,911,610.55</u>	<u>3,905,351.83</u>
Total	<u>3,911,610.55</u>	<u>3,905,351.83</u>

2. Status of investment in significant transactional equity instruments at the end of the period

Project	Revenue recognized in the current period	Cumulative gain	Aggregate losses	Amounts transferred to retained income from other consolidated proceeds	Reasons designated to be measured at fair value and whose changes are included in other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
Jiangsu Research and Design Institute Of Urban Rail Transit Co., Ltd		311,610.55			Non-transactional investment	

(6) CONTRACT ASSETS AND CONTRACT LIABILITIES

Details of contract assets and contract liabilities

	Contract assets
Opening balance	360,753,744.24
Increase	216,758,572.97
Converted in to accounts receivable in this period	51,534,945.38
Contract asset impairment provision	1,630,215.12
Net closing balance	524,347,156.71
Including: Listed as contract assets	524,347,156.71
Listed as other non-current assets	
	Contract liabilities
Opening balance	221,380,505.81
Increase	77,947,349.10
Interest adjustment	
The income confirmed in the current period includes the income in the balance at the beginning of the year	67,534,689.77
Closing balance	231,793,165.14
Including: Listed as contractual liabilities	231,793,165.14
Listed as other non-current liabilities	

(7) **Accounts payable**

(1) ***List of accounts payable***

Classified by aging:

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	1,306,204,833.41	1,359,695,678.37
1–2 years (including 2 year)	111,243,655.54	111,329,297.59
2–3 years (including 3 year)	103,233,252.97	46,995,341.56
Over 3 years	28,157,175.24	26,439,107.14
Total	<u>1,548,838,917.16</u>	<u>1,544,459,424.66</u>

Classified by nature

Type	Closing balance	Opening balance
Payment for goods	1,035,213,947.63	1,188,473,834.78
Project funds	455,886,702.63	304,111,326.91
Processing and maintenance funds	18,987,366.02	19,429,824.88
Logistics warehousing funds	13,509,062.44	8,126,415.82
Others	25,241,838.44	24,318,022.27
Total	<u>1,548,838,917.16</u>	<u>1,544,459,424.66</u>

1. Significant account payables aged over 1 year

Items	Closing balance	Reasons for not settled or carried forward
Suzhou Fuqiang Technology Co., Ltd.	23,753,637.70	Not settled
China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd.	13,218,776.00	Not settled
Shanghai Charmhope Information Technology Co.,Ltd.	8,705,989.98	Not settled
Anhui Chunqin Education Equipment Co.,Ltd.	8,237,655.93	Not settled
Beijing Sumavision Technologies Co., Ltd.	8,180,854.63	Not settled
Nanjing Changxin Technology Co.,Ltd.	7,340,078.79	Not settled
NIVEK Industrial Co.,Ltd.	6,755,216.72	Not settled
Suzhou Jinnaodai Intelligent System Engineering Co.,Ltd.	6,229,765.99	Not settled
Xunfei Zhiyuan Information Technology Co.,Ltd.	6,036,622.00	Not settled
Motorola Systems(China) Co.,Ltd.	4,350,669.55	Not settled
Jiangsu Hengxin Technology Co.,Ltd.	3,953,627.72	Not settled
Panda Electronics Group Limited	3,570,034.49	Not settled
Nanjing Hua Hao Buildings Technology Co., Ltd.	3,244,054.95	Not settled
Urumqi Weirui Innovation Information Technology Co., Ltd.	3,072,391.01	Not settled
Dongba Construction Installation Engineering Co., Ltd.	2,861,239.19	Not settled
Zhongtian Rili RF Cables Co.,Ltd.	2,860,908.40	Not settled
Judong Machinery(Kunshan)Co.,Ltd..	2,658,180.00	Not settled
Shijiazhuang Yuandong Communications Co.,Ltd.	2,455,660.20	Not settled
Jiangsu Sument Information Technology Co., Ltd	2,296,530.00	Not settled
Xinyi Shuangtang Town Meiguang Building Materials Business department,	2,273,920.00	Not settled
Beijing Jinbalun Radio and Television Technology Co.,Ltd.	2,043,408.48	Not settled
Total	<u>124,099,221.73</u>	

(8) Operating income and operating cost

Items	Current period		Last period	
	Income	Cost	Income	Cost
Principal business	2,114,190,750.98	1,819,973,412.88	1,990,390,967.77	1,702,357,561.36
Other business	<u>15,155,025.56</u>	<u>3,579,907.61</u>	<u>3,238,801.97</u>	<u>1,436,087.83</u>
Total	<u><u>2,129,345,776.54</u></u>	<u><u>1,823,553,320.49</u></u>	<u><u>1,993,629,769.74</u></u>	<u><u>1,703,793,649.19</u></u>

(9) Income tax expenses

1. List of income tax expenses

Items	Current period	Last period
Current income tax	20,722,418.32	14,059,110.44
Deferred income tax	<u>184,944.34</u>	<u>103,072.52</u>
Total	<u><u>20,907,362.66</u></u>	<u><u>14,162,182.96</u></u>

2. Explain of the relationship of income Tax Expenses and accounting profit

Items	Current period
Total profit	90,680,585.77
Income tax expenses calculated at the statutory (or applicable) tax rate	22,670,146.44
Different tax rate of subsidiaries	2,032,528.03
Adjustment on previous income tax	2,399,673.05
Income not subject to tax	
Expenses not deductible for tax purposes	
Utilisation of previously unrecognised tax losses for the current period	184,962.34
Unrecognised deductible temporary difference and deductible tax loss for the current period	
Effect of additional deducible cost under tax law	-6,379,947.20
Income tax expenses	20,907,362.66

Companies subject to different income tax rates are disclosed as follows:

Name of the enterprise	Income tax rate
Galant Limited	16.50%
Hong Kong China Electronic Trading Co., Ltd	16.50%
Nanjing Panda Electronic Manufacture Co., Ltd	15.00%
Nanjing Panda Communication Technology Co., Ltd	15.00%
Nanjing Huage Appliance and Plastic Industrial Co., Ltd	15.00%
Nanjing Panda Information Industry Co., Ltd	15.00%
Nanjing Panda Mechatronics Instrument Technology Co., Ltd	15.00%
Shenzhen Jinghua Information Technology Co., Ltd	15.00%
Nanjing Panda Electronic Equipment Co., Ltd	15.00%
Shenzhen Jinghua Property Management Co., Ltd	20.00%

1. Nanjing Panda Electronic Manufacture Co., Ltd., a second-level subsidiary of the Company, passed the high-tech enterprise on 7 December 2017, and obtained the High-tech Enterprise Certificate (certificate number GR201732003580) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The

certificate is valid for 3 years. From 1 January 2017 to 31 December 2019, Nanjing Panda Electronic Manufacture Co., Ltd. paid income tax at 15% of the taxable income.

2. Nanjing Panda Communications Technology Co., Ltd., a second-level subsidiary of the Company, re-identified high-tech enterprise on 7 December 2017, and obtained the High-tech Enterprise Certificate (certificate number GR201732003313) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. From 1 January 2017 to 31 December 2019, Nanjing Panda Communications Technology Co., Ltd. paid income tax at 15% of the taxable income.
3. Nanjing Huage Appliance and Plastic Industrial Co., Ltd., a third-level subsidiary of the Company, re-identified high-tech enterprise on 7 December 2017, and obtained the High-tech Enterprise Certificate (certificate number GR201732002602) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. From 1 January 2017 to 31 December 2019, Nanjing Huage Appliance and Plastic Industrial Co., Ltd. paid income tax at 15% of the taxable income.
4. Nanjing Panda Information Industry Co., Ltd., a second-level subsidiary of the Company, re-identified high-tech enterprise on 28 November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201832002286) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. From 1 January 2018 to 31 December 2020, Nanjing Panda Information Industry Co., Ltd. paid income tax at 15% of the taxable income.
5. Nanjing Panda Electromechanical Instrument Technology Co., Ltd., a second-level subsidiary of the Company, re-identified high-tech enterprise on 28 November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201832002778) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. From 1 January 2018 to 31 December 2020, Nanjing Panda Electromechanical Instrument Technology Co., Ltd. paid income tax at 15% of the taxable income.
6. Jingwah Information Technology Co., Ltd., a third-level subsidiary of the Company, re-identified high-tech enterprise on 9 November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201844204258) jointly issued by Shenzhen Municipal Science and Technology Innovation Committee and so on. The certificate is valid for 3 years. From 1 January 2018 to 31 December 2020, Jingwah Information Technology Co., Ltd. paid income tax at 15% of the taxable income.

7. Nanjing Panda Electronic Equipment Co., Ltd., a second-level subsidiary of the Company, re-identified high-tech enterprise on 28 November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201832001770) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. From 1 January 2018 to 31 December 2020, Nanjing Panda Electronic Equipment Co., Ltd. paid income tax at 15% of the taxable income.
8. Shenzhen Jingjia Real Estate Management Co., Ltd., a fourth-level subsidiary of the Company, was recognized as a small-scale profit-making enterprise in the current period. The income of the Company was reduced to 50% of the taxable income and the enterprise income tax was paid at a rate of 20%.
9. The subsidiary Company GALANT LIMITED registered in Hong Kong and Hong Kong Electric Group Jinghua Trading Co., Ltd. have a profit tax rate of 16.5%.

(10) RETURN ON NET ASSETS AND EARNINGS PER SHARE:

Profits of the reporting period	Weighted average return on net assets	Earnings per share (<i>RMB</i>)	
		Basic (%)	Diluted
Net profit attributable to ordinary shareholders of the Company	1.22	0.0464	0.0464
Net profit after deducting extraordinary profit and loss attributable to ordinary shareholders of the Company	0.89	0.0338	0.0338

(11) Profit Distribution

The profit appropriation plan for the year 2018 was approved at the fourteenth meeting of the ninth session of the Board of the Company and the 2018 annual general meeting of the Company, pursuant to which, a cash dividend of RMB0.80 (tax inclusive) for every ten shares was distributed on the basis of a total share capital of 913,838,529.00 shares at the end of the reporting period of 2018, with the total cash dividend distributed amounting to RMB73,107,082.32. The profit distribution plan was approved at the 2018 annual general meeting of the Company.

(12) Significant accounting policies and accounting estimate change

1. Significant accounting policies

Implementation of the Notice of the Ministry of Finance on Revising the Format of the 2019 Annual General Enterprise Financial Statements

On 30 April 2019, the Notice of the Ministry of Finance on Revising the Format of the 2019 Annual General Enterprise Financial Statements (CK [2019] No. 6) was published by the Ministry of Finance, which revised the format of general financial statements of business enterprises. Main influences incurred by implementation of such provisions by the Company are as follows:

Contents and reasons for changes in accounting policies	Examination and approval procedure	Influenced statement item name and amount
The “notes receivables and accounts receivables” in the balance sheet are separately listed as “notes receivables” and “accounts receivables”; “Notes payable and accounts payable” are separately listed as “notes payables and accounts payables”. Comparative data is adjusted accordingly.	Board approval	“Notes receivable and accounts receivable” are separately listed as “notes receivable and accounts receivable”. The ending amount of “notes receivable” is RMB305,140,698.53, the initial amount is RMB268,269,716.38, and the ending amount of “accounts receivable” is RMB1,144,041,933.70, the initial amount is RMB1,003,441,127.48; “Notes payable and accounts payable” are separately listed as “notes payable and accounts payable”. The ending amount of “notes payable” is RMB259,142,824.49, the initial amount is RMB187,360,370.61, and the ending amount of “notes payable” is RMB1,548,838,917.16 and the initial amount is RMB1,544,459,424.66.

Contents and reasons for changes in accounting policies	Examination and approval procedure	Influenced statement item name and amount
The “credit impairment losses” and “asset impairment losses” in the income statement are adjusted by the loss as a positive number from the loss as a negative number. Comparative data is adjusted accordingly.	Board approval	“Credit impairment losses” were RMB-4,102,573.57 in the current period, and the amount in the previous period was RMB-1,018,592.09; “Asset impairment losses” were RMB-13,210,343.27 in the current period and the amount in the previous period was RMB238,867.43.

2. Changes in significant accounting estimates

There was no change in significant accounting estimates for the Reporting Period

(13) Miscellaneous

As at 30 June 2019, the Company provided guarantees for the subsidiaries of the Company amounting to RMB405,982,169.94, of which: RMB137,379,672.51 is guaranteed in the form of bank acceptance bill; RMB163,032,830.89 is guaranteed in the form of letter of guarantee; RMB50,000,000.00 is guaranteed in the form of credit borrowing and RMB55,569,666.54 is guaranteed in the form of letter of credit (30 June 2018: the Company provided the guarantee of RMB328,310,439.93 of which RMB99,831,296.61 is guaranteed by the Company in the form of bank acceptance bill, RMB67,216,845.53 is guaranteed in the form of letter of guarantee, RMB95,000,000.00 is guaranteed in the form of credit borrowing and RMB66,262,297.79 is guaranteed in the form of letter of credit).

By Order of the Board
Nanjing Panda Electronics Company Limited
Zhou Guixiang
Chairman

Nanjing, the People's Republic of China
29 August 2019

As at the date of this announcement, the Board comprises Executive Director: Mr. Zhou Guixiang, Mr. Lu Qing and Mr. Xia Dechuan; Non-executive Directors: Mr. Shen Jianlong, Mr. Deng Weiming and Mr. Gao Gan; and Independent Non-executive Directors: Ms. Du Jie, Mr. Zhang Chun and Mr. Gao Yajun.

* *For illustration purpose only*