

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

References are hereby made to the announcements of the Company dated 17 November 2017 and 24 November 2017, pursuant to which, the Company, entered into the First Entrusted Investment Agreement with CEC Finance on 16 November 2017, with an entrusted investment amount of RMB210 million (approximately HK\$245.7 million), which will be invested in principal-guaranteed wealth management products issued by Industrial Bank Co., Ltd.; and on 23 November 2017 used its own temporarily idle fund of RMB100 million (approximately HK\$117 million) to invest in principal-guaranteed wealth management products issued by Industrial Bank Co., Ltd. in accordance with the Wealth Management Agreement, respectively.

The Board is pleased to announce that on 10 January 2018, Shenzhen Jingwah and CEC Finance entered into the Entrusted Investment Agreement with entrusted investment amount of RMB15 million (approximately HK\$17.55 million) to invest in principal-guaranteed wealth management products issued by Industrial Bank Co., Ltd..

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the First Investment is more than 5% but less than 25%, the First Investment constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under the Listing Rules.

Neither the Second Investment nor the Third Investment by itself constitutes a discloseable transaction of the Company under the Listing Rules. However, pursuant to Rule 14.22 of the Listing Rules, the First Investment will be aggregated with the Second Investment and the Third Investment, and the relevant applicable percentage ratios (as defined under the Listing Rules) exceed 5% but are lower than 25%. Therefore, the Third Investment also constitutes a discloseable transaction of the Company for the purposes of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As CEC Finance is a connected person of the Company, the investment contemplated under the Entrusted Investment Agreement entered into between Shenzhen Jingwah and CEC Finance constitutes a connected transaction under the Listing Rules.

No fees will be charged by CEC Finance to Shenzhen Jingwah in relation to the Entrusted Investment Agreement. Therefore, the connected transaction involving provision of the said entrusted investment services is exempt from the requirements of reporting, announcement and Independent Shareholders' approval.

Reference is made to the announcement dated 12 November 2015 and the circular dated 10 December 2015 of the Company, in relation to, among other matters, the Financial Services Agreement entered into between the Company and CEC Finance.

The Board is pleased to announce that on 10 January 2018, Shenzhen Jingwah and CEC Finance entered into the Entrusted Investment Agreement with entrusted investment amount of RMB15 million (approximately HK\$17.55 million) to invest in principal-guaranteed wealth management products issued by Industrial Bank Co., Ltd.. Of the entrusted investment, RMB15 million (approximately HK\$17.55 million) is funded by its own temporarily idle funds.

Pursuant to the Financial Services Agreement, services provided by CEC Finance to the Group include entrusted investment services. Upon the approval at the extraordinary general meeting of the Company held on 28 December 2015, the Annual Caps for deposit services and for loan guarantee and other credit financing services of the continuing connected transactions under the agreement are RMB500 million and RMB600 million, respectively. The Entrusted Investment Agreement and the entrusted capital of the Entrusted Investment contemplated thereunder falls within the Annual Caps mentioned above.

THE THIRD INVESTMENT

Particulars of the Entrusted Investment Agreement are set out below:

Entrusted Investment Agreement

Date: 10 January 2018

Parties:

- (1) Shenzhen Jingwah
- (2) CEC Finance

Scope of Services:

The investment capital entrusted by Shenzhen Jingwah to CEC Finance is monetary capital denominated in RMB with total amount of RMB15 million (approximately HK\$17.55 million) (the “**Entrusted Capital**”). The Entrusted Capital as agreed under the Entrusted Investment Agreement and entrusted by Shenzhen Jingwah to CEC Finance shall be utilized by CEC Finance in various investment businesses in its own name on behalf of Shenzhen Jingwah to the extent that it is permitted by the requirements of laws, administrative regulations and normative documents in the PRC.

The Entrusted Capital under the Entrusted Investment Agreement shall be used for investing in the investment products as designated by Shenzhen Jingwah.

The investments under the Entrusted Investment Agreement will be used to purchase Industrial Bank Co., Ltd. “Golden Snowball Superior” principal-guaranteed and open-end Renminbi wealth management product (3M)” (興業銀行“金雪球－優悅”保本開放式人民幣理財產品(3M)).

The Entrusted Capital of Shenzhen Jingwah shall be under special management by CEC Finance through individual operation and settlement.

Shenzhen Jingwah’s anticipated annualized yield under the Entrusted Investment Agreement is 4.8%.

CEC Finance undertakes that upon the maturity of the investment products, within the second working day after the redemption date of the investment products, it will directly transfer the Entrusted Capital and 4.8% of investment gain to Shenzhen Jingwah’s designated bank account in a lump sum, and CEC Finance will not charge any management fees.

Term of Entrusted Investment

The term of entrusted investment under the Entrusted Investment Agreement commences from 10 January 2018 until 10 April 2018.

Termination

Neither party has the right of early termination of the Entrusted Investment Agreement. The Entrusted Investment Agreement will be terminated when CEC Finance completes the payment to Shenzhen Jingwah in accordance with the Entrusted Investment Agreement.

WEALTH MANAGEMENT PRODUCTS

Shenzhen Jingwah entered into the Entrusted Investment Agreement with CEC Finance, pursuant to which, Shenzhen Jingwah invested an amount of RMB15 million in principal-guaranteed products issued by Industrial Bank Co., Ltd. with a term of 3 months. The expected annual return rate is 4.8%. In accordance with the said agreement, the Entrusted Capital is used for purchase of the wealth management products from Industrial Bank Co., Ltd.. The details of the wealth management products are as follows:

Entrustor:	Industrial Bank Co., Ltd.
	Industrial Bank Co., Ltd. is a licensed bank incorporated under the laws of the PRC. To the best knowledge, information and belief of the Directors, Industrial Bank Co., Ltd. and its ultimate beneficial owners are independent third parties. The principal businesses of Industrial Bank Co., Ltd. include the provision of corporate and retail services, capital operation, investment banking, assets management, trust and financial leasing as well as other financial services.
Name of the wealth management product:	Industrial Bank Co., Ltd. “Golden Snowball Superior” principal-guaranteed and open-end Renminbi wealth management product (3M)” (興業銀行“金雪球－優悅”保本開放式人民幣理財產品(3M))
(1) Currency of Principal and returns:	RMB15,000,000
(2) Type of the product:	Principal-guaranteed and open-end wealth management product
(3) Term of investment:	3 months
(4) Investment period:	From 10 January 2018 to 10 April 2018
(5) Early termination:	Customers don’t have the right of early termination; Industrial Bank Co., Ltd. has the right of early termination
(6) Reference net annual return rate:	4.8%

RISK CONTROL MEASURES

Giving top priority to risk prevention, the Group implemented stringent control and made prudent decision in respect of the purchase of bank wealth management products on the principle of protecting the interests of all Shareholders and the Company. According to the range of the wealth management products invested, the Company believes that the entrusted investment amount, the investment period and expected returns of the wealth management products of Industrial Bank Co., Ltd. as provided by CEC Finance is realistic and viable, and the risks associated with such products are similar to other wealth management products purchased by the Group from other commercial banks which is minimal.

With respect to its deposits with CEC Finance, the Company established the Emergency Response Plan against the Deposits Risks placed with China Electronics Financial Co., Ltd. (《在中國電子財務有限責任公司存款應急風險處置預案》) and relevant internal control measures, details of which were set out in the circular of the Company dated 10 December 2015. Industrial Bank Co., Ltd. is a joint stock commercial bank with limited liability and operates under the PRC laws and regulations and the regulatory rules for financial institutions in the PRC. The possibility of the occurrence of extreme circumstances to the above two financial institutions is remote. And if an extreme circumstance occurs, the Company will claim its legitimate interests pursuant to the Financial Services Agreement and/or relevant legal procedures of the PRC against CEC Finance and (if applicable) Industrial Bank Co., Ltd..

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONNECTED TRANSACTION

The entrusted investment with temporarily idle funds by Shenzhen Jingwah was conducted this time on the premises that the self-owned funds of the Group are guaranteed, and that it would not impact the daily capital turnover of the Group or the operation of the Group's principal businesses.

The entrusted investment with temporarily idle funds by Shenzhen Jingwah could improve the capital usage efficiency and earn certain investment returns. As such, the Board is of the opinion that the entrusted investment is in the interests of the Group and all of its Shareholders.

Relying on its own advantages, CEC Finance carries out special funds management as entrusted, and makes investment in principal-guaranteed wealth management products issued by banks, getting a relatively high expected maximum annualized yield under the premise of protecting the principal.

Shenzhen Jingwah entered into the Entrusted Investment Agreement with CEC Finance, major terms of the term of investment, amount of Entrusted Investment and expected maximum annualized yield are consistent with those of the principal-guaranteed wealth management products issued by banks subscribed with the capital of the entrusted investment, which did not prejudice the Company's interests. As specified in the Entrusted Investment Agreement, CEC Finance will not charge any management fees.

CEC Finance has been engaged in professional financial services for more than two decades. It has established good relationship with many domestic banks and is able to secure better rates of return. Furthermore, CEC Finance is able to make professional judgements in relation to the risks associated with bank wealth management products and the return rates of such products and does not charge any fees. Given the above, the Company is of the opinion that it is better to entrust funds to CEC Finance to invest in the subject wealth management products than invest the same directly on its own.

The Directors are of the view that the terms of the Third Investment are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group is principally engaged in the development, manufacturing and sale of electronic equipment and consumer electronic products as well as electronic manufacturing services.

The predecessor of CEC Finance is China Information Trust Investment Corporation, which was approved by the People's Bank of China on 15 March 1988 and registered with the State Administration for Industry and Commerce on 21 April 1988. China Information Trust Investment Corporation was a national non-banking financial institution with its business operations subject to the leadership, administration, supervision, coordination and audit by the People's Bank of China and the State Administration of Foreign Exchange.

On 6 November 2000, as approved by People's Bank of China, China Information Trust Investment Corporation was reorganized into a corporate group finance company and was renamed as CEC Finance, which was officially put into operation in 2001. CEC Finance has a registered capital of RMB1,750,943,000. CEC holds 55.6723% equity interest in CEC Finance and is the largest shareholder and de facto controller of CEC Finance.

CEC Finance holds a corporate business licence with the unified social credit code of 91310101568093764U, with its operating range including:

- (i) provision of financial and financing advisory services;
- (ii) credit verification and consulting agency services;
- (iii) provision of assistance to member companies in receipt and payment of transaction proceeds;
- (iv) provision of guarantees to member companies;
- (v) dealing with commissioned loans and entrusted investment between member companies;
- (vi) provision of bill acceptance and bill discount services to member companies;
- (vii) provision of intra-group transfer and settlement services to member companies and liquidation planning;
- (viii) provision of deposit services to member companies;
- (ix) provision of loans and finance leasing services to member companies;
- (x) interbank lending and borrowing;
- (xi) issuing bonds;
- (xii) underwriting corporate bonds of member companies;
- (xiii) portfolio investment, with investment range limited to government bonds in the interbank market, central bank bills, financial bonds, short-term financing bonds, corporate bonds, money market funds, and purchase of new shares.

In addition, CEC Finance holds a financial institution licence (金融機構法人許可證) with the licence number of L0014H211000001.

As at the date of this announcement, PEG L is a shareholder of the Company, holding approximately 23.05% of the total issued share capital of the Company, while NEIC holds 100% equity interest in PEG L, which is the controlling shareholder of the Company, and is therefore the controlling shareholder of PEG L. In addition, NEIC holds approximately 6.93% of the total issued share capital of the Company. CEC is the ultimate controlling shareholder of the Company and holds 72.19% of the issued share capital of NEIC. Furthermore, CEC Finance is owned directly by CEC and NEIC as to 55.6723% and 25.1293% respectively. CEC Finance is a connected person of the Company accordingly.

REQUIREMENTS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the First Investment is more than 5% but less than 25%, the First Investment constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under the Listing Rules.

Neither the Second Investment nor the Third Investment by itself constitutes a discloseable transaction of the Company under the Listing Rules. However, pursuant to Rule 14.22 of the Listing Rules, the First Investment will be aggregated with the Second Investment and the Third Investment, and the relevant applicable percentage ratios (as defined under the Listing Rules) exceed 5% but are lower than 25%. Therefore, the Third Investment also constitutes a discloseable transaction of the Company for the purpose of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As at the date of this announcement, PEG L is a shareholder of the Company, holding approximately 23.05% of the total issued share capital of the Company, while NEIIC holds 100% equity interest in PEG L, which is the controlling shareholder of the Company, and is therefore the controlling shareholder of PEG L. In addition, NEIIC holds approximately 6.93% of the total issued share capital of the Company. CEC is the ultimate controlling shareholder of the Company and holds 72.19% of the issued share capital of NEIIC. Furthermore, CEC Finance is directly owned by CEC and NEIIC as to 55.6723% and 25.1293% respectively. CEC Finance is a connected person of the Company and Shenzhen Jingwah is a non-wholly owned subsidiary of the Company, thus the subject entrusted investment constitutes a connected transaction of the Company under the Listing Rules.

No fees will be charged by CEC Finance to the Company in relation to the Entrusted Investment Agreement. Therefore, the connected transaction involved in provision of the said entrusted investment services is exempt from the reporting, announcement and independent Shareholders' approval requirements.

Given the present circumstances, none of the Directors has a material interest in the Entrusted Investment Agreement and hence no Director is required to abstain from voting on such board resolutions in accordance with the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms used herein have the following meanings:

“Annual Cap(s)”	the maximum annual value of Continuing Connected Transactions
“Board”	the board of Directors
“CEC”	China Electronics Corporation (中國電子信息產業集團有限公司), the de facto controller of the Company
“CEC Finance”	China Electronics Financial Co., Ltd. (中國電子財務有限責任公司), a company incorporated in the PRC and a non-banking financial institution of CEC owned as to 55.6723% and 25.1293% by CEC and NEIC, respectively
“Company”	Nanjing Panda Electronics Company Limited, a joint stock company incorporated in the PRC with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions in respect of (i) deposit services; and (ii) loan and other credit finance services between the Group and CEC Finance pursuant to the Financial Services Agreement
“Director(s)”	the directors of the Company
“Entrusted Investment Agreement”	the entrusted investment agreement entered into between Shenzhen Jingwah and CEC Finance on 10 January 2018, the principal terms of which are summarized in the announcement
“Financial Services Agreement”	the continuing connected transaction agreement entered into between the Company and CEC Finance on 12 November 2015, for a term of three years commencing from 28 December 2015 and expiring on 28 December 2018, details of which are set out in the Company’s announcement and circular dated 12 November 2015 and 10 December 2015, respectively

“First Entrusted Investment Agreement”	the entrusted investment agreement entered into between the Company and CEC Finance on 16 November 2017, the principal terms of which are summarized in the announcement of the Company dated 17 November 2017
“First Investment”	the Company entrusts the entrusted funds to CEC Finance for various investments in the name of CEC Finance on behalf of the Company in accordance with the First Entrusted Investment Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Industrial Bank Co., Ltd.”	Industrial Bank Co., Ltd., a licensed bank incorporated under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NEIIC”	Nanjing Electronics Information Industrial Corporation (南京中電熊貓信息產業集團有限公司), the controlling shareholder of PEGL
“PEGL”	Panda Electronics Group Limited (熊貓電子集團有限公司), the controlling Shareholder of the Company, holding approximately 23.05% of the total issued share capital of the Company as at the date of the announcement
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Investment”	the Company subscribes for wealth management products at a subscription amount of RMB100,000,000 in accordance with the Wealth Management Agreement

“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Jingwah”	Shenzhen Jingwah Electronics Co., Ltd. (深圳市京華電子股份有限公司), a non-wholly-owned subsidiary controlled by the Company, which is held as to approximately 43.34% of its issued share capital as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Investment”	Shenzhen Jingwah entrusts the entrusted funds to CEC Finance for various investments by CEC Finance in the name of its own on behalf of Shenzhen Jingwah in accordance with the Entrusted Investment Agreement
“Wealth Management Agreement”	the wealth management agreement entered into between the Company and Industrial Bank Co., Ltd. on 23 November 2017, the principal terms of which are summarized in the announcement of the Company dated 24 November 2017
“Wealth Management Products”	the wealth management products denominated in Renminbi subscribed for by the CEC Finance under the Entrusted Investment Agreement
“%”	per cent

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.17. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Nanjing, the People’s Republic of China
10 January 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. Chu Wai Tsun, Vincent and Mr. Zhang Chun.