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南京熊猫电子股份有限公司

NANJING PANDA ELECTRONICS COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00553)

2018 PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

- 1 This summary of annual report was extracted from the Annual Report of Nanjing Panda Electronics Company Limited (the “**Company**”) and its subsidiaries (collectively as the “**Group**”). To have comprehensive knowledge of the operating results, financial position and future development plan of the Company, investors are advised to carefully read the full text of the annual report on the website of the Shanghai Stock Exchange and other media designated by China Securities Regulatory Commission.
- 2 The board of directors (the “**Board**”), the supervisory committee and the directors, supervisors and senior management members of the Company confirm that the information contained in this summary of annual report is true, accurate, and complete without any misrepresentation, misleading statements, or material omissions, and severally and jointly accept legal responsibility for the above.
- 3 Mr. Gao Gan, a director of the Company was unable to attend the meeting of the Board held on 28 March 2019 due to other business engagement and appointed Mr. Xia Dechuan, another director of the Company, to attend and vote at the meeting on his behalf.
- 4 BDO China Shu Lun Pan Certified Public Accountants LLP issued an unqualified auditors’ report for the Company.
- 5 Proposal of profit distribution or capitalization of capital reserves of the Company for the reporting period considered by the Board.

To distribute a cash dividend of RMB0.80 (tax inclusive) for every ten shares to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2018, with the total cash dividend to be distributed amounting to RMB73,107,082.32, and the balance to be carried forward to next year. The Company would not make any capitalization of capital reserve.

II. INFORMATION ABOUT THE COMPANY

1 Basic Information of the Company

Stock Profile				Stock name before change
Stock type	Listing stock exchange	Abbreviated name	Stock Code	
A share	Shanghai Stock Exchange	Nanjing Panda	600775	N/A
H share	The Stock Exchange of Hong Kong Limited	Nanjing Panda	00553	N/A
Contact person and information		Secretary to the Board	Securities Affairs Representative	
Name		Shen Jianlong	Wang Dongdong	
Office Address		7 Jingtian Road, Nanjing, the People's Republic of China	7 Jingtian Road, Nanjing, the People's Republic of China	
Telephone		(8625) 84801144	(8625) 84801144	
E-mail address		dms@panda.cn	dms@panda.cn	

2 Information on principal activities during the reporting period

2.1 Principal activities

The Company takes smart manufacturing, smart city and electronic manufacturing services as main businesses. In the smart manufacturing field, the Company focuses on the development of smart manufacturing core equipment and smart factory system integration businesses; in the smart cities field, it focuses on four core smart city businesses, namely, smart transportation, safe city, smart building and information network equipment; and in the electronic manufacturing services field, it focuses on electronic manufacturing services business with excellent supply chain management skills and capable of realizing smart, flexible, and lean manufacturing.

2.2 *Operating model*

Guided by market demands and driven by technological innovation, the Company continues to promote its business development. Pursuing the customer-oriented concept constantly, the Company strengthens its performance of social responsibility and promotes green development. The Company implements a cooperative sharing model and strengthens cooperation with world-class companies to jointly create an ecological chain for the electronic information industry.

Based on the position of the principal business of the Company in the industrial chain, the operating model of the Company is product research and development, professional manufacturing services and system integrated solution provider. Based on the scope of business, the Company develops intelligent manufacturing, smart city and electronic manufacturing service.

2.3 *Industry overview*

In 2018, facing complicated domestic and overseas situation, China's electronic information industry, following the requirements on high-quality development, sped up in structural adjustment, transformation and upgrading, achieved progresses while maintaining stable operation on the whole. It maintained the leading position in the industry in terms of production and investment and stable growth in exports, which further consolidated its supporting and leading role in the economic and social development. In 2018, the added value of electronic information manufacturing industries above designated size increased by 13.1% year-on-year, whose growth rate was faster than that of all above-scale industries by 6.9 percentage points. Export delivery value increased by 9.8% year-on-year, representing a decline of 4.4 percentage points compared to the growth in 2017.

Smart equipment manufacturing industry is a strategic industry that directly provides technical equipment for China's industrial production system and various sectors of the national economy. Due to the synergy of the rising labor costs and the increasingly higher automatic technologies in recent years, the global smart equipment manufacturing industry witnesses rapid development. Smart manufacturing has become the competition focus of manufacturing powers in the world. With the acceleration in the innovation and application of technologies, it has advanced from breakthroughs in multi sectors to system integration. Multinationals continued to make inputs in smart manufacturing and smart equipment are applied in wider ranges. In 2018, the China

industrial robot market has more than 140,000 sets of robots, and the entire smart manufacturing market hits a trillion sets. After terminating the technological monopoly of foreign enterprises on high generation LCD panels and glass production line transmission systems in the smart manufacturing field, the Company has the ability to undertake equipment system of new display production line. The Company also actively innovated and developed military-civil integration businesses and successfully won the bidding for a new smart plant construction project. Through international industry-university-research cooperation, the Company mastered the core controller technology of industrial robots and greatly improved the localization rate of this product. It completed the construction of various glass production lines and liquid crystal display panel production projects with high quality and sold over 6,500 electromechanical equipment and over 650 industrial robots during the year.

China's urban rail transit construction has entered into a golden period of development. Under the guidance and support of China's macroeconomic policies, the total mileage of China's rail transit in operation is expected to reach 12,419 kilometers by 2020. The mileage of metro systems in operation is expected to exceed 8,000 kilometers with an average of over 1,000 kilometers to be completed each year. Urban metro construction will keep prosperity in following years. The Company has strong R&D and production capabilities in the achieving rail transit's informatization and is a major supplier of fare clearing system, automatic fare collection system and communication system in China. In 2018, the Company won the bidding for eight projects in terms of rail transit businesses, including Nanjing Metro Line 7 and Chengdu Metro Line 5. Its rail transit AFC system integration and other businesses account for the largest share in the domestic market.

China is currently the world's major manufacturing base for electronic information products. China has become the global supply chain center for electronic information products. The Company has strong R&D and production capabilities in the surface mounting, plastic injection molding and final assembly of electronic products. Besides the production of ancillary T-CON panels for the flat-panel display industry of NEIC, the Company also vigorously explored external markets. It has passed the examinations on the factory by many vehicle manufacturers, white household appliances enterprises and other emerging customers and has initiated partial trial production.

3 Major Accounting Data and Financial Indicators of the Company

3.1 Major accounting data and financial indicators (prepared in accordance with the Accounting Standards for Business Enterprises of China)

Unit: Yuan Currency: RMB

Major accounting data	2018	2017	Year-on-year increase/decrease (%)	2016	2015	2014
Total assets	6,184,619,023.98	5,665,503,486.59	9.16	5,239,976,417.98	4,891,799,403.91	4,624,124,678.17
Operating income	4,500,505,653.14	4,191,928,908.95	7.36	3,702,763,356.54	3,613,482,935.50	3,487,641,068.94
Net profit attributable to shareholders of the Company	161,959,568.48	107,382,077.64	50.83	119,240,512.92	143,836,663.39	153,230,139.40
Net profit attributable to shareholders of the Company after extraordinary items	113,580,264.77	72,409,859.11	56.86	40,497,347.32	109,123,429.37	99,280,829.13
Net asset attributable to shareholders of the Company	3,468,424,299.40	3,363,593,136.77	3.12	3,320,270,553.39	3,263,279,379.67	3,178,952,959.93
Net cash flow from operating activities	45,563,017.57	157,549,565.01	-71.08	53,146,796.65	108,995,230.11	44,034,013.77
Basic earnings per share (RMB/share)	0.1772	0.1175	50.81	0.1305	0.1574	0.1667
Diluted earnings per share (RMB/share)	0.1772	0.1175	50.81	0.1305	0.1574	0.1667
Weighted average return on net assets (%)	4.73	3.20	increased by 1.53 percentage points	3.67	4.46	4.82

Explanations on major accounting data and financial indicators of the Company as at the end of the Reporting Period:

Increase of net profit attributable to shareholders of the Company and net profit attributable to shareholders of the Company after extraordinary items were mainly due to the increase in revenue from intelligent transportation, safe city and communication equipment, modern service industries and other products with higher gross profit margin.

3.2 Major Accounting Indicators by Quarters in the Reporting Period

Unit: Yuan Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Operating income	1,034,726,458.86	958,903,310.88	1,096,004,866.94	1,410,871,016.46
Net profit attributable to shareholders of the Company	26,492,533.22	24,526,927.49	30,208,821.40	80,731,286.37
Net profit attributable to shareholders of the Company after extraordinary items	20,346,101.44	21,893,436.51	24,748,030.37	46,592,696.45
Net cash flow from operating activities	-123,298,866.81	-9,439,310.34	2,426,991.61	175,874,203.11

4 Particulars of Share Capital and Shareholders

4.1 Number of holders of ordinary shares and shareholding of top 10 shareholders

Unit: share

Total number of shareholders of ordinary shares as at the end of the reporting period	50,662 shareholders including 50,634 A shareholders and 28 H shareholders
Total number of shareholders of ordinary shares at the end of last month prior to the disclosure of the annual report	62,993 shareholders including 62,964 A shareholders and 29 H shareholders

Name of Shareholder	Shareholdings of top 10 shareholders						
	Increase/ decrease	Number of		Number			
	during the	shares held	Percentage	of shares	Unknown or frozen Shares		
	reporting	at the end of	of	held subject	Stats of	Number of	Type of
	period	the reporting	shareholding	to trading	shares	shares	shareholders
		period	(%)	moratorium			
Hong Kong Securities Clearing Company Nominees Limited	648,239	243,624,955	26.66	0	Unknown		Overseas legal person
Panda Electronics Group Limited (“PEGL”)	0	210,661,444	23.05	0	Unknown		State-owned legal person
China Huarong Assets Management Co., Ltd.	0	82,357,867	9.01	0	Unknown		State-owned legal person
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	0	63,302,611	6.93	0	Unknown		State-owned legal person
China Great Wall Asset Management Corporation	0	14,172,397	1.55	0	Unknown		State-owned legal person
Huang Liangfu	0	4,148,825	0.45	0	Unknown		Domestic natural person
Hua Wei	1,244,750	3,775,571	0.41	0	Unknown		Domestic natural person
Li Lichun	3,224,700	3,224,700	0.35	0	Unknown		Domestic natural person
Yuan Yonglin	-419,100	2,729,500	0.30	0	Unknown		Domestic natural person
Li Yongmao	1,913,400	1,913,400	0.21	0	Unknown		Domestic natural person

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

Name of Shareholder	Number of shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
HKSCC (Nominees) Limited	243,624,955	Overseas listed foreign shares	241,437,570
		RMB ordinary shares	2,187,385
Panda Electronics Group Limited (“PEGL”)	210,661,444	RMB ordinary shares	210,661,444
China Huarong Asset Management Co., Ltd.	82,357,867	RMB ordinary shares	82,357,867
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	63,302,611	RMB ordinary shares	49,534,611
		Overseas listed foreign shares	13,768,000
China Great Wall Asset Management Corporation	14,172,397	RMB ordinary shares	14,172,397
Huang Liangfu	4,148,825	RMB ordinary shares	4,148,825
Hua Wei	3,775,571	RMB ordinary shares	3,775,571
Li Lichun	3,224,700	RMB ordinary shares	3,224,700
Yuan Yonglin	2,729,500	RMB ordinary shares	2,729,500
Li Yongmao	1,913,400	RMB ordinary shares	1,913,400

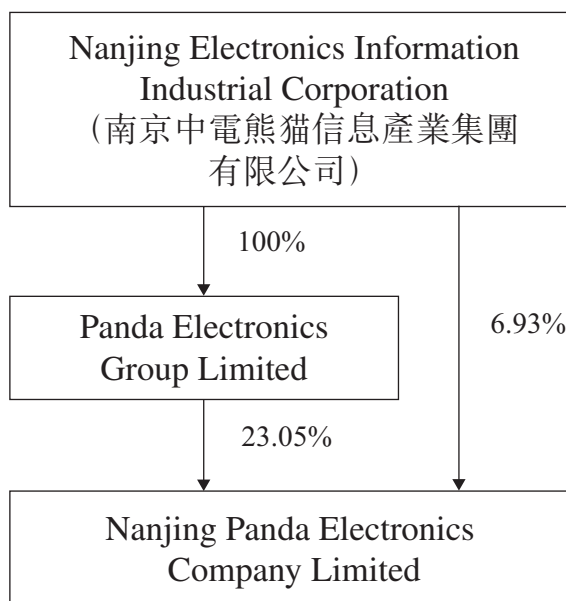
Details for the connected relationship or party acting in concert among the aforesaid shareholders

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% equity interests of the Company. Save as the above, the Company is not aware of any connected relationship or party acting in concert among the aforesaid shareholders.

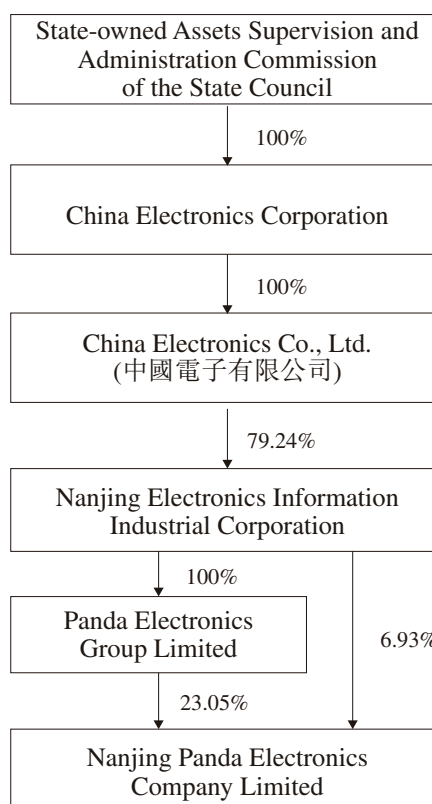
Note:

HKSCC (Nominees) Limited held 243,624,955 shares of the Company(including 241,437,570 H share and 2,187,385 A share), representing 26.66% of the issued share capital of the Company, on behalf of several clients. The Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.

4.2 Diagram of the shareholding and controlling relationship between the Company and the controlling shareholder



4.3 Diagram of shareholding and controlling relationship between the Company and its ultimate controllers



III. DISCUSSION AND ANALYSIS OF THE OPERATION

1 Principal operations during the reporting period

In 2018, the Company paid close attention to the changes in development trends in the industry segments in which it carries out its principal operations and actively explored markets, so that our principal operations maintained rapid momentum of development. The Company advanced lean management with quality and efficiency enhancement as the core and strengthened investment management with the orientation of development strategies. The Company strengthened risk management and control with the governance on accounts receivable and inventory as the core and maintained stable corporate governance and operation. The Company cautiously promoted each investment in accordance with the capital expenditure budget and actual operating conditions. However, the performance of the joint ventures continued to decline in recent years due to various factors, which had certain impacts on the Company's investment income. The Company strived to mobilize relevant resources, and strengthened management and coordination to support the development of its joint ventures with all-out effort.

1.1 Analysis of principal operations

1.1.1 Analysis of changes in related items in the income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Operating income	4,500,505,653.14	4,191,928,908.95	7.36
Operating costs	3,777,408,587.41	3,595,891,091.43	5.05
Cost of sales	56,473,519.57	56,106,658.38	0.65
Administrative expenses	249,028,876.39	217,477,918.64	14.51
R&D expenses	221,663,740.72	205,100,860.95	8.08
Financial expenses	6,575,438.13	-5,138,469.04	N/A
Net cash flows from operating activities	45,563,017.57	157,549,565.01	-71.08
Net cash flows from investment activities	81,068,704.67	-173,171,773.17	N/A
Net cash flows from financing activities	-22,316,731.08	66,600,876.99	-133.51
Interest expenses	3,958,244.31	1,597,287.02	147.81
Assets impairment loss	2,209,826.72	16,134,214.69	-86.30
Credit impairment loss	13,430,024.78		N/A
Other income	2,308,119.25	4,301,606.40	-46.34
Investment income	62,899,018.84	90,442,743.59	-30.45
Gain from the disposal of assets	-1,178,977.14	-669,559.13	N/A
Non-operating income	37,568,414.64	11,159,641.38	236.65
Non-operating expenses	3,707,714.25	688,183.28	438.77

Notes:

Increase of financial expenses: mainly due to the year-on-year increase in exchange losses during the period resulting from changes in RMB exchange rate;

Decrease of net cash flow from operating activities: mainly due to the payment for purchases of commodities for the period;

Increase of net cash flow from investment activities was mainly due to the recovery of the principal of bank wealth management products that had not yet expired at the end of the previous period;

Decrease of net cash flow from financing activities was mainly due to the year-on-year decreased in the cash from discounted notes for the period;

Increase of interest expenses: mainly due to the year-on-year increase in interest expenses as a result of the increase in short-term bank borrowings;

Decrease of assets impairment loss: mainly due to the adjustment of impairment loss of financial assets to credit impairment loss based on new standards for financial instruments;

Increase of credit impairment loss: mainly due to the adjustment of impairment loss of financial assets to credit impairment loss based on new standards for financial instruments;

Decrease of other income: mainly due to the decrease in government subsidy on operation recognized during the period;

Decrease of investment income: mainly due to the year-on-year decrease in investment income from associates under the equity method;

Increase of non-operating income: mainly due to the write-off of unpayables during the period.

Increase of non-operating expenses: mainly due to the provision for estimated liabilities as a result of litigations during the period.

1.1.2 Analysis on revenue and cost

During the reporting period, the Company's operating income and operating cost increased by 7.36% and 5.05% respectively over the previous period. The increases in the overall operating cost and the operating cost of relevant products and services in major industries were basically in line with those in operating income, and the overall gross profit margin of the Company's business and relevant products and services in major industries remained stable.

(1) *Principal operations by business sector, product and geographical regions*

Unit: 0'000 Yuan Currency: RMB

Principal operations by business sector						
By sector	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income from the same period last year (%)	Increase/decrease in operating cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Smart manufacturing	101,631.91	87,412.89	13.99	25.71	24.79	Increased by 0.63 percentage points
Smart city	186,481.37	154,719.38	17.03	-0.39	-3.31	Increased by 2.5 percentage points
Electronic manufacturing services	157,524.72	132,911.46	15.63	10.36	9.34	Increased by 0.78 percentage points
Others	2,642.12	1,668.60	36.85	29.68	-19.15	Increased by 38.14 percentage points

By product	Principal operations by product					
	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income from the same period last year (%)	Increase/decrease in operating cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Industrial robots	2,738.56	2,135.19	22.03	-37.06	-46.28	Increased by 13.38 percentage points
Intelligent factories and systems	88,122.88	74,577.16	15.37	37.59	36.74	Increased by 0.53 percentage points
Core components of smart manufacturing	10,770.48	10,700.55	0.65	-13.48	-7.21	Decreased by 6.71 percentage points
Intelligent transportation	47,446.82	34,760.65	26.74	20.32	12.46	Increased by 5.13 percentage points
Intelligent buildings	60,247.69	55,514.37	7.86	5.80	4.52	Increased by 1.13 percentage points
Safe city and communication equipment	8,570.19	4,082.30	52.37	4.35	11.05	Decreased by 2.87 percentage points
Information network equipment and consumer electronic products	70,216.67	60,362.05	14.03	-15.02	-16.52	Increased by 1.54 percentage points
Electronic manufacturing services	138,278.01	122,689.95	11.27	10.47	9.74	Increased by 0.59 percentage points
Modern service industry	19,246.72	10,221.51	46.89	9.57	4.84	Increased by 2.4 percentage points
Others	2,642.12	1,668.60	36.85	29.68	-19.15	Increased by 38.14 percentage points

Principal operations by geographical regions						
By geographical regions	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income from the same period last year (%)	Increase/decrease in operating cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Nanjing	376,773.89	321,616.08	14.64	12.14	10.06	Increased by 1.61 percentage points
Shenzhen	71,506.24	55,096.25	22.95	-6.95	-10.36	Increased by 2.93 percentage points

Principal operations by business sector, product and geographical regions:

The Company's principal subsidiaries are all in smart manufacturing, intelligent transportation, intelligent buildings, electronic manufacturing services and related industries. The operating revenue from smart manufacturing increased by 25.71% over the same period of last year as a result of the peak time for installation and delivery of projects. The operating income from electronic manufacturing services increased by 10.36% over the same period of the previous year due to the increase in business volume of major customers.

The operating income from the smart factories and system engineering products increased by 37.59% over the same period of the previous year as a result of the peak time for delivery. The operating income from intelligent transportation increased by 20.32% over the same period of last year as more railway traffic projects were completed by the Company.

The principal operations of the Company was primarily distributed in Nanjing and Shenzhen. During the reporting period, the operating income in Nanjing recorded an increase of 12.14% compared with the same period of last year due to the growth of smart manufacturing, intelligent transportation and electronic manufacturing services businesses, while the operating revenue in Shenzhen recorded a decrease of 6.95% compared with the same period of last year due to decreased business volume caused by fierce competition in the consumer electronics export market.

(2) Sales to major customers and purchases from major suppliers

During the reporting period, sales to the top five customers amounted to RMB1,538,466,600, representing 34.18% of the total sales in 2018, of which sales to connected parties amounted to RMB1,273,615,500, representing 28.30% of the total sales in 2018.

During the reporting period, the aggregate amount of purchase from the top five suppliers of the Company amounted to RMB499,188,600, accounting for 13.69% of the total amount of purchase made by the Company in 2018. There were no connected parties in the top five suppliers.

(3) Expenses

During the reporting period, the cost of sales, administrative expenses, and financial expenses of the Company have generally remained stable. The administrative expenses increased by RMB31,551,000 over the same period of the previous year, representing an increase of 14.51%, mainly due to the increase in payroll and other related expenses in the period.

(4) *R&D Investment*

Unit: Yuan Currency: RMB

R&D expenses for the period	221,663,740.72
Capitalized R&D expenses for the period	13,982,760.93
Total R&D expenses	235,646,501.65
The percentage of total R&D expenses over operating income (%)	5.24
The number of R&D personnel	710
The percentage of R&D personnel over total number of staff of the Company (%)	20.25
The percentage of capitalized R&D expenses (%)	5.93

Description:

The Company persisted in integrating technological innovation with mechanism innovation, in the meantime, the Company transformed the managerial style of technological innovation projects by giving prominence to scientificity of project, reasonability of expense budget and seriousness of implementation of plan as well as warranting profitable investment into R&D programs so as to ensure forward looking, catering to market as well as feasibility of R&D programs.

In 2018, the Company steadily promoted research and innovation in the areas of industrial robots, smart manufacturing, intelligent transportation, smart buildings, safe cities, communications equipment, information network equipment and consumer electronics. Technical breakthroughs have been made in the measurement of the track precision and repeatability of industrial robots, the vibration reduction and control in the transportation of liquid crystal glass substrates and the positioning display with broadband frequency spectrum signals with geographic information analysis technology. The Company focused on input for and output from scientific research and paid attention to the quality and management of research results.

Major subsidiaries of the Company attained admirable scientific research achievements in their respective fields, with smooth progress made in 13 key scientific research projects including the industrial robots operation and maintenance platform of the Electronics Equipment Company, the research and application of the ticketing system based on cloud platforms of the Information Industry Company based on biometric payment and the R&D of smart home and smart community systems of the broadcast and television business department.

The Company will further strengthen the construction of the scientific research management system and the incentive system for scientific research personnel, to develop a scientific research management and guarantee mechanism where the Company's headquarters and subsidiaries connect with and supplement each other, so as to ensure that the scientific and technological resources are concentrated towards the core industry. The Company will further increase the investment in scientific research, cultivate and improve the independent innovation capability of scientific research institutions at all levels, and deploy and coordinate the scientific research forces across the Company to build a collaborative innovation platform, strive for breakthroughs in the key common technologies and thus improve the core competitiveness of the Company.

(5) Cash flow

During the reporting period, the decrease in the net cash flow from operating activities was mainly due to the payment for purchases of commodities for the period; the increase in the net cash flow from investment activities was mainly due to the recovery of the principal of bank wealth management products that had not yet expired at the end of the previous period; the decrease in net cash flow from financing activities was mainly due to the year-on-year decreased in the cash from discounted notes for the period.

1.2 Analysis of assets and liabilities

Unit: 0'000 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 (%)	Explanation
Financial assets held for trading	36,000.00	5.82	0.00	–	N/A	Due to the reclassification of the principal of bank wealth management products not yet due at the end of the period according to new standards for financial instruments

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Explanation
Inventory	86,780.87	14.03	59,101.86	10.43	46.83	Mainly due to the increase in inventories of raw materials and work in progress for the period
Contract assets	36,075.37	5.83	0.00	–	N/A	Due to the reclassification of eligible receivables into contract assets according to new revenue standards
Held-for-sale assets	0.00	–	7,838.78	1.38	-100.00	Due to the exchange of non-monetary assets as scheduled according to the Asset Disposal Agreement
Other current assets	3,472.41	0.56	46,541.05	8.21	-92.54	Due to the reclassification of the principal of bank wealth management products not yet due at the end of the period into financial assets held for trading according to new standards for financial instruments
Available-for-sale financial assets	0.00	–	365.00	0.06	-100.00	Due to the reclassification of financial instruments originally accounted as available-for-sale financial assets into other equity instruments investment according to new standards for financial instruments

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Explanation
Other equity instruments investment	390.54	0.06	0.00	–	N/A	Due to the reclassification of financial instruments originally accounted as available-for-sale financial assets into other equity instruments investment according to new standards for financial instruments
Investment properties	1,946.20	0.31	831.45	0.15	134.07	Mainly due to the recognition of investment properties during the period according to relevant accounting standards
Construction in progress	30,480.84	4.93	5,065.99	0.89	501.68	Due to the exchange of non-monetary assets as scheduled according to the Asset Disposal Agreement and the assets exchanged in not qualified for reclassification into fixed assets
Long-term deferred expenses	128.97	0.02	360.28	0.06	-64.20	Mainly due to the amortization of long-term deferred expenses on a monthly basis
Deferred income tax assets	1,261.69	0.20	923.40	0.16	36.63	Mainly due to increase of taxable temporary difference recognized in the period
Short-term loans	9,500.00	1.54	4,500.00	0.79	111.11	Mainly due to the increase in short-term bank borrowings

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 (%)	Explanation
Receipts in advance	205.17	0.03	24,276.77	4.29	-99.15	Due to the reclassification of eligible receipts in advance into contract liabilities according to new revenue standards
Tax payable	18,538.71	3.00	2,945.08	0.52	529.48	Mainly due to the land appreciation tax payable
Other payables	10,155.42	1.64	15,611.96	2.76	-34.95	Mainly due to decrease in state capital and land-transferring fees
Contract liabilities	22,138.05	3.58	0.00	–	N/A	Due to the reclassification of eligible receipts in advance into contract liabilities according to new revenue standards
Other current liabilities	8,645.65	1.40	2,710.00	0.48	219.03	Mainly due to increase in project subsidy not yet recognized under relevant accounting standards
Estimate liabilities	290.00	0.05	0.00	–	N/A	Mainly due to the amount estimated to be paid for pending litigations
Other comprehensive income	19.15	0.002	0.00	–	N/A	Due to the adjustment of the fair value of other equity instruments investment

1.3 Analysis of major invested companies

1.3.1 Analysis of major subsidiaries

In 2018, for the purpose of further optimization of corporate structure, on the premises that relevant operation and business are unaffected, the Company disposed ineffective and low-efficiency assets. Nanjing Guanghua Electronics Plastic Casings Factory (南京光華電子注塑廠) and Nanjing Panda Machinery and Electronics Factory (南京熊貓機電設備廠) (both the controlling subsidiaries of the Company) have completed procedure of business deregistration. The deregistered companies have ceased operations, which have not affected the Company's overall production, operation and performance.

Unit: 0'000 Yuan Currency: RMB

Subsidiary	Net profit		Change (%)
	2018	2017	
Nanjing Panda Electronics Equipment Co., Ltd. ("Electronics Equipment Company")	2,815.05	2,344.08	20.09
Nanjing Panda Information Industry Co., Ltd. ("Information Industry Company")	5,577.27	3,775.07	47.74
Nanjing Panda Electronic Manufacture Co., Ltd. ("Electronic Manufacture Company")	6,021.51	4,261.58	41.30
Nanjing Panda Communication Technology Co., Ltd. ("Communications Technology Company")	1,645.40	835.89	96.84
Nanjing Panda Electronic Technology Development Company Limited	-1,697.62	-2,536.28	N/A
Shenzhen Jinghua Electronics Co., Ltd.	7,753.49	7,031.72	10.26
Nanjing Panda Xinxing Industrial Co., Ltd.	766.67	357.61	114.39

Description of changes:

The operating revenue and net profit of Electronics Equipment Company increased by 24.20% and 20.09% year-on-year, respectively, which was mainly due to the increase in revenue following its projects coming to the peak stage of installation works. The operating revenue and net profit of Information Industry Company increased by 8.52% and 47.74% year-on-year, respectively, which was mainly due to the increases in business orders and the number of projects completed. The operating revenue and net profit of Electronic Manufacture Company increased by 6.67% and 41.30% year-on-year, respectively, which was mainly due to the orders secured for new business and the exploitation of new markets.

1.3.2 Analysis of major invested companies

(1) Nanjing Ericsson Panda Communication Co., Ltd. (“ENC”)

ENC was set up on 15 September 1992 with a total investment of US\$40.88 million and a registered capital of US\$20.9 million. ENC is held as to 27% by the Company, 51% by Ericsson (China) Company Limited, 20% by China Potevio Co., Ltd., and 2% by Yung Shing Enterprise, Hong Kong. ENC mainly engages in production of mobile telecommunication system equipment and network communications system equipment, etc. As the biggest production and supply center of Ericsson in the world, ENC is now mainly in charge of the industrialization and mass production of the products that Ericsson Company Limited developed and provides delivery and shipment to customers worldwide.

Operating income of ENC for 2018 amounted to RMB8,816,970,000, representing a year-on-year increase of 11.82%; net profit amounted to RMB165,489,000, representing a year-on-year decrease of 17.98%. Reason(s) for changes in the main indicators: the growth in income as a result of the increase in orders and the year-on-year decrease in net profit as a result of the exchange rate fluctuation and the increase in payroll related expenses of the Company.

(2) Beijing SE Putian Mobile Communications Co., Ltd. (“BMC”)

BMC was set up on 8 August 1995 with a total investment of US\$90 million and a registered capital of US\$30 million. BMC is held as to 20% by the Company, 27% by China Potevio Co., Ltd., 26% by Sony Mobile Communications (China) Limited (索尼移動通信產品(中國)有限公司), 25% by Sony Mobile Communications Limited (索尼移動通信有限公司) and 2% by Yung Shing Enterprise, Hong Kong. BMC mainly engages in the manufacture of Sony mobile terminals (mobile phones) and is the principal production base and supply center of Sony mobile phones.

Operating income of BMC for 2018 amounted to RMB2,468,282,800 representing a year-on-year decrease of 65.38%; net profit was RMB5,541,600, representing a year-on-year decrease of 93.99%. Reason(s) for changes in the main indicators: Fiercer market competition sent orders plunging, thus operating revenue and net profits fell year-on-year.

At its board meeting held on 28 March 2019, BMC announced that BMC will be going into liquidation.

(3) Investment income from major invested companies

During the reporting period, the Company’s investment income amounted to RMB62,899,000. The investment income of major invested companies is as follows:

Unit: 0’000 Yuan Currency: RMB

Invested companies	Operating income	Net profit	Shareholding of the Company	Investment income received by the Company
ENC	881,697.00	16,548.90	27%	4,468.20
BMC	246,828.28	554.16	20%	110.83

1.4 2019 operating plan

The operating targets of the Company in 2019 are to achieve a operating income of RMB5,000,000,000 and total profit of RMB180,000,000.

In 2019, the Board has formulated the above business objectives based on the overall economic situation at home and abroad, taking into full account the developments of the industry segments in which the Company operates and the actual conditions of the Company. Although the Company may be subject to many uncertainties in its daily course of operations, it will insist on pragmatic approaches and seek progress while maintaining stability in an effort to achieve its business objectives.

1.5 Profit distribution proposal for 2018

The Company (as parent company) achieved a net profit of RMB36,516,400 and appropriated surplus reserves of RMB3,651,600 in 2018. Given the cash dividend of RMB63,968,700 distributed to shareholders in 2017, and the undistributed profit at the beginning of the period of RMB230,533,600, the actual distributable profit to shareholders this year amounted to RMB199,429,600. In accordance with the Articles of Association of the Company and the relevant requirements of Shanghai Stock Exchange, it was proposed to distribute a cash dividend of RMB0.80 (tax inclusive) for every ten shares to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2018, with the total cash dividend to be distributed amounting to RMB73,107,082.32, and the remaining part to be carried forward to next year. The Company will not transfer capital reserve into share capital. This proposal was considered and approved at the 4th meeting of the ninth session of the Board of the Company, and was agreed to submit to the annual general meeting for consideration.

The distribution of the proposed final dividend is subject to the approval by the shareholders at the forthcoming annual general meeting of the Company (“AGM”) to be held on or before 30 June 2019 and is expected to be paid to the holders of H shares of the Company on or before 10 August 2019. The notice of the AGM will be dispatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company, respectively in due course.

1.6 Appointment and dismissal of accounting firms

The fifteenth meeting of the eighth session of the Board of the Company considered and approved the resolution on the Appointment of Auditors for the Year 2018 which proposed to reappoint BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international auditor and PRC auditor as well as internal control auditor for the year 2018, and to determine their remuneration within the limit of RMB2,100,000. The meeting also agreed to submit the resolution for consideration and approval at the 2017 annual general meeting of the Company.

The 2017 annual general meeting of the Company considered and approved the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international auditor and PRC auditor as well as internal control auditor respectively for the year 2018, and authorized the Board to determine their remuneration within the limit of RMB2,100,000.

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

1.7 Tax policies

Particulars of tax preference enjoyed by the Company and its subsidiaries as at 31 December 2018 are set out in the notes to the financial statements prepared in accordance with the Accounting Standards for Business Enterprises of China. The tax preference for subsidiaries registered in Hong Kong is subject to local laws & regulations.

1.8 Basic medical insurance for employees

The Company acted pursuant to the Provisional Regulations on Basic Medical Insurance for Employees in Nanjing Municipality and implemented a basic medical insurance for its employees since 1 January 2001. The Company pays the premiums for such basic medical insurance and the premiums are equivalent to 9% of the verified fee of all of the existing employees of the Company.

1.9 Liability insurance for its directors, supervisors and senior management

During the reporting period, the Company purchased liability insurance for its Directors, supervisors and senior management in compliance with the relevant regulations of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

1.10 Other Disclosures

(1) Liquidity of Capital

In accordance with the Accounting Standards for Business Enterprises of China, the gearing ratio of the Company (the ratio between total liabilities and total assets), current liabilities, liquidity ratio and quick ratio were 40.31%, RMB2,457,966,000, 1.88 and 1.45 respectively as at 31 December 2018 as shown in the consolidated financial statements of the Company.

Cash: as at 31 December 2018, bank balances and cash amounted to RMB1,292,114,200 as shown in the consolidated financial statements of the Company.

Loans: short-term bank loans and other loans amounted to RMB95,000,000 as at 31 December 2018 as shown in the consolidated financial statements of the Company.

During the reporting period, the 1-year Renminbi benchmark interest rate with financial institutions was 4.35%.

(2) *Connected transactions relating to creditor's rights and debts*

Unit: Yuan Currency: RMB

Connected parties	Connected Relationship	Provision of funds to connected parties			Provision of funds to the Company by connected parties		
		Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders				21,166,211.85		21,166,211.85
Panda Electronics Group Limited	Controlling shareholder			8,098,223.19	-1,127,670.06		6,970,553.13
China Electronics Import/Export Corporation	Subsidiary owned by shareholders			194,539.62	1,000.00		195,539.62
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder			55,200.00	-11,700.00		43,500.00
China Electronics Corporation	Indirect controlling shareholder			34,040,000.00	-34,000,000.00		40,000.00
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders			87,355.14	-51,821.89		35,533.25
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders			22,907.00	-		22,907.00
Nanjing Panda Technology Park Development Company Limited	Subsidiary owned by shareholders			20,000.00	-		20,000.00
Nanjing Panda Electronic Materials Utilization Co., Ltd.	Subsidiary owned by shareholders			10,000.00	-10,000.00		
Liyang Panda Bamboo Garden Hotel Co., Ltd.	Subsidiary owned by shareholders			1,976,818.17	-1,972,150.17		4,668.00
Nanjing Panda Dasheng Electronics Technology Company Limited	Subsidiary owned by shareholders			200.00	-		200.00
Thales Panda Transportation System Company Limited	Associate			860,265.92	-860,265.92		
Nanjing China Panda Real Estate Co., Ltd.	Subsidiary owned by shareholders			5,000.00	-5,000.00		
Total					45,370,509.04	-16,871,396.19	28,499,112.85

- (3) The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**the Listing Rules**”) in so far as they are applicable in respect of the aforesaid connected and continuing connected transactions.

(4) *The Company’s Code of Corporate Governance and Model Code*

During the reporting period, the Company has adopted and complied with the Corporate Governance Code as set out in Appendix 14 and the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix 10 to the Listing Rules on the Stock Exchange of Hong Kong Limited.

(5) *Audit Committee*

The Company has set up an Audit Committee in compliance with the requirements of Rule 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Audit Committee has reviewed the interim financial report for 2018 and the audited financial report for 2018.

(6) *Purchase, sale or redemption of the Company’s listed securities*

During the reporting period, no purchase, sale or redemption of the Company’s listed securities were made by the Company.

(7) *Punishment and rectification to the listed Company, its directors, supervisors, senior management, controlling shareholder, ultimate controller and acquirers*

During the reporting period, Nanjing Huage Appliance and Plastic Industrial Co., Ltd. and Nanjing Panda Electronics Equipment Co., Ltd., subsidiaries of the Company, were imposed administrative penalties due to the violation of relevant laws and regulations on environmental protection and fire prevention. The production and operation activities of the Company and relevant subsidiaries are not materially affected by the administrative penalties. The Company has requested the Company and relevant subsidiaries to further strengthen study of laws and regulations on environmental protection and fire prevention and conduct operations in strict accordance with relevant procedures to prevent similar events. For details, please refer to relevant announcements published on the website of the Hong Kong Stock Exchange on 29 April 2018 and 14 November 2018.

(8) *Others*

References are made to the relevant announcements published by the Company on the website of the Hong Kong Stock Exchange on 21 September 2017 and 30 November 2017, on the website of the Shanghai Stock Exchange, China Securities Journal and Shanghai Securities News on 22 September and 1 December of 2017, and the circular regarding H shares on 13 October 2017. On 21 September 2017, the Company signed an Asset Disposal Agreement with PEGL and Nanjing Panda Investment Development Co., Ltd. on the disposal of No. 54 building, together with its ancillary facilities and structures. The disposal of the asset was approved by independent shareholders at the Company's first extraordinary general meeting of 2017 on 30 November 2017, and the procedures were in compliance with relevant regulations.

During the reporting period, according to relevant provisions of the Asset Disposal Agreement, the Company and Nanjing Panda Investment Development Co., Ltd. signed a Commodity Housing Pre-sale Contract on the exchange of the first floor to the fourth floors (including 1 mezzanine floor) and the fourteenth to the seventeenth floors of Panda Building (Building A of the research center of project 1 on Land Lot 301 at Zhongshan East Road) and completed the filing with the real estate administration authorities of Nanjing. Major work on the connected transaction on the exchange of No. 54 building at No. 301 Zhongshan East Road has been completed.

2 Reasons for suspension of listing

☐ Applicable ☒ Not Applicable

3 The circumstances and causes of the termination of listing

☐ Applicable ☒ Not Applicable

4 Analysis and explanation of the Company on the reasons and impact of the change in accounting policy and accounting estimation

1. The resolution on the Change in the Company's Accounting Policies and the Related Matters was considered and approved at the fifteenth meeting of the eighth session of the Board of the Company on 29 March 2018. In 2017, the Ministry of Finance issued the Accounting Standards for Business Enterprises No. 42 – Non-Current Assets Held for Sale, Disposal Groups and Termination of Business Operation, which took effect on 28 May 2017. Non-current assets held for sale, disposal groups and termination of business operation existing on the date of the implementation shall be handled with prospective application method. The Ministry of Finance issued the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises (《財政部關於修訂印發一般企業財務報表格式的通知》) in 2017, and has revised the format of financial statements for general enterprises, which is applicable to the financial statements for the year 2017 and subsequent periods. In accordance with the requirements of the above accounting standards and the notice, the Company changed the relevant accounting policies and implemented the above standards and the notice according to the stipulated implementation date. The decision-making process for this change in accounting policies is in compliance with the relevant laws and regulations and the Articles of Association. For details of the change in accounting policies, please refer to the Announcement of Nanjing Panda on Change in Accounting Policies (Lin 2018–013) published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 30 March 2018 and on the website of the Hong Kong Stock Exchange on 29 March 2018. The change in accounting policies only affects the presentation of the items in the Company's financial statement, but has no impact on the Company's total assets, net assets, profit or loss, nor does it involve retrospective adjustments in prior years.
2. The resolution on the change in the Company's accounting policies and the related matters was considered and approved at the second meeting of the ninth session of the Board of the Company on 30 August 2018. In 2017, the Ministry of Finance revised the Accounting Standards for Business Enterprises No. 14 – Revenue, the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, the Accounting Standards for Business Enterprises No. 37 – Presentation

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

5 Analysis and explanation of the Company on the reasons and impact of the correction to material errors.

☐ Applicable ☒ Not Applicable

6 Compared with the financial report of last year, the Company should make specific explanations for changes in the consolidation scope of the financial statements.

Nanjing Panda Mechanical Engineering Plant and Nanjing Guanghua Electronics Plastic Casings Factory, subsidiaries of the Company, were deregistered during the period. Prior to their deregistration, the companies above were consolidated in the Company's consolidated financial statements.

IV. FINANCIAL STATEMENTS IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS

Consolidated Balance Sheet

31 December 2018

(All amounts in RMB Yuan unless otherwise stated)

Assets	Closing balance	Opening balance
Current assets:		
Cash and cash equivalents	1,448,751,802.35	1,328,745,296.50
Settlement provisions		
Placement		
Transactional financial assets	360,000,000.00	
Derivative assets		
Notes receivable and accounts receivable	1,271,710,843.86	1,514,714,889.82
Prepayments		
Advance to suppliers	181,267,525.19	248,488,640.75
Premium receivable		
Reinsurance premium receivable		
Reinsurance reserve receivable		
Other receivables	88,573,078.94	79,788,515.23
Financial assets purchased for resale		
Inventories	867,808,744.86	591,018,560.71
Contract assets	360,753,744.24	
Held-for-sale assets		78,387,788.27
Non-current assets due within one year		
Other current assets	34,724,089.13	465,410,493.64
Total current assets	4,613,589,828.57	4,306,554,184.92

Assets	Closing balance	Opening balance
Non-current assets:		
Entrusted loans and advances		
Debt investments		
Available-for sale financial assets		3,650,000.00
Other debt investments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	293,775,084.76	332,625,534.79
Other equity instruments investments	3,905,351.83	
Other non-current financial assets		
Investment property	19,461,979.00	8,314,534.74
Fixed assets	826,049,821.47	853,555,020.10
Construction in progress	304,808,394.92	50,659,931.64
Biological assets for production		
Fuel assets		
Intangible assets	109,121,966.50	97,307,446.15
Development expenses		
Goodwill		
Long term deferred expenses	1,289,730.68	3,602,788.29
Deferred income tax assets	12,616,866.25	9,234,045.96
Other non-current assets		
Total non-current assets	<u>1,571,029,195.41</u>	<u>1,358,949,301.67</u>
Total assets	<u><u>6,184,619,023.98</u></u>	<u><u>5,665,503,486.59</u></u>

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Head of the Accounting Department:</i>
Xia Dechuan	Shen Jianlong	Liu Xianfang

liabilities and owners' equity	Closing balance	Opening balance
Current liabilities:		
Short term loans	95,000,000.00	45,000,000.00
Borrowings from central bank		
Placement from banks and other financial institutions		
Transactional financial liabilities		
Financial liabilities at fair value through profit and loss		
Derivative financial liabilities		
Notes payable and Accounts payable	1,731,819,795.27	1,526,511,390.66
Advances from customers	2,051,740.10	242,767,679.91
Securities sold under agreement to repurchase		
Placement from banks and other financial institutions		
Security trading of agency		
Securities underwriting		
Employee benefits payable	34,316,099.14	30,808,648.21
Taxes and surcharges payable	185,387,137.32	29,450,814.25
Other payables	101,554,174.51	156,119,627.23
Bank charges and Commissions due		
Insurance contract reserves		
Contract liabilities	221,380,505.81	
Liabilities classified as held for sale		
Non-current liabilities due within one year		
Other current liabilities	86,456,520.71	27,100,000.00
Total current liabilities	<u>2,457,965,972.86</u>	<u>2,057,758,160.26</u>

liabilities and owners' equity	Closing balance	Opening balance
Non-current liabilities:		
Insurance contract reserves		
Long term loans		
Bonds payables		
Including: Preferred shares		
Perpetual capital securities		
Long term payables		
Long-term employee benefits payable	24,722,333.29	28,037,472.50
Accrued liabilities	2,900,000.00	
Deferred income	7,050,224.14	7,984,320.10
Deferred income tax liabilities	102,132.39	79,780.30
Other non-current liabilities		
Total non-current liabilities	34,774,689.82	36,101,572.90
Total liabilities	2,492,740,662.68	2,093,859,733.16
Shareholders' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual capital securities		
Capital reserve	1,470,691,800.13	1,464,043,022.82
Less: treasury stock		
Other comprehensive income	191,513.87	
Special reserve		
Surplus reserve	258,647,274.54	254,995,636.63
General risk reserve		
Undistributed profits	825,055,181.86	730,715,948.32
Shareholders' equity of the parent company	3,468,424,299.40	3,363,593,136.77
Non-controlling interests	223,454,061.90	208,050,616.66
Total shareholders' equity	3,691,878,361.30	3,571,643,753.43
Total liabilities and shareholders' equity	6,184,619,023.98	5,665,503,486.59

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Head of the Accounting Department:</i>
Xia Dechuan	Shen Jianlong	Liu Xianfang

Balance sheet*31 December 2018**(All amounts in RMB Yuan unless otherwise stated)*

Assets	Closing balance	Opening balance
Current assets:		
Cash and cash equivalents	238,805,153.90	172,698,117.78
Transactional financial assets	310,000,000.00	
Derivative assets		
Notes receivable and accounts receivable	53,407,782.74	83,430,484.10
Prepayments	3,768,695.26	2,793,993.19
Other current assets	295,423,983.44	251,914,483.98
Inventories	20,183,017.20	23,223,302.05
Contract assets		
Held-for-sale assets		78,387,788.27
Non-current assets due within one year		
Other current assets		450,000,000.00
Total current assets	921,588,632.54	1,062,448,169.37

Assets	Closing balance	Opening balance
Non-current assets:		
Debt investments		
Available-for sale financial assets		3,650,000.00
Other debt investments		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	1,733,874,170.35	1,782,505,983.43
Other equity instruments investments	3,905,351.83	
Other non-current financial assets		
Investment properties	176,978,570.90	
Fixed assets	64,501,654.72	253,254,688.19
Construction in progress	248,705,534.64	1,539,752.37
Biological assets for production		
Fuel assets		
Intangible assets	13,069,376.80	11,830,656.32
Development expenses		
Goodwill		
Long term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	<u>2,241,034,659.24</u>	<u>2,052,781,080.31</u>
Total assets	<u>3,162,623,291.78</u>	<u>3,115,229,249.68</u>

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Head of the Accounting Department:</i>
Xia Dechuan	Shen Jianlong	Liu Xianfang

liabilities and owners' equity	Closing balance	Opening balance
Current liabilities:		
Short term loans		
Transactional financial liabilities		
Financial liabilities at fair value through profit and loss		
Derivative financial liabilities		
Notes payable and Accounts payable	38,708,811.11	48,910,348.83
Notes payable and Accounts payable	4,000.00	563,650.00
Employee benefits payable	2,946,015.92	2,075,743.65
Taxes and surcharges payable	153,711,832.83	9,345,731.70
Other payables	154,312,183.92	216,846,128.21
Contract liability		
Contract liabilities		
Holding liabilities for sale		
Liabilities classified as held for sale		
Non-current liabilities due within one year		
Non-current liabilities due within one year		
Other current liabilities		
Other current liabilities		
Total non-current assets	<u>349,682,843.78</u>	<u>277,741,602.39</u>
Non-current liabilities :		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual bond		
long-term payables		
Long-term salary payable	2,998,820.29	3,249,053.43
Estimated liabilities	2,900,000.00	
Deferred revenue		
Deferred tax liability	63,837.96	
Other non-current liabilities		
Total Non-current Liabilities	<u>5,962,658.25</u>	<u>3,249,053.43</u>
Total liabilities	<u>355,645,502.03</u>	<u>280,990,655.82</u>

liabilities and owners' equity	Closing balance	Opening balance
Shareholders' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual capital securities		
Capital reserve	1,434,870,834.28	1,434,870,834.28
Less: treasury stock		
Other comprehensive income	191,513.87	
Special reserve		
Surplus reserve	258,647,274.54	254,995,636.63
Undistributed profits	199,429,638.06	230,533,593.95
Total shareholders' equity	2,806,977,789.75	2,834,238,593.86
Total liabilities and shareholders' equity	3,162,623,291.78	3,115,229,249.68

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Head of the Accounting Department:</i>
Xia Dechuan	Shen Jianlong	Liu Xianfang

Consolidated Profit and loss Statement

The year of 2018

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the current period	Amount for the prior period
1. Total operating income	4,500,505,653.14	4,191,928,908.95
Include: Operating income	4,500,505,653.14	4,191,928,908.95
interests income		
Premiums earned		
Income from Bank charges and Commissions		
2. Total operating cost	4,347,390,202.57	4,110,185,883.37
Include: Operating cost	3,777,408,587.41	3,595,891,091.43
interests expenses		
Bank charges and Commissions		
Insurance withdrawal payment		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Business taxes and surcharge	20,600,188.85	24,613,608.32
Selling expenses	56,473,519.57	56,106,658.38
Administrative expenses	249,028,876.39	217,477,918.64
Research and development expenses	221,663,740.72	205,100,860.95
Financial expenses	6,575,438.13	-5,138,469.04
Including: Interest charges	3,958,244.31	1,597,287.02
Interest income	15,557,845.37	12,220,157.80
Loss in assets impairment	2,209,826.72	16,134,214.69
Credit impairment losses	13,430,024.78	
Add: Income from change in fair value (losses are represented by “-”)	2,308,119.25	4,301,606.40
Investment income (losses are represented by “-”)	62,899,018.84	90,442,743.59
Include: Investment income of associates and joint ventures	46,572,091.82	73,489,872.02
Gains on disposal of assets(losses are represented by “-”)	-1,178,977.14	-669,559.13
Exchange gain(losses are represented by “-”)		
Other gains		

Items	Amount for the current period	Amount for the prior period
3. Operating profit (losses are represented by “-”)	217,143,611.52	175,817,816.44
Add: Non-operating income	37,568,414.64	11,159,641.38
Less: Non-operating expenses	3,707,714.25	688,183.28
4. Total Profit (losses are represented by “-”)	251,004,311.91	186,289,274.54
Less: Income tax	38,470,211.64	30,118,010.21
5. Net Profit (losses are represented by “-”)	212,534,100.27	156,171,264.33
(1) Classified by the business continuity		
1. Net profit for continued operation(net losses are represented by “-”)	212,534,100.27	156,171,264.33
2. Net profit for discontinued operation(net losses are represented by “-”)		
(2) Classified by the attribution of the ownership		
1. Profit attributable to the equity shareholders of the Parent company	161,959,568.48	107,382,077.64
2. Non-controlling interests	50,574,531.79	48,789,186.69
6. Net other comprehensive income after tax	191,513.87	
Net other comprehensive income after tax attributable to the equity shareholders of the Parent company	191,513.87	
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	191,513.87	
1. Changes as a result of remeasurement of net defined benefit plan liability or asset		
2. Shares of other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
3. Net gain on equity instruments at fair value through other comprehensive income	191,513.87	
4. Fair value changes in enterprise’s own credit risk		

Items	Amount for the current period	Amount for the prior period
(2) the comprehensive income which will be reclassified subsequently to profit and loss		
1. Shares of other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss		
2. Net gain on debt instruments at fair value through other comprehensive income		
3. Gain or loss from fair value changes of available-for-sale financial assets		
4. The amount of financial assets reclassified into other comprehensive income		
5. Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets		
6. Other debt investment credit impairment provision		
7. Cash flow hedging reserve		
8. Currency translation reserve		
9. Other profit or loss to be reclassified *		
Other comprehensive income after tax attributable to minority share-holders		
7. Total comprehensive income	212,725,614.14	156,171,264.33
Total comprehensive income attributable to parent company	162,151,082.35	107,382,077.64
Total consolidated income attributable to minority share-holders	50,574,531.79	48,789,186.69
8. Earnings per share:		
(1) Basic earnings per share	0.1772	0.1175
(2) Diluted earnings per share	0.1772	0.1175

<i>Legal representative:</i> Xia Dechuan	<i>Chief Accountant:</i> Shen Jianlong	<i>Head of the Accounting Department:</i> Liu Xianfang
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Profit and loss Statement

The year of 2018

(All amounts in RMB Yuan unless otherwise stated)

Items	Amount for the current period	Amount for the prior period
1. Total operating income	114,879,391.95	177,717,842.21
Deduct: operating costs	77,946,492.16	129,349,517.92
Business taxes and surcharge	5,310,874.73	5,763,367.06
Selling expenses	3,046,495.07	4,365,245.68
Administrative expenses	103,794,864.39	104,481,729.38
Research and development expenses	23,425,998.17	27,942,452.23
Financial expenses	-6,358,000.30	-695,333.35
Inc. interest expenses		
Interest income	3,493,091.89	4,233,500.11
Loss in assets impairment	282,848.12	-4,342,509.66
Credit impairment losses	-14,950,459.00	
Add: Income from change in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	95,490,828.99	120,138,609.60
Include: Investment income of associates and joint ventures	45,790,347.38	72,918,930.00
Gains on disposal of assets(losses are represented by “-”)	-223,732.69	
Exchange gain(losses are represented by “-”)		
Other gains		
2. Operating profit (losses are represented by “-”)	17,647,374.91	30,991,982.55
Add: Non-operating income	22,043,114.80	1,046,604.99
Less: Non-operating expenses	3,174,110.66	339,184.69
3. Total Profit (losses are represented by “-”)	36,516,379.05	31,699,402.85
Less: Income tax		
4. Total Profit (losses are represented by “-”)	36,516,379.05	31,699,402.85
1. Net profit for continued operation(net losses are represented by “-”)	36,516,379.05	31,699,402.85
2. Net profit for discontinued operation(net losses are represented by “-”)		

Items	Amount for the current period	Amount for the prior period
5. Net other comprehensive income after tax	191,513.87	
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	191,513.87	
1. Changes as a result of remeasurement of net defined benefit plan liability or asset		
2. Shares of other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
3. Net gain on equity instruments at fair value through other comprehensive	191,513.87	
4. Fair value changes in enterprise's own credit risk		
(2) The comprehensive income which will be reclassified subsequently to profit and loss		
1. Shares of other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss		
2. Net gain on debt instruments at fair value through other comprehensive income		
3. Gain or loss from fair value changes of available-for-sale financial assets		
4. The amount of financial assets reclassified into other comprehensive income		
5. Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets		
6. Other debt investment credit impairment provision		
7. Cash flow hedging reserve		
8. Currency translation reserve		
9. Others		
Other comprehensive income after tax attributable to minority share-holders		
6. Total comprehensive income	367,078,92.92	31,699,402.85
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

<i>Legal representative:</i> Xia Dechuan	<i>Chief Accountant:</i> Shen Jianlong	<i>Head of the Accounting Department:</i> Liu Xianfang
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Consolidated cash flow statement

The year of 2018

(All amounts in RMB Yuan unless otherwise stated)

Item	Amount for the current period	Amount for the prior period
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	4,531,140,339.58	4,921,811,943.76
Refunds of taxes	90,702,248.63	70,366,170.66
Cash received from relating to other operating activities	166,252,903.23	169,980,976.65
Sub-total of cash inflows from operating activities	4,788,095,491.44	5,162,159,091.07
Cash paid on purchase of goods and services received	3,824,851,268.23	4,124,031,405.27
Cash paid to and on behalf of employees	511,541,677.45	496,916,088.95
Cash paid for all types of taxes	200,344,271.78	171,680,524.43
Cash paid relating to other operating activities	205,795,256.41	211,981,507.41
Sub-total of cash outflows from operating activities	4,742,532,473.87	5,004,609,526.06
Net cash flows from operating activities	45,563,017.57	157,549,565.01
2. Cash flows from investing activities:		
Cash received from disposal of investments	8,895,569.03	
Cash received from return on investments	73,462,367.50	119,920,138.73
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	601,086.21	1,227,610.89
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investment activities	1,550,000,000.00	2,046,000,000.00
Sub-total of cash inflows from investing activities	1,632,959,022.74	2,167,147,749.62
Cash paid on purchase of fixed assets, intangible assets and other long term assets	91,890,318.07	92,319,522.79
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment activities	1,460,000,000.00	2,248,000,000.00
Sub-total of cash outflows from investing activities	1,551,890,318.07	2,340,319,522.79
Net cash flows from investing activities	81,068,704.67	-173,171,773.17

Item	Amount for the current period	Amount for the prior period
3. Cash flows from financing activities		
Cash received from investment		
Including: cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	95,000,000.00	45,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	39,198,666.76	176,288,070.47
Sub-total of cash inflows from financing activities	134,198,666.76	221,288,070.47
Cash paid on repayment of borrowings	45,000,000.00	40,000,000.00
Cash paid on distribution of dividends or profits, or interests expenses	111,230,033.75	113,444,538.52
Including: bonus and profit paid to minority shareholders by subsidiaries	43,998,639.18	47,384,382.66
Cash paid on other financing activities	285,364.09	1,242,654.96
Sub-total of cash outflows from financing activities	156,515,397.84	154,687,193.48
Net cash flows from financing activities	-22,316,731.08	66,600,876.99
4. Effect of fluctuations in exchange rates on cash	-3,797,914.09	-1,065,472.37
5. Net increase in cash and cash equivalents	100,517,077.07	49,913,196.46
Add: balance of cash and cash equivalents at the beginning of the year	1,191,597,115.73	1,141,683,919.27
6. Balance of cash and cash equivalents at the end of the year	1,292,114,192.80	1,191,597,115.73

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Head of the Accounting Department:</i>
Xia Dechuan	Shen Jianlong	Liu Xianfang

Statement of Cash Flow

The year of 2018

(All amounts in RMB Yuan unless otherwise stated)

Item	Amount for the current period	Amount for the prior period
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	123,424,840.18	179,769,825.34
Refunds of taxes		
Cash received from relating to other operating activities	150,767, 549.71	147,693,141.55
Sub-total of cash inflows from operating activities	274,192,389.89	327,462,966.89
Cash paid on purchase of goods and services received	75,578,302.03	141,251,250.81
Cash paid to and on behalf of employees	67,662,065.27	69,751,887.63
Cash paid for all types of taxes	15,327,121.89	10,263,219.66
Cash paid relating to other operating activities	222,611,191.81	189,948,980.06
Sub-total of cash outflows from operating activities	381,178,681.00	411,215,338.16
Net cash flows from operating activities	-106,986,291.11	-83,752,371.27
2. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from return on investments	122,204,799.01	149,913,423.86
Net cash received from the disposal of fixed assets, intangible assets and other long term assets		81,035.44
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investment activities	1,410,000,000.00	1,574,000,000.00
Sub-total of cash inflows from investing activities	1,532,204,799.01	1,723,994,459.30
Cash paid on purchase of fixed assets, intangible assets	5,800,547.24	2,119,552.27
Cash paid for acquisition of investments	20,000,000.00	
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid on other investment activities	1,270,000,000.00	1,735,000,000.00
Sub-total of cash outflows from investing activities	1,295,800,547.24	1,737,119,552.27
Net cash flows from investing activities	236,404,251.77	-13,125,092.97

Item	Amount for the current period	Amount for the prior period
3. Cash flows from financing activities		
Cash received from investment		
Including: cash received by subsidiaries from minority shareholders' 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	63,968,697.03	64,191,030.36
Cash paid on other financing activities		
Sub-total of cash outflows from financing activities	63,968,697.03	64,191,030.36
Net cash flows from financing activities	-63,968,697.03	-64,191,030.36
4. Effect of fluctuations in exchange rates on cash	426.35	72,156.10
5. Net increase in cash and cash equivalents	65,449,689.98	-160,996,338.50
Add: balance of cash and cash equivalents at the beginning of the year	171,036,014.33	332,032,352.83
6. Balance of cash and cash equivalents at the end of the year	236,485,704.31	171,036,014.33

The accompanying notes form an integral part of these financial statements

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Head of the Accounting Department:</i>
Xia Dechuan	Shen Jianlong	Liu Xianfang

Items	The current period														
	Shareholders' equity attributable to the parent company										Minority shareholders' rights and interests				
	Share capital	Preferred shares	Other equity instruments capital securities	Others	Capital reserves	Treasury shares	Less: comprehensive income	Special reserves	Surplus reserves	General risk reserves	Non-controlling interests	Others	Subtotal	Total owner's rights and interests	
(3) Profit distribution									3,651,637.91	-67,620,334.94	-3,651,637.91	-43,968,697.03	-43,998,639.18	-107,967,336.21	
i. Transfer to surplus reserves									3,651,637.91						
ii. Transfer to general reserves															
iii. Distributions to shareholders															
iv. Others															
(4) Internal transfer of shareholders' equity															
i. Transfer of capital reserve to share capital															
ii. Transfer of surplus reserve to share capital															
iii. Compensation of loss from surplus reserve															
iv. Setting Benefit Plan Change Amount to Transfer Retained Income															
v. Other Comprehensive Income Carry-over Retained Income															
vi. Others															
(5) special reserve															
i. Transfer in current period															
ii. Use in current period															
(6) Others															
4. Balance at the end of the year	913,838,529.00				1,470,691,800.13		191,513.87		238,647,274.54		825,055,181.86		3,468,424,299.40	223,454,061.90	3,691,878,361.30

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Shen Jianlong

Head of the Accounting Department:
Liu Xianfang

Items	The previous period									
	Shareholders' equity attributable to the parent company					Minority shareholders' rights and interests				
	Share capital	Preferred shares	Other equity instruments	Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	General risk reserves	Non-controlling interests	Subtotal
			Other equity instruments capital securities							
(4) Internal transfer of shareholders' equity										
i. Transfer of capital reserve to share capital										
ii. Transfer of surplus reserve to share capital										
iii. Compensation of loss from surplus reserve										
iv. Other Comprehensive Income										
Carry-over Retained Income										
v. Others										
(5) special reserve										
i. Transfer in current period										
ii. Use in current period										
(6) Others										
4. Balance at the end of the year	913,838,529.00			1,464,043,022.82			254,995,636.63		730,715,948.32	3,363,593,136.77
										208,080,616.66
										3,571,643,753.43

Legal representative:
Xia Dechuan

Chief Accountant:
Shen Jianlong

Head of the Accounting Department:
Liu Xianfang

Statement of Changes in Equity

2018

(All amounts in RMB Yuan unless otherwise stated)

Items	The current period									
	Shareholders' equity attributable to the parent company				Other		Total owner's rights and interests			
	Share capital	Preferred shares	Other equity instruments	Others	Capital reserves	Less: Treasury shares		comprehensive income		
1. Balance at the end of last year	913,838,529.00				1,434,870,834.28			254,995,636.63	230,533,593.95	2,834,238,593.86
Add: Change in accounting policies										
Correction of previous errors										
Business combination										
Others										
2. Balance at the beginning of this year	913,838,529.00				1,434,870,834.28			254,995,636.63	230,533,593.95	2,834,238,593.86
3. Change of this year (a decreases represented by"-")										
(1) Other comprehensive income							191,513.87	3,651,637.91	-31,103,955.89	-27,260,804.11
(2) Contribution and reduction of capital by shareholders							191,513.87		36,516,379.05	36,707,892.92
i. Common stock contribution by shareholders										
ii. Capital contribution by other equity instruments holders										
iii. Amount of share-based payment recorded in the shareholders' equity										
iv. Others										
(3) Profit distribution										
i. Transfer to surplus reserves								3,651,637.91	-67,620,334.94	-63,968,697.03
ii. Distributions to shareholders								3,651,637.91	-3,651,637.91	
iii. Others									-63,968,697.03	-63,968,697.03

Items	The current period										Total owner's rights and interests
	Shareholders' equity attributable to the parent company						Other				
	Share capital	Preferred shares	Other equity instruments	Others	Capital reserves	Less: Treasury shares	comprehensive income	Special reserves	Surplus reserves	Non-controlling interests	
(4) Internal transfer of shareholders' equity											
i. Transfer of capital reserve to share capital											
ii. Transfer of surplus reserve to share capital											
iii. Compensation of loss from surplus reserve											
iv. Setting Benefit Plan Change Amount to Transfer Retained Income											
v. Other Comprehensive Income Carry-over Retained Income											
iv. Others											
(5) special reserve											
i. Transfer in current period											
ii. Use in current period											
(6) Others											
4. Balance at the end of the 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

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Shen Jianlong

Head of the Accounting Department:
Liu Xianfang

Items	The previous period						
	Shareholders' equity attributable to the parent company						Total owner's rights and interests
	Other equity instruments		Less: comprehensive income		Non-controlling interests		
	Share capital	Preferred shares	Capital securities	Others	Capital reserves	Special reserves	Surplus reserves
1. Balance at the end of last year	913,838,529.00				1,434,870,834.28		251,825,696.34
Add: Change in accounting policies							
Correction of previous errors							
Business combination							
Others							
2. Balance at the beginning of this year	913,838,529.00				1,434,870,834.28		251,825,696.34
3. Change of this year (a decreases represented by "-")							
(1) Other comprehensive income							
(2) Contribution and reduction of capital by shareholders							
i. Common stock contribution by shareholders							
ii. Capital contribution by other equity instruments holders							
iii. Amount of share-based payment recorded in the shareholders' equity							
iv. Others							
(3) Profit distribution							
i. Transfer to surplus reserves							
ii. Distributions to shareholders							
iii. Others							

Items	The previous period								Total owner's rights and interests	
	Shareholders' equity attributable to the parent company			Other			Non-controlling interests	Surplus reserves		
	Share capital	Preferred shares	Other equity instruments	Others	Capital reserves	Less: Treasury shares				Other comprehensive income
(4) Internal transfer of shareholders' equity										
i. Transfer of capital reserve to share capital										
ii. Transfer of surplus reserve to share capital										
iii. Compensation of loss from surplus reserve										
iv. Setting Benefit Plan Change Amount to Transfer Retained Income										
v. Others										
(5) special reserve										
i. Transfer in current period										
ii. Use in current period										
(6) Others										
4. Balance at the end of the year	913,838,529.00				1,434,870,834.28			230,533,593.95	254,995,636.63	2,834,238,593.86

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Shen Jianlong

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	1,866,305,364.97	1,584,416,113.13	1,022,214,985.30	27,569,189.74			4,500,505,653.14
Trade income between segments	103,677,423.52	64,901,941.68	24,456,554.24	36,267,333.16		-229,303,252.60	
Investment income from joint ventures and associated		781,744.44			45,790,347.38		46,572,091.82
Impairment of assets	368,982.64	163,356.49	1,444,552.23	232,935.36			2,209,826.72
Credit impairment losses	10,673,563.50	-338,958.82	342,412.70	2,096,247.56	-15,268,073.78	15,924,833.62	13,430,024.78
Depreciation and amortisation expense	3,812,332.66	26,632,288.49	5,571,725.42	76,554,771.82	81,406,946.11		193,978,064.50
Total Profit	138,582,479.23	150,796,437.17	30,213,708.28	-38,371,857.33	41,977,669.73	-72,194,125.17	251,004,311.91
Income tax expense	5,642,298.87	26,278,296.20	2,729,102.00	3,166,578.73		653,935.84	38,470,211.64
Net profit	132,940,180.36	124,518,140.97	27,484,606.28	-41,538,436.06	41,977,669.73	-72,848,061.01	212,534,100.27
Total assets	1,946,201,770.67	1,561,297,699.77	1,215,193,791.00	774,615,269.11	3,034,086,257.74	-2,346,775,764.31	6,184,619,023.98
Total liabilities	1,222,084,428.64	721,246,302.64	797,724,381.37	145,548,814.63	233,489,262.04	-627,352,526.64	2,492,740,662.68
Other non-cash expense beside depreciation and amortisation expense							
Long-term investment for joint ventures and associated enterprises				1,686,460.76	292,088,624.00		293,775,084.76
Increase in other non-current assets besides long-term investment	19,951,164.57	18,245,769.47	6,121,876.89	-29,330,943.76	237,143,698.83	-1,201,222.23	250,930,343.77

(4) NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

Type	Closing balance	Opening balance
Notes receivable	268,269,716.38	232,310,149.59
Accounts receivable	1,003,441,127.48	1,282,404,740.23
Total	<u>1,271,710,843.86</u>	<u>1,514,714,889.82</u>

1. Notes receivable

(1) Notes receivable shown as classification

Type	Closing balance	Opening balance
Bank acceptance	268,269,716.38	232,310,149.59
Total	<u>268,269,716.38</u>	<u>232,310,149.59</u>

(2) There is no notes receivable which was pledged

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

Type	The amount has been terminated at the end of the period	The amount has not been terminated at the end of the period
Bank acceptance	139,174,306.48	
Total	<u>139,174,306.48</u>	

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

2. Accounts receivable

(1) *Accounts receivable shown by aging*

Aging	Closing balance
Within 1 year (including 1 year)	813,839,720.38
Including: 0–6 months	725,641,282.40
7–12 months	88,198,437.98
1–2 years	134,159,927.69
2–3 years	46,519,427.29
3–4 years	36,902,008.95
4–5 years	2,526,063.17
Over 5 years	9,329,730.51
Total	<u>1,043,276,877.99</u>

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

(2) Accounts receivable shown by classification

Type	Carrying Amount		Closing balance		Book value
	Amount	Percentage (%)	Bad debt Provision Amount	Percentage (%)	
Accounts receivable with individual accrual	233,783,226.75	22.41	22,264,703.00	9.52	211,518,523.75
Including:					
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
Including:					
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>

Type	Carrying Amount		Opening balance Bad debt Provision		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable with individual significance and accruing bad debt provision individually	1,062,822,027.01	80.81	17,932,520.29	1.69	1,044,889,506.72
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio					
Accounts receivable with individual insignificance but individually accruing bad debt provision	252,448,582.93	19.19	14,933,349.42	5.92	237,515,233.51
Total	<u>1,315,270,609.94</u>	<u>100.00</u>	<u>32,865,869.71</u>		<u>1,282,404,740.23</u>

(3) Provision, transfer and recovery of bad debts in the period

Type	Opening balance	Accrual of bad debts	Current change amount Movement		Closing balance
			Return or recovery	withdrawing	
Single item of bad debt provision	32,865,869.71	1,988,587.62	12,491,551.58	98,202.75	22,264,703.00
Among them: Accounts receivable with significant single amount and separate provision for bad debts	17,932,520.29	1,988,587.62	3,041,408.86		16,879,699.05
Accounts receivable with insignificant single amount but with separate provision for bad debts	14,933,349.42		9,450,142.72	98,202.75	5,385,003.95
Receivables with provision for bad debts based on credit risk characteristics		17,571,047.51			17,571,047.51
Among them: Receivables with provision for bad debts by aging analysis		17,287,845.29			17,287,845.29
Receivables with other combinations for provision for bad debts		283,202.22			283,202.22
Total	<u>32,865,869.71</u>	<u>19,559,635.13</u>	<u>12,491,551.58</u>	<u>98,202.75</u>	<u>39,835,750.51</u>

(4) Accounts receivable effectively verified in the period

Type	Write-off amount
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The accounts receivable that have been written-off	98,202.75
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The largest credit risk of The Company's accounts receivable is the carrying value of accounts receivable in the consolidated financial statement. Due to the top five debtors of accounts receivable occupying 36.21% and 37.49% of total accounts receivable in consolidated financial statement for the year of 2018 and 2017 respectively, The Company does not suffer from material and centralised credit risk.

(5) OTHER EQUITY INSTRUMENTS INVESTMENTS

1. Other equity instruments investments

Project	Closing balance
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Jiangsu Research and Design Institute Of Urban Rail Transit Co., Ltd	<u>3,905,351.83</u>
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Total	<u><u>3,905,351.83</u></u>
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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		255,351.83			Non-transactional investment	

2. Accounts payable

(1) List of accounts payable

Classified by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	1,359,695,678.37	1,048,824,443.59
1–2 years (including 2 year)	111,329,297.59	164,119,320.61
2–3 years (including 3 year)	46,995,341.56	79,250,265.58
Over 3 years	26,439,107.14	50,759,752.77
Total	<u>1,544,459,424.66</u>	<u>1,342,953,782.55</u>

Classified by nature

Type	Closing balance	Opening balance
Payment for goods	1,188,473,834.78	1,027,943,892.19
Project funds	304,111,326.91	282,555,339.45
Processing and maintenance funds	19,429,824.88	17,250,252.72
Logistics warehousing funds	8,126,415.82	6,354,302.33
Others	24,318,022.27	8,849,995.86
Total	<u>1,544,459,424.66</u>	<u>1,342,953,782.55</u>

(8) OPERATING INCOME AND OPERATING COST

Details of operating income and operating cost

Items	Current period		Preceding period	
	Income	Cost	Income	Cost
Principal business	4,482,801,293.35	3,767,123,251.69	4,128,410,742.87	3,536,764,209.61
Other business	17,704,359.79	10,285,335.72	63,518,166.08	59,126,881.82
Total	<u>4,500,505,653.14</u>	<u>3,777,408,587.41</u>	<u>4,191,928,908.95</u>	<u>3,595,891,091.43</u>

(9) INCOME TAX EXPENSES

1. List of income tax expenses

Items	Current period	Preceding period
Current income tax	41,894,517.80	30,626,134.28
Deferred income tax	-3,424,306.16	-508,124.07
Total	<u>38,470,211.64</u>	<u>30,118,010.21</u>

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

Items	Current period
Total profit	251,004,311.91
Income tax expenses calculated at the applicable tax rate	62,751,077.98
Different tax rate of subsidiaries	-4,365,401.59
Adjustment on previous income tax	-785,645.75
Income not subject to tax	-11,643,022.96
Expenses not deductible for tax purposes	2,483,525.98
Utilisation of previously unrecognised tax losses for the current period	-4,532,694.97
Unrecognised deductible temporary difference and deductible tax loss for the current period	9,278,502.85
Effect of additional deductible cost under tax law	-14,716,129.90
Income tax expenses	38,470,211.64

According to national tax preference of small low-profit enterprise, if the enterprise is recognised as small low-profit enterprise, the tax basis is as the 50% of the taxable income, the applicable rate is 20%.

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%
Shanghai Panda Robot Technology Co., Ltd	20.00%
Shenzhen Jinghua Property Management Co., Ltd	20.00%

According to “Enterprise Income Tax Law of the People’s Republic of China” and “Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China”, domestic enterprises of The Company needs to pay the income tax in the mainland China and the tax rate is 25%.

According to Hong Kong “Tax Regulation”, Hong Kong enterprises of The Company needs to pay the income tax and the tax rate is 16.5%.

According to national tax preference of high-tech enterprise, the qualified high-tech enterprise can enjoy tax preference of income tax and the tax rate is 15%.

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

Profits of the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	4.73	0.1772	0.1772
Net profit after deducting extraordinary profit and loss attributable to ordinary shareholders of the Company	3.32	0.1243	0.1243

(11) SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Significant changes in accounting policy

(1) *Execution of “Notice by the Ministry of Finance of Revising and Issuing the Format of 2018 Consolidated Financial Statements”*

On June 15, 2018, the Ministry of Finance issued the Notice of the Ministry of Finance on Revising the Format of the 2018 Annual General Enterprise Financial Statements (Finance (2018) No. 15) and the Interpretation of the Issues Concerning the Format of the Financial Statements of General Enterprises in 2018, and the general corporate financial statement format has been revised. The influence of adopting this policy is as followed:

The nature, content and reasons for changes of accounting policies	Approval approach	The account name and amount which have been influenced
(1) in the balance sheet, the Company reclassified “notes receivable” and “accounts receivable” into the new “receivable notes and accounts receivable”; Reclassify “interest receivable” and “dividend receivable” into “other receivables”; Reclassify “Fixed Assets Cleanup” to “Fixed Assets”; Reclassify “engineering materials” into “construction in progress”; Reclassify “Notes payable” and “Accounts payable” to the new “Notes and accounts payable”; Reclassify “payable interest” and “dividend payable” into “other payables”; And reclassify “special payables” to “long-term payables”; In the income statement, separate the “R&D expenses” under “Management expenses”; and separate the “interest expense” and “interest income” under the “financial expense” item; The enterprise adopts the retrospective adjustment method in accordance with relevant regulations, and adjusts the comparative data of comparable accounting periods accordingly.	Board of directors	the Company reclassified “notes receivable” and “accounts receivable” into the new “receivable notes and accounts receivable”, the amount of the year of 2018 and 2017 is RMB1,271,710,843.86 and RMB1,514,714,889.82 respectively. Reclassify “Notes payable” and “Accounts payable” to the new “Notes and accounts payable”. The amount of the year of 2018 and 2017 is RMB1,731,819,795.27 and RMB1,526,511,390.66 respectively. Increase other accounts receivable of RMB18,859,839.55 and RMB0 for the year of 2018 and 2017. Increase other accounts payable of RMB4,152,246.79 and RMB3,742,966.79 for the year of 2018 and 2017. Increase Fixed assets of RMB32,467.60 and RMB0.00 for the year of 2018 and 2017.

The nature, content and reasons for changes of accounting policies	Approval approach	The account name and amount which have been influenced
(2) Add the item of “Research and development expenses “in the income statement, and reclassify the Research and development expenses in the original “Administrative expenses” to “Research and development expenses “for separate listing; Add “where: interest expenses” and “interest income” items under financial expenses in the income statement. Compare the data and adjust accordingly.	Board of directors	Reduction Administrative expenses of RMB221,663,740.72 and RMB205,100,860.95 for the year of 2018 and 2017. Reclassification to Research and development expenses.

(2) Implementation of accounting standards for business enterprises no. 22 – recognition and measurement of financial instruments, accounting standards for business enterprises no. 23 – transfer of financial assets, accounting standards for business enterprises no. 24 – hedging accounting and accounting standards for business enterprises no. 37 – presentation of financial instruments (revised in 2017)

In 2017, the Ministry of Finance revised the “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, “Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets”, “Accounting Standards for Business Enterprises No. 24 – Hedge Accounting” and “Accounting Standards for Business Enterprises No. 37 – Financial Instruments Presentation”. The company has implemented the above revised guidelines since January 1, 2018. According to the guidelines, for financial instruments that have not been terminated for confirmation on the implementation date, if the previous confirmation and measurement are inconsistent with the revised guidelines, they should be retrospectively adjusted. On January 1, 2018, the cumulative effect of the company due to retrospective adjustment is reflected in the adjusted amount of retained earnings and other comprehensive income on January 1, 2018, and no comparison adjustments are made for the comparable amount on December 31, 2017.

The company adopts the new financial instrument standard and reclassifies the available-for-sale financial assets listed at the beginning of the period to other equity instrument investments. No comparison adjustments are made for the comparable amount on December 31 2017. Based on the new accounting standard of financial instrument, the Company reclassifies the expected credit losses to the credit impairment loss and no comparison adjustments are made for the comparable amount.

(3) *Implementing “Accounting Standards for Business Enterprises No. 14—Revenue”(2017)*

In 2017, the Ministry of Finance revised the Accounting Standards for Business Enterprises No. 14 – Revenue. The company has been implemented since January 1, 2018. The revised standard stipulates that the first implementation of the standard should adjust the retained earnings at the beginning of the year and other related items in the financial statements based on the cumulative impact, and the information for the comparable period will not be adjusted.

The Company adopted new accounting standards and the Company reclassified the accounts receivable to the contract assets and there is no adjustment for the comparable period. The Company reclassified the advanced receivable to the contract liabilities, and there is no adjustment for the comparable period. There is no significant influence on the financial statement of the Company after adopting new standards.

2. The change in significant accounting estimates

There is no change in significant accounting estimates for the period.

(12) Disclosure of fair value

The input values used for fair value measurement are divided into three levels:

The first level of input is an unadjusted quote for the same asset or liability that can be obtained on the measurement date in an active market.

The second level input value is one that is directly or indirectly observable for related assets or liabilities other than the first level input value.

The third level input value is the unobservable input value of the relevant asset or liability.

The level to which the fair value measurement result belongs is determined by the lowest level to which the input value of the fair value measurement is significant.

I . Final fair value of assets and liabilities measured at fair value

Account	Final fair value			Total
	First level fair value measurement	Second level fair value measurement	Third level fair value measurement	
I . Continuous fair value measurement				
◆ Transactional financial assets			360,000,000.00	360,000,000.00
1. Financial assets measured at fair value through current profits and losses			360,000,000.00	360,000,000.00
(1) Debt instrument investment				
(2) Investment in equity instruments				
(3) Derivative financial assets			360,000,000.00	360,000,000.00
2. Designation of financial assets measured at fair value through current profits and losses				
(1) Debt instrument investment				
(2) Investment in equity instruments				
◆ Other debt investment				
◆ Other equity investment			3,905,351.83	3,905,351.83
◆ Other non-current financial assets				
Total assets that continue to be measured at fair value			363,905,351.83	363,905,351.83

II. Continuous third-level fair value measurement project, adjustment information between the beginning and end of the book value and sensitivity analysis of unobservable parameters

1. Regulatory information for ongoing third-level fair value measurement accounts

Account	Beginning balance	Transfer to the third level	Turn out the third level	Current gains or losses		Purchase, issue, sell, and settle				Ending balance	For assets held at the end of the reporting period, the gains or losses are not realized in the current period of profit or loss.
				Included in profit or loss	Included in other comprehensive income	Purchase	Issue	Sell	Settle		
◆ Transactional financial assets		360,000,000.00								360,000,000.00	
Financial assets measured at fair value through current profits and losses		360,000,000.00								360,000,000.00	
-Debt instrument investment											
-Investment in equity instruments											
-Derivative financial assets		360,000,000.00								360,000,000.00	
-Others											
◆ Other equity investment		3,650,000.00			255,351.83					3,905,351.83	
Total		363,650,000.00			255,351.83					363,905,351.83	

(13) OTHER EVENTS

1. Non-monetary asset exchange

According the assets disposal agreement of G17091618 signed among the Company, Panda Electronics Group Co., Ltd and Nanjing Panda Investment and Development Co., Ltd, the Company disposed the No. 54 Building and Appurtenances located at No. 301 Zhongshan East Road to Panda Electronics Group Co., Ltd. In exchange, Panda Electronics Group Co., Ltd make use of the building with the equivalent square which is owned by its wholly-owned subsidiary Nanjing Panda Investment and Development Co., Ltd to exchange the No. 54 Building and Appurtenances. The non-monetary asset exchange is approved by the 8th temporary Board Meeting and 1st temporary shareholders Meeting in 2017.

The Company has finished the transaction in December 2018. According to the valuation report of Dong Zhou Ping Bao Zi (2017)No. 0817 and No. 0416 by Shanghai Orient Asset Appraisal Co., Ltd., it is confirmed that the transaction price of Building No. 54 is RMB671.54 million(exclusive of tax), and the compensation of this transaction is RMB691.296297 million(exclusive of tax). The Company has to pay the difference of RMB211.662 million.

2. Guarantee for subsidiaries

By the end of December 31, 2018, the Company provided guarantees for the subsidiaries of the Company amounting to RMB370,712,021.61, of which: RMB112,395,455.95 is guaranteed in the form of bank acceptance bill; RMB 105,890,790.74 is guaranteed in the form of letter of guarantee; RMB95,000,000.00 is guaranteed in the form of credit borrowing and RMB57,425,774.92 is guaranteed in the form of letter of credit. (December 31, 2017: By the end of 31st December 2017, the Company provided the guarantee of RMB298,218,859.04 of which RMB109,253,510.60 is guaranteed by the Company in the form of bank acceptance bill, RMB95,318,449.33 is guaranteed in the form of letter of guarantee, RMB45,000,000.00 is guaranteed in the form of credit borrowing and RMB48,646,899.11 is guaranteed in the form of letter of credit.).

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

Nanjing, the People's Republic of China
28 March 2019

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