南京熊猫電子股份有限公司
NANJING PANDA ELECTRONICS COMPANY LIMITED

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

(Stock Code: 00553)

2019 THIRD QUARTERLY REPORT

I. IMPORTANT NOTICE

1.1 The board of directors (the "**Board**"), the supervisory committee, and the directors, supervisors, and senior management of Nanjing Panda Electronics Company Limited (the "**Company**") confirm that the information in this quarterly report is truthful, accurate and complete, does not contain any misrepresentation, misleading statement, or material omission, and severally and jointly accept responsibility.

1.2 All directors of the Company attended the Board meeting held on 30 October 2019 to consider the quarterly report.

1.3 Mr. Xia Dechuan, the responsible person of the Company, Mr. Hu Dali, the Chief Accountant, and Ms. Liu Xianfang, the head of Accounting Department (person in charge of accounting matters) of the Company have declared the truthfulness, accuracy and completeness of the financial statements contained in the quarterly report.

1.4 The Company's financial statements for the third quarter were unaudited.

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

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

Unit: RMB (Yuan)

	As at the end of the reporting period	As at the end of the previous year	Changes from the end of the previous year *(%)*
Total assets	**6,404,985,138.22**	6,184,619,023.98	3.56
Net assets attributable to shareholders of the Company	**3,442,545,499.51**	3,468,424,299.40	-0.75

	From the beginning of the year to the end of the reporting period (January–September)	From the beginning of the previous year to the end of the reporting period of the previous year (January–September)	Changes as compared to the corresponding period of the previous year *(%)*
Net cash flows from operating activities	**-325,086,251.88**	-130,311,185.54	N/A

	From the beginning of the year to the end of the reporting period (January–September)	From the beginning of the previous year to the end of the reporting period of the previous year (January–September)	Changes as compared to the corresponding period of the previous year *(%)*
Operating income	**3,202,900,092.07**	3,089,634,636.68	3.67
Net profit attributable to shareholders of the Company	**47,333,692.55**	81,228,282.11	-41.73
Net profit attributable to shareholders of the Company after extraordinary items	**30,307,994.45**	66,987,568.32	-54.76
Return on net assets (weighted average) *(%)*	**1.37**	2.39	Decreased by 1.02 percentage point
Basic earnings per share *(yuan/share)*	**0.0518**	0.0889	-41.73
Diluted earnings per share *(yuan/share)*	**0.0518**	0.0889	-41.73

Remarks: Decrease in net cash flows from operating activities was mainly due to payment for purchase of goods during the period; while the decreases in net profit attributable to shareholders of the Company and net profit attributable to shareholders of the Company after extraordinary items mainly resulted from reduction of gross profit for the period.

Extraordinary items and amounts

☑ Applicable ☐ Not applicable

Unit: RMB (Yuan)

Item	Amount for the period (July–September)	Amount from the beginning of the year to the end of the reporting period (January–September)	Explanation
Profit and loss from disposal of non-current assets	**31,880.96**	**222,766.72**	
Government grants accounted for as current profit and loss (except for government grants which are closely related to normal business of the Company, conformed to requirements of State policy, and granted continuously according to certain standardised amounts or quotas)	**4,074,178.24**	**6,026,078.24**	
Apart from hedging instruments relating to the normal operations of the Company, profit or loss from change in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debenture investments	**2,722,608.68**	**13,209,797.08**	
Reversal of provisions for impairment of accounts receivable and contract assets individually tested for impairment	**235,542.87**	**1,377,302.82**	
Non-operating income and expenses other than the aforesaid items	**-43,718.04**	**305,965.46**	
Impact of minority interest (after-tax)	**-832,412.92**	**-2,033,352.27**	
Impact of income tax	**-690,454.45**	**-2,082,859.95**	
Total	**5,497,625.34**	**17,025,698.10**	

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

Unit: Share

Total number of shareholders	89,398 (in particular: A shareholders: 89,368; H shareholders: 30)

Shareholdings of the top 10 shareholders

Full name of shareholders	Number of shares held as at the end of the reporting period	Percentage	Number of shares held subject to trading moratorium	Pledged or frozen Status of share	Pledged or frozen Number	Nature of shareholder
		(%)				
HKSCC (Nominees) Limited	243,457,803	26.64	0	Unknown		Overseas legal person
Panda Electronics Group Limited (“**PEGL**”)	210,661,444	23.05	0	Unknown		State-owned legal person
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司)	65,146,691	7.12	0	Unknown		State-owned legal person
Nanjing Electronics Information Industrial Corporation (“**NEIIC**”)	35,888,611	3.93	0	Unknown		State-owned legal person
Bank of China Limited- Harvest CSI Central SOE Innovation-driven ETF Securities Investment Fund (嘉實中證央企創新驅動交易型開放式指數證券投資基金)	18,277,000	2.00	0	Unknown		Others
China Merchants Bank Co., Ltd.- Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund (博時中證央企創新驅動交易型開放式指數證券投資基金)	9,138,000	1.00	0	Unknown		Others
Zhang Xiaofeng	1,845,163	0.20	0	Unknown		Domestic natural person
Industrial and Commercial Bank of China- Guotai CSI Composite Index Communication Equipment ETF Securities Investment Fund (國泰中證全指通信設備交易型開放式指數證券投資基金)	1,709,400	0.19	0	Unknown		Others
Cheng Lijun	1,700,000	0.19	0	Unknown		Domestic natural person
Qi Liqin	1,015,667	0.11	0	Unknown		Domestic natural person

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

Name of shareholders	Number of shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
HKSCC (Nominees) Limited	243,457,803	Overseas listed foreign shares	241,377,470
		RMB denominated ordinary shares	2,080,333
Panda Electronics Group Limited	210,661,444	RMB denominated ordinary shares	210,661,444
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司)	65,146,691	RMB denominated ordinary shares	65,146,691
Nanjing Electronics Information Industrial Corporation	35,888,611	RMB denominated ordinary shares	22,120,611
		Overseas listed foreign shares	13,768,000
Bank of China Limited - Harvest CSI Central SOE Innovation-driven ETF Securities Investment Fund (嘉實中證央企創新驅動交易型開放式指數證券投資基金)	18,277,000	RMB denominated ordinary shares	18,277,000
China Merchants Bank Co., Ltd.- Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund (博時中證央企創新驅動交易型開放式指數證券投資基金)	9,138,000	RMB denominated ordinary shares	9,138,000
Zhang Xiaofeng	1,845,163	RMB denominated ordinary shares	1,845,163
Industrial and Commercial Bank of China-Guotai CSI Composite Index Communication Equipment ETF Securities Investment Fund (國泰中證全指通信設備交易型開放式指數證券投資基金)	1,709,400	RMB denominated ordinary shares	1,709,400
Cheng Lijun	1,700,000	RMB denominated ordinary shares	1,700,000
Qi Liqin	1,015,667	RMB denominated ordinary shares	1,015,667

Description of 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, 22,120,611 A shares and 13,768,000 H shares of the Company, representing 3.93% 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 26.98% of the shares of the Company. Save as the above, the Company is not aware of any connected relationship or party acting in concert among other shareholders.

Notes:

(1) HKSCC (Nominees) Limited held 243,457,803 shares (in particular: 241,377,470 H shares, 2,080,333 A shares) of the Company on behalf of several clients, representing 26.64% of the issued share capital of the Company, including 13,768,000 H shares held by NEIIC in the Company. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.

(2) On 18 September 2019, NEIIC exchanged 18,276,000 A shares directly held in the Company for the fund units of Harvest CSI Central SOE Innovation-driven ETF Securities Investment Fund (嘉實中證央企創新驅動交易型開放式指數證券投資基金) ("**Harvest ETF**"), of same market value, and exchanged 9,138,000 A shares directly held in the Company for the fund units of Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund (博時中證央企創新驅動交易型開放式指數證券投資基金) ("**Bosera ETF**"), of same market value. NEIIC undertook not to reduce the fund units acquired by purchasing of the shares of the Company within six months after the establishment of the above Harvest ETF and Bosera ETF. Upon completion of purchasing, NEIIC will hold 22,120,611 A shares and 13,768,000 H shares directly and through an asset management plan, totaled 35,888,611 shares of the Company, representing 3.93% of the total share capital of the Company.

For details, please refer to the relevant announcement published by the Company in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 20 September 2019 and on the website of the Hong Kong Stock Exchange on 19 September 2019 (Lin 2019-058).

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

☐ Applicable ☑ Not applicable

III. SIGNIFICANT EVENTS

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

☑ Applicable ☐ Not applicable

3.1.1 Major changes in items of balance sheet:

Unit: RMB (Yuan)

Items	Closing balance	Opening balance	Changes (%)	Remarks
Bills receivable	**474,047,125.20**	268,269,716.38	76.71	Mainly due to the increase in sales of goods settled by bills during the period
Contract assets	**473,048,629.92**	360,753,744.24	31.13	Mainly due to increase in entitlement to receive consideration from customers for the goods transferred during the period
Right-of-use assets	**3,540,800.34**	0	N/A	Due to recognition of the eligible leased equipment as right-of-use assets to comply with the new lease standards
Long-term deferred expenses	**1,867,000.88**	1,289,730.68	44.76	Mainly due to the increase in long-term deferred items during the period
Short-term loans	**50,000,000.00**	95,000,000.00	-47.37	Due to repayment of certain short-terms loans from banks during the period
Bills payable	**277,292,692.04**	187,360,370.61	48.00	Mainly due to the increase in purchase of goods settled by bills during the period
Contract liabilities	**313,557,665.69**	221,380,505.81	41.64	Mainly due to the increase in obligation to transfer goods to customers for the consideration received during the period

Items	Closing balance	Opening balance	Changes (%)	Remarks
Staff salaries payable	**18,934,517.73**	34,316,099.14	-44.82	Mainly due to salaries and related cost paid during the period
Other payables	**156,454,248.38**	101,554,174.51	54.06	Mainly due to the provision of dividends payable to minority interest during the period
Other current liabilities	**60,203,808.06**	86,456,520.71	-30.37	Mainly due to recognition of certain project-based subsidy in accordance with the standards during the period
Lease liabilities	**3,375,326.08**	0	N/A	Due to the recognition of eligible leased equipment as right-of-use assets to comply with the new lease standards, and the recognition of present value of the outstanding lease payment as lease liabilities
Estimated liabilities	**0**	2,900,000.00	-100.00	Due to full payment due for litigations during the period
Deferred income tax liabilities	**66,995.68**	102,132.39	-34.40	Mainly due to the decrease in deferred income tax liabilities recognized for changes in the fair value of other equity instruments
Other comprehensive income	**86,103.75**	191,513.87	-55.04	Due to the adjustment to fair value of other investments in equity instruments

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

Unit: RMB (Yuan)

Items	Amount for the current period	Amount for the corresponding period in prior year	Changes (%)	Remarks
Financial expenses	**-324,378.13**	-5,004,760.01	-93.52	Mainly due to the period-on-period increase in exchange loss and banks charges
Other incomes	**6,713,488.62**	1,887,463.60	255.69	Due to the period-on-period increase in government subsidy relating to operating activities
Income from change in fair value	**1,521,027.39**	0	N/A	Due to the income from changes in fair value of financial assets held for trading during the period
Credit impairment loss	**942,656.73**	-835,518.58	-212.82	Mainly due to partial reversal of bad debts allowance on financial assets during the period
Assets impairment loss	**-18,822,627.58**	238,867.43	-7,979.95	Mainly due to provision for impairment of long-term equity investment during the period
Gain from the disposal of assets	**222,766.72**	-649,018.36	-134.32	Mainly due to the increase in gains from disposal of non-current assets during the period
Income tax expense	**31,312,343.18**	23,128,000.85	35.39	Mainly due to the increase in income tax during the period

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

☐ Applicable ☑ Not applicable

3.3 Overdue undertakings during the reporting period

☐ Applicable ☑ Not applicable

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

☐ Applicable ☑ Not applicable

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

Nanjing, the People's Republic of China
30 October 2019

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

IV. APPENDIX

4.1 2019 third quarterly financial statements (unaudited) (prepared in accordance with the PRC Accounting Standards for Business Enterprises)

Consolidated Balance Sheet
30 September 2019

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

Assets	Closing Balance	Opening Balance
Current assets:		
Cash and bank balances	**1,210,790,727.84**	1,448,751,802.35
Settlement provisions		
Placement		
Financial assets measured at fair value and the changes are recorded into the profits and losses of the current period		
Financial assets held for trading	**261,521,027.39**	360,000,000.00
Derivative financial assets		
Notes receivable	**474,047,125.20**	268,269,716.38
Accounts receivable	**1,112,594,400.35**	1,003,441,127.48
Advance payments	**225,922,017.22**	181,267,525.19
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	**93,259,438.46**	88,573,078.94
Financial assets purchased for resale		
Inventories	**921,054,636.14**	867,808,744.86
Contract assets	**473,048,629.92**	360,753,744.24
Held-for-sale assets	**–**	–
Non-current assets due within one year		
Other current assets	**28,949,706.41**	34,724,089.13
Total current assets	**4,801,187,708.93**	4,613,589,828.57

Assets	**Closing Balance**	Opening Balance
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets		
Held-to-maturity investments		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	**276,919,639.91**	293,775,084.76
Other investments in equity instruments	**3,764,805.00**	3,905,351.83
Other non-current financial assets		
Investment properties	**13,918,072.60**	19,461,979.00
Fixed assets	**882,319,131.35**	826,049,821.47
Construction in progress	**302,237,556.68**	304,808,394.92
Biological assets for production		
Fuel assets		
Right-of-use assets	**3,540,800.34**	
Intangible assets	**106,753,370.48**	109,121,966.50
Development expenses	**–**	–
Goodwill		
Long-term deferred expenses	**1,867,000.88**	1,289,730.68
Deferred income tax assets	**12,477,052.05**	12,616,866.25
Other non-current assets		
Total non-current assets	**1,603,797,429.29**	1,571,029,195.41
Total assets	**6,404,985,138.22**	6,184,619,023.98

Legal representative:	*Chief Accountant:*	*Head of the Accounting Department:*
Xia Dechuan	**Hu Dali**	**Liu Xianfang**

Consolidated Balance Sheet (Continued)
30 September 2019

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

Liabilities and owners' equity	Closing Balance	Opening Balance
Current liabilities:		
Short-term loans	**50,000,000.00**	95,000,000.00
Borrowing from PBOC		
Customer and interbank deposits		
Borrowing from interbank		
Financial liabilities measured at fair value and the changes are recorded into the profits and losses of the current period		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	**277,292,692.04**	187,360,370.61
Accounts payable	**1,635,502,559.96**	1,544,459,424.66
Receipts in advance	**1,571,849.71**	2,051,740.10
Contract liabilities	**313,557,665.69**	221,380,505.81
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Salaries payable	**18,934,517.73**	34,316,099.14
Taxes payable	**180,406,606.92**	185,387,137.32
Other payables	**156,454,248.38**	101,554,174.51
Reinsurers due		
Insurance contract reserves		
Customers' deposits held for securities brokerage		
Securities underwriting		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	**60,203,808.06**	86,456,520.71
Total current liabilities	**2,693,923,948.49**	2,457,965,972.86

Liabilities and owners' equity	**Closing Balance**	Opening Balance
Non-current liabilities:		
Non-current liabilities:		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	**3,375,326.08**	
Long-term payables		
Long-term staff salaries payable	**21,146,547.75**	24,722,333.29
Estimated liabilities		2,900,000.00
Deferred income	**6,349,652.17**	7,050,224.14
Deferred income tax liabilities	**66,995.68**	102,132.39
Other non-current liabilities		
Total non-current liabilities	**30,938,521.68**	34,774,689.82
Total liabilities	**2,724,862,470.17**	2,492,740,662.68

Liabilities and owners' equity	Closing Balance	Opening Balance
Owners' equity:		
Share capital	**913,838,529.00**	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	**1,470,691,800.13**	1,470,691,800.13
Less: treasury share		
Other comprehensive income	**86,103.75**	191,513.87
Special reserve		
Surplus reserve	**258,647,274.54**	258,647,274.54
General risk reserve		
Undistributed profits	**799,281,792.09**	825,055,181.86
Sub-total shareholders' equity attributable to the parent company	**3,442,545,499.51**	3,468,424,299.40
Minority interests	**237,577,168.54**	223,454,061.90
Total owners' equity	**3,680,122,668.05**	3,691,878,361.30
Total liabilities and owners' equity	**6,404,985,138.22**	6,184,619,023.98

Legal representative:	*Chief Accountant:*	*Head of the Accounting Department:*
Xia Dechuan	**Hu Dali**	**Liu Xianfang**

Consolidated Income Statement
January–September 2019

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

Item		Amount for the current period	Amount for the corresponding period in prior year
1.	**Total operating income**	**3,202,900,092.07**	3,089,634,636.68
	Including: Operating income	**3,202,900,092.07**	3,089,634,636.68
	Interests income		
	Premiums earned		
	Income from bank charges and commissions		
2.	**Total operating cost**	**3,130,320,030.43**	3,003,187,598.49
	Including: Operating cost	**2,759,794,938.25**	2,627,727,779.04
	Interests expenses		
	Bank charges and commissions expenses		
	Insurance withdrawal payment		
	Net payment from indemnity		
	Net provisions for insurance contract		
	Insurance policy dividend paid		
	Reinsurance cost		
	Business taxes and surcharge	**15,791,597.70**	13,108,113.84
	Selling expenses	**35,165,474.01**	40,654,011.02
	Administrative expenses	**159,886,234.10**	152,808,767.70
	R&D costs	**160,006,164.50**	173,893,686.90
	Financial expenses	**-324,378.13**	-5,004,760.01
	Including: Interest expense	**2,861,438.44**	2,646,108.07
	Interest incomes	**-8,987,749.89**	-10,044,943.98
	Add: Other gain	**6,713,488.62**	1,887,463.60
	Investment income (losses are represented by "-")	**57,656,248.83**	52,952,912.65
	Including: Investment income of associates and joint ventures	**45,967,479.14**	38,174,415.11

Item	Amount for the current period	Amount for the corresponding period in prior year
Income on hedging the net exposure (losses are represented by "-")		
Income from change in fair value (losses are represented by "-")	**1,521,027.39**	
Loss in credit impairment (losses are represented by "-")	**942,656.73**	-835,518.58
Loss in assets impairment (losses are represented by "-")	**-18,822,627.58**	238,867.43
Gains on disposal of assets (losses are represented by "-")	**222,766.72**	-649,018.36
Exchange gain (losses are represented by "-")		
3. Operating profit (losses are represented by"-")	**120,813,622.35**	140,041,744.93
Add: Non-operating income	**5,231,951.08**	5,585,739.89
Less: Non-operating expenses	**678,694.56**	591,415.52
4. Total Profit (total losses are represented by "-")	**125,366,878.87**	145,036,069.30
Less: Income tax expense	**31,312,343.18**	23,128,000.85
5. Net Profit (net losses are represented by "-")	**94,054,535.69**	121,908,068.45
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by "-")	**94,054,535.69**	121,908,068.45
2. Net profit for discontinued operation (net losses are represented by "-")		
(2) Classified by the attribution of the ownership		
1. Minority interests	**46,720,843.14**	40,679,786.34
2. Net Profit attributable to the equity shareholders of the parent company	**47,333,692.55**	81,228,282.11

Item	Amount for the current period	Amount for the corresponding period in prior year
6. Net other comprehensive income after tax	**-105,410.12**	
Net other comprehensive income after tax attributable to shareholders of the parent company	**-105,410.12**	
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	**-105,410.12**	
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment	**-105,410.12**	
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investments as available- for-sale financial assets		
4. Changes in fair value of other debt investment		
5. Amount of financial assets reclassified to other comprehensive income		

Item	Amount for the current period	Amount for the corresponding period in prior year
6. Provision for credit impairment of other debenture investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority interests		
7. Total comprehensive income	**93,949,125.57**	121,908,068.45
Total comprehensive income attributable to the equity holders of the parent company	**47,228,282.43**	81,228,282.11
Total comprehensive income attributable to minority shareholders	**46,720,843.14**	40,679,786.34
8. Earnings per share:		
(1) Basic earnings per share *(RMB/share)*	**0.0518**	0.0889
(2) Diluted earnings per share *(RMB/share)*	**0.0518**	0.0889

Legal representative:	*Chief Accountant:*	*Head of the Accounting Department:*
Xia Dechuan	**Hu Dali**	**Liu Xianfang**

Consolidated Income Statement
July–September 2019

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

Item		Amount for the current period	Amount for the corresponding period in prior year
1.	**Total operating income**	**1,073,554,315.53**	1,096,004,866.94
	Including: Operating income	**1,073,554,315.53**	1,096,004,866.94
	Interests income		
	Premiums earned		
	Income from bank charges and commissions		
2.	**Total operating cost**	**1,065,505,792.88**	1,061,445,100.12
	Including: Operating cost	**936,241,617.76**	926,681,547.30
	Interests expenses		
	Bank charges and commissions expenses		
	Insurance withdrawal payment		
	Net payment from indemnity		
	Net provisions for insurance contract		
	Insurance policy dividend paid		
	Reinsurance cost		
	Business taxes and surcharge	**5,135,889.57**	3,697,711.37
	Selling expenses	**13,272,881.53**	15,811,264.19
	Administrative expenses	**54,470,940.47**	52,882,914.85
	R&D costs	**56,513,044.08**	67,746,648.43
	Financial expenses	**-128,580.53**	-5,374,986.02
	Including: Interest expense	**427,933.97**	1,156,133.33
	Interest incomes	**-3,693,538.86**	-4,522,883.06

Item	Amount for the current period	Amount for the corresponding period in prior year
Add: Other gain	**947,207.45**	385,691.41
Investment income (losses are represented by "-")	**25,428,295.91**	17,492,140.16
Including: Investment income of associates and joint ventures	**21,251,454.35**	12,491,907.55
Income on hedging the net exposure (losses are represented by "-")		
Income from change in fair value (losses are represented by "-")	**-1,454,232.88**	
Loss in credit impairment		183,073.51
Loss in assets impairment		
Gains on disposal of assets (losses are represented by "-")	**31,880.96**	-470,566.05
Exchange gain (losses are represented by "-")		
3. Operating profit (losses are represented by"-")	**33,001,674.09**	52,150,105.85
Add: Non-operating income	**2,624,778.13**	2,674,925.38
Less: Non-operating expenses	**373,105.11**	14,193.33
4. Total Profit (total losses are represented by "-")	**35,253,347.11**	54,810,837.90
Less: Income tax expense	**10,404,980.52**	8,965,817.89
5. Net Profit (net losses are represented by "-")	**24,848,366.59**	45,845,020.01
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by "-")	**24,848,366.59**	45,845,020.01
2. Net profit for discontinued operation (net losses are represented by "-")		

Item	Amount for the current period	Amount for the corresponding period in prior year
(2) Classified by the attribution of the ownership		
1. Minority interests	**19,337,143.76**	15,656,198.61
2. Net Profit attributable to the equity shareholders of the parent company	**5,511,222.83**	30,188,821.40
6. Net other comprehensive income after tax	**-110,104.16**	
Net other comprehensive income after tax attributable to shareholders of the parent company	**-110,104.16**	
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	**-110,104.16**	
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment	**-110,104.16**	
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		

Item	**Amount for the current period**	Amount for the corresponding period in prior year
3 Gains or losses arising from reclassification of held-to-maturity investments as available- for-sale financial assets		
4. Changes in fair value of other debt investment		
5. Amount of financial assets reclassified to other comprehensive income		
6. Provision for credit impairment of other debenture investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority interests		
7. Total comprehensive income	**24,738,262.43**	45,845,020.01
Total comprehensive income attributable to the equity holders of the parent company	**5,401,118.67**	30,188,821.40
Total comprehensive income attributable to minority shareholders	**19,337,143.76**	15,656,198.61
8. Earnings per share:		
(1) Basic earnings per share *(RMB/share)*	**0.0060**	0.0330
(2) Diluted earnings per share *(RMB/share)*	**0.0060**	0.0330

Legal representative:	*Chief Accountant:*	*Head of the Accounting Department:*
Xia Dechuan	**Hu Dali**	**Liu Xianfang**

Consolidated Cash Flow Statement
January–September 2019

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

Item	Amount for the current period	Amount for the corresponding period in prior year
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	**2,950,166,253.88**	3,281,785,738.91
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from banks and other financial institutions		
Cash received from premiums of original insurance contract		
Net amount of reinsurance business		
Net increase in deposits of the insured and investment		
Net increase in disposal of financial assets at fair value through profit or loss		
Cash received from interests, fees and commissions	**–**	
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Refunds of taxes	**61,116,632.17**	57,399,510.89
Cash received relating to other operating activities	**184,035,041.36**	134,097,962.53
Sub-total of cash inflows from operating activities	**3,195,317,927.41**	3,473,283,212.33

Item	**Amount for the current period**	Amount for the corresponding period in prior year
Cash paid for purchase of goods and services received	**2,882,418,019.51**	2,846,573,131.73
Net increase in loans and advances		
Net increase in deposits in the central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	**385,111,246.12**	344,775,068.56
Cash paid for all types of taxes	**116,203,652.71**	154,102,225.95
Cash paid relating to other operating activities	**136,671,260.95**	258,143,971.63
Sub-total of cash outflows from operating activities	**3,520,404,179.29**	3,603,594,397.87
Net cash flows from operating activities	**-325,086,251.88**	-130,311,185.54

Item	Amount for the current period	Amount for the corresponding period in prior year
II. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from return on investments	**78,342,815.24**	15,024,331.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**3,364,133.92**	369,399.35
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investment activities	**1,350,000,000.00**	1,410,000,000.00
Sub-total of cash inflows from investing activities	**1,431,706,949.16**	1,425,393,730.77
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	**132,065,281.69**	49,179,396.28
Cash paid for investments		
Net increase in secured loans		
Net cash paid for acquisition of subsidiaries and other operating entities		
Cash paid on other investment activities	**1,250,000,000.00**	960,000,000.00
Sub-total of cash outflows from investing activities	**1,382,065,281.69**	1,009,179,396.28
Net cash flows from investing activities	**49,641,667.47**	416,214,334.49

Item	Amount for the current period	Amount for the corresponding period in prior year
III. Cash flows from financing activities:		
Cash received from investments		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	**95,000,000.00**	95,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	**85,981,497.35**	39,198,666.76
Sub-total of cash inflows from financing activities	**180,981,497.35**	134,198,666.76
Cash paid on repayment of borrowings	**140,000,000.00**	45,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	**75,968,520.76**	73,867,219.10
Including: Dividend and profit paid to minority shareholders by subsidiaries		7,252,414.00
Cash paid on other financing activities	**646,982.64**	285,364.09
Sub-total of cash outflows from financing activities	**216,615,503.40**	119,152,583.19
Net cash flows from financing activities	**-35,634,006.05**	15,046,083.57
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	**1,926,552.04**	2,947,699.95
V. Net increase in cash and cash equivalents	**-309,152,038.42**	303,896,932.47
Add: Balance of cash and cash equivalents at the beginning of the period	**1,292,114,192.80**	1,191,597,115.73
VI. Balance of cash and cash equivalents at the end of the period	**982,962,154.38**	1,495,494,048.20

Legal representative: **Xia Dechuan**

Chief Accountant: **Hu Dali**

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

Balance Sheet
30 September 2019

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

Assets	Closing Balance	Opening Balance
Current assets:		
Cash and bank balances	**431,472,318.95**	238,805,153.90
Financial assets measured at fair value and the changes are recorded into the profits and losses of the current period		
Financial assets held for trading	**121,209,863.01**	310,000,000.00
Derivative financial assets		
Notes receivable	**5,000,000.00**	
Accounts receivable	**50,236,079.47**	53,407,782.74
Advance payments	**4,354,671.82**	3,768,695.26
Other receivables	**398,992,184.35**	295,423,983.44
Inventories	**29,770,489.53**	20,183,017.20
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets		
Total current assets	**1,041,035,607.13**	921,588,632.54

Assets	Closing Balance	Opening Balance
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	**1,711,423,746.36**	1,733,874,170.35
Other investments in equity instruments	**3,764,805.00**	3,905,351.83
Other non-current financial assets		
Investment properties	**177,124,301.81**	176,978,570.90
Fixed assets	**58,201,525.47**	64,501,654.72
Construction in progress	**250,978,140.95**	248,705,534.64
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	**12,340,441.88**	13,069,376.80
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	**2,213,832,961.47**	2,241,034,659.24
Total assets	**3,254,868,568.60**	3,162,623,291.78

Legal representative:	*Chief Accountant:*	*Head of the Accounting Department:*
Xia Dechuan	**Hu Dali**	**Liu Xianfang**

Balance Sheet (Continued)
30 September 2019

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

Liabilities and owners' equity	Closing Balance	Opening Balance
Current liabilities:		
Short-term loans		
Financial liabilities measured at fair value and the changes are recorded into the profits and losses of the current period		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	**1,928,656.17**	
Accounts payable	**37,987,559.41**	38,708,811.11
Receipts in advance	**3,208,838.31**	4,000.00
Contract liabilities		
Salaries payable	**1,997,267.41**	2,946,015.92
Taxes payable	**152,343,253.63**	153,711,832.83
Other payables	**318,683,364.52**	154,312,183.92
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	**516,148,939.45**	349,682,843.78

Liabilities and owners' equity	Closing Balance	Opening Balance
Non-current liabilities:		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term staff salaries payable	**2,460,048.82**	2,998,820.29
Estimated liabilities		2,900,000.00
Deferred income		
Deferred income tax liabilities	**28,701.25**	63,837.96
Other non-current liabilities		
Total non-current liabilities	**2,488,750.07**	5,962,658.25
Total liabilities	**518,637,689.52**	355,645,502.03

Liabilities and owners' equity	Closing Balance	Opening Balance
Owners' equity:		
Share capital	**913,838,529.00**	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	**1,434,870,834.28**	1,434,870,834.28
Less: treasury share		
Other comprehensive income	**86,103.75**	191,513.87
Special reserve		
Surplus reserve	**258,647,274.54**	258,647,274.54
Undistributed profits	**128,788,137.51**	199,429,638.06
Total owners' equity	**2,736,230,879.08**	2,806,977,789.75
Total liabilities and owners' equity	**3,254,868,568.60**	3,162,623,291.78

Legal representative:	*Chief Accountant:*	*Head of the Accounting Department:*
Xia Dechuan	**Hu Dali**	**Liu Xianfang**

Income Statement
January–September 2019

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

Item	Amount for the current period	Amount for the corresponding period in prior year
1. Total operating income	**51,725,346.55**	80,531,322.13
Less: Operating cost	**32,532,819.19**	49,643,837.90
Business taxes and surcharge	**2,973,829.14**	2,740,155.84
Selling expenses	**1,783,580.65**	2,525,797.37
Administrative expenses	**69,989,498.75**	68,474,279.65
R&D costs	**12,616,769.54**	7,620,422.90
Financial expenses	**-2,124,916.51**	-1,232,213.14
Including: Interest expense		
Interest incomes	**-1,166,179.39**	-1,744,915.27
Add: Other gain	**25,993.99**	
Investment income (losses are represented by "-")	**80,995,849.28**	53,337,643.92
Including: Investment income of associates and joint ventures	**45,832,500.00**	37,462,500.00
Income on hedging the net exposure (losses are represented by "-")		
Income from change in fair value (losses are represented by "-")	**1,209,863.01**	
Loss in credit impairment		4,050,740.35
Loss in assets impairment	**-13,192,317.99**	255.71
Gains on disposal of assets (losses are represented by "-")	**-32,467.60**	854.70

Item	Amount for the current period	Amount for the corresponding period in prior year
2. Operating profit (losses are represented by "-")	**2,960,686.48**	8,148,536.29
Add: Non-operating income		18,330,720.58
Less: Non-operating expenses	**495,104.71**	36,602.00
3. Total Profit (total losses are represented by "-")	**2,465,581.77**	26,442,654.87
Less: Income tax expense		
4. Net Profit (net losses are represented by "-")	**2,465,581.77**	26,442,654.87
(1) Net profit for going concern (net losses are represented by "-")	**2,465,581.77**	26,442,654.87
(2) Net profit for discontinued operation (net losses are represented by "-")		
5. Net other comprehensive income after tax	**-105,410.12**	
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	**-105,410.12**	
i. Changes as a result of remeasurement of defined benefit plan		
ii. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
iii. Changes in fair value of other equity instruments investment	**-105,410.12**	
iv. Changes in fair value of the enterprise's own credit risk		

Item	Amount for the current period	Amount for the corresponding period in prior year
(2) Other comprehensive income which will be reclassified to profit and loss		
i. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
ii. Gains or losses arising from changes in fair value of available-for-sale financial assets		
iii. Gains or losses arising from reclassification of held-to-maturity investments as available- for-sale financial assets		
iv. Changes in fair value of other debt investment		
v. Amount of financial assets reclassified to other comprehensive income		
vi. Provision for credit impairment of other debenture investment		
vii. Cash flow hedging reserve		
viii. Translation difference of financial statements in foreign currencies		
ix. Others		
Net other comprehensive income after tax attributable to minority interests		
6. Total comprehensive income	**2,360,171.65**	26,442,654.87
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

Legal representative: **Xia Dechuan**

Chief Accountant: **Hu Dali**

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

Income Statement
July–September 2019

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

Item		Amount for the current period	Amount for the corresponding period in prior year
1.	**Total operating income**	**15,746,191.36**	17,524,703.57
	Less: Operating cost	**13,087,800.48**	14,044,868.43
	Business taxes and surcharge	**779,208.37**	84,254.86
	Selling expenses	**757,457.02**	444,683.53
	Administrative expenses	**24,237,545.90**	23,184,761.13
	R&D costs	**2,650,359.13**	3,245,021.39
	Financial expenses	**-947,707.76**	-231,031.06
	Including: Interest expense		
	Interest incomes	**-300,868.79**	-798,163.58
	Add: Other gain		
	Investment income (losses are represented by "-")	**49,677,325.98**	51,929,226.02
	Including: Investment income of associates and joint ventures	**21,219,042.59**	12,409,079.11
	Income on hedging the net exposure (losses are represented by "-")		
	Income from change in fair value (losses are represented by "-")	**-959,232.88**	
	Loss in credit impairment		
	Loss in assets impairment	**-3,600.00**	
	Gains on disposal of assets (losses are represented by "-")		
2.	**Operating profit (losses are represented by "-")**	**23,896,021.32**	28,681,371.31
	Add: Non-operating income		129,805.84
	Less: Non-operating expenses	**290,604.71**	4,134.40

Item	Amount for the current period	Amount for the corresponding period in prior year
3. Total Profit (total losses are represented by "-")	**23,605,416.61**	28,807,042.75
Less: Income tax expense		
4. Net Profit (net losses are represented by "-")	**23,605,416.61**	28,807,042.75
(1) Net profit for going concern (net losses are represented by "-")	**23,605,416.61**	28,807,042.75
(2) Net profit for discontinued operation (net losses are represented by "-")		
5. Net other comprehensive income after tax	**-110,104.16**	
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	**-110,104.16**	
i. Changes as a result of remeasurement of defined benefit plan		
ii. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
iii. Changes in fair value of other equity instruments investment	**-110,104.16**	
iv. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
i. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
ii. Gains or losses arising from changes in fair value of available-for-sale financial assets		

Item	Amount for the current period	Amount for the corresponding period in prior year
iii. Gains or losses arising from reclassification of held-to-maturity investments as available- for-sale financial assets		
iv. Changes in fair value of other debt investment		
v. Amount of financial assets reclassified to other comprehensive income		
vi. Provision for credit impairment of other debenture investment		
vii. Cash flow hedging reserve		
viii. Translation difference of financial statements in foreign currencies		
ix. Others		
Net other comprehensive income after tax attributable to minority interests		
6. Total comprehensive income	**23,495,312.45**	28,807,042.75
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

Legal representative: **Xia Dechuan** *Chief Accountant:* **Hu Dali** *Head of the Accounting Department:* **Liu Xianfang**

Cash Flow Statement

January–September 2019

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

Item	**Amount for the current period**	Amount for the corresponding period in prior year
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	**52,925,372.93**	91,760,217.81
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from other financial institutions		
Cash received from premiums of original insurance contract		
Net cash amount of reinsurance business		
Net increase in deposits of the insured and investment		
Net increase in disposal of financial assets held for trading		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Refunds of taxes		
Cash received relating to other operating activities	**141,276,936.93**	179,393,358.25
Sub-total of cash inflows from operating activities	**194,202,309.86**	271,153,576.06

Item	Amount for the current period	Amount for the corresponding period in prior year
Cash paid on purchase of goods and services received	**31,228,447.84**	53,015,421.02
Net increase in loans and advances		
Net increase in deposits in the central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	**67,798,521.29**	58,575,575.15
Cash paid for all types of taxes	**8,039,217.73**	11,228,509.20
Cash paid relating to other operating activities	**93,621,118.43**	240,075,574.22
Sub-total of cash outflows from operating activities	**200,687,305.29**	362,895,079.59
Net cash flows from operating activities	**-6,484,995.43**	-91,741,503.53

Item		Amount for the current period	Amount for the corresponding period in prior year
II.	**Cash flows from investing activities:**		
	Cash received from disposal of investments		
	Cash received from return on investments	**78,717,752.33**	49,093,217.03
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
	Net cash received from disposal of subsidiaries and other operating entities	**5,460,000.00**	
	Cash received relating to other investment activities	**1,040,000,000.00**	1,310,000,000.00
	Sub-total of cash inflows from investing activities	**1,124,177,752.33**	1,359,093,217.03
	Cash paid for purchase of fixed assets, intangible assets and other long-term assets	**1,261,163.39**	
	Cash paid for investments		20,000,000.00
	Net increase in secured loans		
	Net cash paid for acquisition of subsidiaries and other operating entities		
	Cash paid on other investment activities	**850,000,000.00**	860,000,000.00
	Sub-total of cash outflows from investing activities	**851,261,163.39**	880,000,000.00
	Net cash flows from investing activities	**272,916,588.94**	479,093,217.03

Item	Amount for the current period	Amount for the corresponding period in prior year
III. Cash flows from financing activities:		
Cash received from investments		
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, profits, or interest expenses	**73,107,082.32**	63,968,697.03
Including: Dividend and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities		
Sub-total of cash outflows from financing activities	**73,107,082.32**	63,968,697.03
Net cash flows from financing activities	**-73,107,082.32**	-63,968,697.03
IV. Effect of fluctuations in exchange rates on cash and cash equivalents		0.54
V. Net increase in cash and cash equivalents	**193,324,511.19**	323,383,017.01
Add: Balance of cash and cash equivalents at the beginning of the period	**236,485,704.31**	171,036,014.33
VI. Balance of cash and cash equivalents at the end of the period	**429,810,215.50**	494,419,031.34

Legal representative: **Xia Dechuan** *Chief Accountant:* **Hu Dali** *Head of the Accounting Department:* **Liu Xianfang**

4.2 Adjustments to relevant items of financial statement at the beginning of the year upon initial adoption of new financial instrument standards, new revenue standards and new lease standards

☐ Applicable ✔ Not applicable

The resolution on the Change in Some of the Company's Accounting Policies was considered and approved at the fifth meeting of the ninth session of the Board of the Company on 26 April 2019. In 2018, the Ministry of Finance revised the Accounting Standards for Business Enterprises No. 21 – Leases. Being an enterprise concurrently listed on domestic and foreign stock exchanges, the Company, therefore, shall adopt such accounting standard with effect from 1 January 2019.

The particulars in relation to the adjustment to relevant items of the financial statements at the beginning of the year upon the initial adoption of the new lease standards have been disclosed. For details, please refer to the 2019 First Quarterly Report of Nanjing Panda Electronics Company Limited published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 29 April 2019 and on the website of the Hong Kong Stock Exchange on 26 April 2019.

4.3 Explanation on retroactive adjustments to comparative data in the previous periods upon initial adoption of new financial instrument standard and new lease standard

☐ Applicable ✔ Not applicable

4.4 Auditor's Report

☐ Applicable ✔ Not applicable