

**PANDA** Electronics

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Nanjing Panda Electronics Company Limited

**2019**  
**Interim**  
**Report**

(H Share Stock Code: 0 5 5 3)

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### IMPORTANT NOTICE

1. The board of directors (the "Board"), the supervisory committee, the directors, supervisors and senior management of the Company confirm that the information in this interim report is true, accurate and complete and does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the contents herein.
2. All directors of the Company attended the tenth meeting of the ninth session of the Board of the Company held on 29 August 2019.
3. The interim financial report of the Company is unaudited.
4. Mr. Xia Dechuan, the Company representative, Mr. Hu Dali, the chief accountant, and Ms. Liu Xianfang, the head of accounting department (person in charge of accounting matters), declared that they confirmed the truthfulness, accuracy and completeness of the financial report contained in this interim report.
5. The Company would not make any profit distribution or capitalization of capital reserve for the first half of 2019.
6. Forward looking statements, including future plans and development strategies, contained in this interim report do not constitute a substantive commitment to investors by the Company. Investors are advised to pay attention to investment risks.
7. Neither the Company's controlling shareholder nor any of its related parties have misappropriated the Company's funds for non-operating purposes.
8. The Company did not provide external guarantees in violation of any specified decision-making procedures.
9. The Company has elaborated the potential risks in this interim report. For their details and the corresponding countermeasures, please refer to the paragraph headed "Potential Risks" under Section IV "Discussion and Analysis of the Operation" in this interim report.

## SECTION I DEFINITIONS

Unless the context otherwise requires, the following terms should have the following meanings in this report:

### Definitions of commonly-used terms

Company/NPEC	Nanjing Panda Electronics Company Limited (南京熊猫电子股份有限公司)
Group	Nanjing Panda Electronics Company Limited and its subsidiaries
PEGL	Panda Electronics Group Limited (熊猫电子集团有限公司)
PEGL Group	Panda Electronics Group Limited and its subsidiaries
NEIC	Nanjing Electronics Information Industrial Corporation (南京中电熊猫信息产业集团有限公司)
NEIC Group	Nanjing Electronics Information Industrial Corporation and its subsidiaries
CEC	China Electronics Corporation (中国电子信息产业集团有限公司)
CEC Group	China Electronics Corporation and its subsidiaries
Financial Company	China Electronics Financial Co., Ltd. (中国电子财务有限责任公司)
China Huarong	China Huarong Asset Management Co., Ltd. (中国华融资产管理股份有限公司)
Electronics Equipment Company	Nanjing Panda Electronics Equipment Co., Ltd. (南京熊猫电子装备有限公司)
Information Industry Company	Nanjing Panda Information Industry Co., Ltd. (南京熊猫信息产业有限公司)
Electronic Manufacture Company	Nanjing Panda Electronic Manufacture Co., Ltd. (南京熊猫电子制造有限公司)
Communications Technology Company	Nanjing Panda Communications Technology Co., Ltd. (南京熊猫通信科技有限公司)
Huage Plastic	Nanjing Huage Appliance and Plastic Industrial Co., Ltd. (南京华格电汽塑业有限公司)
the Ministry of Finance	the Ministry of Finance of the People's Republic of China
CSRC	China Securities Regulatory Commission
SFC	Securities and Futures Commission of Hong Kong
Shanghai Stock Exchange	Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Nanjing Panda Electronics Company Limited
AFC	Auto Fare Collection
ACC	AFC Clearing Center
T-CON Board	the timing controller board, which is used to process and control the timing signals necessary for the display panel to function in a synchronized manner and generate control signals to directly drive the display panel;

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### I. Company Information

Chinese name of the Company	南京熊猫電子股份有限公司
Abbreviation of the Chinese name	南京熊猫
English name of the Company	Nanjing Panda Electronics Company Limited
Abbreviation of the English name	NPEC
Legal representative of the Company	Xia Dechuan (Executive director and General Manager)

### II. Contact Persons and Contact Information

	Secretary to the Board	Securities Affairs Representative
Name	Wang Dongdong	Wang Dongdong
Correspondence address	7 Jingtian Road, Nanjing, the People's Republic of China	7 Jingtian Road, Nanjing, the People's Republic of China
Telephone	(86 25) 84801144	(86 25) 84801144
Facsimile	(86 25) 84820729	(86 25) 84820729
Email	dms@panda.cn	dms@panda.cn

### III. Basic Information and Relevant Changes

Registered address	Level 1-2, Block 5, North Wing, Nanjing High and New Technology Development Zone, Nanjing, the People's Republic of China
Postal code of the registered address	210032
Office address	7 Jingtian Road, Nanjing, the People's Republic of China
Postal code of the office address	210033
Website of the Company	<a href="http://www.panda.cn">http://www.panda.cn</a>
Email	dms@panda.cn
Query index on changes in the Reporting Period	N/A

### IV. Places for Information Disclosure and Inspection and Relevant Changes

Designated newspapers for information disclosure	Shanghai Securities News, China Securities Journal
International websites for the publication of the Company's interim report and information disclosure	Shanghai Stock Exchange: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> Hong Kong Stock Exchange: <a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>
Place for inspection of the Company's interim report	Office of the Secretary to the Board, 7 Jingtian Road, Nanjing, the People's Republic of China
Query index on changes in the Reporting Period	N/A

### V. Information of the Company's Shares

Class of shares	Overview of the Company's shares			Stock abbreviation before change
	Stock exchange on which the shares are listed	Stock abbreviation	Stock code	
A shares	Shanghai Stock Exchange	南京熊猫	600775	N/A
H shares	Hong Kong Stock Exchange	南京熊猫	00553	N/A

### VI. Other Relevant Information

N/A

## VII. Major Accounting Data and Financial Indicators (Prepared in accordance with the PRC Accounting Standards of Business Enterprises)

### (I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	Reporting Period (January–June 2019)	Corresponding period of last year (January–June 2018)	Change during the Reporting Period from corresponding period of last year (%)
Operating income	2,129,345,776.54	1,993,629,769.74	6.81
Net profit attributable to shareholders of the Company	42,389,523.73	51,019,460.71	-16.91
Net profit attributable to shareholders of the Company after extraordinary items	30,861,450.97	42,239,537.95	-26.94
Net cash flow from operating activities	-302,748,167.59	-132,738,177.15	N/A
	At the end of the Reporting Period (30 June 2019)	At the end of last year (31 December 2018)	Change at the end of the Reporting Period from the end of last year (%)
Net assets attributable to shareholders of the Company	3,437,711,434.85	3,468,424,299.40	-0.89
Total assets	6,277,346,877.50	6,184,619,023.98	1.50

### (II) Key financial indicators

Unit: Yuan Currency: RMB

Key financial indicators	Reporting Period (January–June 2019)	Corresponding period of last year (January–June 2018)	Change during the Reporting Period from corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.0464	0.0558	-16.91
Diluted earnings per share (RMB/share)	0.0464	0.0558	-16.91
Basic earnings per share after extraordinary items (RMB/share)	0.0338	0.0462	-26.94
Weighted average return on net assets (%)	1.22	1.51	Decreased by 0.29 percentage point
Weighted average return on net assets after extraordinary items (%)	0.89	1.25	Decreased by 0.36 percentage point

Explanations on major accounting information and financial indicators of the Company:

The decreases in net profit attributable to shareholders of the Company after extraordinary items and basic earnings per share were mainly due to the increase in income tax and minority shareholder profit and loss during the period; the decrease in cash flow from operating activities was mainly due to the payment for purchase of goods during the Reporting Period.

## VIII. Differences between Accounting Data Prepared under Overseas and Domestic Accounting Standards

N/A

## IX. Extraordinary Items and Amounts

Unit: Yuan Currency: RMB

Extraordinary items	Amount
Gains and losses from disposal of non-current assets	190,885.76
Government grants counted into the current profit and loss, except for those closely related to the ordinary operation of the Company and received constantly at a fixed amount or quantity according to certain standard based on state policies	1,951,900.00
Profit or loss from changes in fair values of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment gains from disposal of Financial assets held for trading, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other debt investments, excluding effective hedging activities related to ordinary business operations of the Company	10,487,188.40
Reversal of impairment provision of accounts receivable that have undergone individual impairment tests	1,141,759.95
Other net non-operating income and expenses other than the aforesaid items	349,683.50
Effects attributable to minority interests	-1,200,939.35
Effect of income tax	-1,392,405.50
Total	<u><u>11,528,072.76</u></u>

## X. Items measured at fair value

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Changes in current period	Amounts that affect the profit of the current period
Financial assets held for trading	360,000,000.00	<b>492,975,260.27</b>	132,975,260.27	2,975,260.27
Other investments in equity instruments	<u>3,905,351.83</u>	<u><b>3,911,610.55</b></u>	<u>6,258.72</u>	<u>                    </u>
Total	<u><u>363,905,351.83</u></u>	<u><u><b>496,886,870.82</b></u></u>	<u><u>132,981,518.99</u></u>	<u><u>2,975,260.27</u></u>

## SECTION III OVERVIEW OF COMPANY'S BUSINESS

### I. Information on principal activities, operating model and industry overview during the Reporting Period

#### (I) Principal activities

The Company takes smart manufacturing, smart city and electronic manufacturing services as main businesses, to focus on smart manufacturing core equipment and smart factory system integration businesses in the smart manufacturing field; to focus on four core smart city businesses, namely, smart transportation, safe city, smart building and information network equipment in the smart cities field; and to focus on electronic manufacturing services business which has first rate supply chain management capabilities and is capable of realizing smart, flexible, and lean manufacturing in the electronic manufacturing services field.

#### (II) Operating model

Guided by market demands and driven by technological innovation, the Company promotes its continuous 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.

#### (III) Industry overview

In the first half of 2019, under the intensified trade friction between China and the United States, the electronic information industry faced a situation of "external problems and internal worries". The industrial growth intensity slowed down and pressed for cohesion innovation to create a differentiated competition system, and move toward high-quality development. In the first half of 2019, the added value of electronic information manufacturing enterprises above designated size increased by approximately 9.0% year-on-year, and growth rate dropped by approximately 3.6 percentage points than the same period of last year. In terms of export delivery value, the export delivery value of electronic information manufacturing enterprises above the designated size increased by approximately 4.9% year-on-year, and the growth rate dropped by approximately 2.6 percentage points year-on-year. In 2019, China's electronic information industry has been slowly moving toward high-quality development.

Smart manufacturing is the key point for the revival of global industry. Driven by technologies including 5G, Artificial Intelligence, and Internet of Things, smart manufacturing ushered in new development. As major enterprises and institutions put more efforts on technology research and developing more innovative products, the market scale of China's smart manufacturing industry is estimated to reach RMB2 trillion in 2019. As safety production has become a top priority, smart manufacturing will penetrate more fields. However, the production of domestic industrial robots has experienced negative growth. The industry believes that the decline in industrial robot production is directly related to the current downward pressure on the macro economy and the decline in demand for robots by manufacturing companies. The Company's smart manufacturing product system and overall solution have been successfully applied in flat-panel display, 3C electronics, education, new energy, logistics and warehousing, construction machinery, medicine and other industries, among which the representative projects include: China's first high-generation LCD glass production line system, China's first battery material production unmanned factory, all-digital robot assembly robot factory. The Company has built a fully intelligent robot manufacturing digital factory and realized the "robot production with robot", which is listed as a quality research project in key areas of Jiangsu Province and Smart Manufacturing Comprehensive Standardization and New Model Application for industrial transformation and upgrading (Made in China 2025) of the Ministry of Industry and Information Technology.

China's urban rail transit construction has entered 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, among which the mileage of metro systems in operation is expected to exceed 8,000 kilometers. In the first half of 2019, the Company won the bid for the Auto Fare Collection (AFC) System Procurement Project of the first phase of Xuzhou City Rail Transit Line 3, the Auto Fare Collection System (AFC) Project of Nanjing Metro Line 7 project and the Project Auto Fare Collection (AFC) of North Extension Project of Nanjing Metro Line 1.

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 Board for the flat-panel display industry of NEIC, the Company also vigorously explored external markets, also entered vehicle manufacturers, white household appliances enterprises and other emerging areas and has initiated partial trial productions.

## II. Explanation on substantial changes of major assets of the Company during the Reporting Period

As at the end of the period, there was no substantial changes in the Company's major assets, of which, overseas assets amounted to RMB140,429,331.00, accounting for 2.24% of the total assets.

## III. Analysis of core competitiveness during the Reporting Period

Under the background of collaborative development of the technologies including Big data, Artificial Intelligence, Cloud Computing, and 5G, the Company actively adapted to the requirements of the new era, deepens reform and innovation, promotes high-quality development, and has made good achievements in all aspects of enterprise management and development. Upholding the guideline of "independent innovation, high-end pursuit, development through transformation", the Company actively promoted scientific and technological innovation, constantly adjusted its product structure, focused on superior resources and achieved key breakthroughs. As a result, the scientific and technological capabilities of the Company have been remarkably enhanced. The Company made great efforts to push forward the intellectual property rights strategy, which increased the proportion of basic patents and core patents. Focusing on industries of smart manufacturing equipment, smart city, electronic manufacturing service and other sectors, the Company aims to build itself into a nationally leading and internationally renowned electronic information enterprise.

With respect to smart manufacturing, the Company's products have updated from hardware-based technology to hardware and software combined-solution, and from automated single machine-based technology to the overall solution output. The Company has organically integrated automation equipment with an information system, not only having the system solution, core equipment and key technology of independent intellectual property rights but also having completed the construction of digital smart factory and eventually realizing the "robots produce with robot". In 2019, the company launched the research and development of the "Compact Medium-sized Multi-purpose Industrial Robot", focusing on overcoming the technical difficulties of the "70KG Industrial Robot". At the same time, the Company developed the application of voice analysis and vision analysis technology, which will be used in the home accompanying service robot products integrating smart home control, life entertainment and other multi-functions. The Company was accredited as the "Engineering and Technology Research Center for Industrial Robot of Jiangsu Province" and the "Technology Center for Electronic Equipment Enterprises of Jiangsu Province". The Company processes independently developed the high-precision motion trajectory control technology, ultra-high-speed motion performance technology, multi-axis coordinated motion control technology, axis group expansion control technology, demonstrator technology and system engineering application technology, and mastered the lightweight structure design and high precision drive technology and industrial robot production and testing technology. The Company's industrial robot and whole-set transmission and storage system for factory cleaning were officially identified as a national pilot project for smart manufacturing. Accordingly, the Company has become one of the few manufacturers in China which are able to provide solutions for the automatic transmission system for factory cleaning and our technology in this regard is leading and pioneering domestically.

With respect to the smart city rail transit, the Company adheres to the market-oriented and expands the development space. Up to now, the Company has won tenders for more than 10 key projects, including the procurement of Collection Fare System for Xuzhou Metro Line 3, Nanjing Metro Line 7, and so on, with a bid amount of nearly RMB500 million. In terms of scientific research and innovation, the Company outlined the construction of digital cities, focused on technologies in smart transportation and smart parks, and identified seven research and development projects, all of which advanced in an orderly manner as planned. Meanwhile, the Company integrated the existing resources, established a research and development center, set up 5 laboratories including Artificial Intelligence Technology Application Technology Laboratory and Big Data Analysis Processing Laboratory. The Company also laid out the key applications in the fields of "Communication 5G", "Artificial Intelligence" and "Internet of Things", thereby gradually enhancing its core competitiveness. In accordance with the 2018 Development Report on China City Rail Transit Market《(2018年中國城市軌道交通市場發展報告)》published at [www.chinametro.net](http://www.chinametro.net) (中國軌道交通網), the Company is ranked first in respect of the market share of the AFC system integration business and sixth in respect of the market share of communication system services in China. The Company has been accredited as the "AFC System Engineering and Technology Research Center of Jiangsu Province" and possesses the core technologies in rail transit, such as automatic fare clearing center system and automatic fare collection system in place, evolving into a complete industrial chain from module to equipment, from applications to system software, from ACC system to AFC terminal equipment, from self-development to manufacture. As a result, the Company has develop into a major supplier of overall solution for automatic fare collection system in domestic urban railway transit and dedicated accessories.

With respect to smart city and safe city, the Company has successively completed researches in a wide range of military-civilian communications equipment products in terms of MESH ad-hoc network communication system (自組網通信系統), miniaturized access gateway for broadband mobile data (寬帶移動數據小型化接入網關), pico-cell base station (微微蜂窩基站), digital trunking (數字集群), wireless video transmission (無線視頻傳輸), portable satellite terminal (衛星移動終端), Internet of Things (物聯網) and related products. The Company continuously improve the technical status of the "Yihaotong" project, and actively promote the application of this technology in the urban rail transit field.

With respect to electronics manufacturing services (EMS), The Company's businesses have gradually been transforming from component processing to component assembly, from black home appliances to white home appliances and automotive electronics. At the same time, the Company innovates the business model to improve market competitiveness. The Company developed a human-computer interaction system for white household appliances and promotes automotive electronics, including analog power and control panels for passenger car controllers, by promoting the integration of two business segments. The Company serves as one of the largest EMS bases in Eastern China, with enormous capabilities in SMT, injection molding, packaging, manufacture of precision industrial molds, metal plate, digital precision machining and so forth. Furthermore, it has the production base for professional plastic shaping, spray-paint decoration and assembling of accessories. Apart from that, the Company intensified research and development of core electronic components relating to panel display, capitalizing on the R&D platform of Jiangsu LCD module controller and manufacturing process and engineering technology research center. The Company provided clients with multiple choices in terms of LCD timing controller and backlight products, including their development, testing of function and performance, procurement of raw materials and large-scale manufacture and is proved to be a major manufacturer in the industry of display panel.



## SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

### I. The discussion and analysis of the operation

In the first half of 2019, the Company strived to deepen structural reform, promote mechanism innovation and boost industry transformation and upgrading in response to the actual business development and external environment. In addition, the Company was committed to fully implementing development plan. Moreover, the Company believed in strengthening lean management and improving quality and efficiency. As a result, the Company accomplished the operating targets and key tasks assigned by the Board, and maintained a sound momentum of development. During the Reporting Period, the Company recorded operating income of RMB2,129,345,800, total profit of RMB90,680,600 and net profit attributable to shareholders of the parent company of RMB42,389,500.

#### (I) Analysis of principal operations

1. Analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

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

Reasons for the changes:

- (1) Operating income: Mainly due to the period-on-period increase in the income from electronic manufacturing services during the period;
- (2) Operating costs: Mainly due to the increase in the income and corresponding increase in costs from electronic manufacturing services business during the period;
- (3) Cost of sales: Mainly due to the decrease in advertising and exhibition expenses during the period;
- (4) Administrative expenses: Mainly due to increase in salary and wages expenses during the period;
- (5) Financial expenses: Mainly due to the decrease in exchange losses during the period as a result of the RMB exchange rate changes;

- (6) R&D expenses: Remain unchanged during the Reporting Period;
  - (7) Net cash flows from operating activities: Mainly due to cash paid for purchasing of goods during the period;
  - (8) Net cash flows from investment activities: Mainly due to expiration of wealth management products purchased from banks;
  - (9) Net cash flows from financing activities: Mainly due to repayment of short-term bank loans during the period;
  - (10) Interest expenses: Mainly due to the increase in interest expenses paid for short-term bank loans during the period;
  - (11) Other income: Mainly due to the period-on-period increase in government subsidy relating to operations activities;
  - (12) Gain from change in fair value: Gains from the change in fair value of Financial assets held for trading during the period;
  - (13) Credit impairment losses: Mainly due to provision for bad debts of financial assets during the period;
  - (14) Assets impairment losses: Mainly due to provision for impairment of long-term equity investments during the period;
  - (15) Gains on disposal of assets: Mainly due to the increase in gain from the disposal of non-current assets during the period;
  - (16) Non-operating expenses: Mainly due to the decrease in current write-off losses recognized during the period;
  - (17) Income tax expenses: Mainly due to the increase in current income tax during the period.
2. Others
- (1) Explanation on material changes in the Company's profit structure or sources: N/A
  - (2) Others: N/A

**(II) Explanation on material changes from non-principal business: N/A**

### (III) Analysis of assets and liabilities

#### 1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Remarks
Monetary funds	985,801,017.17	15.70	1,448,751,802.35	23.43	-31.96	Mainly due to the increase in principal of bank wealth management products outstanding, and the payment for goods purchased during the period
Financial assets held for trading	492,975,260.27	7.85	360,000,000.00	5.82	36.94	Due to the changes in principal and fair value of bank wealth management products due at the end of the period
Prepayments	257,096,422.53	4.10	181,267,525.19	2.93	41.83	Mainly due to the increase in prepayments of purchase amounts and project funds
Contract assets	524,347,156.71	8.35	360,753,744.24	5.83	45.35	Mainly due to the increase in the right to receive consideration upon the transfer of goods to customers during the period
Right-of-use assets	4,878,859.38	0.08	0	0	N/A	Due to the recognition of eligible leased equipment as right-of-use assets to comply with new lease standards
Long-term deferred expenses	2,032,859.02	0.03	1,289,730.68	0.02	57.62	Mainly due to the increase in long-term deferred items during the period
Short-term loans	50,000,000.00	0.80	95,000,000.00	1.54	-47.37	Due to the partial repayment of short-term bank loans during the period
Notes payables	259,142,824.49	4.13	187,360,370.61	3.03	38.31	Mainly due to the increase in the purchase of goods settled by notes during the period
Receipts in advance	1,336,367.67	0.02	2,051,740.10	0.03	-34.87	Mainly due to the decrease in service fees, etc. received in advance during the period
Staff salaries payable	20,998,899.48	0.33	34,316,099.14	0.55	-38.81	Mainly due to salaries and related cost paid during the period
Other payables	197,072,263.29	3.14	101,554,174.51	1.64	94.06	Mainly due to the distribution of ordinary share dividends in the period
Lease liabilities	4,975,397.42	0.08	0	0	N/A	Due to the recognition of eligible leased equipment as right-of-use assets to comply with new lease standards, and the recognition of present value of the outstanding lease payment as lease liabilities
Accrued liabilities	0	0	2,900,000.00	0.05	-100.00	Due to the full payment due for litigation matters during the period

2. Main restrictions on assets as at the end of the Reporting Period

Unit: Yuan Currency: RMB

Item	Carrying value at the end of the period	Reasons for the restriction
Monetary funds	192,830,165.28	Deposits of acceptance, performance, letter of credit
Total	192,830,165.28	

3. Other explanations: N/A

**(IV) Analysis of investments**

1. Overall analysis of equity investment

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

- (1) Material equity investment: N/A
- (2) Material non-equity investment: N/A
- (3) Financial assets measured at fair value: See "Items measured at fair value" in Section II of this report for details.

**(V) Disposal of material assets and equity interest: N/A**

**(VI) Analysis of major subsidiaries and investee companies**

1. Information of major subsidiaries

Unit: 0'000 Currency: RMB

Subsidiary	Major products or services	Registered capital	30 June 2019		January to June 2019	
			Total assets	Net assets	Operating income	Net profit
Electronics Equipment Company	Manufacture and sale of automatic transmission equipment and industrial robots	19,000.00	104,968.50	36,484.94	41,850.18	1,021.10
Information Industry Company	Production and sale of AFC and ACC systems and equipment of railway transit, building intellectualization and system integration	USD3,194.6435	140,080.39	40,925.67	52,847.16	1,946.03
Electronic Manufacture Company	EMS services	USD2,000	108,750.19	47,066.78	75,997.42	3,165.79
Communications Technology Company	Manufacture and sale of mobile communication, digital communication and network communication systems and products	10,000.00	22,408.69	16,298.88	3,681.20	-194.13
Nanjing Panda Xinxing Industrial Co., Ltd.	Property and catering services	2,000.00	6,398.58	4,152.25	7,088.61	194.22
Nanjing Panda Electronic Technology Development Company Limited	Manufacturing of general purpose equipment, software development, and property management	70,000.00	66,417.62	60,429.47	719.85	-1,300.07
Shenzhen Jinghua Electronics Co., Ltd.	Research and development, manufacturing and sales of communication equipment and digital products	11,507.00	52,290.78	35,022.49	33,484.74	4,308.40

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

Unit: 0'000 Currency: RMB

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

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

**(VII) Structured entities controlled by the Company: N/A**

**II. Other Matters**

**(I) 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**

N/A

**(II) Potential risks**

1. Business Structure and Transformation Risks

Under the impact of the complicated and volatile economic situation at home and abroad, the smart manufacturing, rail transit and robot businesses of the Company are running up against intensive competition, which will bring about challenges for the Company in capturing a niche in the market and seeking for high-quality development in the future. In accordance with to the external environment and internal realities, the Company will accelerate the adjustment of industrial structure and product portfolio, thoroughly implement lean management and enhancement of quality and efficiency to promote the high quality development of the company, intensify the workforce construction and increase efforts on application of new technology and development of new products so as to step up brand influence, boost the continuous improvement of core competitiveness of the Company and secure the leading position in the industry.

2. Operating risks

As core technologies of international smart manufacturing such as communication, big data and control algorithm are mainly under the control of foreign companies, the Company is still seeking for breakthroughs in independent core technology and following emerging technologies at the present stage, and is incapable of completely independently master certain core and critical technologies. In particular, the industrialized application of industrial robot products only takes up a small proportion, which causes the gap between the Company and the international and domestic first-class enterprises to widen. Considering its current actual condition, the Company will continue to increase input in the facilities, materials, funds and personnel for the R&D of the existing technologies on the one hand, and on the other hand master international and domestic leading technologies at a higher pace through various approaches such as external introduction and internal alliance and industry-university cooperation. In terms of smart manufacturing, in the future, development emphasis will be laid on the robots catered to the welding processing in the machinery manufacturing industry, collaborative robots geared to 3C electronic manufacturing industry, Intelligent transportation and storage system based on automatic transportation robot in liquid crystal panel industry, and the construction of the complete set of Intelligent production Line system with Industrial Machine as the Core. Meanwhile, priority will be given to breaking new grounds in the management, application and control software and systems of supporting platforms.

### (III) Other disclosures

1. Liquidity of capital

As shown in the consolidated financial statements of the Company prepared under the PRC Accounting Standards for Business Enterprises, as at 30 June 2019, the Company's gearing ratio (the ratio of total liabilities to total assets) was 41.24%; current liabilities amounted to RMB2,556 million; liquidity ratio was 1.83; quick ratio was 1.39; bank deposits and cash amounted to RMB793 million; and short-term bank and other loans amounted to RMB50 million.

During the Reporting Period, the benchmark interest rate on 1-year RMB loans from financial institutions was 4.35%.

2. Purchase, sale or redemption of the Company's listed shares

During the Reporting Period, the Group did not purchase, sell or redeem any of the Company's listed shares.

3. Pre-emptive rights

There is no provision for pre-emptive rights according to the relevant laws of the PRC and the Articles of Association of the Company.

4. Arrangements for purchase of shares or debentures by directors, supervisors and senior management staff

At no time during the year had the Company become a party to any arrangements which enabled the directors, supervisors and senior management staff of the Company or any of their spouses or children under 18 to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other corporate bodies.

5. 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 relevant requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

6. Corporate Governance

During the Reporting Period, the Company has complied with the provisions under the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

7. During the Reporting Period, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules regarding securities transactions by the directors. Having made specific enquiries to all directors of the Company, the directors have confirmed that they complied with the Model Code issued by the Hong Kong Stock Exchange.

8. Pursuant to paragraph 40 of Appendix 16 to the Listing Rules, save as disclosed herein, the Company confirms that the current information in relation to those matters set out in paragraph 32 of Appendix 16 to the Listing Rules has no material change as compared to the information disclosed in the 2018 Annual Report of the Company.

9. Audit committee

The audit committee and the management of the Company have reviewed the accounting principles and accounting standards and methods adopted by the Company, discussed the matters relating to internal control and reviewed the interim results for the Reporting Period. The audit committee is of the opinion that the relevant financial report complies with the applicable accounting standards and laws and that adequate disclosure has been made.

The audit committee convened a meeting on 28 March 2019 to review 2018 financial report of the Company and the summary report on audit work in 2018 performed by BDO China Shu Lun Pan Certified Public Accountants LLP and agreed to submit the same to the Board for review. The appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international, domestic and internal control auditors for 2019 was agreed at the meeting and relevant proposal was submitted to the Board for consideration.

Having reviewed the unaudited financial report of the Company for the six months ended 30 June 2019, the audit committee is of the opinion that the financial report complies with the applicable accounting standards and laws and that adequate disclosure has been made.

## SECTION V SIGNIFICANT EVENTS

### I. Overview of General Meetings

Session of the meeting	Date of the meeting	Query index of the designated website where the resolutions were published	Disclosure date of the resolutions
2018 annual general meeting	2019-06-28	www.sse.com.cn	2019-06-29

Description of general meeting:

The 2018 annual general meeting of the Company was held on 28 June 2019, at which the resolutions in relation to the following matters were considered and approved: the Work Report of the Board of Directors of the Company for the Year 2018, the Work Report of the Supervisory Committee of the Company for the Year 2018, the Audited Financial Reports of the Company for the Year 2018, the Financial Budget Report of the Company for the Year 2019, the Profit Appropriation Plan of the Company for the Year 2018, the Resolution on the Appointment of the Auditor for the Year 2019, the 2018 Annual Report of the Company and its Summary, the Report of the Independent Directors of the Company for the Year 2018, the Amendments to the Articles of Association, the Resolution on the Amendment of the Rules of Procedure for the Shareholders' Meeting of the Company, the Shareholders' Return Plan of Nanjing Panda (2019–2021), and the resolutions in relation to the provision of guarantee to subsidiaries, the election of directors of the ninth session of the Board and the relevant matters, and the election of non-employee supervisor of the ninth session of the supervisory committee of the Company. For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 29 June 2019 and the website of Hong Kong Stock Exchange on 28 June 2019, respectively.

### II. Plan for Profit Distribution or Capitalization of Capital Reserve

#### (I) Plans for profit distribution and capitalization of capital reserve for the first half year

The Company will not make any profit distribution or to convert any capital reserve into share capital for the first half of 2019.

#### (II) Implementation of or adjustment to the profit distribution plan during the Reporting Period

The resolution in relation to the profit distribution plan for the year 2018 was considered and approved at the fourth meeting of the ninth session of the Board of the Company and the 2018 annual general meeting of the Company, pursuant to which, a cash dividend of RMB0.80 (tax inclusive) for every ten shares was distributed to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2018, with the total cash dividend distributed amounting to RMB73,107,082.32 and the remaining profits to be carried forward to next year. The Company would not make any distribution of capital reserve. As at the date of this report, the profit appropriation plan had been duly implemented. For details, please refer to the announcements published by the Company in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 29 March 2019, 29 June 2019 and 8 July 2019 and on the website of the Shanghai Stock Exchange on 29 June 2019 and the website of Hong Kong Stock Exchange on 28 March 2019, 28 June 2019 and 5 July 2019, respectively.

### III. Fulfillment of Undertakings

#### (I) Undertakings of the ultimate controller, shareholders, connected parties, acquirers and the Company and other related parties during the Reporting Period or continued to the Reporting Period

Background of undertakings	Types of undertakings	Party making undertaking	Contents of undertaking	Time and term of undertakings	Any term of performance or no	Strictly performed in timely manner	Description of specific reasons if not perform timely	Description of plans in next steps if not perform timely
Undertakings made in acquisition reports or equity change reports	Avoidance of horizontal competition	CEC	Prior to this acquisition, CEC and its controlled enterprises had no projects or assets which constituted horizontal competition with the principal operations of the Company. Upon completion of this acquisition, CEC and its controlled enterprises would not be directly or indirectly engaged in business which constitutes horizontal competition with the principal operations of the Company, nor invest in enterprises or projects which have direct or indirect competition with the principal operations of the Company	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	CE	Upon completion of the acquisition, CEC undertook to take the following measures to standardize potential connected transactions: (1) try to avoid or reduce connected transactions with the Company and its subsidiaries; (2) as for those that cannot be avoided or exist for reasonable reasons, standard connected transaction agreements shall be entered into with the Company according to law, and approval procedures shall be performed in accordance with relevant laws, rules, regulations, other regulatory documents and the Articles of Association. The price of such connected transactions shall be determined on the pricing principle of "reference to the market price and no less than the price of non-connected transactions then", so as to ensure the fairness of connected transaction prices; undertake to perform information disclosure obligation in compliance with relevant requirements of laws, regulations and the Articles of Association; (3) undertake not to illegally transfer the capital or profit of the Company, or harm the interest of the Company and its non-connected shareholders through connected transactions.	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	N/A	N/A
	Ensuring the Company's independence	CEC	Upon completion of the acquisition, CEC and the Company would maintain the independence of their respective staff, integrity of assets and financial independence; ensure the independent operation capability of the Company, the independence in respect of procurement, production, sales, and intellectual property rights, and protection of the interest of minority shareholders.	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company	Yes	Yes	N/A	N/A



Background of undertakings	Types of undertakings	Party making undertaking	Contents of undertaking	Time and term of undertakings	Any term of performance or no	Strictly performed in timely manner	Description of specific reasons if not perform timely	Description of plans in next steps if not perform timely
Undertakings relating to refinancing	Avoidance of horizontal competition	PEGL	<p>(1) PEG L and its subsidiaries have no projects or assets which constitute horizontal competition with the principal operations of the Company.</p> <p>(2) PEG L and its subsidiaries would not engage in the same or similar business as/to that of the Company and its subsidiaries in any form (including such forms as investment, acquisition, operation, merger and entrusted operation inside or outside the PRC).</p> <p>(3) In the event of business competition with the Company and its subsidiaries, the PEG L and its subsidiaries would terminate production and operation, or integrate such competing business into the Company, or transfer such competing business to non-related third parties to avoid horizontal competition.</p> <p>(4) If any business opportunity is provided to PEG L and its subsidiaries by third parties or by PEG L and its subsidiaries to third parties, and such business directly or indirectly constitutes competition with the Company, or the Company is able to and intends to undertake such business, PEG L and its subsidiaries shall immediately inform the Company of such opportunity and facilitate the undertaking of such business by the Company on reasonable terms and conditions.</p> <p>(5) If the Company or the relevant regulatory authorities believe(s) there exists horizontal competition in the business which PEG L and its subsidiaries is engaging in or will engage in, PEG L and its subsidiaries will timely transfer or terminate such business upon objection by the Company. If the Company further requests to acquire such business, PEG L and its subsidiaries will, unconditionally, transfer the aforesaid business and assets to the Company with priority based on the fair price as audited or appraised by agencies qualified to deal in securities and futures related business.</p> <p>(6) If this letter of commitment proves to be untrue or not observed, PEG L will indemnify the Company and its subsidiaries for all direct and indirect losses.</p> <p>(7) PEG L confirms that each commitment contained in this letter of commitment is independently executable, and any one commitment, if deemed invalid or terminated, shall not affect the validity of other commitments.</p> <p>(8) This letter of commitment is effective from the date of signing.</p>	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A

Background of undertakings	Types of undertakings	Party making undertaking	Contents of undertaking	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or no	Description of specific reasons if not perform timely	Description of plans in next steps if not perform timely
	Avoidance of horizontal competition	NEIC	The same contents as that of PEGL for "avoidance of horizontal competition".	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	PEGL	(1) As long as PEGL is a shareholder of the Company, PEGL and its subsidiaries shall try to reduce and standardize connected transactions with the Company.  (2) As for the connected transactions that cannot be avoided, PEGL shall enter into agreements with the Company in compliance and in accordance with relevant laws, regulations, regulatory documents and the articles of association of the Company, comply with approval procedures and the information disclosure obligation in accordance with statutory procedures, and refrain or abstain from voting at board meetings and/or general meetings, so as to procure such connected transaction can be conducted in compliance with the principle of "fairness, justice and openness" and on normal commercial terms and conditions, and ensure such connected transactions will not harm the legitimate interests and rights of the Company and other shareholders.	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	NEIC	The same contents as that of PEGL for "standardization and avoidance of connected transactions".	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
Other undertakings	Others	CEC	Due to the abnormal fluctuation of the domestic stock market, the Company received declaration documents from CEC as follows:  (1) as a responsible shareholder, CEC will proactively take social responsibilities and will not decrease its shareholding in the listed company during the abnormal fluctuation period in stock markets.  (2) CEC made commitment to actively explore and execute measures including repurchase, increasing shares, etc. within the permitted scope of law and regulations; to increase shareholding of shares in the listed company when the stock price considerably deviates from its share value, in order to protect the benefit of investors.  (3) CEC will continue to improve the quality of the listed company through asset restructuring and capital injection, supporting the economic structural adjustment and industrial transformation and equip the listed company with an upgraded healthy and comprehensive long-term reward mechanism to achieve continuous improvement of the return level of investors.	Time: 9 July 2015; Term: effective from the date of signing.	Yes	Yes	N/A	N/A

As of the reporting date, CEC, NEIC and PEGL had strictly fulfilled their respective undertakings.

#### IV. Appointment and Removal of Auditors

At the fourth meeting of the ninth session of the Board, the resolution in relation to the appointment of the auditors for 2019 was considered and approved, whereby it was proposed that BDO China Shu Lun Pan Certified Public Accountants LLP be re-appointed as the Company's international auditor, PRC auditor and internal control auditor for 2019 and that their remuneration be determined within the limit of RMB2.10 million and it was agreed that the same be submitted to the 2018 annual general meeting of the Company for shareholders' consideration.

The 2018 annual general meeting of the Company considered and approved the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international auditor, PRC auditor and internal control auditor for 2019, and authorized the Board to determine their remuneration within the limit of RMB2.10 million.

For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 29 March 2019 and 29 June 2019 and the website of Hong Kong Stock Exchange on 28 March 2019 and 28 June 2019.

#### V. Bankruptcy and restructuring related matter: N/A

#### VI. Material Litigation and Arbitration

##### (I) Litigation and arbitration disclosed in interim announcements with no subsequent developments: N/A

##### (II) Information on litigation and arbitration not disclosed in the interim announcement or with subsequent events

Unit: 0'000 Currency: RMB

During the Reporting Period:

Plaintiff (applicant)	Defendant (respondent)	Party with joint liability	Category of the litigation and arbitration	Basic information on the litigation (arbitration)	Amount subject to the litigation (arbitration)	Provisions and relevant amount of the litigation (arbitration)	Progress of the litigation (arbitration)	Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
Nanjing Panda Information Industry Co., Ltd.	Hangzhou Guoxin Vision Technology Co., Ltd.	Nil	Litigation	In January 2018, Information Industry Company and Hangzhou Guoxin Vision Technology Co., Ltd. entered into "3256 (Village to Village Special Type) Purchase and Sales Contract". However, Hangzhou Guoxin Vision Technology Co., Ltd. failed to deliver goods according to the time specified in the contract, causing the cancellation of the contract by the customer of Information Industry Company.	1,463.04	N/A	Nanjing Xia District People's Court has accepted the case and will hold a hearing on 16 September 2019.		
Nanjing Panda Electronics Equipment Co., Ltd.	Jiangsu Zhongshi Environment Technology Co., Ltd., Taizhou Zhenyi Puhui Investment Consulting CO., Ltd.	Nil	Litigation	As Jiangsu Zhongshi Environment Technology Co., Ltd. owed the amount for purchasing equipment of Electronics Equipment Company, the parties reached an agreement that Jiangsu Zhongshi Environment Technology Co., Ltd. shall undertake to pay RMB6.50 million and assume corresponding liabilities, and Taizhou Zhenyi Puhui Investment Consulting CO., Ltd. shall provide property for security. Up to the date of the litigation, Jiangsu Zhongshi Environment Technology Co., Ltd. still fails to pay the outstanding amount.	6,680,000 and interest	N/A	The judgment is effective. Apply for enforcement.	On 21 January 2019, Nanjing Xia District People's Court decided that Jiangsu Zhongshi Environment Technology Co., Ltd. shall pay RMB6.68 million and the interest thereon; Electronics Equipment Company shall enjoy right of first claim over the house of Taizhou Zhenyi Puhui Investment Consulting Co., Ltd.	Apply for enforcement.

##### (III) Other explanations: N/A

**VII. Punishment and rectification to the listed Company, its directors, supervisors, senior management, controlling shareholder, ultimate controller and acquirers: N/A**

**VIII. Explanation on credibility status of the Company, its controlling shareholder and ultimate controller during the Reporting Period: N/A**

**IX. Share incentive scheme, employee shareholding scheme and other employee incentives and their impacts: N/A**

**X. Material Connected Transactions**

**(I) Connected transactions relating to day-to-day operation**

1. Matters disclosed in interim announcements with no progress or change in the follow-up implementation: N/A
2. Matters disclosed in interim announcements with progress or change in the follow-up implementation

On 7 November 2018, the renewing of the existing continuing connected transactions and the cap between the Group and Financial Company was considered and approved at the extraordinary meeting of the ninth session of the Board, at which the directors or senior management of the Company were authorized to enter into the Financial Cooperation Agreement. It was stipulated that the cap for the fund settlement balance (deposit services) of the Group with Financial Company maintained at RMB500,000,000 and the cap for the comprehensive credit balance (loans, guarantee and other credit financing services) provided by Financial Company to the Group maintained at RMB600,000,000. The agreement was effective from obtaining approval of independent shareholders at the extraordinary general meeting for a term of three years. The entering into of the Financial Cooperation Agreement was compliance with relevant state and industry regulations and on the principle of openness, fairness and justice, without prejudice to the interest of the Company and minority shareholders of the Company. Additionally, the Company has made the Emergency Risk Management Plan for the Deposits Placed with Financial Company, which guaranteed the safety and liquidity of the funds. The connected directors have abstained from voting; and non-connected directors, independent non-executive directors and the Audit Committee approved such continuing connected transaction, considering that such continuing connected transaction was in the interests of the Company and its shareholders as a whole. Such continuing connected transaction was considered and approved at the 2018 first extraordinary general meeting of the Company on 28 December 2018. For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange respectively on 8 November 2018 and 29 December 2018 and H share circular despatched on 11 December 2018.

On 28 March 2019 and 29 August 2019, the ninth session of the Board of the Company held the fourth meeting and tenth meeting, respectively, at which the Risk Assessment Reports of China Electronics Financial Co., Ltd. was considered and approved to assess the deposit risk in the Financial Company. After reviewing, no material deficiency in relation to the risk management of financial statements of the Financial Company was found to exist as of 31 December 2018 and 30 June 2019. Please refer to the relevant announcements published on the website of Shanghai Stock Exchange on 29 March 2019 and 30 August 2019 and published on the website of Hong Kong Stock Exchange on 28 March 2019 and 29 August 2019 for more details.

As at 30 June 2019, the balance of the Group's loans and other credit financing services from Financial Company was RMB78,374,900 and the balance of the Group's deposits in Financial Company was RMB180,648,600. As at 28 August 2019, the balance of the Group's loans and other credit financing services from Financial Company was RMB82,186,200 and the balance of the Group's deposits in Financial Company was RMB114,348,400. The connected transactions between the Company and Financial Company were also confirmed by the independent non-executive directors that the comprehensive credit balance and fund settlement balance did not exceed the approved annual caps.

3. Matters not disclosed in interim announcements

Unit: 0'000 Currency: RMB

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type	Settlement method of the connected transaction	Reason for the difference between trading price and market price
							(%)	Market price	
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				771.45	0.59		
Xianyang IRICO Intelligent Equipment Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				336.21	0.26		
Nanjing Zhenhua Packing Material Factory	Subsidiary owned by shareholders	Purchase of goods				127.34	0.10		
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				36.79	0.03		
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				32.26	0.02		
Nanjing Panda Electronics Import/Export Co., Ltd	Subsidiary owned by shareholders	Purchase of goods				13.98	0.01		
Nanjing China Electronics Panda Appliances Co., Ltd	Subsidiary owned by shareholders	Purchase of goods				4.78	0.00		
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				4.39	0.00		
Guizhou Zhenhua Qunying Electrical Appliance Co. Ltd.	Subsidiary owned by shareholders	Purchase of goods				4.05	0.00		
Nanjing Panda Dasheng Electronics Technology Company Limited	Subsidiary owned by shareholders	Purchase of goods				2.36	0.00		
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				0.63	0.00		
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Other	Receipt of services				380.91	1.24		
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders	Receipt of services				279.77	0.91		
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				82.14	0.27		
IRICO Group Company Limited	Subsidiary owned by shareholders	Receipt of services				75.47	0.25		
China Electronics Import and Export Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				6.43	0.03		
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				3.29	0.01		
Chengdu China Electronic Panda Display Technology Co., Ltd	Subsidiary owned by shareholders	Sale of goods				45,125.65	25.79		
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				25,610.26	14.64		
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				9,269.72	5.30		

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market price	Reason for the difference between trading price and market price
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				2,311.67	1.32			
Xianyang CE Caihong Group Holdings Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1,510.19	0.86			
Shenzhen Jinghua Network Marketing Co., Ltd.	Associate	Sale of goods				1,469.80	0.84			
IRICO Group Company Limited	Subsidiary owned by shareholders	Sale of goods				946.55	0.54			
Nanjing Panda Electronics Import/Export Co., Ltd	Subsidiary owned by shareholders	Sale of goods				916.22	0.52			
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Sale of goods				699.32	0.40			
Panda Electronics Import and Export (Hong Kong) Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				197.05	0.11			
Nanjing China Electronics Panda Appliances Co., Ltd	Subsidiary owned by shareholders	Sale of goods				178.80	0.10			
China Greatwall Technology Group Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				90.15	0.05			
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Other	Sale of goods				75.16	0.04			
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				68.45	0.04			
Panda Electronics Group Limited	Controlling shareholder	Sale of goods				55.72	0.03			
Nanjing Sanle Electronic Information Co., Ltd	Subsidiary owned by shareholders	Sale of goods				43.62	0.02			
N CEC Materials Suzhe Corporation	Subsidiary owned by shareholders	Sale of goods				39.52	0.02			
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder	Sale of goods				19.65	0.01			
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders	Sale of goods				6.61	0.00			
Nanjing Panda Technology Park Development Company Limited	Subsidiary owned by shareholders	Sale of goods				6.49	0.00			
Nanjing CEC Panda Real Estate Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				4.25	0.00			
Shenzhen China Electronics Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.97	0.00			
Guizhou Zhenhua Yitong New Materials Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.58	0.00			
Nanjing China Electronics Modern Service Industry Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.35	0.00			

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market price	Reason for the difference between trading price and market price
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.32	0.00			
Nanjing Huadong Electronic Information & Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.18	0.00			
Nanjing China Electronics Panda Trade Development Co., Ltd	Subsidiary owned by shareholders	Sale of goods				0.45	0.00			
Beijing SE Putian Mobile Communications Co., Ltd.	Associate	Rendering of services				1,384.35	4.02			
IRICO (Hefei) LCD Glass Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				580.00	1.71			
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				458.28	1.35			
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				262.54	0.77			
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Other	Rendering of services				248.98	0.73			
Panda Electronics Group Limited	Controlling shareholder	Rendering of services				203.65	0.60			
Liyang Panda Bamboo Garden Hotel Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				56.60	0.17			
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				44.37	0.13			
Nanjing China Electronics Panda Appliances Co., Ltd	Subsidiary owned by shareholders	Rendering of services				15.23	0.04			
Nanjing Panda Electronics Import/Export Co., Ltd	Subsidiary owned by shareholders	Rendering of services				7.30	0.02			
Nanjing Caihong New Energy Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				2.83	0.01			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				2.69	0.01			
Shenzhen Jinghua Network Marketing Co., Ltd.	Associate	Rendering of services				0.43	0.00			
Nanjing China Electronics Panda Appliances Co., Ltd.	Subsidiary owned by shareholders	Leased/leased out				33.27	0.84			
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Other	Leased/leased out				26.88	0.68			
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders	Leased/leased out				16.90	0.43			
Nanjing Panda Electronics Import/Export Co., Ltd.	Subsidiary owned by shareholders	Leased/leased out				12.31	0.31			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Leased/leased out				7.87	0.20			

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same	Settlement method of the connected transaction	Reason for the difference between trading price and market price
							type (%)	Market price	
Shenzhen Jinghua Network Marketing Co., Ltd.	Associate	Leased/leased out /Other inflow				2.55	0.06		
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders	Leased/leased out				2.52	0.06		
Panda Electronics Group Limited	Controlling shareholder	Leased/leased out				2.04	0.05		
Total			/	/		94,168.74	/ /		

Details on return of bulk sales  
Explanation on connected transactions

N/A

During the Reporting Period, the continuing connected transactions conducted between the Group and CEC Group (including Financial Company), NEIC Group and CEC Home Appliances (the continuing connected transactions which were conducted in the usual course of business and on normal commercial terms) were considered and approved at the extraordinary meeting of the ninth session of the Board of the Company and were approved by independent shareholders at the first extraordinary general meeting of 2018, the procedures of which were in compliance with relevant requirements. For details please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange respectively on 8 November and 29 December 2018 and the H share circular dispatched on 11 December 2018. All connected transactions were confirmed by the independent non-executive directors of the Company and had not exceeded their respective annual caps.

These continuing connected transactions were conducive to the stability of the Group's production and operation, the terms of the connected transaction agreements were fair and reasonable with justice pricing, and the approval procedures were fulfilled in accordance with relevant regulations. In addition, these continuing connected transactions were conducted on normal commercial terms in the ordinary course of business and were in the interests of the Company and the shareholders as a whole, and have not affected the independence of the Company.

For details of the continuing connected transactions between the Group and CEC Group (including Financial Company), NEIC Group and CEC Home Appliances, please refer to the section headed "Related party relationship and transactions" in the notes to the financial statements contained in the 2019 interim report of the Company.

- (II) No connected transactions in respect of asset or equity acquisition or disposal of the Company existed during the Reporting Period.**
- (III) During the Reporting Period, the Company had no material connected transactions in respect of joint external investment.**



**(IV) Transactions relating to creditor's rights and debts**

1. Matters not disclosed in interim announcements

Unit: Yuan Currency: RMB

Connected party	Connected Relationship	Provision of funds to connected parties			Provision of funds to the Company by connected parties		
		Opening balance	Transaction amount	Closing balance	Opening balance	Transaction amount	Closing balance
Nanjing Panda Investment Development Co., Ltd.	Subsidiary of shareholder				21,166,211.85		21,166,211.85
Panda Electronics Group Limited	Controlling shareholder				6,970,553.13	-1,811,783.79	5,158,769.34
China Electronics Import and Export Co., Ltd.	Subsidiary of shareholder				195,539.62		195,539.62
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder				43,500.00	43,200.00	86,700.00
Nanjing Panda Electronics Transportation Company	Subsidiary of shareholder				35,533.25	23,940.00	59,473.25
China Electronics Corporation	Indirect controlling shareholder				40,000.00	-16,538.81	23,461.19
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary of shareholder				22,907.00		22,907.00
Nanjing Panda Technology Park Development Company Limited	Subsidiary of shareholder				20,000.00		20,000.00
Nanjing CEC Panda Real Estate Co., Ltd.	Subsidiary of shareholder					5,000.00	5,000.00
Liyang Panda Bamboo Garden Hotel Co., Ltd.	Subsidiary of shareholder				4,668.00		4,668.00
Nanjing Panda Dasheng Electronics Technology Company Limited	Subsidiary of shareholder				200.00		200.00
Total					28,499,112.85	-1,756,182.60	26,742,930.25

Reason of creditor's rights and debts

Business dealings

Impact of creditor's rights and debts on operating results and financial position of the Company

There is no material impact of creditor's rights and debts on the operating results and financial position of the Company.

**(V) Other material connected transactions: N/A**

## XI. Material Contracts and Their Execution

### (I) Matters relating to trust, contract and lease: N/A

### (II) Guarantees

Unit: 0'000 Currency: RMB

Guarantor	Relationship between guarantor and the listed company	Secured party	Guaranteed amount	Guarantees made by the Company (excluding those in favour of subsidiaries)					Overdue amount	Counter guarantee available	Guarantee provided to the related parties	Relationship		
				Date of guarantee (agreement execution date)	Commencement date	Expiry date	Type of guarantee	Whether the guarantee has been fulfilled						
				Total amount of guarantees during the reporting period (excluding those in favour of subsidiaries)								0		
				Total balance of the amount of guarantees at the end of the reporting period (A) (excluding those provided to subsidiaries)								0		
				<b>Guarantees provided by the Company for its subsidiaries</b>										
				Total amount of guarantees provided to subsidiaries during the reporting period								86,500.00		
				Total balance of the amount of guarantees provided to subsidiaries at the end of the reporting period (B)								40,598.22		
				<b>Total amount of guarantees made by the Company (including those in favour of subsidiaries)</b>										
				Total amount of guarantees (A+B)								40,598.22		
				Percentage of total guarantee amount in net assets of the Company (%)								11.81		
				Including:										
				Amount of guarantees provided to shareholders, de facto controller and their related parties (C)								0		
				Amount of guarantees provided directly or indirectly to parties with a gearing ratio of over 70% (D)								0		
				Amount of total guarantees in excess of 50% of net assets value (E)								0		
				Total amount of the above three items (C+D+E)								0		
				Statement on the contingent joint and several liability in connection with unexpired guarantee								N/A		
				Statement on guarantee										

The said guarantees are provided by the Company to its subsidiaries. The asset-liability ratio of each secured parties was no higher than 70%. The Company did not provide any guarantee to any independent third parties other than its subsidiaries, nor to its controlling shareholder, de facto controller or their connected parties. For details in relation to the guarantees provided by the Company for its subsidiaries, please refer to the sections headed "Guarantee in related party transactions" in the notes to the financial statements contained in the 2019 interim report of the Company.

On 19 August 2016, the Company convened the first extraordinary general meeting of 2016, at which it was approved that the Company could provide a guarantee for the financing amount of no more than RMB1,180,000,000 in total for the relevant subsidiaries, with effective term until 30 June 2019. On 19 August 2016, the Company convened an extraordinary meeting of the eighth session of the Board. At the meeting, it was considered and approved that the General Manager would be authorized to handle the matter, with full authority, regarding the provision of a guarantee for the financing of the subsidiaries, with effective term until 30 June 2019.

On 28 June 2019, the Company convened the annual general meeting of 2018, at which it was approved that the Company could provide a guarantee for the financing amount of no more than RMB1,030,000,000 in total for the relevant subsidiaries, with effective term from 1 July 2019 to the date of the annual general meeting of 2019, and the General Manager would be authorized to handle the matter, with full authority, regarding the provision of a guarantee for the financing of the subsidiaries during the effective term.

The independent directors of the Company have expressed their independent opinions on the above external guarantees as follows: all the above-mentioned guarantees had been considered and approved by the Board and approved by shareholders at general meetings, and relevant procedures were in compliance with applicable rules. Other than its subsidiaries, the Company and its subsidiaries did not provide any guarantee to any independent third parties nor to its controlling shareholder, de facto controller or their connected parties. Providing guarantees for the financing of related subsidiaries is conducive to promoting their business expansion and undertaking various engineering projects, and in the interests of the Company and the shareholders as a whole. The guaranteed amounts match their production and operation and capital requirements. And thereby agreed the Company to provide guarantees for the financing of related subsidiaries. The Company is required to carefully study the external guarantee requirements of the CSRC, the Shanghai Stock Exchange and the Hong Kong Stock Exchange to ensure that the procedures of external guarantees stay in compliance with applicable rules and that sufficient information and risk disclosures are made.

### **(III) Other material contracts**

Besides the daily business, the provision of guarantee for loans granted to its subsidiaries and wealth management with idle funds, the Company did not enter into other material contracts. Contracts for provision of guarantee for loans granted to its subsidiaries or for wealth management with idle funds had been published on China Securities Journal, Shanghai Securities News and the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange.

## **XII. Poverty Alleviation of the Company**

### **(I) Targeted poverty alleviation plan**

In recent years, according to the deployment and requirements of the plan for Ending Poverty and Raising Standard of Living of Nanjing Municipality in the "13th Five-Year Plan" period (Ning Wei Ban Fa [2016] No. 13), the Company proactively carried through the requirements of the Nanjing Municipal Party Committee and Municipal Government on targeted poverty alleviation, and actively formulated the schemes for assisting the poverty-stricken households in the target village. The Company also fully implemented the measures on poverty alleviation of its target village to achieve the goals of targeted poverty alleviation set by Nanjing Municipal Party Committee and Municipal Government through a variety of means including the financial aid programs and donation to the poverty-stricken households.

### **(II) Summary of the targeted poverty alleviation during the Reporting Period**

On 9 August 2019, according to the requirements of the Nanjing Municipal Government on targeted poverty alleviation and combining with the actual situation of an undeveloped in Gaochun District, Nanjing, the Company visited the village and gave away subsidies and school supplies to 11 school students from poverty-stricken households through the financial aid programs. The Company will donate additional RMB70,000 to provide targeted financial assistance to 60 poverty-stricken families in the village by the end of 2019.

### (III) Results of the targeted poverty alleviation

Unit: 0'000 Currency: RMB

Items	Amount and relevant implementations
I. General information	
of which: 1. Capital	8.30
2. Supplies converted to cash	0.1913
3. Number of registered poor people lifted out of poverty (person)	
II. Injection by project	
1. Poverty alleviation through industrial development	N/A
2. Poverty alleviation through transferring the form of employment	N/A
3. Poverty alleviation through relocation	N/A
4. Poverty alleviation through education	
of which: 4.1 Capital injected to subsidize poor students	1.66
4.2 Number of poor students subsidized (person)	12
4.3 Capital injected to improve educational resources in poor areas	
5. Poverty alleviation through improving health	N/A
6. Poverty alleviation through ecological protection	N/A
7. Basic protection	N/A
8. Poverty alleviation in the society	N/A
9. Other projects	
of which: 9.1. Number of projects	1
9.2. Capital injected	7.00
9.3. Number of registered poor people lifted out of poverty (person)	
9.4. Details about other projects	Assistance to 60 poverty-stricken households in the pair-up village
III. Awards (content and level)	N/A

### (IV) Interim progress on performance of social responsibilities of targeted poverty alleviation: N/A

### (V) Subsequent plan for targeted poverty alleviation

According to the deployment of the plan for Ending Poverty and Raising Standard of Living of Nanjing Municipality in the "13th Five-Year Plan" period, the Company actively participated in the Hundreds of Enterprises Assisting Hundreds of Villages by Pairing ("百企掛鈎幫百村") campaign carried out by the Nanjing Municipal Government, earnestly promoted the poverty alleviation work in an underdeveloped village in Gaochun District. The specific measures are as follows:

- (1) Investigate the actual situation of the target village, to find the reasons of poverty and make precise measures, so as to ensure that the "targeted poverty alleviation" work is effective.
- (2) Enrich the form of assistance, recruit poverty alleviation volunteers in our cadres and employees, and form helping pairs with poverty-stricken students, to provide them with learning counseling and psychological guidance as well as living assistance, and to help them grow into talents.

### XIII. Convertible Corporate Bonds: N/A

### XIV. Environmental Information

#### I. Statement on the environmental protection practice of companies and their major subsidiaries belonging to key pollutant discharging units published by national environmental protection authorities

According to the Notice on Issuing the List of Key Pollutant Discharging Units in Nanjing in 2019 (《關於印發2019年南京市重點排污單位名錄的通知》) issued by Nanjing Environmental Protection Bureau, Huage Plastic, a third-tier wholly-owned subsidiary of the Company, was included in the list in terms of the atmosphere.

##### 1. Information on emission of pollutants

One waste water outlet on the west side of Block 5 Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently emit COD and ammonia nitrogen in compliance with the Grade III standard under "Integrated Wastewater Discharge Standards" (《污水綜合排放標準》) (GB8978-1996) (COD $\leq$ 500mg/L, and ammonia nitrogen $\leq$ 35500mg/L). With the approved pollutant emission of 15.3 tons/year for COD and 0.864 ton/year for ammonia nitrogen, the actually measured average values were 190 mg/L for COD and 13.1 mg/L for ammonia nitrogen respectively, and it had no excessive emission.

Three exhaust gas outlets on the roof of Block 5 Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently emit toluene, xylene and non-methane hydrocarbon in compliance with the Grade II standard under "Emission Standards for Air Pollutants" (《大氣污染物綜合排放標準》) (GB16297-1996) (toluene $\leq$ 40mg/m<sup>3</sup>, xylene $\leq$ 70mg/m<sup>3</sup> and non-methane hydrocarbon $\leq$ 120mg/m<sup>3</sup>). With the approved pollutant emission of 0.757 tons/year for toluene, 0.759 tons/year for xylene, and 4.436 tons/year for non-methane hydrocarbon, the actually measured average values were 4.1mg/m<sup>3</sup> for toluene, no xylene detected and 19.2mg/m<sup>3</sup> for non-methane hydrocarbon respectively, and it had no excessive emission.

##### 2. Construction and operation of pollution prevention and control facilities

Exhaust gas treatment devices: 3 sets in total, the treatment adopted is as follows:

Exhaust gas from automatic production lines on the 3rd floor of Block 5 Plant is treated by the combination of activated carbon adsorption and catalytic combustion; the newly built automatic production line on the 1st floor of Block 5 Plant applies regenerative catalytic combustion, and currently, the two sets of equipment have been commissioned and completed, and it is expected that the acceptance work will be completed in September 2019; exhaust gas from manual production lines on the 2nd floor of Block 5 Plant is treated by activated carbon adsorption..

Wastewater treatment devices: 1 set, using A/O treatment method. the treated production wastewater is recycled to the spray booth through the pressure pump, and only a small amount of sewage is discharged regularly every week.

##### 3. Environmental impact assessment of construction projects and other administrative licenses of environmental protection

Project name: Precision Injection Molding and Mold Making Relocation and Reconstruction Project of Nanjing Huage Appliance and Plastic Industrial Co., Ltd.; document number and time for EIA approval: Ning Huan Biao Fu [2012] No. 006, 8 February 2012; acceptance time and number: 22 October 2012, Ning Huan Yan [2012] No. 121.

Project name: Project of optimization of production lines and upgrading and renovation of supporting pollution control facilities; document number and time for EIA approval: Ning Kai Wei Xing Shen Xu Ke Zi [2018] No. 267, 29 August 2018.

4. Emergency plan for emergency environmental incidents

A third-party institution (currently (Nanjing Beiyun Environmental Technology Group Co., Ltd.) is engaged to carry out 1 to 2 times of wastes inspection each year. Number of the first half of 2019 monitoring report: (2019) Ning Bai Huan Jian (Qi) Zi No. 201902045.

5. Environmental self-monitoring plan

A third-party institution (currently (Nanjing Beiyun Environmental Technology Group Co., Ltd.) is engaged to carry out 1 to 2 times of wastes inspection each year. Number of the first half of 2019 monitoring report: (2019) Ning Bai Huan Jian (Qi) Zi No. 201902045

6. Other discloseable environmental information

The information on hazardous wastes has been disclosed on the website of Environmental Information Disclosure Platform for Enterprises and Institutions in Nanjing (<http://47.99.100.223/webs/indexsys.htm>) as required by the environmental protection authority.

**(II) Environmental protection by companies other than key pollutant discharging units:**

The Company and its subsidiaries other than Huage Plastic do not belong to the key pollutant discharging units published by national environmental protection authorities. The Company practices the development concept of harmonious coexistence between human and nature, and actively responds to the national green development and the call of "protecting green hills and clear waters and building beautiful China", to create green products, green park and green industry and promote green, low-carbon and returnable industrial structure adjustment. In combination with its own business situation, the Company promoted the construction of environmental management system, formulated corresponding environmental management measures, and will continuously improve and implement them.

**(III) Reasons for not disclosure of environmental information by the companies other than key pollutant discharging units: N/A**

**(IV) Description of the follow-up progress or changes in the environmental information disclosed during the Reporting Period: N/A**

## XV. Other Material Events

### (I) Changes in accounting policies, accounting estimates and accounting methods compared with the previous accounting period, reasons thereof and their impact

1. The resolution on the Change in the Company's Certain Accounting Policies was considered and approved at the 5th 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, as an enterprise concurrently listed on domestic and foreign stock exchanges, the Company adopted such accounting standards with effect from 1 January 2019. 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 "Accounting Standards for Business Enterprises" and relevant regulations and the actual situation of the Company. The decision-making process for the change in accounting policies is in compliance with relevant laws and regulations and the Articles of Association. 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 and operating results for the period. For details of the change in accounting policies, please refer to the Announcement of Nanjing Panda on Change in Accounting Policies (Lin 2019–029) published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 29 April 2019, and relevant announcement published on the website of Hong Kong Stock Exchange on 26 April 2019.
2. The resolution on the Amendment to the Company's Certain Accounting Policies was considered and approved at the 10th meeting of the ninth session of the Board of the Company on 29 August 2019. On 30 April 2019, the Ministry of Finance issued the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for 2019 (《關於修訂印發2019年度一般企業財務報表格式的通知》) (Cai Kuai [2019] No. 6), and has revised the format of financial statements for general enterprises. In accordance with the requirements of the above notice, the Company changed relevant accounting policies. The change in accounting policies was made on reasonable basis according to the relevant requirements of the Ministry of Finance, which was in line with the "Accounting Standards for Business Enterprises" and relevant regulations and the actual situation of the Company. The decision-making process for the change in accounting policies is in compliance with relevant laws and regulations and the Articles of Association, without prejudice to the interest of the Company and minority shareholders of the Company. 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 and operating results for the period. For details of the change in accounting policies, please refer to the Announcement of Nanjing Panda on Change in Accounting Policies (Lin 2019–056) published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 30 August 2019 and relevant announcement published on the website of Hong Kong Stock Exchange on 29 August 2019.

### (II) In case retrospective restatement is required for major accounting errors during the Reporting Period, the Company shall give explanations on the situation, amount affected, reasons thereof and its impact: N/A

### (III) Others

During the Reporting Period, the Company complied with the relevant laws and regulations including the Company Law and the Securities Law. In accordance with the requirements relating to corporate governance and proper operation issued by the CSRC and the SFC and the requirements of the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, in view of its own actual situation, the Company continued to further refine its corporate governance structure and internal rules and systems, reinforced management of internal control and boosted the standard operation level of the Company. There were no material differences between the actual corporate governance of the Company and the regulative requirements of the Corporate Governance Standards for Listed Companies released by the CSRC. During the Reporting Period, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Hong Kong Stock Exchange.

## SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION OF SHAREHOLDERS

### I. Changes in Shares

#### (I) Changes in Shares

1. Particulars for changes in shareholdings

During the Reporting Period, there was no change in share capital or shareholding structure of the Company.

2. Explanations on changes in shareholdings

As at 29 August 2019, the latest practicable and recent date prior to the date of this interim report, based on information that is publicly available to the Company and within the knowledge of the directors, the Company has complied with the requirements of the Hong Kong Stock Exchange in relation to sufficiency of public float.

3. Impact of changes in shares occurred during the Reporting Period to the disclosure date of the interim report on the earnings per share, net asset value per share and other financial indicators (if any): N/A

4. Other contents that the Company deems necessary and the securities regulatory agencies require to disclose: N/A

#### (II) Changes in shares subject to trading moratorium: N/A

### II. Shareholders

#### (I) Total number of shareholders

Total number of shareholders as at the end of the reporting period (account) 94,745 shareholders (including 94,716 A shareholders and 29 H shareholders)

#### (II) Shareholdings of top 10 shareholders and top 10 holders of circulating shares (or shares not subject to trading moratorium) as at the end of the Reporting Period

Unit: share

Name of Shareholder	Shareholdings of top ten shareholders of the Company				Pledged or locked up	Number of shares	Type of shareholders
	Increase/Decrease during the reporting period	Number of shares held at the end of the reporting period	Percentage of shareholding (%)	Number of shares held subject to trading moratorium			
HKSCC (Nominees) Limited	-824,737	242,800,218	26.57	0	Unknown		Overseas legal person
Panda Electronics Group Limited	0	210,661,444	23.05	0	Unknown		State-owned legal person
China Huarong Asset Management Co., Ltd.	-16,839,976	65,517,891	7.17	0	Unknown		State-owned legal person
Nanjing Electronics Information Industrial Corporation	0	63,302,611	6.93	0	Unknown		State-owned legal person
Zhang Xiaofeng(張曉峰)	0	1,845,163	0.20	0	Unknown		Domestic natural person
Cheng Lijun(程利軍)	1,569,900	1,569,900	0.17	0	Unknown		Domestic natural person
Qi Liqin(齊麗琴)	1,015,667	1,015,667	0.11	0	Unknown		Domestic natural person
Lu Weirong(盧偉榮)	1,000,000	1,000,000	0.11	0	Unknown		Domestic natural person
Wang Ping(王萍)	950,000	950,000	0.10	0	Unknown		Domestic natural person
Duan Yijie(段義傑)	927,274	927,274	0.10	0	Unknown		Domestic natural person



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

Name of shareholder	Shares held not subject to trading moratorium		Class and number of shares	
		Class		Number
HKSCC (Nominees) Limited	242,800,218	Overseas listed foreign shares		241,397,470
		RMB ordinary shares		1,402,748
Panda Electronics Group Limited	210,661,444	RMB ordinary shares		210,661,444
China Huarong Asset Management Co., Ltd.	65,517,891	RMB ordinary shares		65,517,891
Nanjing Electronics Information Industrial Corporation	63,302,611	RMB ordinary shares		49,534,611
		Overseas listed foreign shares		13,768,000
Zhang Xiaofeng(張曉峰)	1,845,163	RMB ordinary shares		1,845,163
Cheng Lijun(程利軍)	1,569,900	RMB ordinary shares		1,569,900
Qi Liqin(齊麗琴)	1,015,667	RMB ordinary shares		1,015,667
Lu Weirong(盧偉榮)	1,000,000	RMB ordinary shares		1,000,000
Wang Ping(王萍)	950,000	RMB ordinary shares		950,000
Duan Yijie(段義傑)	927,274	RMB ordinary shares		927,274

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 242,800,218 shares (including 241,397,470 H shares and 1,402,748 A shares) of the Company, representing 26.57% of the issued share capital of the Company, on behalf of several clients. 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.

**III. Changes of Controlling Shareholders and the de facto Controllers of the Company**

During the Reporting Period, there was no change in the controlling shareholders and the de facto controllers of the Company, being PEGL and CEC, respectively.

#### IV. Substantial Shareholders' Interests and Short Positions in the Shares or Underlying Shares of the Company

As at 30 June 2019, so far as the directors, supervisors and senior management staff of the Company were aware, long positions in shares or underlying shares of the Company held by substantial shareholders (exclusive of directors, supervisors and senior management staff of the Company) which were required to be filed with the register as pursuant to section 336 of the Securities and Futures Ordinance ("SFO") of the Hong Kong Stock Exchange were as follows: (1) PEGL held 210,661,444 domestic shares, accounting for approximately 31.36% of domestic shares in issue and approximately 23.05% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (2) NEIIC held 49,534,611 domestic shares, accounting for approximately 7.37% of domestic shares in issue and approximately 5.42% of the total shares in issue and held 13,768,000 H shares, accounting for approximately 5.69% of H shares in issue and approximately 1.51% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. NEIIC held 100% equity interest of PEGL and in total held 273,964,055 shares in the Company which was held as corporate interest or in the capacity of beneficial owner, accounting for approximately 29.98% of the total shares in issue. (3) China Huarong held 65,517,891 domestic shares, accounting for approximately 9.75% of domestic shares in issue and approximately 7.17% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (4) Tang Hanbo (唐漢博) held 22,586,000 H Shares, accounting for approximately 9.33% of H Shares in issue and approximately 2.47% of the total shares in issue. The nature of interests in such shares is personal interest which was held in the capacity of beneficial owner. (5) Lewis Joseph held 20,260,000 H Shares, accounting for approximately 8.37% of H Shares in issue and approximately 2.22% of the total shares in issue. The nature of interests in such shares is personal interest which was held in the capacity of beneficial owner. (6) Tuesday Thirteen Inc. held 16,920,000 H Shares, accounting for approximately 7.00% of H Shares in issue and approximately 1.85% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of controlled corporation.

During the Reporting Period, China Huarong reduced its shareholding in the Company by 16,839,976 A shares in aggregate from 25 February to 27 June 2019, representing 1.84% of the total share capital of the Company. From the end of the Reporting Period to the date of this report, China Huarong reduced its shareholding in the Company by 371,200 A shares in aggregate from 2 July to 23 July 2019, representing 0.04% of the total share capital of the Company. In summary, as at the date of this report, China Huarong reduced its shareholding in the Company by 17,211,176 A shares from 25 February 2019 to 23 July 2019, representing 1.88% of the total share capital of the Company. For details of the shareholding reduction of China Huarong, please refer to the relevant announcements published by the Company on 3 January 2019, 24 April 2019, 9 May 2019 and 24 July 2019, and relevant announcements published on the website of Hong Kong Stock Exchange on 2 January 2019, 23 April 2019, 8 May 2019 and 23 July 2019.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2019.

#### SECTION VII INFORMATION ON PREFERRED SHARES

The Company did not have any matters in relation to the preferred shares during the Reporting Period.

## SECTION VIII PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### I. Change in shareholdings

#### (I) Changes in shareholdings of current and the resigned directors, supervisors and senior management during the Reporting Period

During the Reporting Period, the shareholdings of directors, supervisors and senior management remained unchanged.

As of 30 June 2019, none of the directors, supervisors and senior management staff of the Company or their associates had any interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")), (a) which were required to be notified to the Company or the Stock Exchange under Divisions 7 and 8 of Part XV of SFO (including interests or short positions which were regarded or deemed to have pursuant to such provisions of the SFO); or (b) which were required to be recorded in the register required to be kept by the Company under such provision of Section 352 of SFO; or (c) which were required to be separately notified to the Company or the Stock Exchange according to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") under Appendix 10 to the Listing Rules. No share incentive scheme was granted to them. None of the directors or supervisors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

#### (II) Share options granted to directors, supervisors and senior management staff as incentives during the Reporting Period: N/A

### II. Changes in directors, supervisors and senior management staff

Name	Position	Change
Zhou Guixiang	Chairman, executive director	Election
Lu Qing	Vice chairman, executive director	Election
Shen Jianlong	Non-executive director	Election
Zhao Ji	Chairman of the Supervisory Committee	Election
Hu Dali	Chief accountant	Appointment
Wang Dongdong	Secretary to the Board, Company secretary	Appointment
Xu Guofei	Former chairman, executive director	Resignation
Chen Kuanyi	Former vice chairman, executive director	Resignation
Tu Changbai	Former chairman of the Supervisory Committee	Resignation
Shen Jianlong	Former secretary to the Board, chief accountant, former company secretary	Resignation

Explanations on the changes in directors, supervisors and senior management staff of the Company:

1. On 29 April 2019, Mr. Shen Jianlong, the former chief accountant of the Company, resigned as the chief accountant of the Company due to work adjustment.
2. On 9 May 2019, the appointment of Mr. Hu Dali as the chief accountant of the Company was considered and approved at the 6th meeting of the ninth session of the Board of the Company, and his term of office is the same to the ninth session of the Board of the Company.
3. On 17 May 2019, Mr. Xu Guofei, former chairman of the Company, resigned as the director, chairman and the relevant positions of the committees under the Board of the Company due to work adjustment.
4. On 17 May 2019, Mr. Chen Kuanyi, former vice chairman of the Company, resigned as the director, vice chairman and the relevant positions of the committees under the Board of the Company due to changes in his work.
5. On 24 May 2019, Mr. Shen Jianlong, the former secretary to the Board of the Company, resigned as the secretary to the Board of the Company and the Company secretary due to changes in his work.
6. On 24 May 2019, the appointment of Mr. Wang Dongdong as the Company secretary was considered and approved at the extraordinary meeting of the ninth session of the Board of the Company, and his term of office is the same to the ninth session of the Board of the Company.

7. On 28 May 2019, the nomination of Mr. Zhou Guixiang as candidate for executive director of the ninth session of the Board of the Company; re-designation of Mr. Lu Qing from non-executive director to executive director of the ninth session of the Board of the Company; and nomination of Mr. Shen Jianlong as candidate for non-executive director of the ninth session of the Board of the Company were considered and approved at the 7th meeting of the ninth session of the Board of the Company. Mr. Zhou Guixiang, Mr. Lu Qing and Mr. Shen Jianlong were elected and appointed at the 2018 annual general meeting of the Company convened on 28 June 2019, and their terms of office are the same to the ninth session of the Board.
8. On 28 May 2019, the nomination of Mr. Zhao Ji as a candidate for the non-employee representative supervisor of the ninth session of the Supervisory Committee of the Company was considered and approved at the 7th meeting of the ninth session of the Supervisory Committee of the Company. Mr. Zhao Ji was elected and appointed at the 2018 annual general meeting of the Company convened on 28 June 2019, and his term of office is the same to the ninth session of the Supervisory Committee.
9. On 28 June 2019, Mr. Zhou Guixiang was elected as the chairman of the ninth session of the Board of the Company; Mr. Lu Qing was elected as the vice chairman of the ninth session of the Board of the Company; Mr. Zhou Guixiang and Mr. Shen Jianlong were elected as members of the Strategy Committee of the ninth session of the Board of the Company, and Mr. Zhou Guixiang (chairman of the Board) as the chairman of the Strategy Committee; Mr. Zhou Guixiang and Mr. Lu Qing were elected as members of the Nomination Committee of the ninth session of the Board of the Company; Mr. Shen Jianlong was elected to replace Mr. Lu Qing as a member of the Audit Committee of the ninth session of the Board of the Company at the 8th meeting of the ninth session of the Board of the Company.
10. On 28 June 2019, Mr. Zhao Ji was elected as the chairman of the Supervisory Committee of the Company at the 8th meeting of the ninth session of the Supervisory Committee of the Company.
11. On 12 August 2019, appointment of Mr. Wang Dongdong as the secretary to the Board of the Company was considered and approved at the 9th meeting of the ninth session of the Board of the Company, and his term of office is the same to the ninth session of the Board of the Company.

For particulars of the above matters, please refer to the announcements of the Company published on the website of Shanghai Stock Exchange, China Securities Journal and Shanghai Securities News on 30 April 2019, 10 May 2019, 18 May 2019, 25 May 2019, 29 May 2019, 29 June 2019 and 13 August 2019, and on the website of Hong Kong Stock Exchange on 29 April 2019, 9 May 2019, 17 May 2019, 24 May 2019, 28 May 2019, 28 June 2019 and 12 August 2019 respectively.

## **SECTION IX INFORMATION ON CORPORATE BONDS**

During the Reporting Period, there were no matters relating to the bonds of the Company.

## SECTION X FINANCIAL REPORT

1. Unaudited Interim financial report.
2. Financial statements and accompanying notes(prepared in accordance with PRC Accounting Standards)

### Consolidated Balance Sheet

30 June 2019

(Expressed in RMB, unless otherwise stated)

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

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

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

30 June 2019

(Expressed in RMB, unless otherwise stated)

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

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

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	Balance at the end of last year
<b>Non-current liabilities:</b>		
Insurance contract reserves		
Long-term payables		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	<b>4,975,397.42</b>	
Long-term payables		
Long-term staff salaries payables	<b>21,085,502.13</b>	24,722,333.29
Accrued liabilities		2,900,000.00
Deferred income	<b>6,583,176.16</b>	7,050,224.14
Deferred income tax liabilities	<b>103,697.07</b>	102,132.39
Other non-current liabilities		
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>32,747,772.78</b>	34,774,689.82
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>2,588,797,681.37</b>	2,492,740,662.68
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**Consolidated Balance Sheet (Continued)**  
 30 June 2019  
 (Expressed in RMB, unless otherwise stated)

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

Chief Accountant:  
**Hu Dali**

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

**Parent Company Balance Sheet**

30 June 2019

*(Expressed in RMB, unless otherwise stated)*

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

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

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

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

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	Balance at the end of last year
<b>Current liabilities:</b>		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	<b>3,929,110.36</b>	
Accounts payable	<b>30,735,493.17</b>	38,708,811.11
Advance receipts from customers	<b>871,406.00</b>	4,000.00
Staff salaries payable	<b>1,916,101.77</b>	2,946,015.92
Taxes payable	<b>152,669,856.98</b>	153,711,832.83
Other payables	<b>225,869,545.88</b>	154,312,183.92
Contract liabilities		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>415,991,514.16</b>	349,682,843.78
	<hr/>	<hr/>
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long term Staff salaries payable	<b>2,460,048.82</b>	2,998,820.29
Accrued liabilities		2,900,000.00
Deferred income		
Deferred income tax liabilities	<b>65,402.64</b>	63,837.96
Other non-current liabilities		
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>2,525,451.46</b>	5,962,658.25
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>418,516,965.62</b>	355,645,502.03
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**Parent Company Balance Sheet (Continued)**  
 30 June 2019  
 (Expressed in RMB, unless otherwise stated)

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

Chief Accountant:  
**Hu Dali**

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

## Consolidated Income Statement

January–June 2019

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
<b>1. Revenue</b>	<b>2,129,345,776.54</b>	1,993,629,769.74
Including: Operating income	<b>2,129,345,776.54</b>	1,993,629,769.74
Interest income		
Premiums earned		
Fee and commission income		
<b>2. Total operating cost</b>	<b>2,064,814,237.55</b>	1,941,528,974.38
Including: Operating costs	<b>1,823,553,320.49</b>	1,703,793,649.19
Interest expenses		
Fee and commission expense		
Surrenders		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Tax and surcharges	<b>10,655,708.13</b>	9,410,402.47
Selling expenses	<b>21,892,592.48</b>	24,842,746.83
Administrative expenses	<b>105,415,293.63</b>	99,945,852.85
R&D costs	<b>103,493,120.42</b>	103,166,097.03
Financial expenses	<b>-195,797.60</b>	370,226.01
Including: Interest expense	<b>2,433,504.47</b>	1,775,338.83
Interest income	<b>-5,294,211.03</b>	-5,522,060.92
Add: Other gains	<b>5,766,281.17</b>	1,268,248.20
Investment income (losses are represented by "-")	<b>32,227,952.92</b>	35,460,772.49
Including: Investment income of associates and joint ventures	<b>24,716,024.79</b>	25,682,507.56
Gains arising from derecognition of financial assets at amortised cost		
Exchange gain (losses are represented by "-")		
Income on hedging the net exposure (losses are represented by "-")		
Gains arising from changes in fair value (losses are represented by "-")	<b>2,975,260.27</b>	
Credit impairment loss (losses are represented by "-")	<b>-4,102,573.57</b>	-1,018,592.09
Asset impairment loss (losses are represented by "-")	<b>-13,210,343.27</b>	238,867.43
Gains on disposal of assets (losses are represented by "-")	<b>190,885.76</b>	-178,452.31
<b>3. Operating profit (losses are represented by "-")</b>	<b>88,379,002.27</b>	87,871,639.08
Add: Non-operating income	<b>2,607,172.95</b>	2,910,814.51
Less: Non-operating expenses	<b>305,589.45</b>	577,222.19

**Consolidated Income Statement (Continued)**

January–June 2019

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
<b>4. Total profit (total losses are represented by "-")</b>	<b>90,680,585.77</b>	90,205,231.40
Less: Income tax expense	<b>20,907,362.66</b>	14,162,182.96
<b>5. Net profit (net losses are represented by "-")</b>	<b>69,773,223.11</b>	76,043,048.44
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by "-")	<b>69,773,223.11</b>	76,043,048.44
2. Net profit for discontinued operation (net losses are represented by "-")		
(2) Classified by the attribution of the ownership		
1. Net Profit attributable to the equity shareholders of the parent company (net losses are represented by "-")	<b>42,389,523.73</b>	51,019,460.71
2. Minority interests (net losses are represented by "-")	<b>27,383,699.38</b>	25,023,587.73
<b>6. Net other comprehensive income after tax</b>	<b>4,694.04</b>	
Net other comprehensive income after tax attributable to owners of the parent company	<b>4,694.04</b>	
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	<b>4,694.04</b>	
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	<b>4,694.04</b>	
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Changes in fair value of other equity instruments investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other bonds investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		
Net other comprehensive income after tax attributable to minority shareholders		
<b>7. Total comprehensive income</b>	<b>69,777,917.15</b>	76,043,048.44
Total comprehensive income attributable to the equity holders of the parent company	<b>42,394,217.77</b>	51,019,460.71
Total comprehensive income attributable to minority shareholders	<b>27,383,699.38</b>	25,023,587.73
<b>8. Earnings per share:</b>		
(1) Basic earnings per share (RMB/share)	<b>0.0464</b>	0.0558
(2) Diluted earnings per share (RMB/share)	<b>0.0464</b>	0.0558

Legal representative:  
**Xia Dechuan**

Chief Accountant:  
**Hu Dali**

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

## Parent Company Income Statement

January–June 2019

(Expressed in RMB, unless otherwise stated)

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



**Parent Company Income Statement (Continued)**

January–June 2019

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
<b>5. Net other comprehensive income after tax</b>	<b>4,694.04</b>	
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	<b>4,694.04</b>	
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	<b>4,694.04</b>	
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		
<b>6. Total comprehensive income</b>	<b>-21,135,140.80</b>	-2,364,387.88
<b>7. Earnings per share:</b>		
(1) Basic earnings per share (RMB/share)		
(2) Diluted earnings per share (RMB/share)		

Legal representative:

**Xia Dechuan**

Chief Accountant:

**Hu Dali**

Head of the Accounting Department:

**Liu Xianfang**

## Consolidated Cash Flow Statement

January–June 2019

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
<b>1. Cash flows from operating activities</b>		
Cash received from the sale of goods and rendering of services	<b>1,917,822,585.46</b>	2,051,599,065.88
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from banks and other financial institutions		
Cash received from premiums of original insurance contract		
Net amount of reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Net cash received from securities brokerage		
Refunds of taxes	<b>36,995,137.15</b>	36,957,849.05
Cash received relating to other operating activities	<b>135,307,177.54</b>	124,685,674.31
<b>Sub-total of cash inflows from operating activities</b>	<b>2,090,124,900.15</b>	2,213,242,589.24
Cash paid on purchase of goods and services received	<b>1,948,079,929.87</b>	1,848,536,201.20
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in financial assets held for trading		
Net increase in placement		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	<b>261,894,614.47</b>	240,655,958.39
Cash paid for all types of taxes	<b>76,227,262.45</b>	115,249,064.91
Cash paid relating to other operating activities	<b>106,671,260.95</b>	141,539,541.89
<b>Sub-total of cash outflows from operating activities</b>	<b>2,392,873,067.74</b>	2,345,980,766.39
<b>Net cash flows generated from operating activities</b>	<b>-302,748,167.59</b>	-132,738,177.15

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

Items	Amount for the current period	Amount for the previous period
<b>2. Cash flows from investing activities</b>		
Cash received from disposal and returns of investments		
Cash received from return on investments	<b>29,347,027.95</b>	10,024,098.81
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	<b>3,191,048.10</b>	106,399.35
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	<b>860,000,000.00</b>	950,000,000.00
<b>Sub-total of cash inflows from investing activities</b>	<b>892,538,076.05</b>	960,130,498.16
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	<b>69,932,139.27</b>	19,317,554.42
Cash paid for investments		
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	<b>990,000,000.00</b>	960,000,000.00
<b>Sub-total of cash outflows from investing activities</b>	<b>1,059,932,139.27</b>	979,317,554.42
<b>Net cash flows generated from operating activities</b>	<b>-167,394,063.22</b>	-19,187,056.26
<b>3. Net cash flows generated from financing activities</b>		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	<b>95,000,000.00</b>	95,000,000.00
Cash received from issuing bonds		
Cash received relating to other financing activities	<b>19,500,580.63</b>	39,198,666.76
<b>Sub-total of cash inflows from financing activities</b>	<b>114,500,580.63</b>	134,198,666.76

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

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

Legal representative:  
**Xia Dechuan**

Chief Accountant:  
**Hu Dali**

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

## Parent Company Cash Flow Statement

January–June 2019

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
<b>I. Cash flows from operating activities</b>		
Cash received from the sale of goods and rendering of services	31,358,826.06	49,420,552.68
Refunds of taxes		
Cash received received to other operating activities	23,617,416.01	69,583,432.96
<b>Sub-total of cash inflows from operating activities</b>	<b>54,976,242.07</b>	<b>119,003,985.64</b>
Cash paid on purchase of goods and services received	18,722,950.81	30,505,465.75
Cash paid to and on behalf of employees	50,093,202.73	44,545,818.53
Cash paid for all types of taxes	3,792,973.03	6,922,181.10
Cash paid relating to other operating activities	73,226,772.04	116,209,026.87
<b>Sub-total of cash outflows from operating activities</b>	<b>145,835,898.61</b>	<b>198,182,492.25</b>
<b>Net cash flows generated from operating activities</b>	<b>-90,859,656.54</b>	<b>-79,178,506.61</b>
<b>2. Cash flows from investing activities</b>		
Cash received from disposal and returns of investments		
Cash received from return on investments	25,564,905.44	9,573,070.12
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	670,000,000.00	900,000,000.00
<b>Sub-total of cash inflows from investing activities</b>	<b>695,564,905.44</b>	<b>909,573,070.12</b>
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		
Cash paid for investments		10,000,000.00
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	730,000,000.00	860,000,000.00
<b>Sub-total of cash outflows from investing activities</b>	<b>730,000,000.00</b>	<b>870,000,000.00</b>
<b>Net cash flows generated from operating activities</b>	<b>-34,435,094.56</b>	<b>39,573,070.12</b>

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

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

Legal representative:  
Xia Dechuan

Chief Accountant:  
Hu Dali

Head of the Accounting Department:  
Liu Xianfang

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

Items	Current period										Total owners' equity		
	Equity attributable to parent company												
	Share capital	Reserves shares	Other equity instrument	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Other	Subtotal
I. Balance at the end of prior year	913,838,929.00			1,470,691,600.13		191,513.87	258,547,274.54	855,855,181.88	3,488,424,256.40		3,488,424,256.40	223,454,161.50	3,691,878,381.30
Add: Changes in accounting policies													
Error correction of previous period													
Business combination involving entities under common control													
Others													
II. Balance at the beginning of current year	913,838,929.00			1,470,691,600.13		191,513.87	258,547,274.54	855,855,181.88	3,488,424,256.40		3,488,424,256.40	223,454,161.50	3,691,878,381.30
III. Changes of current year (Decreases are represented by "-")													
(i) Total comprehensive income						4,684.04		-80,711,585.59			-80,711,584.55	27,383,889.38	-3,281,185.17
(ii) Share capital contributed or withdrawn by owners						4,684.04		42,388,528.13			42,394,217.77	27,383,889.38	69,777,971.15
1. Share capital contributed by owners													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included													
4. Others													
(iii) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners													
4. Others													
								-73,107,082.32			-73,107,082.32		-73,107,082.32
								-73,107,082.32			-73,107,082.32		-73,107,082.32

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

Items	Current period											
	Equity attributable to parent company											
	Other equity instrument		Less:		Other comprehensive income		Undistributed profit		Total owners' equity			
	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Special reserve	Surplus reserve	General risk reserve	Other	Subtotal	Minority interests	Total owners' equity
(VI) Interest earned on equity												
1. Transfer of capital reserve to share capital												
2. Transfer of surplus reserve to share capital												
3. Surplus reserve to cover losses												
4. Change in dividend/benefit participation over to retained earnings												
5. Others												
(VII) Appropriation and application of special reserve												
1. Appropriation of special reserve												
2. Application of special reserve												
(VIII) Others												
<b>IV. Balance at the end of current period</b>	<b>913,838,029.00</b>				<b>1,470,691,600.13</b>		<b>238,547,214.54</b>			<b>3,437,711,434.85</b>	<b>250,837,761.28</b>	<b>3,688,549,196.13</b>



## Consolidated Statement of changes in equity (Continued)

January-June 2019

(Expressed in RMB, unless otherwise stated)

Items	Preceding period													
	Share capital	Preference shares	Other equity instrument	Other comprehensive income	Less: treasury shares	Capital reserve	Surplus reserve	Special reserve	General risk reserve	Unallocated profit	Other	Subtotal	Minority interests	Totall owners' equity
<b>I. Balance at the end of prior year</b>	913,888,920.00					1,461,043,022.82	254,496,636.63			730,715,946.32		3,359,190,136.77	208,050,616.66	3,571,641,754.43
Add: Changes in accounting policies														
Error correction of previous period														
Business combination involving entities under common control														
Others														
<b>II. Balance at the beginning of current year</b>	913,888,920.00					1,461,043,022.82	254,496,636.63			730,715,946.32		3,359,190,136.77	208,050,616.66	3,571,641,754.43
<b>III. Changes of current year (increases are represented by "+")</b>														
(i) Total comprehensive income														
(ii) Share capital contributed or withdrawn by owners														
(iii) Share capital contributed or withdrawn by owners														
1. Share capital contributed by owners														
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included														
4. Others														
(iiii) Profit distribution														
1. Appropriation of surplus reserve														
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners														
4. Others														

### Consolidated Statement of changes in equity (Continued)

January–June 2019

(Expressed in RMB, unless otherwise stated)

Items	Reading period										Total owners' equity			
	Equity attributable to parent company					Other								
	Share capital	Preference shares	Other equity instrument	Capital reserve	Reserve	Surplus reserve	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Other	Subtotal	Minority interests
(M) Internal equity (with equity)														
1. Transfer of capital reserve to share capital														
2. Transfer of surplus reserve to share capital														
3. Surplus reserve to cover losses														
4. Changes arising from carry-over of re-measured net liabilities or net assets of defined benefit plan														
5. Other														
(M) Appropriation and application of special reserve														
1. Appropriation of special reserve														
2. Application of special reserve														
(M) Others														
<b>IV. Balance at the end of current year</b>	913,888,320.00			1,468,043,022.82		254,995,086.83	717,788,712.00	3,369,645,900.45		233,074,204.39		3,383,718,114.64		

Legal representative:  
**Xia Dechuan**

Chief Accountant:  
**Hu Dai**

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

**Parent Company Statement of changes in equity**  
January-June 2019  
(Expressed in RMB, unless otherwise stated)

Items	Other equity instrument					Current period				Total owners' equity	
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve		Undistributed profit
<b>I. Balance at the end of prior year</b>	910,858,293.00				1,434,870,034.23		191,513.27		253,647,274.54	193,425,633.05	2,305,977,793.35
Add: Changes in accounting policies											
Error correction of previous period											
Others											
<b>II. Balance at the beginning of current year</b>	910,858,293.00				1,434,870,034.23		191,513.27		253,647,274.54	193,425,633.05	2,305,977,793.35
<b>III. Changes of current year (decreases are represented by "-")</b>											
(I) Total comprehensive income							4,694.04				
(II) Share capital contributed or withdrawn by owners											
1. Share capital contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation to owners (or shareholders)											
3. Others											
(IV) Interim carry-over with equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to (or share capital)											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
<b>IV. Balance at the end of current period</b>	910,858,293.00				1,434,870,034.23		196,207.31		253,647,274.54	105,025,720.90	2,712,795,566.63

**Parent Company Statement of changes in equity (Continued)**

January–June 2019

(Expressed in RMB, unless otherwise stated)

Items	Other equity instrument					Preceding period				Total owners' equity		
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares	Less: treasury shares	Other comprehensive income	Special reserve		Surplus reserve	Undistributed profit
<b>I. Balance at the end of prior year</b>	910,838,230.00				1,434,870,834.23					254,995,636.63	230,333,593.95	2,834,236,593.86
Add: Changes in accounting policies												
Error correction of previous period												
Others												
<b>II. Balance at the beginning of current year</b>	910,838,230.00				1,434,870,834.23					254,995,636.63	230,333,593.95	2,834,236,593.86
<b>III. Changes of current year (decreases are expressed by "-")</b>												
(I) Total comprehensive income												
(II) Share capital contributed or withdrawn by owners												
1. Share capital contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included												
4. Others												
(III) Profit distribution												
1. Appropriation of surplus reserve												
2. Appropriation to owners (for sharebases)												
3. Others												
(IV) Internal carry-over within equity												
1. Transfer of capital reserve to capital (or share capital)												
2. Transfer of surplus reserve to capital (or share capital)												
3. Surplus reserve to cover losses												
4. Changes arising from carry-over of re-measured net liabilities or net assets of defined benefit plan												
5. Others												
(V) Appropriation and application of special reserve												
1. Appropriation of special reserve												
2. Application of special reserve												
(VI) Others												
<b>IV. Balance at the end of current year</b>	910,838,230.00				1,434,870,834.23					254,995,636.63	164,202,593.04	2,767,995,578.85

Legal representative:  
**Xia Dechuan**

Chief Accountant:  
**Hu Dai**

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

## NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements from January to June 2019  
(Unless otherwise stated, all amounts are denominated in RMB)

### I. INFORMATION ABOUT THE COMPANY

#### (I) Company profile

Nanjing Panda Electronics Company Limited (hereinafter as the "Company") was reorganised by the only initiator of Panda Electronics Group Company Limited under the approval of Ning Ti Gai [1992] No.034 by Nanjing Economic Reform Committee. Panda Electronics Group Company Limited took net assets of RMB480,000,000.00 in exchange for 480,000,000 shares of state-owned enterprise legal person. The registered capital of the Company was RMB515,000,000.00, of which 480,000,000 shares (RMB1 per share) were held by state-owned enterprise legal person and 35,000,000 shares (RMB1 per share) were held by employees.

The Company obtained the legal enterprise business license of 13488315-2 on 29 April 1992. The principal activities of the Company are radio communication equipment products, radio and television equipment products, hardware and electrical equipment products, electronic components products, instrument and apparatus products, electrical machinery products, standard machinery products, medical equipment products, the development, manufacture and sale of electronic equipment products and technical services, electronic computer fitting products, and the development, manufacture and sale of office machinery products and tooling products and technical services.

After obtaining the special approval of general meeting, the board of directors was fully authorised to split and recombine the assets and liabilities of Company and Panda Electronics Group Company and reconfirmed the shareholding of state-owned enterprise legal person and selling H shares and A shares of the Company on 27 May 1994. According to this meeting, the net assets were adjusted to RMB322,873,348.00 on 29 June 1994, including the registered capital of RMB322,870,000.00. 287,870,000 shares were held by state-owned enterprise legal person, 35,000,000 shares were held by employees and the rest of RMB3,348.00 was adjusted to capital reserve.

Confirmed by the document (Guo Zi Qi Fa [1996] No. 12) issued by State Administration of State Property in February 1996, the net assets of the Company after evaluation were RMB864,714,000, the share capital was 322,870,000, of which 287,870,000 shares were held by Panda Electronics Group Company Limited and 35,000,000 shares were held by employees. Panda Electronics Group Company Limited making use of the land-use right valued to RMB41,300,000 and creditor's right valued to RMB62,000,000 to invest in the Company and the total share capital changed to 390,015,000 shares, of which 355,015,000 shares were held by state-owned enterprise legal person and 35,000,000 shares were held by employees. The State Commission for Restructuring the Economic System approved this restructuring report on 11 March 1996.

In order to issue H shares, the Company started to evaluate the assets and liabilities in all aspects on 30 September 1995 and adjusted the booking value in accordance with this evaluation after the approval of the Securities Commission of the State Council.

After the approval of the document (Zheng Wei Fa [1996] No. 6) issued by the Securities Commission of the State Council on 2 April 1996, the Company issued 242,000,000 H shares in Hong Kong and the issue price was HKD2.13 per share. The Company finished the share issue on 29 April 1996 and listed on the Stock Exchange of Hong Kong on 2 May 1996.

After the approval of the document (Zheng Jian Fa [1996] No. 304) issued by the Securities Commission of the State Council on 30 October 1996, the Company issued 23,000,000 ordinary shares to the public and the issue price was RMB5.10 per share. The Company got the entire fund on 14 November 1996 and listed on the Shanghai Stock Exchange on 18 November 1996. 5,000,000 out of 35,000,000 shares held by employees were in trade at the same date of issuing and the rest of 30,000,000 shares were in trade in 1999.

The Company obtained the legal enterprise business license of Qi Su Ning Zong Fu Zi No. 003967 on 18 April 1997. The registered capital was RMB655,015,000.00 and the approved business scope includes the development, manufacture and sale of communication equipment, computers and other electronic equipment; meters and instruments, cultural and office machinery; electrical machinery and equipment; plastic products; general equipment such as fans, scales, and packing equipment; special equipment for the processing of chemical, wood and non-metallic products; PTD and control products; environmental, public safety and other equipment; financial and tax control devices; power products; molds; computer services, software services and systems integration; property management; as well as after-sale services and technical services for the aforesaid businesses.

The Company received the new business license numbered 320100400008823 on 6 January 2011. The registered capital is RMB655,015,000. Approved business scope includes the development, production and sale of wireless television broadcasting equipment, together with the after-sale and technical services for the aforesaid businesses, the development, production and sale of communication equipment, computers and other electronic equipment; meters and instruments, cultural and office machinery; electrical machinery and equipment; plastic products; general equipment such as fans, scales and packaging equipment; special equipment for the processing of chemical, wood and non-metallic products; PTD and control equipment; environmental, public safety and related equipment; financial and tax control devices; power products; molds; computer services, software services and system integration; property management; as well as after-sale services and technical services for the aforesaid businesses. (For those business areas that require permission, business activities are conducted after relevant approval). The registered address is floors 1 and 2 on North side of No. 5 Building, Nanjing High Technology Development District. The legal representative is Xia Dechuan and the parent of the Company is Panda Electronics Group Limited.

In December 2011, China Cinda Asset Management Co., Ltd. transferred its 8.87% shareholdings of Panda Electronics Group Co., Ltd. (referred to as "Panda Group" or "Group" below) to Nanjing Electronics Information Industry Co., Ltd (referred to as "NEIC").

In 2012, according to the approval of "Reply to the Provincial Government on the Indirect Transfer of Listed Companies' Shares held by Panda Electronics Group Co., Ltd. and Nanjing Huadong Electronics Group Co., Ltd." (Su Zheng Fu [2009] No. 45) by Jiangsu Provincial People's Government, the "Reply to Issues Concerning the Free Alteration of Part of State-owned Property Rights of Panda Electronics Group Co., Ltd." (Su Guo Zi Fu [2012] No. 22) by the State-owned Assets Supervision and Administration Commission of Jiangsu Provincial People's Government, the "Reply to Relevant Issues Concerning the Change of the Actual Controller of Nanjing Panda Electronics Company Limited" (Guo Zi Chan Quan [2012] No. 158) by the State-owned Assets Supervision and Administration Commission of the State Council, the "Reply to Acquisition Report of China Electronics Corporation on Nanjing Panda Electronics Company Limited and the Exemption from the Obligation to Offer" (Zheng Jian Xu Ke [2012] No. 770) by China Securities Regulatory Commission, Jiangsu Guoxin Asset Management Group Co., Ltd., Nanjing Xingang Development Corporation and Nanjing State-owned Assets Management (Holdings) Co., Ltd. freely transferred the 21.59%, 22.07% and 4.32% equity interests in Panda Group respectively to NEIC, a subsidiary of China Electronics Corporation (hereinafter referred to as "CEC"). Panda Group completed the change of industrial and commercial registrations on 21 September 2012. After the completion of the aforesaid transfer of shareholdings, CEC held 51.10% shares of the Company and became the de facto controller via holding 56.85% shares of Panda Group through NEIC, a subsidiary of CEC with 70.00% shares.

On 19 April 2013, according to China Securities Regulatory Commission's approval (Zheng Jian Xu Ke [2013] No. 332), the Company was authorised to issue 258,823,529 ordinary shares (A shares) in RMB to no more than 10 specific investors including NEIC at a nominal value of RMB1.00 per share and a selling price RMB5.10 per share. The financed net value amounts to RMB1,294,403,712.55, including an increase of share capital of RMB258,823,529.00, an increase of capital reserve of RMB1,035,580,183.55. The raised fund has been verified by Baker Tilly China Certified Public Accountants (Baker Tilly China) and the capital verification report (Tian Zhi Hu QJ [2013] No.1907) was issued.

The Company had finished the change of industrial and commercial registration on 26 November 2013 and the registered capital was RMB913,838,529.00 after the change.

Prior to the non-public offering, Panda Group, the controlling shareholder of the Company, held 334,715,000 of the Company's shares, with a shareholding proportion of 51.10%. After the non-public offering, Panda Group, that held 36.63% of the total shares, remains to be the controlling shareholder of the Company. CEC, via holding 70.00% shares of NEIC, remains as the actual controller of the Company by holding 56.85% equity interests of Panda Group. After the non-public offering, controlling shareholder and actual controller's positions have not been changed.

The newly issued shares are tradable shares with restricted conditions; NEIC is a related party of the Company, and the 39,215,686 shares it subscribed shall not be transferred within 36 months since the closing date of issuance. While the shares subscribed by the other eight investors (including AEGON-INDUSTRIAL Global Fund Management Co., Ltd. who participated in the subscription with 10 accounts) shall not be transferred within 12 months since the closing date of issuance. On 30 June 2014, except for NEIC, the shares subscribed by the other eight investors had lifted restricted conditions, and could be transferred in the share market.

In June 2015, Panda Group reduced its shareholding of the Company by 27,069,492 shares (accounting for 2.96% of the total share capital of the Company) through the trading system of Shanghai Stock Exchange. After the reduction of shareholdings, Panda Group holds 307,645,508 shares of the Company, accounting for 33.67% of total share capital of the Company.

In August 2015, with the approval of the “Reply to the Issues Regarding Panda Electronic Group Co., Ltd. to Transfer Part of its Shares of Nanjing Panda Electronics Co., Ltd. under Negotiation” (Guo Zi Chan Quan [2015] No. 697) issued by the State-owned Assets Supervision and Administration Commission of the State Council, Panda Group transferred 82,811,667 and 14,172,397 A shares to China Huarong Asset Management Co., Ltd. and China Great Wall Asset Management Corporation under a negotiation transfer. After the transfer, Panda Group now holds 210,661,444 shares of the Company, accounting for 23.05% of the total share capital of the Company. Panda Group still holds 5 out of 9 members of the board, indicating it is still in control position of the Company.

From July 2015 to December 2016, NEIC increased its shareholdings in the Company by acquiring a total of 10,318,925 A shares under the Custody of Specific Asset Scheme through the secondary market, representing approximately 1.13% of the total share capital of the Company. The accumulated shareholdings in the Company is thereby increased by 13,768,000 H shares, representing approximately 1.51% of the total share capital of the Company. After the increase, NEIC held 49,534,611 A shares of the Company, representing 5.42% of the total share capital of the Company, and held 13,768,000 H shares of the Company, representing 1.51% of the total share capital of the Company. NEIC held 23.05% equity interest of the Company through Panda Group, a subsidiary, and the shareholding of the Company was 29.98% in total. The ultimate controller of the Company was still CEC, the controlling shareholder of NEIC.

The Company is a joint stock company with limited liability (a Taiwan, Hong Kong, Macao and domestic joint venture and a listed company). The principal business involves computer, communication and other electronic equipment manufacturing industry, including electronic manufacturing products, electronic equipment products, consumer electronic products etc. The operating period is from 5 October 1996 to the unlimited period.

As at 30 June 2019, the Company had an aggregate of 913,838,529 share capital in issue with a registered capital of RMB913,838,529. The registered address is floors 1 and 2 on North side of No. 5 Building, High Technology Development District, Nanjing. The principal activities of the Company are the development, production and sale of wireless television broadcasting equipment, together with the after-sale service and technical services for the aforesaid businesses; development, production and sale of communication equipment, computer and other electronic devices; meters and instruments, cultural and office machinery; electronic apparatus and equipment; plastic products; general equipments such as fans, scales and packaging equipment; special equipment for the processing of chemical, wood and non-metallic products; PTD and control equipment; environmental, public safety and other equipment; financial and tax control devices; power products; molds; computer services, software services and systems integration; property management; as well as after-sale services and technical services for the aforesaid businesses. (As for the items approved legally, the Company can operate the business after the approval of related department). The Parent of the Company is Panda Electronics Group Co., Ltd.

The financial statements were approved for submission by all directors (the board of directors) of the Company on 28 August 2019.

## **(II) Scope of consolidated financial statements**

As of 30 June 2019, the significant subsidiaries in the Company's scope of consolidated financial statements are as follows:

### **Name of subsidiaries**

Nanjing Panda Communication Technology Co., Ltd  
Shenzhen Jinghua Electronics Technology Co., Ltd.  
Nanjing Panda Information Industry Co., Ltd  
Nanjing Panda Electronic Manufacture Co., Ltd.  
Nanjing Panda Electronic Equipment Co., Ltd.  
Nanjing Panda Industrial Enterprise Co., Ltd.  
Nanjing Panda Electronic Technology Development Co., Ltd.  
Galant Limited  
Shanghai Panda Robot Technology Co., Ltd.

Details of the scope of the consolidated financial statement for the period and its changes were set out in "VI. Changes in the consolidated scope" and "VII. Equity in other entities" of the note.

## **II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **(I) Basis of Preparation**

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.

### **(II) Going concern**

For the 12 months since the end of the reporting period, the Company it has ability to continue as a going concern and there's no significant risk affecting its ability to continue as a going concern.

## **III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

Notes to specific accounting policies and accounting estimates:

The following disclosures cover the specific accounting policies and accounting estimates formulated by the Company according to the characteristics of its production and operation. Please refer to the notes "III. (XXVI) Revenue".

### **(I) Statement of compliance of accounting standards for business enterprises**

The financial statements have been prepared by the Company in conformity with the Accounting Standards for Business Enterprises, and present truly and completely the Company's financial position, operating results and cash flow and other related information in the reporting period.

### **(II) Accounting period**

The accounting period of the Company is from 1 January to 31 December of each calendar year.

### **(III) Operating Cycle**

The Company's operating cycle is 12 months.



#### (IV) Reporting currency

The reporting currency of the Company is Renminbi ("RMB").

#### (V) Accounting treatments for business combinations involving entities under and not under common control

Business combinations involving entities under common control: The assets and liabilities acquired by the Company in business combination shall be measured at the carrying value of the assets and liabilities of the acquiree (including goodwill incurred in the acquisition of the acquiree by the ultimate controlling party) in the financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to the share premiums in the capital reserves. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient.

Business combinations involving entities not under common control: The assets paid and liabilities incurred or committed as a consideration of business combination by the Company were measured at fair value on the date of acquisition and the difference between the fair value and its carrying value shall be charged to the profit or loss for the period. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognise such difference as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to the profit or loss for the current period upon review.

The agency fee such as audit, legal service and evaluation consultation and other fees which are directly related to the business combination shall be recognised as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities issued for business combination shall be written-off against equity.

#### (VI) Preparation of consolidated financial statements

##### 1. Scope of consolidation

The scope of consolidation of the consolidated financial statements of the Company is based on controlling interests, and all the subsidiaries (including separate entities of the investee controlled by the Company) are included in the consolidated financial statements.

##### 2. Consolidation method

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and in accordance with the other relevant information. In preparation of the Company's consolidated financial statements, the Company will treat the enterprise group as a single accounting entity. The Group's overall financial condition, operating results and cash flow are reflected based on the relevant accounting standards, measurement and presentation requirements and in accordance with the unified accounting policy.

The subsidiaries that are within the scope of the consolidation shall have the same accounting policies and the accounting periods with those of the Company. In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving entities not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets on the date of acquisition. For subsidiaries acquired from a business combination involving entities under common control, the individual financial statements of the subsidiaries are adjusted based on the carrying value of the assets, liabilities of the acquiree (including goodwill incurred in the acquisition of the acquiree by ultimate controlling party) in the financial statements of the ultimate controlling party.

The owner's equity, the net profit or loss and the comprehensive income attributable to minority shareholders of a subsidiary of the current period are presented separately under the owners' equity in the consolidated balance sheet, the net profit and the total comprehensive income in the consolidated income statement respectively. Where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders' interest entitled in the shareholders' equity of the subsidiary at the beginning of the period, the excess is allocated against the minority shareholders interest.

(1) Acquisition of subsidiaries or business

For acquisition of subsidiaries or business due to business combination involving entities under common control during the reporting period, the opening balance of the consolidated balance sheet shall be adjusted; the revenue, expense and profit of such subsidiaries or business from the beginning to the end of the reporting period when the merger occurs are included in the consolidated income statement; the cash flows of such subsidiaries or business from the beginning to the end of the reporting period when the merger occurs are included in the consolidated cash flow statement, and the comparative figures of the financial statements should be adjusted simultaneously as if the consolidated reporting entity had been in existence since the beginning of the control by the ultimate controlling party.

An investor that may impose control over the investee under joint control due to additional investment shall be deemed a party participating in the combination, and shall be adjusted at current status when the ultimate controlling party begins the control. The equity investment held before gaining the control of the combined party is recognised as relevant profit or loss, other comprehensive income and changes in other net assets at the later of the date of acquisition of the original equity and the date when the combining and the combined parties are under joint control, and shall be written down to the opening balance retained earnings or current profit or loss in the comparative reporting period.

For acquisition of subsidiaries or business due to business combination involving entities not under common control during the reporting period, the opening balance of consolidated balance sheet needs not be adjusted; the revenue, expense and profit of such subsidiaries or business from the date of acquisition to the end of the reporting period are included in the consolidated income statement; the cash flows of such subsidiaries or business from the date of acquisition to the end of the reporting period are included in the consolidated cash flow statement.

In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the equity of acquiree held before acquisition date shall be remeasured by the Company at the fair value of such equity on the acquisition date and the difference between fair value and carrying amount shall be recognised as investment income in current period; if the acquiree's equity held before the acquiring date contains other comprehensive income and the other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions under the equity method, the related other comprehensive income and changes in other owner's equity shall be transferred to investment gains or losses on the date of acquisition, excluding the other comprehensive income derived from changes of net liabilities or net assets due to re-measurement on defined benefit plan by the investee.

(2) Disposal of subsidiaries or business

① *General treatment*

For disposal of subsidiaries or business during the reporting period, the revenue, expense and profit of such subsidiaries or business from the beginning of the period to the date of disposal are included in the consolidated income statement; the cash flows of such subsidiaries or business from the beginning of the period to the date of disposal are included in the consolidated cash flow statement.

Where control of the investee is lost due to partial disposal of the equity investment, or any other reasons, the remaining equity investment is remeasured to fair value at the date in which control is lost. The sum of consideration received from disposal of equity investment and the fair value of the remaining equity investment, net of the difference between the sum of the Company's previous share of the subsidiary's net assets recorded from the acquisition date or combination date and goodwill, is recognised in investment income in the period in which control is lost. Other comprehensive income or net profit and loss related to the previous equity investment in the subsidiary, changes in equity except the other comprehensive income and profit distribution, are transferred to investment income of the current period when control is lost, except the other comprehensive income as a result of the changes arising from the remeasurement of the net assets and net liabilities of the investee's defined benefit plan.

Where loss of control is due to the decrease in the Company's shareholding as a result of the increase in capital contribution to the subsidiary by other investing parties, the accounting principle described above will be applied.

② *Disposal of subsidiary achieved by stages*

When disposal of equity interests of subsidiaries through multiple transactions until control is lost, generally transactions in stages are treated as a package deal in accounting if the transaction terms, conditions, and economic impact of disposal of the subsidiary's equity interests comply with one or more of the following:

- i. These transactions are achieved at the same time or the mutual effects on each other are considered;
- ii. A complete set of commercial results can be achieved with reference to the series of transactions as a whole;
- iii. Achieving a transaction depends on at least achieving one of the other transactions;
- iv. One transaction recognised separately is not economical, but it is economical when considered together with other transactions.

If losing control of a subsidiary in disposal of equity interests through multiple transactions is recognised as a package deal, these transactions shall be in accounting treated as loss control of a subsidiary in disposal of equity interests achieved. However, the differences between price on each disposal and disposal of investment on the subsidiary's net assets shall be recognised in other comprehensive income in the consolidated financial statements, and included in profit or loss for the period when the control is lost.

If all transactions in disposal of equity interests of subsidiaries until losing control are not a package deal, accounting treatment for partial disposal of equity investments of subsidiary without losing control shall be applied before control is lost. When control is lost, general accounting treatment for disposal of a subsidiary shall be used.

(3) Acquisition of minority interest of subsidiaries

The Company shall adjust the share premium in the capital reserve of the consolidated balance sheet with respect to any difference between the long-term equity investment arising from the purchase of minority interest and the net assets attributing to the parent company continuously calculated on the basis of the newly increased share proportion as of the acquisition date (or date of combination) or, adjust the retained earnings in case the share premium in the capital reserve is insufficient for write-down.

(4) Partial disposal of equity investment in subsidiaries without losing control

The difference between disposal consideration of long-term equity investment in subsidiaries partially disposed by the Group without losing control and the share of net assets calculated from the date of acquisition or combination date shall be adjusted to share premium in the capital reserve in the consolidated balance sheet. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient.

## **(VII) Classification of the joint arrangements and accounting method**

A joint arrangement is classified as either a joint operation or a joint venture.

The Company is engaged in joint operation when the Company is a joint operator of joint arrangement, being entitled to the assets and assuming the liabilities relating to the arrangement.

The Company recognizes the following items in relation to its interest in a joint operation, and carries out corresponding accounting treatment in accordance with relevant accounting standards:

- (1) The Company's solely-held assets, and the Company's share of any assets held jointly;
- (2) The Company's solely-assumed liabilities, and the Company's share of any liabilities incurred jointly;
- (3) The Company's revenue from the sale of its share of the output arising from the joint operation;
- (4) The Company's share of the revenue from the sale of the output by the joint operation;
- (5) Its solely-incurred expenses and the Company's share of any expenses incurred jointly.

Please refer to Note "III. (XV) Long-term equity investment" for details on the Company's accounting policy of joint arrangements.

## **(VIII) Determination of cash and cash equivalents**

In preparing the cash flow statement, the cash on hand and deposits that are available for payment at any time of the Company are recognised as cash. The short-term (due within 3 months from the date of purchase) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of value change are recognised as cash equivalents.

## **(IX) Foreign currency transactions and translation of foreign currency financial statements**

### **1. Foreign currency transactions**

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange differences are recognised in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings.

### **2. Translation of foreign currency financial statements**

All assets and liabilities items in the balance sheet are translated based on spot exchange rate on the balance sheet date; owners' equity items other than "undistributed profit" are translated at a spot exchange rate when accrued. Revenue and expense items in the income statement are translated at a spot exchange rate at the transaction occurrence date.

For disposal of overseas operation, the difference arising from the translation of the foreign currency financial statements of the overseas operation, is accounted for in the profit and loss account in the current period from owners' equity items.

## (X) Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

### 1. Classification of the financial instruments

According to the business model of the Company's management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as: Financial assets measured at amortised cost, financial assets measured at fair value through profit or loss, and other financial assets that are measured at fair value through profit or loss. For non-trading equity instrument investments, the Company determines at the initial recognition whether it is designated as a financial asset (equity instrument) that is measured at fair value and whose changes are included in other comprehensive income. The Company may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets, at initial recognition, measured at financial liabilities measured at fair value through profit or loss, and amortised cost.

When meeting the criteria as followed, the Company may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss:

- 1) It eliminates or significantly reduces a measurement or recognition inconsistency
- 2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel
- 3) The financial liabilities conclude embedded derivatives which can be split separately.

### 2. Recognition and measurement of financial instruments

- (1) Financial assets measured at amortised cost

Financial assets measured at amortised cost include notes receivable and accounts receivable, other receivables, long-term receivables, and debt investment, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount; Accounts receivable that do not contain significant financing components and accounts receivable that the Company has decided not to consider for a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated by the effective interest method during the period of holding is included in the current profit and loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in the current profit and loss.

- (2) Financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments)

Financial assets (debt instruments) that are measured at fair value and whose changes are included in other comprehensive income include other debt investments, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains and losses calculated using the effective interest method.

When the recognition is terminated, the accumulated gain or loss previously recognised in other comprehensive income is transferred from other comprehensive income and recognised in profit or loss.

- (3) Financial assets measured at fair value and whose changes are included in other comprehensive income (equity instruments)

Financial assets measured by fair value and whose changes are included in other comprehensive income (equity instruments), including other equity instruments, are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profits and losses.

When the recognition is terminated, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in retained earnings.

- (4) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include held-for-trading financial assets, derivative financial assets and other non-current financial assets, which are initially measured at fair value. The financial assets are subsequently measured at fair value, and changes in fair value are recognised in profit or loss.

When the recognition is terminated, the difference between the fair value and the initially recorded amount is recognised as investment income, and the gains and losses from changes in fair value are adjusted.

- (5) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss, including held-for trading financial liabilities, derivative financial liabilities, etc., are initially measured at fair value, and related transaction expense is recognized in profit or loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are recognised in profit or loss.

When the recognition is terminated, the difference between the fair value and the initially recorded amount is recognized as investment income, and the gains and losses from changes in fair value are adjusted.

- (6) Financial liabilities measured at amortised cost

Financial liabilities measured at amortized cost include short-term borrowings, bills payable and accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, initially measured at fair value, and related transaction costs are included in the initial recognition amount.

Interest calculated by the effective interest method during the period of holding is included in the current profit and loss.

When the derecognition is terminated, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss.

### 3. Recognition and measurement of transfer of financial assets

A financial asset shall be derecognised while the has transferred nearly all the risks and rewards related to the ownership of the financial asset to the transferee, and it shall not be derecognised if the Group has retained nearly all the risks and rewards related to the ownerships of the financial asset.

The substance-over-form principle shall be adopted while making a judgment on whether the transfer of financial assets satisfies the above conditions for termination of recognition. The transfer of financial assets could be classified into entire transfer and partial transfer. If the transfer of an entire financial asset satisfies the conditions for termination of recognition, the difference between the two amounts below shall be recorded into profit or loss for the period:

- (1) The carrying amount of the financial asset transferred

- (2) The consideration received as a result of the transfer, plus the accumulative amount of the change in fair value previously recorded into the owners' equities (in cases where the transferred financial asset is available-for-sale financial asset).

If the partial transfer of financial assets satisfies the conditions for termination of recognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognised part and the remaining part, and the difference between the two amounts below shall be recorded into profit or loss for the current period:

- (1) The carrying amount of the derecognised portion;
- (2) The sum of consideration of the derecognised portion and the corresponding portion of accumulated change in fair value previously recorded into owners' equity (in cases where the transferred financial assets are available for-sale financial assets).

Financial assets will still be recognised if they fail to satisfy the conditions for termination of recognition, with the consideration received recognised as a financial liability

#### **4. Conditions for de-recognition of financial liabilities**

When the current obligation under a financial liability is completely or partially discharged, the whole or relevant portion of the liability is derecognised; an agreement is entered between the Group and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, derecognize the original financial liabilities as well as recognize the new financial liabilities.

If all or part of the contract terms of the original financial liabilities are substantially amended, the original financial liabilities will be derecognised in full or in part, and the financial liabilities whose terms have been amended shall be recognised as a new financial liability.

When financial liabilities is derecognised in full or in part, the difference between the carrying amount of the financial liabilities derecognised and the consideration paid (including transferred non-cash assets or new financial liability) is recognised in profit or loss for the current period.

Where the Company repurchases part of its financial liabilities, the carrying amount of such financial liabilities will be allocated according to the relative fair value between the continued recognised part and derecognised part on the repurchase date. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid (including transferred non-cash assets or new financial liability) is recognised in profit or loss for the current period.

#### **5. Method of determining the fair values of financial assets and liabilities**

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. The Company uses the valuation technique when it is applicable under current conditions and there are enough available data and other information to support and the technique should maximize the use of relevant observable. Unobservable inputs are used under the circumstance that the relevant observable inputs cannot be obtained or not feasible. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

## 6. **Testing methodology and accounting for impairment of financial assets (excluding accounts receivable)**

The Company considers all reasonable and evidenced information, including forward-looking information, to estimate the expected credit losses of financial assets measured at amortized cost and financial assets (debt instruments) measured at fair value through other comprehensive income, either individually or in combination. The measurement of expected credit losses depends on whether the financial assets have increased significantly since the initial recognition.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision at the amount equivalent to the expected credit loss for the entire life of the financial instrument; If the credit risk of the financial instrument has not increased significantly since the initial confirmation, the Company measures its loss provision at the amount equivalent to the expected credit loss for the financial instrument over the next 12 months. The increase or return of the loss provision resulting therefrom shall be credited to the current profit or loss as an impairment loss or gain.

Usually more than 30 days overdue, the Company considers that the credit risk of the financial instrument has significantly increased, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the credit risk of a financial instrument on the balance sheet date is low, the Company does not consider that the credit risk of the financial instrument has increased significantly since its initial recognition.

### (XI) **Provision for bad debt of the accounts receivable**

#### 1. **Accounts receivable**

For accounts receivable, whether it contains significant financing components, the company always measures its loss reserves in accordance with the amount of expected credit losses for the entire life period, and the increase or reversal of the loss provision resulting therefrom is included in the current profit and loss as an impairment loss or gain.

The accounts receivable of the Company mainly include accounts receivable, long-term receivables and other receivables. If there is objective evidence on the balance sheet date that accounts receivable is impaired, the Company recognises the impairment loss based on the difference between the carrying amount and the present value of estimated future cash flows.

- (1) Accounts receivable that are individually significant and subject to separate provision individually significant accounts receivable:

Bases for making judgment and standard for calculation the amount for the accounts receivable that are individually significant, the amount of accounts receivable of more than 5%, or more than RMB5.00 million.

Recognition of receivables with amounts that are individually significant and subject to separate assessment for provision for bad debts

The Company assesses individually significant receivables for impairment on individual basis, there is objective evidence date that accounts receivable is impaired, the Company recognises the impairment loss based on the difference between the carrying amount and the present value of estimated future cash flows.



- (2) Accounts receivable accruing bad debt provision in credit risk characteristic portfolio

**The reason of choosing the portfolio**

The portfolio of aging	The portfolio is in the credit risk characteristic of the aging of accounts receivable
The portfolio of related parties	The portfolio is in the credit risk characteristics of the trading relationship of accounts receivable
The portfolio of deposit	The portfolio is in the credit risk characteristic of the nature of accounts receivable.

**The method of accruing bad debt provision**

The portfolio of aging	Accruing bad debt provision based on aging
The portfolio of related parties	Other method
The portfolio of deposit	Other method

The Company combines the portfolio of accounts receivables with similar credit risk characteristics and the Company estimates the proportion of accruing bad debt provision based on all reasonable and evidenced information, including forward-looking information:

Aging	Proportion (%)
0-6 months	0
7-12 months	5
1-2 years	10
2-3 years	15
3-4 years	30
4-5 years	50
Over 5 years	100

In the portfolio, other methods are used to accrual provision for bad debts:

When there is objective evidence that the Company will not be able to recover all the amount in accordance with the original terms of the receivables, the impairment test is carried out separately and the provision for bad debts is made based on the difference between the present value of its future cash flow and its book value.

- (3) Accounts receivable which are individually insignificant but subject to separate bad debt provision:

The reason of accruing bad debt provision is: Combination of credit risk characteristics is not obvious, the objective evidence of impairment occur, such as the debtor revocation of bankruptcy or death to the bankrupt property or estate settlement, is still unable to recover, a serious shortage of cash flow and so on.

Provision for bad debts preparation: The impairment loss and the provision for bad debts are determined based on the amount of the present value of the future cash flows expected to be derived from the receivables below the carrying amount.

**2. Other receivables**

For the measurement of impairment loss of other receivables, it is treated in accordance with the measurement method of impairment loss of the aforementioned accounts receivable.

3. For other receivables such as notes receivable, advanced payment, interests receivable, long-term receivables and etc., the provision for bad debts is made based on the difference between the present value of future cash flows and its book value.

## (XII) Inventories

### 1. Category of inventory

Inventories include raw materials, circulating materials, stored commodities, work in progress, delivered commodities, consigned commodities and so on.

### 2. Determination of cost

Cost of inventories is determined using the weighted average method.

### 3. Basis for the determination of net realisable value of different type of inventories

Net realisable value of held-for-sale commodity stocks, such as finished goods, goods-in-stock, and held-for-sale raw materials, during the normal course of production and operation, shall be determined by their estimated selling price less the related selling expenses and taxes; the net realizable value of material inventories, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods; the net realisable value of inventories held for execution of sales contracts or labour contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realisable value of the exceeding part shall be calculated on the ground of general selling price.

Decline in value of inventories is made on an item-by-item basis at the end of the period. For large quantity and low value items of inventories, provision may be made based on categories of inventories; for items of inventories relating to a product line that is produced and marketed in the same geographical area and with the same or similar end uses or purposes, which cannot be practicably evaluated separately from other items in that product line, provision for decline in value of inventories may be determined on an aggregate basis.

Unless there is evidence clearly shows that abnormality in market price exists as of the balance sheet date, the net realisable value of inventories is determined based on the market price as of the balance sheet date.

The net realisable value of inventories at the end of current period is determined based on the market price of the balance sheet date.

### 4. Inventory system

The perpetual inventory system is adopted.

### 5. Amortisation of low-value consumables and packaging materials

- (1) Low-value consumables are amortised using the immediate write-off method;
- (2) Packaging materials are amortised using the immediate write-off method.

## (XIII) Contract assets and contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration (except for receivables) that the company has the right to transfer goods or provide services to customers is listed as contract assets; The obligation of the Company to transfer or receivable customers' considerations and to transfer goods or provide services to customers is presented as contract liabilities.

For contract assets, whether they contain significant financing components, the loss preparation is always measured at the amount equivalent to the expected credit loss for the entire life period, and the increase or reversal of the loss provision resulting therefrom is included in the current profit and loss as an impairment loss or gain.

#### (XIV) Assets classified as held-for-sale

The Company recognises non-current assets or disposal groups which meet the following conditions as assets held for sale:

- (1) The assets or disposal groups must be available for sale immediately under the current conditions according to the usual terms of the sale of such assets in similar transactions;
- (2) The assets are highly likely to be sold, namely, the Company has been offered a resolution with disposition of the assets. The Company has entered into an agreement on irrevocable transfer with the transferee and the transfer will be completed within 1 year. If regulation needs to be approved by shareholders, it has approved by the general meeting of shareholders or relevant authority.

#### (XV) Long-term equity investments

##### 1. Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. The Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over the investee, the investee is an associate of the Company.

##### 2. Determination of initial investment cost

- (1) Long-term equity investments formed through business combination of entities

For business combinations involving entities under common control: where the Company pays cash, transfers non-cash assets, bears debts or issues equity securities as consideration for combinations, the initial investment cost of long-term equity investments are the share with reference to the book value of the shareholders' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, on the combination date, the initial cost of long-term equity investments shall be determined based on share of carrying amounts in the consolidated financial statement of the ultimate controlling party by net assets of the combined party after the combination. The difference between initial investment cost and the carrying value of long term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

Business combinations involving entities not under common control: the cost of the combination ascertained on the date of acquisition shall be taken as the initial investment cost of the long-term equity investments. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost when changing to the cost method shall be the sum of the carrying value of the equity investment originally held and the newly increased initial investment cost.

- (2) Long-term equity investments acquired by other means

The initial cost of investment of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which it is actually paid.

The initial cost of investment of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

If the non-monetary assets transaction is commercial in nature and the fair value of the assets received or surrendered can be reliably measured, the initial cost of investment of a long-term equity investment received the non-monetary assets transaction, shall be determined on the basis of the fair value of the assets surrendered and the related tax payable, unless there are concrete evidence that the fair value of the assets received is more reliable; For non-monetary assets transaction which does not meet the above conditions, the initial cost of investment of a long-term equity investment received shall be the book value of the assets surrendered and the relevant taxes payable.

The initial cost of investment of a long-term equity investment obtained by the Company through debt restructurings shall be ascertained based on their fair value.

### **3. Subsequent measurement and recognition of profit or loss**

- (1) Long-term equity investment accounted for by cost method

Long-term equity investment in subsidiaries of the Company is accounted for by cost method, except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains is recognised as the Company' shares of the cash dividends or profits declared by the investee.

- (2) Long-term equity investment accounted for by equity method

Long-term equity investments of associates and jointly controlled entities are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period.

The Company recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realised by the investee which it shall be entitled or shared respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments; The carrying value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions of the investee, the carrying value of long-term equity investments shall be adjusted and included in owner's equity.

When determining the amount of proportion of net profit or loss in the investee which it entitles, fair value of each identifiable assets of the investee at the time when the investment is obtained shall be used as basis, and according to the accounting policies and accounting period of the Company, adjustment shall be made to the net profit of the investee. During the period of holding investments, when preparing consolidated financial statements by the investee, the accounting shall be based on the amounts attributable to the investee in the net profit, other comprehensive income and other changes of the owner's equity in the consolidated financial statements.

The unrealised profit or loss resulting from transactions between the Company and its associates or joint venture shall be eliminated in portion to the investor's equity interest of investee, based on which investment income or loss shall be recognised. Any losses resulting from transactions, which are attributable to impairment of assets, shall be fully recognised. Transactions of the assets casted and sold that are able to constitute an agreement between the Company and associates, joint venture shall be dealt with in accordance with Note "III. (V) Accounting method for business combination involving enterprises under common control and not under common control" and Note "III. (VI) Preparation of consolidated financial statements".

In recognition of share of losses in the investee, the Company treats it in the following order: Firstly, the Company will write off the carrying value of long-term equity investments. Secondly, in the event the aforesaid carrying value is insufficient for write off, it shall continue to recognize investment loss and write off carrying values of long-term receivables to the extent of the carrying amount of the long-term equity which substantively constitutes the net investment in the investee. Finally, after the above treatment, for the additional obligations which shall be still assumed by entities according to investment contract or agreement, the estimated liabilities shall be recognised based on the obligations which are expected to assume and included in the investment loss for the current period.

(3) Disposal of long-term equity investments

For disposal of long-term equity investment, the difference between the book value and the consideration actually received shall be included in the current profit or loss.

For the long-term equity investment under the equity method, when disposing of such investment, part of amounts that shall be originally included in other comprehensive income shall be accounted for in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. The owner's equity which is recognised due to other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions shall be transferred in proportion into the current profit or loss, excluding the other comprehensive income derived from changes of net liabilities or net assets due to re-measurement on defined benefit plan by the investee.

When the Group loses the controls or material influence over the investee due to partially disposal of equity investment and other reasons, the remaining equities shall be accounted for in accordance with the standards on recognition and measurement of financial instruments, and the difference between the fair value and the carrying value at the date of losing control or material influence shall be included in current profit or loss. For other comprehensive income recognised in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. All owner's equities which are recognised due to other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions shall be transferred into the current profit or loss when ceasing to use the equity method.

When the Group loses the controls over the investee due to partially disposal of equity investment and other reasons, the remaining equities after disposal shall be accounted for under equity method in preparation of individual financial statements provided that common control or material influence over the investee can be imposed, and shall be adjusted as if such remaining equities has been accounted for under the equity method since they are obtained. Where the remaining equities after disposal cannot impose common control or material influence over the investee, it shall be accounted for according to relevant provisions of the standards on recognition and measurement of financial instruments, and the difference between fair value and the carrying value on the date of losing control shall be included in the current profit or loss.

The disposed equity interest was acquired in a business combination as resulted from such as making additional investment, the remaining equity interest after disposal will be accounted for using cost method or equity method when preparing the separate financial statements. Other comprehensive income and other owners' equity recognised when the equity interests held on the acquisition date is accounted for using equity method and shall be transferred on pro rata basis; For the remaining equity interest after disposal accounted for using the recognition and measurement standard of financial instruments, other comprehensive income and other owners' equity shall be fully transferred.

#### (XVI) Investment property

Investment property is held to earn rentals or for capital appreciation or both which include leased land use rights; land use rights held for sale after appreciation; leased buildings (including buildings after self-completion of construction or development for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in future).

The Company's existing investment property is measured at cost. Investment property measured at cost – buildings held for leasing shall adopt the same depreciation policy for fixed assets of the company, land use rights held for leasing shall adopt the same amortization policy for the intangible assets.

## (XVII) Fixed assets

### 1. Conditions for recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have a useful life of more than one accounting year. Fixed asset is recognised when it meets the following conditions:

- (1) It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) Its cost can be reliably measured.

### 2. Method for depreciation

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. Where the parts of a fixed asset have different useful lives or cause economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each part is depreciated separately.

For fixed assets leased under finance lease, if it can be reasonably determined that the ownership of the leased asset can be acquired upon the expiry of the lease term, depreciation policies in line with the fixed assets will be adopted for depreciation during the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be acquired upon the expiry of the lease term, depreciation policies in line with the fixed assets will be adopted for depreciation during the shorter of the lease term and the remaining useful life of the leased asset.

The depreciation method, useful life of depreciation, residual value and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Useful lives of depreciation (years)	Estimated residual value(%)	Annual depreciation rate(%)
Housing and building	straight line method	20–30	5	3.17–4.75
Machinery and equipment	straight line method	5–11	0–10	8.18–20.00
Motor vehicles	straight line method	5–10	0–5	9.50–20.00
Electronic equipment	straight line method	2–7	2–10	12.86–49.00
Other equipment	straight line method	2–5	0–10	18.00–50.00

### 3. Recognition basis and measurement method of fixed assets under finance lease

Where any one of the following conditions is provided in the lease agreement between the Company and the lesser, assets under finance lease will be recognised:

- (1) upon the expiry of lease, the ownership of the leased asset is transferred to the Company;
- (2) the Company has the option to purchase the leased asset, the purchase consideration entered into is expected to be far less than the fair value of the leased asset upon the exercise of the option;
- (3) the lease term accounts for the majority of the useful life of the leased asset;
- (4) the present value of the minimum lease payment upon the commencement of the lease is substantially the same as the fair value of the leased asset.

On the commencement of the lease, the leased asset shall be recorded at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments, and the minimum lease payments shall be recorded as the carrying amount of long-term payables. The difference between the recorded amount of the leased asset and the minimum lease payments shall be accounted for as unrecognised finance charge.

## (XVIII) Construction in progress

Criteria and time point for construction in progress being transferred to the fixed asset Construction in progress is measured at all the expenditures incurred to bring the fixed assets ready for their intended use. If the construction in progress of fixed assets constructed are ready for their intended use but the final account of completed project has not been issued, it should be transferred to fixed assets at an estimated cost according to the construction budget, construction price or actual cost, and depreciation should be provided according to deprecation policy for fixed assets from the date when the assets are ready for their intended use. When the final account of completed project is issued, the estimated cost will be adjusted according to the actual cost, while the original depreciation charge will not be adjusted.

## (XIX) Borrowing costs

### 1. Criteria for recognition of capitalised borrowing costs

Borrowing costs refers to the borrowing interests, amortization of discounts or premiums, ancillary costs and exchange differences arising from foreign currency borrowings, etc.

For borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets qualified for capitalisation, the costs will be capitalized and included in the costs of the related assets. Other borrowing costs shall be recognised as expense in the period in which they are incurred and included in profit or loss for the current period.

Assets qualified for capitalisation are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

Capitalisation of borrowing costs begins when the following three conditions are fully satisfied:

- (1) expenditures for the assets (including cash paid, transferred non-currency assets or expenditure for holding debt liability for the acquisition, construction or production of assets qualified for capitalisation) have been incurred;
- (2) borrowing costs have been incurred;
- (3) acquisition, construction or production that are necessary to enable the asset reach its intended usable or saleable condition have commenced.

### 2. Capitalisation period of borrowing costs

The capitalisation period shall refer to the period between the commencement and the cessation of capitalisation of borrowing costs, excluding the period in which capitalization of borrowing costs is temporarily suspended.

Capitalisation of borrowing costs shall be suspended during periods in which the qualifying asset under acquisition and construction or production ready for the intended use or sale.

If part of an asset being acquired, constructed or produced has been completed respectively and put into use individually, capitalisation of borrowing costs should be suspended.

If different parts of the assets acquired, constructed or produced are completed separately, but such asset will not be ready for the intended use or sale until all parts have been completed, then the borrowing costs will be capitalized until the completion of all parts of the said asset.

### 3. Suspension of capitalisation period

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition and construction or production ready for the intended use or sale, the capitalisation of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as profits and losses of the current period. When the acquisition and construction or production of the asset resumes, the capitalisation of borrowing costs commences.

#### 4. Calculation of capitalisation rate and amount of borrowing costs

Specific borrowings for the acquisition, construction or production of assets qualified for capitalisation, borrowing costs of the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or as investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalisation.

General borrowings for the acquisition, construction or production of assets qualified for capitalisation, the to-be-capitalized amount of interests on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specifically borrowed loans by the capitalisation rate of the general borrowing used. The capitalisation rate shall be calculated and determined according to the weighted average interest rate of the general borrowing.

### (XX) Intangible assets

#### 1. Valuation method of intangible assets

- (1) Intangible assets are initially measured at cost upon acquisition:

The costs of an externally purchased intangible asset include the purchase price, relevant taxes and expenses paid, and other expenditures directly attributable to putting the asset into condition for its intended use. If the payment for an intangible asset is delayed beyond the normal credit conditions and it is of financing nature in effect, the cost of the intangible assets shall be ascertained based on the present value of the purchase price.

The amount of intangible assets acquired from debt restructuring should be recorded at the fair value of such intangible assets, and the difference between the carrying amount of the restructured debt and the fair value of the intangible assets acquired from debt restructuring should be included in the profit or loss for the current period.

If the non-monetary assets transaction is commercial in nature and the fair value of the assets received or surrendered can be reliably measured, the intangible assets received in the non-monetary assets transaction, shall be measured on the basis of the fair value of the assets surrendered, unless there are concrete evidence that the fair value of the assets received is more reliable; For non-monetary assets transaction which does not meet the above conditions, the cost of intangible assets received shall be the book value of the assets surrendered and the relevant taxes and expenses payable, and the profit or loss will not be recognised.

- (2) Subsequent measurement

The Company shall analyse and judge the useful life of intangible assets upon acquisition.

As for intangible assets with a finite useful life, they are amortized using the straight-line method over the term in which economic benefits are brought to the firm; If the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortised.



## 2. Estimated useful lives for the intangible assets with finite useful life:

Item	Estimated useful lives (years)
Land use rights	16.75–50
Trademark rights	10
Computer software	5–10
Patents	10
Software copyright	10
Non-patented technology	5

For an intangible asset with a finite useful life, review on its useful life and amortization method is performed at each year-end.

Upon review, useful life and amortization method for the intangible assets are no different from the previous estimate at the end of this period.

## 3. Specific criteria for the division of research phase and development phase

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: Scheduled innovative investigations and research activities to obtain and understand scientific or technological knowledge.

Development phase: Apply the research outcomes or other knowledge to a plan or design prior to a commercial production or use in order to produce new or essentially-improved materials, devices, products, etc.

## 4. Specific criteria for capitalisation at development phase

Expenses arising from development phase shall be recognised as intangible assets under all criteria and otherwise expenses shall be recognised in profits and losses.

Development phase: Apply the research results or other knowledge to a plan or design prior to a commercial production or use in order to produce new or essentially-improved materials, devices, products, etc.

## (XXI) Impairment of long-term assets

Long-term assets, such as long-term equity investment, investment properties, fixed assets, projects under construction, intangible assets that measured at cost are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Impairment test to goodwill shall be carried out at least at the end of each year.

When the Company carry out impairment test to goodwill, the Company shall, as of the purchasing day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the sets of asset groups. When the carrying value of goodwill is allocated to the related asset group or sets of asset group, the allocation shall be made based on the proportion of the fair value of each asset groups or sets of asset groups to the total fair value of the relevant assets groups or sets of asset group. If there is difficulty for the fair value to be reliably measured, the allocation shall be made based on the proportion of the carrying value of each asset groups or sets of asset groups to the total carrying value of the relevant assets groups or sets of asset groups.

For the purpose of impairment test on the relevant asset groups or the sets of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or sets of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset groups or sets of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognize the corresponding impairment loss. Then the Company will make an impairment test on the asset groups or sets of asset groups containing goodwill, and compare the carrying value of these asset groups or sets of asset groups (including the carrying value of the goodwill allocated thereto) with the recoverable amount. Where the recoverable amount of the relevant assets or sets of the asset groups is lower than the carrying value thereof, it shall recognize the impairment loss of the goodwill.

Once the above asset impairment loss is recognised, it will not be reversed in the subsequent accounting periods.

## **(XXII) Long-term expenses to be amortised**

Long-term expenses to be amortised are expenses which have occurred but will benefit over 1 year and shall be amortized over the current period and subsequent periods.

The long-term expenses to be amortised of the Company take the price according to the actual cost and average amortization based on the expected benefit period, for the Long-term expenses to be amortised which cannot make the benefit of the future accounting period, in the determination of the project's amortised value shall be included in the current profit and loss.

## **(XXIII) Employee Remuneration**

### **1. Method of accounting treatment for short-term remuneration**

During the accounting period when the staff provides service, the Company will recognize the short-term remuneration actually incurred as liabilities, and the liabilities would be charged into current profits and loss or costs of assets.

The Company will pay social insurance and housing funds, and will make provision of trade union funds and staff education costs in accordance with the requirements. During the accounting period when the staff provides service, the Group will determine the relevant amount of employee benefits in accordance with the required provision basis and provision ratios.

Non-currency employee benefits will be accounted for in accordance with their fair value if they can be measured reliably.

### **2. Method of accounting treatment for retirement benefit plan**

#### **(1) Defined contribution scheme**

The Company will pay basic pension insurance and unemployment insurance in accordance with the relevant provisions of the local government for the staff. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognised as liabilities, and the liabilities would be charged into current profits and loss or costs of assets.

In addition to basic pension insurance, the company also established the enterprise annuity payment system enterprise annuity scheme according to relevant policy of national enterprise annuity system. The Company makes payment to local social insurance agencies/annuity scheme based on a certain proportion of total staff remunerations. Corresponding expenditure is included in the profit or loss for the current period or costs of related assets.

#### **(2) Defined benefit scheme**

The welfare responsibilities generated from defined benefit scheme based on the formula determined by projected unit credit method would be vested to the service period of the staff and charged into current profits and loss or costs of assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognised as net liabilities or net assets. When the defined benefit scheme has surplus, the company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual reporting period during which the staff provided service, were discounted based on the bond market yield of sovereign bond matching the term of defined benefit plans obligations and currency or corporate bonds of high quality in the active market on the balance sheet date.

The service cost incurred by defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged into the current profits and loss or relevant costs of assets. The changes generated from the re-calculation of the net liabilities or net assets of the defined benefit scheme would be included in the other comprehensive income and are not reversed to profit or loss in a subsequent accounting period.

When the defined benefit scheme is settled, the gain or loss is confirmed based on the difference between the present value of obligations and the settlement price of the defined benefit scheme as at the balance sheet date.

### **3. Method of accounting treatment for termination benefits**

The Company will pay termination benefits when the group can no longer withdraw the offer of termination plan or layoff proposal or when the Group recognizes costs for restructuring which involving the payment of termination benefits (whichever the earliest). The remuneration incurred by the termination benefits will be recognised as liabilities which would be charged into current profits and loss.

## **(XXIV) Estimated liabilities**

### **1. Recognition criteria for estimated liabilities**

The Company shall recognise the obligations related to contingencies involving litigations, guarantees provided to debts, loss-making contracts, restructuring as estimated liabilities, when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the group;
- (2) it is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

### **2. Method of measuring the various estimated liabilities**

Estimated liabilities shall be initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors pertaining to a contingency such as risk, uncertainties, and time value of money shall be taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, the best estimate shall be determined by discounting the related future cash outflow.

The best estimate will be dealt with separately in the following circumstances:

The expenses required have a successive range (or band), in which the possibilities of occurrence of each result are the same, and the best estimate should be determined as the middle value for the range, i.e. the average of the upper and lower limit.

The expenses required does not have a successive range (or band), or although there is a successive range (or band), the possibilities of occurrence of each result are not the same, if the contingency is related to individual item, the best estimate should be determined as the most likely amount; where the contingency is related to a number of items, the best estimate should be calculated and determined according to the possible results and the relevant possibilities.

Where some or all of the expenditure required to settle an estimated liability is expected to be reimbursed by a third party, the reimbursement is separately recognised as an asset when it is virtually certain that the reimbursement will be received. The amount recognized for the reimbursement is limited to the carrying amount of the liability recognised.

## (XXV) Share-based payment

The Company's share-based payment represents transactions in which the Company receives services from employee by granting equity instruments or incurring liabilities that are based on the price of the equity instruments to the employee or other suppliers. The Company's share-based payments included equity-settled share-based payments and cash-settled share-based payments.

### 1. Equity-settled share-based payment and equity instrument

As to an equity-settled share-based payment in return for services of employees, calculation will be based on the fair value of the equity instrument granted to the employees. If the Company make the share-based payment by restricted shares, employees will subscribe the share but those shares shall not be listed on the market or transferred before it fulfill the unlocking condition and unlocked. If the unlocking conditions stipulated in the equity incentive scheme cannot be fulfilled eventually, the Company will repurchase those shares based on the predetermined price. Upon obtaining the payment for subscribing restricted shares made by the employees, the Company will recognized the share capital and capital reserve (share capital premium) according to the payment it received, while fully recognize a liability for its repurchasing obligation as well as its treasury shares. On each balance sheet date within the vesting period, the Company will make the best estimation of the number of vested equity instruments based on the subsequent information such as the updated changes in the number of executives and the achievement of performance standard. Based on the above results, the services received in the current period will be included in the relevant cost or expense based on the fair value on the date of grant, and the capital reserve will be increased accordingly. The recognized cost or expense and owners' interest will not be adjusted after the vesting date. However, equity instruments vested immediately after the date of grant will be included in the relevant cost or expense based on its fair value on the date of grant, and the capital reserve will be increased accordingly.

For the share-based payments that are not vested eventually, no cost or expense will be recognised, except the vesting condition is market condition or non-exercisable condition. Under such circumstances, no matter whether the market condition or non-exercisable condition can be fulfilled, the share-based payment will be deemed as vested as long as all the non-market conditions in the vesting condition are fulfilled.

If the terms of the equity-settled share-based payment are amended, the Company shall recognize the services received at least based on the situation before the amendment was made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to the staff on the amendment date, will be recognised as an increase in the service received.

If the equity-settled share-based payment is cancelled, it will be accounted for as accelerated exercise on the cancellation date and the unrecognised amount will be recognized immediately. Employees and other parties are able to satisfy the non-vesting conditions. If the conditions are not fulfilled during the vesting period, the equity settled share-based payment will be deemed as cancelled. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to cancelled equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument.

### 2. Cash-settled share-based payments and equity instrument

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Group. It is initially measured at fair value on the date of grant, taking account into the terms and conditions of the equity instrument granted. If the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise. For each of the balance sheet date and settlement date before the settlement of the relevant liabilities, fair value of the liabilities will be remeasured and the changes will be included in the profit or loss for the current period.

**1. Principle of recognition of revenue**

The Company shall determine at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

If one of the following criteria is met, the Company satisfy a performance obligation over time, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Company performs; (2) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; (3) the Company's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The Company may not be able to reasonably measure the outcome of a performance obligation, but the entity expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the entity shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. The Company shall recognise revenue when the Company satisfies a performance obligation at a point in time by transferring a promised good or service to a customer and customer obtains control of a promised asset. The Company shall consider indicators of the transfer of control, which include the following: (1) The Company has a present right to receive the payment, i.e. a customer has a present right to payment for the asset; (2) The Company has transferred the legal title of the goods to the customer, i.e. the customer already owns the legal title of the goods. (3) The Company has transferred physical possession of the asset, i.e. the customer has possessed the goods; (4) The Company has transferred significant risks and rewards of ownership of an asset to the customer, i.e. the customer has the significant risks and rewards of ownership of the asset; (5) The customer has accepted the goods; (6) Other indications that the customer has obtained control of goods.

**2. Principle of measurement of revenue**

- (1) The Company measure revenue through allocating the transaction price to each performance obligation. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (2) If the consideration promised in a contract includes a variable amount, the Company shall estimate the amount of consideration by using either of the expected value or the most likely amount. But the transaction price which concludes the variable consideration does not exceed the amount that the accumulative recognised income is unlikely to undergo a major reversal when the relevant uncertainty is eliminated.
- (3) Where there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash when it is assumed that the customer has taken the control of goods or services. The difference between the transaction price and the contract consideration is amortised using the effective interest method during the contract period. On the contract start date, the Company does not consider the major financing components in the contract when it expects that the difference between customer taking control of the purchase of goods or services and the payment of the customer price is not more than one year.
- (4) Where the contract includes two or more performance obligations, the Company shall amortise the transaction price to each individual performance obligation on the contract start date in line with the relative proportion of the individual selling prices of the goods.

### 3. Specific circumstances of revenue recognition

(1) Revenue recognition at a point in time

The sales of industrial robots, electronic manufacturing products, information network equipment and electronic products and etc. are performance obligations fulfilled at a point in time to recognize revenue. The recognition of the revenue of domestic products should meet the following conditions: the company has delivered the products to the customer based on contract and the customer has accepted the goods; the payment has been recovered or the receipt of goods has been obtained; the relevant economic benefits are likely to flow in; the main risk of ownership of the goods has been transferred, and the legal title of the goods has been transferred. The recognition of the revenue of the exported products should meet the following conditions: the company has declared the goods according to the contract, obtained the bill of lading, has recovered the payment or obtained the receipt certificate and the relevant economic benefits are likely to flow in, and the main risks and rewards of the ownership of the goods have been transferred. The legal title of the goods has been transferred.

(2) Revenue recognition over time

For the service of providing intelligent factory system integration, intelligent transportation and building installation, the Company recognise revenue over time because the customer simultaneously receives and consumes the benefits provided by the Company as the Company performs obligation performance and the Company has the right to ask for payment for the part of the performance that has been completed so far throughout the contract period, unless the performance of the performance cannot be reasonably determined. The Company determines the progress of the performance of the service in accordance with the output method. If the performance of the Company is expected to be compensated if the performance cannot be reasonably determined, the revenue will be recognised according to the amount of cost incurred, until the performance of the performance can be reasonably determined.

(3) Others

Others are applicable to rent leasing, property management, etc. Revenue shall be recognized according to the straight line method during the lease period stipulated in the contract

#### (XXVII) Contractual costs

Contract costs are divided into contract performance costs and contract acquisition costs.

The costs incurred by the Company for the performance of the contract are recognised as an asset as contract performance costs when the following conditions are met:

1. This cost is directly related to a current or expected contract.
2. This cost increases the resources of the company to fulfill its performance obligations in the future.
3. The cost is expected to be recovered.

The Company shall recognise as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs.

Assets related to the cost of the contract are amortized on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortization period of the contract acquisition cost is less than one year, the Company will account for the current profits and losses when incurred.

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognize it as asset impairment loss:

1. The remaining price expected to be obtained by the transfer of goods or services related to the asset;
2. Estimate costs that will occur in order to transfer the relevant goods or services.

If the above-mentioned asset impairment provision is reversed, the book value of the transferred asset shall not exceed the book value of the asset on the reversal date without presuming the provision for impairment.

## (XXVIII) Government grant

### 1. Types

Government grants are transfer of monetary assets or non-monetary assets from the government to the company at no consideration, and are classified into government grant related to asset and government grant related to income.

Government grants related to assets is obtained by the Company for the purposes of constructing or forming long-term assets in other ways including funds allocation for purchase of fixed assets or intangible assets, financial discount of special loans for fixed assets. Government grants related to revenue refer to the government grants other than those related to assets.

### 2. Recognition time point

Government grants related to revenue is recognised when the grant is received.

### 3. Accounting treatment

Government grants related to assets should be presented as deferred income. Government grants are recognised in profit or loss on a systematic basis over the periods (recognised as other income when related to operating activities; and recognised as non-operating income when not related to operating activities);

A government grant related to income is used for compensation for related expenses or losses to be incurred by the Company in subsequent periods, the grant shall be recognised as deferred income, and recognised as other income for daily operating activities and non-operating income for non-operating activities over the periods in which the related costs are recognised; if the grant is a compensation for related expenses or losses already incurred by the Company, the grant shall be recognised immediately in profit or loss for the current period, alternatively, they are deducted in reporting the related expense.

The Company receives the loan interest with policy reference and treats in different ways in accordance with two situations below:

- (1) If the interest grants paid to the bank and then the bank provides bank loans to company with interest rate in preferential policy, the Company will regard the borrowing amount received as the initial value and calculate the principle of borrowing and borrowing costs based on the interest rate in preferential policy.
- (2) If the interest grants paid directly to the Company, the Company will deduct the interest grants from borrowing costs.

## (XXIX) Deferred income tax assets and liabilities

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be reversed in the future period, deferred tax assets shall be recognised to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save as the exceptions, deferred income tax liabilities shall be recognised for the taxable temporary difference.

The exceptions for not recognition of deferred income tax assets and liabilities include: the initial recognition of the goodwill; other transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur.

After granted the legal rights of net settlement and with the intention to use net settlement or obtain assets, repay debt, the Group, at the same time, the net amount after offsetting its current income tax assets and current income tax liabilities shall be recorded.

The Group was granted the legal rights of net settlement of current income tax assets and current income tax liabilities. Deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax collection and management authority or related to different entities liable to pay tax, but the relevant entity liable to pay tax is intended to apply net settlement of current income tax assets and liabilities or, at the same time, obtain assets, repay debt whenever every deferred income tax assets and liabilities with importance would be reversed in the future, the Group records the net amount after offsetting its current income tax assets and current income tax liabilities.

## (XXX) Leases

### 1. Accounting treatment of leased assets

On the commencement date of the lease term, the Company recognises the right-of-use assets and lease liabilities for leases other than short-term leases and low-value asset leases, and separately recognises the depreciation expense and interest expense.

The Company adopts the straight-line method for each period of the lease term, and the lease payments for short-term leases and low-value assets leases are included in the current expenses.

#### (1) Right-of-use assets

The right-of-use asset refers to the right of the lessee to use the leased asset during the lease term. On the commencement date of the lease term, the right-of-use assets are initially measured at cost. The cost includes:

1. The initial measurement amount of the lease liability;
2. The lease payment amount paid on or before the commencement date of the lease period, and the relevant amount of the lease incentive that has been enjoyed shall be deducted if there is a lease incentive;
3. The initial direct costs incurred by the lessee;
4. The cost which the lessee is expected to dismantle and remove the leased asset, restore the site of leased asset or restore the leased asset to the agreed terms of the lease terms. The Company recognises and measures the cost according to the recognition criteria and measurement method of the estimated liabilities (see "III, (24) estimated liabilities" in this note). The cost is incurred for the production of inventories and will be included in the cost of inventory.

The depreciation of the right-of-use assets is accrued using the straight-line method. For those who can reasonably determine the ownership of the leased asset when the lease term expires, the depreciation rate is determined based on the right-of-use asset class and the estimated net residual value rate within the estimated remaining useful life of the leased asset. If it is not reasonable to determine that the leased asset will be acquired at the expiration of the lease term, the depreciation rate is determined based on the class of the right-use-asset during the shorter period between the lease term and the remaining useful life of the leased asset.

The depreciation method, useful life of depreciation, residual value and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Useful lives of depreciation (years)	Estimated residual value (%)	Annual depreciation rate (%)
Machinery and equipment	straight line method	Lease term	0	

#### (2) Lease liability

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date of the lease term. The lease payments include:

1. The fixed payment amount (including the substantial fixed payment amount), and the relevant amount of the lease incentive shall be deducted if there is a lease incentive;
2. Variable lease payments depending on the index or ratio;
3. The amount expected to be paid based on the residual value of the guarantee provided by the lessee;
4. The exercise price of purchasing the option, provided that the lessee reasonably determines that the option will be exercised;



5. The amount to be paid for the termination of the lease option, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;

The Company adopts the leased interest rate as the discount rate. If the leased interest rate cannot be reasonably determined, the Company's incremental borrowing rate will be used as the discount rate.

The Company calculates the interest expense of the lease liability for each period of the lease term according to a fixed periodic interest rate and includes it in the financial expenses. The periodic interest rate refers to the discount rate adopted by the Company or the revised discount rate.

The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred.

When the Company's evaluation on the renewal and the termination of leasing or purchasing the option changes, the lease liabilities will be re-measured according to the present value of the changed lease payment and the revised discount rate, and the book value of the right-of-use asset will be adjusted accordingly. When the actual lease payment amount, the estimated amount of the guarantee residual value or the variable lease payment amount depending on the index or ratio changes, the lease liability will be re-measured according to the present value calculated from the changed lease payment amount and the original discount rate, and the book value of the right-of-use asset will be adjusted accordingly.

## 2. Accounting treatment of leased assets

- (1) Operating lease accounting treatment

The Company adopts the straight-line method in each period of the lease term to recognise the lease payments from operating leases as rental income. The initial direct costs incurred by the Company in relation to the operating leases are capitalised and recognised in the current period over the entire lease period on the same basis as the lease-related revenue recognition.

- (2) Accounting treatment of financial leases

On the commencement date of lease, the Company recognises the difference between the sum of the unrecognised residual value and its present value as unrealised financing income, and recognises it as rental income in each period in which the rent is received in the future. The initial direct costs incurred by the Company in connection with the lease transaction are included in the initial measurement of the finance lease receivables and the amount of revenue recognised during the lease term will be reduce.

### (XXXI) Discontinued operation

A discontinued operation is a component that either has been disposed of or is classified as held for sale by the Company, and is separately identifiable operationally and for financial reporting purposes, and satisfies one of the following conditions:

- (1) represents a separate major line of business or geographical area of operations;
- (2) is part of a single co-ordinate plan to dispose of a separate major line of business or geographical area of operations;
- (3) is a subsidiary acquired exclusively with a view to resale.

## (XXXII) Changes in significant accounting policies and accounting estimates

### 1. Changes in significant accounting policies

- (1) Implementation of "Accounting Standards for Business Enterprises No. 21 – lease" (Revised in 2018)

The Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 21 – Leases" in 2018. The revised standard will be implemented as of 1 January 2019. According to the standard, the leases that existed before the first implementation date should be retrospectively adjusted. If the data relating to the prior period comparative financial statements are inconsistent with the revised standard, no adjustment is required. Main influences incurred by the implementation of such standard by the Company are as follows:

Contents and reasons for changes in accounting policies	Examination and approval procedure	Influenced statement item name and amount
Adjustment for the operating leases of the Company, as the lessee, before the first implementation date	Board approval	Adjustment for relevant items in the financial statements as at the beginning of the year: Right-of-use assets: Increased by RMB4,622,355.62 Lease liabilities: Increased by RMB4,622,355.62

- (2) Implementation of the Notice of the Ministry of Finance on Revising the Format of the 2019 Annual General Enterprise Financial Statements

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

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

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

## 2. Changes in significant accounting estimates

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

## IV. TAXATION

### (I) Main types of taxes and corresponding rates

Tax Type	Tax basis	Tax rate
Value-added Tax ("VAT")	Output VAT is calculated on product sales and taxable services revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable	16%, 13%, 10%, 9%, 6%, 5%, 3%
City maintenance and construction tax	Based on VAT tax paid	7%, 5%
Enterprise income tax	Based on taxable profits	25%, 15%, 16.5%, 20%

Companies subject to different income tax rates are disclosed as follows

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

### (II) Tax Preference

- Nanjing Panda Electronic Manufacture Co., Ltd., a subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Science & Technology Commission and other commission on 7 December 2017, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201732003580). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2017 to 31 December 2019.
- Nanjing Panda Communication Technology Co., Ltd., a subsidiary of the Company, is recognised as a high-tech enterprise by Jiangsu Science & Technology Commission and other commission on 7 December 2017, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201732003313). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2017 to 31 December 2019.

3. Nanjing Huage Electronic Plastic Industry Co., Ltd., a sub-sub-subsidiary of the Company, is recognised as a high-tech enterprise by Jiangsu Science & Technology Commission on 7 December 2017, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201732002602). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2017 to 31 December 2019.
4. Nanjing Panda Information Industry Co., Ltd, a subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Science & Technology Commission on 28 November 2018, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201832002286). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2018 to 31 December 2020.
5. Nanjing Panda Electromechanical Instrument Technology Co., Ltd., a sub-sub-subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Science & Technology Commission on 28 November 2018, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201832002778). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2018 to 31 December 2020.
6. Shenzhen Jinghua Information Technology Co., Ltd., a sub-sub-subsidiary of the Company, has passed the review of high-tech enterprise by Shenzhen Science & Technology Commission on 9 November 2018, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201844204258). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2018 to 31 December 2020.
7. Nanjing Panda Electronic Equipment Co., Ltd, a subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Science & Technology Commission on 28 November 2018, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201832001770). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2018 to 31 December 2020.
8. Shenzhen Jingjia Property Management Co., Ltd, a sub-sub-subsidiary of the Company was regarded as small low-profit enterprise. The tax basis is as the 50% of the taxable income and the applicable rate is 20%.
9. According to "Taxation on Value-added Tax Policies for Software Products" (Cai Shui [2011] No. 110), if general VAT taxpayers sell self-developed and produced software products, after VAT has been collected at a tax rate of 16%, the refund-upon-collection policy shall be applied to the part of actual VAT burden in excess of 3%.
10. The profit tax rate of subsidiaries registered in Hong Kong, namely Galant Limited and Hong Kong China Electronic Jiahua Trading Co., Ltd, is 16.5%.

## V. NOTES TO KEY ITEMS IN CONSOLIDATED FINANCIAL STATEMENT

### (I) Cash and bank balance

Items	Closing balance	Opening balance
Cash	327,094.93	413,440.88
Bank deposit	792,643,756.96	1,291,700,751.92
Other cash and bank balance	192,830,165.28	156,637,609.55
	<u>985,801,017.17</u>	<u>1,448,751,802.35</u>
Total		
	<u>985,801,017.17</u>	<u>1,448,751,802.35</u>
Including: the balances of deposits overseas	27,273,938.21	29,854,369.32
	<u>27,273,938.21</u>	<u>29,854,369.32</u>

Cash and bank balance which is restricted by deposit, pledge or freeze and repatriation from abroad is shown below:

Items	Closing balance	Opening balance
Deposit of bank's acceptance bill	<b>90,982,420.90</b>	76,063,902.67
Deposit of C/L	<b>1,407,908.51</b>	377,364.14
Deposit of performance guarantee	<b>100,439,835.87</b>	80,196,342.74
Total	<b>192,830,165.28</b>	156,637,609.55

(II) **Financial assets held for trading**

1. **Financial assets held for trading**

Items	Closing balance
Financial assets at fair value through profit or loss Including: Investment in debt instruments	<b>492,975,260.27</b>
Investment in equity instruments	
Derivative financial assets	<b>492,975,260.27</b>
Others	
Total	<b>492,975,260.27</b>

(III) **Notes receivable**

1. **Notes receivable shown as classification**

Items	Closing balance	Opening balance
Bank acceptance bills	<b>305,140,698.53</b>	268,269,716.38
Total	<b>305,140,698.53</b>	268,269,716.38

2. **There is no notes receivable which was pledged at the end of the period**

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**

Items	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 bills	<b>49,291,282.03</b>	
Total	<b>49,291,282.03</b>	

4. **There is no notes receivable turning into accounts receivable due to issuer's default at the end of the period**
5. **The bank acceptance bills at the end of the period all will be expired within 6 months**

#### (IV) ACCOUNTS RECEIVABLE

##### 1. Accounts receivable shown by aging

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

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

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

Type	Closing balance				Carrying Value
	Carrying Amount		Bad debt Provision		
	Value	Percentage (%)	Value	Provision percentage (%)	
Accounts receivable with individual accrual	320,453,755.11	27.06	22,333,291.84	6.97	298,120,463.27
Including:					
Accounts receivable with individual significance and accruing bad debt provision individually	295,369,459.24	24.95	16,879,699.05	5.71	278,489,760.19
Accounts receivable with individual insignificance but individually accruing bad debt provision	25,084,295.87	2.11	5,453,592.79	21.74	19,630,703.08
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	863,573,136.19	72.94	17,651,665.76	2.04	845,921,470.43
Among which: Aging portfolio	445,491,305.68	37.63	17,393,417.55	3.90	428,097,888.13
Related parties portfolio	418,081,830.51	35.31	258,248.21	0.06	417,823,582.30
	<hr/>		<hr/>		<hr/>
Total	<b>1,184,026,891.30</b>	<b>100.00</b>	<b>39,984,957.80</b>		<b>1,144,041,933.70</b>
	<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>

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

Single item of bad debt provision:

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

Provision by portfolio:

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

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

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

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

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



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

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

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

**5. Status of top five accounts receivable according to the closing balance collected by the debtor.**

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

**6. No accounts receivable to be derecognised due to the transfer of financial assets at the end of the period**

**7. No transferred accounts receivable in which the Company continued to involve and relevant assets or liabilities formed at the end of the period**

## 8. The situation of overdue accounts receivable at the end of the period

Items	Closing balance
Accounts receivable not overdue and not impaired	830,497,901.34
Accounts receivable overdue and not impaired – within 3 months	110,940,133.25
Accounts receivable overdue and not impaired – over 3 months	202,603,899.11
Total	<u><u>1,144,041,933.70</u></u>

## (V) Advances paid

### 1. Categorised by age

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (including 1 year)	223,175,010.70	86.81	156,915,577.79	86.57
1 to 2 years (including 2 years)	16,256,856.22	6.32	7,802,713.07	4.30
2 to 3 years (including 3 years)	7,093,604.71	2.76	7,921,177.50	4.37
Over 3 years	10,570,950.90	4.11	8,628,056.83	4.76
Total	<u><u>257,096,422.53</u></u>	<u><u>100.00</u></u>	<u><u>181,267,525.19</u></u>	<u><u>100.00</u></u>

*Note:* The advances paid with aging over 1 year amounts to RMB33,921,411.83, most of which is goods and projects payment and not settled due to projects not finished.

### 2. Advances paid with top 5 balances at the end of the period classified by receivers

Receivers of advances	Closing balance	Attributed shares in aggregate closing balance (%)
JOC International Technical Engineering Co., Ltd.	17,271,462.61	6.72
Mamezou Co., Ltd. (豆藏株式會社)	17,227,329.62	6.70
Shanghai Aiji Information Technology Co., Ltd.	15,039,199.30	5.85
JFE Shoji Electronics Co., Ltd. (JFE商事電子株式會社)	13,818,876.56	5.38
Nanjing Weizhi New Technology Co., Ltd. (南京微智新科技有限公司)	11,527,850.78	4.48
Total	<u><u>74,884,718.87</u></u>	<u><u>29.13</u></u>

**(VI) Other receivables**

Items	Closing balance	Opening balance
Dividends receivable	1,840,000.00	18,859,839.55
Other receivables	72,044,455.42	69,713,239.39
Total	<u>73,884,455.42</u>	<u>88,573,078.94</u>

**1. Dividends receivable**

- (1) Particulars of dividends receivable

Items (or investees)	Closing balance	Opening balance
Beijing SE Putian Mobile Communication Co., Ltd.	1,840,000.00	18,859,839.55
Total	<u>1,840,000.00</u>	<u>18,859,839.55</u>

- (2) The Company has no dividends receivable with aging over 1 year

**2. Other receivables**

- (1) Other receivables by aging

Aging	Closing balance
Within 1 year (including 1 year)	36,827,403.16
Including: 0-6 months	31,100,025.26
7-12 months	5,727,377.90
1-2 years	32,406,046.44
2-3 years	3,556,296.06
3-4 years	7,533,282.05
4-5 years	1,451,586.14
Over 5 years	3,475,070.68
Total	<u>85,249,684.53</u>

Notes: the above amount is without the bad debt provisions of other receivables.

- (2) Other receivables by nature

Nature of receivables	Carrying Amount at the end of the period	Carrying Amount at the beginning of the year
Deposit	73,581,711.14	69,750,495.10
Export refund	3,677,173.55	4,062,943.92
Others	7,990,799.84	4,976,858.68
Total	<u>85,249,684.53</u>	<u>78,790,297.70</u>

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

Type	Opening balance	Changes during the period			Closing balance
		Provision	Recovered or transferred	Written-off or verified	
Accounts receivable accruing bad debt provision in individual portfolio	4,891,975.67	<b>4,205,350.00</b>		<b>184,179.20</b>	<b>8,913,146.47</b>
Accounts receivable with individual significance and accruing bad debt provision individually	3,121,650.00	<b>3,815,350.00</b>			<b>6,937,000.00</b>
Accounts receivable with individual insignificance but individually accruing bad debt provision	1,770,325.67	<b>390,000.00</b>		<b>184,179.20</b>	<b>1,976,146.47</b>
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	4,185,082.64	<b>110,000.00</b>	<b>3,000.00</b>		<b>4,292,082.64</b>
Of which: Accounts receivable accruing bad debt provision in aging portfolio	3,260,094.56	<b>110,000.00</b>	<b>3,000.00</b>		<b>3,367,094.56</b>
Of which: Accounts receivable accruing bad debt provision in other portfolio	924,988.08				<b>924,988.08</b>
Total	<u>9,077,058.31</u>	<u><b>4,315,350.00</b></u>	<u><b>3,000.00</b></u>	<u><b>184,179.20</b></u>	<u><b>13,205,229.11</b></u>

## (4) Other receivables effectively verified in the period

Item	Verified Amount
Other receivables effectively verified	<u><b>184,179.20</b></u>

There were no significant receivables effectively verified in the period.

## (5) Other receivables with top 5 balances at the end of the period classified by borrowers

Debtor	Nature	Closing balance	Aging	Proportion of the closing balance of other receivables (%)	Closing balance of bad debt provision
Anhui Garments Import & Export Co., Ltd.	Deposit	<b>9,866,644.00</b>	1-3 years	<b>11.57</b>	
Guoxin Tendering Co., Ltd.	Deposit	<b>8,367,890.00</b>	1-3 years	<b>9.82</b>	
MCT Worldwide LLC	Deposit	<b>6,937,000.00</b>	2-4 years	<b>8.14</b>	<b>6,937,000.00</b>
SPEECH PROCESSING SOLUTIONS GMBH	Other	<b>4,424,213.18</b>	Within 1 years	<b>5.19</b>	
State Taxation Administration	Export rebate	<b>3,677,173.55</b>	Within 1 year	<b>4.31</b>	
Total		<u><b>33,272,920.73</b></u>		<u><b>39.03</b></u>	<u><b>6,937,000.00</b></u>

- (6) There are no other receivables related to government grants at the end of the period
- (7) There is no situation of derecognition of other receivables due to the transferring of financial assets at the end of the period
- (8) There are no transferred other receivables in which the company is involved in management and relevant assets and liabilities formed at the end of the period

## (VII) Inventories

### 1. Inventories by category

Item	Remaining carrying amount	Closing balance Inventory impairment provision and contract performance cost impairment provision		Carrying value	Opening balance Inventory impairment provision and contract performance cost impairment provision		Carrying value
		Remaining carrying amount	Carrying value		Remaining carrying amount	Carrying value	
Raw materials	341,075,300.01	6,793,423.78	334,281,876.23	322,084,321.11	6,793,423.78	315,290,897.33	
Goods in process	45,076,243.58	1,607,160.53	88,469,083.05	47,639,082.55	1,607,160.53	46,031,922.02	
Stored commodities	134,961,361.06	12,583,950.00	122,377,411.06	156,663,709.84	12,562,324.72	144,101,385.12	
Delivered commodities	77,355,106.01	1,115,560.68	76,239,545.33	108,583,243.61	1,115,560.68	107,467,682.93	
Circulating materials	3,090,722.16		3,090,722.16	2,554,051.02		2,554,051.02	
Contract performance cost	293,782,456.80		248,782,456.80	248,927,352.67		248,927,352.67	
Consigned commodities	5,194,592.16		5,194,592.16	3,435,453.77		3,435,453.77	
Total	<u>900,535,781.78</u>	<u>22,100,094.99</u>	<u>878,435,686.79</u>	<u>889,887,214.57</u>	<u>22,078,469.71</u>	<u>867,808,744.86</u>	

### 2. Inventory impairment provision and contract performance cost impairment provision

Items	Opening Balance	Increment in this period		Reduction in this period		Closing balance
		Provision	Others	Returned	Recovery	
Raw materials	6,793,423.78					6,793,423.78
Goods in progress	1,607,160.53					1,607,160.53
Stored commodities		21,625.28				12,583,950.00
Delivered commodities	1,115,560.68					1,115,560.68
Total	<u>22,078,469.71</u>	<u>21,625.28</u>			<u>21,625.28</u>	<u>22,100,094.99</u>

### 3. No capitalised borrowing cost in closing balance

## (VIII) Contract assets and contract liabilities

### 1. Details of Contract assets and contract liabilities

	<b>Contract assets</b>
Opening balance	360,753,744.24
Increase	216,758,572.97
Converted in to accounts receivable in this period	51,534,945.38
Contract asset impairment provision	1,630,215.12
Net closing balance	524,347,156.71
Including: Listed as contract assets	524,347,156.71
Listed as other non-current assets	

### Contract liabilities

Opening balance	221,380,505.81
Increase	77,947,349.10
Interest adjustment	
The income confirmed in the current period includes the income in the balance at the beginning of the year.	67,534,689.77
Closing balance	231,793,165.14
Including: Listed as contractual liabilities	231,793,165.14
Listed as other non-current liabilities	

### 2. Provision for impairment of contract assets in the current period

Items	Provision	Reversed	Written off/ verified	Reason
Nanjing Hexi Xincheng Construction Development Co., Ltd.	<b>70,000.00</b>			Existing recovery risks
Fuzhou BOE Optoelectronics Technology		<b>428,983.52</b>		
Total	<b>70,000.00</b>	<b>428,983.52</b>		

## (IX) Other non-current assets

	<b>Opening balance</b>	Closing balance
Input tax to be deducted, Input tax to be credited and Input tax to be certified	<b>27,284,286.99</b>	32,736,291.48
Enterprise Income Tax paid in advance	<b>75,445.36</b>	1,384,758.04
Other tax paid in advance		603,039.61
	<b>27,359,732.35</b>	34,724,089.13

## (X) Long-term equity investments

Investee	Opening balance	The current period changes							Closing balance	provision for impairment loss	Impairment provision at the end of the period
		Increase	Decrease	Under the equity method to confirm the investment profit and loss	Other comprehensive income adjustment	Other equity changes	Declaration of cash dividends or profits	Others			
<b>1. Joint Ventures</b>											
Nil											
Subtotal											
<b>2. Associates</b>											
Nanjing Ericsson Panda Communication Co., Ltd.	213,059,906.00			24,613,457.41				237,673,363.41			
Beijing SE Puitan Mobile Communications Co., Ltd.	79,028,717.99						1,840,000.00	77,188,717.99	13,188,717.99	13,188,717.99	
Shenzhen Jinghua Network Marketing Co., Ltd.	1,426,910.59			98,887.75				1,525,798.34			
Shenzhen Chebao Information Technology Co., Ltd.	259,550.18			3,679.63				263,229.81			
Subtotal	293,775,084.76			24,716,024.79			1,840,000.00	316,651,109.55	13,188,717.99	13,188,717.99	
Total	293,775,084.76			24,716,024.79			1,840,000.00	316,651,109.55	13,188,717.99	13,188,717.99	

## (XI) Other debt investment

### 1. Details of other debt investment

Item	Opening balance	Closing balance
Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd.	3,911,610.55	3,905,351.83
Total	3,911,610.55	3,905,351.83

### 2. Details of significant trading equity instrument investment

Item	The dividend recognised in this period	Accumulated profits	Accumulated losses	The amount of other comprehensive income transferred into retained earning	The reason of targeting as financial assets at fair value through comprehensive income	The reason of other comprehensive income transferred into retained earning
Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd.		311,610.55			Non-trading investment	

## (XII) Investment property

### 1. Investment properties measured by cost

Items	Housing and buildings	Land-use right	Construction in progress	Total
<b>1. Original carrying value</b>				
(1) Opening balance	84,171,722.69			84,171,722.69
(2) Increase in the period	2,398,910.25			2,398,910.25
– acquired				
– inventory/fixed assets transferred from construction in progress	2,398,910.25			2,398,910.25
(3) Decrease in the period				
– disposal				
(4) Closing balance	86,570,632.94			86,570,632.94
<b>2. Accumulated depreciation and accumulated amortisation</b>				
(1) Opening balance	64,709,743.69			64,709,743.69
(2) Increase in the period	5,702,470.63			5,702,470.63
– provision or amortisation	5,528,808.25			5,528,808.25
– transferred in	173,662.38			173,662.38
(3) Decrease in the period				
– disposal				
(4) Closing balance	70,412,214.32			70,412,214.32
<b>3. Provision for impairment</b>				
(1) Opening balance				
(2) Increase in the period				
– provision				
(3) Decrease in the period				
– disposal				
(4) Closing balance				
<b>4. Carrying Value</b>				
(1) Carrying value at the end of the period	16,158,418.62			16,158,418.62
(2) Carrying value in the beginning of the year	19,461,979.00			19,461,979.00

### 2. There are no investment properties without property certificate

### 3. The investment properties of the Company are all landed in China Mainland and leased for office-use in a short-term (within 10 years).

## (XIII) Fixed assets

### 1. Fixed assets and fixed assets cleanup

Item	Closing balance	Opening balance
Fixed assets	855,413,462.19	826,017,353.87
Fixed assets cleanup		32,467.60
Total	<u>855,413,462.19</u>	<u>826,049,821.47</u>



## 2. Status of fixed assets

Items	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
<b>1. Original carrying value</b>						
(1) Opening balance	823,220,033.01	418,318,528.91	28,608,301.51	63,973,672.32	58,771,280.51	1,392,891,816.26
(2) Increase in the period		64,451,681.72	551,881.87	2,784,105.74	1,720,584.28	69,508,253.61
– acquired		9,420,135.35	551,881.87	2,784,105.74	1,720,584.28	14,476,707.24
– transferred from construction in progress		55,031,546.37				55,031,546.37
(3) Decrease in the period	2,398,910.25	27,312,972.83	1,411,187.04	547,830.71	3,133,947.09	34,804,847.92
– disposal or retired		27,312,972.83	1,411,187.04	547,830.71	3,133,947.09	32,405,937.67
– transferred out	2,398,910.25					2,398,910.25
(4) Closing balance	<b>820,821,122.76</b>	<b>455,457,237.80</b>	<b>27,748,996.34</b>	<b>66,209,947.35</b>	<b>57,357,917.70</b>	<b>1,427,595,221.95</b>
<b>2. Accumulated depreciation</b>						
(1) Opening balance	192,118,643.73	280,272,522.40	18,135,962.62	38,882,198.96	37,424,527.11	566,833,854.82
(2) Increase in the period	8,908,994.61	12,381,439.25	1,254,458.78	5,230,748.35	3,441,104.99	31,216,745.98
– provision	8,908,994.61	12,381,439.25	1,254,458.78	5,230,748.35	3,441,104.99	31,216,745.98
(3) Decrease in the period	5,492,417.39	15,851,833.31	1,208,439.96	528,017.23	2,828,740.72	25,909,448.61
– disposal or retired	5,318,755.01	15,851,833.31	1,208,439.96	528,017.23	2,828,740.72	25,735,786.23
– transferred out	173,662.38					173,662.38
(4) Closing balance	<b>195,535,220.95</b>	<b>276,802,128.34</b>	<b>18,181,981.44</b>	<b>43,584,930.08</b>	<b>38,036,891.38</b>	<b>572,141,152.19</b>
<b>3. Provision for impairment</b>						
(1) Opening balance		10,700.00		29,907.57		40,607.57
(2) Increase in the period						
– provision						
(3) Decrease in the period						
– disposal or retired						
– transferred out						
(4) Closing balance		<b>10,700.00</b>		<b>29,907.57</b>		<b>40,607.57</b>
<b>4. Carrying Value</b>						
(1) Carrying value at the end of the period	<b>625,285,901.81</b>	<b>178,644,409.46</b>	<b>9,567,014.90</b>	<b>22,595,109.70</b>	<b>19,321,026.32</b>	<b>855,413,462.19</b>
(2) Carrying value in the beginning of the year	631,101,389.28	138,035,306.51	10,472,338.89	25,061,565.79	21,346,753.40	826,017,353.87

The amount of depreciation increased in this year is RMB31,216,745.98 and recorded in profit and loss in accordance with beneficiaries. The original carrying value transferred out is due to the transferring to investment properties.

3. **No temporary idle fixed assets at the end of the period**

4. **Fixed assets operating leased through operating leases**

Items	Carrying value at the end of the period
Housing and building	12,421,484.46
Motor vehicles	1,554,282.80
	<hr/>
Total	<b>13,975,767.26</b>
	<hr/> <hr/>

5. **Fixed assets with unfinished certificate**

Items	Carrying value	Reasons for unfinished certificate
Housing and building (Shenzhen Longgang Jinghua Electronic Co., Ltd.)	16,537,031.83	Cooperative construct – The land is collectively -owned land from Shenzhen Longgang Liang'an Tian Economic Development Co., Ltd
In Xingang 3# plant	6,109,577.25	The certificate is in progress

6. **Notes to fixed asset**

Item	Closing balance	Opening balance
Electronic equipment	<hr/>	32,467.60
Total	<hr/> <hr/>	<hr/> <hr/>

7. **Notes to fixed asset**

The situation of fixed assets used in China mainland

Period	Closing balance	Opening balance
Medium-term (10-50 years)	<b>625,285,901.81</b>	631,101,389.28
Short-term (within 10 years)	<b>230,127,560.38</b>	194,915,964.59

(XIV) **Construction in process**

1. **Construction in process**

Item	Closing balance	Opening balance
Construction in process	<b>280,476,946.23</b>	304,808,394.92
Construction materials	<hr/>	<hr/>
Total	<b>280,476,946.23</b>	304,808,394.92
	<hr/> <hr/>	<hr/> <hr/>

## 2. Status of construction in progress

Items	Remaining carrying amount	Closing balance		Remaining carrying amount	Opening balance	
		Provision for impairment	Carrying value		Provision for impairment	Carrying value
Block A of Research Centre of Block (First project of Land No. 301)	243,442,804.73		243,442,804.73	243,442,804.73		243,442,804.73
Chengdu Industrial Park Construction Project	18,395,857.41		18,395,857.41	735,572.84		735,572.84
Machinery and Equipment	4,939,237.79		4,939,237.79	4,800,000.00		4,800,000.00
Intelligent City Showroom Multimedia Display System	3,561,414.46		3,561,414.46	1,935,101.25		1,935,101.25
Second Stage of SAP	2,319,713.81		2,319,713.81	2,319,713.81		2,319,713.81
The First Phase of Electronic Equipment Industry	2,216,837.33		2,216,837.33	143,215.69		143,215.69
Intelligent City Exhibition Hall Construction Project	1,654,207.95		1,654,207.95	1,007,914.85		1,007,914.85
Equipment Park Outer Wall Renovation	825,688.07		825,688.07			
Equipment Park Processing Center Construction	373,216.82		373,216.82			
Equipment Park Corridor Construction	163,396.39		163,396.39			
Digitalised factory of industrial robot manufacturing project				49,528,065.32		49,528,065.32
Others	2,584,571.47		2,584,571.47	896,006.43		896,006.43
<b>Total</b>	<b>280,476,946.23</b>		<b>280,476,946.23</b>	<b>304,808,394.92</b>		<b>304,808,394.92</b>

### 3. Changes in key construction in progress

Project	Budget	Opening balance	Increase in the period	Amount transfer to fixed assets in the period	Other decreased amount in the period	Closing balance	Ratio of	Progress of construction	Accumulated amount of capitalised interest	Including: capitalised amount if	Rate of capitalisation of interest in the period	Source of funding
							contribution to the construction to budget					
Block A of Research Centre of Block (First project of Land No. 301)	/	243,442,804.73				243,442,804.73						Owned fund
Chengdu Industrial Park												
Construction Project	87,900,000.00	735,572.94	17,660,284.57			18,395,857.41	20.93	20.93				Owned fund
Machinery and Equipment	/	4,800,000.00	139,237.79			4,939,237.79						Owned fund
Intelligent City Showroom Multimedia												
Display System	/	1,995,101.25	1,698,313.21			3,591,414.46						Owned fund
Second Stage of SAP	/	2,319,713.81				2,319,713.81						Owned fund
The First Phase of Electronic												
Equipment Industry	55,670,000.00	143,215.69	2,073,621.64			2,216,837.33	3.97	3.97				Owned fund
Intelligent City Exhibition Hall												
Construction Project	/	1,007,314.85	648,293.10			1,654,207.95						
Equipment Park Outer Wall Renovation	/		625,098.07			625,098.07						
Equipment Park Processing Center												
Construction	/		373,216.82			373,216.82						
Equipment Park Corridor Construction	/		163,386.39			163,386.39						Owned fund
Digitalised factory of industrial robot												
manufacturing project	55,000,000.00	49,539,095.32		49,539,095.32			90.05	90.05				Owned fund
Others	90,000,000.00	896,026.43	7,192,046.09	5,503,481.05		2,584,571.47						Owned fund
Total	/	304,368,394.92	30,700,097.68	55,031,546.37		280,476,945.23						

Note: The project of Block A of Research Centre of Block (First project of Land No. 301) is a project that was non-monetary assets exchanges from Panda Electronics Group Co., Ltd., and the Centre is under decoration.

#### (XV) Right-of-use assets

Items	Machinery and equipment	Total
Closing balance at at the end of last year		
Opening balance	4,622,355.62	4,622,355.62
Increase for the period		
(1) New lease		
(2) Increase by consolidation		
Revaluation adjustment	2,508,431.17	2,508,431.17
Right-of-use asset impairment provision		
Disposal		
Depreciation amortization	2,251,827.41	2,251,827.41
Closing balance	4,878,959.38	4,878,959.38

## (XVI) Intangible assets

### 1. Status of intangible assets

Items	Land use right	Trademark use right	Computer software	Patents	Software copyright	Non-patented technology	Total
<b>1. Original carrying value</b>							
(1) Opening balance	91,907,351.90	158,340,000.00	14,688,147.82	30,105.00	9,788,028.49	34,478,101.92	309,211,733.13
(2) Increase in the period			7,766.99		5,735,634.10		5,743,401.09
– acquired			7,766.99		5,735,634.10		5,743,401.09
– internal research and development							
(3) Decrease in the period							
– disposal							
(4) Closing balance	<b>91,907,351.90</b>	<b>158,340,000.00</b>	<b>14,695,914.81</b>	<b>30,105.00</b>	<b>15,503,660.59</b>	<b>34,478,101.92</b>	<b>314,955,134.22</b>
<b>2. Accumulated amortisation</b>							
(1) Opening balance	14,304,211.29	158,340,000.00	8,510,741.33	23,978.11	1,691,686.43	17,219,149.47	200,089,766.63
(2) Increase in the period	1,488,473.11		322,855.07	1,488.17	629,039.46	2,925,567.21	5,367,423.02
– provision	1,488,473.11		322,855.07	1,488.17	629,039.46	2,925,567.21	5,367,423.02
(3) Decrease in the period							
– disposal							
(4) Closing balance	<b>15,792,684.40</b>	<b>158,340,000.00</b>	<b>8,833,596.40</b>	<b>25,466.28</b>	<b>2,320,725.89</b>	<b>20,144,716.68</b>	<b>205,457,199.65</b>
<b>3. Provision for impairment</b>							
(1) Opening balance							
(2) Increase in the period							
– provision							
(3) Decrease in the period							
– disposal							
(4) Closing balance							
<b>4. Carrying value</b>							
(1) Carrying value at the end of the period	<b>76,114,667.50</b>		<b>5,862,318.41</b>	<b>4,638.72</b>	<b>13,182,934.70</b>	<b>14,333,385.24</b>	<b>109,497,944.57</b>
(2) Carrying value in the beginning of the year	77,603,140.61		6,177,406.49	6,126.89	8,076,340.06	17,258,952.45	109,121,966.50

The amortization of intangible assets in the period was RMB5,367,423.02 and recorded in the profit and loss.

### 2. There were no land use rights without certificates at the end of the period

### 3. Notes to intangible assets:

The situation of intangible assets used in China mainland:

Period	Closing balance	Opening balance
Long-term (not less than 50 years)	<b>53,812,303.93</b>	54,432,023.96
Short-term (10–50 years)	<b>55,685,640.64</b>	54,689,942.54

**(XVII) Long-term deferred expenses**

	Opening balance	Increase in the period	Amortised in the period	Other decreased amount	Closing balance
Dormitory and Factory walls renovation and painting project		1,016,800.00	50,840.01		<b>965,959.99</b>
Purification Room Renovation Project	844,066.91		230,199.96		<b>613,866.95</b>
Waterproof Insulation Fire Control Project	43,246.98		43,246.98		
Others	402,416.79	110,176.15	59,560.86		<b>453,032.08</b>
Total	<u>1,289,730.68</u>	<u>1,126,976.15</u>	<u>383,847.81</u>		<u><b>2,032,859.02</b></u>

**(XVIII) Deferred income tax assets and deferred income tax liabilities****1. Deferred income tax assets not yet eliminated**

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	<b>61,420,848.56</b>	<b>9,444,733.02</b>	54,154,946.19	8,327,451.33
Internal offset of unrealised profit			1,296,081.44	324,020.36
Accrued expenses	<b>623,974.06</b>	<b>132,027.92</b>	4,848,781.79	1,025,561.81
Salaries payable	<b>16,755,639.50</b>	<b>2,855,160.97</b>	17,251,003.46	2,939,832.75
Total	<u><b>78,800,462.12</b></u>	<u><b>12,431,921.91</b></u>	<u>77,550,812.88</u>	<u>12,616,866.25</u>

**2. Deferred income tax liabilities not yet eliminated**

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
The changes of fair value of other equity instrument investment	<b>261,610.56</b>	<b>65,402.64</b>	255,351.83	63,837.96
Depreciation of fixed assets	<b>255,296.20</b>	<b>38,294.43</b>	255,296.20	38,294.43
Total	<u><b>516,906.76</b></u>	<u><b>103,697.07</b></u>	<u>510,648.03</u>	<u>102,132.39</u>

### (XIX) Short-term loans

#### 1. Type of short-term loans

Items	Closing balance	Opening balance
Guaranteed loans	<u>50,000,000.00</u>	<u>95,000,000.00</u>
Total	<u><u>50,000,000.00</u></u>	<u><u>95,000,000.00</u></u>

#### 2. Short-term loans expired but not repaid

Short-term loans expired but not repaid at the end of the period: Nil.

#### 3. Details of short-term loans

Period	Amount	Creditor	Approach	Interest rate
2019/4/12-2020/4/11	50,000,000.00	China Electronics Finance Co., Ltd.	Guaranteed	4.35%

### (XX) Notes payable

Type	Closing balance	Opening balance
Bank acceptance bills	<u>259,142,824.49</u>	<u>187,360,370.61</u>
Commercial acceptance bills		
Total	<u><u>259,142,824.49</u></u>	<u><u>187,360,370.61</u></u>

There is no notes payable expired but not repaid. The above notes will be expired within one year.

### (XXI) Accounts payable

#### 1. List of accounts payable:

Classified by aging based on their recording dates:

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

Classified by nature:

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

## 2. Significant account payables aged over 1 year:

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

## (XXII) Advances received

### 1. List of advances received

Items	Closing balance	Opening balance
Service fees and others	<b>1,336,367.67</b>	2,051,740.10
Total	<b><u>1,336,367.67</u></b>	<b><u>2,051,740.10</u></b>

### 2. There is no significant advances received aged over 1 year



**(XXIII) Staff Salaries Payable****1. List of staff salaries payable**

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Short-term remuneration	26,667,979.90	235,320,238.96	248,215,056.45	<b>13,773,162.41</b>
Post-employment benefit – established withdrawal and deposit scheme	312,568.96	28,161,512.49	28,120,243.80	<b>353,837.65</b>
Termination benefits	7,335,550.28	3,648,309.21	4,111,960.07	<b>6,871,899.42</b>
Other benefits due within 1 year				
Total	<u>34,316,099.14</u>	<u>267,130,060.66</u>	<u>280,447,260.32</u>	<u><b>20,998,899.48</b></u>

**2. List of short-term remuneration**

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
(1) Salary, inducement, allowance and subsidies	22,618,850.81	172,554,853.21	184,200,297.29	<b>10,973,406.73</b>
(2) Employee benefits fee		13,377,198.94	13,377,198.94	
(3) Social insurance fee	156,787.22	11,178,320.69	11,180,210.00	<b>154,897.91</b>
Including: Medical insurance fee	145,471.44	10,010,833.91	10,012,208.22	<b>144,097.13</b>
Work injury insurance fee	2,263.16	287,070.70	287,429.86	<b>1,904.00</b>
Maternity insurance fee	9,052.62	880,416.08	880,571.92	<b>8,896.78</b>
(4) Housing provident fund	830,460.00	18,739,300.70	18,614,736.09	<b>955,024.61</b>
(5) Staff union fee and staff training cost	728,777.31	3,879,830.59	3,776,887.59	<b>831,720.31</b>
(6) Labour fee	353,104.56	15,559,791.13	15,631,719.45	<b>281,176.24</b>
(7) Short-term profit sharing scheme	1,980,000.00	30,943.70	1,434,007.09	<b>576,936.61</b>
Total	<u>26,667,979.90</u>	<u>235,320,238.96</u>	<u>248,215,056.45</u>	<u><b>13,773,162.41</b></u>

**3. Established withdrawal and deposit scheme**

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Basic retirement insurance	301,504.46	21,279,264.29	21,305,077.74	<b>275,691.01</b>
Unemployment insurance fee	11,064.50	636,659.41	636,655.94	<b>11,067.97</b>
Corporate annuity		6,245,588.79	6,178,510.12	<b>67,078.67</b>
Total	<u>312,568.96</u>	<u>28,161,512.49</u>	<u>28,120,243.80</u>	<u><b>353,837.65</b></u>

**4. Notes to staff remuneration payable**

The main amount of closing balance is the salary which has not been paid. There is no indication that the Company delays to pay for the staff maliciously.

**(XXIV) Tax Payable**

<b>Tax items</b>	<b>Closing balance</b>	Opening balance
Land value-added	<b>115,837,390.35</b>	115,837,390.35
Deed tax	<b>21,788,496.36</b>	21,788,496.36
Enterprise income tax	<b>18,598,827.55</b>	19,555,642.87
Value-added tax	<b>15,366,624.42</b>	14,793,439.07
Urban maintenance and construction tax	<b>2,620,435.87</b>	2,909,514.74
Educational surtax	<b>1,799,272.20</b>	1,974,156.80
Property Tax	<b>1,687,238.32</b>	1,690,202.71
Land-use tax	<b>453,301.06</b>	417,701.14
Individual income tax	<b>289,270.63</b>	1,902,442.06
Stamp tax	<b>60,914.90</b>	818,472.61
Local educational surtax	<b>72,546.67</b>	104,987.81
Others	<b>4,312,877.10</b>	3,594,690.80
	<b><u>182,887,195.43</u></b>	<b><u>185,387,137.32</u></b>
Total		

**(XXV) Other Payables**

<b>Item</b>	<b>Closing balance</b>	Opening balance
Interest payable	<b>118,582.19</b>	
Dividend payable	<b>77,223,675.27</b>	4,152,246.79
Other payables	<b>119,730,005.83</b>	97,401,927.72
	<b><u>197,072,263.29</u></b>	<b><u>101,554,174.51</u></b>
Total		

**1. Interest payable**

<b>Items</b>	<b>Closing balance</b>	Opening balance
Interests payable of short-term borrowings	<b>118,582.19</b>	
Total	<b><u>118,582.19</u></b>	<b><u></u></b>

**2. Dividend Payable**

<b>Items</b>	<b>Closing balance</b>	Opening balance
Ordinary share dividends-minority shareholders	<b>77,223,675.27</b>	4,152,246.79
Total	<b><u>77,223,675.27</u></b>	<b><u>4,152,246.79</u></b>

Dividend payable over one year amounts to RMB3,741,377.19 which is dividend payable to minority shareholders from subsidiary .

### 3. Other Payables

(1) List of other payables by nature

Items	Closing balance	Closing balance
Deposit	48,302,591.20	35,015,420.83
Transaction costs	33,872,122.41	32,880,546.45
Accounts with operating	30,955,461.23	22,521,704.12
Others	6,599,830.99	6,984,256.32
	<u>119,730,005.83</u>	<u>97,401,927.72</u>

(2) Significant other payables aged over 1 year

Items	Closing balance	Closing balance
Shenzhen Jingji Baina Business Management Co.,Ltd.	3,626,146.00	Not settled
Panda Electronics Group Limited	3,358,715.52	Not settled
Jiangsu Xcmg Information Technology Co.,Ltd.	1,400,000.00	Not settled
Xiaotang Technology (Shanghai) Co.,Ltd.	1,270,000.00	Not settled
Shenzhen Jingji Baina Property Co.,Ltd.	1,058,086.00	Not settled
	<u>10,712,947.52</u>	

#### (XXVI) Other current liabilities

Items	Closing balance	Opening balance
Leading fund for emerging industries development	5,790,275.93	27,616,520.71
High localization rate of industrial robots and intelligent equipment development and industrialisation	30,000,000.00	30,000,000.00
Key research on UHD virtual reality based on eye tracking human-computer interaction	10,000,000.00	10,000,000.00
Allocation for new model project	8,120,000.00	8,120,000.00
Leading fund for emerging industries development	4,000,000.00	4,000,000.00
Eastern China electronic new type display product green supply chain building project	3,800,000.00	5,000,000.00
Special funds for provincial high-end equipment catching up project	1,000,000.00	
	620,000.00	620,000.00
Development of intelligent monitoring system for oil and gas pipeline based on distributed optical fiber sensing and the Internet	450,000.00	900,000.00
Special fund for the update and transferring between industry and information industry	200,000.00	200,000.00
	<u>63,980,275.93</u>	<u>86,456,520.71</u>
Total	<u>63,980,275.93</u>	<u>86,456,520.71</u>

**(XXVII) Lease liabilities**

Items	Closing balance
Lease payment	4,806,942.87
Unrecognized financing cost	168,454.55
	<hr/>
Total	4,975,397.42
	<hr/> <hr/>

**(XXVIII) Long-term staff salaries payable****1. List of long-term staff salaries payable**

Items	Closing balance	Opening balance
1. Post-employment benefits – net liabilities of defined benefit plan		
2. Termination benefits	21,085,502.13	24,722,333.29
3. Other long-term employee benefits		
	<hr/>	<hr/>
Total	21,085,502.13	24,722,333.29
	<hr/> <hr/>	<hr/> <hr/>

**(XXIX). Estimated liabilities**

Item	Closing balance	Opening balance	Reason
Pending litigation		2,900,000.00	Compensation for litigation of Guangdong Zhicheng
	<hr/>	<hr/>	
Total		2,900,000.00	
	<hr/> <hr/>	<hr/> <hr/>	

*Note:* In June 2018, Guangdong Zhicheng Champion Group Co., Ltd. and Nanjing Panda Electronics Co., Ltd. filed a case for shareholders' liquidation dispute. The Xuanwu District People's Court of Nanjing City, Jiangsu Province issued a civil mediation agreement in January 2019 (2018 Su 0102 Min Chu No. 5278), Nanjing Panda Electronics Co., Ltd. was sentenced to pay RMB2.90 million for compensation for Guangdong Zhicheng Champion Group Co., Ltd.

**(XXX) Deferred income**

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reason
Government grants	7,050,224.14		467,047.98	6,583,176.16	
	<hr/>	<hr/>	<hr/>	<hr/>	
Total	7,050,224.14		467,047.98	6,583,176.16	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

The project related to government grants:

Item	Opening balance	The government grants given in the period	The amount recorded in profits and losses	Other variation	Closing balance	Related to assets/ income
Auto-transferring system industrialisation of new panel display industry	7,050,224.14		467,047.98		6,583,176.16	Related to assets
Total	7,050,224.14		467,047.98		6,583,176.16	

Note: The above government grants were the funds received "About the project of promoting electronic information industry and transforming technology in the year of 2015" issued by National Development and Reform Commission General Office according to Fa Gai Ban Gao Ji [2015] No. 1333

### (XXXI) Share capital

Item	Opening balance	Changes during the period (increase(+), decrease (-))					Closing balance
		Issue new shares	Bonus shares	Conversion of the accumulation funds into shares	Others	Sub-total	
Total shares	913,838,529.00						913,838,529.00

### (XXXII) Capital reserve

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital surplus (share premium)	1,450,743,806.12			1,450,743,806.12
Other capital surplus	19,947,994.01			19,947,994.01
Total	1,470,691,800.13			1,470,691,800.13

### (XXXIII) Other comprehensive income

Item	Opening balance	Changes during the period					Closing balance
		Current amount before the income tax	Less: Earnings are included in other consolidated income/ Retained earnings	Less: income tax expense	After tax attribution to the parent company	After tax attributable to minority shareholders	
1. Other comprehensive income not reclassified subsequently to profit or loss	191,513.87	6,258.72		1,564.68	4,694.04	196,207.91	
Including: Changes in fair value of other equity instruments investment	191,513.87	6,258.72		1,564.68	4,694.04	196,207.91	
Total other comprehensive income	191,513.87	6,258.72		1,564.68	4,694.04	196,207.91	

**(XXXIV) Surplus reserve**

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	188,270,633.21			<b>188,270,633.21</b>
Discretionary surplus reserve	70,376,641.33			<b>70,376,641.33</b>
Total	258,647,274.54			<b>258,647,274.54</b>

**(XXXV) Undistributed profit**

Item	Current period	Preceding period
Balance before adjustment at the end of preceding period	<b>825,055,181.86</b>	730,715,948.32
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	<b>825,055,181.86</b>	730,715,948.32
Add: Net profit attributable to owners of the parent company	<b>42,389,523.73</b>	51,019,460.71
Less: Appropriation of statutory surplus reserve		
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Dividend payable on ordinary shares	<b>73,107,082.32</b>	63,968,697.03
Dividend on ordinary share converted to share capital		
Closing balance	<b>794,337,623.27</b>	717,766,712.00

**(XXXVI) Operating revenue and operating cost****1. Operating revenue and operating cost**

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

**2. Contract income**

Type of contract	Smart city industry	Electronic manufacturing services	Intelligent manufacturing industry	Others	Inter-segment elimination	Consolidated
The type of operating district:						
Nanjing District	595,435,134.03	842,230,354.05	422,641,758.81	43,506,192.21	-109,315,037.94	1,794,498,401.16
Shenzhen District	276,823,521.52	46,653,478.64		11,370,375.22		334,847,375.38

### 3. Performance obligation

The Company shall recognise revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service to a customer obtains control of that asset. Whether performance obligations satisfied over time or at a point in time is based on the contracts and related law regulations. The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

If the performance obligations satisfied over time, the Company will recognise revenue via contract performance schedule, otherwise the Company satisfies the performance obligation at a point in time. Contract performance schedule is based on the value of the goods that have been transferred to the customer to determine the contract performance schedule.

### 4. Transaction price allocating to performance obligations

Performance Obligation	Estimated to be recognised revenue for the year of 2019
Intelligent manufacturing industry	173,585,178.39
Intelligent city industry	247,245,263.89
Total	<b>420,830,442.28</b>

#### (XXXVII) Taxes and surcharges

Items	Current period	Preceding period
City maintenance and construction tax	3,365,401.98	2,627,749.40
Property tax	3,303,665.72	3,477,625.21
Education surcharge	2,398,398.99	1,885,401.95
Stamp tax	808,798.84	615,715.75
Land-use tax	716,007.84	800,997.12
Others	63,434.76	2,913.04
Total	<b>10,655,708.13</b>	9,410,402.47

#### (XXXVIII) Selling expenses

Items	Current period	Preceding period
Salaries and Benefits	9,416,985.17	9,170,081.35
Transport and storage fee	6,930,480.76	7,845,421.85
Advertising and exhibition fee	1,438,240.04	3,049,834.57
Travelling and transportation expenses	1,293,248.91	1,373,368.71
Entertainment expenses	804,559.96	839,941.13
Office expenses	574,452.51	461,424.68
Loading and unloading fees	469,926.00	783,419.70
Others	964,699.13	1,319,254.84
Total	<b>21,892,592.48</b>	24,842,746.83

**(XXXX) Administrative expenses**

<b>Items</b>	<b>Current period</b>	Preceding period
Salaries and benefits	<b>67,730,149.66</b>	62,966,207.54
Depreciation and amortization	<b>10,329,125.37</b>	10,642,089.79
Travelling and transportation expenses	<b>5,740,847.75</b>	5,461,759.26
Office, telephone, meeting expenses	<b>4,901,991.21</b>	3,679,350.55
Listing auditing, lawyer and consulting fee	<b>3,990,601.15</b>	4,119,675.28
Repair expenses	<b>2,898,397.69</b>	2,168,663.50
Labour expenses	<b>2,731,480.03</b>	3,126,780.94
Transportation and vehicle expenses	<b>1,725,522.55</b>	2,210,141.36
Entertainment expenses	<b>1,646,224.57</b>	1,714,199.94
Others	<b>3,720,953.65</b>	3,856,984.69
Total	<b>105,415,293.63</b>	99,945,852.85

**(XXXX) Research and development expenses**

<b>Items</b>	<b>Current period</b>	Preceding period
Salaries and benefits	<b>70,042,034.88</b>	60,027,811.87
Materials, fuel and power	<b>18,807,767.73</b>	16,278,546.72
Commissioned development fee	<b>2,411,266.70</b>	15,647,155.12
Depreciation and amortisation	<b>7,037,986.35</b>	5,242,467.72
Testing, inspection and maintenance expenses	<b>1,338,712.71</b>	1,122,062.94
Travelling expenses	<b>1,360,164.95</b>	1,923,916.50
Rent expenses	<b>744,086.37</b>	843,236.75
Design fees	<b>187,315.45</b>	441,702.22
Others	<b>1,563,785.28</b>	1,639,197.19
Total	<b>103,493,120.42</b>	103,166,097.03

**(XXXX) Financial expenses**

<b>Items</b>	<b>Current period</b>	Preceding period
Interest expenses	<b>2,433,504.47</b>	1,775,338.83
Less: interest income	<b>5,294,211.03</b>	5,522,060.92
Exchange gain and loss	<b>742,118.62</b>	1,948,583.08
Handling charges and others	<b>1,922,790.34</b>	2,168,365.02
Total	<b>-195,797.60</b>	370,226.01

*Notes:* The interest expenses are all caused by bank loan interest from short-term borrowings.



(XXXVII) Other income

Grants items	Current period	Preceding period	Related to assets/income
Steady post subsidies	4,302,650.09	553,894.91	Related to income
Tax returns	996,583.10	247,305.31	Related to income
Auto-transferring system industrialisation of new panel display industry	467,047.98	467,047.98	Related to assets
Total	<u>5,766,281.17</u>	<u>1,268,248.20</u>	

Notes: tax return refers to Note "IV. Taxation (II).9";

Auto-transferring system industrialisation of new panel display industry refers to Note "V.(XXVIII)".

Government grants recorded into profit and loss

Items	Current period	Preceding period	Related to assets/ Related to income
Provincial Technology Achievement Transformation	2,000,000.00		Related to income
The first instalment enterprise research and development funding scheme in 2018	936,000.00		Related to income
Business development special funds in 2018	527,700.00		Related to income
Economic and technological development special funds for special support for technological transformation in Shenzhen Logang district	351,000.00		Related to income
Preschool education special award subsidy	270,452.49		Related to income
Nanjing municipal pollution prevention and clean production project subsidy	160,000.00		Related to income
Tariff grant	34,837.60		Related to income
Development zone intellectual property reward funds in 2017	11,500.00		Related to income
Development zone intellectual property reward funds in 2017	10,000.00		Related to income
Receipt of 4/10 information monitoring award from Qinhuai employment center in 2018	1,160.00		Related to income
Stable work position grant		553,894.91	Related to income
Total	<u>4,302,650.09</u>	<u>553,894.91</u>	

**(XXXXIII) Investment income**

Items	Current period	Preceding period
Income from long-term equity investments under equity method	24,716,024.79	25,682,507.56
Gains on disposal of long-term equity investments		-245,833.88
Gains on bank wealth investment products	7,511,928.13	10,024,098.81
	<u>32,227,952.92</u>	<u>35,460,772.49</u>
Total	<u><u>32,227,952.92</u></u>	<u><u>35,460,772.49</u></u>

**(XXXXIV) Gains from changes in fair value**

Source of gains from changes in fair value	Current period
Financial assets held for trading	2,975,260.27
Including: Gains from changes in fair value from derivative financial instrument	2,975,260.27
Other non-current financial assets	
Financial liabilities held for trading	
Total	<u><u>2,975,260.27</u></u>

**(XXXXV) Assets impairment loss**

Item	Current period	Preceding period
Bad debts		
Inventory impairment and contract performance cost provision loss	-21,625.28	238,867.43
Long-term equity investment impairment loss	-13,188,717.99	
Total	<u><u>-13,210,343.27</u></u>	<u><u>238,867.43</u></u>

**(XXXXVI) Loss in credit impairment**

Items	Current period	Preceding period
Losses from impairment of account receivables	-4,102,573.57	-1,018,592.09
Losses from impairment of contract assets		
Total	<u><u>-4,102,573.57</u></u>	<u><u>-1,018,592.09</u></u>

**(XXXXVII) Gains on disposal of assets**

Item	Current period	Preceding period	Amount included in non-recurring profit or loss
Disposal of assets	190,885.76	-178,452.31	190,885.76
Total	<u><u>190,885.76</u></u>	<u><u>-178,452.31</u></u>	<u><u>190,885.76</u></u>

**(XXXXVIII) Non-operating income**

Items	Current period	Preceding period	Amount included in non-recurring profit or loss
Donation received			
Government grants	<b>1,951,900.00</b>	2,102,100.00	1,951,900.00
Gains on check			
Others	<b>655,272.95</b>	808,714.51	655,272.95
Total	<b>2,607,172.95</b>	2,910,814.51	2,607,172.95

**Government grants recorded into profit and loss**

Items	Current period	Preceding period	Related to assets/ income
High-tech enterprise award	<b>1,500,000.00</b>	250,000.00	Related to income
Business development special funds in 2018	<b>428,900.00</b>		Related to income
Subsidy for disposal vehicle	<b>18,000.00</b>		Related to income
Golden Bridge Project Reward of Nanjing Association for Science and Technology in 2018	<b>5,000.00</b>		Related to income
Grants from Shenzhen Science and Technology Innovation Committee		1,092,000.00	Related to income
Metro automatic ticket machine domestication		500,000.00	Related to income
Subsidies for key technology under network control with multiple cooperating terminal network		204,500.00	Related to income
Special funds for International Business and Economics in 2017		26,600.00	Related to income
Receipt of second installment of patent grants		16,000.00	Related to income
Receipt of Technological Innovation – Patent Development Subsidy from Futian District Corporate Development Services Center		8,000.00	Related to income
Reward for outstanding projects in 2017		5,000.00	Related to income
Total	<b>1,951,900.00</b>	2,102,100.00	

**(XXXXIX) Non-operating expenses**

Items	Current period	Preceding period	Amount included in non-recurring profit or loss
Legislation compensation			
Donation to external parties	<b>50,000.00</b>	125,000.00	50,000.00
Penalty expenditure			
Others	<b>255,589.45</b>	452,222.19	255,589.45
Total	<b>305,589.45</b>	577,222.19	305,589.45

(XL) **Income tax expenses**

**1. List of income tax expenses**

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

**2. Explain of the relationship of income tax expenses and accounting profit**

<b>Items</b>	<b>Current period</b>
Total profit	<b>90,680,585.77</b>
Income tax expenses calculated at the statutory or applicable tax rate	<b>22,670,146.44</b>
Different tax rate of subsidiaries	<b>2,032,528.03</b>
Profit or loss attribute to joint venture and associate	<b>2,399,673.05</b>
Income not subject to tax	
Expenses not deductible for tax purposes	
Utilisation of previously unrecognised tax losses	<b>184,962.34</b>
Unrecognised deductible temporary difference and deductible tax loss	
Effect of additional deductible cost under tax law	<b>-6,379,947.20</b>
Total income tax expenses	<b>20,907,362.66</b>

(XLI) **Items in cash flow statements**

**1. Cash received relating to other operating activities**

<b>Items</b>	<b>Current period</b>	Preceding period
Cash receipts from acceptance deposit & commitment deposit	<b>118,784,954.88</b>	84,288,074.31
Government grants	<b>8,699,411.18</b>	31,897,600.00
Interest Income	<b>5,294,211.03</b>	5,522,060.92
Others	<b>2,528,600.45</b>	2,977,939.08
Total	<b>135,307,177.54</b>	124,685,674.31

**2. Cash paid relating to other operating activities**

<b>Item</b>	<b>Current period</b>	Preceding period
Expenses	<b>106,671,260.95</b>	141,539,541.89
Total	<b>106,671,260.95</b>	141,539,541.89

<b>3. Other cash receipt in connection with investment activities</b>		
<b>Item</b>	<b>Current period</b>	Preceding period
Principal of bank wealth investment products	<u>860,000,000.00</u>	<u>950,000,000.00</u>
Total	<u><b>860,000,000.00</b></u>	<u>950,000,000.00</u>
<b>4. Other cash paid in connection with investment activities</b>		
<b>Item</b>	<b>Current period</b>	Preceding period
Principal of bank wealth investment products	<u>990,000,000.00</u>	<u>960,000,000.00</u>
Total	<u><b>990,000,000.00</b></u>	<u>960,000,000.00</u>
<b>5. Other cash received in connection with financing activities</b>		
<b>Item</b>	<b>Current period</b>	Preceding period
Cash received from notes discounted	<u>19,500,580.63</u>	<u>39,198,666.76</u>
Total	<u><b>19,500,580.63</b></u>	<u>39,198,666.76</u>
<b>6. Other cash paid in connection with financing activities</b>		
<b>Item</b>	<b>Current period</b>	Preceding period
Interests from notes discounted	<u>127,899.36</u>	<u>285,364.09</u>
Total	<u><b>127,899.36</b></u>	<u>285,364.09</u>

(XLII) Supplementary information of cash flow statements

1. Supplementary information of cash flow statements

Supplementary information	Current period	Preceding period
<b>1. Reconciliation of net profit to cash flow of operating activities</b>		
Net profit	69,773,223.11	76,043,048.44
Add: Provision for assets impairment	13,210,343.27	1,325,800.00
Credit impairment losses	5,244,333.52	
Depreciation of fixed assets	31,216,745.98	35,067,929.22
Amortisation of intangible assets	5,367,423.02	4,401,108.89
Amortisation of long-term deferred expenses	383,847.81	1,591,362.31
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains stated with "-")	-190,885.76	-178,452.31
Loss on scrapped fixed assets (gains stated with "-")		
Loss on change in fair value (gains stated with "-")	-2,975,260.27	
Financial expenses (gains stated with "-")	-195,797.60	370,226.01
Investment loss (gains stated with "-")	-32,227,952.92	-35,460,772.49
Decrease in deferred tax assets (increase stated with "-")	-184,944.34	106,842.92
Increase in deferred tax liabilities (decrease stated with "-")		-3,770.40
Decrease in inventories (increase stated with "-")	-10,648,567.21	-473,896,324.38
Decrease of operating receivables (increase stated with "-")	-502,080,856.71	-39,661,371.57
Increase of operating payables (decrease stated with "-")	120,560,180.51	297,556,196.21
Others		
Net cash flows from operating activities	-302,748,167.59	-132,738,177.15
<b>2. Significant investing and financing activities that do not involve cash receipts and payments</b>		
Conversion of debt into capital		
Convertible company bonds due within one year		
Fixed assets held under finance leases		
<b>3. Net movement in cash and cash equivalents</b>		
Cash at the end of the period	792,970,851.89	1,126,995,194.43
Less: cash at the beginning of period	1,292,114,192.80	1,191,597,115.73
Add: cash equivalents at end of the period		
Less: cash equivalents at beginning of the period		
Net increase in cash and cash equivalents	-499,143,340.91	-64,601,921.30
<b>2. No cash paid for disposal of subsidiaries during the period</b>		
<b>3. No cash received for disposal of subsidiaries during the period</b>		

#### 4. The composition of cash and cash equivalents

Items	Balance at the end of the period	Balance at the beginning of the period
<b>1. Cash</b>	<b>792,970,851.89</b>	1,292,114,192.80
Inc.: Cash on hand	327,094.93	413,440.88
Bank deposit available for payment at any time	792,643,756.96	1,291,700,751.92
Other monetary funds available for payment at any time		
Deposits in central banks available for payment		
Deposits from banks		
Deposits from interbank		
<b>2. Cash equivalents</b>		
Including: Bond investment due in three months		
<b>3. Cash and cash equivalents at the end of the period</b>	<b>792,970,851.89</b>	1,292,114,192.80
Including: Cash and cash equivalents which are restricted to be used by the parent company or subsidiaries of the Group		

#### (XLIII) Assets with title or use right restrictions

Items	Closing carrying amount	The reason
Cash and bank balances	192,830,165.28	Deposits of acceptance performance, letter of credit
Total	<u>192,830,165.28</u>	

#### (XLIV) Foreign currency monetary items

##### 1. Foreign currency monetary items

Items	Foreign currency at the end of the period	Exchange rate	Converted into RMB at the end of the period
Cash and bank balances			
Inc.: USD	12,254,096.76	6.8747	84,243,239.00
Euro	234,054.79	7.8170	1,829,606.29
HKD	209,396.72	0.8797	184,206.29
JYP	44,403,189.00	0.0638	2,833,633.91
Accounts receivable			
Inc.: USD	4,971,219.28	6.8747	34,175,641.18
Euro	104,610.24	7.8170	817,738.25
JYP	704,837,294.00	0.0638	44,979,896.75
Other receivables			
Inc.: USD	668,550.00	6.8747	4,596,080.69
HKD	56,135.00	0.8797	49,381.96
Accounts payable			
Inc.: USD	9,398,194.50	6.8747	64,609,767.73
JYP	2,558,051,022.32	0.0638	163,244,584.04
Other Payables			
Inc.: USD	509,765.35	6.8747	3,504,483.85

## VI. CHANGES IN CONSOLIDATED SCOPE

### (I) Business combination not involving enterprises under common control

Nil.

### (II) Business combination involving enterprises under common control

Nil

### (III) Reversed Purchase

Nil

### (IV) Disposal of subsidiaries in the current period

Nil

### (V) Other reasons that resulted in changes in the range of consolidation

Nil

## VII. INTERESTS IN OTHER ENTITIES

### (I) Interests in subsidiaries

#### 1. Structure of the Group

Name of subsidiaries	Principal place of business	Place of registration	Business nature	Proportion of shareholdings (%)		Way of procurement
				Direct	Indirect	
Nanjing Panda Electronic Manufacture Co., Ltd.	Nanjing	Nanjing	Manufacturing	75	25	Establishment
Nanjing Panda Industrial Enterprise Co., Ltd.	Nanjing	Nanjing	Service	100		Establishment
Nanjing Panda Electronic Equipment Co., Ltd.	Nanjing	Nanjing	Manufacturing	100		Establishment
Galant Limited	Hong Kong	Hong Kong	Communication research and development, investment	100		Establishment
Nanjing Panda Information Industry Co., Ltd.	Nanjing	Nanjing	Manufacturing	82	18	Establishment
Nanjing Panda Communication Technology Co., Ltd.	Nanjing	Nanjing	Manufacturing	100		Business combination under common control
Nanjing Panda Electronic Technology Development Co., Ltd.	Nanjing	Nanjing	Manufacturing	100		Establishment
Shanghai Panda Robot Technology Co., Ltd.	Shanghai	Shanghai	Researching and developing	100		Establishment
Chengdu Panda Electronic Technology Co., Ltd.	Chengdu	Chengdu	Manufacturing	100		Establishment
Shenzhen Jinghua Electronics Co., Ltd	Shenzhen	Shenzhen	Manufacturing	43		Business combination under common control

*Note:* The type of subsidiaries: Shenzhen Jinghua Electronics Co., Ltd is in the type of company limited (unlisted). Other subsidiaries above are in the type of limited liability company.



## 2. Significant non-wholly owned subsidiaries

Name of subsidiaries	Proportion of Minority shareholdings	Loss attributable to minority interests in the current period	Dividend attributable to minority interests in the current period	Balance of minority interests at the end of period
Shenzhen Jinghua Electronics Co., Ltd.	56.66%	27,383,699.38		250,837,761.28

*Note:* The Company recommended 4 candidates out of 7 board of directors, therefore, the Company holds 57.14% right to vote.

## 3. Key financial information of significant non-wholly owned subsidiaries

Name of subsidiaries	Current assets	Non-current assets	Balance at the end of period		Total liabilities	
			Total assets	Current liabilities		
Shenzhen Jinghua Electronics Co., Ltd.	480,777,690.55	42,130,076.12	522,907,766.67	116,466,867.46	3,883,104.01	120,349,971.47

Name of subsidiaries	Current assets	Non-current assets	Balance at the beginning of period		Total liabilities	
			Total assets	Current liabilities		
Shenzhen Jinghua Electronics Co., Ltd.	433,541,054.95	42,253,704.87	475,794,759.82	112,027,158.18	4,293,781.79	116,320,939.97

Name of subsidiaries	Current period				Preceding period			
	Operating income	Net income	The comprehensive income	Cash flow from operating activities	Operating income	Net income	The comprehensive income	Cash flow from operating activities
Shenzhen Jinghua Electronics Co., Ltd.	334,847,375.38	43,063,975.35	43,063,975.35	26,346,687.39	348,026,246.19	39,079,704.89	39,079,704.89	63,750,022.08

## 4. There are no significant restrictions on usage of company assets and payment of company debts in current period

## 5. The Company does not have structured body whose financial statements are consolidated

(II) **The Company does not have changes in equity of the subsidiary's share of owners and still control of the subsidiary**

(III) **Significant joint ventures or associates**

**1. Significant joint ventures or associates**

Name of joint ventures or associates	Principal place of business	Place of registration	Business nature	Proportion of shareholding (%)		Accounting treatment for investment in joint ventures or associates
				Direct	Indirect	
Beijing SE Putian Mobile Communications Co., Ltd.	Beijing	Beijing	Manufacturing	20.00		Equity method
Nanjing Ericsson Panda Communication Co., Ltd.	Nanjing	Nanjing	Manufacturing	27.00		Equity method

Note: The type of business above is limited liability company (Sino-foreign joint venture).

**2. Key financial information of significant associates**

	Nanjing Ericsson Panda Communication Co., Ltd.	
	Closing balance/ current period	Opening balance/ preceding period
Current assets	<b>2,552,708,747.72</b>	2,643,412,000.00
Non-current assets	<b>1,969,574,676.27</b>	2,019,370,000.00
Total assets	<b>4,522,283,423.99</b>	4,662,782,000.00
Current liabilities	<b>3,641,651,470.62</b>	3,873,311,000.00
Non-current liabilities		
Total liabilities	<b>3,641,651,470.62</b>	3,873,311,000.00
Minority interest		
Shareholders' equity attributable to the parent company	<b>880,631,953.37</b>	789,471,000.00
Proportionate share in net assets	<b>237,770,627.41</b>	213,157,170.00
Adjustments	<b>-97,264.00</b>	-97,264.00
- Goodwill		
- Internal offset of unrealised profit		
- Others	<b>-97,264.00</b>	-97,264.00
Carrying amount of investments in associates	<b>237,673,363.41</b>	213,059,906.00
Fair value of equity investments in associates		
Operating income	<b>4,919,699,865.68</b>	3,596,444,852.89
Net profit	<b>91,160,953.37</b>	82,580,252.45
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	<b>91,160,953.37</b>	82,580,252.45

Dividend from associates received

Note: Beijing SE Putian Mobile Communications Co., Ltd. announced its entry into the liquidation period on the board of directors held on 28 March 2019. In the current period, the Company has made provision for its dividend receivable and provision for impairment of its long-term equity investments based on its relevant liquidation memorandum documents.

**3. Combined financial information of immaterial joint ventures and associates**

	<b>Closing balance/ current period</b>	Opening balance/ preceding period
Associates:		
Total carrying amount of investment	<b>1,789,028.15</b>	1,686,460.77
The followings were calculated by		
– Net profit	<b>259,484.81</b>	1,576,381.31
– Other comprehensive income		
– Total comprehensive income	<b>259,484.81</b>	1,576,381.31

**4. There are no significant restrictions imposed on the company's associates in terms of the ability to transfer funds**

**5. There are no excess losses incurred by joint ventures and associates**

**6. There are no unconfirmed commitments in relation to investment in joint ventures**

**7. There are no contingency liabilities of joint ventures or associates about investment activities**

## VIII. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company faces various financial risks in the course of its business: credit risk, market risk and liquidity risk. The Board of Directors is responsible for the overall risk management objectives and policies and assumes ultimate responsibility for risk management objectives and policies. The internal auditors also audit the risk management objectives and policies and record the results to the audit committee.

The objective of the Company's overall risk management is to strike a proper balance between risk and profit, to minimise the negative impact of risk on operating results.

### (I) Credit risks

Credit risk refers to the risk that the party of a financial instrument does not fulfil its obligations and creates financial losses on the other side. The Company is mainly faced with credit risk caused by credit sales. Prior to signing the new contract, the Company will evaluate the credit risk of the new customer, including the external credit rating and, in some cases, the bank credit certificate (when this information is available). The Company sets a credit limit for each customer, which is the maximum amount that does not require additional approval.

The Company ensures that the Company's overall credit risk is within control of the Company through quarterly monitoring of existing customer credit ratings and monthly review of accounts receivable aging analysis. When monitoring the customer's credit risk, they are grouped according to their credit characteristics. Customers rated as "high-risk" will be placed on the list of restricted customers, and the Company can only sell them on the premise of additional approval, otherwise they must be required to pay in advance.

The financial assets which are identified in specific provision without impairment are as follows:

Items	Total	Not overdue and not impaired	Overdue but not impaired	
			Within 3 months	Over 3 months
Cash and bank balance	985,801,017.17	985,801,017.17		
Notes receivable	305,140,698.53	305,140,698.53		
Other receivables	73,884,455.42	73,884,455.42		
Other current assets	27,359,732.35	27,359,732.35		

### (II) Market risks

The market risk of financial instruments refers to the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in market prices, including foreign exchange risk, interest rate risk and other price risks.

#### (1) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in market interest rates. The interest rate risk faced by the Company mainly comes from short-term bank loans.

#### (2) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in foreign exchange rates. The Company tries to match the revenue and cost in foreign currencies in order to reduce the exchange rate risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to achieve the purpose of avoiding exchange rate risk. In current and previous period, the Company does not sign any contract of forward exchange agreement and currency swap agreement.

The main foreign exchange risk is the financial assets and financial liabilities denominated in USD. The amount of the financial assets and liabilities in foreign currencies converted into RMB is as follows:

Items	Exchange increase/(decrease)	January-June 2019	
		Total profit increase/(decrease)	Shareholder equity increase/(decrease)
Depreciation of RMB against USD	5%	2,745,035.46	2,745,035.46
Appreciation of RMB against USD	5%	-2,745,035.46	-2,745,035.46
Depreciation of RMB against JPY	5%	-5,771,552.67	-5,771,552.67
Appreciation of RMB against JPY	5%	5,771,552.67	5,771,552.67

Items	Exchange increase/(decrease)	January-June 2018	
		Total profit increase/(decrease)	Shareholder equity increase/(decrease)
Depreciation of RMB against USD	5%	4,181,211.62	4,181,211.62
Appreciation of RMB against USD	5%	-4,181,211.62	-4,181,211.62
Depreciation of RMB against JPY	5%	-836,257.26	-836,257.26
Appreciation of RMB against JPY	5%	836,257.26	836,257.26

### (3) Other price risks

Given that the Company does not have any equity investments in other listed companies, the management is of the view that the market price risks arising from such investment activities are tolerable.

### (III) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department centralized control on liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts of cash flow for the next 12 months, the finance department will ensure it has sufficient fund to settle its debts under all reasonable foreseeable circumstances.

The maturity profile of the Company's financial assets and financial liabilities at each balance sheet date based on contractual undiscounted payments is analysed below:

Items	Closing balance					Total
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	
Short-term borrowings	50,000,000.00					50,000,000.00
Notes payable	259,142,824.49					259,142,824.49
Accounts payable	1,548,838,917.16					1,548,838,917.16
Other payables	197,072,263.29					197,072,263.29
Total	<u>2,055,054,004.94</u>					<u>2,055,054,004.94</u>
Items	Opening balance					Total
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	
Short-term borrowings	95,000,000.00					95,000,000.00
Notes payable	187,360,370.61					187,360,370.61
Accounts payable	1,544,459,424.66					1,544,459,424.66
Other payables	101,554,174.51					101,554,174.51
Total	<u>1,928,373,969.78</u>					<u>1,928,373,969.78</u>

## IX. FAIR VALUE DISCLOSURE

The inputs used to measure fair value are categorised into three hierarchies:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The level of fair value measurement is determined by the lowest level inputs that are significant to the fair value measurement as a whole.

### (I) Closing fair value of assets and liabilities measured at fair value

Item	Fair value at the end of period			Total
	Level 1 Fair Value Measurement	Level 2 Fair Value Measurement	Level 3 Fair Value Measurement	
1. Continuing fair value measurement				
◆ Trading financial assets			492,975,260.27	492,975,260.27
1. Financial assets at fair value through profit and loss			492,975,260.27	492,975,260.27
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets			492,975,260.27	492,975,260.27
2. Designate as financial assets at fair value through profit and loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
◆ Other debt investment				
◆ Other equity instrument investment			3,911,610.55	3,911,610.55
◆ Other non-current financial assets				
<b>Total continuing assets measured at fair value</b>			<b>496,886,870.82</b>	<b>496,886,870.82</b>

(II) **Adjustment information between the carrying value of opening and closing balance, and sensitivity analysis of unobservable parameters for continuous project with level 3 of the fair value hierarchy**

1. **Adjustment information of continuous project with level 3 of the fair value hierarchy**

Item	Opening balance	Gains (losses) recognised in the period				Purchase, issue, selling and settlement				Closing balance	or assets held at the end of the reporting period, the gains or losses are not realised in the current period of profit or loss
		Transfers in level 3	Transfers out of level 3	In profits and losses	In other comprehensive income	Purchase	Issue	Selling	Settlement		
◆ Trading financial assets	360,000,000.00	990,000,000.00	880,000,000.00	2,975,260.27						492,975,260.27	2,975,260.27
Financial assets at fair value through profit and loss	360,000,000.00	990,000,000.00	880,000,000.00	2,975,260.27						492,975,260.27	2,975,260.27
- Debt instrument investment											
- Equity instrument investment											
- Derivative financial assets	360,000,000.00	990,000,000.00	880,000,000.00	2,975,260.27						492,975,260.27	2,975,260.27
- Others											
◆ Other equity instrument investment	3,905,351.83				6,258.72					3,911,610.55	
<b>Total</b>	<b>363,905,351.83</b>	<b>990,000,000.00</b>	<b>880,000,000.00</b>	<b>2,975,260.27</b>	<b>6,258.72</b>					<b>496,886,870.82</b>	<b>2,975,260.27</b>

X. **RELATED PARTY RELATIONSHIP AND TRANSACTIONS**

(I) **Details of parent company**

Name of parent company	Place of registration	Business nature	Registered Capital (ten thousand)	Holding proportion over the Company (%)	Voting right Proportion over the Company (%)
Panda Electronics Group Limited	Nanjing	Manufacturing	163,297	23.05	55.56

Ultimately controlled by: China Electronics Corporation

Registered place: Beijing China

Note: the voting right proportion of Company's parent company higher than the proportion of shareholdings is due to the situation that 5 of 9 board of directors are recommended by the parent company.

The type of company: limited company

## (II) Details on the Company's subsidiaries

Please refer to "VII. Interests in subsidiaries" of the note for details on the Company's subsidiaries.

## (III) Details on the Company's joint ventures and associates

Please refer to "VII. Interests in joint arrangement or associates" of the note for details on the Company's significant joint ventures and associates.

Information of the Company's other joint ventures or associates, that had transactions with the company in current period, or balances resulted from transactions with the Company in the prior period is as follows:

<b>The name of joint ventures or associates</b>	<b>The Company's relationship with Joint venture or associate</b>
Nanjing Ericsson Panda Communication Co., Ltd.	The Company's associates
Beijing SE Putian Mobile Communications Co., Ltd	The Company's associates
Shenzhen Jinghua Network Marketing Co., Ltd.	Subsidiary's associates
Shenzhen Chebao Information Technology Co., Ltd.	Subsidiary's associates

## (IV) Details on other related parties

<b>Name of other related party</b>	<b>Relationship between other related parties and the Company</b>
Nanjing Panda Technology Park Development Company Limited	Subsidiary of the Group
Nanjing Panda Electronics Import/Export Co., Ltd.	Subsidiary of the Group
Panda (Beijing) International Information Technology Co., Ltd.	Subsidiary of the Group
Nanjing China Electronics Panda Appliances Co., Ltd.	Subsidiary of the Group
Nanjing Zhenhua Packing Material Factory	Subsidiary of the Group
Nanjing Panda Electronics Transportation Company	Subsidiary of the Group
Nanjing Panda Investment Development Co., Ltd.	Subsidiary of the Group
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary of the Group
Nanjing Panda Dasheng Electronics Technology Company Limited	Subsidiary of the Group
Liyang Panda Bamboo Garden Hotel Co., Ltd.	Subsidiary of the Group
Panda Electronics Import and Export (Hong Kong) Co., Ltd.	Subsidiary of the Group
Nanjing Electronics Information Industrial Corporation	Ultimately controlled by the same party
Nanjing CEC Panda illumination Co., Ltd.	Ultimately controlled by the same party
Shanghai Panda Huning Electronic Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing China Electronics Panda Trade Development Co., Ltd.	Ultimately controlled by the same party
Nanjing Changjiang Electronics Information Industry Group Co., Ltd.	Ultimately controlled by the same party
Nanjing Sanle Electronic Information Co., Ltd.	Ultimately controlled by the same party
Dongguan China Electronics Panda Technology Development Co., Ltd.	Ultimately controlled by the same party
Nanjing Huadong Electronic Information & Technology Co., Ltd.	Ultimately controlled by the same party



Name of other related party	Relationship between other related parties and the Company
Nanjing Huadong Electronics Group Co., Ltd.	Ultimately controlled by the same party
China Zhenhua Group Yunke Electronics Co., Ltd.	Ultimately controlled by the same party
China Greatwall Technology Group Co., Ltd.	Ultimately controlled by the same party
N CEC Materials Suzhe Corporation	Ultimately controlled by the same party
China Electronics Equipment International Co., Ltd.	Ultimately controlled by the same party
China Electronics Import and Export Co., Ltd.	Ultimately controlled by the same party
Panda LCD Materials Technology (Hong Kong) Co., Ltd.	Ultimately controlled by the same party
Wuhan Zhongyuan Electronics Group Co., Ltd.	Ultimately controlled by the same party
Shenzhen China Electronics Investment Company	Ultimately controlled by the same party
Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen China Electronics Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing CEC Panda Real Estate Co., Ltd.	Ultimately controlled by the same party
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing China Electronics Modern Service Industry Co., Ltd.	Ultimately controlled by the same party
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing Panda Jinling Hotel Co., Ltd.	Ultimately controlled by the same party
Langfang China Electronics Panda Crystal Technology Co., Ltd.	Ultimately controlled by the same party
Guizhou Zhenhua E-Chem Co., Ltd.	Ultimately controlled by the same party
Guizhou Zhenhua Qunying Electrical Appliance Co. Ltd.	Ultimately controlled by the same party
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Ultimately controlled by the same party
China Electronics Financial Co., Ltd.	Ultimately controlled by the same party
Nanjing CEC Panda LCD Technology Co., Ltd.	Ultimately controlled by the same party
Caihong Group Co., Ltd	Ultimately controlled by the same party
Guizhou Zunyi Hualong New Material Co., Ltd.	Ultimately controlled by the same party
Xianyang CE Caihong Group Holdings Co., Ltd.	Ultimately controlled by the same party
Xianyang IRICO Intelligent Equipment Co., Ltd.	Ultimately controlled by the same party
Wuhan Zhongyuan Electronics Group Co., Ltd.	Ultimately controlled by the same party
Nanjing Caihong New Energy Co., Ltd.	Ultimately controlled by the same party
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Other related party
Chengdu China Electronic Panda Display Technology Co., Ltd.	Other related party
Shanxi Caihong Electronics Glass Co., Ltd.	Other related party
IRICO (Hefei) LCD Glass Co., Ltd.	Other related party
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Other related party

(V) **Related parties transactions**

**1. Purchase and sale of goods, rendering and receiving services in related party transactions**

Purchase of goods/receiving of service:

<b>Related parties</b>	<b>Type of transaction</b>	<b>Amount for the current period</b>	Amount for the prior period
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Purchase of goods	<b>7,714,538.46</b>	6,091,185.08
Xianyang IRICO Intelligent Equipment Co., Ltd.	Purchase of goods	<b>3,362,068.97</b>	
Nanjing Zhenhua Packing Material Factory	Purchase of goods	<b>1,273,459.28</b>	1,781,258.57
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Purchase of goods	<b>367,915.34</b>	463,640.14
Shanghai Panda Huning Electronic Technology Co., Ltd.	Purchase of goods	<b>322,586.22</b>	
Nanjing Panda Electronics Import/Export Co., Ltd.	Purchase of goods	<b>139,775.22</b>	23,572,477.56
Nanjing China Electronics Panda Appliances Co., Ltd.	Purchase of goods	<b>47,814.55</b>	63,835.84
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Purchase of goods	<b>43,952.00</b>	28,350.43
Guizhou Zhenhua Qunying Electrical Appliance Co. Ltd.	Purchase of goods	<b>40,530.97</b>	
Nanjing Panda Dasheng Electronics Technology Company Limited	Purchase of goods	<b>23,613.21</b>	3,076.92
Nanjing CEC Panda LCD Technology Co., Ltd.	Purchase of goods	<b>6,272.00</b>	2,032,591.03
Shenzhen China Electronics Investment Company	Purchase of goods		2,274,695.29
China Electronics Import and Export Co., Ltd.	Purchase of goods		473,113.20
Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd	Purchase of goods		162,140.00
Sub-total		<b>13,342,526.22</b>	<b>36,946,364.06</b>
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Receipt of services	<b>3,809,112.00</b>	3,957,167.30
Nanjing Panda Electronics Transportation Company	Receipt of services	<b>2,797,691.30</b>	1,899,160.54
Nanjing CEC Panda LCD Technology Co., Ltd.	Receipt of services	<b>821,371.61</b>	1,137,099.16
Caihong Group Co., Ltd	Receipt of services	<b>754,716.98</b>	
China Electronics Import and Export Co., Ltd.	Receipt of services	<b>84,251.44</b>	30,500.40
Nanjing Panda Handa Technology Co., Ltd.	Receipt of services	<b>32,883.02</b>	73,084.91
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Receipt of services		41,566.04
Panda Electronics Group Limited	Receipt of services		25,626.78
Sub-total		<b>8,300,026.35</b>	<b>7,164,205.13</b>

Sales of goods/rendering the service:

<b>Related parties</b>	<b>Type of transaction</b>	<b>Amount for the current period</b>	<b>Amount for the prior period</b>
Chengdu China Electronic Panda Display Technology Co., Ltd.	Sales of goods	<b>451,258,478.41</b>	230,615,142.79
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Sales of goods	<b>256,102,645.35</b>	183,272,160.16
Nanjing CEC Panda LCD Technology Co., Ltd.	Sales of goods	<b>92,697,235.72</b>	38,813,732.56
Nanjing Panda Handa Technology Co., Ltd.	Sales of goods	<b>23,116,688.65</b>	37,042,423.45
Xianyang CE Caihong Group Holdings Co., Ltd.	Sales of goods	<b>15,101,912.49</b>	
Shenzhen Jinghua Network Marketing Co., Ltd.	Sales of goods	<b>14,697,952.61</b>	11,806,142.75
Caihong Group Co., Ltd.	Sales of goods	<b>9,465,517.24</b>	
Nanjing Panda Electronics Import/Export Co., Ltd.	Sales of goods	<b>9,162,252.53</b>	24,942,157.36
Nanjing Ericsson Panda Communication Co., Ltd.	Sales of goods	<b>6,993,178.78</b>	496,572.87
Panda Electronics Import and Export (Hong Kong) Co., Ltd.	Sales of goods	<b>1,970,501.75</b>	22,930,768.77
Nanjing China Electronics Panda Appliances Co., Ltd.	Sales of goods	<b>1,787,999.99</b>	3,936,275.63
China Greatwall Technology Group Co., Ltd.	Sales of goods	<b>901,484.07</b>	1,073,505.30
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Sales of goods	<b>751,624.15</b>	47,405,649.58
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Sales of goods	<b>684,503.29</b>	269,697.27
Panda Electronics Group Limited	Sales of goods	<b>557,226.67</b>	1,230,735.23
Nanjing Sanle Electronic Information Co., Ltd.	Sales of goods	<b>436,164.80</b>	
N CEC Materials Suzhe Corporation	Sales of goods	<b>395,244.35</b>	368,456.61
Nanjing Electronics Information Industrial Corporation	Sales of goods	<b>196,449.07</b>	179,567.95
Nanjing Panda Electronics Transportation Company	Sales of goods	<b>66,109.43</b>	90,464.42
Nanjing Panda Technology Park Development Company Limited	Sales of goods	<b>64,909.48</b>	180,193.17
Nanjing CEC Panda Real Estate Co., Ltd.	Sales of goods	<b>42,453.62</b>	
Shenzhen China Electronics Technology Co., Ltd.	Sales of goods	<b>19,694.57</b>	23,015.38
Guizhou Zunyi Hualong New Material Co., Ltd.	Sales of goods	<b>15,757.52</b>	
Nanjing China Electronics Modern Service Industry Co., Ltd.	Sales of goods	<b>13,450.01</b>	17,205.66
Nanjing Panda Investment Development Co., Ltd.	Sales of goods	<b>13,173.58</b>	964,394.57
Nanjing Huadong Electronic Information & Technology Co., Ltd.	Sales of goods	<b>11,760.38</b>	183,193.99
Nanjing China Electronics Panda Trade Development Co., Ltd.	Sales of goods	<b>4,549.06</b>	3,301.89
Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd.	Sales of goods		57,435.90
Sub-total	Sales of goods	<b>886,528,917.57</b>	605,902,193.2

<b>Related parties</b>	<b>Type of transaction</b>	<b>Amount for the current period</b>	Amount for the prior period
Beijing SE Putian Mobile Communications Co., Ltd.	Rendering of services	<b>13,643,514.09</b>	
IRICO (Hefei) LCD Glass Co., Ltd.	Rendering of services	<b>5,800,000.00</b>	
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Rendering of services	<b>4,582,803.15</b>	5,316,699.88
Nanjing CEC Panda LCD Technology Co., Ltd.	Rendering of services	<b>2,625,395.46</b>	3,857,524.47
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Rendering of services	<b>2,489,773.34</b>	4,353,555.29
Panda Electronics Group Limited	Rendering of services	<b>2,036,475.48</b>	1,381,201.66
Liyang Panda Bamboo Garden Hotel Co., Ltd.	Rendering of services	<b>566,005.09</b>	4,954,287.91
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Rendering of services	<b>443,690.97</b>	341,299.47
Nanjing China Electronics Panda Appliances Co., Ltd.	Rendering of services	<b>152,308.45</b>	154,794.67
Nanjing Panda Electronics Import/Export Co., Ltd.	Rendering of services	<b>72,991.42</b>	25,874.90
Nanjing Caihong New Energy Co., Ltd.	Rendering of services	<b>28,301.89</b>	
Nanjing Panda Handa Technology Co., Ltd.	Rendering of services	<b>26,924.82</b>	33,135.85
Shenzhen Jinghua Network Marketing Co., Ltd.	Rendering of services	<b>4,347.09</b>	4,482.50
Nanjing Panda Investment Development Co., Ltd.	Rendering of services		35,307,639.98
Nanjing Panda Electronics Transportation Company	Rendering of services		25,992.96
Sub-total		<b><u>32,472,531.25</u></b>	<b><u>55,756,489.54</u></b>

## 2. Entrusted management/contract and delegated management/contract with related party

Nil

## 3. Leases in related party transactions

Asset leased to related parties:

Name of lessee	Types of leased assets	Rental income recognised in this period	Rental income recognised in prior period
Nanjing China Electronics Panda Appliances Co., Ltd	Lease of houses	<b>332,691.88</b>	329,183.70
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Lease of houses	<b>268,827.43</b>	268,827.43
Nanjing Panda Electronics Import/Export Co., Ltd.	Lease of houses	<b>123,092.97</b>	121,795.00
Nanjing Panda Handa Technology Co., Ltd.	Lease of houses	<b>78,715.60</b>	
Shenzhen Jinghua Network Marketing Co., Ltd.	Lease of houses	<b>25,500.00</b>	24,842.86
Nanjing Panda Electronics Transportation Company	Lease of houses	<b>25,216.97</b>	24,951.08
Panda Electronics Group Limited	Lease of houses	<b>20,372.72</b>	20,280.95
Nanjing Panda Electronics Transportation Company	Lease of cars	<b>168,950.71</b>	393,601.58
Panda Electronics Group Limited	Lease of cars		25,641.03
Sub-total		<b><u>1,043,368.28</u></b>	<b><u>1,209,123.63</u></b>

## 4. Guarantee in related party transactions

Guarantee provided to related parties:

Secured party	Guarantee amount	Guarantee start date	Expiry date	Whether the guarantee has been fulfilled
Nanjing Panda Information Industry Co, Ltd. (1)	280,000,000.00	2018-12-26	2021-6-30	No
Nanjing Panda Information Industry Co, Ltd. (2)	50,000,000.00	2019-3-28	2022-3-28	No
Nanjing Panda Electronics Equipment Co., Ltd. (3)	170,000,000.00	2018-9-29	2021-6-30	No
Nanjing Panda Electronics Equipment Co., Ltd. (4)	30,000,000.00	2018-12-14	2021-11-5	No
Nanjing Panda Electronics Equipment Co., Ltd. (5)	100,000,000.00	2018-7-20	2021-7-20	No
Nanjing Panda Electronic Manufacture Co., Ltd. (6)	60,000,000.00	2019-2-26	2021-6-30	No
Nanjing Panda Electronic Manufacture Co., Ltd. (7)	60,000,000.00	2019-1-25	2021-11-12	No
Nanjing Panda Electronic Manufacture Co., Ltd. (8)	50,000,000.00	2018-12-24	2021-6-30	No
Nanjing Huage Appliance and Plastic Industrial Co., Ltd. (9)	50,000,000.00	2018-9-10	2021-9-10	No
Nanjing Panda Machine Electricity Manufacturing Co., Ltd. (10)	15,000,000.00	2018-12-10	2021-11-8	No

Information on guarantee in related party transactions:

- Note 1:* The Company offers irrevocable maximum guarantee of RMB280,000,000.00, which is the comprehensive bank credit amount offered by Shanghai Pudong Development Bank, Nanjing Branch, to Nanjing Panda Information Industry Co., Ltd., subsidiary of the Company. The guarantee has a period from 26 December 2018 to 30 June 2019 and the guarantee lasts for 2 years from the deadline of performance of the debtor. Nanjing Panda Information Industry Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2019, Nanjing Panda Information Industry Co., Ltd. has used RMB99,340,922.97 of its total comprehensive bank credit, of which RMB99,340,922.97 is guaranteed by the Company in the form of letter of guarantee.
- Note 2:* The Company offers irrevocable maximum guarantee of RMB50,000,000.00, which is the comprehensive bank credit amount offered by China Merchants Bank, Nanjing Branch, Chengdong Sub-branch, to Nanjing Panda Information Industry Co., Ltd., sub-subsidiary of the Company. The guarantee has a period from 28 March 2019 to 28 March 2020. The guarantee has a period from the date the guarantee is signed to the due date of each loan or to other financing agreements or the due date of received account receivables by Chengdong Sub-branch, or advance in cash, plus 2 years. If any of the above has extended their credit period, the guarantee period is extended accordingly, plus 2 years. Nanjing Panda Information Industry Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2019, Nanjing Panda Information Industry Co., Ltd. has used RMB47,537,926.49 of its total comprehensive bank credit, of which RMB47,537,926.49 is guaranteed in the form of letter of guarantee offered by the Company.
- Note 3:* The Company offers maximum guarantee of RMB170,000,000.00, which is the comprehensive bank credit amount offered by Pingan Bank, Nanjing Branch to Nanjing Panda Electronic Equipment Co., Ltd., subsidiary of the Company. The credit has a period from 29 September 2018 to 30 June 2019. The credit lasts for 1 year from the contract signed and the guarantee lasts for 2 years from the deadline of performance of the debtor. Nanjing Panda Electronic Manufacture Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2019, Nanjing Panda Electronic Equipment Co., Ltd. has used RMB54,074,647.14 of its total comprehensive bank credit, of which RMB54,074,647.14 is guaranteed by the Company in the form of letter of credit (of which JPY847,352,500.00, the exchange rate is 100JPY/RMB6.3816 with intermedium price in interbank foreign exchange as at 30 June 2019 and converted to RMB54,074,647.14).
- Note 4:* The Company offers maximum guarantee of RMB30,000,000.00, which is the comprehensive bank credit amount offered by Industrial Bank, Nanjing Branch, Maigao Bridge Sub-branch to Nanjing Panda Electronic Equipment Co., Ltd., subsidiary of the Company. The credit has a period from 14 December 2018 to 5 November 2019. The guarantee lasts for 2 years from the deadline of performance of the debtor. Nanjing Panda Electronic Equipment Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2019, Nanjing Panda Electronic Equipment Co., Ltd. has used RMB23,184,215.97 of its total comprehensive bank credit, of which RMB246,538.20 is guaranteed by the Company in the form of letter of guarantee offered by the Company, RMB19,937,677.77 is guaranteed in the form of bank acceptance bill.
- Note 5:* The Company offers maximum guarantee of RMB100,000,000.00, which is the comprehensive bank credit amount offered by China Electronics Finance Co., Ltd., to Nanjing Panda Electronic Equipment Co., Ltd., a subsidiary of the Company. The bank credit has duration from 20 July 2018 to 20 July 2019 and the guarantee lasts for 2 years from the deadline of performance of the debtor. Nanjing Panda Electronic Equipment Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2019, Nanjing Panda Electronic Equipment Co., Ltd. has used RMB64,158,443.23 of its total comprehensive bank credit, of which RMB12,907,443.23 is guaranteed by the Company in the form of letter of guarantee offered by the Company, RMB50,000,000.00 is guaranteed in form of secured loans, RMB1,251,000.00 is guaranteed in the form of bank acceptance bill.

*Note 6:* The Company offers irrevocable maximum guarantee of RMB60,000,000.00, which is the comprehensive bank credit amount offered by China Merchants Bank, Nanjing Branch, Chengdong Sub-branch, to Nanjing Panda Electronic Manufacture Co., Ltd., a subsidiary of the Company. The credit has a period from 26 February 2019 to 30 June 2019. The guarantee has a period from the date the guarantee is signed to the due date of each loan or to other financing agreements or the due date of received account receivables by China Merchants Bank, Nanjing Branch, or advance in cash, plus 2 years. If any of the above has extended their credit period, the guarantee period is extended accordingly, plus 2 years. Nanjing Panda Electronic Manufacture Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2019, Nanjing Panda Electronic Manufacture Co., Ltd. has used RMB34,099,031.64 of its total comprehensive bank credit, of which RMB32,604,012.24 is guaranteed by the Company in the form of bank acceptance bill and RMB1,495,019.40 is guaranteed in the form of letter of credit.

*Note 7:* The Company offers maximum guarantee of RMB60,000,000.00, which is the comprehensive bank credit amount offered by Industrial Bank, Nanjing Branch, Nanjing Branch, Beijing West Road Sub-branch, to Nanjing Panda Electronic Manufacture Co., Ltd., subsidiary of the Company. The guarantee has a period from 25 January 2019 to 12 November 2019. The guarantee lasts for 2 years from the deadline of performance of the debtor. Nanjing Panda Electronic Manufacture Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2019, Nanjing Panda Electronic Manufacture Co., Ltd. has used RMB33,119,115.37 of its total comprehensive bank credit, of which RMB33,119,115.37 is guaranteed by the Company in the form of bank acceptance bill.

*Note 8:* The Company offers maximum guarantee of RMB50,000,000.00, which is the comprehensive bank credit amount offered by Shanghai Pudong Development Bank, Nanjing Branch, to Nanjing Panda Electronic Manufacture Co., Ltd., subsidiary of the Company. The bank credit has duration from 24 December 2018 to 30 June 2019, and the guarantee lasts for 2 years from the deadline of performance of the debtor. Nanjing Panda Electronic Equipment Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2019, Nanjing Panda Electronic Equipment Co., Ltd. has used RMB35,820,620.27 of its total comprehensive bank credit, of which RMB35,820,620.27 is guaranteed by the Company in the form of bank acceptance bill.

*Note 9:* The Company offers irrevocable maximum guarantee of RMB50,000,000.00, which is the comprehensive bank credit amount offered by China Electronics Finance Co., Ltd. to Nanjing Huage Electronic Plastic Industry Co., Ltd., sub-subsidiary of the Company. The guarantee has a period from 10 September 2018 to 10 September 2019. The guarantee lasts for 2 years from the deadline of performance of the debtor. If any of the above has extended their credit period, the guarantee period is extended accordingly, plus 2 years. Nanjing Huage Electronic Plastic Industry Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2019, Nanjing Huage Electronic Plastic Industry Co., Ltd. has used RMB14,216,494.86 of its total comprehensive bank credit, of which RMB14,216,494.86 is guaranteed in the form of bank acceptance bill offered by the Company.

*Note 10:* The Company offers maximum guarantee of RMB15,000,000.00, which is the comprehensive bank credit amount offered by Industrial Bank, Nanjing Branch, Beijing West Road Sub-branch, to Nanjing Panda Machine Electricity Manufacturing Co., Ltd., a sub-subsidiary of the Company. The guarantee has a period from 10 December 2018 to 8 November 2019. The guarantee lasts for 2 years from the deadline of performance of the debtor. Nanjing Panda Machine Electricity Manufacturing Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2019, Nanjing Panda Machine Electricity Manufacturing Co., Ltd. has used RMB430,752.00 of its total comprehensive bank credit, of which RMB430,752.00 is guaranteed by the Company in the form of bank acceptance bill.

Conclusively, as of 30 June 2019, total guarantee offered by the Company amounting to RMB405,982,169.94, of which RMB137,379,672.51 is for acceptance bill guarantee, RMB163,032,830.89 is for letter of guarantee, and RMB50,000,000.00 is for credit loan guarantee, RMB55,569,666.54 for letter of credit. (As of 30 June 2018, total guarantee offered by the Company amounting RMB328,310,439.93, of which RMB99,831,296.61 is for acceptance bill guarantee, RMB67,216,845.53 is for letter of guarantee, RMB95,000,000.00 is for secured loan guarantee, and RMB66,262,297.79 is for letter of credit).

## 5. Capital borrowing and lending with related party

Related parties	Lending/ borrowing amount	Inception date	Expiration date	Remarks
Borrowed amount	Nil			
Lent amount	Nil			

## 6. Other related party transactions

Company name	Type of transaction	Current period	Preceding period
China Electronics Finance Co., Ltd. (note 1)	Receipt of interests	<b>1,394,517.71</b>	1,465,693.68
China Electronics Finance Co., Ltd. (note 1)	Payment of interest	<b>1,093,541.67</b>	428,958.33
China Electronics Finance Co., Ltd. (note 1)	Payment of discounted interest	<b>127,899.36</b>	36,805.56

By the end of 30 June 2019, loan balance of the Company was RMB50,000,000.00, deposit balance was RMB180,648,594.47, receipt of discounted notes was RMB19,500,580.63 and payment of discounted interests was RMB127,899.36 in the China Electronics Finance Co., Ltd.

The notes receivable of the Company which have been discounted to China Electronics Finance Co., Ltd but has not been terminated amounting to RMB0.00.

*Note 1:* The Company resigned "Financial Service Agreement (hereafter referring as the "Service Agreement") with Financial Company in the year of 2018. According to the Service Agreement, under the circumstance of national laws and regulations as well as financial institutions operating principles, Financial Company provides financial services not only include financial consulting, credit visa service, other related consulting, agency service, offering for guarantee, notes bills, notes discounted, deposit service and other financial services. The ceiling for the integrated credit balance to be provided by Financial Company to the Company amounted to RMB600.00 million and the ceiling for the fund settlement balance with Financial Company amounted to RMB500.00 million. The valid period is 3 years from the effective date of the contract. The above agreement had been approved at the first extraordinary general meeting at 28 December 2018.



**(VI) Balance due to or from related parties****1. Balance due from related parties**

Items	Related parties	Closing balance		Beginning balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	<b>136,985,130.67</b>		84,361,250.24	
	Chengdu China Electronic Panda Display Technology Co., Ltd.	<b>136,155,510.37</b>		101,915,790.71	
	Nanjing CEC Panda LCD Technology Co., Ltd.	<b>57,045,844.29</b>		54,170,251.31	
	Nanjing Panda Handa Technology Co., Ltd.	<b>52,900,847.39</b>	<b>33,649.21</b>	82,624,701.99	33,649.21
	IRICO (Hefei) LCD Glass Co., Ltd.	<b>9,648,000.00</b>		3,500,000.00	
	Shenzhen Jinghua Network Marketing Co., Ltd.	<b>7,146,525.00</b>		9,500,000.00	
	Nanjing Panda Electronics Import/Export Co., Ltd.	<b>7,040,123.26</b>	<b>76,756.38</b>	12,214,317.84	76,756.38
	Xianyang Caihong Optoelectronics Technology Co., Ltd.	<b>3,180,623.39</b>		10,349,807.07	
	Nanjing Ericsson Panda Communication Co., Ltd.	<b>2,570,904.21</b>		273,063.69	
	IRICO Group Company Limited	<b>1,851,078.00</b>		1,081,078.00	
	Xianyang CE Caihong Group Holdings Co., Ltd.	<b>978,554.37</b>			
	Panda Electronics Group Limited	<b>686,828.15</b>	<b>121,109.19</b>	173,933.21	
	Liyang Panda Bamboo Garden Hotel Co., Ltd.	<b>616,945.53</b>			
	China Greatwall Technology Group Co., Ltd.	<b>439,959.94</b>		219,245.26	
	Nanjing Sanle Electronic Information Co., Ltd.	<b>433,280.00</b>			
	Nanjing CEC Panda Real Estate Co., Ltd.	<b>158,803.63</b>	<b>15,880.36</b>	897,208.60	
	Nanjing Electronics Information Industrial Corporation	<b>76,183.00</b>		37,065.00	
	Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd.	<b>67,200.00</b>	<b>3,360.00</b>	67,200.00	
	Nanjing Panda Dasheng Electronics Technology Company Limited	<b>38,380.00</b>	<b>1,919.00</b>	38,380.00	
	Nanjing China Electronics Panda Appliances Co., Ltd.	<b>18,350.00</b>		486,120.00	
	Nanjing Panda Electronics Transportation Company	<b>13,363.00</b>			
	Nanjing CEC Panda LCD Materials Technology Co., Ltd.	<b>10,047.01</b>		209,047.01	
	Nanjing Huadong Electronic Information & Technology Co., Ltd.	<b>7,054.00</b>		1,200.00	
	Nanjing Panda Investment Development Co., Ltd.	<b>4,828.20</b>		16,071,082.51	
	Langfang China Electronics Panda Crystal Technology Co., Ltd.	<b>3,240.00</b>	<b>3,240.00</b>	3,240.00	3,240.00
	Nanjing Panda Jinling Hotel Co., Ltd.	<b>2,227.10</b>	<b>334.07</b>	2,227.10	
	Wuhan Zhongyuan Electronics Group Co., Ltd.	<b>2,000.00</b>	<b>2,000.00</b>	2,000.00	
	Guizhou Zhenhua Yilong New Materials Co., Ltd.			23,999,317.50	
	Nanjing Panda Technology Park Development Company Limited			75,295.00	

Items	Related parties	Closing balance		Beginning balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Contract assets	Chengdu China Electronic Panda Display Technology Co., Ltd.	<b>276,117,669.09</b>			
	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	<b>40,948,652.42</b>		65,948,172.79	
	Xianyang Caihong Optoelectronics Technology Co., Ltd.	<b>33,596,057.59</b>		75,297,385.13	
	Guizhou Zhenhua Yilong New Materials Co., Ltd.	<b>7,932,987.88</b>		7,999,772.50	
	IRICO (Hefei) LCD Glass Co., Ltd.	<b>7,415,200.00</b>		7,415,200.00	
	Xianyang CE Caihong Group Holdings Co., Ltd.	<b>7,323,504.27</b>		1,176,153.84	
	IRICO Group Company Limited	<b>6,800,000.00</b>		6,800,000.00	
	Nanjing CEC Panda LCD Technology Co., Ltd.	<b>3,375,546.94</b>		4,240,854.36	
	Nanjing CEC Panda LCD Materials Technology Co., Ltd.	<b>1,004,599.40</b>		1,007,897.40	
	Notes receivable	Nanjing China Electronics Panda Appliances Co., Ltd.	<b>77,049,300.00</b>		496,181.72
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.		<b>71,000,000.00</b>		58,000,000.00	
Nanjing Panda Handa Technology Co., Ltd.		<b>34,980,000.00</b>		9,360,000.00	
Nanjing CEC Panda LCD Technology Co., Ltd.		<b>33,000,000.00</b>		87,368,530.00	
Guizhou Zhenhua Yilong New Materials Co., Ltd.		<b>13,839,395.00</b>			
Nanjing Panda Electronics Import/Export Co., Ltd.		<b>1,819,580.49</b>		1,042,459.32	
IRICO Group Company Limited		<b>1,050,000.00</b>		867,000.00	
IRICO (Hefei) LCD Glass Co., Ltd.		<b>867,000.00</b>		1,497,560.00	
China Greatwall Technology Group Co., Ltd.		<b>66,529.82</b>			
Chengdu China Electronic Panda Display Technology Co., Ltd.				46,631,199.00	
Advance payment		Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	<b>3,061,600.01</b>		34,198.80
	Shanghai Panda Huning Electronic Technology Co., Ltd.	<b>374,200.00</b>		374,340.00	
	Nanjing Panda Handa Technology Co., Ltd.	<b>316,800.00</b>			
	Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd.	<b>117,600.00</b>		106,400.00	
	China Electronics Import and Export Co., Ltd.	<b>114,627.68</b>			
	Nanjing China Electronics Panda Appliances Co., Ltd.	<b>74,596.00</b>		2,200.00	
	Panda Electronics Group Limited	<b>69,921.75</b>		69,921.75	
	Chengdu China Electronic Panda Display Technology Co., Ltd.	<b>49,243.75</b>		10,400.00	
	Nanjing CEC Panda LCD Technology Co., Ltd.	<b>15,000.00</b>		20,061.73	
	Shenzhen China Electronics Investment Company	<b>0.01</b>		0.01	
	Nanjing Panda Digital Technology Development Co., Ltd.			812,988.08	
	Nanjing Panda Electronics Import/Export Co., Ltd.			162,139.26	
	Dividend receivable	Beijing SE Putian Mobile Communications Co., Ltd.	<b>1,840,000.00</b>		18,859,839.55

## 2. Payables

Items	Related parties	Closing balance	Opening balance	
Accounts payable	Nanjing Panda Electronics Import/Export Co., Ltd.	<b>8,530,512.25</b>	21,455,349.86	
	Panda Electronics Group Limited	<b>3,570,034.49</b>	4,251,813.17	
	Xianyang IRICO Intelligent Equipment Co., Ltd.	<b>2,730,000.00</b>		
	Nanjing Zhenhua Packing Material Factory	<b>1,518,392.82</b>	1,174,287.21	
	Nanjing Panda Handa Technology Co., Ltd.	<b>1,232,478.63</b>	1,346.00	
	Nanjing Panda Electronics Transportation Company	<b>1,205,906.39</b>	671,612.39	
	IRICO Group Company Limited	<b>800,000.00</b>		
	Nanjing Panda Dasheng Electronics Technology Company Limited	<b>406,118.24</b>	95,858.00	
	Shanghai Panda Huning Electronic Technology Co., Ltd.	<b>374,200.00</b>		
	Nanjing China Electronics Panda Crystal Technology Co., Ltd.	<b>160,676.00</b>	137,649.27	
	Nanjing China Electronics Panda Appliances Co., Ltd.	<b>147,600.40</b>	146,644.40	
	Guizhou Zhenhua Hualian Electronics Co., Ltd.	<b>131,958.55</b>	272,480.00	
	Nanjing CEC Panda Illumination Co., Ltd.	<b>108,707.15</b>	108,707.15	
	Guizhou Zhenhua Quying Electrical Appliance Co. Ltd.	<b>51,030.00</b>	97,630.00	
	China Zhenhua Group Yunke Electronics Co., Ltd.	<b>17,632.00</b>	17,632.00	
	Notes payable	Nanjing Zhenhua Packing Material Factory	<b>599,605.06</b>	597,309.92
		Nanjing Panda Handa Technology Co., Ltd.	<b>55,850.00</b>	
Xianyang IRICO Intelligent Equipment Co., Ltd.			1,170,000.00	
Other payables	Nanjing Panda Investment Development Co., Ltd.	<b>21,166,211.85</b>	21,166,211.85	
	Panda Electronics Group Limited	<b>5,158,769.34</b>	6,970,553.13	
	China Electronics Import and Export Co., Ltd.	<b>195,539.62</b>	195,539.62	
	Nanjing Electronics Information Industrial Corporation	<b>86,700.00</b>	43,500.00	
	Nanjing Panda Electronics Transportation Company	<b>59,473.25</b>	35,533.25	
	China Electronics Corporation	<b>23,461.19</b>	40,000.00	
	Shanghai Panda Huning Electronic Technology Co., Ltd.	<b>22,907.00</b>	22,907.00	
	Nanjing Panda Technology Park Development Company Limited	<b>20,000.00</b>	20,000.00	
	Nanjing CEC Panda Real Estate Co., Ltd.	<b>5,000.00</b>		
	Liyang Panda Bamboo Garden Hotel Co., Ltd.	<b>4,668.00</b>	4,668.00	
	Nanjing Panda Dasheng Electronics Technology Company Limited	<b>200.00</b>	200.00	
	Contract liabilities	Chengdu China Electronic Panda Display Technology Co., Ltd.	<b>2,117,799.59</b>	2,117,799.59
		Liyang Panda Bamboo Garden Hotel Co., Ltd.	<b>1,190,443.37</b>	1,190,443.38
Panda Electronics Import and Export (Hong Kong) Co., Ltd.			1,167,375.42	
Advances received	Nanjing CEC Panda LCD Technology Co., Ltd.	<b>311,301.42</b>		
	Nanjing China Electronics Panda Appliances Co., Ltd.		12.50	

## XI. NO SHARE-BASED PAYMENT INCURRED DURING THE PERIOD

## XII. GOVERNMENT GRANTS

### (I) Government grants related to assets

Item	Amount	Item in the balance sheet	Amount recorded in the profits and losses or deducted related costs		Item recorded in the profits and losses or deducted related costs
			Current period	Preceding period	
Industrialisation of auto-transferring system in factory of new panel display device	6,583,176.16	Deferred income	467,047.98	467,047.98	Other incomes

### (II) Government grants related to income

Item	Amount	Amount recorded in the profits and losses or deducted related costs		Item recorded in the profits and losses or deducted related costs
		Current period	Preceding period	
Special Project for Technical Transformation of Electronic Information Industry for the year of 2017	30,000,000.00			
Jiangsu Province new industry guidance fund	10,000,000.00			
Research and industrialisation of high nationalisation robot and intelligent equipment sets	8,120,000.00			
Key research on ultra HD virtual reality human-computer interaction based on eye tracking	4,000,000.00			
New model project subsidy	3,800,000.00			
Green supply chain construction project for new electronic display products in East China	1,000,000.00			
Provincial high-end equipment catching up with special project funds	620,000.00			
Development of Intelligent Monitoring System for Oil and Gas Pipeline Based on Distributed Optical Fiber Sensing and Internet	450,000.00			
Special funds for transformation and upgrading of industry and information industry	200,000.00			
Provincial scientific and technological achievements transformation fund	2,000,000.00	2,000,000.00		Other income
First batch of funding for 2018 Enterprise Research and Development Funding Program	936,000.00	936,000.00		Other income
Special fund for business development in 2018	527,700.00	527,700.00		Other income
Special fund for technical transformation of special funds for economic and technological development of Longgang District, Shenzhen	351,000.00	351,000.00		Other income
Preschool education special fund	270,452.49	270,452.49		Other income
Nanjing municipal pollution prevention and clean production project subsidy	160,000.00	160,000.00		Other income
Electricity charge subsidy	34,837.60	34,837.60		Other income

Item	Amount	Amount recorded in the profits and losses or deducted related costs		Item recorded in the profits and losses or deducted related costs
		Current period	Proceeding period	
2017 Development Zone Intellectual Property Funds	11,500.00	11,500.00		Other income
2017 Development Zone Intellectual Property Funds	10,000.00	10,000.00		Other income
2018 employment information monitoring reward from Qinhuai Employment Center 4/10	1,160.00	1,160.00		Other income
Steady post subsidy			553,894.91	Other income
Reward for High-tech Enterprise	1,500,000.00	1,500,000.00	250,000.00	Non-operating income
Special fund for business development in 2018	428,900.00	428,900.00		Non-operating income
Vehicle scrap subsidy	18,000.00	18,000.00		Non-operating income
Golden bridge project reward for key projects of 2018 Fund from Shenzhen Science and Technology Innovation Committee	5,000.00	5,000.00	1,092,000.00	Non-operating income
Automatic ticket gate localization project for subway			500,000.00	Non-operating income
Multi-terminal collaboration key technology under ubiquitous network			204,500.00	Non-operating income
Special funds for foreign trade and economic development for the year of 2017			26,600.00	Non-operating income
Second batch of funding for patent application			16,000.00	Non-operating income
Futian District Enterprise Development Service Center Technology Innovation – Patent Support Bonus			8,000.00	Non-operating income
Talk about ideal, make contribution” characteristic project subsidy by municipal bureau of finance for the year of 2017			5,000.00	Non-operating income

### XIII. COMMITMENTS AND CONTINGENCIES

#### (I) Significant commitments

The total future minimum lease payment according to irrevocable operating lease contracts signed by the Company is summarised below:

Items	Closing balance	Opening balance
Within 1 year	<b>3,630,885.80</b>	4,545,601.85
1 to 2 years		47,280.00
2 to 3 years		
Total	<b><u>3,630,885.80</u></b>	<b><u>4,592,881.85</u></b>

At the balance sheet date, capital commitment made by the Company that has been contracted but not listed on the balance sheet is shown below:

Items	Closing balance	Opening balance
Housing and building	<b>16,470,939.47</b>	1,056,830.00
Machinery and equipment	<b>6,307,680.00</b>	9,942,870.91
Intangible assets/software	<b>1,418,000.00</b>	1,678,300.00
Total	<b><u>24,196,619.47</u></b>	<b><u>12,678,000.91</u></b>

#### (II) Contingencies

1. Please refer to Note "X. (V). 4" for the Company's guarantee for bank loans of subsidiaries.
2. Except for the above contingencies, as of 30 June 2019, the Company has no significant contingencies that need to be disclosed.

#### **XIV. EVENTS AFTER THE BALANCE SHEET DATE**

**(I) No significant non-adjusted events after the balance sheet date for the current period**

**(II) Sales return**

There is no significant sales return after the balance sheet date

**(III) No assets and disposal group classified as held-for-sales which have not been disclosed at the end of the period**

**(IV) Notes to events after the balance sheet date**

**1. Guarantee for subsidiaries**

On 1 July 2019, the Company provided the highest irrevocable guarantee for the bank's comprehensive credit of RMB60.00 million offered by the Nanjing West Road Sub-branch of China Merchants Bank Co., Ltd. to Nanjing Panda Electronics Manufacturing Co., Ltd., a second-level subsidiary of the Company. The valid period is to 25 February 2020. Nanjing Panda Electronics Manufacturing Co., Ltd. provided counter guarantees for all of its assets.

On 1 July 2019, the Company provided the highest irrevocable guarantee for the bank's comprehensive credit of RMB60.00 million offered by the Nanjing Branch of Shanghai Pudong Development Bank Co., Ltd. to Nanjing Panda Electronics Manufacturing Co., Ltd., a second-level subsidiary of the Company. The valid period is to 26 November 2019. Nanjing Panda Electronics Manufacturing Co., Ltd. provided counter guarantees for all of its assets.

On 1 July 2019, the Company provided the highest irrevocable guarantee for the bank's comprehensive credit of RMB280.00 million offered by the Nanjing Branch of Shanghai Pudong Development Bank Co., Ltd. to Nanjing Panda Information Industry Co., Ltd., a second-level subsidiary of the Company. The valid period is to 26 November 2019. Nanjing Panda Information Industry Co., Ltd. provided counter guarantees for all of its assets.

As of 27 August 2019, the Company's actual guarantee balance for Nanjing Panda Electronics Manufacturing Co., Ltd. was RMB93,440,000.00, and for Nanjing Panda Information Industry Co., Ltd. was RMB154,271,900.00, all of which were within the approved amount of the Shareholders' Meeting.

#### **XV. OTHER SIGNIFICANT EVENTS**

**(I) No accounting error correction of prior period during the period**

**(II) Annuity plan**

Apart from basic endowment insurances, the Company established an enterprise annuity plan based on the relevant policies of the national annuity system. The annuity plan fits for officially employed employees and the employees who have worked for the Company for over one year. The annuity maintenance model adopts a certain type of mode. The Company pays annuity for employees is based on total salary of the previous year. The contribution rate is temporarily set at 5%, and the personal contribution ratio is temporarily set at 1%. The corresponding expenditure is recognised in profits and losses.

Apart from basic endowment insurances, Shenzhen Jinghua Electronics Co., Ltd., a subsidiary of the company, also establishes annuity plan according to relevant policies of the enterprise annuity system of the state. Formal employees and shareholder representatives who hold Shenzhen citizenship and currently work for the company are eligible for the plan. The annuity plan uses a defined-contribution model, in which the percentage of contribution is determined by previous year's economic performance. Eligible employees pay to the plan on a monthly basis at a certain amount according to their job levels, and Shenzhen Jinghua covers all contribution at an amount no more than 15% of eligible employee's total annual salary, the amount is brought to profit or loss for the year.

Apart from the above, the company and its subsidiaries makes no major social security commitments to their employees.

### (III) No events related to termination of business at the end of the period

### (IV) Segment information

The basis of determination and accounting policy for segment information

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 transfer price between different segments is based on the actual transaction price, and cost indirectly assumed by each segment is allocated in accordance of the corresponding proportion. Assets are allocated in accordance of business performance and location. Segment liabilities includes the liabilities produced by business activities which belongs to its own segment. If the costs related to a joint liability, the liability would be allocated to different segments at the proportion.

Non-current assets are divided into different areas and do not include available-for-sale financial assets and deferred income tax assets. All the non-current assets of the Company are located in the China Mainland.

#### 1. Financial information of the segment

Item	Intelligent city industry	Electronic manufacturing service	Intelligent manufacturing industry	Other products	Undistributed	Elimination among segments	Total
Trade income from third party	839,423,275.78	852,153,901.49	396,994,444.66	40,774,154.61			2,129,345,776.54
Trade income between segments	32,835,379.77	36,729,931.20	25,647,314.15	14,102,412.82		-109,315,037.94	
Investment income from associated enterprises and joint ventures		102,567.38			24,613,457.41		24,716,024.79
Assets impairment loss				-21,825.28	-13,198,717.99		-13,210,343.27
Credit impairment loss	-987,865.58	656,576.61		-3,771,284.60			-4,102,573.57
Depreciation and amortisation expense	3,446,570.22	6,944,719.34	4,281,264.60	16,528,980.05	11,489,153.23		42,670,467.44
Total profit	34,160,245.32	73,002,627.07	10,210,398.30	-27,144,411.35	-1,740,584.46	2,192,310.89	90,860,585.77
Income tax expense	5,150,973.69	15,748,237.47		8,151.50			20,907,362.66
Net profit	29,009,271.63	57,254,389.60	10,210,398.30	-27,152,562.85	-1,740,584.46	2,192,310.89	69,773,223.11
Total assets	2,073,363,263.29	1,670,276,602.58	1,116,504,137.32	777,703,356.93	3,016,786,822.30	-2,379,289,304.92	6,277,346,877.50
Total liabilities	1,325,464,080.03	775,268,814.62	688,824,329.39	165,479,961.94	295,818,673.53	-662,058,378.14	2,588,797,681.37
Other non-cash expense beside Depreciation and amortisation expense							
Long term equity investment in associated enterprises and joint ventures				1,789,028.15	301,673,363.41		303,462,391.56
Increase in other non-current assets besides long-term equity investment	1,588,886.41	13,170,007.45	10,068,325.64	-10,537,372.99	-2,800,910.65	-3,939,824.04	7,548,011.82

### (V) No other significant matters which will have influence on the investors



## XVI. NOTES TO PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENT

### (I) Notes receivable and accounts receivable

#### 1. Accounts receivable shown by aging

Aging	Closing balance
Within 1 year	26,908,867.84
Of which: 0-6 months	22,938,125.54
7-12 months	3,970,742.30
1-2 years	11,727,877.19
2-3 years	2,145,044.04
3-4 years	262,400.00
4-5 years	
Over 5 years	2,790,053.12
	<u>2,790,053.12</u>
 Total	 <u><u>43,834,242.19</u></u>

*Note:* the above amount is without bad debt provisions

#### 2. Accounts receivable shown by classification of bad debt provisions

Type	Carrying amount		Closing balance		Carrying value
	Amount	Percentage (%)	Amount	Bad debt provision Percentage (%)	
Accounts receivable accruing bad debt provision in individual portfolio	15,638,265.57	35.68	604,025.93	3.86	15,034,239.64
Of which:					
Accounts receivable with individual significance and accruing bad debt provision individually	15,638,265.57	35.68	604,025.93	3.86	15,034,239.64
Accounts receivable with individual insignificance but individually accruing bad debt provision					
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	28,195,976.62	64.32	3,651,946.13	12.95	24,544,030.49
Of which:					
The portfolio of aging	14,832,739.80	33.84	3,650,926.35	24.61	11,181,813.45
The portfolio of related parties	13,363,236.82	30.48	1,019.78	0.01	13,362,217.04
	<u>13,363,236.82</u>	<u>30.48</u>	<u>1,019.78</u>	<u>0.01</u>	<u>13,362,217.04</u>
 Total	 <u><u>43,834,242.19</u></u>	 <u><u>100.00</u></u>	 <u><u>4,255,972.06</u></u>	 <u><u></u></u>	 <u><u>39,578,270.13</u></u>

Type	Carrying amount		Closing balance		Carrying value
	Amount	Percentage (%)	Bad debt provision Amount	Percentage (%)	
Accounts receivable accruing bad debt provision in individual portfolio	16,603,697.95	30.21	604,025.93	3.64	15,999,672.02
Of which:					
Accounts receivable with individual significance and accruing bad debt provision individually	16,603,697.95	30.21	604,025.93	3.64	15,999,672.02
Accounts receivable with individual insignificance but individually accruing bad debt provision					
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	38,360,056.85	69.79	3,651,946.13	9.52	34,708,110.72
Of which:					
The portfolio of aging	14,487,242.82	26.36	3,646,667.13	25.17	10,840,575.69
The portfolio of related parties	23,872,814.03	43.43	5,279.00	0.02	23,867,535.03
<b>Total</b>	<b>54,963,754.80</b>	<b>100.00</b>	<b>4,255,972.06</b>		<b>50,707,782.74</b>

Accounts receivable accruing bad debt provision in individual portfolio:

Debtor	Closing balance			Reason
	Account receivable	Bad debt provision	Percentage (%)	
Jiangsu Cable Network Development Co. Ltd., Sihong Branch	5,914,000.00	543,650.00	9.19	Expected partly not to be recovered
Jiangsu Province Cable Broadcasting Network Co., Ltd., Nanjing Branch	5,896,625.57	36,044.93	0.61	Expected partly not to be recovered
China Cable Television Network Co., Ltd., Hainan Branch	3,827,640.00	24,331.00	0.64	Expected partly not to be recovered
<b>Total</b>	<b>15,638,265.57</b>	<b>604,025.93</b>		

Accounts receivable accruing bad debt provision in portfolio:

Items for provision portfolio:

Type	Account receivable	Closing balance		Percentage (%)
		Bad debt provision		
Portfolio of aging	14,832,739.80	3,650,926.35		24.61
Portfolio of related parties	13,363,236.82	1,019.78		0.01
Total	<u>28,195,976.62</u>	<u>3,651,946.13</u>		

1) Accounts receivable accruing bad debt provision in aging portfolio:

Aging	Carrying amount	Closing balance		Bad debt provision (%)
		Amount	Percentage (%)	
Within 1 year (including 1 year)	5,678,221.70	38.28		80,393.36
Of which: 0-6 months	4,070,354.55	27.44		
7-12 months	1,607,867.15	10.84		80,393.36
1-2 years	4,270,997.59	28.80		427,099.76
2-3 years	1,831,067.39	12.34		274,660.11
3-4 years	262,400.00	1.77		78,720.00
4-5 years				
Over 5 years	2,790,053.12	18.81		2,790,053.12
Total	<u>14,832,739.80</u>	<u>100.00</u>		<u>3,650,926.35</u>

2) Accounts receivable accruing bad debt provision in other portfolio

Name of portfolio	Account receivable	Closing balance		Bad debt provision (%)
		Percentage		
Portfolio of related parties	13,363,236.82	1,019.78		0.01
Total	<u>13,363,236.82</u>	<u>1,019.78</u>		

3. **No provision, transfer and recovery of accounts receivables in the period**
4. **No accounts receivable effectively verified in the period**
5. **The top five debtors of accounts receivable at the end of the period**

Name of debtor	Amount	Closing balance Proportion of total accounts receivable (%)	Bad debt provision
Nanjing Panda Handa Technology Co., Ltd.	11,335,713.08	25.86	
Jiangsu Cable Network Development Co. Ltd., Sihong Branch	5,914,000.00	13.49	543,650.00
Jiangsu Province Cable Broadcasting Network Co., Ltd., Nanjing Branch	5,896,625.57	13.45	36,044.93
China Cable Television Network Co., Ltd., Hainan Branch	3,827,640.00	8.73	24,331.00
Diehl Electronic Controls (Nanjing) Co., Ltd.	2,065,421.29	4.71	
Total	<u>29,039,399.94</u>	<u>66.25</u>	<u>604,025.93</u>

6. **No accounts receivable to be derecognised due to the transfer of financial assets in the period**

## (II) Other receivables

Item	Closing balance	Opening balance
Dividends receivable	1,840,000.00	18,859,839.55
Other receivables	<u>309,762,597.89</u>	<u>276,564,143.89</u>
Total	<u>311,602,597.89</u>	<u>295,423,983.44</u>

### 1. Dividend receivable

- (1) Details of dividend receivable

Items (or investee)	Closing balance	Opening balance
Beijing Sony Ericsson Mobile Communications Co., Ltd. Nanjing Guanghua Electronics Plastic Casings Factory	1,840,000.00	18,859,839.55
Total	<u>1,840,000.00</u>	<u>18,859,839.55</u>

- (2) There is no dividend receivable over 1 year.

## 2. Other receivables

- (1) Other receivables shown by aging:

Aging	Closing balance
Within 1 year	63,340,711.78
Of which: 0-6 months	60,245,076.76
7-12 months	3,095,635.02
1-2 years	3,766,352.25
2-3 years	335,000.00
3-4 years	31,307,146.66
4-5 years	150,104,546.35
Over 5 years	62,050,892.28
<b>Total</b>	<b>310,904,649.32</b>

Note: the above amount is without bad debt provisions

- (2) Other receivables classified by nature

Nature of receivables	Carrying amount at the end of the period	Carrying amount in the beginning of the year
Relevant party portfolio transactions	289,968,870.41	276,072,848.12
Others	20,952,818.91	1,633,347.20
<b>Total</b>	<b>310,921,689.32</b>	<b>277,706,195.32</b>

- (3) No provision, transfer and recovery of bad debts in the period non-bold
- (4) No other receivables effectively verified in the period
- (5) Other receivables with top 5 balances at the end of the period classified by debtors

Name of debtor	Nature	Closing balance	Aging	Percentage of total other receivables (%)	Closing balance of bad debt provision
Nanjing Panda Electronic Equipment Co., Ltd.	Account	119,979,546.35	2-5 years	38.59	
Galant Limited	Account	65,200,400.00	2-5 years	20.97	
Nanjing Panda Electronic Technology Development Co., Ltd.	Account	54,729,600.00	2-4 years	17.60	
Chengdu Panda Electronic Technology Co., Ltd.	Account	30,264,625.00	0-6 months	9.73	
Nanjing Panda Information Industry Co., Ltd.	Account	14,246,978.83	1-2 years	4.58	
<b>Total</b>		<b>284,421,150.18</b>		91.48	

- (6) No receivables referring to the government grants at the end of the period
- (7) No other receivables to be derecognised due to the transfer of financial assets at the end of the period

**(III) Long-term equity investment**

Items	Book balance	Closing Balance Impairment		Book balance	Opening Balance Impairment	
		Provision	Book Value		Provision	Book Value
Investment in subsidiaries	<b>1,441,785,546.36</b>		<b>1,441,785,546.36</b>	1,441,785,546.36		1,441,785,546.36
Investment in associates and joint ventures	<b>314,862,081.40</b>	<b>13,188,717.99</b>	<b>301,673,363.41</b>	292,088,623.99		292,088,623.99
Total	<b>1,756,647,627.76</b>	<b>13,188,717.99</b>	<b>1,743,458,909.77</b>	1,733,874,170.35		1,733,874,170.35

**1. Investment in subsidiaries**

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Nanjing Panda Electronic Technology Development Co., Ltd.	700,000,000.00			700,000,000.00		
Nanjing Panda Electronic Equipment Co., Ltd.	190,000,000.00			190,000,000.00		
Nanjing Panda Information Industry Co., Ltd.	176,736,513.98			176,736,513.98		
Sherzhen Jinghua Electronic Co., Ltd.	119,241,304.00			119,241,304.00		
Nanjing Panda Electronics Manufacturing Co., Ltd.	111,221,994.10			111,221,994.10		
Nanjing Panda Communication Technology Co., Ltd.	98,585,734.28			98,585,734.28		
Nanjing Panda Industrial Enterprise Co., Ltd.	20,000,000.00			20,000,000.00		
Chengdu Panda Electronic Technology Co., Ltd.	20,000,000.00			20,000,000.00		
Nanjing Panda Industrial Enterprise Co., Ltd.	6,000,000.00			6,000,000.00		
Nanjing Panda Mechanical Engineering Plant						
Nanjing Guanghua Electronics Plastic Casings Factory						
Total	1,441,785,546.36			1,441,785,546.36		

## 2. Investment in associates and joint ventures

Investee	Opening balance	Increase/Decrease							Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
		Investments increased	Investments decreased	Investment income or loss recognised under equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profits declared	Others			
1. Joint Ventures											
NI											
Subtotal											
2. Associates											
Beijing SE Puffan Mobile Communications Co., Ltd	79,028,717.99						1,840,000.00		77,188,717.99	13,188,717.99	13,188,717.99
Nanjing Ericsson Panda Communication Co., Ltd.	213,059,806.00			24,613,457.41					237,673,363.41		
Subtotal	292,088,623.99			24,613,457.41			1,840,000.00		237,673,363.41	13,188,717.99	13,188,717.99
Total	292,088,623.99			24,613,457.41			1,840,000.00		314,862,061.40	13,188,717.99	13,188,717.99

### (IV) Operating revenue and operating cost

#### 1. Operating revenue and operating cost

Items	Current period		Preceding period	
	Revenue	Cost	Revenue	Cost
Main operation	16,383,603.44	16,070,766.68	37,418,920.76	31,741,347.64
Other operation	19,595,551.75	3,374,252.03	25,587,697.80	3,857,621.83
Total	35,979,155.19	19,445,018.71	63,006,618.56	35,598,969.47

### (V) Investment income

Items	Current period	Preceding period
Investment income from long-term equity investments under cost method		
Investment income from long-term equity investments under equity method	24,613,457.41	25,053,420.89
Investment income from disposal of long-term equity investments		-33,218,073.11
Investment income from wealth management products	6,705,065.89	9,573,070.12
Total	31,318,523.30	1,408,417.90

## XVII. SUPPLEMENTARY INFORMATION

### (I) Extraordinary Profit and Loss

Items	Amount	Note
Gain/loss on disposal of non-current assets	190,885.76	
Tax refund or exemption with unauthorised approval or no formal approval document		
Government grants counted into the current profit and loss, except for the one closely related with the normal operation of the company and gained constantly at a fixed amount or quantity according to certain standard based on state policies	1,951,900.00	
Capital use fee received from non-financial enterprises recognised as gain or loss for the period		
Gain on the difference between investment cost of acquiring subsidiaries, associates and joint ventures and the share of the fair value of the investee's identifiable net assets, where investment cost is less than the share of the fair value		
Gains or losses on exchange of non-monetary assets		
Profit and loss from entrusting others for investment or asset management		
Provision for impairment of assets due to force majeure such as natural disasters		
Gains or losses on debt restructuring		
Expenses for reorganization such as expenditure for staffing and integration expenses, etc.		
Gains or losses on the excess beyond fair value in the transaction with unfair price		
Current gains or losses of subsidiaries from combination of enterprises under common control from the beginning of the period till the date of combination, net		
Gains or losses on contingencies that is in no connection with the normal operation of the Company		
Gain or loss on changes 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 debt investments, except for effective hedging transactions that are related to the Company's normal operation	10,487,188.40	
Reversal of provisions for impairment of trade receivables individually subjected to impairment test	1,141,759.95	
Profit or losses from external entrusted loans		
Gains or losses on changes in fair value in the investment property that are subsequently measured at fair value		
Effects of one-off adjustments as required by taxation, accounting laws and regulations on the gains or losses for current period		
Trustee fee income from entrusted operations		
Other non-operating revenue and expenses other than the aforementioned items	349,683.50	
Other items of gain or loss in accordance with the definition of extraordinary profit and loss		
Effect of income tax expenses	-1,392,405.50	
Effect of non-controlling interests	-1,200,939.35	
Total	11,528,072.76	

### (II) ROE and Earnings per share

Profit during reporting period	Weighted average ROE (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	1.22	0.0464	0.0464
Net profit attributable to holders of ordinary shares of the Company after extraordinary items	0.89	0.0338	0.0338

Nanjing Panda Electronics Company Limited  
Company Stamp

28 August 2018



## SECTION XI DOCUMENTS AVAILABLE FOR INSPECTION

- I. Original financial statements signed and sealed under the hand of the Head of the Company, the Chief Accountant and the Head of the Accounting Department (person in charge of accounting matters).
- II. Original copies of all documents and announcements of the Company publicly disclosed on websites designated by the CSRC during the Reporting Period.
- III. The interim report published on the Hong Kong Stock Exchange.

**Nanjing Panda Electronics Company Limited**

*Chairman: Zhou Guixiang*

Date of approval by the Board for submission: 29 August 2019