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## 南京熊猫电子股份有限公司

## NANJING PANDA ELECTRONICS COMPANY LIMITED

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

(Stock Code: 00553)

### ANNOUNCEMENT ON WRITE-OFF OF CERTAIN CURRENT ACCOUNTS

The board of directors of the Company and all its board members warrant that this announcement does not contain any false representations, misleading statements or material omissions, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents of this announcement.

According to relevant requirements of the Articles of Association, the 4th meeting of the ninth session of the board of directors and the 5th meeting of the ninth session of the supervisory committee of Nanjing Panda Electronics Company Limited (the “**Company**”) were held on 28 March 2019, at which the resolution in relation to the write-off of certain current accounts was considered and approved respectively. The details are set out as below:

#### I. SUMMARY OF THE WRITE-OFF OF CERTAIN CURRENT ACCOUNTS

Upon a comprehensive review carried out by the Company and its subordinate units on the long-outstanding current accounts, the Company decided to write off accounts payable totaling RMB16,328,329.41 that were recognized as unpayable, including RMB1,434,035.94 of account payables, RMB1,050,811.05 of receipts in advance and other payables of RMB13,843,482.42 (the “**Write-Off**”). Since such amounts had been outstanding for more than five years and never been demanded by the relevant creditors, and the limitation periods for legal actions had expired, the chance for the Company being required to pay such amounts is very remote.

BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) issued the Specific Report on the Write-off of Debts by Nanjing Panda (Xin Kuai Shi Bao Zi [2019] No. ZG10020), concluding that the write-off of accounts payable in the amount of RMB16,328,329.41 by the Company in 2018 is in compliance with relevant requirements of the Accounting Standards for Business Enterprises.

## **II. IMPACT OF THE WRITE-OFF ON THE COMPANY**

The effect of the Write-Off on the consolidated profit and loss of the Company for the current period amounts to RMB16,328,329.41 in total.

## **III. APPROVAL PROCEDURES FOR THE WRITE-OFF**

### **(1) Consideration of the board of directors**

The 4th meeting of the ninth session of the board of directors of the Company was held on 28 March 2019, at which the resolution in relation to the write-off of certain current accounts was considered and approved. It was approved that the Company would write off accounts payable totaling RMB16,328,329.41 that were recognized as unpayable, including RMB1,434,035.94 of account payables, RMB1,050,811.05 of receipts in advance and other payables of RMB13,843,482.42. Since such amounts had been outstanding for more than five years and never been demanded by the relevant creditors, and the limitation periods for legal actions had expired, the chance for the Company being required to pay such amounts is very remote.

The effect of the Write-Off on the consolidated profit and loss of the Company for the current period amounts to RMB16,328,329.41 in total. The Write-Off is line with the requirements of the Accounting Standards for Business Enterprises and the actual situation of the Company, and is conducted through lawful and standard procedures on the basis of sufficient supporting information. The Write-Off did not prejudice the interests of the Company and its shareholders and would enable the Company's financial position to be presented in a more objective way, which is in compliance with the requirements of relevant laws and regulations and the Articles of Association.

## **(2) Opinions of the independent directors**

The Company provided the board of directors with the resolution in relation to the write-off of certain current accounts and the related information, and obtained prior approval through necessary communications before submission for consideration and approval.

It was approved that the Company would write off accounts payable totaling RMB16,328,329.41 that were recognized as unpayable, including RMB1,434,035.94 of account payables, RMB1,050,811.05 of receipts in advance and other payables of RMB13,843,482.42. Since such amounts had been outstanding for more than five years and never been demanded by the relevant creditors, and the limitation periods for legal actions had expired, the chance of the Company being required to pay such amounts is very remote.

The Write-Off is in line with the requirements of the Accounting Standards for Business Enterprises and the actual situation of the Company, and is conducted through lawful and standard procedures on the basis of sufficient supporting information. The Write-Off causes no prejudice to the interests of the Company and its shareholders and would enable the Company's financial position to be presented in a more objective way, which is in compliance with the requirements of relevant laws and regulations and the Articles of Association.

## **(3) Opinions of the supervisory committee**

The 5th meeting of the ninth session of the supervisory committee of the Company was held on 28 March 2019, at which the resolution in relation to the write-off of certain current accounts was considered and approved. Since such amounts had been outstanding for more than five years and been reviewed by the Company over the years, the chance for the Company being required to pay such amounts is very remote. BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) issued the Specific Report on the Write-off of Debts by Nanjing Panda (Xin Kuai Shi Bao Zi [2019] No. ZC10020), concluding that the Write-Off by the Company in 2018 is in compliance with relevant requirements of the Accounting Standards for Business Enterprises. Thus it was agreed that the Company may proceed with the Write-Off.

The Write-Off is in line with the requirements of the Accounting Standards for Business Enterprises and the actual situation of the Company, and is conducted through lawful and standard procedures on the basis of sufficient supporting information. The Write-Off causes no prejudice to the interests of the Company and its shareholders and would enable the Company's financial position to be presented in a more objective way, which is in compliance with the requirements of relevant laws and regulations and the Articles of Association.

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

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

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