Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2017

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2017 or fiscal plan year beginning 02/15/2017 and ending 12/31/2017

A This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

B This return/report is:
- [X] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [X] a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [X] the DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
PANDA PUERTO RICO RETIREMENT PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 02/15/2017

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)

PANDA EXPRESS (PR), INC.

1683 WALNUT GROVE AVENUE
ROSEMEAD, CA 91770

2b Employer Identification Number (EIN)
95-4176853

2c Plan Sponsor's telephone number
626-799-9898

2d Business code (see instructions)
722513

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	03/05/2019	KATE CHAN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address [X] Same as Plan Sponsor	**3b** Administrator's EIN	
	3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: **a** Sponsor's name **c** Plan Name	**4b** EIN **4d** PN	
5 Total number of participants at the beginning of the plan year	**5**	270
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1) Total number of active participants at the beginning of the plan year	**6a(1)**	270
a(2) Total number of active participants at the end of the plan year	**6a(2)**	301
b Retired or separated participants receiving benefits	**6b**	0
c Other retired or separated participants entitled to future benefits	**6c**	0
d Subtotal. Add lines **6a(2)**, **6b**, and **6c**	**6d**	301
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f Total. Add lines **6d** and **6e**.	**6f**	301
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	49
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

3C 2E 2F 2T 2G

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)		**9b** Plan benefit arrangement (check all that apply)	
(1)	Insurance	**(1)**	Insurance
(2)	Code section 412(e)(3) insurance contracts	**(2)**	Code section 412(e)(3) insurance contracts
(3) [X]	Trust	**(3)** [X]	Trust
(4)	General assets of the sponsor	**(4)**	General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** [ ] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] ___ **A** (Insurance Information)
- **(4)** [ ] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) .....…… ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ……..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2017 Form M-1 annual report. If the plan was not required to file the 2017 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2017

This Form is Open to Public Inspection

For calendar plan year 2017 or fiscal plan year beginning 02/15/2017 and ending 12/31/2017

A Name of plan
PANDA PUERTO RICO RETIREMENT PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PANDA EXPRESS (PR), INC.

D Employer Identification Number (EIN)
95-4176853

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	3763
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		1360
(2) Participant contributions	1b(2)		2277
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		80
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	0	87453
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	0	94933
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	0	94933

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	34706	
	(B) Participants	2a(1)(B)	56106	
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		90812
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		0
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1137	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		1137
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)		
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		2984
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		94933
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)		
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		0
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		0
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		0
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		94933
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified **(2)** ☐ Qualified **(3)** ☒ Disclaimer **(4)** ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: LANDA UMPIERRE PSC **(2)** EIN: 30-0116076

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. **(2)** ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		5000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

LANDA UMPIERRE PSC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

PANDA PUERTO RICO RETIREMENT PLAN

Financial Statements and Supplemental Schedule

December 31, 2017

(With Independent Auditors' Report Thereon)

PANDA PUERTO RICO RETIREMENT PLAN

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December 31, 2017

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LANDA UMPIERRE PSC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Independent Auditors' Report

To the Plan Administrator of
Panda Puerto Rico Retirement Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Panda Puerto Rico Retirement Plan (the Plan), which comprise the statements of net assets available for benefits as of December 31, 2017, and the related statement of changes in net assets available for benefits for the period from February 15, 2017 (inception) to December 31, 2017 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in note 3, which was certified by Banco Popular de Puerto Rico, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee for the period from February 15, 2017 (inception) to December 31, 2017, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets (held at end of year) is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Landa Umpierre PSC

San Juan, Puerto Rico
January 30, 2019

Certified Public Accountants
License No. 95 expires on December 1, 2020.
Stamp No. E340849 of the Puerto Rico Society of CPAs
was affixed to the record copy of this report.

PANDA PUERTO RICO RETIREMENT PLAN

Statement of Net Assets Available for Benefits

December 31, 2017

Assets

Investments at fair value	$ 87,533
Receivables:	
Employer contributions	1,360
Participants contributions	2,277
Total receivables	3,637
Cash	3,763
Net assets available for benefits	$ 94,933

See accompanying notes to the financial statements.

PANDA PUERTO RICO RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits

For the period from February 15, 2017 (inception) to December 31, 2017

Additions:		
Investment income:		
Net appreciation in fair value of investments	$	2,984
Dividend income		1,137
Total investment income		4,121
Contributions:		
Employer		34,706
Participants		56,106
Total contributions		90,812
Total additions and increase		94,933
Net assets available for benefits at beginning of year		—
Net assets available for benefits at end of year	$	94,933

See accompanying notes to the financial statements.

(1) Description of the Plan

The following description of Panda Puerto Rico Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan covering all full-time employees of Panda Express (P.R.), Inc. (the Employer or the Company) who are eighteen years of age or older with no service requirements for salary deferral contributions. Employees must complete one year of service to be eligible for matching contributions. Participation in the Plan commences the first day of each of the first and seven months coinciding with or following the date all eligibility requirements are met. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and Sections 1081.01 (a) and (d) of the Puerto Rico Internal Revenue Code of 2011, as amended (PRIRC). The Plan was established on February 15, 2017, therefore it is short plan year beginning on February 15, 2017 and ending on December 31, 2017.

(b) Contributions

Each year, participants may contribute an amount not to exceed the maximum deferral amount specified by the Puerto Rico tax law ($15,000 for the tax year ended December 31, 2017). Participants may also contribute amounts representing distributions from other qualified plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Employer will make discretionary matching contributions to be determined annually. For 2017, the employer matching contributions were as follow:

Employee Contribution	Employer Match
1%	1%
2%	2%
3%	3%
4%	3.5%
5%	4%

In addition, participants who are age 50 or older at the end of a calendar year may make additional pre-tax contributions (catch-up contributions) of up to $1,500 per calendar year.

(c) ***Participant Accounts***

Each participant's account as established in the Plan is credited with the participant's contributions and allocations of (a) the Company's matching contribution and (b) Plan's earnings. Allocations of Employer's contributions are based on participant earnings or account balances as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

(d) ***Vesting***

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of continuous service. Employees must complete one year of service to be eligible for Company's matching contributions. Employees are 100% vested at all times.

(e) ***Payment of Benefits***

On termination of service due to death, disability or retirement, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account.

(f) ***Hardship Withdrawals***

Under certain conditions, participants, while still employed by the Company, are permitted to withdraw, in a single sum, the employee contribution portion of their account balance. These conditions include un-reimbursed medical expenses, the purchase of a principal residence, the payment of postsecondary education tuition, to prevent eviction from or foreclosure on a principal residence or any other cause that, in the administration determination, has produced an immediate financial need. A participant's right to make deferrals to the Plan will be suspended for 12 months after the receipt of the hardship withdrawal.

(g) ***Notes Receivable from Participants***

Participants may apply for a loan up to 50% of their vested account balance and transferred accounts as of the last day of each month coincident with or immediately preceding the date on which the loan was approved. The minimum amount of each loan is $1,000. The loans are secured by the balance in the participant's account, and bear a fixed interest rate equal to the prevailing prime rate on the date of loan approval. Principal and interest are paid ratably through monthly payroll deductions.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting.

(b) Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

(c) Administrative Expenses

The Company pays the expenses associated with administering the Plan. Expenses paid by the Company include recordkeeping and trustee fees.

(d) Payment of Benefits

Benefits are recorded when paid.

(e) Risks and Uncertainties

The Plan invests in mutual funds which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with these instruments it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

(f) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(3) Financial Information Prepared and Certified by the Trustee

The Plan Administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan Administrator has obtained certifications from Banco Popular de Puerto Rico, the trustee of the Plan, that all investment information provided is complete and accurate. Information included in the accompanying financial statements and notes to the financials as to investments held in the trust fund of the Plan, fair values included in note 4, investment income and all investment information in the supplemental schedule is presented in reliance solely upon those certifications.

(4) Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017:

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Money market fund: Valued at the closing price reported on the active market on which the individual securities are traded.

Interest bearing deposits: The carrying amount of interest bearing deposits are reasonable estimates of the fair value due to its short term maturity. These interest bearing deposits are available upon demand.

The following table sets forth by level, within the fair value hierarchy, the Plan's fair value measurements at December 31, 2017:

	Fair Value Measurements at December 31, 2017			
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Mutual funds	$ 87,493	—	—	87,493
Variable interest bearing deposit account	40	—	—	40
Investments at fair value	$ 87,533	—	—	87,533

(5) Plan Termination

Although it has not expressed any intention to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

(6) Party-In Interest Transactions

The Plan has a bank deposit open account managed by Banco Popular de Puerto Rico (BPPR). BPPR is the trustee as defined by the Plan and, therefore, this transaction qualifies as party-in-interest transaction.

(7) Tax Status

The Plan is qualified under Section 1081.01(a) of the Internal Revenue Code for a New Puerto Rico, Act No. 1 of January 31, 2011, as amended from time to time (the 2011 PR Code). The Plan received a favorable determination letter from the Puerto Rico Treasury Department (PRTD) on March 9, 2018 as to its qualified status under the 2011 PR Code. No events have occurred with respect to the Plan or the associated Trust that, in substantial likelihood, would result in the Plan being disqualified by the PRTD. The Trust associated with the Plan is exempt from Puerto Rico income taxation pursuant to the provisions of PR Section 1081.01(a) of the 2011 PR Code, and pursuant to Section 1022(i)(l) of ERISA. Although the Plan has been amended since receiving the determination letter, the Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and is currently being operated in compliance with the applicable requirements of the Puerto Rico Internal Revenue Code, and, therefore, believe that the Plan is qualified, and the related trust is tax exempt. Accordingly, no provision for income taxes has been made.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Puerto Rico Treasury Department. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(8) Subsequent Events

The Plan has evaluated subsequent events through January 30, 2019, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose, except as disclosed in note 7.

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LANDA UMPIERRE PSC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

SUPPLEMENTAL SCHEDULE

PANDA PUERTO RICO RETIREMENT PLAN

Schedule H, Line 4I – Schedule of Assets (Held at End of Year)

December 31, 2017

(a)	(b)	(c)	(d)	(e)
	Identity of issuer, borrower, lessor, or similar party	**Description of investment including maturity date, rate of interest, collateral par or maturity value**	**Cost ***	**Current Value**
-	American Beacon Large Cap Value	Mutual fund	—	$ 43
-	Carillon Eagle Small Cap Growth R5	Mutual fund	—	43
-	Delaware Group Small Cap Value A	Mutual fund	—	121
-	Fidelity Select Software & IT Services Portfolio	Mutual fund	—	3,134
-	MFS Growth Fund R3	Mutual fund	—	121
-	Oppenheimer International Diversified-I	Mutual fund	—	121
-	Oppenheimer Developing Markets	Mutual fund	—	121
-	Principal Real Estate Securities Fund Institutional Class	Mutual fund	—	41
-	Prudential Jennison Health Sciences Fund Class Z	Mutual fund	—	77
-	T. Rowe Price Capital Appreciation Fund I Class	Mutual fund	—	83,027
-	Vanguard Energy Fund Admiral Shares	Mutual fund	—	124
-	Vanguard Mid-Cap Index Fund Admiral Shares	Mutual fund	—	43
-	Vanguard Small-Cap Index Admiral Shares	Mutual fund	—	43
-	Vanguard 500 Index Fund Admiral Shares	Mutual fund	—	43
-	Blackrock Inflation Protected Fund	Mutual fund	—	41
-	Metropolitan West Total Return Bond Fund Class I	Mutual fund	—	40
-	PIMCO Short-Term Fund Institutional Class	Mutual fund	—	40
-	PIMCO Income Fund Institutional Class	Mutual fund	—	115
-	TCW Emerging Markets Income Fund Class Institutional	Mutual fund	—	115
				$ 87,453
	Cash equivalents			
-	Federated Trust for US Treasury Obligation	Money market fund	—	$ 40
-	BPPR Bank Deposit Open Account	Interest bearing deposits	—	40
				$ 80
	Total investments at fair value			$ 87,533

The above information was certified as complete and accurate by Banco Popular de Puerto Rico, the trustee of the Plan.

* Historical cost is not required for participants directed investments.

See accompanying independent auditors' report.

PANDA PUERTO RICO RETIREMENT PLAN

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2017

(a)	(b)	(c)	(d)	(e)
	Identity of issuer, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral par or maturity value	Cost *	Current Value
-	American Beacon Large Cap Value	Mutual fund	—	$ 43
-	Carillon Eagle Small Cap Growth R5	Mutual fund	—	43
-	Delaware Group Small Cap Value A	Mutual fund	—	121
-	Fidelity Select Software & IT Services Portfolio	Mutual fund	—	3,134
-	MFS Growth Fund R3	Mutual fund	—	121
-	Oppenheimer International Diversified-I	Mutual fund	—	121
-	Oppenheimer Developing Markets	Mutual fund	—	121
-	Principal Real Estate Securities Fund Institutional Class	Mutual fund	—	41
-	Prudential Jennison Health Sciences Fund Class Z	Mutual fund	—	77
-	T. Rowe Price Capital Appreciation Fund I Class	Mutual fund	—	83,027
-	Vanguard Energy Fund Admiral Shares	Mutual fund	—	124
-	Vanguard Mid-Cap Index Fund Admiral Shares	Mutual fund	—	43
-	Vanguard Small-Cap Index Admiral Shares	Mutual fund	—	43
-	Vanguard 500 Index Fund Admiral Shares	Mutual fund	—	43
-	Blackrock Inflation Protected Fund	Mutual fund	—	41
-	Metropolitan West Total Return Bond Fund Class I	Mutual fund	—	40
-	PIMCO Short-Term Fund Institutional Class	Mutual fund	—	40
-	PIMCO Income Fund Institutional Class	Mutual fund	—	115
-	TCW Emerging Markets Income Fund Class Institutional	Mutual fund	—	115
				$ 87,453
	Cash equivalents			
-	Federated Trust for US Treasury Obligation	Money market fund	—	$ 40
-	BPPR Bank Deposit Open Account	Interest bearing deposits	—	40
				$ 80
	Total investments at fair value			$ 87,533

The above information was certified as complete and accurate by Banco Popular de Puerto Rico, the trustee of the Plan.

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