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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)

SUMMARY OF 2014 INTERIM REPORT

I. IMPORTANT NOTICE

1.1 The board (the “Board”) of directors (the “Directors”) of Nanjing Panda Electronics Company Limited (the “Company”) is pleased to announce the summary of the results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2014 (the “Reporting Period”). Investors should carefully read the whole text of the 2014 interim report (“2014 Interim Report”) in detail before making any significant decision. The financial statements of the Company for the six months ended 30 June 2014 are unaudited.

1.2 Company Profile

Stock abbreviation	Nanjing Panda	Stock code	600775
Place of listing	Shanghai Stock Exchange		
Stock abbreviation	Nanjing Panda	Stock code	00553
Place of listing	The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”)		

Contact person and means of contact	Secretary to the Board	Securities Affairs Representative
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II. MAJOR FINANCIAL INFORMATION AND CHANGE OF SHAREHOLDERS

2.1 Prepared in accordance with Hong Kong Financial Reporting Standards (unaudited)

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2014

(Expressed in Renminbi)

		Six months ended 30 June	
		2014	2013
		(unaudited)	(unaudited)
	Note	RMB'000	RMB'000
Turnover	4	1,151,055	919,163
Cost of sales		<u>(1,017,672)</u>	<u>(794,327)</u>
Gross profit		133,383	124,836
Other income and net losses	5	32,165	14,197
Distribution costs		(17,364)	(20,273)
Administrative expenses		<u>(149,290)</u>	<u>(137,525)</u>
Operating loss		(1,106)	(18,765)
Finance income/(costs), net		13,639	(13,246)
Share of profits of associates		<u>78,748</u>	<u>112,037</u>
Profit before taxation	6	91,281	80,026
Income tax (expense)/credit	7	<u>(5,270)</u>	<u>4,586</u>
Profit and total comprehensive income for the period		<u>86,011</u>	<u>84,612</u>

		Six months ended 30 June	
		2014	2013
		(unaudited)	(unaudited)
	Note	RMB'000	RMB'000
Attributable to:			
Equity holders of the Company		85,116	83,757
Non-controlling interests		895	855
		<u>86,011</u>	<u>84,612</u>
Earnings per share (<i>RMB cents</i>)			
— Basic and diluted	8	<u>9.31</u>	<u>12.65</u>

Condensed consolidated balance sheet*As at 30 June 2014**(Expressed in Renminbi)*

		30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Land use rights		73,231	74,046
Property, plant and equipment		807,073	748,742
Associates		568,076	502,457
Available-for-sale equity securities		3,650	3,650
Deferred tax assets		399	406
		1,452,429	1,329,301
Current assets			
Inventories		240,462	199,614
Trade and bills receivables	10	876,907	754,728
Amounts due from customers for contract work		159,354	172,314
Deposits, prepayments and other receivables		336,630	302,277
Other financial assets	11	395,000	—
Restricted bank deposits	12	76,356	70,846
Cash and cash equivalents		689,639	1,308,980
		2,774,348	2,808,759
Total assets		4,226,777	4,138,060

		30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
	<i>Note</i>		
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13	913,839	913,839
Share premium and reserves		2,234,516	2,208,860
		3,148,555	3,122,699
Non-controlling interests		4,659	9,527
Total equity		3,153,014	3,132,226

		30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		194	233
Current liabilities			
Bank and other borrowings	14	164,615	160,926
Trade payables	15	605,226	579,860
Accruals and other payables		299,804	258,571
Tax payable		3,924	6,244
		1,073,569	1,005,601
Total liabilities		1,073,763	1,005,834
Total equity and liabilities		4,226,777	4,138,060
Net current assets		1,700,779	1,803,158
Total assets less current liabilities		3,153,208	3,132,459

Notes:

1. General information

Nanjing Panda Electronics Company Limited (the “Company”) was established as a joint stock company with limited liability in the People’s Republic of China (the “PRC”) on 29 April 1992. The Company’s H shares have been listed on The Stock Exchange of Hong Kong Limited since 2 May 1996 and its A shares have been listed on the Shanghai Stock Exchange since 18 November 1996. The registered office of the Company is located at Level 1-2, Block 5, North Wing, Nanjing High and New Technology Development Zone, Nanjing, Jiangsu Province, the PRC. The principal place of business of the Company is located at 301 Zhongshan Road East, Nanjing, Jiangsu Province, the PRC.

The principal activities of the Company and its subsidiaries (together the “Group”) are the development, manufacture and sale of electronic equipment products, consumer electronic products and electronic manufacturing products.

The directors consider the immediate parent and ultimate holding company of the Company to be Panda Electronics Group Limited (“PEGL”) and China Electronic Corporation (“CEC”), respectively. Both PEGL and CEC are PRC state-owned enterprises.

2. Basis of preparation

The interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The principal accounting policies adopted in the preparation of this interim financial information are consistent with those followed in the Group’s annual financial statements for the year ended 31 December 2013, except for the accounting policy changes that are expected to be reflected in the Group’s annual financial statements for the year ending 31 December 2014. Details of these changes in accounting policies are set out in note 3.

The preparation of interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial information is unaudited but has been reviewed by the Company’s Audit Committee.

3. Application of new and revised HKFRSs

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to HKAS 32, Offsetting financial assets and financial liabilities
- Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets
- HK (IFRIC) - Interpretation 21, Levies

The adoption of these revisions, amendments and new HKFRSs has had no effect on the Group’s consolidated financial statements.

Up to the date of issue of this interim financial information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 31 December 2014 and which have not been adopted in the interim financial information. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2010-2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011-2013 cycle	1 July 2014
Amendments to HKAS 16 and HKAS 38, Classification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 15, Revenue from contracts with customers	1 January 2017
HKFRS 9, Financial instruments	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application, but is not yet in a position to state whether these amendments and new standards would have a significant impact on the Group's financial statements.

4. Revenue and segmental information

The Group determines its operating segments based on the internal financial information reviewed by the board of directors of the Company that are used to make strategic decisions. For the six months ended 30 June 2014, the Group has the following reportable segments:

- | | | |
|-------|------------------------------------|---|
| (i) | Electronic equipment products: | Development, production and sale of electronic equipment products |
| (ii) | Consumer electronic products: | Development, production and sale of consumer electronic products |
| (iii) | Electronic manufacturing products: | Development, production and sale of electronic manufacturing products |

The segmental information was prepared in accordance with the method adopted by the senior executive management of the Group in evaluating segment performance and allocation of resources between segments. The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all non-current and current assets with the exception of interests in associates, available-for-sale equity securities, other financial assets and other corporate assets. Segment liabilities include all non-current and current liabilities with the exception of other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The following tables provide an analysis of the Group's revenue, results and certain assets and liabilities by reportable segments for the six months ended 30 June 2014:

Six months ended 30 June 2014

	Electronic equipment products (unaudited) <i>RMB'000</i>	Consumer electronic products (unaudited) <i>RMB'000</i>	Electronic manufacturing products (unaudited) <i>RMB'000</i>	Other operations (unaudited) <i>RMB'000</i>	Elimination (unaudited) <i>RMB'000</i>	Consolidated (unaudited) <i>RMB'000</i>
Revenue						
External sales	653,401	26,270	447,511	23,873	—	1,151,055
Internal sales	<u>70,472</u>	<u>1,814</u>	<u>3,430</u>	<u>21,287</u>	<u>(97,003)</u>	<u>—</u>
Total	<u><u>723,873</u></u>	<u><u>28,084</u></u>	<u><u>450,941</u></u>	<u><u>45,160</u></u>	<u><u>(97,003)</u></u>	<u><u>1,151,055</u></u>
Results						
Segment results	<u><u>65,455</u></u>	<u><u>(7,028)</u></u>	<u><u>14,180</u></u>	<u><u>(238)</u></u>	<u><u>(23,169)</u></u>	49,200
Unallocated corporate expenses						(50,306)
Interest income						15,292
Interest expense						(1,653)
Share of profits of associates						78,748
Income tax expense						<u>(5,270)</u>
Profit for the period						<u><u>86,011</u></u>

At 30 June 2014

	Electronic equipment products (unaudited) <i>RMB'000</i>	Consumer electronic products (unaudited) <i>RMB'000</i>	Electronic manufacturing products (unaudited) <i>RMB'000</i>	Other operations (unaudited) <i>RMB'000</i>	Elimination (unaudited) <i>RMB'000</i>	Consolidated (unaudited) <i>RMB'000</i>
Assets						
Segment assets	2,050,681	208,503	700,388	162,851	(635,647)	2,486,776
Associates						568,076
Available-for-sale equity securities						3,650
Other financial assets						395,000
Unallocated corporate assets						<u>773,275</u>
Consolidated total assets						<u><u>4,226,777</u></u>
Liabilities						
Segment liabilities	769,898	74,177	321,780	106,997	(334,122)	938,730
Unallocated corporate liabilities						<u>135,033</u>
Consolidated total liabilities						<u><u>1,073,763</u></u>

Six months ended 30 June 2013

	Electronic equipment products (unaudited) <i>RMB'000</i>	Consumer electronic products (unaudited) <i>RMB'000</i>	Electronic manufacturing products (unaudited) <i>RMB'000</i>	Other operations (unaudited) <i>RMB'000</i>	Elimination (unaudited) <i>RMB'000</i>	Consolidated (unaudited) <i>RMB'000</i>
Revenue						
External sales	540,046	38,694	309,414	31,009	—	919,163
Internal sales	<u>45,328</u>	<u>944</u>	<u>798</u>	<u>13,671</u>	<u>(60,741)</u>	<u>—</u>
Total	<u><u>585,374</u></u>	<u><u>39,638</u></u>	<u><u>310,212</u></u>	<u><u>44,680</u></u>	<u><u>(60,741)</u></u>	<u><u>919,163</u></u>
Results						
Segment results	<u><u>35,837</u></u>	<u><u>(9,229)</u></u>	<u><u>4,311</u></u>	<u><u>(1,569)</u></u>	<u><u>—</u></u>	29,350
Unallocated						
corporate expenses						(48,115)
Interest income						3,512
Interest expense						(16,758)
Share of profits of associates						112,037
Income tax credit						<u>4,586</u>
Profit for the period						<u><u>84,612</u></u>

At 31 December 2013

	Electronic equipment products (audited) <i>RMB'000</i>	Consumer electronic products (audited) <i>RMB'000</i>	Electronic manufacturing products (audited) <i>RMB'000</i>	Other operations (audited) <i>RMB'000</i>	Elimination (audited) <i>RMB'000</i>	Consolidated (audited) <i>RMB'000</i>
Assets						
Segment assets	1,827,423	237,119	626,208	154,894	(609,510)	2,236,134
Associates						502,457
Available-for-sale equity securities						3,650
Unallocated corporate assets						<u>1,395,819</u>
Consolidated total assets						<u><u>4,138,060</u></u>
Liabilities						
Segment liabilities	797,670	88,136	258,596	99,828	(338,908)	905,322
Unallocated corporate liabilities						<u>100,512</u>
Consolidated total liabilities						<u><u>1,005,834</u></u>

5. Other income and net losses

	Six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Other income		
Rental and property		
management fee income	1,802	2,792
Government grants	26,003	12,216
Gain on deregistration of a subsidiary	4,535	—
Sundry income	195	490
	<u>32,535</u>	<u>15,498</u>
Other net losses		
Exchange (losses)/gains	(365)	15
Loss on disposals of property, plant and equipment	<u>(5)</u>	<u>(1,316)</u>
	<u>(370)</u>	<u>(1,301)</u>
	<u><u>32,165</u></u>	<u><u>14,197</u></u>

6. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Depreciation of property, plant and equipment	24,502	29,407
Amortisation of land use rights	815	946
Write-down of inventories	9,733	3,126
Impairment losses reversed on		
— Trade receivables	(719)	(657)
— Other receivables	(150)	(254)
	<u>24,502</u>	<u>29,407</u>

7. Income tax expense/(credit)

	Six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current tax		
— PRC enterprise income tax	2,677	1,322
— Under/(over)-provision in prior year	2,625	(5,879)
	<u>5,302</u>	<u>(4,557)</u>
Deferred tax		
— attributable to the origination and reversal of temporary differences	(32)	(29)
	<u>5,270</u>	<u>(4,586)</u>

PRC enterprise income tax is charged at the statutory rate of 25% (six months ended 30 June 2013: 25%) of the assessable income as determined with the relevant tax rules and regulations of the PRC, except that the Company and certain subsidiaries in the PRC are subject to a preferential tax rate of 15% (six months ended 30 June 2013: 15%).

8. *Earnings per share*

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2014 of RMB85,116,000 (six months ended 30 June 2013: RMB83,757,000) and the weighted average number of 913,839,000 (six months ended 30 June 2013: 662,205,000) shares in issue throughout the period.

The diluted earnings per share for the six months ended 30 June 2014 and 2013 were the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2014 and 2013.

9. *Dividends*

Final dividend of RMB66 cents per ten shares (year ended 31 December 2012: RMB60 cents per ten shares) in respect of the year ended 31 December 2013 was approved on 28 March 2014.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: RMBnil).

10. Trade and bills receivables

The Group allows a credit period ranging from 30 to 180 days for its trade customers.

The following is an ageing analysis of trade and bills receivables, net of provision for impairment:

	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Within 1 year	754,439	674,210
1 to 2 years	73,043	64,358
2 to 3 years	48,372	15,859
Over 3 years	1,053	301
	<hr/>	<hr/>
	876,907	754,728
	<hr/>	<hr/>

11. Other financial assets

At 30 June 2014, other financial assets of RMB395,000,000 (31 December 2013: RMB nil) represented short-term wealth management products managed by banks in the PRC which undertake return of principal and income yield of 4% - 4.5% per annum upon maturity.

12. *Restricted bank deposits*

The restricted bank deposits are pledged as security for:

	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Bills payables	26,531	28,814
Performance bonds given by banks to customers in respect of projects undertaken	<u>49,825</u>	<u>42,032</u>
	<u>76,356</u>	<u>70,846</u>

13. *Share capital*

	30 June 2014 (unaudited)		31 December 2013 (audited)	
	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000
Registered, issued and fully paid:				
— A Shares of RMB1.00 each	671,839	671,839	671,839	671,839
— H Shares of RMB1.00 each	<u>242,000</u>	<u>242,000</u>	<u>242,000</u>	<u>242,000</u>
	<u>913,839</u>	<u>913,839</u>	<u>913,839</u>	<u>913,839</u>

14. Bank and other borrowings

	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Short term bank loans	100,000	94,000
Other short term loans	—	5,000
Bills payables, secured	64,615	61,926
	<u>164,615</u>	<u>160,926</u>

At 30 June 2014 and 31 December 2013, bills payables were secured by restricted bank deposits (see note 12).

At 31 December 2013, short term bank loans amounting to RMB50,000,000 were secured by corporate guarantees from the immediate holding company, and bills payables were also secured by corporate guarantees from an intermediate holding company to the extent of RMB1,333,000.

Other short term loans represented the loans borrowed from a fellow subsidiary of the company, being a financial institution in the PRC.

15. Trade payables

The following is an ageing analysis of trade payables:

	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Within 1 year	485,308	484,491
1 to 2 years	61,403	42,019
2 to 3 years	12,067	6,407
Over 3 years	46,448	46,943
	<u>605,226</u>	<u>579,860</u>

16. Contingent liabilities

The Group had the following contingent liabilities:

	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Performance bonds given by banks to customers in respect of projects undertaken	<u>49,825</u>	<u>42,032</u>

17. Capital commitments

At 30 June 2014, outstanding capital commitments not provided for in the financial statements are as follows:

	30 June 2014 (unaudited) RMB'000	31 December 2013 (audited) RMB'000
Contracted for		
— Property, plant and equipment	<u>106,743</u>	<u>123,006</u>

18. Subsequent event

On 14 July 2014, the Company entered into an equity transfer agreement with its immediate holding company, PEG, to acquire an additional 5.07% equity interest in Shenzhen Jingwah Electronics Co., Ltd. (“Shenzhen Jingwah”) from PEG at a cash consideration of RMB50,365,830.

Upon completion of the equity transfer agreement, the Company’s equity interest in Shenzhen Jingwah will be increased from 38.03% to 43.10% and the Company will be able to control a majority of the board of the directors of Shenzhen Jingwah. Accordingly, Shenzhen Jingwah, currently an associate of the Company, will be regarded as a subsidiary. The acquisition of the additional 5.07% equity interest in Shenzhen Jingwah is subject to the approval of the shareholders in the Company’s second extraordinary general meeting to be held on 15 September 2014.

Further details of the acquisition are set out in the Company’s announcement dated 15 July 2014.

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

Unit: RMB (Yuan)

	As at the end of the Reporting Period (30 June 2014)	As at the end of the previous year (31 December 2013)	Changes from the end of the previous year (%)
Total assets	4,226,775,692.39	4,138,059,514.52	2.14
Net assets attributable to shareholders of the Company	3,148,354,979.91	3,122,698,040.70	0.82
	Reporting Period (January - June 2014)	Corresponding period of last year (January - June 2013)	Changes from corresponding period of last year (%)
Net cash flow from operating activities	-65,418,352.79	-82,227,421.17	N/A
Operating income	1,164,508,418.29	929,748,025.66	25.25
Net profit attributable to shareholders of the Company	85,116,408.79	83,756,905.51	1.62
Net profit attributable to shareholders of the Company after extraordinary items	56,377,869.13	74,302,413.97	-24.12
Weighted average return on net assets (%)	2.70	4.78	Decreased by 2.08 percentage points
Basic earnings per share (RMB/share)	0.0931	0.1265	-26.40
Diluted earnings per share (RMB/share)	0.0931	0.1265	-26.40

2.3 Shareholdings of the top ten shareholders

Unit: shares

Total number of shareholders as at the end of the Reporting Period 18,306 shareholders, including 18,261 holders of A shares and 45 holders of H shares

Shareholdings of the top ten shareholders

Shareholdings of the top ten shareholders of the Company as at 30 June 2014 are set out as follows:

Name of shareholders	Type of shareholders	Percentage of shareholding (%)	Total number of shares held	Number of shares held subject to trading moratorium	Number of shares pledged or frozen
Panda Electronics Group Limited (“PEGL”)	State-owned legal person	36.63	334,715,000	0	167,350,000
HKSCC (Nominees) Limited	Overseas legal person	26.38	241,057,299	0	Unknown
Nanjing Ruisen Investment Management Partnership Enterprise (Limited Partnership) (南京瑞森投資管理合夥企業(有限合夥))	Domestic non-state-owned legal person	5.58	51,000,000	0	Unknown
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	State-owned legal person	4.29	39,215,686	39,215,686	Unknown
Jiangsu GTIG Huading Investment Co., Ltd. (江蘇國泰華鼎投資有限公司)	Domestic non-state-owned legal person	3.83	35,000,000	0	Unknown

Name of shareholders	Type of shareholders	Percentage of shareholding (%)	Total number of shares held	Number of shares held subject to trading moratorium	Number of shares pledged or frozen
Caitong Fund Company —Ping An —Ping An Trust —Ping An Fortune —Chuangying Phase I No .38 Collective Funds Trust (財通基金公司—平安—平安信託—平安財富•創贏一期38號集合資金信託計劃)	Other	3.28	30,000,000	0	Unknown
Beijing Infrastructure Investment Co ., Ltd (北京市基礎設施投資有限公司)	State-owned legal person	2.85	26,000,000	0	Unknown
South Industry Assets Management Co ., Ltd (南方工業資產管理有限責任公司)	State-owned legal person	2.76	25,200,000	0	Unknown
Tibet Autonomous Region Investment Co., Ltd. (西藏自治區投資有限公司)	State-owned legal person	2.74	25,000,000	0	Unknown
Tibet Shan Nan Zhong He Investment Management Centre (Limited Partnership) (西藏山南中和投資管理中心(有限合夥))	Domestic non-state-owned legal person	1.07	9,803,921	0	Unknown

Description of the connected relationship or party acting in concert among the aforesaid shareholders:	PEGL is the controlling shareholder of the Company; NEIIC holds 56.85% equity interest in PEGL, and thus is the controlling shareholder of PEGL. NEIIC directly holds 39,215,686 shares of the Company, representing 4.29% of the total number of shares. NEIIC directly and indirectly holds 40.92% of the shares of the Company. Save as disclosed above, the Company is not aware of any connected relationship or party acting in concert among other shareholders.
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Notes:

- (1) 167,350,000 shares held by PEGL were pledged on 28 November 2011. As for the pledged shares, PEGL carried out the registration procedures for the release of pledge on 9 January 2014. On 22 January 2014, 167,350,000 shares held by PEGL were pledged. 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 1 December 2011, 10 January 2014 and 23 January 2014 and on the website of Hong Kong Stock Exchange on 30 November 2011, 10 January 2014 and 22 January 2014.
- (2) Nanjing Ruisen Investment Management Partnership Enterprise (Limited Partnership) (南京瑞森投資管理合夥企業(有限合夥)) pledged 51,000,000 shares subject to trading moratorium held by it in the Company to China National Investment and Guaranty Co., Ltd. (中國投融資擔保有限公司) and completed registration procedures for the pledge of shares on 4 December 2013. As for the pledged shares, Nanjing Ruisen Investment Management Partnership Enterprise (Limited Partnership) carried out the registration procedures for the release of pledge on 10 June 2014. 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 5 December 2013 and 17 June 2014 and on the website of Hong Kong Stock Exchange on 4 December 2013 and 16 June 2014.
- (3) HKSCC (Nominees) Limited held 241,057,299 H shares of the Company, representing 26.38% of the issued share capital of the Company, on behalf of a number of clients. The Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.

- (4) Reference is made to the Announcement on Listing and Trading of Shares Subject to Trading Moratorium Issued by Non-public Issue of Nanjing Panda Electronics Company Limited (Lin 2014-049) (《南京熊猫电子股份有限公司非公开发售限售股上市流通公告》(臨2014-049)) published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 25 June 2014 and the announcement published on the website of Hong Kong Stock Exchange on 24 June 2014. On 30 June 2014, the trading moratorium of 219,607,843 shares subscribed by 8 investors apart from NEIIC (of which Aegon-Industrial Fund Management Co., Ltd. participated in the subscription through 10 accounts) was released and such shares were listed for trading. Therefore, as at the date of disclosure of the report, there have been changes in the shareholdings of the top ten shareholders as at 30 June 2014.

2.4 Change in the controlling shareholder and the de facto controller

☐ Applicable ☒ Not applicable

III. MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2014, the Company centered on various operation targets, further improved its independent innovation capacity, solidly proceeded with the construction of internal control system, used proceeds efficiently and in compliance with regulations, expanded marketing channel, accelerated the construction of corporate culture, proactively built a harmonious enterprise and promoted the stable and sustained development of enterprise.

3.1 Analysis of principal operations

3.1.1 Analysis of changes in related items in the financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises (unaudited)

Unit: RMB

	Amount for the period (January - June 2014)	Amount for the same period last year (January - June 2013)	Change (%)
Operating income	1,164,508,418.29	929,748,025.66	25.25
Operating cost	1,007,939,132.50	791,201,704.24	27.39
Selling expenses	17,363,776.09	20,273,191.38	-14.35
Administrative expenses	149,825,608.68	138,000,485.42	8.57
Financial expenses	-2,588,649.38	13,456,430.82	-119.24
Net cash flows from operating activities	-65,418,352.79	-82,227,421.17	N/A
Net cash flows from investment activities	-493,414,981.83	-89,097,223.45	N/A
Net cash flows from financing activities	-60,599,509.57	1,465,679,050.28	-104.13
R&D expenditure	60,142,050.72	48,696,272.69	23.50
Non-operating income	26,223,304.83	13,034,612.91	101.18
Non-operating expenses	121,375.47	1,853,860.48	-93.45
Income tax expenses	5,269,885.62	-4,586,475.27	N/A
Business taxes and surcharge	11,651,615.17	7,793,068.01	49.51
Loss in assets impairment	8,863,936.28	2,214,432.20	300.28

Reasons for the changes:

- (1) Financial expenses: mainly due to a substantial decrease in average borrowings during the period;
- (2) Net cash flows from investment activities: mainly due to the purchase of wealth management products with the temporarily idle raised proceeds by the Company;
- (3) Net cash flows from financing activities: mainly because the proceeds from non-public issuance of shares were received in the previous period;
- (4) Non-operating income: mainly due to an increase in income from project research and development subsidies recognized during the period;
- (5) Non-operating expenses: mainly due to disposal of fixed assets in the previous period;
- (6) Income tax expenses: mainly due to the income tax refund received in the previous period;
- (7) Business taxes and surcharge: mainly due to a large increase in business taxes paid as a result of an increase in income from construction and installation services in the period;
- (8) Loss in assets impairment: mainly due to an increase in provision for diminution in value of inventories by the Company in accordance with the Accounting Standards for Business Enterprises in the period as compared with the previous period.

3.1.2 Substantial changes in other financial indicators of the Company and the reasons therefor (prepared in accordance with the PRC Accounting Standards for Business Enterprises) (unaudited)

Unit: RMB

	30 June 2014	31 December 2013	Change (%)
Cash and bank balances	765,994,528.23	1,379,826,018.92	-44.49
Trading financial assets	395,000,000.00	0	N/A
Prepayments	182,195,936.48	130,692,769.39	39.41
Construction in progress	296,677,461.61	218,171,100.84	35.98
Advances from customers	135,380,142.17	98,285,406.79	37.74
Taxes payable	57,806.16	19,941,903.30	-99.71
Interest payable	116,666.67	83,333.33	40.00

Reasons for the changes:

- (1) The decrease in cash and bank balances was mainly due to the purchase of wealth management products with the temporarily idle raised proceeds by the Company;
- (2) The increase in trading financial assets was mainly due to the purchase of wealth management products with the temporarily idle raised proceeds by the Company;
- (3) The increase in prepayments was mainly due to the increase in prepayments for purchase of materials;
- (4) The increase in construction in progress was mainly due to the construction of Phase I of Electronic Equipment Industry Park as scheduled;
- (5) The increase in advances from customers was mainly due to the increase in amount due from customers for projects;
- (6) The decrease in taxes payable was mainly due to more remaining value-added tax of some subsidiaries at the end of the period;
- (7) The increase in interest payable was mainly due to the increase in short-term loan interest accrued at the end of the period.

3.1.3 *Others*

(1) Explanation on progress of the Company's financing activities and material asset reorganization in the previous period

- Non-public issue of shares to raise proceeds

Upon approval of the non-public issue by the CSRC and other relevant commissions and ministries, the Company issued 258,823,529 RMB dominated ordinary A shares by way of non-public issue to raise proceeds amounting to RMB1,319,999,997.90 in June 2013. For details, please refer to the Announcement on Results of the Non-Public Issue of Shares and Change in Share Capital of Nanjing Panda Electronics Company Limited (Lin 2013-019) (《南京熊猫电子股份有限公司非公开发行股票发行结果暨股本变动公告》(临2013-019)) published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 2 July 2013 and the announcement published on the website of Hong Kong Stock Exchange on 1 July 2013.

In the first half of 2014, the Company used the proceeds in accordance with the provisions and requirements under relevant laws, regulations and normative documents and disclosed the usage of proceeds in a prompt, authentic, accurate and complete way mainly including using proceeds for capital increase in implementing entities, using the temporarily idle raised proceeds for purchase of principal-guaranteed wealth management products, etc. For details please see the Specific Report on the Deposit and the Actual use of Proceeds Raised by Nanjing Panda Electronics Company Limited (Lin 2014-066) (《南京熊貓電子股份有限公司募集資金存放與實際使用情況的專項報告》(臨2014-066)) published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 16 August 2014 and the announcement published on the website of Hong Kong Stock Exchange on 15 August 2014.

On 30 June 2014, the trading moratorium of 219,607,843 shares subscribed by 8 investors apart from NEIIC (of which Aegon-Industrial Fund Management Co., Ltd. participated in the subscription through 10 accounts) was released and such shares became tradable. For details please see the Announcement on Listing and Trading of Shares Subject to Trading Moratorium Issued by Non-public Issue of Nanjing Panda Electronics Company Limited (Lin 2014-049) (《南京熊貓電子股份有限公司非公開發行限售股上市流通公告》(臨2014-049)) published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 25 June 2014 and the announcement published on the website of Hong Kong Stock Exchange on 24 June 2014.

- Material assets reorganization of acquisition of 5.07% equity interests in Shenzhen Jingwah

The Company intended to acquire the 5,834,430 shares of Shenzhen Jingwah Electronics Co., Ltd.(深圳市京華電子股份有限公司) (“Shenzhen Jingwah”) (representing 5.07% of its total share capital) listed for open bidding by PEGL by way of cash; upon completion of the transaction, the Company would directly hold 43.10% equity interests in Shenzhen Jingwah, and hold the major representation in the board of directors of Shenzhen Jingwah after reelection and the accounts of Shenzhen Jingwah will be consolidated in the consolidated statements of the Group. The appraised value was the basis for the transaction price and the delisting price for transaction of state-owned property right in the market was the pricing basis for the acquisition of shares of Shenzhen Jingwah by the Company from PEGL. In accordance with the Assets Evaluation Report in Relation to the Proposed Transfer of Equity Interests in Shenzhen Jingwah Electronics Co., Ltd. by Panda Electronics Group Limited (Wo Ke Sen Ping Bao Zi [2014] No. 0088) (《熊貓電子集團有限公司擬轉讓深圳市京華電子股份有限公司股權項目資產評估書》(沃克森評報字[2014]第0088號)) with 31 December 2013 as the reference date issued by Vocation (Beijing) International Assets Valuation Company Limited(沃克森(北京)國際資產評估說明有限公司), the appraised value of the net assets of Shenzhen Jingwah was RMB993,408,800. The price of 5,834,430 shares of Shenzhen Jingwah held PEGL as listed on SUAEE for open bidding amounted to RMB50,365,830 and the transaction price was the delisting price amounting to RMB50,365,830. The transaction has been considered and approved at the fourteenth meeting of the seventh session of the Board of the Company. In accordance with relevant provisions under the Regulation on Significant Asset Reorganizations of Listed Companies (上市公司重大資產重組管理辦法), the transaction constituted a material assets reorganization. Pursuant to relevant laws and regulations, the transaction shall be subject to the following approval procedures: (1) consideration and approval of the material assets reorganization and related party transaction at the general meeting of the Company; (2) approval or filing (depending on the relevant provisions of the competent department) of the material assets reorganization and related party transaction by the CSRC. For details please see the relevant announcements published in China Securities Journal and Shanghai Securities News and on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange on 16 July 2014.

(2) Explanation on progress of operational plan

During the Reporting Period, the Company stably proceeded with and implemented various works in accordance with the 2014 operational plan. Details are as follows:

1) Endeavor to implement various operation targets

In 2014, the environment for operation and development is complicated. The accomplishment of various operation targets of the Company is subject to the impact of many uncertain factors. For this, the Company internally exploited potentialities and externally expanded the market, and better accomplished the operation targets for the first half of 2014. Under the PRC Accounting Standards for Business Enterprises, revenue from operations amounted to RMB1,164,508,400, representing an increase of 25.25% as compared with the same period last year; total profit amounted to RMB91,281,200, representing an increase of 14.06% as compared with the same period last year; net profit attributable to owners of the Company amounted to RMB85,116,400, representing an increase of 1.62% as compared with the same period last year. Under the Hong Kong Financial Reporting Standards, revenue from principal operations amounted to RMB1,151,055,000, representing an increase of 25.23% as compared with the corresponding period last year; profit of principal operations amounted to RMB91,281,200, representing an increase of 14.06% as compared with the corresponding period last year; net profit attributable to shareholders of the Company amounted to RMB85,116,400, representing an increase of 1.62% as compared with the corresponding period last year.

- 2) Use raised proceeds efficiently and in compliance with regulations

In accordance with the plan for the use of raised proceeds, it was considered by the Board to make additional contribution to Nanjing Panda Electronic Technology Development Company Limited (“Technology Development Company”) and Nanjing Panda Electronics Equipment Co., Ltd. (“Electronics Equipment Company”). Such additional contributions guaranteed the smooth implementation of investment projects with the raised proceeds, further enhanced the competitive advantages of the Company, increased the economic benefits of the Company and shortened the gap with the world’s leading enterprises. Without affecting the implementation of investment projects with the raised proceeds, the Company continued to use the temporarily idle raised proceeds within the limit as approved by the Board for purchase of principal-guaranteed wealth management products. The Company further boosted the construction of electronic equipment industry park and completed the construction of the Electronic Equipment Industry Park as scheduled.

- 3) Further propel independent innovation capacity and develop key industries

The Company continued to increase investment in research and development, integrate scientific and technological resources, carried out building of technical innovation platforms in multiple fields and at multiple levels, and improved the industrial application of scientific and technological achievements. It coordinated and implemented works relating to the reporting and inspection of governmental projects as well as the reporting of intellectual property rights of the enterprises it belongs to, and effectively enhanced technological innovation strengths. It promoted the leapfrog development of professional technologies through the introduction of technology and high-level scientific talents and achieved a batch of important key technological innovation achievements. Its technical strength and core competitiveness have stepped on a new stage.

- 4) Solidly proceed with the construction of internal control system and improve various management systems

The Company organized the implementation of internal control evaluation scheme on the basis of daily operation monitoring, financial monitoring and supervision and audit in accordance with the requirements on regulation of listed companies by regulatory institutions including the CSRC and the Company's own internal control management as well as the Basic Standards for Enterprise Internal Control (《企業內部控制基本規範》) and Evaluation Guideline on Enterprise Internal Control (《企業內部控制評價指引》) with the focus placed on the major business matters in the process of business operation and management, key risk control fields and refinement of internal control, completed on-site internal control review for the head office and subsidiaries of the Company, performed self-evaluation of internal control of the Company, and disclosed the evaluation report in accordance with the requirements on information disclosure by listed companies. The Company earnestly summarized the issues and risks found in internal control evaluation and completed the ninth amendments to the management system of the Company. The Company formulated the Code of Conduct for Controlling Shareholder and De Facto Controller and made amendments to the Articles of Association, the Shareholders' Return Plan (2013-2015), and the Emergency Response Plan for Risks in Deposit in China Electronics Financial Co., Ltd. in accordance with the relevant provisions of regulatory institutions and the actual operation needs of the Company.

5) Proactively build a harmonious enterprise

The Company regarded taking care of employees as an important part of its work, paid attention to the problems reflected by employees, ensured the income growth of most general staffs in post, cared about employees' lives and particularly further provided assistance subsidies to employees with difficulties. The Company insisted on conducting skill competitions, held staff's skill games and organized a number of skill competitions to promote the growth of highly skilled talents. The Company insisted on enriching staff's cultural life and proactively built a harmonious enterprise, so as to enhance the cohesion and centripetal force of the enterprise.

(3) Operational plan for the second half year

In the second half of 2014, the Company will continue to follow the established operational plan and make solid progress in the building of its internal control system, expand marketing channels, accelerate cultivation of talents and building of corporate culture, steadily implement proceeds investment projects, proactively build a harmonious enterprise, promote steady and sustainable development and endeavour to achieve all operating targets of the enterprise.

Increasing amounts of capital may enter the electronic information industry in the future; as a result the Company will face much fiercer market competition. As the replacement speed of technologies relating to the electronic information industry is fast, the Company is confronted with certain risk associated with development of technology.

3.2 Analysis of principal operations by business, product or geographical region

3.2.1 Principal operations by business or product (prepared under the PRC Accounting Standards for Business Enterprises, unaudited)

Unit: RMB

By business or product	Operating income	Operating costs	Gross profit margin (%)	Increase/decrease in operating income from the same period last year (%)	Increase/decrease in operating costs from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Electronic equipment products	657,183,282.30	573,538,491.71	12.73	23.06	26.28	-2.22%
Electronic manufacturing services	440,435,418.48	382,840,833.68	13.08	45.64	41.52	2.53%
Consumer electronics products	26,421,294.24	22,476,889.90	14.93	-32.29	-34.69	3.13%
Others	28,260,091.76	19,025,664.88	32.68	11.18	-2.67	9.58%
Total	<u>1,152,300,086.78</u>	<u>997,881,880.17</u>	<u>13.40</u>	<u>27.91</u>	<u>28.15</u>	<u>-0.16%</u>

3.3 Analysis of investment

3.3.1 *Overall analysis of equity investment*

In the first half of 2014, the Company's equity investment amounted to RMB141 million. At the extraordinary meeting of the seventh session of the Board of the Company, it was resolved to make capital contribution to the implementing entities in steps based on the actual situation of proceeds investment projects: (1) to make the second capital contribution to Technology Development Company (the first and second portions of which amounted to RMB40 million and RMB55 million respectively); (2) to make the capital contribution to Electronics Equipment Company, the second portion of which amounted to RMB46 million (the first portion of which amounted to RMB64 million); for details please refer to the Announcement on Use of Raised Proceeds for Capital Contribution to Subsidiaries of Nanjing Panda Electronics Company Limited (《南京熊猫电子股份有限公司關於用募集資金對子公司進行增資的公告》 (Lin.2013-048) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 10 December 2013 and on the website of Hong Kong Stock Exchange on 9 December 2013.) The funds for the said capital contributions are from the raised proceeds; the increased registered capitals have been deposited in the special accounts for proceeds. The particulars are shown below:

No.	Company Name	Total amount		Registered capital after	Ratio of shareholding
		Registered capital before contribution	of Capital contribution from January to June 2014		
1	Technology Development Company	55,000	9,500	64,500	100%
2	Electronics Equipment Company	14,400	4,600	19,000	100%
Total			<u>14,100</u>		

For details, please refer to the announcements published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 22 February 2014, 11 March 2014 and 10 June 2014 and the announcements published on the the website of the Hong Kong Stock Exchange on 21 February 2014, 10 March 2014 and 9 June 2014.

3.3.2 Entrusted wealth management and derivatives investment.

(1) Entrusted wealth management products

As considered and approved at the extraordinary meeting of the seventh session of the Board, the Company was allowed to use temporarily idle raised proceeds in the amount of not more than RMB550 million (inclusive) to invest in highly safe and liquid products with principal preservation terms for a term of one year. For details, please refer to the Announcement on Use of Temporarily Idle Raised Proceeds for Cash Management of Nanjing Panda Electronics Company Limited (《南京熊猫电子股份有限公司關於使用暫時閒置的募集資金進行現金管理的公告》) (Lin. 2013-031) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 23 August 2013 and the announcement published on the website of the Hong Kong Stock Exchange on 22 August 2013.

In the first half of 2014, the amount used in the purchase of principal-guarantee bank wealth management products the Company and its subsidiaries (all being the implementing entities of the proceeds investment projects) is within the limit as approved by the Board. As at 30 June 2014, balance of proceeds used in purchasing principal-guarantee bank wealth management products was RMB395,000,000 billion; as at 15 August 2014, the balance was RMB385,000,000. Particulars of the entrusted wealth management products are as follows:

Unit: RMB0'000

No.	Name of Partner	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Expected annual rate of return	Actual amount of principal recovered	Actual income obtained
1	Shanghai Pudong Development Bank Co., Ltd.	9,500	2014-01-03	2014-02-27	6.50%	9,500	93.05
2	Bank of Communications Company Limited	9,000	2014-01-08	2014-02-07	5.50%	9,000	40.68
3	Bank of Communications Company Limited	21,500	2014-01-08	2014-04-08	5.50%	21,500	291.58
4	China Construction Bank Co., Ltd.	15,000	2014-01-10	2014-02-11	5.80%	15,000	76.27
5	PingAn Bank Co., Ltd.	7,000	2014-02-12	2014-03-14	4.10%	7,000	23.59
6	China Construction Bank Co., Ltd.	15,500	2014-02-14	2014-03-27	5.20%	15,500	90.53
7	Shanghai Pudong Development Bank Co., Ltd.	9,600	2014-03-03	2014-06-01	5.20%	9,600	124.46
8	Shanghai Pudong Development Bank Co., Ltd.	1,000	2014-03-12	2014-06-10	5.20%	1,000	12.82
9	PingAn Bank Co., Ltd.	7,400	2014-03-14	2014-05-15	4.00%	7,400	47.85
10	China Construction Bank Co., Ltd.	12,500	2014-04-04	2014-06-26	4.95%	12,500	140.70

No.	Name of Partner	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Expected annual rate of return	Actual amount of principal recovered	Actual income obtained
11	China Construction Bank Co., Ltd.	2,000	2014-04-04	2014-06-26	4.95%	2,000	22.51
12	China Construction Bank Co., Ltd.	1,000	2014-04-04	2014-05-13	4.75%	1,000	5.08
13	Bank of Communications Company Limited	21,500	2014-04-24	2014-05-26	3.80%	21,500	71.63
14	PingAn Bank Co., Ltd.	7,400	2014-05-16	2014-07-15	4.00%		
15	China Construction Bank Co., Ltd.	1,000	2014-05-22	2014-06-23	4.05%	1,000	3.55
16	Bank of Communications Company Limited	21,500	2014-05-30	2014-07-02	4.00%		
17	Shanghai Pudong Development Bank Co., Ltd.	9,600	2014-06-04	2014-07-04	4.50%		
18	Shanghai Pudong Development Bank Co., Ltd.	1,000	2014-06-13	2014-07-13	4.50%		
	Total	<u>173,000</u>				<u>133,500</u>	<u>1,044.30</u>

Purchase of the above entrusted wealth management products with the temporarily idle raised proceeds by the Company was considered and approved by the extraordinary meeting of the seventh session of the Board. Such entrusted wealth management products and the purchase thereof are not subject to any connected transaction or litigation, nor involve any failure to recover overdue principal. For details of information of the purchase of wealth management products with the temporarily idle raised proceeds, please refer to the Announcement of Nanjing Panda Electronics Company Limited on Use of Temporarily Idle Raised Proceeds to Purchase Bank Wealth Management Products (《南京熊猫电子股份有限公司關於使用暫時閒置的募集資金購買銀行理財產品的公告》) (Lin. 2013-032, 033, 039, 044, Lin. 2014- 001, 002, 003, 010, 012, 014, 017, 018, 023, 029, 033, 035, 038, 040, 046) published in China Securities Journal and Shanghai Securities News on 4 January 2014, 9 January 2014, 10 January 2014, 13 February 2014, 14 February 2014, 4 March 2014, 13 March 2014, 19 March 2014, 4 April 2014, 25 April 2014, 17 May 2014, 27 May 2014, 31 May 2014, 6 June 2014 and 17 June 2014 and the announcements published on the website of the Hong Kong Stock Exchange on 3 January 2014, 8 January 2014, 9 January 2014, 12 February 2014, 13 February 2014, 4 March 2014, 12 March 2014, 18 March 2014, 3 April 2014, 24 April 2014, 16 May 2014, 26 May 2014, 30 May 2014, 5 June 2014, 16 June 2014.

As at 30 June 2014, apart from the wealth management products undue as at the end of the Reporting Period of the Company, the raised proceeds used for purchase of principal-guaranteed wealth management products in the Period and the earnings obtained therefrom had been recovered as scheduled. For the said undue wealth management products (numbered with 14, 16, 17 and 18 in sequence), the principal and earnings have been recovered as scheduled on the due dates.

- (2) The Company did not have entrusted loans, other investment products or derivatives investment.

3.3.3 Use of raised proceeds

For details of the use of the raised proceeds please see the “Specific Report on the Deposit and the Actual use of Proceeds Raised by Nanjing Panda Electronics Company Limited” (《南京熊猫电子股份有限公司募集资金存放與實際使用情況的專項報告》) (Lin. 2014-066) published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 16 August 2014 and the announcement published on the website of Hong Kong Stock Exchange on 15 August 2014.

3.3.4 Analysis of major subsidiaries and investee companies

(1) Information of Subsidiaries

As at 30 June 2014, the information of the Company’s major subsidiaries is set out below:

Unit: RMB0’000

Names of subsidiaries	Principal products or services	Registered	Total assets	Net assets	Operating	Net profit
		capital			income	
Electronics Equipment Company	Manufacture of automatic industrial equipment, environmental protection equipment, and logistic accessories	19,000	41,546.04	24,433.73	25,211.65	1,089.77
Nanjing Panda Information Industry Co., Ltd.	Development, production and sale of electronic information products	USD3,194.64	64,596.20	24,977.55	27,640.14	815.75
Nanjing Panda Electronic Manufacture Co., Ltd.	Development and production of new models of electronic products	USD2,000	40,610.27	27,377.51	20,747.50	812.47
Nanjing Panda Communications Technology Co., Ltd. (南京熊猫通信科技有限公司)	Development and manufacture of mobile communication, digital communication and network communication systems and products	10,000	15,583.20	10,728.72	8,506.95	72.45

Names of subsidiaries	Principal products or services	Registered capital	Total assets	Net assets	Operating income	Net profit
Nanjing Panda Xinxing Industrial Co., Ltd	Property management and sales of mechanical products, electronic products, construction materials and office supplies	2,000	4,692.57	2,490.45	3,201.65	58.54
Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	Plastic products and accessories	6,000	29,428.47	10,483.24	24,617.11	287.05
Nanjing Panda Mechanical Manufacturing Co., Ltd.	Metal components and stamping parts	1,000	9,623.42	3,695.45	7,877.53	203.86
Nanjing Panda Electromechanical Instruments Technology Co., Ltd.	Research and development, manufacturing and sales of logistic supporting equipment and automatic fare collection equipment	1,000	6,536.65	1,833.80	2,956.50	336.06
Technology Development Company	Manufacturing of general purpose equipment, software development, and property management	64,500	71,193.16	66,538.03	—	1,949.74
Galant Limited	R&D of communications products	HKD0.0001	7,609.37	1,817.31	—	-5.02

(2) Information of investee companies

As at 30 June 2014, the information of the Company's major investee companies is set out below:

Unit: RMB0'000

Name of investee company	Operating revenue	Net profit	Shareholding held by the Company	Investment income received by the Company
Nanjing Ericsson Panda Communication Co., Ltd.	561,448.94	8,079.12	27%	2,181.36
Beijing SE Putian Mobile Communication Co., Ltd.	1,495,026.50	22,773.48	20%	4,554.70
Shenzhen Jingwah Electronics Co., Ltd.	40,493.34	2,994.41	38.03%	1,138.78

Note: The Company intended to purchase 5,834,430 shares (accounting for 5.07% of its total share capital) of Shenzhen Jingwah which were listed for transfer by PEGF; upon the completion of the transaction, the Company will hold 43.10% equity interests in Shenzhen Jingwah and will account for the majority in the board of directors of Shenzhen Jingwah after its reelection. The accounts of Shenzhen Jingwah will be consolidated in the consolidated statements of the Group. 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 on 16 July 2014.

3.4 Plan for Profit Distribution or Capitalization of Capital Reserve

3.4.1 Implementation of profit distribution plan or adjustment thereto during the Reporting Period

Pursuant to the Company's profit distribution plan for 2013 which was considered and approved at the twelfth meeting of the seventh session of the Board and the 2013 annual general meeting of the Company, a cash dividend of RMB0.66 (tax inclusive) for every 10 shares was paid to all shareholders of the Company on the basis of a total share capital of 913,838,529 shares as at 31 December 2013, with the total cash dividend distributed amounting to RMB60,313,300, and the remaining portion was to be carried forward to next year. The Company would not make any capitalization of capital reserve. The implementation of the profit distribution plan was fully completed. For details, please refer to the relevant announcements of the Company published in China Securities Journal, Shanghai Securities News and on the website of the Shanghai Stock Exchange on 29 March 2014, 29 May 2014 and 13 June 2014, respectively, and on the website of the Hong Kong Stock Exchange on 30 March 2014 and 28 May 2014 and 12 June 2014, respectively.

3.4.2 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 2014.

3.5 During the Reporting Period, the Company complied with the relevant laws and regulations of the People's Republic of China including the Company Law and the Securities Law. In accordance with the rules governing corporate governance and proper operation issued by the CSRC and the Securities and Futures Commission of Hong Kong and the requirements of the listing rules of Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company continued to refine its corporate governance structure and internal rules and systems and further proceeded with the implementation of internal control standards with reference to its actual conditions, so as to enhance internal control and management and boost the standard operation level of the Company.

3.6 The audit committee and the senior management of the Company have reviewed the accounting principles and accounting standards and methods adopted by the Company, studied 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 27 March 2014 to review the Company's 2013 financial report and the summary report on the 2013 annual audit by the accounting firms and agreed to submit such reports to the Board for review. The re-appointment of Baker Tilly Hong Kong Limited as the Company's international auditors and Baker Tilly China (Special General Partnership) as the Company's domestic and internal control auditors for 2014 respectively was agreed at the meeting and relevant proposal was submitted to the Board for review.

Having reviewed the unaudited financial report of the Company for the six months ended 30 June 2014, 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.

3.7 Other Disclosures

3.7.1 Liquidity of capital

As shown in the consolidated financial statements of the Company prepared under the Hong Kong Financial Reporting Standards, as at 30 June 2013, the Company's gearing ratio (the ratio of total liabilities to total assets) was 25.40%; current liabilities amounted to RMB1,074 million; liquidity ratio was 2.58; quick ratio was 2.36; bank deposits and cash amounted to RMB766 million; and short-term bank loans amounted to RMB100 million.

During the Reporting Period, the benchmark interest rate on 1-year RMB loans from financial institutions was 6.00% from the beginning of the period to 30 June 2014.

3.7.2 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.

3.7.3 Pre-emptive rights

There is no provision for pre-emptive rights under the relevant laws of the PRC and the articles of association of the Company

3.7.4 Corporate Governance Code

During the Reporting Period, the Company has complied with the provisions under the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

3.7.5 Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

During the Reporting Period, the Company adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries with all Directors and all of them have confirmed that they had complied with the Model Code during the Reporting Period.

3.7.6 Arrangements for purchase of shares or debentures by Directors, supervisors and senior management members

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

IV. MATTERS RELATING TO THE FINANCIAL REPORT

- 4.1 The Company shall explain specifically changes in in the scope of consolidation in the financial report during the reporting period as compared with the last financial report.**

During the reporting period, there were changes in the scope of consolidation in the financial report of the Group as Nanjing Panda Technology Equipment Co., Ltd., a subsidiary of the Company, has been de-registered on 14 April 2014 and was not included in the consolidation scope in the period.

V. FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS)

- (I) The financial statements of the Company for the Reporting Period are unaudited**

(II) Financial statements (prepared in accordance with the PRC Accounting Standards for Business Enterprises)

Consolidated balance sheet

30 June 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	765,994,528.23	1,379,826,018.92
Settlement provisions	—	—
Placement with banks and other financial institutions	—	—
Trading financial assets	395,000,000.00	—
Bills receivable	86,555,829.81	120,212,031.70
Trade receivable	790,351,082.58	634,516,143.74
Prepayments	182,195,936.48	130,692,769.39
Premiums receivable	—	—
Reinsurance receivable	—	—
Reinsurance contract reserve	—	—
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	154,434,227.71	171,584,362.93
Financial assets purchased for resale	—	—
Inventories	399,815,578.25	371,927,901.19
Non-current assets due within one year	—	—
Other current assets	—	—
Total current assets	<u>2,774,347,183.06</u>	<u>2,808,759,227.87</u>

Consolidated balance sheet (continued)

Assets	Closing balance	Opening balance
Non-current assets:		
Entrusted loans and advances	—	—
Available-for-sale financial assets	—	—
Held-to-maturity investments	—	—
Long-term receivables	—	—
Long-term equity investment	571,725,677.10	506,106,542.54
Investment properties	—	—
Fixed assets	507,483,928.59	527,703,998.21
Construction in progress	296,677,461.61	218,171,100.84
Construction supplies	—	—
Clearance of fixed assets	—	—
Biological assets for production	—	—
Fuel assets	—	—
Intangible assets	76,142,608.55	76,912,100.52
Development expenses	—	—
Goodwill	—	—
Long-term deferred expenses	—	—
Deferred income tax assets	398,833.48	406,544.54
Other non-current assets	—	—
Total non-current assets	1,452,428,509.33	1,329,300,286.65
Total assets	4,226,775,692.39	4,138,059,514.52

Legal representative of

the Company:

Xia Dechuan

Chief Accountant:

Shen Jianlong

Head of the Accounting

Department:

Liu Xianfang

Liabilities and Shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short term loans	100,000,000.00	99,000,000.00
Borrowing from People's Bank of China ("PBOC")	—	—
Customer and interbank deposits	—	—
Borrowing from interbank market	—	—
Trading financial liabilities	—	—
Bills payable	64,615,113.64	61,925,836.17
Accounts payable	605,225,514.39	579,860,038.37
Advances from customers	135,380,142.17	98,285,406.79
Financial assets sold under repurchase agreements	—	—
Bank charges and commissions due	—	—
Salaries payable	28,315,152.28	31,873,712.53
Taxes payable	57,806.16	19,941,903.30
Interest payable	116,666.67	83,333.33
Dividend payable	—	—
Other payables	139,857,775.64	114,631,489.47
Payables on reinsurance	—	—
Insurance contract reserves	—	—
Customer deposits for trading in securities	—	—
Customer deposits for securities underwriting	—	—
Non-current liabilities due within one year	—	—
Other current liabilities	—	—
Total current liabilities	<u>1,073,568,170.95</u>	<u>1,005,601,719.96</u>

Liabilities and Shareholders' equity (continued)

Liabilities and Shareholders' equity	Closing balance	Opening balance
Non-current liabilities:		
Long-term loans	—	—
Bonds payables	—	—
Long-term payables	—	—
Specific payables	—	—
Accrued liabilities	—	—
Deferred income tax liabilities	193,941.52	233,201.14
Other non-current liabilities	—	—
	<u>193,941.52</u>	<u>233,201.14</u>
Total non-current liabilities	193,941.52	233,201.14
	<u>193,941.52</u>	<u>233,201.14</u>
Total liabilities	1,073,762,112.47	1,005,834,921.10
	<u>1,073,762,112.47</u>	<u>1,005,834,921.10</u>
Shareholders' equity:		
Share capital	913,838,529.00	913,838,529.00
Capital reserve	1,502,820,187.67	1,501,966,314.34
Less: treasury stock	—	—
Special reserve	—	—
Surplus reserve	231,946,025.16	231,946,025.16
General risk reserve	—	—
Undistributed profits	499,750,238.08	474,947,172.20
Discounted spread in foreign currency statement	—	—
	<u>—</u>	<u>—</u>
Sub-total of equity attributable to shareholders of the parent company	3,148,354,979.91	3,122,698,040.70
	<u>3,148,354,979.91</u>	<u>3,122,698,040.70</u>
Minority interests	4,658,600.01	9,526,552.72
	<u>4,658,600.01</u>	<u>9,526,552.72</u>
Total shareholders' equity	3,153,013,579.92	3,132,224,593.42
	<u>3,153,013,579.92</u>	<u>3,132,224,593.42</u>
Total liabilities and shareholders' equity	4,226,775,692.39	4,138,059,514.52
	<u>4,226,775,692.39</u>	<u>4,138,059,514.52</u>

*Legal representative of
the Company:*
Xia Dechuan

Chief Accountant:
Shen Jianlong

*Head of the Accounting
Department:*
Liu Xianfang

Consolidated profit and loss statement

January-June 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the period	Amount for the same period last year
1. Total operating income	1,164,508,418.29	929,748,025.66
Include: Operating income	1,164,508,418.29	929,748,025.66
Interest income	—	—
Premiums earned	—	—
Income from Bank charges and Commissions	—	—
2. Total operating cost	1,193,055,419.34	972,939,312.07
Include: Operating cost	1,007,939,132.50	791,201,704.24
Interest expenses	—	—
Bank charges and Commissions	—	—
Insurance withdrawal payment	—	—
Net payment from indemnity	—	—
Net provisions for insurance contract	—	—
Insurance policy dividend paid	—	—
Reinsurance cost	—	—
Business taxes and surcharge	11,651,615.17	7,793,068.01
Selling expenses	17,363,776.09	20,273,191.38
Administrative expenses	149,825,608.68	138,000,485.42
Financial expenses	-2,588,649.38	13,456,430.82
Loss in assets impairment	8,863,936.28	2,214,432.20
Add: Income from change in fair value (losses are represented by “-”)	—	—
Investment income (losses are represented by “-”)	93,726,255.11	112,036,504.14
Include: Investment income of associates and joint ventures	78,748,338.16	112,036,504.14
Exchange gain (losses are represented by “-”)	—	—

Consolidated profit and loss statement (continued)

Items	Amount for the period	Amount for the same period last year
3. Operating profit (losses are represented by “-”)	65,179,254.06	68,845,217.73
Add: Non-operating income	26,223,304.83	13,034,612.91
Less: Non-operating expenses	121,375.47	1,853,860.48
Include: Loss from the disposal of non-current assets	—	—
4. Total Profit (losses are represented by “-”)	91,281,183.42	80,025,970.16
Less: Income tax	5,269,885.62	-4,586,475.27
5. Net Profit (losses are represented by “-”)	86,011,297.80	84,612,445.43
Profit attributable to the owners of the Parent company	85,116,408.79	83,756,905.51
Minority interests	894,889.01	855,539.92
6. Earnings per share:		
(1) Basic earnings per share	0.0931	0.1265
(2) Diluted earnings per share	0.0931	0.1265
7. Other comprehensive income:	—	—
8. Total comprehensive income:	86,011,297.80	84,612,445.43
Total comprehensive income attributable to the owners of the Parent company	85,116,408.79	83,756,905.51
Total comprehensive income attributable to minority shareholders	894,889.01	855,539.92

*Legal representative of
the Company:*
Xia Dechuan

Chief Accountant:
Shen Jianlong

*Head of the Accounting
Department:*
Liu Xianfang

Consolidated statement of change of shareholders' equity

January-June 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the period									
	Equity attributable to shareholders of the Parent Company									Total shareholders' equity
	Share capital	Capital Reserve	Less: treasury stock	Special Reserve	Surplus Reserve	Generic risk reserve	Undistributed Profits	Other	Minority interests	
1. Balance at the end of last year	913,838,529.00	1,501,966,314.34	—	—	231,946,025.16	—	474,947,172.20	—	9,526,552.72	3,132,224,593.42
Add: change in accounting policies	—	—	—	—	—	—	—	—	—	—
Correction of Previous Errors	—	—	—	—	—	—	—	—	—	—
2. Balance at the beginning of this year	913,838,529.00	1,501,966,314.34	—	—	231,946,025.16	—	474,947,172.20	—	9,526,552.72	3,132,224,593.42
3. Change of this year (a decrease is represented by “-”)	—	853,873.33	—	—	—	—	24,803,065.88	—	-4,867,952.71	20,788,986.50
(1) Net profit	—	—	—	—	—	—	85,116,408.79	—	894,889.01	86,011,297.80
(2) Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Subtotal of item (1) and (2) above	—	—	—	—	—	—	85,116,408.79	—	894,889.01	86,011,297.80
(3) Contribution and reduction of capital by shareholders	—	1,754,349.40	—	—	—	—	—	—	-5,762,841.72	-4,008,492.32
1. Capital contribution by shareholders	—	—	—	—	—	—	—	—	—	—
2. Amount settled by shares accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—	—
3. Others	—	1,754,349.40	—	—	—	—	—	—	-5,762,841.72	-4,008,492.32
(4) Profit distribution	—	—	—	—	—	—	-60,313,342.91	—	—	-60,313,342.91
1. Transfer from surplus reserves	—	—	—	—	—	—	—	—	—	—
2. Transfer from generic risk reserves	—	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	-60,313,342.91	—	—	-60,313,342.91
4. Others	—	—	—	—	—	—	—	—	—	—
(5) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—	—	—
3. Compensation of loss from surplus reserve	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(6) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—	—
(7) Others	—	-900,476.07	—	—	—	—	—	—	—	-900,476.07
4. Balance at the end of the year	913,838,529.00	1,502,820,187.67	—	—	231,946,025.16	—	499,750,238.08	—	4,658,600.01	3,153,013,579.92

Legal representative of
the Company:
Xia Dechuan

Chief Accountant:
Shen Jianlong

Head of the Accounting
Department:
Liu Xianfang

Items	Amount for the same period last year									Total shareholders' equity
	Share capital	Capital Reserve	Less: treasury stock	Special Reserve	Surplus Reserve	Generic risk reserve	Undistributed Profits	Other	Minority interests	
1. Balance at the end of last year	655,015,000.00	466,386,130.79	—	—	220,739,998.89	—	342,614,884.56	—	7,535,827.86	1,692,291,842.10
Add: change in accounting policies	—	—	—	—	—	—	—	—	—	—
Merger under common control	—	—	—	—	—	—	—	—	—	—
2. Balance at the beginning of this year	655,015,000.00	466,386,130.79	—	—	220,739,998.89	—	342,614,884.56	—	7,535,827.86	1,692,291,842.10
3. Change of this year (a decrease is represented by “-”)	258,823,529.00	1,035,580,183.55	—	—	—	—	44,456,005.51	—	855,539.92	1,339,715,257.98
(1) Net profit	—	—	—	—	—	—	83,756,905.51	—	855,539.92	84,612,445.43
(2) Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Subtotal of item (1) and 2) above	—	—	—	—	—	—	83,756,905.51	—	855,539.92	84,612,445.43
(3) Contribution and reduction of capital by shareholders	258,823,529.00	1,035,580,183.55	—	—	—	—	—	—	—	1,294,403,712.55
1. Capital contribution by shareholders	258,823,529.00	1,035,580,183.55	—	—	—	—	—	—	—	1,294,403,712.55
2. Amount settled by shares accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—	—
(4) Profit distribution	—	—	—	—	—	—	-39,300,900.00	—	—	-39,300,900.00
1. Transfer from surplus reserves	—	—	—	—	—	—	—	—	—	—
2. Transfer from generic risk reserves	—	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	-39,300,900.00	—	—	-39,300,900.00
4. Others	—	—	—	—	—	—	—	—	—	—
(5) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—	—	—
3. Compensation of loss from surplus reserve	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(6) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—	—
(7) Others	—	—	—	—	—	—	—	—	—	—
4. Balance at the end of the year	913,838,529.00	1,501,966,314.34	—	—	220,739,998.89	—	387,070,890.07	—	8,391,367.78	3,032,007,100.08

*Legal representative of
the Company:*
Xia Dechuan

Chief Accountant:
Shen Jianlong

*Head of the Accounting
Department:*
Liu Xianfang

Consolidated cash flow statement

January-June 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the period	Amount for the same period last year
1. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	1,206,380,556.65	1,069,211,488.54
Net increase in Customer and interbank deposits		
Net increase in borrowing from PBOC		
Net cash increase in borrowing from other financial institutions		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment		
Net increase in disposal of trading financial assets		
Cash received from interest, bank charges and commissions		
Net increase in cash borrowed		
Net increase in cash received from repurchase operation		
Refunds of taxes	4,848,198.63	7,682,534.90
Cash received from relating to other operating activities	51,867,464.93	147,947,943.25
Sub-total of cash inflows from operating activities	1,263,096,220.21	1,224,841,966.69

Consolidated cash flow statement (continued)

Items	Amount for the period	Amount for the same period last year
Cash paid on purchase of goods and services received	1,018,895,740.88	988,821,777.47
Net increase in loans and advances		
Net increase in deposits in PBOC and interbank		
Cash paid for compensation payments under original insurance contract		
Cash paid for Interest, bank charges and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	170,022,646.15	173,536,735.80
Cash paid for all types of taxes	62,631,506.52	58,014,010.93
Cash paid relating to other operating activities	76,964,679.45	86,696,863.66
Sub-total of cash outflows from operating activities	1,328,514,573.00	1,307,069,387.86
Net cash flows from operating activities	-65,418,352.79	-82,227,421.17
2. Cash flows from investing activities:		
Cash received from disposal of investments	—	—
Cash received from return on investments	13,129,203.60	10,000,000.00
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	50,800.00	734,647.20
Net cash received from disposal of subsidiaries and other operating entities	—	—
Cash received relating to other investment activities	1,345,443,026.03	—
Sub-total of cash inflows from investing activities	1,358,623,029.63	10,734,647.20
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	118,231,217.60	99,831,870.65
Cash paid for acquisition of investments	3,806,793.86	—
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities	—	—
Cash paid on other investment activities	1,730,000,000.00	—
Sub-total of cash outflows from investing activities	1,852,038,011.46	99,831,870.65
Net cash flows from investing activities	-493,414,981.83	-89,097,223.45

Consolidated cash flow statement (continued)

Items	Amount for the period	Amount for the same period last year
3. Cash flows from financing activities:		
Cash received from investment	—	1,298,239,997.92
Including: cash received by subsidiaries from non-controlling shareholders' investment	—	—
Cash received from borrowings	100,000,000.00	574,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	—	—
Sub-total of cash inflows from financing activities	100,000,000.00	1,872,239,997.92
Cash paid on repayment of borrowings	99,000,000.00	349,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	61,599,509.57	56,433,400.51
Including: bonus and profit paid to non-controlling shareholders by subsidiaries	—	1,364,696.99
Cash paid on other financing activities	—	1,127,547.13
Sub-total of cash outflows from financing activities	160,599,509.57	406,560,947.64
Net cash flows from financing activities	-60,599,509.57	1,465,679,050.28
4. Effect of fluctuations in exchange rates on cash	-180,104.00	-102,640.07
5. Net increase in cash and cash equivalents	-619,612,948.19	1,294,251,765.59
Add: balance of cash and cash equivalents at the beginning of the period	1,308,979,790.39	378,040,300.31
6. Balance of cash and cash equivalents at the end of the year	689,366,842.20	1,672,292,065.90
<i>Legal representative of the Company:</i> Xia Dechuan	<i>Chief Accountant:</i> Shen Jianlong	<i>Head of the Accounting Department:</i> Liu Xianfang

Balance sheet*30 June 2014*

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB(Yuan)

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	299,015,573.18	891,431,538.23
Settlement provisions	—	—
Placement with banks and other financial institutions	—	—
Trading financial assets	385,000,000.00	—
Bills receivable	—	—
Trade receivable	95,539,260.31	94,594,511.18
Prepayments	383,453.14	286,167.65
Premiums receivable	—	—
Reinsurance receivable	—	—
Reinsurance contract reserve	—	—
Interest receivable	—	—
Dividends receivable	2,370,310.71	2,739,006.08
Other receivables	273,320,401.30	316,687,175.42
Financial assets purchased for resale	—	—
Inventories	20,089,407.53	21,001,471.06
Non-current assets due within one year	—	—
Other current assets	—	—
Total current assets	<u>1,075,718,406.17</u>	<u>1,326,739,869.62</u>

Balance sheet (continued)

Assets	Amount for the period	Amount for the same period last year
Non-current assets:		
Entrusted loans and advances	—	—
Available-for-sale financial assets	—	—
Held-to-maturity investments	—	—
Long-term receivables	—	—
Long-term equity investment	1,849,247,477.51	1,592,628,342.95
Investment properties	—	—
Fixed assets	367,897,332.40	376,571,368.45
Construction in progress	13,760,172.92	10,201,958.58
Construction supplies	—	—
Clearance of fixed assets	—	—
Biological assets for production	—	—
Fuel assets	—	—
Intangible assets	14,944,431.86	15,354,705.78
Development expenses	—	—
Goodwill	—	—
Deferred income tax assets	—	—
Deferred income tax assets	—	—
Other non-current assets	—	—
Total non-current assets	<u>2,245,849,414.69</u>	<u>1,994,756,375.76</u>
Total assets	<u>3,321,567,820.86</u>	<u>3,321,496,245.38</u>

*Legal representative of
the Company:*
Xia Dechuan

Chief Accountant:
Shen Jianlong

*Head of the Accounting
Department:*
Liu Xianfang

Liabilities and Shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short term loans	70,000,000.00	50,000,000.00
Borrowing from PBOC	—	—
Customer and interbank deposits	—	—
Borrowing from interbank market	—	—
Trading financial liabilities	—	—
Bills payable	13,994,292.41	2,666,030.70
Accounts payable	34,524,715.26	47,512,430.34
Advances from customers	19,050.00	1,123,445.00
Financial assets sold under repurchase agreements	—	—
Bank charges and Commissions due	—	—
Salaries payable	14,737,686.54	11,502,565.88
Taxes payable	7,370,120.18	5,131,881.72
Interest payable	116,666.67	83,333.33
Dividend Payable	—	—
Other payables	324,320,251.34	316,898,925.53
Reinsurers due	—	—
Insurance contract reserves	—	—
Customer deposits for trading in securities	—	—
Customer deposits for securities underwriting	—	—
Non-current liabilities due within one year	—	—
Other current liabilities	—	—
Total current liabilities	<u>465,082,782.40</u>	<u>434,918,612.50</u>

Liabilities and Shareholders' equity (continued)

Liabilities and Shareholders' equity	Closing balance	Opening balance
Non-current liabilities:		
Long-term loans	—	—
Bonds payables	—	—
Long-term payables	—	—
Specific payables	—	—
Accrued liabilities	—	—
Deferred income tax liabilities	—	—
Other non-current liabilities	—	—
	<hr/>	<hr/>
Total non-current liabilities	—	—
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Total liabilities	465,082,782.40	434,918,612.50
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Shareholders' equity:		
Share capital	913,838,529.00	913,838,529.00
Capital Reserve	1,470,969,585.14	1,470,969,585.14
Less: treasury stock	—	—
Special Reserve	—	—
Surplus Reserve	231,946,025.16	231,946,025.16
Generic risk reserve	—	—
Undistributed Profits	239,730,899.16	269,823,493.58
Discounted spread in foreign currency statement	—	—
	<hr/>	<hr/>
Total shareholders' equity	2,856,485,038.46	2,886,577,632.88
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Total liabilities and shareholders' equity	3,321,567,820.86	3,321,496,245.38
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*Legal representative of
the Company:*
Xia Dechuan

Chief Accountant:
Shen Jianlong

*Head of the Accounting
Department:*
Liu Xianfang

Profit and loss statement

January-June 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit:RMB(Yuan)

Items	Amount for the period	Amount for the same period last year
1. Total operating income	42,411,281.17	55,112,979.30
Include: Operating income	42,411,281.17	55,112,979.30
Interest income	—	—
Premiums earned	—	—
Income from Bank charges and Commissions	—	—
2. Total operating cost	100,829,270.53	111,599,002.00
Include: Operating cost	25,836,427.96	33,293,517.67
Interest expenses	—	—
Bank charges and Commissions	—	—
Insurance withdrawal payment	—	—
Net payment from indemnity	—	—
Net provisions for insurance contract	—	—
Insurance policy dividend paid	—	—
Reinsurance cost	—	—
Business taxes and surcharge	2,354,486.79	330,374.13
Selling expenses	2,304,409.26	6,890,243.25
Administrative expenses	74,667,417.02	62,526,005.67
Financial expenses	-3,971,520.28	9,327,062.73
Loss in assets impairment	-361,950.22	-768,201.45
Add: Income from change in fair value (losses are represented by “-”)	—	—
Investment income (losses are represented by “-”)	88,576,528.57	112,036,504.14
Include: Investment income of associates and joint ventures	78,748,338.16	112,036,504.14
Exchange gain (losses are represented by “-”)	—	—

Profit and loss statement (continued)

Items	Amount for the period	Amount for the same period last year
3. Operating profit (losses are represented by “-”)	30,158,539.21	55,550,481.44
Add: Non-operating income	63,138.28	1,012,451.19
Less: Non-operating expenses	929.00	123,268.58
Include: Loss from the disposal of non-current assets	—	—
4. Total Profit (losses are represented by “-”)	30,220,748.49	56,439,664.05
Less: Income tax	—	—
5. Net profit (net losses are represented by “-”)	30,220,748.49	56,439,664.05
6. Other comprehensive income	—	—
7. Total comprehensive income	30,220,748.49	56,439,664.05

*Legal representative of
the Company:*
Xia Dechuan

Chief Accountant:
Shen Jianlong

*Head of the Accounting
Department:*
Liu Xianfang

Statement of change of shareholders' equity

January-June 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the period					Generic risk reserve	Undistributed Profits	Other	Total shareholders' equity
	Share capital	Capital Reserve	Less: treasury stock	Special Reserve	Surplus Reserve				
1. Balance at the end of last year	913,838,529.00	1,470,969,585.14	—	—	231,946,025.16	—	269,823,493.58	—	2,886,577,632.88
Add: change in accounting policies	—	—	—	—	—	—	—	—	—
Correction of Previous Errors	—	—	—	—	—	—	—	—	—
2. Balance at the beginning of this year	913,838,529.00	1,470,969,585.14	—	—	231,946,025.16	—	269,823,493.58	—	2,886,577,632.88
3. Change of this year									
(a decrease is represented by “-”)	—	—	—	—	—	—	-30,092,594.42	—	-30,092,594.42
(1) Net profit	—	—	—	—	—	—	30,220,748.49	—	30,220,748.49
(2) Other comprehensive income	—	—	—	—	—	—	—	—	—
Subtotal of item (1) and (2) above	—	—	—	—	—	—	30,220,748.49	—	30,220,748.49
(3) Contribution and reduction of capital by shareholders”	—	—	—	—	—	—	—	—	—
1. Capital contribution by shareholders”	—	—	—	—	—	—	—	—	—
2. Amount settled by shares accounted for in shareholders' equity”	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—
(4) Profit distribution	—	—	—	—	—	—	-60,313,342.91	—	-60,313,342.91
1. Transfer from surplus reserves	—	—	—	—	—	—	—	—	—
2. Transfer from generic risk reserves	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	-60,313,342.91	—	-60,313,342.91
4. Others	—	—	—	—	—	—	—	—	—
(5) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—	—
3. Compensation of loss from surplus reserve	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—
(6) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—
(7) Others	—	—	—	—	—	—	—	—	—
4. Balance at the end of the year	913,838,529.00	1,470,969,585.14	—	—	231,946,025.16	—	239,730,899.16	—	2,856,485,038.46

Legal representative of
the Company:
Xia Dechuan

Chief Accountant:
Shen Jianlong

Head of the Accounting
Department:
Liu Xianfang

Items	Amount for the same period last year								Total shareholders' equity
	Share capital	Capital Reserve	Less: treasury stock	Special Reserve	Surplus Reserve	Generic risk reserve	Undistributed Profits	Other	
1. Balance at the end of last year	655,015,000.00	435,389,401.59	—	—	220,739,998.89	—	208,270,157.12	—	1,519,414,557.60
Add: change in accounting policies	—	—	—	—	—	—	—	—	—
Correction of Previous Errors	—	—	—	—	—	—	—	—	—
2. Balance at the beginning of this year	655,015,000.00	435,389,401.59	—	—	220,739,998.89	—	208,270,157.12	—	1,519,414,557.60
3. Change of this year									
(a decrease is represented by “-”)	258,823,529.00	1,035,580,183.55	—	—	—	—	17,138,764.05	—	1,311,542,476.60
(1) Net profit	—	—	—	—	—	—	56,439,664.05	—	56,439,664.05
(2) Other comprehensive income	—	—	—	—	—	—	—	—	—
Subtotal of item (1) and (2) above	—	—	—	—	—	—	56,439,664.05	—	56,439,664.05
(3) Contribution and reduction of capital by shareholders	258,823,529.00	1,035,580,183.55	—	—	—	—	—	—	1,294,403,712.55
1. Capital contribution by shareholders	258,823,529.00	1,035,580,183.55	—	—	—	—	—	—	1,294,403,712.55
2. Amount settled by shares accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—
(4) Profit distribution	—	—	—	—	—	—	-39,300,900.00	—	-39,300,900.00
1. Transfer from surplus reserves	—	—	—	—	—	—	—	—	—
2. Transfer from generic risk reserves	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	-39,300,900.00	—	-39,300,900.00
4. Others	—	—	—	—	—	—	—	—	—
(5) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—	—
3. Compensation of loss from surplus reserve	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—
(6) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—
(7) Others	—	—	—	—	—	—	—	—	—
4. Balance at the end of the year	913,838,529.00	1,470,969,585.14	—	—	220,739,998.89	—	225,408,921.17	—	2,830,957,034.20

*Legal representative of
the Company:*
Xia Dechuan

Chief Accountant:
Shen Jianlong

*Head of the Accounting
Department:*
Liu Xianfang

Cash flow statement

January-June 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the period	Amount for the same period last year
1. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	34,918,046.31	65,959,455.02
Net increase in Customer and interbank deposits		
Net increase in borrowing from PBOC		
Net cash increase in borrowing from other financial institutions		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment		
Net increase in disposal of trading financial assets		
Cash received from interest, bank charges and commissions		
Net increase in cash borrowed		
Net increase in cash received from repurchase operation		
Refunds of taxes	—	—
Cash received from relating to other operating activities	24,938,709.63	167,946,863.24
Sub-total of cash inflows from operating activities	59,856,755.94	233,906,318.26
Cash paid on purchase of goods and services received	20,096,360.12	207,527,606.56
Net increase in loans and advances		
Net increase in deposits in PBOC and interbank		
Cash paid for compensation payments under original insurance contract		
Cash paid for Interest, bank charges and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	26,243,856.79	38,123,824.90
Cash paid for all types of taxes	3,284,969.87	1,834,615.38
Cash paid relating to other operating activities	63,367,664.81	177,171,501.38
Sub-total of cash outflows from operating activities	112,992,851.59	424,657,548.22
Net cash flows from operating activities	-53,136,095.65	-190,751,229.96

Cash flow statement (continued)

Items	Amount for the period	Amount for the same period last year
2. Cash flows from investing activities:		
Cash received from disposal of investments	—	—
Cash received from return on investments	13,129,203.60	13,184,292.97
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	—	141,651.70
Net cash received from disposal of subsidiaries and other operating entities	—	—
Cash received relating to other investment activities	1,264,828,190.41	—
Sub-total of cash inflows from investing activities	1,277,957,394.01	13,325,944.67
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	5,848,665.73	8,869,671.31
Cash paid for acquisition of investments	141,000,000.00	—
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities	—	—
Cash paid on other investment activities	1,640,000,000.00	—
Sub-total of cash outflows from investing activities	1,786,848,665.73	8,869,671.31
Net cash flows from investing activities	-508,891,271.72	4,456,273.36

Cash flow statement (continued)

Items	Amount for the period	Amount for the same period last year
3. Cash flows from financing activities:		
Cash received from investment	—	1,298,239,997.92
Including: cash received by subsidiaries from non-controlling shareholders' investment		
Cash received from borrowings	70,000,000.00	515,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	—	—
Sub-total of cash inflows from financing activities	70,000,000.00	1,813,239,997.92
Cash paid on repayment of borrowings	50,000,000.00	305,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	60,653,342.91	51,445,232.90
Including: bonus and profit paid to non-controlling shareholders by subsidiaries		
Cash paid on other financing activities	—	1,127,547.13
Sub-total of cash outflows from financing activities	110,653,342.91	357,572,780.03
Net cash flows from financing activities	-40,653,342.91	1,455,667,217.89
4. Effect of fluctuations in exchange rates on cash	43.61	-98.78
5. Net increase in cash and cash equivalents	-602,680,666.67	1,269,372,162.51
Add: balance of cash and cash equivalents at the beginning of the year	890,098,522.88	79,348,878.62
6. Balance of cash and cash equivalents at the end of the year	287,417,856.21	1,348,721,041.13

*Legal representative of
the Company:*
Xia Dechuan

Chief Accountant:
Shen Jianlong

*Head of the Accounting
Department:*
Liu Xianfang

VI. DOCUMENTS AVAILABLE FOR INSPECTION

- 1 The financial report signed and stamped by the person in charge of the Company, the person in charge of accounting work and the person in charge of the Accounting Department (person in charge of accounting matters) of the Company;
- 2 All announcements publicly disclosed in Shanghai Securities News and China Securities Journal and on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange in the Reporting Period; and
- 3 The 2014 Interim Report published in Hong Kong and Shanghai securities markets.

By Order of the Board of Directors
Nanjing Panda Electronics Company Limited
Lai Weide
Chairman

Nanjing, the People's Republic of China
15 August 2014

As at the date of this announcement, the board of directors comprises Executive Directors: Mr. Lai Weide and Mr. Xu Guofei; Non-executive Directors: Mr. Deng Weiming, Mr. Lu Qing, Mr. Xia Dechuan and Mr. Jason Hsuan; and Independent Non-executive Directors: Ms. Zhang Xiuhua, Ms. Liu Danping and Mr. Chu Wai Tsun, Vincent.