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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)

2014 THIRD QUARTERLY REPORT

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1. IMPORTANT NOTICE

- 1.1 The board of directors (“the Board”), the supervisory committee, and the directors, supervisors, and senior management of Nanjing Panda Electronics Company Limited (“the Company”) confirms that the information in this quarterly report is truthful, accurate and complete, does not contain any misrepresentation, misleading statement, or material omission, and severally and jointly accept responsibility.
- 1.2 All directors of the Company attended the Board meeting held on 30 October 2014 to consider the quarterly report.
- 1.3 Xia Dechuan, the responsible person of the Company, Shen Jianlong, the Chief Accountant, and Liu Xianfang, the Manager of Finance Department of the Company have declared the truthfulness, accuracy and completeness of the financial statements contained in the quarterly report.
- 1.4 The Company’s financial statements for the third quarter were unaudited.

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

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

Unit: RMB (Yuan)

	As at the end of the reporting period (30 September 2014)	As at the end of the previous year (31 December 2013)	Changes from the end of the previous year (%)
Total assets	4,563,026,747.80	4,138,059,514.52	10.27
Net assets attributable to shareholders of the Company	3,157,154,852.94	3,122,698,040.70	1.10
	From the beginning of the year to the end of the reporting period (January-September 2014)	From the beginning of the previous year to the end of the reporting period of the previous year (January-September 2013)	Change as compared to the corresponding period of the previous year (%)
Net cash flow from operating activities	-144,614,278.04	-84,154,199.63	N/A

	From the beginning of the year to the end of the reporting period (January- September 2014)	From the beginning of the previous year to the end of the reporting period of the previous year (January-September 2013)	Change as compared to the corresponding period of the previous year (%)
Operating income	1,833,987,005.14	1,462,397,502.34	25.41
Net profit attributable to shareholders of the Company	93,916,281.82	131,034,589.05	-28.33
Net profit attributable to shareholders of the Company after extraordinary items	56,773,691.87	110,069,206.45	-48.42
Return on net assets (weighted average) (%)	2.97	5.97	-3.00
Basic earnings per share (<i>yuan/share</i>)	0.1028	0.1752	-41.32
Diluted earnings per share (<i>yuan/share</i>)	0.1028	0.1752	-41.32

2.2 Total number of shareholders and shareholdings of the top ten shareholders and top ten shareholders of circulating shares (shareholders of tradable shares not subject to trading moratorium) at the end of the reporting period

Unit: Share

Total number of shareholders 23,885

Shareholdings of the top 10 shareholders

Full name of shareholders	Increase or decrease in the reporting period	Number of shares held as at the end of the reporting period	Percentage (%)	Total number of tradable shares held subject to trading moratorium	Pledged or frozen Status of share	Number	Nature of shareholder
Panda Electronics Group Limited	0	334,715,000	36.63	0	Pledged	167,350,000	State-owned legal person
HKSCC (Nominees) Limited	18,000	241,075,299	26.38	0	Unknown		Overseas legal person
Nanjing Electronics Information Industrial Corporation	0	39,215,686	4.29	39,215,686	Unknown		State-owned legal person
South Industry Assets Management Co., Ltd.	-10,000,000	15,200,000	1.66	0	Unknown		State-owned legal person
Haitong Securities Co., Ltd.	7,008,114	7,008,114	0.77	0	Unknown		Other
Agricultural Bank of China Ltd. —Invesco Great Wall Monopolistic Resource Security Investment Stock Fund (LOF)	4,923,931	4,923,931	0.54	0	Unknown		Other
Agricultural Bank of China — Chang Xin Double Benefit Optimal Flexible Configuration Hybrid Securities Investment Fund (中國農業銀行—長信雙利優選靈活配置混合型證券投資基金)	4,551,411	4,551,411	0.50	0	Unknown		Other
China Merchants Bank Company Limited — AEGON Asset-Light Investment Security Investment Stock Fund (LOF) (招商銀行股份有限公司—興全輕資產投資股票型證券投資基金 (LOF))	3,500,370	3,500,370	0.38	0	Unknown		Other

Industrial and Commercial Bank of China Ltd. — Yinhua Middle and Small Cap Selected Security Investment Stock Fund (中國工商銀行股份有限公司—銀華中小盤精選股票型證券投資基金)	3,247,991	3,247,991	0.36	0	Unknown	Other
Industrial Bank Co., Ltd. — AEGON Organic Growth Flexible Configuration Hybrid Securities Investment Fund (興業銀行股份有限公司—興全有機增長靈活配置混合型證券投資基金)	3,009,950	3,009,950	0.33	0	Unknown	Other

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

Name of shareholders	Number of shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
Panda Electronics Group Limited	334,715,000	RMB denominated ordinary shares	334,715,000
HKSCC (Nominees) Limited	241,075,299	Overseas listed foreign shares	241,075,299
South Industry Assets Management Co., Ltd.	15,200,000	RMB denominated ordinary shares	15,200,000
Haitong Securities Co., Ltd.	7,008,114	RMB denominated ordinary shares	7,008,114
Agricultural Bank of China Ltd. — Invesco Great Wall Monopolistic Resource Security Investment Stock Fund (LOF)	4,923,931	RMB denominated ordinary shares	4,923,931
Agricultural Bank of China — Chang Xin Double Benefit Optimal Flexible Configuration Hybrid Securities Investment Fund (中國農業銀行—長信雙利優選靈活配置混合型證券投資基金)	4,551,411	RMB denominated ordinary shares	4,551,411

China Merchants Bank Company Limited — AEGON Asset-Light Investment Security Investment Stock Fund (LOF) (招商銀行股份有限公司—興全輕資產投資股票型證券投資基金(LOF))	3,500,370	RMB denominated ordinary shares	3,500,370
Industrial and Commercial Bank of China Ltd. — Yinhua Middle and Small Cap Selected Security Investment Stock Fund (中國工商銀行股份有限公司—銀華中小盤精選股票型證券投資基金)	3,247,991	RMB denominated ordinary shares	3,247,991
Industrial Bank Co., Ltd. — AEGON Organic Growth Flexible Configuration Hybrid Securities Investment Fund (興業銀行股份有限公司—興全有機增長靈活配置混合型證券投資基金)	3,009,950	RMB denominated ordinary shares	3,009,950
He Xiuqin	2,843,916	RMB denominated ordinary shares	2,843,916
Description of the connected relationship or party acting in concert among the aforesaid shareholders	Nanjing Electronic Information Industrial Corporation (“NEIIC”) holds 56.85% equity interest in Panda Electronics Group Limited (“PEGL”), the controlling shareholder of the Company, and 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.		

3. SIGNIFICANT EVENTS

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

☒ Applicable ☐ Not applicable

(1) Major changes in items of balance sheet:

Items	30 September 2014	31 December 2013	Changes (%)	Reasons
Cash and bank balance	691,972,386.93	1,379,826,018.92	-49.85	Mainly due to the subscription of bank wealth management products with the temporarily idle proceeds by the Company
Trading financial assets	530,000,000.00		N/A	Mainly due to the subscription of bank wealth management products with the temporarily idle proceeds by the Company
Bills receivable	197,726,926.93	120,212,031.70	64.48	Mainly due to the increase in bills receivable from sales of commodities in the period
Accounts receivable	836,325,991.41	634,516,143.74	31.81	Mainly due to the increase in accounts receivable in the term of credit as a result of sales of commodities in the period
Prepayments	237,219,815.43	130,692,769.39	81.51	Mainly due to the increase in advance payments for purchase of materials
Construction in progress	323,912,168.75	218,171,100.84	48.47	Mainly due to the construction of phase I of Electronic Equipment Industry Park as scheduled

Short-term loans	200,000,000.00	99,000,000.00	102.02	Mainly due to the increase in short-term loans as required by operation in the period
Bills payable	92,693,369.40	61,925,836.17	49.68	Mainly due to the issue of bills according to contracts for purchase of commodities in the period
Receipts in advance	281,063,905.56	98,285,406.79	185.97	Mainly due to the increase in advance payments for construction and engineering projects received in the period.
Taxes Payable	2,634,124.47	19,941,903.30	-86.79	Mainly due to the increase in value added tax retained by some subsidiaries in the end of the period
Interest payable	246,575.34	83,333.33	195.89	Mainly due to the increase in interest of short-term loans accrued in the end of the period

(2) Major changes in items of income statement:

Items	January - September 2014	January - September 2013	Changes (%)	Reasons
Business taxes and surcharge	17,048,036.57	11,883,184.84	43.46	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
Financial expenses	-4,737,348.94	16,405,670.09	-128.88	Mainly due to a substantial decrease in average short-term borrowings during the period

Loss in assets impairment	9,597,265.01	2,335,174.88	310.99	Mainly due to an increase in provision for bad debts and diminution in value of inventories by the Company in the period as compared with the previous period
Investment income	103,985,438.65	171,461,319.14	-39.35	Mainly due to the decrease in profits of investee companies
Non-operating expenses	874,682.66	2,361,992.36	-62.97	Mainly due to disposal of fixed assets in the previous period
Income tax expenses	6,504,501.56	-3,427,782.63	Not applicable	Mainly due to the income tax refund received in the previous period

(3) Major changes in items of cash flow statement:

Items	January - September 2014	January - September 2013	Changes (%)	Reasons
Net cash flows from operating activities	-144,614,278.04	-84,154,199.63	Not applicable	Mainly due to the purchase of wealth management products with the temporarily idle raised proceeds by the Company
Net cash flows from financing activities	37,035,357.09	1,319,789,254.52	-97.19	Mainly due to the proceeds from non-public issuance of shares received in the previous period

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

☒ Applicable ☐ Not applicable

1. Reference is made to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 31 December 2013 and published on the website of The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) on 30 December 2013, the Guanghua Road office of the district government of Qinhuai District, Nanjing entered into a relocation agreement with the Company on the relocation of the Company’s plant situated at No. 1-2 Youyihe Road, Qinhuai District, Nanjing. Pursuant to relevant valuation, the Guanghua Road office of the district government of Qinhuai District, Nanjing (or its designated unit) shall pay the Company a relocation compensation of RMB31.41 million by installments based on the relocation progress. As at 30 September 2014, the said relocation resulted in an increase in profit of RMB11,677,600 in the non-recurring profit and loss of the Company.
2. On 15 July 2014, the Company held the 14th meeting of the seventh session of the Board, at which the acquisition of the 5,834,430 shares of Shenzhen Jingwah Electronics Co., Ltd. (“Shenzhen Jingwah”) (representing 5.07% of its total share capital) listed for open bidding by PEGL by way of cash was considered and approved; upon completion of the transaction, the Company would directly hold 43.10% equity interests in Shenzhen Jingwah, and hold the major representation after reelection in the board of directors of Shenzhen Jingwah and the accounts of Shenzhen Jingwah will be consolidated in the consolidated statements. Pursuant to relevant requirements, the Company has appointed financial auditor to audit the financial statement of Shenzhen Jingwah Electronics Co., Ltd. (“Shenzhen Jingwah”) as at 30 June 2014 and issued the revised reorganization report and relevant reports on 28 August 2014 in accordance with the requirements. The acquisition is still subject to consideration and approval of shareholders of the Company.

3.3 Performance of undertakings of the Company and shareholder with over 5% shareholding in the Company

☒ Applicable ☐ Not applicable

1. The Company's ultimate controller China Electronics Corporation ("CEC") undertook in the report of acquisition of the Company to guarantee the independence of the Company, not to compete with the Company in business, and to standardize and minimize connected transactions.
2. At the time of the non-public issue of A shares of the Company, the Company's controlling shareholder PEGL undertook not to compete with the Company in business, and to standardize and minimize connected transactions.
3. At the time of the non-public issue of A shares of the Company, the Company's associated corporation NEIIC undertook not to compete with the Company in business, and to standardize and minimize connected transactions and lock up the shares held by it.

For the contents, dates and terms of the above commitment please refer to the paragraphs headed "VIII. Commitments" under "Section VI Significant Events" of the 2013 Annual Report of Nanjing Panda Electronics Company Limited which was published on the website of the Shanghai Stock Exchange on 29 March 2014 and published on the website of the Hong Kong Stock Exchange on 29 April 2014.

4. In the material asset reorganization constituted by the Company's acquisition of the 5,834,430 shares (representing 5.07% of the total share capital) of Shenzhen Jingwah held by PEGL, the controlling shareholder of the Company (as the transaction counterparty) undertook that: "In the process of participation of the material asset reorganization of Nanjing Panda Electronics Company Limited, we warrant the truthfulness, accuracy and completeness of relevant documents, materials and other information provided, and that such information does not contain any false representations, misleading statements or material omissions, and accept joint and several responsibility thereof."

CEC, PEGL and NEIIC were in strict compliance with their respective commitments during the reporting period.

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

☐ Applicable ☒ Not applicable

3.5 Effects of the implementation of new accounting standards on the consolidated financial statement

The Company implemented seven specific accounting standards including the “Accounting Standards for Business Enterprises No.2 — Long-term Equity Investments” and “Accounting Standards for Business Enterprises No.39 — Fair Value Measurement” as published or revised by the Ministry of Finance of the PRC in 2014, and made changes of and adjustments to the accounting policies and the accounting for relevant accounting items of the Company, with effect from 1 July 2014.

The changes of accounting policies and adjustments to the accounting for relevant accounting items will have no impact on the total assets, net assets and net profit for the year 2013 and for the third quarter of this year of the Company.

3.5.1 Effects of changes in the standards of long-term equity investment on the consolidated financial statements (I)

Unit: RMB (Yuan)

Invested unit	Basic transaction information	31 December 2013			
		Equity attributable to shareholders of the parent company as at 1 January 2013 (+/-)	Long-term equity investment (+/-)	Available-for-sale financial assets (+/-)	Equity attributable to shareholders of the parent company (+/-)
Jiangsu Provincial City Rail Transport Research & Design Institute Co., Ltd	7.3% equity interest held by the Company		-3,650,000.00	3,650,000.00	
Total	—		<u>-3,650,000.00</u>	<u>3,650,000.00</u>	

Explanations of the effects of changes in the standards of long-term equity investment on the consolidated financial statements (I)

According to “Accounting Standards for Business Enterprise No. 2 — Long-term Equity Investments”, the Company made retrospective adjustment to accounting for the long-term equity investment previously accounted for as “Long-term equity investment- Jiangsu Provincial City Rail Transport Research & Design Institute” to account for the same amounting to RMB3.65 million as “Available-for-sale financial assets” instead. The adjustment only has effects on the amounts of available-for-sale financial assets and long-term equity investment, and has no effects on the financial position and operating results of the Company for the current period and previous years.

3.5.2 *Effects of the changes in standard of salaries*

Unit: RMB (Yuan)

Salaries payable as at 1 July 2014 (+/-)	Equity attributable to shareholders of the parent company as at 1 July 2014 (+/-)
4,561,422.93	

Explanations of the effects of change in standard of salaries

According to the provisions of the “Accounting Standards for Business Enterprise No. 9 — Employee Benefits”, employees of an enterprise include the “persons offering services to the enterprise through the employment contract entered into between the enterprise and the labor agency (i.e. labor dispatch)”. Therefore, the Company made adjustment to the accounting for the fees for labor dispatch as originally accounted for as “Other payables” to be accounted for as “Salaries payable” instead. The adjustment only has

effects on the amounts of salaries payable and other payables, and has no effects on the financial position and operating results of the Company for the current period and previous years.

By Order of the Board
Nanjing Panda Electronics Company Limited
Xia Dechuan
Director

Nanjing, the People's Republic of China
30 October 2014

As at the date of this announcement, the Board 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.

4. APPENDIX

CONSOLIDATED BALANCE SHEET

30 September 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	691,972,386.93	1,379,826,018.92
Settlement provisions		
Placements with banks and other financial institutions		
Trading financial assets	530,000,000.00	
Bills receivable	197,726,926.93	120,212,031.70
Accounts receivables	836,325,991.41	634,516,143.74
Prepayments	237,219,815.43	130,692,769.39
Premiums receivable		
Reinsurance receivables		
Reinsurance contract reserve receivables		
Interest receivable		
Dividends receivable		
Other receivables	186,404,128.45	171,584,362.93
Financial assets purchased for resale		
Inventories	444,797,973.10	371,927,901.19
Non-current assets due within one year		
Other current assets		
Total current assets	<u>3,124,447,222.25</u>	<u>2,808,759,227.87</u>

Non-current assets:

Entrusted loans and advances		
Available-for-sale financial assets	3,650,000.00	3,650,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	534,596,375.70	502,456,542.54
Investment properties		
Fixed assets	500,440,503.65	527,703,998.21
Construction in progress	323,912,168.75	218,171,100.84
Construction supplies		
Clearance of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	75,581,643.97	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	1,438,579,525.55	1,329,300,286.65
Total assets	4,563,026,747.80	4,138,059,514.52

*Legal Representative of
the Company:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

CONSOLIDATED BALANCE SHEET (CONTINUED)*30 September 2014*

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Liabilities and shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short-term loans	200,000,000.00	99,000,000.00
Borrowing from the People's Bank of China ("PBOC")		
Customer and interbank deposits		
Borrowing from interbank market		
Trading financial liabilities		
Bills payable	92,693,369.40	61,925,836.17
Accounts payables	665,150,387.70	579,860,038.37
Advances from customers	281,063,905.56	98,285,406.79
Financial assets sold under repurchase agreements		
Handling charges and commission payable		
Salaries payable	29,993,412.56	31,873,712.53
Taxes payable	2,634,124.47	19,941,903.30
Interest payable	246,575.34	83,333.33
Dividends payable		
Other payables	128,918,691.26	114,631,489.47
Reinsurers due		
Insurance contract reserves		
Security trading of agency		
Securities underwriting		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	<u>1,400,700,466.29</u>	<u>1,005,601,719.96</u>

Non-current liabilities:

Long-term loans

Bonds payable

Long-term payables

Specific payables

Accrued liabilities

Deferred income tax liabilities

193,941.52

233,201.14

Other non-current liabilities

Total non-current liabilities**193,941.52**

233,201.14

Total liabilities**1,400,894,407.81****1,005,834,921.10****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

508,550,111.11

474,947,172.20

Difference arising from translation of foreign
currency financial statementsSub-total of equity attributable to the shareholders
of the parent company**3,157,154,852.94**

3,122,698,040.70

Minority interests

4,977,487.059,526,552.72**Total shareholders' equity****3,162,132,339.99****3,132,224,593.42****Total liabilities and shareholders' equity****4,563,026,747.80****4,138,059,514.52***Legal Representative of
the Company:*
Xia Dechuan*Person in charge of
accounting work:*
Shen Jianlong*Person in charge of the
Accounting Department:*
Liu Xianfang

CONSOLIDATED INCOME STATEMENT

July-September 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Item	Amount for the period	Amount for the same period last year
I. Total operating income	669,478,586.85	532,649,476.68
Including: Operating income	669,478,586.85	532,649,476.68
Interest income		
Premiums earned		
Income from handling charges and commissions		
II. Total operating cost	672,014,150.27	557,455,279.61
Including: Operating cost	568,369,099.56	458,197,423.05
Interest expenses		
Handling charges and commissions		
Insurance withdrawal payment		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Business taxes and surcharges	5,396,421.40	4,090,116.83
Selling expenses	8,723,499.28	10,628,798.60
Administrative expenses	90,940,500.86	81,468,959.18
Financial expenses	-2,148,699.56	2,949,239.27
Loss on assets impairment	733,328.73	120,742.68
Add: Gain from change in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	10,259,183.54	59,424,815.00
Including: Income from investment in associates and joint ventures	5,820,698.60	59,239,883.49
Exchange gain (losses are represented by “-”)		

III. Operating profit (losses are represented by “-”)	7,723,620.12	34,619,012.07
Add: Non-operating income	3,383,063.08	15,304,243.12
Less: Non-operating expenses	753,307.19	508,131.88
Including: Loss from the disposal of non-current assets		170,944.94
IV. Total profit (losses are represented by “-”)	10,353,376.01	49,415,123.31
Less: Income tax	1,234,615.94	1,158,692.64
V. Net Profit (losses are represented by “-”)	9,118,760.07	48,256,430.67
Profit attributable to the equity holders of the parent company	8,799,873.03	47,277,683.54
Minority interests	318,887.04	978,747.13
VI. Earnings per share		
(1) Basic earnings per share	0.0096	0.0517
(2) Diluted earnings per share	0.0096	0.0517
VII. Other comprehensive income		
VIII. Total comprehensive income	9,118,760.07	48,256,430.67
Total comprehensive income attributable to the equity holders of the parent company	8,799,873.03	47,277,683.54
Total comprehensive income attributable to minority shareholders	318,887.04	978,747.13

*Legal Representative of
the Company:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

CONSOLIDATED INCOME STATEMENT

January-September 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Item	Amount for the period	Amount for the same period last year
I. Total operating income	1,833,987,005.14	1,462,397,502.34
Including: Operating income	1,833,987,005.14	1,462,397,502.34
Interest income		
Premiums earned		
Income from handling charges and commissions		
II. Total operating cost	1,865,069,569.61	1,530,394,591.68
Including: Operating cost	1,576,308,232.06	1,249,399,127.29
Interest expenses		
Handling charges and commissions		
Insurance withdrawal payment		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Business taxes and surcharges	17,048,036.57	11,883,184.84
Selling expenses	26,087,275.37	30,901,989.98
Administrative expenses	240,766,109.54	219,469,444.60
Financial expenses	-4,737,348.94	16,405,670.09
Loss on assets impairment	9,597,265.01	2,335,174.88
Add: Gain from change in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	103,985,438.65	171,461,319.14
Including: Income from investment in associates and joint ventures	84,569,036.76	171,276,387.63
Exchange gain (losses are represented by “-”)		

III. Operating profit (losses are represented by “-”)	72,902,874.18	103,464,229.80
Add: Non-operating income	29,606,367.91	28,338,856.03
Less: Non-operating expenses	874,682.66	2,361,992.36
Including: Loss from the disposal of non-current assets	30,465.69	1,814,950.04
IV. Total profit (losses are represented by “-”)	101,634,559.43	129,441,093.47
Less: Income tax	6,504,501.56	-3,427,782.63
V. Net Profit (losses are represented by “-”)	95,130,057.87	132,868,876.10
Profit attributable to the equity holders of the parent company	93,916,281.82	131,034,589.05
Minority interests	1,213,776.05	1,834,287.05
VI. Earnings per share:		
(1) Basic earnings per share	0.1028	0.1752
(2) Diluted earnings per share	0.1028	0.1752
VII. Other comprehensive income:		
VIII. Total comprehensive income:	95,130,057.87	132,868,876.10
Total comprehensive income attributable to the equity holders of the parent company	93,916,281.82	131,034,589.05
Total comprehensive income attributable to minority shareholders	1,213,776.05	1,834,287.05

*Legal Representative of
the Company:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

CONSOLIDATED CASH FLOW STATEMENT

January-September 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Item	Amount for the period	Amount for the same period last year
I. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	1,838,262,194.43	1,567,645,882.10
Net increase in customer and interbank deposits		
Net increase in borrowing from PBOC		
Net cash increase in borrowings 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 financial assets held for trading		
Cash received from interest, handling charges and commissions		
Net increase in cash borrowed		
Net increase in cash received from repurchase operation		
Refunds of taxes	7,725,645.92	9,216,891.92
Cash received relating to other operating activities	61,840,634.43	161,238,466.58
Sub-total of cash inflows from operating activities	1,907,828,474.78	1,738,101,240.60

Cash paid for purchase of goods and services received	1,599,532,479.65	1,368,104,215.24
Net increase in loans and advances		
Net increase in deposits with PBOC and interbank		
Cash paid for compensation payments under original insurance contract		
Cash paid for interest, handling charges and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	257,790,637.46	260,455,519.63
Cash paid for all types of taxes	97,758,515.77	85,818,763.34
Cash paid relating to other operating activities	97,361,119.94	107,876,942.02
Sub-total of cash outflows from operating activities	2,052,442,752.82	1,822,255,440.23
Net cash flows from operating activities	-144,614,278.04	-84,154,199.63

II. Cash flows from investing activities:

Cash received from disposal of investments		
Cash received from return on investments	52,429,203.60	16,498,428.08
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	257,100.00	748,147.20
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investment activities	2,509,881,510.97	
Sub-total of cash inflows from investing activities	2,562,567,814.57	17,246,575.28
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	153,290,329.37	136,393,284.98
Cash paid for investments	3,806,793.86	
Net increase in secured loans		
Net cash paid for acquisition of subsidiaries and other operating entities		
Cash paid on other investment activities	3,025,000,000.00	550,000,000.00
Sub-total of cash outflows from investing activities	3,182,097,123.23	686,393,284.98
Net cash flows from investing activities	-619,529,308.66	-669,146,709.70

III. Cash flows from financing activities:

Cash received from investments		1,298,239,997.92
Including: cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	230,000,000.00	574,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities		
Sub-total of cash inflows from financing activities	230,000,000.00	1,872,239,997.92
Cash paid on repayment of borrowings	129,000,000.00	485,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	63,964,642.91	64,557,854.29
Including: dividend and profit paid to minority shareholders by subsidiaries		1,364,696.99
Cash paid on other financing activities		2,892,889.11
Sub-total of cash outflows from financing activities	192,964,642.91	552,450,743.40
Net cash flows from financing activities	37,035,357.09	1,319,789,254.52

IV. Effect of fluctuations in exchange rates

on cash and cash equivalents	-193,585.51	-135,677.41
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V. Net increase in cash and cash equivalents

	-727,301,815.12	566,352,667.78
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Add: balance of cash and cash equivalents at the beginning of the period	1,308,979,790.39	378,040,300.31
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VI. Balance of cash and cash equivalents

at the end of the period	581,677,975.27	944,392,968.09
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*Legal Representative of the
Company:*

Xia Dechuan

*Person in charge of
accounting work:*

Shen Jianlong

*Person in charge of the
Accounting Department:*

Liu Xianfang

BALANCE SHEET

30 September 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	135,116,699.05	891,431,538.23
Settlement provisions		
Placements with banks and other financial institutions		
Trading financial assets	520,000,000.00	
Bills receivable	2,370,000.00	
Trade receivables	96,701,254.71	94,594,511.18
Prepayments	745,196.29	286,167.65
Premiums receivable		
Reinsurance receivables		
Reinsurance contract reserve receivables		
Interest receivable		
Dividends receivable	2,370,310.71	2,739,006.08
Other receivables	402,229,253.82	316,687,175.42
Financial assets purchased for resale		
Inventories	18,798,924.18	21,001,471.06
Non-current assets due within one year		
Other current assets		
Total current assets	1,178,331,638.76	1,326,739,869.62

Non-current assets:

Entrusted loans and advances		
Available-for-sale financial assets	3,650,000.00	3,650,000.00
Held-to-maturity investments		—
Long-term receivables		—
Long-term equity investment	1,812,118,176.11	1,588,978,342.95
Investment properties		
Fixed assets	364,847,428.77	376,571,368.45
Construction in progress	14,109,191.79	10,201,958.58
Construction supplies		
Clearance of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	14,739,294.90	15,354,705.78
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	2,209,464,091.57	1,994,756,375.76
Total assets	3,387,795,730.33	3,321,496,245.38

*Legal Representative of the
Company:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

BALANCE SHEET (CONTINUED)*30 September 2014*

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Liabilities and shareholders' equity:	Closing balance	Opening balance
Current liabilities:		
Short-term loans	150,000,000.00	50,000,000.00
Borrowing from PBOC		
Customer and interbank deposits		
Borrowing from interbank market		
Trading financial liabilities		
Bills payable	12,652,919.49	2,666,030.70
Accounts payables	28,031,972.68	47,512,430.34
Advances from customers	19,050.00	1,123,445.00
Financial assets sold under repurchase agreements		
Handling charges and commission payable		
Salaries payable	10,218,709.28	11,502,565.88
Taxes payable	6,473,538.82	5,131,881.72
Interest payable	246,575.34	83,333.33
Dividends payable		
Other payables	344,947,739.53	316,898,925.53
Reinsurers due		
Insurance contract reserves		
Security trading of agency		
Securities underwriting		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	552,590,505.14	434,918,612.50

Non-current liabilities:

Long-term loans

Bonds payable

Long-term payables

Specific payables

Accrued liabilities

Deferred income tax liabilities

Other non-current liabilities

Total non-current liabilities**Total liabilities****552,590,505.14**

434,918,612.50

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

General risk reserve

Undistributed profits

218,451,085.89

269,823,493.58

Translation difference of foreign
currency financial statement**Total shareholders' equity****2,835,205,225.19****2,886,577,632.88****Total liabilities and shareholders' equity****3,387,795,730.33****3,321,496,245.38***Legal Representative of the
Company:***Xia Dechuan***Person in charge of
accounting work:***Shen Jianlong***Person in charge of the
Accounting Department:***Liu Xianfang**

INCOME STATEMENT

July-September 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Item	Amount for the period	Amount for the same period last year
I. Total operating income	17,785,703.35	21,382,556.92
Including: Operating income	17,785,703.35	21,382,556.92
Interest income		
Premiums earned		
Income from handling charges and commissions		
II. Total operating cost	49,394,496.52	48,608,001.76
Including: Operating cost	11,910,860.06	10,567,929.22
Interest expenses		
Handling charges and commissions		
Insurance withdrawal payment		
Net payments from indemnity		
Net provision for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Business taxes and surcharges	142,207.62	160,822.47
Selling expenses	870,700.51	1,376,875.59
Administrative expenses	39,092,087.56	34,702,693.92
Financial expenses	-2,254,479.80	1,799,680.56
Loss on assets impairment	-366,879.43	
Add: Gain from change in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	10,027,347.92	59,424,815.00
Including: Income from investment in associates and joint ventures	5,820,698.60	59,239,883.49
Exchange gain (losses are represented by “-”)		

III. Operating profit (losses are represented by “-”)	-21,581,445.25	32,199,370.16
Add: Non-operating income	861,227.37	60,039.44
Less: Non-operating expenses	559,595.39	199,075.74
Including: Loss from the disposal of non-current assets		170,944.94
IV. Total profit (losses are represented by “-”)	-21,279,813.27	32,060,333.86
Less: Income tax expense		
V. Net Profit (losses are represented by “-”)	-21,279,813.27	32,060,333.86
VI. Other comprehensive income		
VII. Total comprehensive income	-21,279,813.27	32,060,333.86
<i>Legal Representative of the Company:</i> Xia Dechuan	<i>Person in charge of accounting work:</i> Shen Jianlong	<i>Person in charge of the Accounting Department:</i> Liu Xianfang

INCOME STATEMENT

January-September 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Item	Amount for the period	Amount for the same period last year
I. Total operating income	60,196,984.52	76,495,536.22
Including: Operating income	60,196,984.52	76,495,536.22
Interest income		
Premiums earned		
Income from handling charges and commissions		
II. Total operating cost	150,223,767.05	160,207,003.76
Including: Operating cost	37,747,288.02	43,861,446.89
Interest expenses		
Handling charges and commissions		
Insurance withdrawal payment		
Net payments from indemnity		
Net provision for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Business taxes and surcharges	2,496,694.41	491,196.60
Selling expenses	3,175,109.77	8,267,118.84
Administrative expenses	113,759,504.58	97,228,699.59
Financial expenses	-6,226,000.08	11,126,743.29
Loss on assets impairment	-728,829.65	-768,201.45
Add: Gain from change in fair value (losses are represented by “-”)		
Investment income (losses are represented by “-”)	98,603,876.49	171,461,319.14
Including: Income from investment in associates and joint ventures	84,569,036.76	171,276,387.63
Exchange gain (losses are represented by “-”)	450.00	221,090.39

III. Operating profit (losses are represented by “-”)	8,577,093.96	87,749,851.60
Add: Non-operating income	924,365.65	1,072,490.63
Less: Non-operating expenses	560,524.39	322,344.32
Including: Loss from the disposal of non-current assets	450.00	221,090.39
IV. Total profit (losses are represented by “-”)	8,940,935.22	88,499,997.91
Less: Income tax expense		
V. Net Profit (losses are represented by “-”)	8,940,935.22	88,499,997.91
VI. Other comprehensive income		
VII. Total comprehensive income	8,940,935.22	88,499,997.91
<i>Legal Representative of the Company:</i> Xia Dechuan	<i>Person in charge of accounting work:</i> Shen Jianlong	<i>Person in charge of the Accounting Department:</i> Liu Xianfang

CASH FLOW STATEMENT

January-September 2014

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Item	Amount for the period	Amount for the same period last year
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	49,873,662.20	97,683,756.39
Net increase in customer and interbank deposits		
Net increase in borrowing from PBOC		
Net cash increase in borrowings 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 financial assets held for trading		
Cash received from interest, handling charges and commissions		
Net increase in cash borrowed		
Net increase in cash received from repurchase operation		
Refunds of taxes		
Cash received relating to other operating activities	29,004,146.00	145,638,765.53
Sub-total of cash inflows from operating activities	78,877,808.20	243,322,521.92

Cash paid for purchase of goods and services received	32,242,129.45	264,513,263.51
Net increase in loans and advances		
Net increase in deposits with PBOC and interbank		
Cash paid for compensation payments under original insurance contract		
Cash paid for interest, handling charges and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	44,147,351.95	54,219,014.41
Cash paid for all types of taxes	6,356,709.39	4,263,126.11
Cash paid relating to other operating activities	197,725,410.92	120,941,630.32
Sub-total of cash outflows from operating activities	280,471,601.71	443,937,034.35
Net cash flows from operating activities	-201,593,793.51	-200,614,512.43

II. Cash flows from investing activities:

Cash received from disposal of investments		
Cash received from return on investments	52,429,203.60	16,498,428.08
Net cash received from 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	2,369,034,839.73	
Sub-total of cash inflows from investing activities	2,421,464,043.33	16,640,079.78
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	7,761,594.91	9,143,360.61
Cash paid for investments	141,000,000.00	55,000,000.00
Net increase in secured loans		
Net cash paid for acquisition of subsidiaries and other operating entities		
Cash paid on other investment activities	2,875,000,000.00	550,000,000.00
Sub-total of cash outflows from investing activities	3,023,761,594.91	614,143,360.61
Net cash flows from investing activities	-602,297,551.58	-597,503,280.83

III. Cash flows from financing activities:

Cash received from investments		1,298,239,997.92
Including: cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	150,000,000.00	515,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities		
Sub-total of cash inflows from financing activities	150,000,000.00	1,813,239,997.92
Cash paid on repayment of borrowings	50,000,000.00	400,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	62,151,676.25	57,776,395.54
Including: dividend and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities		2,892,889.11
Sub-total of cash outflows from financing activities	112,151,676.25	460,669,284.65
Net cash flows from financing activities	37,848,323.75	1,352,570,713.27

IV. Effect of fluctuations in exchange rates on cash and cash equivalents

-39.89	-113.93
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V. Net increase in cash and cash equivalents

-766,043,061.23	554,452,806.08
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Add: balance of cash and cash equivalents
at the beginning of the period

890,098,522.88	79,348,878.62
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VI. Balance of cash and cash equivalents at the end of the period

124,055,461.65	633,801,684.70
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*Legal Representative of the
Company:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang