

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: 0553)

2012 FIRST QUARTERLY REPORT

1. IMPORTANT NOTICE

- 1.1 This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The board of directors (the “Board”), the supervisory committee, and the directors, supervisors, and senior management of Nanjing Panda Electronics Company Limited (the “Company”) confirm that the information in this 2012 First Quarterly Report (the “Quarterly Report”) does not contain any misrepresentation, misleading statement, or material omission, and severally and jointly accept responsibility for the truthfulness, accuracy, and completeness of the contents herein.
- 1.2 The Company’s financial statements for the first quarter of 2012 were unaudited.
- 1.3 All directors attended the Board meeting held on 24 April 2012.
- 1.4 Mr. Xia Dechuan, the responsible person of the Company, Mr. Shen Jianlong, the Chief Accountant, and Ms. Wu Yuzhen, the Manager of Finance Department, have declared the truthfulness and completeness of the financial statements contained in the Quarterly Report.

2. CORPORATE INFORMATION

2.1 Major accounting data and financial indicators (Prepared in accordance with the PRC Accounting Standards for Business Enterprises, unaudited)

Unit: RMB (Yuan)

	As at the end of the reporting period (31 March 2012)	As at the end of the previous year (31 December 2011)	Changes from the end of the previous year (%)
Total assets	2,814,181,595.02	2,713,131,157.98	3.72
Owners' equity (or shareholder's equity)	1,601,028,192.49	1,587,039,946.99	0.88
Net assets per share attributable to shareholders of the Company	2.44	2.42	0.88
	From the beginning of the year to the end of the reporting period (January-March 2012)	Change as compared to the corresponding period of the previous year (%)	
Net cash flow from operating activities	-86,931,611.81	-2,093.94	
Net cash flow per share from operating activities	-0.13	-2,093.94	

	For the reporting period (January-March 2012)	From the beginning of the year to the end of the reporting period (January-March 2012)	Changes from the corresponding period of the previous year (%)
Net profit attributable to shareholders of the Company	13,988,245.50	13,988,245.50	-0.87
Basic earnings per share	0.0214	0.0214	-0.87
Basic earnings per share after extraordinary items	0.0190	0.0190	5.65
Diluted earnings per share	0.0214	0.0214	-0.87
Return on net assets (weighted average) (%)	0.88	0.88	Decreased by 0.07 percentage point
Return on net assets after extraordinary items (weighted average) (%)	0.78	0.78	Decreased by 0.01 percentage point

	From the beginning of the year to the end of the reporting period (January- March 2012)
Items of extraordinary profit and loss	

Profit and loss from disposal of non-current assets	14,292.81
Government grants (except for the grants which are closely related to the Company's business and have the standard amount and quantities in accordance with the national standard) attributable to gains and losses for the period	1,969,281.23
Non-operating net income and expenses other than the aforesaid items	23,954.22
Impact on enterprise income tax	-272,055.98
Net extraordinary profit and loss attributable to minority shareholders	-204,002.11
Total	1,531,470.17

2.2 Total number of shareholders and shareholdings of the top ten shareholders of tradable shares not subject to trading moratorium at the end of the reporting period (as at 31 March 2012)

Unit: Shares

Total number of shareholders as at the end of the reporting period was 20,172, including 20,121 holders of A Shares and 51 holders of H Shares.

Shareholdings of the top ten shareholders of tradable shares not subject to trading moratorium

Name of shareholders (Full name)	Number of tradable shares not subject to trading moratorium as at the end of the reporting period	Type of shares (A, B, H shares or others)
Panda Electronics Group Limited	334,715,000	A
HKSCC (Nominees) Limited	240,719,599	H
Huang Jitang(黃紀棠)	2,170,081	A
Peng Hongwan(彭洪萬)	1,161,026	A
Nanjing Changtai Electronics Technology Company Limited (南京長泰電子科技有限公司)	650,000	A
Zheng Xinhua (鄭新華)	640,000	A
Wang Caihong (王彩紅)	630,391	A
Zhang Likun (張利昆)	506,069	A
Wen Xiaoxia (溫曉霞)	491,600	A
Yang Chunyan (楊春燕)	466,854	A

3 SIGNIFICANT EVENTS

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

☒ Applicable ☐ Not applicable

3.1.1 Major changes in items of balance sheet:

Unit: RMB (Yuan)

Items	31 March 2012	31 December 2011	Changes (%)
Bills receivable	27,982,468.96	15,720,441.55	78.00
Construction in progress	29,635,698.91	306,362.89	9,573.40
Taxes Payable	12,516,038.31	-12,370,970.32	N/A
Interest payable	651,752.78	969,055.41	-32.74
Dividend Payable	0.00	143,289.96	-100.00
Non-current liabilities due within one year	0.00	4,000,000.00	-100.00

Explanation of the changes:

- (1) The increase in bills receivable was due to more sales activity settled by bills.
- (2) The increase in construction in progress was mainly due to more investment in further construction of Xin Gang Park.
- (3) The increase in taxes payable was mainly due to the export tax rebates received by the Company.
- (4) The decrease in interest payable was due to the decrease in accrued interests.
- (5) The decrease in dividend payable was due to the due payment of dividend to minority shareholders.

- (6) The decrease in non-current liabilities due within one year was mainly attributable to due payments of such liabilities.

3.1.2 Major changes in items of income statement:

Items	January- March 2012	January- March 2011	Changes (%)
Operating income	566,260,643.90	376,297,472.00	50.48
Operating cost	501,509,440.37	301,543,567.73	66.31
Financial expenses	3,653,266.22	5,239,083.31	-30.27
Loss in assets impairment	2,382,041.25	1,187,634.16	100.57
Investment income	26,059,396.81	18,416,441.44	41.50
Non-operating income	2,163,945.40	3,992,156.98	-45.80
Non-operating expenses	91,066.71	455,689.42	-80.02
Income tax expense	1,107,578.08	5,930,856.27	-81.33

Explanation of the changes:

- (1) The increase in operating income was mainly due to the significant increase in sales of communication technology products during the period.
- (2) The increase in operating cost was mainly due to the significant increase in sales of communication technology products during the period.
- (3) The decrease in financial expenses was mainly due to the decrease in average interest rate of loans during the period.
- (4) The increase in loss in assets impairment was mainly due to the increase in provisions for inventory impairment during the period.
- (5) The increase in investment income was mainly due to the increase in profit achieved by certain joint ventures during the period.
- (6) The decrease in non-operating income was mainly due to the decrease in recognized government grants during the period.

- (7) The decrease in non-operating expenses was mainly due to the compensation paid in respect of few projects during the previous period.
- (8) The decrease in income tax expense was mainly due to the recognition of certain subsidiaries as Hi-Tech enterprises.

3.1.3 Major changes in items of cash flow statement

Items	January -March 2012	January -March 2011	Changes (%)
Net cash flows from operating activities	-86,931,611.81	4,359,782.77	-2,093.94
Net cash flows from investment activities	-18,686,778.24	150,534,966.37	-112.41
Net cash flows from financing activities	64,305,563.78	-55,913,265.70	N/A

Explanation of the changes:

- (1) The decrease in net cash flows from operating activities was mainly due to collection of more trade receivables during the previous period.
- (2) The decrease in net cash flows from investment activities was mainly due to the completion of incorporation of Nanjing Panda Electronic Science Development Company Limited (南京熊猫电子科技发展有限公司) which was included into the scope of consolidation during the previous period.
- (3) The increase in net cash flows from financing activities was mainly due to the increase in the proceeds from financing activities during the period.

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

☐ Applicable ☒ Not applicable

3.3 Performance of undertakings of the Company, shareholders and de facto controllers of the Company

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3.5 Execution of cash dividend policy during the reporting period

☒ Applicable ☐ Not applicable

Reference is made to the announcement on resolutions of the second meeting of the seventh session of the Board of the Company and the 2011 annual report. It is recommended that the Company will pay a cash dividend of RMB0.5 (tax inclusive) for every 10 shares, based on the Company's total share capital of 655,015,000 shares as at 31 December 2011, to all shareholders of the Company, amounting to a total distribution of cash dividend of RMB32,750,750. The remaining distributable profit is to be carried forward to next year. The Company resolved that capitalization of capital reserve would not be made. The proposal is subject to the shareholders' approval at the 2011 annual general meeting.

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

Nanjing, the People's Republic of China
24 April 2012

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

This Quarterly Report is published in both English and Chinese languages. In case of any inconsistency between the English and Chinese version, the Chinese version shall prevail.

APPENDICES:

CONSOLIDATED BALANCE SHEET

31 March 2012

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balance	390,838,179.29	446,888,631.46
Settlement provisions	—	—
Placement	—	—
Trading financial assets	—	—
Bills receivable	27,982,468.96	15,720,441.55
Trade receivable	617,336,141.08	548,925,350.05
Prepayments	116,542,282.09	91,165,039.41
Premiums receivable	—	—
Reinsurance receivable	—	—
Reinsurance contract reserves	—	—
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	27,701,304.83	23,267,110.10
Financial assets purchased for resale	—	—
Inventories	252,735,370.97	249,992,893.28
Non-current assets due within one year	—	—
Other current assets	—	—
Total current assets	<u>1,433,135,747.22</u>	<u>1,375,959,465.85</u>

Non-current assets:

Entrusted loans and advances	—	—
Available-for-sale financial assets	—	—
Held-to-maturity investments	—	—
Long-term receivables	—	—
Long-term equity investment	713,502,107.48	687,442,710.67
Investment properties	—	—
Fixed assets	606,858,770.05	618,853,365.45
Construction in progress	29,635,698.91	306,362.89
Construction supplies	—	—
Clearance of fixed assets	—	—
Biological assets for production	—	—
Fuel assets	—	—
Intangible assets	25,057,968.48	24,577,950.24
Development expenses	—	—
Goodwill	—	—
Long term deferred expenses	—	—
Deferred income tax assets	5,991,302.88	5,991,302.88
Other non-current assets	—	—
	<hr/>	<hr/>
Total non-current assets	<u>1,381,045,847.80</u>	<u>1,337,171,692.13</u>
Total assets	<u><u>2,814,181,595.02</u></u>	<u><u>2,713,131,157.98</u></u>

*Legal
representative:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of
Accounting Department:*
Wu Yuzhen

Liabilities and shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short-term loans	428,139,803.80	358,307,585.20
Borrowing from PBOC	—	—
Customer and interbank deposits	—	—
Borrowing from interbank	—	—
Trading financial liabilities	—	—
Bills payable	64,355,946.25	69,060,351.93
Accounts payable	479,411,032.86	466,874,177.25
Advances from customers	64,757,089.17	73,687,666.89
Financial assets sold under repurchase agreements	—	—
Bank charges and commissions due	—	—
Salaries payable	40,167,038.92	44,677,781.13
Taxes payable	12,516,038.31	-12,370,970.32
Interest payable	651,752.78	969,055.41
Dividend Payable	—	143,289.96
Other payables	112,819,272.43	111,950,392.10
Reinsurers due	—	—
Insurance contract reserves	—	—
Security trading of agency	—	—
Securities underwriting	—	—
Non-current liabilities due within one year	—	4,000,000.00
Other current liabilities	—	—
Total current liabilities	<u>1,202,817,974.52</u>	<u>1,117,299,329.55</u>

Non-current liabilities:

Long term loans	—	—
Bonds payables	—	—
Long term payables	—	—
Specific payables	—	—
Accrued liabilities	—	—
Deferred income tax liabilities	390,239.64	390,239.64
Other non-current liabilities	—	—

Total non-current liabilities	390,239.64	390,239.64
--------------------------------------	-------------------	-------------------

Total liabilities	1,203,208,214.16	1,117,689,569.19
--------------------------	-------------------------	-------------------------

Shareholders' equity:

Share capital	655,015,000.00	655,015,000.00
Capital reserve	467,473,413.43	467,473,413.43
Less: treasury stock	—	—
Special reserve	—	—
Surplus reserve	208,218,564.46	208,218,564.46
General risk reserve	—	—
Undistributed profits	270,321,214.60	256,332,969.10
Discounted spread in foreign currency statement	—	—
Sub-total of equity attributable to shareholders of the parent company	1,601,028,192.49	1,587,039,946.99
Minority interests	9,945,188.37	8,401,641.80

Total shareholders' equity	1,610,973,380.86	1,595,441,588.79
-----------------------------------	-------------------------	-------------------------

Total liabilities and shareholders' equity	2,814,181,595.02	2,713,131,157.98
---	-------------------------	-------------------------

*Legal
representative:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of
Accounting Department:*
Wu Yuzhen

CONSOLIDATED PROFIT AND LOSS STATEMENT

January to March 2012

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	566,260,643.90	376,297,472.00
Include: Operating income	566,260,643.90	376,297,472.00
Interest income	—	—
Premiums earned	—	—
Income from bank charges and commissions	—	—
II. Total operating cost	577,753,549.25	377,343,682.28
Include: Operating cost	501,509,440.37	301,543,567.73
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	4,427,603.90	3,895,699.94
Selling expenses	8,519,607.35	8,956,656.99
Administrative expenses	57,261,590.16	56,521,040.15
Financial expenses	3,653,266.22	5,239,083.31
Loss in assets impairment	2,382,041.25	1,187,634.16
Add: Income from change in fair value (losses are represented by “-”)	—	—
Investment income (losses are represented by “-”)	26,059,396.81	18,416,441.44
Include: Investment income of associates and joint ventures	26,059,396.81	18,416,441.44
Exchange gain (losses are represented by “-”)	—	—

III. Operating profit (losses are represented by “-”)	14,566,491.46	17,370,231.16
Add: Non-operating income	2,163,945.40	3,992,156.98
Less: Non-operating expenses	91,066.71	455,689.42
Include: Loss from the disposal of non-current assets	—	—
IV. Total Profit (losses are represented by “-”)	16,639,370.15	20,906,698.72
Less: Income tax expense	1,107,578.08	5,930,856.27
V. Net Profit (losses are represented by “-”)	15,531,792.07	14,975,842.45
Profit attributable to the equity shareholders of the parent company	13,988,245.50	14,111,691.80
Minority interest	1,543,546.57	864,150.65
VI. Earnings per share:		
(1) Basic earnings per share	0.0214	0.0215
(2) Diluted earnings per share	0.0214	0.0215
VII. Other comprehensive income:	—	—
VIII. Total comprehensive income:	15,531,792.07	14,975,842.45
Total comprehensive income attributable to the equity shareholders of the parent company	13,988,245.50	14,111,691.80
Total comprehensive income attributable to minority shareholders	1,543,546.57	864,150.65

*Legal
representative:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of
Accounting Department:*
Wu Yuzhen

CONSOLIDATED CASH FLOW STATEMENT

January to March 2012

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	563,743,198.92	448,861,405.97
Net increase in customer and interbank deposits		
Net increase in borrowing from PBOC		
Net cash increase in borrowing from other financial institutes		
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		
Cash received from interest, bank charges and commissions		
Net increase in cash borrowed		
Net increase in cash received from repurchase operation		
Refunds of taxes	19,907,609.58	322,494.26
Cash received from other related operating activities	7,413,354.98	21,408,474.45
Sub-total of cash inflows from operating activities	591,064,163.48	470,592,374.68

Cash paid on purchase of goods and services	507,926,050.23	320,736,946.40
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	86,832,409.31	83,797,845.62
Cash paid for all types of taxes	25,331,045.77	34,747,465.43
Cash paid to other related operating activities	57,906,269.98	26,950,334.46
Sub-total of cash outflows from operating activities	677,995,775.29	466,232,591.91
Net cash flows from operating activities	-86,931,611.81	4,359,782.77

II. Cash flows from investing activities:

Cash received from disposal of investments	—	
Cash received from return on investments	—	
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	23,000.00	29,500.00
Net cash received from disposal of subsidiaries and other operating entities	—	—
Cash received from other related investment activities	—	175,000,000.00
Sub-total of cash inflows from investing activities	23,000.00	175,029,500.00

Cash paid on purchase of fixed assets, intangible assets and other long term assets	18,709,778.24	24,494,533.63
Cash paid for investments	—	—
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities	—	
Cash paid on other investment activities	—	
Sub-total of cash outflows from investing activities	18,709,778.24	24,494,533.63
Net cash flows from investing activities	-18,686,778.24	150,534,966.37
III. Cash flows from financing activities:		
Cash received from investment	—	
Including: cash received by subsidiaries from minority shareholders' investment	—	
Cash received from borrowings	275,698,456.50	142,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	—	—
Sub-total of cash inflows from financing activities	275,698,456.50	142,000,000.00
Cash paid on repayment of borrowings	205,886,237.90	192,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	5,506,654.82	5,913,265.70
Including: bonus and profit paid to minority shareholders by subsidiaries	143,289.96	
Cash paid on other financing activities	—	
Sub-total of cash outflows from financing activities	211,392,892.72	197,913,265.70
Net cash flows from financing activities	64,305,563.78	-55,913,265.70

IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-21,623.30	-356.71
V. Net increase in cash and cash equivalents	-41,334,449.57	98,981,126.73
Add: balance of cash and cash equivalents at the beginning of the period	343,783,370.28	392,369,699.37
VI. Balance of cash and cash equivalents at the end of the period	302,448,920.71	491,350,826.10

*Legal
representative:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of
Accounting Department:*
Wu Yuzhen

BALANCE SHEET

31 March 2012

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB (Yuan)

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balance	153,638,437.19	89,554,907.28
Settlement provisions	—	—
Placement	—	—
Trading financial assets	—	—
Bills receivable	131,000.00	2,705,695.37
Trade receivable	67,527,670.21	62,071,745.67
Prepayments	3,647,164.32	10,442,132.04
Premiums receivable	—	—
Reinsurance receivable	—	—
Reinsurance contract reserves	—	—
Interest receivable	—	—
Dividends receivable	2,739,006.08	3,460,963.25
Other receivables	218,258,933.92	149,969,007.09
Financial assets purchased for resale	—	—
Inventories	8,938,407.42	8,362,496.01
Non-current assets due within one year	—	—
Other current assets	—	—
Total current assets	<u>454,880,619.14</u>	<u>326,566,946.71</u>
Non-current assets:		
Entrusted loans and advances	—	—
Available-for-sale financial assets	—	—
Held-to-maturity investments	—	—
Long-term receivables	—	—
Long-term equity investment	1,192,423,842.21	1,166,364,445.40
Investment properties	—	—
Fixed assets	396,141,138.91	400,611,454.76
Construction in progress	28,909,400.94	—
Construction supplies	—	—

Clearance of fixed assets	—	—
Biological assets for production	—	—
Fuel assets	—	—
Intangible assets	24,116,072.30	24,461,068.82
Development expenses	—	—
Goodwill	—	—
Long term deferred expenses	—	—
Deferred income tax assets	—	—
Other non-current assets	—	—
	<hr/>	<hr/>
Total non-current assets	<u>1,641,590,454.36</u>	<u>1,591,436,968.98</u>
Total assets	<u>2,096,471,073.50</u>	<u>1,918,003,915.69</u>

*Legal
representative:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of
Accounting Department:*
Wu Yuzhen

Liabilities and shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short-term loans	340,000,000.00	240,000,000.00
Borrowing from PBOC	—	—
Customer and interbank deposits	—	—
Borrowing from interbank	—	—
Trading financial liabilities	—	—
Bills payable	6,096,951.46	11,118,761.39
Accounts payable	35,597,180.59	32,635,735.91
Advances from customers	1,327,977.34	6,462,138.00
Financial assets sold under repurchase agreements	—	—
Bank charges and commissions due	—	—
Salaries payable	23,674,900.81	22,562,412.96
Taxes payable	3,719,875.70	4,361,014.76
Interest payable	521,752.78	521,752.78
Dividend Payable	—	—
Other payables	257,471,084.85	168,524,052.57
Reinsurers due	—	—
Insurance contract reserves	—	—
Security trading of agency	—	—
Securities underwriting	—	—
Non-current liabilities due within one year	—	4,000,000.00
Other current liabilities	—	—
Total current liabilities	<u>668,409,723.53</u>	<u>490,185,868.37</u>

Non-current liabilities:

Long term loans	—	—
Bonds payables	—	—
Long term payables	—	—
Specific payables	—	—
Accrued liabilities	—	—
Deferred income tax liabilities	—	—
Other non-current liabilities	—	—

Total non-current liabilities

—

Total liabilities**668,409,723.53****490,185,868.37****Shareholders' equity:**

Share capital	655,015,000.00	655,015,000.00
Capital reserve	436,256,485.59	436,256,485.59
Less: treasury stock	—	—
Special reserve	—	—
Surplus reserve	208,218,564.46	208,218,564.46
General risk reserve	—	—
Undistributed profits	128,571,299.92	128,327,997.27
Discounted spread in foreign currency statement	—	—

Total shareholders' equity**1,428,061,349.97****1,427,818,047.32****Total liabilities and shareholders' equity****2,096,471,073.50****1,918,003,915.69**

*Legal
representative:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of
Accounting Department:*
Wu Yuzhen

PROFIT AND LOSS STATEMENT

January to March 2012

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	17,625,141.54	20,753,318.85
Include: Operating income	17,625,141.54	20,753,318.85
Interest income	—	—
Premiums earned	—	—
Income from Bank charges and commissions	—	—
II. Total operating cost	44,091,637.40	51,252,333.84
Include: Operating cost	10,714,547.13	15,711,233.11
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	249,197.72	128,953.70
Selling expenses	2,122,179.43	1,884,731.26
Administrative expenses	28,721,888.43	29,640,913.38
Financial expenses	2,583,824.69	4,401,766.70
Loss in assets impairment	-300,000.00	-515,264.31
Add: Income from change in fair value (losses are represented by “-”)	—	—
Investment income (losses are represented by “-”)	26,059,396.81	18,416,441.44
Include: Investment income of associates and joint ventures	26,059,396.81	18,416,441.44
Exchange gain (losses are represented by “-”)	—	—

III. Operating profit			
(losses are represented by “-”)		-407,099.05	-12,082,573.55
Add:	Non-operating income	650,401.70	1,776,287.59
Less:	Non-operating expenses	—	200,000.00
	Include: Loss from the disposal of non-current assets	—	—
IV. Total Profit (losses are represented by “-”)		243,302.65	-10,506,285.96
Less:	Income tax expense	—	—
V. Net Profit (losses are represented by “-”)		243,302.65	-10,506,285.96
VI. Other comprehensive income		—	—
VII. Total comprehensive income		243,302.65	-10,506,285.96
<i>Legal representative:</i> Xia Dechuan		<i>Person in charge of accounting work:</i> Shen Jianlong	<i>Person in charge of Accounting Department:</i> Wu Yuzhen

CASH FLOW STATEMENT

January to March 2012

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	12,014,584.38	10,043,338.90
Net increase in customer and interbank deposits		
Net increase in borrowing from PBOC		
Net cash increase in borrowing from other financial institutes		
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		
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 relating to other operating activities	94,745,809.03	137,371,430.03
Sub-total of cash inflows from operating activities	106,760,393.41	147,414,768.93

Cash paid on purchase of goods and services received	10,079,252.35	14,416,350.25
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	20,122,846.63	23,851,993.84
Cash paid for all types of taxes	898,371.89	1,522,074.49
Cash paid relating to other operating activities	89,646,972.82	11,922,955.83
Sub-total of cash outflows from operating activities	120,747,443.69	51,713,374.41
Net cash flows from operating activities	-13,987,050.28	95,701,394.52

II. Cash flows from investing activities:

Cash received from disposal of investments	—	
Cash received from return on investments	721,957.17	
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	—	29,500.00
Net cash received from disposal of subsidiaries and other operating entities	—	
Cash received relating to other investment activities	—	—
Sub-total of cash inflows from investing activities	721,957.17	29,500.00
Cash paid on purchase of fixed assets, intangible assets and other long term assets	11,196,744.88	6,773,280.07
Cash paid for investments	—	30,000,000.00
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities	—	—
Cash paid on other investment activities	—	—
Sub-total of cash outflows from investing activities	11,196,744.88	36,773,280.07
Net cash flows from investing activities	-10,474,787.71	-36,743,780.07

III. Cash flows from financing activities:

Cash received from investment	—	—
Including: cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	230,000,000.00	130,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	—	
Sub-total of cash inflows from financing activities	230,000,000.00	130,000,000.00
Cash paid on repayment of borrowings	130,000,000.00	180,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	4,193,725.00	5,262,148.34
Including: bonus and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities	—	
Sub-total of cash outflows from financing activities	134,193,725.00	185,262,148.34
Net cash flows from financing activities	95,806,275.00	-55,262,148.34

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

V. Net increase in cash and cash equivalents	71,344,434.88	3,695,415.77
Add: balance of cash and cash equivalents at the beginning of the period	58,995,526.58	151,591,454.98

**VI. Balance of cash and cash equivalents
at the end of the period**

Legal representative:
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of
Accounting Department:*
Wu Yuzhen