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南京熊猫電子股份有限公司

NANJING PANDA ELECTRONICS COMPANY LIMITED

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

(Stock Code: 0553)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

Important Notice

The Board, the supervisory committee, the Directors, supervisors and senior management of the Company confirm that the information in this announcement does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the contents of this announcement. The purpose of this interim results announcement is to provide the public investors with a summary of the Company's results for the six months ended 30 June 2012. Investors should carefully read the whole text of the 2012 interim report in detail before making any significant decision.

Independent non-executive Director Ms. Liu Danping was unable to attend the Board meeting held on 30 August 2012 due to other business engagements, and had appointed independent non-executive Director Ms. Zhang Xiuhua to attend and vote on her behalf.

The financial statements of the Company for the six months ended 30 June 2012 are unaudited.

Neither the Company's controlling shareholder nor any of its related parties has misappropriated the Company's funds for non-operating purposes.

The Company did not provide external guarantees in violation of any stipulated decision-making procedures.

Mr. Xia Dechuan, the Head of the Company, Mr. Shen Jianlong, the Chief Accountant, and Ms. Wu Yuzhen, the Finance Manager, declared that they confirmed the truthfulness and completeness of the financial statements contained in the 2012 interim report.

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 2012 (the "Reporting Period"). Investors should carefully read the whole text of the 2012 interim report ("2012 Interim Report") in detail before making any significant decision. The financial statements of the Company for the six months ended 30 June 2012 were unaudited.

I. BASIC CORPORATE INFORMATION

(I) Company profile

- | | | | |
|----|--|---|---|
| 1. | Chinese legal name of the Company | : | 南京熊猫电子股份有限公司 |
| | English legal name of the Company | : | Nanjing Panda Electronics
Company Limited |
| | Abbreviated English name
of the Company | : | NPEC |
| 2. | Place of listing | : | H Shares : The Stock Exchange
of Hong Kong Limited |
| | | | A Shares : Shanghai Stock Exchange |
| | Stock abbreviation | : | H Shares : Nanjing Panda |
| | | | A Shares : Nanjing Panda |
| | Stock code | : | H Shares : 0553 |
| | | | A Shares : 600775 |

3. Secretary to the Board : Shen Jianlong
Correspondence address : 301 Zhongshan Road East, Nanjing,
the People's Republic of China
(Postal Code: 210002)
Telephone : (8625)- 84801144
Facsimile : (8625)- 84820729
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(II) Key financial data and indicators

1. Prepared in accordance with the PRC Accounting Standards for Business Enterprises (unaudited)

Unit: RMB

	As at the end of the Reporting Period (30 June 2012)	As at the end of the previous year (31 December 2011)	Increase/ decrease (%)
Total assets	2,946,051,522.02	2,713,131,157.98	8.58
Owners' equity (or shareholders' equity)	1,606,459,635.38	1,587,039,946.99	1.22
Net assets per share attributable to shareholders of the Company (RMB/share)	2.45	2.42	1.22

	The Reporting Period (January to June 2012)	The Corresponding period last year (January to June 2011)		Increase/ decrease (%)
		After adjustment	Before adjustment	
Operating profit	52,416,256.68	42,063,464.20	42,651,108.07	24.61
Total profit	59,323,899.83	48,227,031.85	48,810,433.05	23.01
Net profit attributable to shareholders of the Company	52,170,438.39	34,839,001.78	35,356,541.74	49.75
Net profit attributable to shareholders of the Company after extraordinary items	46,911,864.44	30,279,776.16	30,279,776.16	54.93
Basic earnings per share	0.0796	0.0532	0.0540	49.75
Basic earnings per share after extraordinary items	0.0716	0.0462	0.0462	54.93
Diluted earnings per share	0.0796	0.0532	0.0540	49.75
Weighted average return on net assets (%)	3.25	2.33	2.37	Increased by 0.92 percentage points
Net cash flows from operating activities	-99,535,966.07	-47,805,606.37	-49,679,526.00	N/A
Net cash flows from operating activities per share	-0.15	-0.07	-0.08	N/A

Notes: Items and amounts of extraordinary profit and loss

Unit: RMB

Item	Amount
Gains and losses from disposal of non-current assets	-52,927.37
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 profit and loss for the period	6,402,820.00
Other non-operating net income and expenses other than the aforesaid items	224,273.53
Impact on enterprise income tax	-1,107,948.79
Extraordinary profit and loss attributable to minority shareholders	-207,643.42
Total	5,258,573.95

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

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2012

(Expressed in Renminbi)

		Six months ended 30 June	
		2012	2011
		(unaudited)	(unaudited
		RMB'000	and restated)
	<i>Note</i>		<i>RMB'000</i>
Turnover	4	1,041,745	827,342
Cost of sales		(941,484)	(694,777)
Gross profit		100,261	132,565
Other income and net (losses)/gains	5	12,645	13,887
Distribution costs		(15,551)	(18,006)
Administrative expenses		(127,898)	(110,813)
Operating (loss)/profit		(30,543)	17,633
Finance costs, net		(11,519)	(10,194)
Share of profits of associates		101,386	40,788
Profit before taxation	6	59,324	48,227
Income tax expense	7	(4,557)	(10,252)
Profit and total comprehensive income for the period		54,767	37,975
Attributable to:			
Equity holders of the Company		52,170	34,839
Non-controlling interests		2,597	3,136
		54,767	37,975
Earnings per share (RMB cents)			
— Basic and diluted	8	7.96	5.32

Condensed consolidated balance sheet*As at 30 June 2012**(Expressed in Renminbi)*

		30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Land use rights		22,355	22,696
Property, plant and equipment		633,751	621,042
Associates		781,897	683,793
Available-for-sale equity securities		3,650	3,650
Deferred tax assets		8,453	5,991
		1,450,106	1,337,172
Current assets			
Inventories		194,150	196,693
Trade and bills receivables	10	646,447	564,646
Amounts due from customers for contract work		80,452	56,900
Deposits, prepayments and other receivables		164,830	110,832
Restricted bank deposits	11	80,555	103,105
Cash and cash equivalents		329,511	343,783
		1,495,945	1,375,959
Total assets		2,946,051	2,713,131
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		655,015	655,015
Share premium and reserves		951,444	932,025
		1,606,459	1,587,040
Non-controlling interests		8,659	8,402
Total equity		1,615,118	1,595,442

Condensed consolidated balance sheet (continued)**At 30 June 2012***(Expressed in Renminbi)*

		30 June 2012 (unaudited) <i>RMB'000</i>	31 December 2011 (audited) <i>RMB'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		<u>351</u>	<u>390</u>
Current liabilities			
Bank borrowings	12	558,534	427,368
Other borrowing		—	4,000
Trade payables	13	525,580	466,874
Accruals and other payables		246,468	218,590
Tax payable		<u>—</u>	<u>467</u>
		<u>1,330,582</u>	<u>1,117,299</u>
Total liabilities		<u>1,330,933</u>	<u>1,117,689</u>
Total equity and liabilities		<u>2,946,051</u>	<u>2,713,131</u>
Net current assets		<u>165,363</u>	<u>258,660</u>
Total assets less current liabilities		<u>1,615,469</u>	<u>1,595,832</u>

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 (“HKSE”) 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, the PRC. The principal place of business of the Company is located at 301 Zhongshan Road East, Nanjing, the PRC.

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

The directors consider the immediate and ultimate holding company of the Company to be Panda Electronics Group Company Limited (“PEGL”), a PRC state-owned enterprise.

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 HKSE.

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 2011.

In November 2011, the Company completed the acquisition of a total of 100% equity interest in Nanjing Longwill Communications Technology Co., Ltd (“Longwill”) from the ultimate holding company and five individual vendors for a total cash consideration of RMB3,018,000. This acquisition was regarded as business combination under common control as the Company and Longwill are controlled by PEGl both before and after the aforesaid transaction, and has been accounted for in accordance with the Accounting Guideline 5 “Merger accounting for common control combinations” issued by the HKICPA. As a result, the comparative figures in this interim financial information have been restated in order to include the results of Longwill since the date of which first came under common control. Details of adjustments for the common control combination on the Group’s results for the six months ended 30 June 2011 are set out in note 14.

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 2011 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 certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. There have been no significant changes to the accounting policies applied in the interim financial information as a result of these developments.

Up to the date of issue of this interim financial information, the HKICPA has issued a number of amendments, new standards and Interpretations that are not yet effective for the year ending 31 December 2012 and that have not been adopted in the interim financial information. Of these developments, the following may be relevant to the Group's operations and financial statements:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, Presentation of financial statements — Presentation of items of other comprehensive income	1 July 2012
HKFRS 10, Consolidated financial statements	1 January 2013
HKFRS 11, Joint arrangements	1 January 2013
HKFRS 12, Disclosure of interests in other entities	1 January 2013
HKFRS 13, Fair value measurement	1 January 2013
HKAS 27 (2011), Separate financial statements	1 January 2013
HKAS 28 (2011), Investments in associates and joint ventures	1 January 2013
HKFRS 9, Financial instruments	1 January 2015

The Group is in the process of making an assessment of what the potential impact of these amendments, new standards and interpretations is expected to be in the period of initial application, but is not yet in a position to determine whether the adoption will have any significant impact on the Group's results of operations and financial position.

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 2012, the Group has the following reportable segments:

- | | |
|--|--|
| (i) Electronic manufacturing products: | Development, production and sale of electronic manufacturing products |
| (ii) Electronic equipment products: | Development, production and sale of electronic equipment products |
| (iii) Communication technology products: | Development, manufacture and sale of communication technology products |
| (iv) Electronic intelligent products: | Development, manufacture and sale of electronic intelligent 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 and assets attributable to each reportable segment on the following basis:

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

Revenue and expenses are allocated to the reportable segments with reference to the 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 by reportable segments for the six months ended 30 June 2012:

Six months ended 30 June 2012

	Electronic manufacturing products (unaudited) <i>RMB'000</i>	Electronic equipment products (unaudited) <i>RMB'000</i>	Communication technology products (unaudited) <i>RMB'000</i>	Electronic intelligent 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	300,677	218,062	244,196	238,048	40,762	—	1,041,745
Internal sales	<u>12,743</u>	<u>14,345</u>	<u>35</u>	<u>11,093</u>	<u>621</u>	<u>(38,837)</u>	<u>—</u>
Total	<u><u>313,420</u></u>	<u><u>232,407</u></u>	<u><u>244,231</u></u>	<u><u>249,141</u></u>	<u><u>41,383</u></u>	<u><u>(38,837)</u></u>	<u><u>1,041,745</u></u>
Results							
Segment results	<u><u>9,428</u></u>	<u><u>14,395</u></u>	<u><u>735</u></u>	<u><u>8,280</u></u>	<u><u>(966)</u></u>	<u><u>—</u></u>	31,872
Unallocated corporate expenses							(62,415)
Interest income							3,240
Interest expense							(14,759)
Share of profits of associates							101,386
Income tax expense							<u>(4,557)</u>
Profit for the period							<u><u>54,767</u></u>

At 30 June 2012

	Electronic manufacturing products (unaudited) <i>RMB'000</i>	Electronic equipment products (unaudited) <i>RMB'000</i>	Communication technology products (unaudited) <i>RMB'000</i>	Electronic intelligent 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	525,031	334,036	138,736	673,704	318,016	(526,110)	1,463,413
Associates							781,897
Available-for-sale equity securities							3,650
Unallocated corporate assets							<u>697,091</u>
Consolidated total assets							<u><u>2,946,051</u></u>

Six months ended 30 June 2011

	Electronic manufacturing products (unaudited and restated) <i>RMB'000</i>	Electronic equipment products (unaudited and restated) <i>RMB'000</i>	Communication technology products (unaudited and restated) <i>RMB'000</i>	Electronic intelligent products (unaudited and restated) <i>RMB'000</i>	Other operations (unaudited and restated) <i>RMB'000</i>	Elimination (unaudited and restated) <i>RMB'000</i>	Consolidated (unaudited and restated) <i>RMB'000</i>
Revenue							
External sales	289,255	200,372	86,460	219,751	31,504	—	827,342
Internal sales	<u>12,769</u>	<u>17,299</u>	<u>506</u>	<u>2,643</u>	<u>3,634</u>	<u>(36,851)</u>	<u>—</u>
Total	<u><u>302,024</u></u>	<u><u>217,671</u></u>	<u><u>86,966</u></u>	<u><u>222,394</u></u>	<u><u>35,138</u></u>	<u><u>(36,851)</u></u>	<u><u>827,342</u></u>
Results							
Segment results	<u><u>42,733</u></u>	<u><u>13,259</u></u>	<u><u>1,232</u></u>	<u><u>11,033</u></u>	<u><u>3,764</u></u>	<u><u>—</u></u>	72,021
Unallocated							
corporate expenses							(54,388)
Interest income							2,357
Interest expense							(12,551)
Share of profits of associates							40,788
Income tax expense							<u>(10,252)</u>
Profit for the period							<u><u>37,975</u></u>

At 31 December 2011

	Electronic manufacturing products (audited) <i>RMB'000</i>	Electronic equipment products (audited) <i>RMB'000</i>	Communication technology products (audited) <i>RMB'000</i>	Electronic intelligent 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	510,067	314,639	75,428	626,749	317,759	(333,215)	1,511,427
Associates							683,793
Available-for-sale equity securities							3,650
Unallocated corporate assets							514,261
Consolidated total assets							2,713,131

5. Other income and net (losses)/gains

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited and restated)
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Rental and property management fee income	6,282	8,018
Government subsidies	6,737	4,361
Sundry income	502	1,285
	<u>13,521</u>	<u>13,664</u>
Other net (losses)/gains		
Exchange losses	(802)	(655)
(Loss)/gain on disposal of property, plant and equipment	(74)	878
	<u>(876)</u>	<u>223</u>
	<u><u>12,645</u></u>	<u><u>13,887</u></u>

6. Profit before taxation

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

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited and restated)
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	27,106	25,575
Amortisation of land use rights	341	341
Write-down of inventories	4,034	1,511
Impairment losses recognised/(reversed) on		
— Trade receivables	(405)	(773)
— Other receivables	(547)	(4,304)
— Amounts due from fellow subsidiaries and associates	117	31

7. Income tax expense

	Six months ended 30 June	
	2012	2011
	(unaudited)	(unaudited and restated)
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
— PRC enterprise income tax	1,981	9,650
— Under-provision in prior year	5,077	—
	7,058	9,650
Deferred tax		
— attributable to the origination and reversal of temporary differences	(2,501)	602
	4,557	10,252

PRC enterprise income tax is charged at the statutory rate of 25% (six months ended 30 June 2011: 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 12.5% or 15% (six months ended 30 June 2011: 12.5% or 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 2012 of RMB52,170,000 (six months ended 30 June 2011 as restated: RMB34,839,000) and 655,015,000 shares in issue throughout the period.

The diluted earnings per share for the six months ended 30 June 2012 and 2011 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 2012 and 2011.

9. Dividends

Final dividend of RMB50 cents per ten shares in respect of the year ended 31 December 2011 was approved on 29 March 2012.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: 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 bill receivables net of provision for impairment:

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Within 1 year	614,291	554,235
1 to 2 years	32,068	10,238
2 to 3 years	82	74
Over 3 years	6	99
	646,447	564,646

11. Restricted bank deposits

The restricted bank deposits are pledged as security for:

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Bills payable	25,878	44,683
Performance bonds given by banks to customers in respect of projects undertaken	54,677	58,422
	80,555	103,105

12. Bank borrowings

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Short term bank loans	507,000	358,308
Bills payable, secured	51,534	69,060
	<u>558,534</u>	<u>427,368</u>

At 30 June 2012, the Company's short term bank loans amounting to RMB120,000,000 (31 December 2011: RMB70,000,000) were secured by pledge of certain land use rights and buildings of the Company with carrying values of RMB1,004,000 (31 December 2011: RMB1,150,000) and RMB111,376,000 (31 December 2011: RMB113,822,000) respectively with banks, and short term bank loans amounting to RMB320,000,000 (31 December 2011: RMB170,000,000) were secured by corporate guarantees from the ultimate holding company.

13. Trade payables

The following is an ageing analysis of trade payables:

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Within 1 year	444,065	395,206
1 to 2 years	35,481	28,844
2 to 3 years	11,136	18,094
Over 3 years	34,898	24,730
	<u>525,580</u>	<u>466,874</u>

14. Business combination under common control

Details of adjustments for common control combination of Longwill (see note 2) on the Group's results for the six month ended 30 June 2011 are as follows:

	As previously reported <i>RMB'000</i>	Longwill <i>RMB'000</i>	Adjustments <i>RMB'000</i>	As restated <i>RMB'000</i>
Turnover	<u>822,360</u>	<u>5,058</u>	<u>(76)</u>	<u>827,342</u>
Profit/(loss)				
before taxation	48,811	(584)	—	48,227
Income tax expense	<u>(10,237)</u>	<u>(15)</u>	<u>—</u>	<u>(10,252)</u>
Profit/(loss) for the period	<u>38,574</u>	<u>(599)</u>	<u>—</u>	<u>37,975</u>
Earnings/(loss) per share (<i>RMB cents</i>)				
— Basic and diluted	<u>5.40</u>	<u>(0.09)</u>	<u>0.01</u>	<u>5.32</u>

Note:

The above adjustments mainly represent adjustments to eliminate the intra-group transactions between the Group companies and Longwill. No other significant adjustments were made to the net profit of any entities of the Group as a result of the common control combination to achieve consistency of accounting policies.

15. Contingent liabilities

The Group had the following contingent liabilities:

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Performance bonds given by banks to customers in respect of projects undertaken	<u>54,677</u>	<u>58,422</u>

16. Capital commitments

At 30 June 2012, outstanding capital commitments not provided for in the financial statements are as follows:

	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Contracted for — Property, plant and equipment	<u>19,667</u>	<u>14,842</u>

II. CHANGE IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

(I) Change in share capital

As at 30 June 2012, there was no change in the total number of shares and shareholding structure of the Company.

(II) Information of shareholders

1. As at 30 June 2012, the total number of shareholders of the Company was 19,348, among which 19,296 were holders of A Shares and 52 were holders of H Shares.

2. Shareholdings of the top ten shareholders

As at 30 June 2012, the top ten shareholders of the Company and their respective shareholdings are as follows:

Name of shareholders	Type of shareholders (State-owned or foreign 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 shareholder	51.10	334,715,000	0	167,350,000
HKSCC (Nominees) Limited	Foreign shareholder	36.75	240,709,599	0	Unknown
Huang Jitang	Others	0.331	2,170,081	0	Unknown
Peng Hongwan	Others	0.177	1,161,026	0	Unknown
Wang Caihong	Others	0.100	655,991	0	Unknown
Zheng Xinhua	Others	0.098	640,000	0	Unknown
Zhang Likun	Others	0.077	506,069	0	Unknown
Yang Chunyan	Others	0.071	466,854	0	Unknown
Rong Tao	Others	0.061	397,600	0	Unknown
Chen Xiaodong	Others	0.060	393,500	0	Unknown

3. 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 of shares
PEGL	334,715,000	A
HKSCC (Nominees) Limited	240,709,599	H
Huang Jitang	2,170,081	A
Peng Hongwan	1,161,026	A
Wang Caihong	655,991	A
Zheng Xinhua	640,000	A
Zhang Likun	506,069	A
Yang Chunyan	466,854	A
Rong Tao	397,600	A
Chen Xiaodong	393,500	A

Description of the connected relationship or party acting in concert among the aforesaid shareholders:

There is no connected relationship or party acting in concert among PEGL and other shareholders. The Company is not aware of any connected relationship or party acting in concert among other shareholders.

Notes:

- (1) Among the shareholders named above, PEGL held 334,715,000 shares of the Company on behalf of the State, representing 51.10% of the issued share capital of the Company, which were circulating shares not subject to trading moratorium. Among the shares held by PEGL, 167,350,000 shares were pledged on 28 November 2011.

(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, and on the websites of the Hong Kong Stock Exchange and the Company on 30 November 2011.)

- (2) HKSCC (Nominees) Limited held 240,709,599 H Shares of the Company, representing 36.75% 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 issued share capital of the Company.
- (3) None of the shareholders of the Company holds shares subject to trading moratorium (in respect of share reform only)

(III) Change in the controlling shareholder and the de facto controller

During the Reporting Period, there was no change in the controlling shareholder and the de facto controller of the Company, which were still PEGL and China Huarong Assets Management Company (中國華融資產管理公司) respectively.

Notes:

1. Nanjing Electronics Information Industrial Corporation (南京中電熊貓信息產業集團有限公司) (“NEIIC”) was jointly invested and established pursuant to the agreement entered into by Nanjing State-owned Assets Supervision and Administration Commission of the PRC (“Nanjing SASAC”), Jiangsu Provincial Guo Xin Asset Management Group Ltd (江蘇省國信資產管理集團有限公司) (“Guo Xin Group”) and China Electronics Corporation (中國電子信息產業集團有限公司) (“CEC”) (of which CEC accounts for 70%, Nanjing SASAC and Guo Xin Group account for 15% each). Pursuant to the agreement, NEIIC will hold 47.98% equity interest in PEGL, the controlling shareholder of the Company, and hence becoming the largest shareholder of PEGL. Pursuant to the approval for the change in the ultimate controller of the Company (Guo Zi Chan Quan [2009] No. 843)(《關於南京熊貓電子股份有限公司實際控制人變更有關問題的批文》(國資產權[2009]843號)) issued by the State-owned Assets Supervision and Administration Commission of the State Council, the ultimate controller of the Company will be changed to CEC upon completion of the establishment of NEIIC. The completion of the agreement is still subject to compliance with relevant requirements of CSRC and other regulatory authorities. Hence, when going through relevant approval procedures, according to the relevant requirements set out in the “Administrative Measures for the Takeover of Listed Companies” (Zheng Jian Hui Lin [2006] No. 35) issued by the CSRC, CEC reported the change of ultimate controller of the Company to the CSRC and applied to CSRC for a waiver from compliance with the general offer requirement. As the grounds for waiver from general offer in the proposed acquisition do not satisfy the relevant requirements set out in Clause 1 of Rule 63 of the “Administrative Measures for the Takeover of Listed Companies”, CEC intends to withdraw the said submission and resubmit the application with necessary amendments and supplemental documents to the CSRC.

(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 8 September 2009 and 4 December 2010, and on the websites of the Hong Kong Stock Exchange and the Company on 7 September 2009 and 3 December 2010.)

2. CEC, Guo Xin Group and Nanjing SASAC entered into a supplemental agreement for the joint investment and restructuring of PEGL (《關於聯合投資重組熊貓集團等企業的補充協議》), pursuant to which, part of the contribution from Guo Xin Group and Nanjing SASAC in kind at RMB1 each in form of their equity interest in PEGL, i. e., 21.59% and 26.39% respectively, was changed to contribution in cash, at RMB1 each. Meanwhile, Guo Xin Group will transfer the 21.59% equity interest held by it in PEGL to NEIIC at nil consideration, and Nanjing SASAC will transfer the total equity interest held by it through Nanjing Xingang Development Corporation (南京新港開發總公司) (holding 22.07% of equity interests in PEGL) and Nanjing Municipal State-owned Assets Operation (Holding) Company (南京市國有資產經營(控股)有限公司) (holding 4.32% of equity interests in PEGL) to NEIIC at nil consideration. The Jiangsu State-owned Assets Supervision and Administration Commission of the People's Republic of China (江蘇省人民政府國有資產監督管理委員會) has given its approval to the transfer of 22.07%, 21.59% and 4.32% state-owned equity interests in PEGL held by Nanjing Xingang Development Corporation, Guo Xin Group and Nanjing Municipal State-owned Assets Operation (Holding) Company respectively to NEIIC at nil consideration.

(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 8 March 2012 and on the websites of the Hong Kong Stock Exchange and the Company on 7 March 2012.)

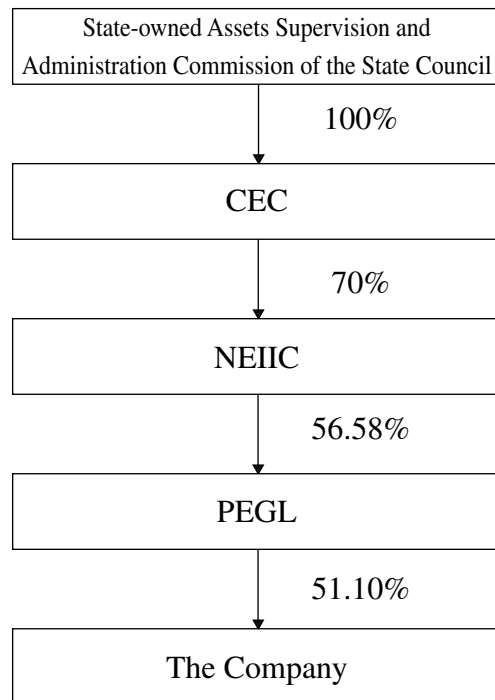
3. The State-owned Assets Supervision and Administration Commission of the State Council issued an approval letter in respect of the change of ultimate controller of the Company as a result of the transfer of equity interest of PEGL at nil consideration (Guo Zi Chan Quan No. [2012]158). Pursuant to the approval, the ultimate controller of the Company will be changed to CEC upon completion of the transfer of equity interest of PEGL at nil consideration.

(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 11 April 2012 and on the websites of the Hong Kong Stock Exchange and the Company on 10 April 2012.)

4. The completion of the agreement is still subject to satisfaction of the requirements of the CSRC and other relevant regulatory authorities. CEC and its party acting in concert, NEIIC, reported to the CSRC the change of ultimate controller of the Company pursuant to the “Administrative Measures for the Takeover of Listed Companies”, and submitted an application for a waiver from general offer obligations by way of summary procedures. CSRC accepted the filing by CEC of the report of acquisition of the Company and the administrative permission application materials for the approval of a waiver from general offer obligations (summary procedures), and issued an approval in respect thereof, raising no objection to the report of acquisition of the Company and granting the waiver from general offer obligations arising from obtaining control of the Company due to transfer of state-owned assets. As the proposed transaction resulted in change of ultimate controller of the Company, CEC and its party acting in concert, NEIIC, applied to the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”), for a waiver from mandatory offer obligation under Note 8 to Rule 26.1(a) of the Takeovers Code in respect of the change of ultimate controller of the Company as a result of the proposed transaction. The SFC gave its reply to the said application for a waiver from the mandatory offer obligation under Rule 26.1(a) of the Takeovers Code, that the chain principle under Note 8 applies, and in the opinion of the SFC, no general offer obligation will be triggered on the part of the applicants and Rule 26.1(a) of the Takeovers Code does not apply to the said acquisition. The Company published the acquisition report (summary) when the CSRC accepted the application for a waiver from general offer obligations and published the acquisition report, the advice from the independent financial adviser and relevant legal opinion on the website of the Shanghai Stock Exchange and Hong Kong Stock Exchange when the CSRC issued its approval in respect of the application for a waiver from general offer obligations.

(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 10 May, 12 May, 12 June and 21 July 2012, and on the websites of the Hong Kong Stock Exchange and the Company on 9 May, 11 May, 11 June and 20 July 2012.)

PEGL, the controlling shareholder of the Company is going through relevant procedures for change of registration with relevant industry and commerce authorities. Upon completion of such procedures, the diagram of the shareholding and controlling relationship between the Company and its ultimate controller will be changed to:



III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Shareholdings of Directors, supervisors and senior management members

As at 30 June 2012, the shareholdings of Directors, supervisors and senior management members of the Company are as follows:

Name	Position	No. of shares held at the beginning of the Reporting Period (A share)	No. of shares increased/ decreased during the Reporting Period (+/-)	No. of shares held at the end of the Reporting Period (A share)	Reasons for change
Lai Weide	Executive Director and Chairman	0		0	
Xu Guofei	Executive Director and Vice Chairman	2,546		2,546	
Zhu Lifeng	Non-executive Director	4,378		4,378	
Deng Weiming	Non-executive Director	0		0	
Lu Qing	Non-executive Director	0		0	
Jason Hsuan	Non-executive Director	0		0	
Zhang Xiuhua	Independent Non-executive Director	0		0	
Liu Danping	Independent Non-executive Director	0		0	
Chu Wai Tsun, Vincent	Independent Non-executive Director	0		0	
Zhang Zhengping	Chairman of the Supervisory Committee	4,648		4,648	
Fu Yuanyuan	Supervisor representing employees	0		0	
Zhou Yuxin	Supervisor representing employees	0		0	
Xia Dechuan	General Manager	0		0	
Liu Kun	Deputy General Manager	0		0	
Zhou Guixiang	Deputy General Manager	1,639		1,639	
Shen Jianlong	Chief Accountant, Secretary to the Board and Company Secretary	0		0	
Total		<u>13,211</u>		<u>13,211</u>	

Save as disclosed above, none of the Directors, Supervisors and senior management members of the Company or any of their respective associates has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were required to be recorded in the register required to be kept under Section 352 of Part XV of the Securities and Futures Ordinance or to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

None of the Directors, Supervisors, and senior management members of the Company or any of their respective associates was granted or exercised any rights to subscribe for any shares or debt securities of the Company during the Reporting Period.

(II) New appointment or dismissal of Directors, supervisors and senior management during the Reporting Period

1. Mr. Lai Weide, Mr. Xu Guofei, Mr. Zhu Lifeng, Mr. Deng Weiming, Mr. Lu Qing, Mr. Hsuan Jason, Ms. Zhang Xiuhua, Ms. Liu Danping and Mr. Chu Wai Tsun, Vincent were nominated as candidates for members of the seventh session of the Board at the 22nd meeting of the sixth session of the Board held on 16 January 2012 and were successfully elected to the Board at the 2012 first extraordinary general meeting of the Company held on 6 March 2012. Their term of offices is three years.
2. At the 18th meeting of the sixth session of the supervisory committee of the Company held on 16 January 2012, Ms. Zhang Zhengping was nominated as a candidate for members of the seventh session of the supervisory committee and Ms. Fu Yuanyuan and Mr. Zhou Yuxin were determined as supervisors representing employees of the seventh session of the supervisory committee of the Company. Ms. Zhang Zhengping was elected as a supervisor at the 2012 first extraordinary general meeting of the Company held on 6 March 2012. Her term of office is three years.

(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 18 January 2012 and 7 March 2012 and on the websites of Hong Kong Stock Exchange and the Company on 17 January 2012 and 6 March 2012.)

3. At the first meeting of the seventh session of the Board held on 6 March 2012, Mr. Lai Weide and Mr. Xu Guofei were elected as the Chairman and Vice-Chairman of the Board respectively.

Mr. Lai Weide, Mr. Xu Guofei, Mr. Zhu Lifeng, Mr. Deng Weiming and Mr. Chu Wai Tsun, Vincent were elected as members of the strategy committee of the Company, with Mr. Lai Weide as the chairman.

Mr. Deng Weiming, Mr. Lu Qing, Ms. Zhang Xiuhua, Ms. Liu Danping and Mr. Chu Wai Tsun, Vincent were elected as members of the audit committee of the Company, with Ms. Zhang Xiuhua as the chairman.

Mr. Lai Weide, Mr. Xu Guofei, Ms. Zhang Xiuhua, Ms. Liu Danping and Mr. Chu Wai Tsun, Vincent as members of the nomination committee of the Company, with Ms. Liu Danping as the chairman.

Mr. Zhu Lifeng, Mr. Lu Qing, Ms. Zhang Xiuhua, Ms. Liu Danping and Mr. Chu Wai Tsun, Vincent as members of the remuneration and evaluation committee of the Company, with Mr. Chu Wai Tsun, Vincent as the chairman.

4. At the first meeting of the seventh session of the supervisory committee of the Company held on 6 March 2012, Ms. Zhang Zhengping was elected as the chairman of the supervisory committee of the Company.

5. At the first meeting of the seventh session of the Board held on 6 March 2012, Mr. Xia Dechuan was elected as the General Manager of the Company, Mr. Liu Kun and Mr. Zhou Guixiang as Deputy General Managers of the Company, and Mr. Shen Jianlong as the Chief Accountant and Secretary to the Board of the Company, all with a term of three years.

(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 7 March 2012 and on the websites of Hong Kong Stock Exchange and the Company on 6 March 2012.)

6. Mr. Tang Yousong and Mr. Ma Chung Lai, Lawrence retired as independent non-executive Directors of the Company upon expiration of their terms.
7. Ms. Sun Suhua and Mr. Wang Fei retired as independent supervisors of the Company upon expiration of their terms. Ms. Tang Min retired as supervisor representing employees of the Company due to age.

(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 18 January 2012 and on the websites of Hong Kong Stock Exchange and the Company on 17 January 2012.)

IV. REPORT OF THE BOARD

(I) Discussion and Analysis on the Principal Operations during the Reporting Period

1. Principal operations of the Company

In the first half of 2012, the Company carried out business structure adjustment by concentrating on electronic equipment and electronic manufacturing, and initially formed an electronic equipment business segment mainly including industrial automation equipment and traffic electronic equipment, thereby giving full play to the advantages of electronics manufacturing in the area of hardware device, on-site management, processing scale and manufacturing techniques. As a result, the Company saw improvement in sales volume and the profitability of its principal operations. Meanwhile, the Company continued to strengthen its control over and services to its joint ventures, thereby achieving considerable increase in investment income.

Under the PRC Accounting Standards for Business Enterprises, operating income of the Company from January to June 2012 amounted to RMB1,056 million, representing an increase of 25.25% as compared with the corresponding period last year; and net profit was RMB52,170,400, representing an increase of 49.75% as compared with the corresponding period last year. Under the Hong Kong Financial Reporting Standards, operating income of the Company from January to June 2012 amounted to RMB1,042 million, representing an increase of 26.00% as compared with the corresponding period last year; net profit attributable to shareholders of the Company amounted to RMB52,170,400, representing an increase of 49.75% as compared with the corresponding period last year.

2. Principal operating results and segmental information classified by businesses or products (prepared under the PRC Accounting Standards for Business Enterprises, unaudited)

Unit: RMB

Business or product	Principal operating income	Principal operating costs	Principal operating profit margin %	Increase/decrease in revenues from principal operations from the same period last year %	Increase/decrease in principal operating costs from the same period last year %	Increase/decrease in principal operating profit margin from the same period last year %
Electronic manufacturing	309,395,193.33	275,685,514.93	10.90	2.18	17.97	Decreased by 11.92 percentage points
Electronic intelligent products	247,252,195.97	209,154,799.28	15.41	13.17	13.21	Decreased by 0.03 percentage points
Electronic equipment products	211,242,003.12	183,383,395.17	13.19	6.11	6.80	Decreased by 0.56 percentage points
Communication technology products	241,514,594.94	234,433,632.40	2.93	202.06	204.30	Decreased by 0.72 percentage points
Others	29,761,361.02	24,316,683.00	18.29	19.47	65.21	Decreased by 22.63 percentage points
Total	1,039,165,348.38	926,974,024.78	10.80	25.93	35.94	Decreased by 6.56 percentage points

Of which, the connected transactions relating to sale of products and provision of services to the controlling shareholder and its subsidiaries by the Company amounted to RMB70,876,600 during the Reporting Period.

3. Principal operations by geographical regions

The principal operations of the Company mainly span across different regions in the PRC.

4. Operation of the principal companies in which the Company has equity participation

(1) Nanjing Ericsson Panda Communication Co., Ltd. (“ENC”)

ENC is held as to 27% by the Company, 25% by Telefonaktiebolaget L.M. Ericsson, 26% by Ericsson (China) Company Limited, 20% by China Potevio Co., Ltd., and 2% by Hong Kong Yung Shing Enterprise Company (“Hong Kong Yung Shing”). ENC is mainly engaged in production of mobile telecommunication system products and network communication systems, etc. ENC is one of the supply pivots for Ericsson in the world and one of the largest suppliers of mobile telecommunication equipments in China. Under the International Accounting Standards, ENC recorded operating income of RMB5,669 million from January to June 2012, representing a decrease of 46.76% as compared with the corresponding period last year, and recorded net profit of RMB188 million, representing a decrease of 43.71% as compared with the corresponding period last year. Investment income contributed by ENC amounted to RMB50,863,400, accounting for 97.49% of the Company’s net profit.

(2) Beijing SE Putian Mobile Communication Co., Ltd. (“BMC”)

BMC is held as to 20% by the Company, 51% by Sony Ericsson Mobile Communication Limited (“Sony Ericsson”), 27% by China Potevio Co., Ltd. and 2% by Hong Kong Yung Shing. BMC is mainly engaged in the production of mobile terminals (mobile phones) under the brand of Sony Ericsson and is the principal production base and supply centre of Sony Ericsson mobiles. Under the International Accounting Standards, BMC recorded operating income of RMB13,410 million from January to June 2012, representing an increase of 61.24% as compared with the corresponding period last year, and recorded net profit of RMB206 million, representing an increase of 186.11% as compared with the corresponding period last year. Investment income contributed by BMC amounted to RMB41,166,200, accounting for 78.91% of the Company’s net profit.

(3) Hua Fei Colour Display Systems Company Limited (“Hua Fei Company”)

Hua Fei Company is held as to 25% by the Company, 20% by Nanjing Hua Dong Electronics Group Limited and 55% by LG. Philips Displays International Ltd. (樂金•飛利浦顯示件國際有限公司). Its principal operations include development, design and manufacture of colour image tubes, colour monitor tubes and other colour display system products, their spare parts and materials and related electronic products, as well as sale of self-produced products.

In September 2011, the Intermediate People’s Court of Nanjing City, Jiangsu Province accepted the lawsuit brought by creditors of Hua Fei Company in respect of the winding up of Hua Fei Company (please refer to the announcements published by the Company on the websites of the Hong Kong Stock Exchange and the Company on 21 September 2011 and in China Securities Journal, Shanghai Securities News and on the website of the Shanghai Stock Exchange on 22 September 2011 for details). As at 31 December 2011, the balance of the Company’s long-term equity investment in Hua Fei Company was nil.

(II) Summary of analysis of operating results and financial position

1. Analysis of reasons for movements of principal financial indicators (prepared under the PRC Accounting Standards for Business Enterprises, unaudited)

Unit: RMB

(1) Major changes of accounts in balance sheet:

Item	30 June 2012	31 December 2011	Increase/ decrease (%)
Prepayments	136,511,879.45	91,165,039.41	49.74
Construction in progress	32,632,625.63	306,362.89	10,551.62
Deferred income tax assets	8,453,360.52	5,991,302.88	41.09
Short-term loans	507,000,000.00	358,307,585.20	41.50
Taxes payable	4,114,564.77	-12,370,970.32	133.26
Dividend payable	16,735,750.00	143,289.96	11,579.64
Non-current liabilities due within one year	0.00	4,000,000.00	-100.00

Explanation of the changes:

- (1) The increase in prepayments was mainly due to the increase in advance payments for purchase of raw materials.
- (2) The increase in construction in progress was primarily due to increase in investment in the ongoing construction of Xin Gang Park (新港園區).
- (3) The increase in deferred income tax assets was mainly due to the increase in differences in deductible temporary for the period.
- (4) The increase in short-term loans was mainly due to the increase in the working capital required as a result of larger operation scale for the period.

- (5) The increase in taxes payable was primarily attributable to the export tax refund received during the period.
- (6) The increase in dividend payable was mainly due to the unpaid dividend payable to PEGl for 2011.
- (7) The decrease in non-current liabilities due within one year was mainly attributable to payments upon maturity.

1.2 Major changes of accounts in income statement:

Item	January - June 2012	January - June 2011	Increase/ decrease (%)
Operating cost	937,450,140.68	693,266,098.77	35.22
Asset impairment losses	3,198,622.65	-3,498,553.96	191.43
Investment income	101,385,914.10	40,787,310.76	148.57
Non-operating expenses	336,549.46	518,235.37	-35.06
Income tax expenses	4,556,501.68	10,252,137.49	-55.56

Explanation of the changes:

- (1) The increase in operating cost was primarily due to the substantial rise in sales of principal products in the period.
- (2) The increase in asset impairment losses was mainly attributable to the increase in the provision for inventory impairment made in the period.
- (3) The increase in investment income was mainly due to the full recognition of equity interest in Hua Fei Company by the Company as investment loss in 2011.
- (4) The decrease in non-operating expenses was mainly due to the decrease in loss on disposal of old mechanical equipment by the Company as compared with the previous period.

- (5) The decrease in income tax expenses was mainly because certain subsidiaries were certified as high-tech enterprises.

1.3 Major changes of accounts in cash flow statement:

Item	January- June 2012	January - June 2011	Increase/ decrease (%)
Net cash flows from operating activities	-99,535,966.07	-47,805,606.37	-108.21
Net cash flows from investment activities	-30,395,489.25	139,990,316.08	-121.71
Net cash flows from financing activities	115,579,999.59	-109,546,462.18	205.51

Explanation of the changes:

- (1) The decrease in net cash flows from operating activities was mainly due to increased procurement of materials in the period.
- (2) The decrease in net cash flows from investment activities was mainly due to the completion of incorporation registration of Nanjing Panda Electronics Technology Development Company Limited (南京熊猫电子科技发展有限公司) which was then included into the scope of consolidation in the previous period.
- (3) The increase in net cash flows from financing activities was mainly due to the increase in the size of financing in the period.

2. 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 2012, the Company's gearing ratio (the ratio of total liabilities to total assets) was 45.20%; net current assets amounted to RMB165 million; liquidity ratio was 1.12; quick ratio was 0.98; bank deposits and cash amounted to RMB410 million; and total borrowings amounted to RMB559 million.

During the Reporting Period, the benchmark interest rate on 1-year RMB loans from financial institutions was 6.56% from the beginning of the period to 7 June 2012, 6.31% from 8 June 2012 to 5 July 2012, and 6.00% from 6 July 2012 to the date of this announcement, respectively.

(III) Investments during the Reporting Period

The Company did not utilize any raised funds in the Reporting Period or continue any use thereof commencing from the previous periods, nor did it make any material investment financed by non-raised funds.

(IV) Business plan for the second half year of 2012

In the second half of 2012, the Company will steadily push forward the adjustments to its business structure, corporate structure, assets structure and personnel structure, proceed with the reorganization and integration of the specialized subsidiaries of the Company, so as to rationalize equity relationship, optimize business layout, consolidate the business segment centering on electronic equipment and electronic manufacturing and expand the consumer electronics business. The Company will step up efforts in R&D to enhance its capabilities for independent innovation, promote the commercialization of scientific and technological achievements, as well as to increase sales volume and market share by leveraging comprehensive advantages and seizing opportunities in domestic and overseas markets. In addition, the Company will recruit and cultivate high-level technical and marketing professionals and establish a scientific workforce echelon so as to form stable workforce pillars and strengthen the low-level technician team. Meanwhile, the Company will vigorously revitalize unproductive assets to optimize the assets structure and improve asset management. It will closely follow the business concept of “legal compliance, professionalism and high efficiency” and keep improving its corporate governance through strengthening management systems.

Due to fast changes and upgrades of electronics-related technologies, the Company is facing relevant technical risks. As the Company is in the electronic information industry, which is one of the most competitive industries, the Company is facing market risk arising from competition.

The Company will continue to increase research investment to enhance independent innovation capability and improve the technical added value of products to raise the competitiveness of its products. By keeping a close eye on market demand, the Company will expand its consumer electronics business and develop and produce consumer electronics products that meet market demand and consumers’ need. The Company will exploit its advantages as a state-owned enterprise to expand its presence in both domestic and overseas markets, work hard on “internal” major and key projects, seize opportunities coming from major and key national projects and strive for breakthroughs in building and extending its presence in the consumer goods market.

(V) Employees of the Company

As at 30 June 2012, the Company had 3,301 employees, of which 1,111 were engaged in technology, 362 in sales, 158 in finance, 273 in administration and management and 1,397 in production, and there were 407 retirees, for whom the Company undertook to pay retirement pension.

V. SIGNIFICANT EVENTS

(I) Profit appropriation, transfer of capital reserves into share capital or issue of new shares implemented during the Reporting Period

Implementation status of the profit distribution plan during the Reporting Period

At the second meeting of the seventh session of the Board of the Company and the 2011 annual general meeting, the Company's profit distribution plan for 2011 was considered and approved. 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, shall be paid to all shareholders of the Company, amounting to a total distribution of cash dividend of RMB32,750,750. The implementation of the profit distribution plan was fully completed.

(For details, please refer to the relevant announcements published on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company on 19 May, 12 June and 13 June 2012, respectively.)

The Company will not make any profit distribution or convert any capital reserve into share capital for the first half of 2012.

(II) Material litigation and arbitration

During the Reporting Period, the Company was not involved in any material litigation or arbitration which occurred during the Reporting Period or which had occurred in the previous periods but persisted to the Reporting Period.

(III) There was no material acquisition, disposal of assets or asset reorganization which occurred during the Reporting Period or which had occurred in the previous periods but persisted to the Reporting Period.

(IV) Material connected transactions

During the Reporting Period, save and except for the continuing connected transactions for the period from 2010 to 2012 as approved by the independent shareholders at the extraordinary general meeting of the Company held on 23 December 2009 and the revised continuing connected transactions for the period from 2010 to 2012 as approved by the independent shareholders at the 2011 second extraordinary general meeting of the Company (i.e., the continuing connected transactions which are carried out in the ordinary course of business on normal commercial terms), the Company had no other material connected transactions or asset reorganizations. The continuing connected transactions of the Company are carried out in the ordinary course of business on normal commercial terms and are required for normal business activities. Each of such continuing connected transactions has been confirmed by independent non-executive Directors and has not exceeded its annual cap.

1. Connected transactions relating to day-to-day operation

During the Reporting Period, the connected transactions relating to sale of products and provision of services to the controlling shareholder and its subsidiaries by the Company amounted to RMB70,876,600.

2. Transactions relating to creditor's rights and debts

Unit: RMB 0'000

Related parties	Provision of funds to related parties		Provision of funds to the Company by related parties	
	Amount of transaction	Balance	Amount of transaction	Balance
Panda Electronics Group Limited	—	—	—	513.12
Nanjing Electronics (Kunshan) Co. Ltd.	—	279.94	—	30.00
Intenna (Nanjing) Co. Ltd.	—	—	—	215.51
Nanjing Panda Electronics Transportation Company	—	—	1.23	2.69
Nanjing Panda Electronics Technology Development Company Limited	—	—	—	8.40
Nanjing Panda Garden Property Management Centre	—	—	0.06	5.24
Panda (Beijing) International Information Technology Co., Ltd.	—	—	—	4.56
Nanjing Panda Piezoelectric Technology Co., Ltd.	—	—	—	0.02
Total	<u>0.00</u>	<u>279.94</u>	<u>1.29</u>	<u>779.54</u>

Of which, during the Reporting Period, the appropriated capital provided by the Company to the controlling shareholder and its subsidiaries was nil and the balance was RMB0. (Please see “Relationship and transactions with related parties” in the Notes to the Financial Statements for details.)

(V) Material guarantees

During the Reporting Period, the amount guaranteed by the Company for its controlled subsidiaries amounted to RMB88,058,400 in total and the balance amounted to RMB141,399,100, the details of which are as follows:

As at 30 June 2012, the Company provided guarantees to its controlled subsidiaries to secure the following: bank loan of RMB5 million of Nanjing Panda Mechanical and Electrical Manufacture Co. Ltd.; bank loan of RMB25 million, bank acceptance bills of RMB11,437,600 and performance guarantee of RMB51,537,500 of Nanjing Panda Information Industry Co., Ltd.; bank loan of RMB30 million of Nanjing Huage Electronics and Automobile Plastic Industry Co., Ltd.; and bank loan of RMB17 million and bank acceptance bills of RMB1,424,000 of Nanjing Panda Electronics Equipment Co., Ltd.

The said guarantees were granted to controlled subsidiaries of the Company, totalling RMB141,399,100, and representing 8.80% of the Company's net assets. Of the controlled subsidiaries above, the gearing ratio of Nanjing Panda Information Industry Co., Ltd. was 71.9%, while that of the other companies did not exceed 70%.

The independent Directors of the Company have expressed their independent opinion on the above external guarantees as follows: all the above-mentioned guarantees had been approved by the shareholders of the Company in general meeting and considered and approved by the Board, and relevant procedures were in compliance with applicable rules. The Company and its controlled subsidiaries did not provide any guarantee to any independent third parties other than the Company's controlled subsidiaries, nor to its controlling shareholder, de facto controller or their connected parties. We have required the Company to carefully study the external guarantee requirements of the CSRC, the Shanghai Stock Exchange and the Hong Kong Stock Exchange to ensure that the procedures of external guarantees stay in compliance with applicable rules and that sufficient information and risk disclosures are made.

(VI) Neither the Company nor any shareholder with over 5% shareholding in the Company had any commitment which occurred during the Reporting Period or occurred in previous periods but persisted to the Reporting Period that might have material impact on the operating results and financial position of the Company, nor did they make any additional commitment to trading moratorium of shares.

(VII) As considered and approved at the 2011 annual general meeting of the Company held on 31 May 2012, Baker Tilly Hong Kong Limited was reappointed as the Company's international auditors and Baker Tilly China as the Company's PRC and internal control auditors for 2012; and the total remuneration for such auditors shall be determined within the limit of RMB1.7 million.

(For details, please refer to the relevant announcements published in Shanghai Securities News and China Securities Journal and on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company on 31 May and 1 June 2012.)

(VIII) 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 29 March 2012. All members of the audit committee attended the meeting to review the Company's 2011 financial report and the summary report on the 2011 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 as the Company's domestic and internal control auditors for 2012 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 2012, 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.

(IX) Other matters

1. Tax policies

The Company is registered in the Nanjing High and New Technology Development Zone which is approved by the State Council as a national high and new technology industry development zone. The Company was re-recognized in September 2011 as a high and new technology enterprise (certificate no. GF201132000407, which is valid for 3 years). The Company is entitled to the preferential enterprise income tax treatment of 15% under relevant regulations.

2. Purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

3. Pre-emptive rights

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

4. Corporate governance

During the Reporting Period, the Company adopted and strived to comply with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code during the period from 1 April 2012 to 30 June 2012.

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.

- 6. The Company, the Board and its Directors did not suffer any administrative penalty or public criticism by the China Securities Regulatory Commission or stock exchanges during the Reporting Period.**
- 7. Reference is made to the relevant announcement of the Company published on 22 September 2011 in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange, the Intermediate People's Court of Nanjing City, Jiangsu Province accepted the lawsuit brought by creditors of Hua Fei Company (an investee of the Company) in respect of the winding up of Hua Fei Company. As at 31 December 2011, the balance of the Company's long-term equity investment in Hua Fei Company was nil.**

During the Reporting Period, pursuant to the Property Management and Liquidation Plan upon Winding Up of Hua Fei Company as ruled and accepted by the Intermediate People's Court of Nanjing, on 13 June 2012, the manager appointed Jiangsu Province Auction Co., Ltd. (江蘇省拍賣總行有限公司) to publicly auction the property of Hua Fei Company according to law, with proceeds from such auction amounting to RMB712,350,000.

According to the Property Distribution Plan upon Winding Up of Hua Fei Colour Display Systems Company Limited approved by the Intermediate People's Court of Nanjing, the compensation rate for general creditor's rights is 15.838%.

- 8. Reference is made to the relevant announcement of the Company published on 19 January 2012 in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange, the municipal government of Baixia District, Nanjing entered into a relocation agreement with the Company on the relocation of Nanjing Panda Mechanical and Electrical Equipment Factory. Pursuant to relevant valuation, the municipal government of Baixia District shall pay the Company a relocation compensation of RMB125 million by instalments based on the relocation progress. During the Reporting Period, the said relocation did not have any impact on the non-recurring profit and loss of the Company.**

9. Reference is made to the relevant announcement of the Company published on 30 March 2012 in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange, the Board considered and approved the purchase of liability insurance for the Directors and senior management. The Company purchased liability insurance for its Directors and senior management in compliance with the amendments to the Rules Governing the Listing of Securities on the Main Board (“Main Board Listing Rules”) issued by the Hong Kong Stock Exchange.

VI. 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, unaudited)

Consolidated Balance Sheet

30 June 2012

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	410,065,730.29	446,888,631.46
Settlement provisions	—	—
Placements with banks and other financial institutions	—	—
Trading financial assets	—	—
Bills receivable	17,933,144.36	15,720,441.55
Trade receivables	628,513,698.88	548,925,350.05
Prepayments	136,511,879.45	91,165,039.41
Premiums receivable	—	—
Reinsurance receivable	—	—
Reinsurance contract reserve	—	—
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	28,318,393.91	23,267,110.10
Financial assets purchased for resale	—	—
Inventories	274,602,426.17	249,992,893.28
Non-current assets due within one year	—	—
Other current assets	—	—
Total current assets	<u>1,495,945,273.06</u>	<u>1,375,959,465.85</u>

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	785,547,424.77	687,442,710.67
Investment properties	—	—
Fixed assets	598,651,690.23	618,853,365.45
Construction in progress	32,632,625.63	306,362.89
Construction supplies	—	—
Clearance of fixed assets	—	—
Biological assets for production	—	—
Fuel assets	—	—
Intangible assets	24,821,147.81	24,577,950.24
Development expenses	—	—
Goodwill	—	—
Long-term deferred expenses	—	—
Deferred income tax assets	8,453,360.52	5,991,302.88
Other non-current assets	—	—
Total non-current assets	<u>1,450,106,248.96</u>	<u>1,337,171,692.13</u>
Total assets	<u>2,946,051,522.02</u>	<u>2,713,131,157.98</u>
<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> Wu Yuzhen

Liabilities and shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short-term loans	507,000,000.00	358,307,585.20
Borrowing from the People's Bank of China ("PBOC")	—	—
Customer and interbank deposits	—	—
Borrowing from interbank market	—	—
Trading financial liabilities	—	—
Bills payable	51,533,712.25	69,060,351.93
Accounts payable	525,580,350.39	466,874,177.25
Advances from customers	52,472,235.20	73,687,666.89
Financial assets sold under repurchase agreements	—	—
Handling charges and commission payable	—	—
Salaries payable	37,871,114.42	44,677,781.13
Taxes payable	4,114,564.77	-12,370,970.32
Interest payable	911,527.82	969,055.41
Dividends payable	16,735,750.00	143,289.96
Other payables	134,362,300.76	111,950,392.10
Payables on reinsurance	—	—
Insurance contract reserve	—	—
Customer deposits for trading in securities	—	—
Customer deposits for securities underwriting	—	—
Non-current liabilities due within one year	—	4,000,000.00
Other current liabilities	—	—
Total current liabilities	<u>1,330,581,555.61</u>	<u>1,117,299,329.55</u>

Liabilities and shareholders' equity	Closing balance	Opening balance
Non-current liabilities:		
Long-term loans	—	—
Bonds payable	—	—
Long-term payables	—	—
Specific payables	—	—
Accrued liabilities	—	—
Deferred income tax liabilities	350,980.01	390,239.64
Other non-current liabilities	—	—
Total non-current liabilities	<u>350,980.01</u>	<u>390,239.64</u>
Total liabilities	<u>1,330,932,535.62</u>	<u>1,117,689,569.19</u>
Shareholders' equity:		
Share capital	655,015,000.00	655,015,000.00
Capital reserve	467,473,413.43	467,473,413.43
Less: treasury shares	—	—
Special reserve	—	—
Surplus reserve	208,218,564.46	208,218,564.46
General risk reserve	—	—
Undistributed profits	275,752,657.49	256,332,969.10
Difference arising from translation of foreign currency financial statements	—	—
Sub-total of equity attributable to the shareholders of the Company	<u>1,606,459,635.38</u>	<u>1,587,039,946.99</u>
Minority interests	<u>8,659,351.02</u>	<u>8,401,641.80</u>
Total shareholders' equity	<u>1,615,118,986.40</u>	<u>1,595,441,588.79</u>
Total liabilities and shareholders' equity	<u>2,946,051,522.02</u>	<u>2,713,131,157.98</u>

*Legal Representative of
the Company:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Wu Yuzhen

Consolidated Income Statement

Jan-June 2012

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	Amount for the period	Amount for the same period last year
I. Total operating income	1,056,091,091.83	843,207,194.75
Including: Operating income	1,056,091,091.83	843,207,194.75
Interest income	—	—
Premiums earned	—	—
Income from handling charges and Commissions	—	—
II. Total operating cost	1,105,060,749.25	841,931,041.31
Including: Operating cost	937,450,140.68	693,266,098.77
Interest expenses	—	—
Handling charges and Commissions	—	—
Surrender payment	—	—
Net expenditure for compensation payments	—	—
Net provision for insurance contract	—	—
Insurance policy dividend paid	—	—
Reinsurance cost	—	—
Business taxes and surcharges	8,064,665.71	7,846,508.69
Selling expenses	15,551,193.53	18,006,414.46
Administrative expenses	127,984,889.76	115,105,335.15
Financial expenses	12,811,236.92	11,205,238.20
Loss on assets impairment	3,198,622.65	-3,498,553.96

Item	Amount for the period	Amount for the same period last year
Add: Gain from change in fair value (losses are represented by “-”)	—	—
Investment income (losses are represented by “-”)	101,385,914.10	40,787,310.76
Including: Income from investment in associates and joint ventures	101,385,914.10	40,787,310.76
Exchange gain (losses are represented by “-”)	—	—
III. Operating profit		
(losses are represented by “-”)	52,416,256.68	42,063,464.20
Add: Non-operating income	7,244,192.61	6,681,803.02
Less: Non-operating expenses	336,549.46	518,235.37
Including: Loss from the disposal of non-current assets	—	—
IV. Total Profit		
(losses are represented by “-”)	59,323,899.83	48,227,031.85
Less: Income tax expense	4,556,501.68	10,252,137.49
V. Net Profit		
(losses are represented by “-”)	54,767,398.15	37,974,894.36
Profit attributable to the equity holders of the Company	52,170,438.39	34,839,001.78
Minority interest	2,596,959.76	3,135,892.58
VI. Earnings per share:		
(1) Basic earnings per share	0.0796	0.0532
(2) Diluted earnings per share	0.0796	0.0532

Item	Amount for the period	Amount for the same period last year
VII. Other comprehensive income:	—	—
VIII.Total comprehensive income:	54,767,398.15	37,974,894.36
Total comprehensive income attributable to the equity holders of the Company	52,170,438.39	34,839,001.78
Total comprehensive income attributable to minority shareholders	2,596,959.76	3,135,892.58
<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> Wu Yuzhen

Consolidated Cash Flow Statement

Jan-June 2012

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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	1,043,697,611.62	843,175,623.17
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 trading financial assets	—	—
Cash received from interest, handling charges and commissions	—	—
Net increase in interbank borrowing	—	—
Net increase in cash received from repurchase operation	—	—
Refunds of taxes	22,040,644.13	782,984.86
Cash received relating to other operating activities	35,691,980.32	21,526,695.86

Item	Amount for the period	Amount for the same period last year
Sub-total of cash inflows from operating activities	1,101,430,236.07	865,485,303.89
Cash paid for purchase of goods and services received	916,080,963.28	644,621,579.05
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	148,764,205.73	136,571,416.00
Cash paid for all types of taxes	51,394,853.76	67,303,191.33
Cash paid relating to other operating activities	84,726,179.37	64,794,723.88
Sub-total of cash outflows from operating activities	1,200,966,202.14	913,290,910.26
Net cash flows from operating activities	-99,535,966.07	-47,805,606.37

Item	Amount for the period	Amount for the same period last year
II. Cash flows from investing activities:		
Cash received from disposal of investments	—	—
Cash received from return on investments	3,281,200.00	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	132,907.69	1,332,425.00
Net cash received from disposal of subsidiaries and other operating entities	—	—
Cash received relating to other investment activities	—	175,000,000.00
Sub-total of cash inflows from investing activities	3,414,107.69	176,332,425.00
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	33,809,596.94	36,342,108.92
Cash paid for investments	—	—
Net increase in secured loans	—	—
Net cash paid for acquisition of subsidiaries and other operating entities	—	—
Cash paid on other investment activities	—	—
Sub-total of cash outflows from investing activities	33,809,596.94	36,342,108.92
Net cash flows from investing activities	-30,395,489.25	139,990,316.08

*Legal Representative of
the Company:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Wu Yuzhen

Item	Amount for the period	Amount for the same period last year
III. Cash flows from financing activities:		
Cash received from investments	—	—
Including: cash received by subsidiaries from minority shareholders' investment	—	—
Cash received from borrowings	422,698,456.50	212,356,944.20
Cash received from issuing bonds	—	—
Cash received from other financing activities	—	—
Sub-total of cash inflows from financing activities	422,698,456.50	212,356,944.20
Cash paid on repayment of borrowings	274,228,221.90	309,607,957.60
Cash paid on distribution of dividends or profits, or interest expenses	32,890,235.01	10,981,967.18
Including: dividend and profit paid to minority shareholders by subsidiaries	2,482,540.50	—
Cash paid on other financing activities	—	1,313,481.60
Sub-total of cash outflows from financing activities	307,118,456.91	321,903,406.38
Net cash flows from financing activities	115,579,999.59	-109,546,462.18
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	78,698.91	-156,481.19
V. Net increase in cash and cash equivalents	-14,272,756.82	-17,518,233.66

Item	Amount for the period	Amount for the same period last year
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	329,510,613.46	374,851,465.71
<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> Wu Yuzhen

Consolidated Statement of Changes in Owners' Equity

Jan-June 2012

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	Amount for the period							Others	Minority Interest	Total shareholders' equity
	Share capital	Capital Reserve	Less: treasury shares	Special Reserve	Surplus Reserve	General risk reserve	Undistributed Profits			
I. Balance at the end of last year	655,015,000.00	467,473,413.43	—	—	208,218,564.46	—	256,332,969.10	—	8,401,641.80	1,595,441,588.79
Add: change in accounting policies	—	—	—	—	—	—	—	—	—	—
Correction of previous errors	—	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	655,015,000.00	467,473,413.43	—	—	208,218,564.46	—	256,332,969.10	—	8,401,641.80	1,595,441,588.79
III. Increase/decrease in the period										
(a decrease is represented by "-")	—	—	—	—	—	—	19,419,688.39	—	257,709.22	19,677,397.61
(I) Net profit	—	—	—	—	—	—	52,170,438.39	—	2,596,959.76	54,767,398.15
(II) Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Subtotal of items (I) and (II) above	—	—	—	—	—	—	52,170,438.39	—	2,596,959.76	54,767,398.15
(III) Contribution and reduction of capital by shareholders	—	—	—	—	—	—	—	—	—	—
1. Capital contribution by shareholders	—	—	—	—	—	—	—	—	—	—
2. Amount settled by shares accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—	—
(IV) Profit distribution	—	—	—	—	—	—	-32,750,750.00	—	-2,339,250.54	-35,090,000.54
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—	—	—
2. Transfer to general risk reserve	—	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	-32,750,750.00	—	-2,339,250.54	-35,090,000.54
4. Others	—	—	—	—	—	—	—	—	—	—
(V) 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	—	—	—	—	—	—	—	—	—	—
(VI) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—	—
(VII) Others	—	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the period	655,015,000.00	467,473,413.43	—	—	208,218,564.46	—	275,752,657.49	—	8,659,351.02	1,615,118,986.40

Legal Representative of
the Company:
Xia Dechuan

Person in charge of
accounting work:
Shen Jianlong

Person in charge of the
Accounting Department:
Wu Yuzhen

Item	Amount for the same period last year							Others	Minority Interest	Total shareholders' equity
	Share capital	Capital Reserve	Less: treasury shares	Special Reserve	Surplus Reserve	General risk reserve	Undistributed Profits			
I. Balance at the end of last year	655,015,000.00	467,310,246.52	—	—	203,031,623.67	—	150,780,310.99	—	6,581,697.19	1,482,718,878.37
Add: change in accounting policies										
Combination of businesses under the same control	—	2,935,633.34	—	—	—	—	669,364.00	—	733,908.33	4,338,905.67
II. Balance at the beginning of this year	655,015,000.00	470,245,879.86	—	—	203,031,623.67	—	151,449,674.99	—	7,315,605.52	1,487,057,784.04
III. Increase/decrease in the period (a decrease is represented by"—")	—	—	—	—	—	—	34,839,001.78	—	3,135,892.58	37,974,894.36
(I) Net profit	—	—	—	—	—	—	34,839,001.78	—	3,135,892.58	37,974,894.36
(II) Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Subtotal of item (I) and (II) above	—	—	—	—	—	—	34,839,001.78	—	3,135,892.58	37,974,894.36
(III) Contribution and reduction of capital by shareholders	—	—	—	—	—	—	—	—	—	—
1. Capital contribution by shareholders	—	—	—	—	—	—	—	—	—	—
2. Amount settled by shares accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—	—
(IV) Profit distribution	—	—	—	—	—	—	—	—	—	—
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—	—	—
2. Transfer to general risk reserve	—	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(V) 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	—	—	—	—	—	—	—	—	—	—
(VI) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—	—
(VII) Others	—	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the period	655,015,000.00	470,245,879.86	—	—	203,031,623.67	—	186,288,676.77	—	10,451,498.10	1,525,032,678.40

Legal Representative of the Company:
Xia Dechuan

Person in charge of accounting work:
Shen Jianlong

Person in charge of the Accounting Department:
Wu Yuzhen

Balance Sheet

30 June 2012

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	86,221,123.51	89,554,907.28
Settlement provisions	—	—
Placements with banks and other financial institutions	—	—
Trading financial assets	—	—
Bills receivable	51,000.00	2,705,695.37
Trade receivables	78,272,739.89	62,071,745.67
Prepayments	2,469,686.93	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	203,410,655.68	149,969,007.09
Financial assets purchased for resale	—	—
Inventories	13,840,627.89	8,362,496.01
Non-current assets due within one year	—	—
Other current assets	—	—
Total current assets	<u>387,004,839.98</u>	<u>326,566,946.71</u>

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	1,355,395,679.50	1,166,364,445.40
Investment properties	—	—
Fixed assets	391,717,430.13	400,611,454.76
Construction in progress	31,043,314.87	—
Construction supplies	—	—
Clearance of fixed assets	—	—
Biological assets for production	—	—
Fuel assets	—	—
Intangible assets	23,909,075.78	24,461,068.82
Development expenses	—	—
Goodwill	—	—
Long-term deferred expenses	—	—
Deferred income tax assets	—	—
Other non-current assets	—	—
Total non-current assets	<u>1,802,065,500.28</u>	<u>1,591,436,968.98</u>
Total assets	<u><u>2,189,070,340.26</u></u>	<u><u>1,918,003,915.69</u></u>

*Legal Representative of
the Company:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Wu Yuzhen

Liabilities and shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short-term loans	430,000,000.00	240,000,000.00
Borrowing from PBOC	—	—
Customer and interbank deposits	—	—
Borrowing from interbank	—	—
Trading financial liabilities	—	—
Bills payable	25,587,450.65	11,118,761.39
Accounts payable	41,673,687.73	32,635,735.91
Advances from customers	3,824,368.50	6,462,138.00
Financial assets sold under repurchase agreements	—	—
Handling charges and commission payable	—	—
Salaries payable	22,236,473.70	22,562,412.96
Taxes payable	4,066,747.01	4,361,014.76
Interest payable	911,527.82	521,752.78
Dividends payable	16,735,750.00	—
Other payables	214,033,599.62	168,524,052.57
Payables on reinsurance	—	—
Insurance contract reserve	—	—
Customer deposits for trading in securities	—	—
Customer deposits for securities underwriting	—	—
Non-current liabilities due within one year	—	4,000,000.00
Other current liabilities	—	—
Total current liabilities	<u>759,069,605.03</u>	<u>490,185,868.37</u>

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	—	—
Total non-current liabilities	—	—
Total liabilities	759,069,605.03	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 shares	—	—
Special reserve	—	—
Surplus reserve	208,218,564.46	208,218,564.46
General risk reserve	—	—
Undistributed profits	130,510,685.18	128,327,997.27
Difference arising from translation of foreign currency financial statements	—	—
Total shareholders' equity	1,430,000,735.23	1,427,818,047.32
Total liabilities and shareholders' equity	2,189,070,340.26	1,918,003,915.69

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the Company:*
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Income Statement

Jan-June 2012

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	Amount for the period	Amount for the same period last year
I. Total operating income	44,707,159.18	42,786,494.23
Including: Operating income	44,707,159.18	42,786,494.23
Interest income	—	—
Premiums earned	—	—
Income from handling charges and commissions	—	—
II. Total operating cost	111,736,717.38	98,040,910.64
Including: Operating cost	30,518,889.91	28,934,525.04
Interest expenses	—	—
Handling charges and commissions	—	—
Surrender payment	—	—
Net expenditure for compensation payments	—	—
Net provision for insurance contract	—	—
Insurance policy dividend paid	—	—
Reinsurance cost	—	—
Business taxes and surcharge	508,418.97	758,058.81
Selling expenses	3,722,997.39	4,320,037.20
Administrative expenses	71,519,616.74	66,870,907.57
Financial expenses	8,461,443.63	8,974,592.33
Loss on assets impairment	-2,994,649.26	-11,817,210.31
Add: Income from change in fair value (losses are represented by “-”)	—	—
Investment income (losses are represented by “-”)	101,385,914.10	40,787,310.76

Item	Amount for the period	Amount for the same period last year
Including: Income from investment associates and joint ventures	101,385,914.10	40,787,310.76
Exchange gain (losses are represented by “-”)	—	—
III. Operating profit		
(losses are represented by “-”)	34,356,355.90	-14,467,105.65
Add: Non-operating income	704,418.77	2,163,588.99
Less: Non-operating expenses	127,336.76	451,815.29
Including: Loss from the disposal of non-current assets	—	—
IV. Total Profit		
(losses are represented by “-”)	34,933,437.91	-12,755,331.95
Less: Income tax expense	—	—
V. Net Profit		
(losses are represented by “-v”)	34,933,437.91	-12,755,331.95
VI. Other comprehensive income:	—	—
VII. Total comprehensive income:	34,933,437.91	-12,755,331.95
<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> Wu Yuzhen

Cash Flow Statement

Jan-June 2012

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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	26,776,257.69	23,170,324.09
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, handling charges and commissions	—	—
Net increase in interbank borrowing	—	—
Net increase in cash received from repurchase operation	—	—
Refunds of taxes	—	—
Cash received relating to other operating activities	51,492,462.05	149,650,443.90

Item	Amount for the period	Amount for the same period last year
Sub-total of cash inflows from operating activities	78,268,719.74	172,820,767.99
Cash paid for purchase of goods and services received	21,991,384.59	20,498,780.98
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, bank charges and commissions	—	—
Cash paid for insurance policy dividend	—	—
Cash paid to and on behalf of employees	28,523,903.66	48,731,696.10
Cash paid for all types of taxes	3,554,856.54	2,298,709.12
Cash paid relating to other operating activities	81,506,983.07	47,358,294.89
Sub-total of cash outflows from operating activities	135,577,127.86	118,887,481.09
Net cash flows from operating activities	-57,308,408.12	53,933,286.90
<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> Wu Yuzhen

Item	Amount for the period	Amount for the same period last year
II. Cash flows from investing activities:		
Cash received from disposal of investments	—	30,000,000.00
Cash received from return on investments	721,957.17	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	—	95,625.00
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	30,095,625.00
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	22,695,682.45	10,736,529.07
Cash paid for investments	89,381,394.60	30,000,000.00
Net increase in secured loans	—	—
Net cash paid for acquisition of subsidiaries and other operating entities	—	—
Cash paid on other investment activities	—	—
Sub-total of cash outflows from investing activities	112,077,077.05	40,736,529.07
Net cash flows from investing activities	-111,355,119.88	-10,640,904.07

Item	Amount for the period	Amount for the same period last year
III. Cash flows from financing activities:		
Cash received from investment	—	—
Including: cash received by subsidiaries from minority shareholders' investment	—	—
Cash received from borrowings	360,000,000.00	170,000,000.00
Cash received from issuing bonds	—	—
Cash received from other financing activities	—	—
Sub-total of cash inflows from financing activities	360,000,000.00	170,000,000.00
Cash paid on repayment of borrowings	170,000,000.00	295,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	26,904,587.80	9,551,966.67
Including: dividend and profit paid to minority shareholders by subsidiaries	—	—
Cash paid on other financing activities	—	—
Sub-total of cash outflows from financing activities	196,904,587.80	304,551,966.67
Net cash flows from financing activities	163,095,412.20	-134,551,966.67

Item	Amount for the period	Amount for the same period last year
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-12.60	-124.25
V. Net increase in cash and cash equivalents	-5,568,128.40	-91,259,708.09
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	53,427,398.18	60,331,746.89

*Legal Representative of
the Company:*
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*Person in charge of
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*Person in charge of the
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Wu Yuzhen

Statement of Changes in Owners' Equity

Jan-June 2012

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	Amount for the period Equity attributable to shareholders of the Company								Total shareholders' equity
	Share capital	Capital Reserve	Less: treasury shares	Special Reserve	Surplus Reserve	General risk reserve	Undistributed Profits	Other	
I. Balance at the end of last year	655,015,000.00	436,256,485.59	—	—	208,218,564.46	—	128,327,997.27	—	1,427,818,047.32
Add: change in accounting policies	—	—	—	—	—	—	—	—	—
Correction of Previous Errors	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of this year	655,015,000.00	436,256,485.59	—	—	208,218,564.46	—	128,327,997.27	—	1,427,818,047.32
III. Increase/decrease in the period									
(a decrease is represented by "-")	—	—	—	—	—	—	2,182,687.91	—	2,182,687.91
(I) Net profit	—	—	—	—	—	—	34,933,437.91	—	34,933,437.91
(II) Other comprehensive income	—	—	—	—	—	—	—	—	—
Subtotal of item (I) and (II) above	—	—	—	—	—	—	34,933,437.91	—	34,933,437.91
(III) Contribution and reduction of capital by shareholders	—	—	—	—	—	—	—	—	—
1. Capital contribution by shareholders	—	—	—	—	—	—	—	—	—
2. Amount settled by shares accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—
(IV) Profit distribution	—	—	—	—	—	—	-32,750,750.00	—	-32,750,750.00
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—	—
2. Transfer to general risk reserve	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	-32,750,750.00	—	-32,750,750.00
4. Others	—	—	—	—	—	—	—	—	—
(V) 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	—	—	—	—	—	—	—	—	—
(VI) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—
(VII) Others	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the period	655,015,000.00	436,256,485.59	—	—	208,218,564.46	—	130,510,685.18	—	1,430,000,735.23

*Legal Representative of
the Company:*
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*Person in charge of
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*Person in charge of the
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Wu Yuzhen

Item	Amount for the same period last year								Total shareholders' equity
	Share capital	Capital Reserve	Less: treasury shares	Special Reserve	Surplus Reserve	General risk reserve	Undistributed Profits	Other	
I. Balance at the end of last year	655,015,000.00	437,688,751.31	—	—	203,031,623.67	—	81,645,530.16	—	1,377,380,905.14
Add: change in accounting policies	—	—	—	—	—	—	—	—	—
Correction of Previous Errors	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of this year	655,015,000.00	437,688,751.31	—	—	203,031,623.67	—	81,645,530.16	—	1,377,380,905.14
III. Increase/decrease in the period									
(a decrease is represented by “-”)	—	—	—	—	—	—	-12,755,331.95	—	-12,755,331.95
(I) Net profit	—	—	—	—	—	—	-12,755,331.95	—	-12,755,331.95
(II) Other comprehensive income	—	—	—	—	—	—	—	—	—
Subtotal of item (I) and (II) above	—	—	—	—	—	—	-12,755,331.95	—	-12,755,331.95
(III) Contribution and reduction of capital by shareholders	—	—	—	—	—	—	—	—	—
1. Capital contribution by shareholders	—	—	—	—	—	—	—	—	—
2. Amount settled by shares accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—
(IV) Profit distribution	—	—	—	—	—	—	—	—	—
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—	—
2. Transfer to general risk reserve	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—
(V) 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	—	—	—	—	—	—	—	—	—
(VI) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—
(VII) Others	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the period	655,015,000.00	437,688,751.31	—	—	203,031,623.67	—	68,890,198.21	—	1,364,625,573.19

*Legal Representative of
the Company:*
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
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Wu Yuzhen

VII.DOCUMENTS AVAILABLE FOR INSPECTION

- 1 The 2012 Interim Report signed by the Chairman of the Board;
- 2 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;
- 3 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 during the Reporting Period;
- 4 The articles of association of the Company; and
- 5 The 2012 Interim Report published in Hong Kong and Shanghai securities markets.

By order of the Board

Nanjing Panda Electronics Company Limited

Lai Weide

Chairman

Nanjing, the PRC

30 August 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.