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 2008

Important Notice

The Board, Supervisory Committee, Directors, Supervisors and senior management of the Company confirm that there are no misleading statements, misrepresentation, or material omissions contained in this announcement and accept joint and several responsibilities 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 2008. Investors should carefully read the whole text of the 2008 Interim Report for details before making any significant decisions.

Director Mr. Lu Qing was engaged in other duties and therefore did not attend the Board Meeting held on 19 August 2008. Mr. Lu appointed Mr. Xu Guofei to attend the meeting and to exercise the voting rights on his behalf.

The financial statements of the Company for the six months ended 30 June 2008 were unaudited.

Mr. Li Anjian, the Chairman of the Company, Mr. Shen Jianlong, the Chief Accountant, and Ms. Wu Yuzhen, the manager of Finance Department, have declared that they guarantee the truthfulness and completeness of the financial statements in the 2008 Interim Report.

The board of directors (the "Board") and the directors (the "Directors") of Nanjing Panda Electronics Company Limited (the "Company") are pleased to announce the summary of the results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 (the "Reporting Period"). Investors should carefully read the whole text of the 2008 Interim report ("2008 Interim Report") for details before making any significant decisions. The financial statements of the Company for the six months ended 30 June 2008 were unaudited.

I. BASIC COMPANY INFORMATION

(I) Company Profile

1.	Legal Chinese name of the Company	:	南京熊猫電子股份有限公司	
	Legal English name of the Company	:	Nanjing Panda Electronics Company Limited	
	Abbreviation of English name of the Company	:	NPEC	
2.	Place of listing	:	H Shares :	The Stock Exchange of Hong Kong Limited
			A Shares :	Shanghai Stock Exchange
	Abbreviation of stock	:	H Shares :	Nanjing Panda
			A Shares :	Nanjing Panda
	Stock Code	:	H Shares :	0553
			A Shares :	600775
3.	Secretary of the Board	:	Shen Jianlong	
	Securities Representative of the Board	:	Chen Yebao	
	Correspondence Address	:	301 Zhong Shan Road East, Nanjing, the People's Republic of China (Postal Code: 210002)	
	Telephone	:	(8625)-84801144	
	Facsimile	:	(8625)-84820729	
	E-mail address	:	dms@panda.cn	

(II) Key Financial Data and Indices

1 Prepared in accordance with the PRC Accounting Standards (unaudited)

(Unit: RMB)

	30 June 2008	31 December 2007	Change between the end of the Reporting Period and beginning of the preceding year *(%)*
Total assets	2,576,145,387.99	2,589,635,753.94	(0.52)
Shareholders' equity (excluding minority interest)	1,428,686,523.51	1,437,690,036.74	(0.63)
Net asset value per share	2.18	2.19	(0.63)

	Jan to June 2008	Jan to June 2007	Change between this Reporting Period and the same period last year *(%)*
Operating profit	25,340,736.93	55,628,104.61	(54.45)
Total profit	28,655,036.01	37,445,249.32	(23.47)
Net profit	25,315,789.25	32,332,684.95	(21.70)
Net profit after extraordinary profit and loss	22,652,790.60	42,925,850.14	(47.23)
Basic earnings per share	0.0386	0.0494	(21.70)
Basic earnings per share after extraordinary items	0.0346	0.0655	(47.23)
Diluted earnings per share	0.0386	0.0494	(21.70)
Return on net assets (%)	1.77	2.32	Decreased by 0.55 percentage points
Net cash flow from operating activities	(136,717,020.11)	(48,763,518.14)	(180.37)
Net cash flow per share from operating activities	(0.2087)	(0.0744)	(180.37)

Notes: Items of extraordinary profit and loss (unaudited)

Unit: RMB

Items of extraordinary profit and loss	**Amount**
Gains and losses from disposal of non-current assets	611,682.06
Government grants (except for the grants which are closely related to the Company's business and have the standard amount and quantities in accordance with the national standard) attributable to gains and losses for the period	2,276,677.35
Debt restructuring profit and loss	1,514.27
Other non-operating net income and expenses other than the aforesaid items	424,425.40
Impact on enterprise income tax	(311,782.26)
Net extraordinary items attributable to minority shareholders	(339,518.17)
Total	2,662,998.65

2 Prepared in accordance with Generally Accepted Accounting Principles in Hong Kong (Unaudited)

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

		Six months ended	
		30 June 2008	30 June 2007
		(unaudited)	(unaudited)
	Notes	***RMB'000***	*RMB'000*
Turnover	3	**526,538**	307,282
Cost of sales		**(436,352)**	(258,189)
Gross profit		**90,186**	49,093
Other revenue		**14,090**	7,284
Distribution costs		**(17,200)**	(13,481)
Administrative expenses		**(86,433)**	(110,915)
Profit/(loss) from operations		**643**	(68,019)
Finance costs		**(31,054)**	(30,666)
Share of results of associates		**75,828**	137,654
Profit before taxation		**45,417**	38,969
Income tax expenses	4	**(2,808)**	14,147
Profit for the period		**42,609**	53,116

Attributable to:			
Equity holders of the Company		**42,072**	46,835
Minority interests		**537**	6,281
		42,609	53,116
Dividends	5	**—**	—
Earnings per share *(RMB)*	6	**0.06**	0.07

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2008

	Notes	**30 June 2008 (unaudited) *RMB'000***	31 December 2007 (audited) *RMB'000*
Assets and liabilities			
Non-current assets			
Property, plant and equipment		**508,756**	493,820
Construction in progress		**18,106**	9,659
Land use right		**48,339**	48,805
Interests in associates		**965,706**	1,030,034
Deferred tax assets		**5,616**	5,204
		1,546,523	1,587,522
Current assets			
Inventories		**365,263**	305,991
Bills receivable		**2,705**	2,132
Trade receivables	7	**203,856**	101,342
Other recivables, deposits and prepayments		**100,798**	108,204
Dividend receivable from associate		**90,156**	—
Amounts due from fellow subsidiaries, associates and related companies		**59,033**	48,508
Pledged bank balances and deposits		**72,234**	92,015
Bank balances and cash		**183,151**	391,684
		1,077,196	1,049,876

Current liabilities			
Bank borrowings		**728,360**	711,335
Trade payables	7	**179,452**	162,123
Other payables, customers' deposits and accrued charges		**177,997**	172,477
Dividend payable		**10,000**	—
Amounts due to fellow subsidiaries, associates and related companies		**3,856**	20,531
Amount due to ultimate holding company		**14,158**	11,402
Current portion of obligations under finance leases		**9,611**	10,534
Tax payable		**2,214**	4,017
		1,125,648	1,092,419
Net current liabilities		**(48,452)**	(42,543)
Total assets less current liabilities		**1,498,071**	1,544,979
Non-current liabilities			
Obligations under finance leases		**(3,421)**	(7,387)
Net assets		**1,494,650**	1,537,592
Equity			
Share capital		**655,015**	655,015
Share premium and reserves		**826,850**	835,666
Attributable to equity holders of the Company		**1,481,865**	1,490,681
Minority interests		**12,785**	46,911
Total equity		**1,494,650**	1,537,592

NOTES:

1. Basis of preparation

The interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Principal accounting policies

The interim financial statements have been prepared under the historical cost convention.

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 December 2007.

In the current period, the Group has adopted all of the new and revised standards and interpretations issued by HKICPA, which are applicable to the Group's operation and effective for the Group's financial year beginning 1 January 2008. The adoption of these standards and interpretations had no material effect on how the results or financial position of the Group for the current or prior accounting periods have been prepared and presented.

At the date of this report, the following standards and interpretations were in issue but not yet effective:

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) — Int 13	Customer Loyalty Programmes	1 July 2008

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

3. Turnover

Turnover represents the invoiced value of goods sold and services provided to outside customers, net of sales taxes.

4. Taxation

Taxation charge comprises:

	Six months ended	
	30 June 2008	30 June 2007
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
PRC income tax	**(3,220)**	(1,694)
Deferred taxation	**412**	15,841
Income tax (expenses)/credit	**(2,808)**	14,147

In 1995, the Company changed the place of its registration to Pukou, Nanjing, which is a High and New Technology Development Zone. On 29 August 1995, the Company was recognised by the Jiangsu Science and Technology Commission as a High and New Technology Enterprise and such status has enabled the Company to pay income tax at the rate of 15 per cent of its assessable profit with effect from 1 January, 1995.

All subsidiaries of the Company pay income tax at the rates between 15 and 33 per cent.

5. Interim dividend

A final dividend of RMB0.08 per share (total dividend RMB52,401,000) in respect of the previous year was approved and declared during the period.

The directors of the company do not recommend the payment of an interim dividend (six months ended 30 June 2007: Nil).

6. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders for the six months ended 30 June 2008 of RMB42,072,000 (six months ended 30 June 2007: RMB46,835,000) and on 655,015,000 shares in issue throughout the period.

7. Trade debtors and creditors

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

The following is an aged analysis of trade debtors net of allowances for bad and doubtful debts at 30 June 2008:

	30 June 2008 (unaudited) *RMB'000*	31 December 2007 (audited) *RMB'000*
Within 1 year	**186,721**	96,033
1 to 2 years	**3,772**	4,038
2 to 3 years	**6,375**	913
Over 3 years	**6,988**	358
	203,856	101,342

The following is an aged analysis of trade creditors at 30 June 2008:-

	30 June 2008 (unaudited) *RMB'000*	31 December 2007 (audited) *RMB'000*
Within 1 year	**142,947**	129,080
1 to 2 years	**7,463**	12,653
2 to 3 years	**3,099**	11,450
Over 3 years	**25,943**	8,940
	179,452	162,123

8. Related party transactions

During the period, the Group entered into the following transactions with related parties:

	Fellow subsidiaries, associates and related companies Six months ended		**Ultimate holding company Six months ended**	
	30 June 2008 (unaudited) *RMB'000*	30 June 2007 (unaudited) *RMB'000*	**30 June 2008 (unaudited)** *RMB'000*	30 June 2007 (unaudited) *RMB'000*
Sales of components and parts	**7,561**	4,318	**—**	6,669
Purchases of components and parts	**5,770**	5,335	**—**	64
Fees paid for welfare, support and sub-contracting services	**1,698**	5,234	**1**	221
Income for welfare, support and sub-contracting services provided	**22,668**	2,060	**—**	—
Rental income	**52**	25	**—**	—

9. Differences between accounting principles generally accepted in Hong Kong and PRC accounting standards as applicable to the Group

The interim financial statements prepared under accounting principles generally accepted in Hong Kong and those prepared under PRC accounting standards have the following major differences:

Impact on the consolidated income statement

	Six months ended	
	30 June 2008	30 June 2007
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit attributable to shareholders as per interim financial statements prepared under the accounting principles generally accepted in Hong Kong	**42,072**	46,835
Income and expenditure taken directly to reserves	**(16,054)**	—
Minority interest	**5**	4,471
Amortisation of unrecognised intangible assets	**(100)**	(100)
Recognition of deferred tax assets	**—**	(18,863)
Others	**(607)**	(10)
Profit attributable to shareholders as per interim financial statements prepared under PRC accounting standards	**25,316**	32,333

Impact on the consolidated balance sheets

	30 June 2008 (unaudited) *RMB'000*	31 December 2007 (audited) *RMB'000*
Net assets as per interim financial statements prepared under the accounting principles generally accepted in Hong Kong	**1,481,865**	1,490,681
Unrecognised intangible assets	**420**	520
Goodwill	**(3,045)**	(3,045)
Share of reserve of associates	**(50,614)**	(50,614)
Minority interests	**110**	92
Others	**(49)**	56
Net assets as per interim financial statements prepared under PRC accounting standards	**1,428,687**	1,437,690

II. CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

(I) Changes in Share Capital

As at 30 June 2008, 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 2008, the total number of shareholders of the Company was 25,499, among which 25,459 were holders of A Shares and 40 were holders of H Shares.**

2. Shareholdings of the top ten shareholders

As at 30 June 2008, the top ten shareholders of the Company and their respective shareholdings are as follows:

Name of shareholders	Nature of shareholders	Percentage of shareholding (%)	Number of shares held	Number of shares subject to trading moratorium	Number of shares pledged or frozen
Panda Electronics Group Limited ("PEGL")	State-owned shareholder	51.10	334,715,000	334,715,000	67,350,000 shares were pledged, 92,815,000 shares were judicially frozen and 100,000,000 shares were both pledged and judicially frozen
HKSCC (Nominees) Limited	Foreign shareholder	36.81	241,107,599	0	Unknown
Zeng Hong	Public shareholder	0.249	1,628,603	0	Unknown
Fang Jin lian	Public shareholder	0.198	1,299,046	0	Unknown
Li Fan Chao	Public shareholder	0.155	1,013,300	0	Unknown
Zhang Hui Qing	Public shareholder	0.124	811,292	0	Unknown
Zhang Fo Lian	Public shareholder	0.124	810,400	0	Unknown
Gong Fei	Public shareholder	0.083	543,722	0	Unknown
Wang Lan	Public shareholder	0.077	506,150	0	Unknown
Yu Hong Yang	Public shareholder	0.072	473,800	0	Unknown

Notes:

(1) Among the shareholders named above, PEGL held 334,715,000 shares on behalf of the state, representing 51.10% of the issued share capital of the Company, which were circulating shares subject to trading moratorium. Among them, 67,350,000 shares were already pledged while 92,815,000 shares were judicially frozen, and 100,000,000 shares were both pledged and judicially frozen.

(2) HKSCC (Nominees) Ltd. held 241,107,599 H Shares, representing 36.81% 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 share capital issued by the Company.

(3) There is no connected relationship or party acting in concert among PEGL and the second to tenth shareholders of the Company. H shares and A shares held by the second to tenth shareholders are circulating shares issued to the public. The Company is not aware of any connected relationship or party acting in concert among the second to tenth shareholders of the Company.

3. Details of the top ten holders of shares not subject to trading moratorium as at 30 June 2008

Name of shareholders	**Number of circulating shares held**	**Class of shares**
HKSCC (Nominees) Limited	241,107,599	H
Zeng Hong	1,628,603	A
Fang Jin lian	1,299,046	A
Li Fan Chao	1,013,300	A
Zhang Hui Qing	811,292	A
Zhang Fo Lian	810,400	A
Gong Fei	543,722	A
Wang Lan	506,150	A
Yu Hong Yang	473,800	A
Wu Yun Ping	431,820	A

Note: The Company is not aware that there is connected relationship or party acting in concert among the top ten holders of circulating shares.

4. Changes of the controlling shareholder and the de facto Controller

During the Reporting Period, no changes were made over 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.

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Shareholdings of Directors, Supervisors and Senior Management

As at 30 June 2008, the shareholdings of Directors, Supervisors and Senior Management 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
Li Anjian	Chairman and General Manager	0	0	0	
Xu Guofei	Non-executive Director and Vice Chairman	2,546	0	2,546	
Liu Ailian	Non-executive Director	0	0	0	
Zhu Lifeng	Non-executive Director	4,378	0	4,378	
Shi Qiusheng	Non-executive Director	5,940	0	5,940	
Lu Qing	Non-executive Director	0	0	0	
Cai Lianglin	Independent Non-Executive Director	0	0	0	
Tang Yousong	Independent Non-Executive Director	0	0	0	
Ma Chung Lai, Lawrence	Independent Non-Executive Director	0	0	0	
Zhang Zhengping	Chairman of the Supervisory Committee	4,648	0	4,648	
Zhong Youxiang	Supervisor	0	0	0	
Tang Min	Supervisor	0	0	0	
Wu Shiyuan	Independent Supervisor *(Note 1)*	0	0	0	
Sun Suhua	Independent Supervisor	0	0	0	
Wang Hongjin	Deputy General Manager *(Note 2)*	6,750	0	6,750	
Wu Liulin	Deputy General Manager	0	0	0	
Liu Kun	Deputy General Manager	0	0	0	
Xia Dechuan	Deputy General Manager	0	0	0	
Shen Jianlong	Chief Accountant and Secretary to the Board	0	0	0	

Notes: (1) Mr. Wu Shiyuan had resigned as an Independent Supervisor on 26 June 2008 by reason of attainment of age.

(2) Mr. Wang Hongjin had resigned as Deputy General Manager on 30 June 2008 by reason of attainment of age.

(II) New appointment or dismissal of Directors, Supervisors and Senior Management during the Reporting Period

Mr. Wu Shiyuan resigned as an Independent Supervisor of the Company on 26 June 2008 by reason of attainment of old age.

The Board accepted the resignation of Mr. Wang Hongjin as the Deputy General Manager of the Company on 30 June 2008 by age reason and appointed Mr. Xia Dechuan as the Deputy General Manager of the Company for a term of three years with effect from 30 June 2008.

(Details were set out in the relevant announcements published in China Securities Journal and Shanghai Securities News on 27 June 2008 and 1 July 2008, the website of the Shanghai Stock Exchange (http://www.sse.com.cn) and the website of the Hong Kong Stock Exchange (http://www.hkex.com.hk)).

IV. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Principal operations during the Reporting Period

1. Principal operations of the Company

The principal operations of the Company are development, manufacture and sale of satellite communication products, mobile communication products, electromechanical products, electronic information products and electronic manufacturing business.

In the first half of 2008, the Company insisted on sustainable development by continuing to strengthen its corporate reforms, optimizing the business structure and utilizing its advantages on resources. The Company achieved significant growth in its principal operations. Meanwhile, the Company pressed ahead to improve the management services to speed up the development of its joint ventures, including ENC and BMC, which were well-positioned with sustainable development, so as to ensure a better investment return of the Company.

Under the PRC Accounting Standard for Business Enterprises, operating income of the Company for January to June 2008 amounted to RMB527 million, representing an increase of 65.29% as compared with the corresponding period of last year; net profit achieved by the Company amounted to RMB25,315,800, representing a decrease of 21.70% as compared with the corresponding period of last year. Under the HK GAAP, operating income of the Company for January to June 2008 amounted to RMB527 million, representing an increase of 71.35% as compared with the corresponding period of last year; net profit attributable to shareholders of the Company amounted to RMB42,072,000, representing a decrease of 10.17% as compared with the corresponding period of last year.

2. Principal operations by business or product segments (Prepared under the PRC Accounting Standards for Business Enterprises) (unaudited)

Unit: RMB'000

Business or product	Operating income	Operating costs	Gross profit margin (%)	Operating income increase/ (decrease) over last period (%)	Operating costs increase/ (decrease) over last period (%)	Gross profit margin increase/ (decrease) over last period (%)
Electronic manufacturing	181,251	143,794	20.67	56.04	45.71	5.63
Electronic information	168,847	145,764	13.67	82.28	92.22	(4.46)
Electrometrical	100,126	84,253	15.85	6.38	10.05	(2.81)
Satellite telecommunication *	65,400	51,339	21.50	—	—	—
Others	4,155	5,007	(20.51)	36.69	(29.60)	(12.14)
Total	519,779	430,157	17.24	67.96	66.61	0.67

In particular, the transaction amount of the connected transactions of sales of products and the provision of service to controlling shareholders and its subsidiaries by the Company was RMB30,230,700.

* Operating income from satellite telecommunication for the same period last year: nil.

3. Operation of the principal controlling and investee companies

(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), 20% by China Potevio Co., Ltd. and 2% by Hong Kong Yung Shing Enterprise Company. ENC is mainly engaged in producing products, such as GSM, GPRS, CDMA mobile telecommunication system products and network communication systems. As a logistic centre in Asia Pacific region for Ericsson, it is also the largest supplier of GSM and GPRS equipment and one of the major CDMA equipment suppliers in the PRC. During the first half of 2008, ENC achieved sustainable and steady development in its production and operation by proactively exploring markets, constantly enhancing the competitiveness of its products, grasping the opportunities brought by the Olympics in Beijing, expanding the market share and increasing the sales of products. Under the PRC Accounting Standard for Business Enterprises, it recorded sales revenue of RMB8,371 million in the Reporting Period, representing an increase of 28.17% as compared with the corresponding period last year and recorded net profit of RMB326 million, representing an increase of 44.89% as compared with the corresponding period last year.

(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, 27% by China Potevio Co., Ltd. and 2% by Yung Shing. BMC is mainly engaged in manufacturing of mobile terminals (mobile phones) under the brand of Sony Ericsson, which has become the major global base for manufacture and supply centre of Sony Ericsson mobile phones. In the first half of the year, BMC maintained its advantage in pioneer technology and provided customers with products of high quality. Meanwhile, the gross profit margin of products dropped under severe market competitions, which has adversely affected the sales and profits. Under the PRC Accounting Standards, it recorded sales of RMB12,911 million in the Reporting Period, representing a decrease of 21.45% as compared with the corresponding period last year and recorded net profit of RMB112 million, representing a decrease of 70.76% as compared to the corresponding period last year.

(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 Information Technology Holdings Limited ("Hua Dong Electronics") and 55% by LG Displays International Led ("LP"). 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 sales of self-produced products.

Under the PRC Accounting Standards, it recorded sales revenue of RMB563 million in the PRC in the Reporting Period, representing a decrease of 25.33% as compared with the corresponding period last year and recorded revenue from exported sales of RMB539 million, representing an increase of 20.12% as compared with the corresponding period last year. In the Reporting Period, it had a further loss of RMB158 million.

(II) Summary of analysis of operational performance 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

Items	Jan-Jun 2008	Jan-Jun 2007	Change (%)
Operating income	**526,538,377.32**	318,554,329.26	65.29
Operating costs	**433,817,455.15**	263,685,454.97	64.52
Operating profit	**25,340,736.93**	55,628,104.61	(54.45)
Loss from asset depreciation	**18,064,558.14**	28,847,307.31	(37.38)
Investment income	**75,827,954.81**	139,548,962.71	(45.66)
Non-operating income	**4,407,279.00**	818,396.64	438.53
Non-operating expenditure	**1,092,979.92**	19,001,251.93	(94.25)
Income tax expenses	**2,807,817.66**	4,716,383.52	(40.47)
Net cash flows from operating activities	**(136,717,020.11)**	(48,763,518.14)	(180.37)

Items	As at 30 June 2008	As at 31 December 2007	Change (%)
Currency funding	**155,341,363.38**	483,699,275.19	(67.88)
Bills receivable	**3,533,100.00**	2,131,704.70	65.74
Accounts receivable	**257,799,483.95**	159,234,159.78	61.90
Prepayments	**78,937,153.84**	51,028,779.49	54.69
Dividends receivable	**90,156,000.00**	0.00	100.00
Other receivables	**36,744,033.01**	57,076,371.78	(35.62)
Construction in progress	**18,106,279.69**	10,257,698.23	76.51
Salaries payable	**12,846,436.40**	8,601,850.13	49.35
Dividends payable	**10,000,000.00**	0.00	100.00
Long term payables	**12,507,349.52**	17,921,097.26	(30.21)
Currency translation differences	**2,027,715.93**	0.00	100.00
Minority interests	**12,674,821.30**	46,818,871.15	(72.93)

Notes:

(1) The increase in operating income for the Reporting Period is mainly attributable to the increasing orders received for electronic manufacturing and electronic information products, and part of delivery for satellite telecommunication products completed during the period.

(2) The increase in operating costs for the Reporting Period is mainly attributable to the increasing orders received for electronic manufacturing and electronic information products, and part of delivery for satellite telecommunication products completed during the period.

(3) The decrease in operating profit for the Reporting Period is mainly attributable to the decreased investment income for the period.

(4) The decrease in loss from asset depreciation for the Reporting Period is mainly attributable to the higher provision for bad accounts for the same period last year due to change in accounting estimates.

(5) The decrease in investment income for the Reporting Period is mainly attributable to the decreased investment income from Hua Fei and BMC for the period.

(6) The increase in non-operating income for the Reporting Period is mainly attributable to the increased government subsidies received in the period.

(7) The decrease in non-operating expenditure for the Reporting Period is mainly attributable to the higher loss from debt restructuring for the same period last year.

(8) The decrease in income tax expenses for the Reporting Period is mainly attributable to the decrease in deferred income tax expenses for the period.

(9) The decrease in net cash flows from operating activities for the Reporting Period is mainly attributable to the higher prepayments and payment for inventory, and part of operating income uncollected during the period.

(10) The decrease in currency funding for the Reporting Period is mainly attributable to the decreased cash flows from ordinary operating activities and payment of dividends for 2007.

(11) The increase in bills receivable for the Reporting Period is mainly attributable to the increased bills received in normal operating activities.

(12) The increase in accounts receivable for the Reporting Period is mainly attributable to part of accounts receivable falling in credit terms due to noticeably increased sales revenue.

(13) The increase in prepayments for the Reporting Period is mainly attributable to the increased prepayment for materials due to undersupply in raw materials market.

(14) The increase in dividends receivable for the Reporting Period is mainly attributable to part of dividends from ENC uncollected for 2007.

(15) The decrease in other receivables for the Reporting Period is mainly attributable to part of receivables under fund raising project for building collected in the period.

(16) The increase in construction in progress for the Reporting Period is mainly attributable to the on-going construction and investment in Xingang project.

(17) The increase in salaries payable for the Reporting Period is mainly attributable to the unsettled centralised allowances for June.

(18) The increase in dividends payable for the Reporting Period is mainly attributable to part of dividends of the Company for 2007 unsettled to PEGL.

(19) The decrease in long term payables for the Reporting Period is mainly attributable to the payment under financing lease settled as scheduled.

(20) The increase in currency translation differences for the Reporting Period is mainly attributable to the fact that GALANT (Hong Kong) Limited, a subsidiary of the Company, adopted US dollars as its functional currency.

(21) The decrease in minority interests for the Reporting Period is mainly attributable to the acquisition of minority interests in four subsidiaries by the Company during the period.

2. Liquidity of asset

In accordance with the Generally Accepted Accounting Principles in Hong Kong, as at 30 June 2008, the Company's consolidated gearing ratio (the ratio of total liability to total assets) was 43.03%; current net assets value was RMB48 million; liquidity ratio was 0.95; quick ratio was 0.63; bank deposits and cash were RMB255 million; total loan amounted to approximately RMB741 million with a standard annual interest rate of 7.47%.

(III) Investments in the Reporting Period

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

(IV) Business plan for the second half of the year 2008

The second half of the year 2008 is crucial to the Company's development. The Company will continue to propel its adjustment for business structure. Besides further invigorating the drive for corporate development, the Company will continue to enforce its technological innovation. Further joint enterprise will be developed through international cooperation. As a result, it ensures steady growth and investment income of the major segment of business.

In addition to its commitment to standardized operation and improvement of internal control, the Company will establish a long-term mechanism in prohibiting substantial shareholders from fund occupation. The Company will attain a higher independency and ensure the legal interest of shareholders.

(V) Employees of the Company

As at 30 June 2008, there were 3,169 employees in the Company, of which 1,594 were engaged in production, 846 in technology, 349 in sales, 137 in finance and 243 in administration and management. There were 915 retirees, for whom the Company undertook to pay retirement pension.

V. SIGNIFICANT EVENTS

(I) Profit distribution plan in this Reporting Period

The following profit distribution plan was passed at the Company's Annual General Meeting held on 15 May 2008: the Company is to take the aggregate share capital of 655,015,000 shares as at 31 December 2007 as the basis to declare a cash dividend of RMB0.08 per share (tax inclusive) to all shareholders. The total amount of cash dividend amounts to RMB52,401,200.00. The Company resolved that no capitalization of capital reserve would be made. The profit distribution plan has been completed in June 2008.

The Company did not make profit distribution and did not increase its share capital by transfer from capital reserve in the first half year of 2008.

(II) Material litigation and arbitration

There was no litigation and arbitration which was material to the Company during the Reporting Period or which has already occurred in the previous periods and subsisted during the Reporting Period.

(III) Material connected transactions

1. **The Company had no material connected transaction or asset reorganization save and except the continuing connected transactions from 2007 to 2009 as approved by independent shareholders in the Extraordinary General Meeting held by the Company on 3 April 2007 (i.e. the continuing connected transactions of the Company in the first half of 2008 which were conducted in the usual course of business and on normal commercial terms).**

2. **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 RMB30,230,700.

3. Transactions relating to creditor's rights and debt

Unit: RMB

Related parties	Provision of funds to related parties Amount of transaction	Balance	Provision of funds to the Company by related parties Amount of transaction	Balance
Panda Electronics Group Ltd.	0	0	(3,160,364.55)*	2,496,750.95
Nanjing Panda Television Co., Ltd.	0	0	0	1,137,335.14
Nanjing Panda Electromechanical Instruments Technology Co., Ltd.	0	0	2,000,969.29	2,000,969.29
Nanjing Panda Electronics Import/Export Co., Ltd.	0	0	249,246.05	249,246.05
Nanjing Panda Technology Industrial Co., Ltd.	0	0	(771,524.27)*	0
Intenna (Nanjing) Co., Ltd.	0	0	(2,868,031.10)*	65,777.57
Panda Electronics (Kunshan) Co., Ltd.	918,000.00	2,686,220.94	0	0
Nanjing Lianhua Nap New Coating & Decorating Co., Ltd.	0	1,950,000.00	0	0
Total	918,000.00	4,636,220.94	(4,549,704.58)	5,950,079.00

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 amounted to RMB0.

*: In the beginning of the Reporting Period, funds of PEGL, Nanjing Panda Technology Industrial Co., Ltd. and Intenna (Nanjing) Co., Ltd. used by the Company amounted to RMB5,657,115.50, RMB771,524.27 and RMB2,933,808.67 respectively, the amount incurred forms part of the funds returned by the Company for this Reporting Period.

(IV) Material guarantee

During the Reporting Period, the amount guaranteed by the Company for the subsidiaries amounted to RMB32,398,900, the remaining amounted to RMB62,601,600. The details of which are as follows:

As at 30 June 2008, the Company provided guarantees to secure the following: a bank loan of RMB5,000,000 for Nanjing Panda Mechanical Manufacturing Co., Ltd, a subsidiary of the Company; a bank loan of RMB6,861,500 (originally US$1 million) and an acceptance of RMB5,398,900 for Nanjing Panda Information Industrial Co., Ltd.; a bank loan of RMB17,000,000, an acceptance of RMB10,000,000 and a financing lease of RMB4,900,600 for Nanjing Huage Appliance and Plastic Industrial Co., Ltd. and a bank loan of RMB5,000,000 and a financing lease of RMB8,440,600 for Nanjing Panda Electronics Manufacturing Company Limited.

The guarantees above were granted to its controlling subsidiary, totaling RMB62,601,600 and representing 4.38% of net asset value of the Company. The gearing ratio of the guaranteed parties above were not over 70%.

The Company does not grant any guarantee to independent third parties other than the controlling subsidiary, nor does it provide any guarantee to the controlling shareholder, the de facto controlling person and its connected parties.

(V) During the Reporting Period, the Company did not hold stocks and securities issued by other listed companies and did not hold equities of unlisted financial enterprises.

(VI) As at 30 June 2008, shareholders holding over 5% of shares of the Company did not increase the number of shares subject to trading moratorium undertakings.

(VII) It was resolved at the Annual General Meeting held on 15 May 2008 that Zhong Rui Yue Hua Certified Public Accountant Company Limited and Shu Lun Pan Horwath Hong Kong CPA Limited were reappointed as domestic and international auditors of the Company for 2008 respectively.

(VIII) **The Audit Committee comprising five non-executive Directors and the senior management 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 unaudited financial report comply with the applicable accounting standards and legal requirements and that adequate disclosure have been made.**

(IX) Other matters

1. Income tax

The Company is registered in Nanjing High Technology Industry Development Zone which is approved by the State Council as a national grade high technology industry development zone. The Company has been approved by Jiangsu Provincial Technological Commission as a high technology enterprise, which is entitled to a preferential income tax rate of 15% as per existing policy. Up to now, the Company is still entitled to the preferential policy.

2. Purchase, sale and redemption of listed securities of the Company or its subsidiaries

During the Reporting Period, there was no purchase, sale or redemption by the Company or its subsidiaries of its listed securities.

3. Pre-emptive rights

In accordance with the laws of the PRC and the articles of association of the Company, there are no provisions for the pre-emptive rights for the Company.

4. Corporate Governance

In the corporate governance report which was published in the Company's 2007 Annual Report, it was reported that the Company has adopted and strived to comply with the Code on Corporate Governance Practices as set out in Appendix 14 of Listing Rules ("CG Code"). The work done by and deviations of the Company during the Reporting Period are as follows:

(1) In accordance with relevant requirements set out in the "Notice on Announcement of Special Corporate Governance Campaign" ([2008] No. 27) announced by China Securities Regulatory Commission ("CSRC"), the Company diligently organized a re-assessment of the completion and effect of the rectification of special corporate governance campaigns launched by the Company in 2007 during the Reporting Period, explored deficiencies regarding governance in depth and suggested remedial measures in the future. The Company also reinforced the achievement in governance so as to foster more organized operation and better corporate governance of the Company for a higher level of governance.

(Details were set out in the relevant announcements published in China Securities Journal and Shanghai Securities News on 30 July 2008, the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.)

(2) Amendments to the "Codes of Conduct for Controlling Shareholder", the "Rules of Procedures for Shareholders' General Meetings", the "Rules of Procedures for the Board Meetings" and "Rules of Procedures for the Supervisory Committee" in accordance with the requirements of rectification of special corporate governance campaigns were considered and approved at the annual general meeting held on 15 May 2008. In terms of system, organized operation of the Company was guaranteed and transactions of non-operating funds between controlling shareholders and related parties were precluded.

(3) During the Reporting Period, the completed hours of training and further study in relation to Directors' compliance and corporate governance met the requirement of the Listing Committee of the Hong Kong Stock Exchange. Thus far, the Company had fulfilled the order specified by the Listing Committee of the Hong Kong Stock Exchange in the press release dated 9 August 2007.

(4) Mr. Li Anjian holds the positions of Chairman and General Manager (Chief Executive Officer) which is deviated from the code provision A.2.1 of the Code of Corporate Governance Practice.

5. Compliance with Model Code for Securities Transactions by Directors of Listed Companies ("Model Code")

During the Reporting Period, the Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry with all Directors who confirmed that they have complied with the Model Code during the Reporting Period.

6. The Company, the Board and its Directors are not subject to administrative penalty or public criticism by CSRC or Stock Exchanges during the Reporting Period.

7. On 9 April 2007, Nanjing State-owned Assets Supervision and Administration Commission of the PRC ("Nanjing SASAC"), China Electronics Corporation ("CEC") and 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") signed an agreement to jointly establish Nanjing Electronics Information Industrial Corporation (南京中電熊猫信息產業有限公司) ("NEIIC"). The registered capital of NEIIC is RMB1 billion, of which CEC accounts for 70% (in cash), Nanjing SASAC and Guo Xin Group account for 15% each (with their respective equity interests in the enterprises such as PEGL, etc). (For details, please refer to the relevant announcements dated 12 April 2007 and 14 May 2007 which were published in China Securities Journal and Shanghai Securities News, and announcements dated 27 April 2007 and 14 May 2007 which were published in Hong Kong Ta Kung Pao and The Standard.) Currently, the approval procedure of such changes in the equity interests was in progress.

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

(I) The financial statements of the Company for the Reporting Period were unaudited.

(II) Financial Statements (Prepared in accordance with the PRC Accounting Standards, Unaudited)

Consolidated Balance Sheet
30 June 2008

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB*

Assets	30 June 2008	31 December 2007
Current assets:		
Currency funding	**255,384,679.17**	483,699,275.19
Trading financial assets	**—**	—
Bills receivable	**3,533,100.00**	2,131,704.70
Accounts receivable	**257,799,483.95**	159,234,159.78
Prepayments	**78,937,153.84**	51,028,779.49
Interest receivable	**—**	—
Dividends payable	**90,156,000.00**	—
Other receivables	**36,744,033.01**	57,076,371.78
Stocks	**365,262,777.70**	305,991,561.56
Non-current assets falling due within one year	**—**	—
Other current assets	**—**	—
Total current assets	**1,087,817,227.67**	1,059,161,852.50

Non-current assets:		
Available-for-sale financial assets	**—**	—
Held-to-maturity investments	**—**	—
Long-term receivables	**—**	—
Long-term equity investments	**912,047,054.80**	976,375,099.99
Investment properties	**—**	—
Fixed assets	**505,021,597.33**	489,982,056.01
Construction in progress	**18,106,279.69**	10,257,698.23
Construction supplies	**—**	—
Clearance of fixed assets	**—**	—
Biological assets for production	**—**	—
Gas assets	**—**	—
Intangible assets	**43,886,957.62**	44,556,461.90
Development assets	**—**	—
Goodwill	**—**	—
Long-term deferred expenses	**3,649,537.55**	4,098,976.61
Deferred income tax assets	**5,616,733.33**	5,203,608.70
Other non-current assets	**—**	—
Total non-current assets	**1,488,328,160.32**	1,530,473,901.44
Total assets	**2,576,145,387.99**	2,589,635,753.94

Liabilities and Shareholders' equity

Current liabilities		
Short-term loans	**661,861,500.00**	657,304,600.00
Trading financial liabilities	**—**	—
Bills payable	**66,497,863.20**	54,029,931.78
Accounts payable	**192,296,868.69**	181,425,207.53
Advances from customers	**49,000,647.50**	49,445,588.77
Salaries payable	**12,846,436.40**	8,601,850.13
Taxes payable	**34,314,247.11**	40,170,918.76
Interest payable	**1,306,732.50**	1,306,732.50
Dividends payable	**10,000,000.00**	—
Other payables	**93,627,398.26**	94,320,919.32
Non-current liabilities due within one year	**—**	—
Other current liabilities	**—**	—
Total liabilities	**1,121,751,693.66**	1,086,605,748.79
Non-current liabilities:		
Long term loans	**—**	—
Bonds payables	**—**	—
Long-term payables	**12,507,349.52**	17,921,097.26
Specific payables	**—**	—
Accrued liabilities	**—**	—
Deferred income tax liabilities	**—**	—
Other non-current liabilities	**525,000.00**	600,000.00
Total non-current liabilities	**13,032,349.52**	18,521,097.26
Total liabilities	**1,134,784,043.18**	1,105,126,846.05

Shareholders' equity:		
Share capital	**655,015,000.00**	655,015,000.00
Capital reserve	**496,263,215.96**	480,209,034.37
Less: treasury stock	**—**	—
Surplus reserve	**194,728,117.46**	194,728,117.46
Undistributed profits	**80,652,474.16**	107,737,884.91
Differences in foreign currency statement	**2,027,715.93**	—
Sub-total of equity attributable to shareholders of the parent company	**1,428,686,523.51**	1,437,690,036.74
Minority interests	**12,674,821.30**	46,818,871.15
Total shareholders' equity	**1,441,361,344.81**	1,484,508,907.89
Total liabilities and shareholders' equity	**2,576,145,387.99**	2,589,635,753.94

Balance Sheet
30 June 2008

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB*

Assets	**30 June 2008**	31 December 2007
Current assets:		
Currency funding	**166,366,660.50**	326,570,810.95
Trading financial assets	**—**	—
Bills receivable	**—**	—
Accounts receivable	**105,821,313.98**	49,241,785.93
Prepayments	**36,844,959.84**	11,663,438.53
Interest receivable	**—**	—
Dividends receivable	**91,056,000.00**	2,081,925.44
Other receivables	**178,156,769.97**	170,638,217.62
Stocks	**142,213,149.78**	151,880,667.77
Non-current assets due within one year	**—**	—
Other current assets	**—**	—
Total current assets	**720,458,854.07**	712,076,846.24

Non-current assets:		
Available-for-sale financial assets	**—**	—
Held-to-maturity investments	**—**	—
Long-term receivables	**—**	—
Long-term equity investments	**1,097,800,573.85**	1,140,268,172.50
Investment properties	**—**	—
Fixed assets	**283,587,435.27**	288,419,814.81
Construction in progress	**14,301,504.69**	8,227,280.23
Construction supplies	**—**	—
Clearance of fixed assets	**—**	—
Biological assets for production	**—**	—
Gas assets	**—**	—
Intangible assets	**11,277,811.78**	11,522,711.12
Development expenses	**—**	—
Goodwill	**—**	—
Long-term deferred expenses	**—**	—
Deferred tax assets	**—**	—
Other non-current assets	**—**	—
Total non-current assets	**1,406,967,325.59**	1,448,437,978.66
Total assets	**2,127,426,179.66**	2,160,514,824.90

Liabilities and shareholders' equity

Current liabilities:		
Short term loans	**628,000,000.00**	623,000,000.00
Trading financial liabilities	**—**	—
Bills payable	**40,000,000.00**	30,000,000.00
Accounts payable	**18,891,229.79**	22,687,564.60
Advances from customers	**4,660,228.60**	4,864,497.42
Salaries payable	**7,636,435.16**	1,201,428.09
Taxes payable	**34,382,666.30**	34,576,451.40
Interest payable	**1,306,732.50**	1,306,732.50
Dividends payable	**10,000,000.00**	—
Other payables	**51,641,720.26**	54,878,443.93
Non-current liabilities due within one year	**—**	—
Other current liabilities	**—**	—
Total current liabilities	**796,519,012.61**	772,515,117.94
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	**796,519,012.61**	772,515,117.94

Shareholders' equity:		
Share capital	**655,015,000.00**	655,015,000.00
Capital reserve	**478,941,415.14**	478,941,415.14
Less: Treasury stock	**—**	—
Surplus reserve	**194,728,117.46**	194,728,117.46
Undistributed profits	**2,222,634.45**	59,315,174.36
Total shareholders' equity	**1,330,907,167.05**	1,387,999,706.96
Total liabilities and shareholders' equity	**2,127,426,179.66**	2,160,514,824.90

Consolidated Income Statement

Jan-Jun 2008

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB*

Items	**The reporting period**	Corresponding period of last year
1. Total operating income	**526,538,377.32**	318,554,329.26
Include: Operating income	**526,538,377.32**	318,554,329.26
2. Total operating cost	**577,025,595.20**	402,475,187.36
Include: Operating cost	**433,817,455.15**	263,685,454.97
Business taxes and surcharges	**2,534,080.63**	2,191,364.88
Selling expenses	**17,200,464.97**	13,481,321.85
Administrative expenses	**74,354,645.62**	67,303,917.16
Financial expenses	**31,054,390.69**	26,965,821.19
Impairment loss in assets	**18,064,558.14**	28,847,307.31
Add: Income from change in fair value (losses are represented by "-")	**—**	—
Investment income (losses are represented by "-")	**75,827,954.81**	139,548,962.71
Include: Investment income of associates and joint ventures	**—**	—

3. Operating profit		
(losses are represented by "-")	**25,340,736.93**	55,628,104.61
Add: Non-operating income	**4,407,279.00**	818,396.64
Less: Non-operating expenses	**1,092,979.92**	19,001,251.93
Include: Loss from the disposal of non-current assets	**—**	—
4. Total Profit		
(losses are represented by "-")	**28,655,036.01**	37,445,249.32
Less: Income tax	**2,807,817.66**	4,716,383.52
5. Net Profit		
(losses are represented by "-")	**25,847,218.35**	32,728,865.80
Profit attributable to the equity shareholders of the parent company	**25,315,789.25**	32,332,684.95
Minority interests	**531,429.10**	396,180.85
Net profit of the combined party in enterprise combination under the same control realised before the combining date	**—**	—
6. Earnings per share:		
(1) Basic earnings per share	**0.0386**	0.0494
(2) Diluted earnings per share	**0.0386**	0.0494

Income statement

Jan-Jun 2008

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB*

Items	The reporting period	Corresponding period of last year
1. Operating income	**80,383,010.88**	37,684,049.65
Less: Operating cost	**64,326,826.20**	34,023,363.79
Business taxes and surcharges	**89,783.25**	65,133.59
Selling expenses	**1,132,945.51**	963,671.42
Administrative expenses	**52,678,446.81**	45,419,982.02
Financial expenses	**24,096,946.87**	24,160,049.37
Impairment loss on assets	**17,727,873.23**	23,911,196.14
Add: Income from change in fair value (losses are represented by "-")	**—**	—
Investment income (losses are represented by "-")	**74,934,293.66**	139,548,962.71
Include: Investment income of associates and joint ventures	**—**	—
2. Operating Profit (losses are represented by "-")	**-4,735,517.33**	48,689,616.03
Add: Non-operating income	**696,621.02**	—
Less: Non-operating expenses	**652,443.60**	18,907,319.58
Include: Loss from the disposal of non-current assets	**—**	—
3. Total Profit (losses are presented by"-")	**-4,691,339.91**	29,782,296.45
Less: Income tax	**—**	—
4. Net profit (net losses are represented by"-")	**-4,691,339.91**	29,782,296.45
5. Earnings per share:		
(1) Basic earnings per share	**—**	—
(2) Diluted earnings per share	**—**	—

Consolidated Cash flow statement

Jan-Jun 2008

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB*

Items	The reporting period	Corresponding period of last year
1. Cash flows from operating activities:		
Cash received from the sale of goods and services provided	**452,025,955.99**	464,194,632.22
Return of tax payment	**5,958,091.93**	2,122,941.16
Other cash received relating to operating activities	**160,762,684.43**	981,485,143.00
Sub-total of cash inflow from operating activities	**618,746,732.35**	1,447,802,716.38
Cash paid on purchase of goods and services	**465,886,945.13**	391,767,492.27
Cash paid to staff and paid on behalf of staff	**111,331,750.77**	91,315,377.71
Taxes paid	**31,776,464.44**	21,827,523.32
Cash paid relating to other operating activities	**146,468,592.12**	991,655,841.22
Sub-total of cash outflow from operating activities	**755,463,752.46**	1,496,566,234.52
Net cash flows from operating activities	**-136,717,020.11**	-48,763,518.14
2. Cash flows from investment activities:		
Cash received from investment recovered	**—**	6,322,470.00
Cash received from investment income	**50,000,000.00**	—
Net cash proceeds on the disposal of fixed assets, intangible assets and other long-term assets	**717,400.00**	8,080.00
Cash received from disposal of subsidiaries and other business units	**—**	—
Cash received relating to other operating activities	**—**	—
Sub-total of cash inflow from investment activities	**50,717,400.00**	6,330,550.00
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	**43,869,483.83**	28,181,404.77
Cash paid for investment	**—**	—
Net cash paid on acquisition of subsidiaries and other business units	**—**	—
Cash paid on other investment activities	**—**	—
Sub-total of cash outflow from investment activities	**43,869,483.83**	28,181,404.77
Net cash flows from investment activities	**6,847,916.17**	-21,850,854.77

3. Cash flows from financing activities:		
Cash received from investment	**—**	—
Including: cash received by subsidiaries from equity investment of minority shareholders	**—**	—
Cash received from borrowings	**217,000,000.00**	296,000,000.00
Cash received from other financing activities	**—**	—
Sub-total of cash inflow from financing activities	**217,000,000.00**	296,000,000.00
Cash paid on repayment of debts	**212,000,000.00**	388,412,327.14
Cash paid on distribution of dividends or profits, or interest repayment	**68,355,102.06**	25,805,746.34
Including: bonus and profit paid to minority shareholders by subsidiaries	**—**	—
Cash paid on other financing activities	**—**	—
Sub-total of cash and cash equivalents outflow from financing activities	**280,355,102.06**	414,218,073.48
Net cash flows from financing activities	**-63,355,102.06**	-118,218,073.48
4. Effect on cash and cash equivalents due to foreign currency exchange	**-4,447,009.48**	
5. Net increase in cash and cash equivalents	**-197,671,215.48**	-188,832,446.39
Add: balance of cash and cash equivalents at the beginning of the year	**380,822,357.69**	607,318,095.22
6. Balance of cash and cash equivalents at the end of the year	**183,151,142.21**	418,485,648.83

Cash flow statement

Jan-Jun 2008

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB*

Items	The reporting period	Corresponding period of last year
1. Cash flows from operating activities		
Cash received from the sale of goods and services provided	**41,630,742.54**	162,116,358.61
Return of tax payment	**—**	—
Other cash received relating to operating activities	**112,472,417.54**	912,079,156.52
Sub-total of cash inflow from operating activities	**154,103,160.08**	1,074,195,515.13
Cash paid on purchase of goods and services	**76,274,703.34**	153,470,974.45
Cash paid to staff and paid on behalf of staff	**40,704,659.74**	42,277,354.80
Taxes paid	**1,735,782.97**	1,276,630.23
Cash paid relating to other operating activities	**113,728,552.27**	912,977,100.59
Sub-total of cash outflow from operating activities	**232,443,698.32**	1,110,002,060.07
Net cash flows from operating activities	**-78,340,538.24**	-35,806,544.94
2. Cash flows from investment activities:		
Cash received from investment recovered	**—**	6,322,470.00
Cash received from investment income	**50,104,256.89**	—
Net cash proceeds on the disposal of fixed assets, intangible assets and other long term assets	**45,200.00**	—
Cash received from disposal of subsidiaries and other business units	**—**	—
Cash received relating to other operating activities	**—**	—
Sub-total of cash inflow from investment activities	**50,149,456.89**	6,322,470.00
Cash paid on purchase of fixed assets, intangible assets and other long term assets	**8,179,598.56**	7,071,575.51
Cash paid on investment	**24,451,956.13**	—
Net cash paid on acquisition of subsidiaries and other business units	**—**	—
Cash paid on other investment activities	**—**	—
Sub-total of cash outflow from investment activities	**32,631,554.69**	7,071,575.51
Net cash flows from investment activities	**17,517,902.20**	-749,105.51

3. Cash flows from financing activities:		
Cash received from investment		
Cash received from borrowings	**200,000,000.00**	284,000,000.00
Cash received from other financing activities		
Sub-total of cash inflow from financing activities	**200,000,000.00**	284,000,000.00
Cash paid on repayment of debts	**195,000,000.00**	376,412,327.14
Cash paid on distribution of dividends or profits, or interest repayment	**66,428,000.29**	24,344,055.63
Cash paid on other financing activities		
Sub-total of cash and cash equivalents outflow from financing activities	**261,428,000.29**	400,756,382.77
Net cash flows from financing activities	**-61,428,000.29**	-116,756,382.77
4. Effect on cash due to foreign currency exchange	**296,695.53**	-55,881.99
5. Net increase in cash and cash equivalents	**-121,953,940.80**	-153,367,915.21
Add: balance of cash and cash equivalents at the beginning of the year	**246,370,810.95**	518,982,179.29
6. Balance of cash and cash equivalents at the end of the year	**124,416,870.15**	365,614,264.08

Consolidated Statement of Change of Shareholders' equity

Jan-Jun 2008

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB*

Items	The reporting period Shareholders' equity attributable to the Parent Share capital	Capital reserve	Less: treasury stock	Surplus reserve	Undistributed profits	Other	Minority interest	Total shareholders' equity	Corresponding period of last year Shareholders' equity attributable to the Parent Share capital	Capital reserve	Less: treasury stock	Surplus reserve	Undistributed profits	Other	Minority interest	Total shareholders' equity
1. Balance of last year	**655,015,000.00**	**480,209,034.37**	**–**	**194,728,117.46**	**107,737,884.91**	**–**	**46,818,871.15**	**1,484,508,907.89**	655,015,000.00	480,404,773.85	–	191,184,000.53	27,418,123.14	-6,943,417.57	–	1,347,078,479.95
Add: change in accounting policies	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	-511,756.61	–	-1,505,327.40	-3,723,503.78	6,943,417.57	41,844,379.42	43,047,209.20
Correction of prior errors	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
2. Balance at the beginning of this yea	**655,015,000.00**	**480,209,034.37**	**–**	**194,728,117.46**	**107,737,884.91**	**–**	**46,818,871.15**	**1,484,508,907.89**	655,015,000.00	479,893,017.24	–	189,678,673.13	23,694,619.36	–	41,844,379.42	1,390,125,689.15
3. Change of this year (a decrease is represented by "-")	**–**	**16,054,181.59**	**–**	**–**	**-27,085,410.75**	**2,027,715.93**	**-34,144,049.85**	**-43,147,563.08**	–	–	–	–	32,332,684.95	–	396,180.85	32,728,865.80
(1) Net profit	**–**	**–**	**–**	**–**	**25,315,789.25**	**–**	**531,429.10**	**25,847,218.35**	–	–	–	–	32,332,684.95	–	396,180.85	32,728,865.80
(2) Profit and loss directly accounted for in shareholders' equity	**–**	**16,054,181.59**	**–**	**–**	**–**	**2,027,715.93**	**–**	**18,081,897.52**	–	–	–	–	–	–	–	–
1. Net change in fair value of financial assets available for sale	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
2. Effect of changes in other shareholders' equity in investee companies referred at equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
3. Effect of income tax in relation to items referred at equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
4. Others	**–**	**16,054,181.59**	**–**	**–**	**–**	**2,027,715.93**	**–**	**18,081,897.52**	–	–	–	–	–	–	–	–
Subtotal of item (1) and (2) above	**–**	**16,054,181.59**	**–**	**–**	**25,315,789.25**	**2,027,715.93**	**531,429.10**	**43,929,115.87**	–	–	–	–	32,332,684.95	–	396,180.85	32,728,865.80
(3) Contribution by shareholders and reduction of capital	**–**	**–**	**–**	**–**	**–**	**–**	**-34,675,478.95**	**-34,675,478.95**	–	–	–	–	–	–	–	–
1. Capital contribution by shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	
2. Amount settled by shares for amount accounted for in shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
3. Others	**–**	**–**	**–**	**–**	**–**	**–**	**-34,675,478.95**	**-34,675,478.95**	–	–	–	–	–	–	–	–
(4) Profit distribution	**–**	**–**	**–**	**–**	**-52,401,200.00**	**–**	**–**	**-52,401,200.00**	–	–	–	–	–	–	–	–
1. Transfer from surplus reserves	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
2. Distribution to shareholders	**–**	**–**	**–**	**–**	**-52,401,200.00**	**–**	**–**	**-52,401,200.00**	–	–	–	–	–	–	–	–
3. Others	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
(5) Internal transfer of shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
1. Transfer of capital reserve to share capital	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
2. Transfer of surplus reserve to share capital	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
3. Compensation of loss from surplus reserve	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
4. Others	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–	–
4. Balance at the end of this year	**655,015,000.00**	**496,263,215.96**	**–**	**194,728,117.46**	**80,652,474.16**	**2,027,715.93**	**12,674,821.30**	**1,441,361,344.81**	655,015,000.00	479,893,017.24	–	189,678,673.13	56,027,304.31	–	42,240,560.27	1,422,854,554.95

Statement of Change of Shareholders' equity

Jan-Jun 2008

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB*

	The reporting period						Corresponding period of last year					
Items	Share capital	Capital reserve stock	Less: treasury	Surplus reserve	Undistributed profits	Total shareholders' equity	Share capital	Capital reserve	Less: treasury stock	Surplus reserve	Undistributed profits	Total shareholders' equity
1. Balance of last year	**655,015,000.00**	**478,941,415.14**	**–**	**194,728,117.46**	**59,315,174.36**	**1,387,999,706.96**	655,015,000.00	480,404,773.85	–	191,184,000.53	27,830,687.05	1,354,434,461.43
Add: change in accounting policies	–	–	–	–	–	–	–	-1,779,375.84	–	-1,505,327.40	-13,960,511.69	-17,245,214.93
Correction of prior errors	–	–	–	–	–	–	–	–	–	–	–	–
2. Balance at the beginning of this year	**655,015,000.00**	**478,941,415.14**	**–**	**194,728,117.46**	**59,315,174.36**	**1,387,999,706.96**	655,015,000.00	478,625,398.01	–	189,678,673.13	13,870,175.36	1,337,189,246.50
3. Change of this year (a decrease is represented by "-")	–	–	–	–	**-57,092,539.91**	**-57,092,539.91**	–	–	–	–	29,782,296.45	29,782,296.45
(1) Net profit	–	–	–	–	**-4,691,339.91**	**-4,691,339.91**	–	–	–	–	29,782,296.45	29,782,296.45
(2) Profit and loss directly accounted for in shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	–
1. Net change in fair value of financial assets available for sale	–	–	–	–	–	–	–	–	–	–	–	–
2. Effect of changes in other shareholders' equity in investee companies referred at equity	–	–	–	–	–	–	–	–	–	–	–	–
3. Effect of income tax in relation to items referred at equity	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal of item (1) and (2) above	–	–	–	–	**-4,691,339.91**	**-4,691,339.91**	–	–	–	–	29,782,296.45	29,782,296.45

(3) Contribution and reduction of capital by shareholders	–	–	–	–	–	–	–	–	–	–	–	–
1. Capital contribution by shareholders	–	–	–	–	–	–	–	–	–	–	–	–
2. Amount settled by shares for amount accounted for in shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	–
3. Others	–	–	–	–	–	–	–	–	–	–	–	–
(4) Profit distribution	–	–	–	–	-52,401,200.00	-52,401,200.00	–	–	–	–	–	–
1. Transfer from surplus reserves	–	–	–	–	–	–	–					
2. Distribution to shareholders	–	–	–	–	-52,401,200.00	-52,401,200.00	–	–	–	–	–	–
3. Others	–	–	–	–	–	–	–	–	–	–	–	–
(5) Internal transfer of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	–
1. Transfer of capital reserve to share capital	–	–	–	–	–	–	–	–	–	–	–	–
2. Transfer of surplus reserve to share capital	–	–	–	–	–	–	–	–	–	–	–	–
3. Compensation of loss from surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–
4. Balance at the end of this year	**655,015,000.00**	**478,941,415.14**	**–**	**194,728,117.46**	**2,222,634.45**	**1,330,907,167.05**	655,015,000.00	478,625,398.01	–	189,678,673.13	43,652,471.81	1,366,971,542.95

(III) Notes for the financial statements

1. As compared with the latest annual report, there was no significant changes in accounting policy and accounting estimates of the Company for the Reporting Period.

2. As compared with the latest annual report, there was no significant changes in the scope of consolidation in the financial reports for the Reporting Period.

VII. DOCUMENTS AVAILABLE FOR INSPECTION

1. The 2008 Interim Report signed by the Chairman;

2. The financial statements signed and sealed by the legal representative, officer in charge of accounting work and officer in charge of accounting department of the Company;

3. The announcements published in Shanghai Securities News, China Securities Journal, and on the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange during the Reporting Period;

4. The memorandum and articles of association of the Company;

5. 2008 Interim Report published in Hong Kong and Shanghai securities market.

As at the date of announcement, the Board comprises: 1. Executive Director: Mr. Li Anjian; 2. Non-executive Directors: Mr. Xu Guofei, Ms. Liu Ailian, Mr. Zhu Lifeng, Mr. Shi Qiusheng, Mr. Lu Qing; 3. Independent Non-executive Directors: Mr. Cai Lianglin, Mr. Tang Yousong, Mr. Ma Chung Lai, Lawrence.

By Order of the Board
Li Anjian
Chairman

Nanjing, the People's Republic of China
19 August 2008