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)

2010 PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

1 IMPORTANT NOTICE

1.1 The board of directors (the "Board"), Supervisory Committee, the Directors, the Supervisors and senior management staff of Nanjing Panda Electronics Company Limited (the "Company") confirm that the information in this announcement does not contain any misrepresentation, misleading statements, or material omissions, and collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the contents. This announcement was extracted from the text of the Company's 2010 Annual Report. Investors who are interested in obtaining further details should carefully read the Annual Report.

1.2 Director Mr. Jason Hsuan, Mr. Deng Weiming and independent Director Mr. Ma Chung Lai, Lawrence were engaged in other duties and unable to attend the Board meeting held on 25 March 2011, and appointed Vice Chairman Mr. Xu Guofei and independent Director Mr. Cai Lianglin to attend the meeting and to exercise the voting right on their behalvs, respectively.

1.3 Both Vocation International Certified Public Accountants Co., Ltd. and Baker Tilly Hong Kong Limited have prepared the unqualified auditors' reports for the Company.

1.4 None of the controlling shareholders or its related parties has misappropriated the Company's funds for non-operating purposes.

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

1.6 Mr. Xu Guofei, the Vice Chairman 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 in this 2010 annual report.

2 BASIC INFORMATION OF THE COMPANY

2.1 Basic information

Stock abbreviation	A Share: Nanjing Panda	H Share: Nanjing Panda
Stock code	600775	0553
Place of listing	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Registered address	Level 1-2, Block 05, North Wing, Nanjing High and New Technology Development Zone, Nanjing, the People's Republic of China	
Office address	301 Zhongshan Road East, Nanjing, the People's Republic of China	
Postal code	210002	
Website	http://www.panda.cn	
E-mail address	dms@panda.cn	

2.2 Contact person and means of contact

	Secretary to the Board	**Securities Affairs Representative**
Name	Shen Jianlong	Chen Yebao
Correspondence address	301 Zhongshan Road East, Nanjing, the People's Republic of China	301 Zhongshan Road East, Nanjing, the People's Republic of China
Telephone	(8625) 8480 1442	(8625) 8480 1144
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3 ACCOUNTING DATA AND FINANCIAL INDICATORS HIGHLIGHTS

3.1 PREPARED UNDER HONG KONG FINANCIAL REPORTING STANDARDS

Consolidated statement of comprehensive income
for the year ended 31 December 2010
(Expressed in Renminbi)

	Note	**2010**	2009
		RMB'000	*RMB'000*
Turnover	4	**1,645,946**	1,267,295
Cost of sales		**(1,434,401)**	(1,175,868)
Gross profit		**211,545**	91,427
Other income and net (losses)/gains	5	**45,532**	49,677
Distribution costs		**(41,416)**	(22,538)
Administrative expenses		**(263,739)**	(201,184)
Operating loss		**(48,078)**	(82,618)
Finance income	6	**6,092**	3,287
Finance costs	6	**(24,938)**	(36,544)
Finance costs — net	6	**(18,846)**	(33,257)
Share of profits of associates		**91,047**	147,273
Profit before taxation	7	**24,123**	31,398
Income tax expense	8	**(16,588)**	(12,374)
Profit and total comprehensive income for the year		**7,535**	19,024

Attributable to:			
Equity holders of the Company		**9,192**	15,526
Non-controlling interests		**(1,657)**	3,498
		7,535	19,024
Earnings per share *(RMB cents)*			
— Basic and diluted	9	**1.40**	2.37

Consolidated balance sheet at 31 December 2010

(Expressed in Renminbi)

		2010	2009
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Land use rights		**23,379**	24,062
Property, plant and equipment		**610,468**	553,013
Associates		**661,484**	778,712
Deferred tax assets		**6,509**	2,782
		1,301,840	1,358,569

Current assets			
Inventories		**182,633**	139,031
Trade and bills receivables	11	**273,581**	215,484
Amounts due from customers for contract work		**31,730**	18,399
Deposits, prepayments and other receivables		**98,413**	84,343
Amounts due from fellow subsidiaries, associates and related companies		**51,957**	19,090
Amount due from ultimate holding company		**1,344**	91
Restricted bank deposits	12	**229,933**	61,579
Cash and cash equivalents		**390,413**	560,354
		1,260,004	1,098,371
Total assets		**2,561,844**	2,456,940
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**655,015**	655,015
Share premium and reserves		**821,122**	809,990
		1,476,137	1,465,005
Non-controlling interests		**6,582**	11,785
Total equity		**1,482,719**	1,476,790

LIABILITIES

Non-current liabilities			
Long term borrowing		**4,000**	4,000
Finance lease obligations			
— non-current portion		**—**	1,279
Deferred tax liabilities		**69**	—
		4,069	5,279
Current liabilities			
Bank borrowings	13	**520,574**	399,454
Trade payables	14	**315,926**	270,216
Accruals and other payables		**204,827**	201,919
Amounts due to fellow subsidiaries, associates and related companies		**14,083**	11,612
Amount due to ultimate holding company		**8,802**	86,705
Finance lease obligations			
— current portion		**1,279**	2,215
Tax payable		**9,565**	2,750
		1,075,056	974,871
Total liabilities		**1,079,125**	980,150
Total equity and liabilities		**2,561,844**	2,456,940
Net current assets		**184,948**	123,500
Total assets less current liabilities		**1,486,788**	1,482,069

1 General information

The Company was established as a joint stock company 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 it's A shares have been listed on the Shanghai Stock Exchange since 18 November 1996. In the opinion of the directors, the Company's parent and ultimate holding company is Panda Electronics Group Company Limited ("PEGL"), a PRC state-owned enterprise.

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

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.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), Interpretations and Accounting Guidelines issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except that certain property, plant and equipment is stated at 1995 valuation less accumulated depreciation and impairment losses.

3 Application of new and revised HKFRSs

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

— HKFRS 3 (revised 2008), Business combinations

— Amendments to HKAS 27, Consolidated and separate financial statements

— Amendment to HKAS 39, Financial instruments: Recognition and measurement - eligible hedged items

— Improvements to HKFRSs (2009)

— HK Interpretation 5, Presentation of financial statements - Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

The amendment to HKAS 39 and the issuance of HK Interpretation 5 have had no material impact on the Group's financial statements as the amendment and the Interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

— The impact of the majority of the revisions to HKFRS 3, HKAS 27, HKFRS 5 and HK(IFRIC) 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

— The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as "minority interests") in excess of their equity interests) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

Further details of these changes in accounting policy are as follows:

— As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:

  — Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

  — If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  — Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

— If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

— In addition to the Group's existing policy of measuring the non-controlling interests in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

— As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

— If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions and partial disposals, respectively.

    - If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the balance sheet date the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in HKFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- In order to be consistent with the above amendments to HKFRS 3 and HKAS 27, and as a result of amendments to HKAS 28, Investments in associates, the following policies will be applied as from 1 January 2010:

    - If the Group holds interests in the acquiree immediately prior to obtaining significant influence, these interests will be treated as if disposed of and reacquired at fair value on the date of obtaining significant influence. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

    - If the Group loses significant influence, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

Consistent with the transitional provisions in HKFRS 3 and HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

— As a result of the amendments to HKAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

— As a result of the amendment to HKAS 17, Leases, arising from the Improvements to HKFRSs (2009) omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and Interpretations and one new standard which are not yet effective for the year ended 31 December 2010 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Revised HKAS 24, Related party disclosures	1 January 2011
HKFRS 9, Financial instruments	1 January 2013
Improvements to HKFRSs 2010	1 July 2010 or 1 January 2011
Amendments to HKAS 12, Income taxes	1 January 2012

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but is not yet in a position to state whether these amendments, new standards and interpretations would have a 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 year ended 31 December 2010, the Group has the following three 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, equipment and appliances
(iii) Electronic intelligent products:	Development, manufacture and sale of electronic intelligent products

For the purposes of assessing segment performance and allocating resources between segments. The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets included all non-current and current assets with the exception of interests in associates and other corporate assets. Segment liabilities included all non-current and current liabilities with the exception of other corporate liabilities.

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

The following tables provide an analysis of the Group's revenue, results and certain assets, liabilities and expenditure information by reportable segments for the years ended 31 December 2010 and 2009:

Year ended 31 December 2010

	Electronic manufacturing products *RMB'000*	Electronic equipment products *RMB'000*	Electronic intelligent products *RMB'000*	Other operations *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Revenue						
External sales	613,570	343,772	458,638	229,966	—	1,645,946
Internal sales	5,931	32,604	67,374	47,067	(152,976)	—
Total	619,501	376,376	526,012	277,033	(152,976)	1,645,946
Results						
Segment results	45,678	17,541	(4,364)	5,642	—	64,497
Unallocated corporate expenses						(112,575)
Interest income						6,092
Interest expense						(24,938)
Share of profits of associates						91,047
Income tax expense						(16,588)
Profit for the year						7,535

At 31 December 2010

	Electronic Manufacturing products	Electronic equipment products	Electronic intelligent products	Other operations	Elimination	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets						
Segment assets	519,219	267,534	331,606	164,699	(141,047)	1,142,011
Associates						661,484
Unallocated corporate assets						758,349
Consolidated total assets						2,561,844
Liabilities						
Segment liabilities	282,958	179,954	210,662	62,302	(182,169)	553,707
Unallocated corporate liabilities						525,418
Consolidated total liabilities						1,079,125

	Electronic Manufacturing products	Electronic equipment products	Electronic intelligent products	Other operations	Unallocated	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other information						
Capital expenditure	53,434	7,597	1,743	14,180	39,154	116,108
Depreciation and amortisation	24,215	3,884	533	659	14,090	43,381
Write-down of inventories	8,034	1,737	77	3,092	—	12,940
Impairment loss on property, plant and equipment	—	5	—	—	—	5
Loss on disposal of property, plant and equipment	11,553	—	—	—	—	11,553
Impairment loss recognised on trade receivables	174	9,505	19,890	287	—	29,856

Year ended 31 December 2009

	Electronic manufacturing products	Electronic equipment products	Satellite telecom-munication products	Electronic intelligent products	Other operations	Elimination	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue							
External sales	365,540	278,950	205,086	275,287	142,432	—	1,267,295
Internal sales	7,787	13,762	—	88,930	47,278	(157,757)	—
Total	373,327	292,712	205,086	364,217	189,710	(157,757)	1,267,295
Results							
Segment results	10,472	15,556	22,182	9,845	(9,495)	—	48,560
Unallocated corporate expenses							(131,178)
Interest income							3,287
Interest expense							(36,544)
Share of profits of associates							147,273
Income tax expense							(12,374)
Profit for the year							19,024

At 31 December 2009

	Electronic manufacturing products *RMB'000*	Electronic equipment products *RMB'000*	Satellite telecom-munication *RMB'000*	Electronic intelligent products *RMB'000*	Other operations *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Assets							
Segment assets	409,650	227,448	153,279	368,640	145,956	(95,132)	1,209,841
Associates							778,712
Unallocated corporate assets							468,387
Consolidated total assets							2,456,940
Liabilities							
Segment liabilities	162,684	137,620	450	291,897	51,498	(197,542)	446,607
Unallocated corporate liabilities							533,543
Consolidated total liabilities							980,150

	Electronic manufacturing products *RMB'000*	Electronic equipment products *RMB'000*	Satellite telecom-munication *RMB'000*	Electronic intelligent products *RMB'000*	Other operations *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Other information							
Capital expenditure	9,201	1,139	—	524	1,588	64,059	76,511
Depreciation and amortisation	26,416	4,581	—	672	547	13,494	45,710
Write-down of inventories	3,547	559	—	7,669	968	—	12,743
Impairment loss on property, plant and equipment	8,218	—	—	—	—	—	8,218
Loss on disposal of property, plant and equipment	457	—	—	—	—	639	1,096
Impairment loss recognised/ (reversed) on trade receivables	(6,502)	594	—	546	349	—	(5,013)

(a) Geographical information

As over 90% of the Group's revenue, expenses, assets and liabilities is attributable to the Group's operations in the PRC, no geographical information is presented.

(b) Major customers

For the year ended 31 December 2010, there was one customer in the electronic manufacturing products segment that accounted for over 10% of the Group's revenue. Sales to this customer amounted to approximately RMB171,967,000.

For the year ended 31 December 2009, there was one customer in the satellite telecommunication segment that accounted for over 10% of the Group's revenue. Sales to this customer amounted to approximately RMB203,733,000.

5 Other income and net (losses)/gains

	2010	2009
	RMB'000	*RMB'000*
Other income		
Rental income	**4,197**	7,359
Property management fee income	**6,055**	280
Government subsidies	**28,611**	23,971
Write-off of trade and other payables	**—**	5,620
Sundry income	**9,537**	3,404
	48,400	40,634
Other net (losses)/gains		
Gain on disposal of land use rights	**—**	8,953
Gain on disposal of a subsidiary	**33**	—
Exchange (losses)/gains	**(2,901)**	90
	(2,868)	9,043
	45,532	49,677

6 Finance income and costs

	2010	2009
	RMB'000	*RMB'000*
Interest expense		
— Bank and other borrowings wholly repayable within five years	**(23,623)**	(34,397)
— Finance lease interest	**(239)**	(239)
— Others	**(1,076)**	(1,908)
Finance costs	**(24,938)**	(36,544)
Finance income		
— Interest income on short-term deposits	**6,092**	3,287
Net finance costs	**(18,846)**	(33,257)

7 Profit before taxation

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

	2010	2009
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**952,698**	718,640
Loss on disposal of property, plant and equipment	**11,553**	1,096
Amortisation of land use rights	**683**	1,194
Depreciation of property, plant and equipment	**42,698**	44,516
Impairment loss recognised/(reversed) on		
— Trade receivables	**29,856**	(5,013)
— Other receivables	**1,913**	2,182
— Amounts due from fellow subsidiaries, associates and related companies	**(687)**	2,311
Write-down of inventories	**12,940**	12,743
Impairment loss on property, plant and equipment	**5**	8,218
Research and development expenses	**48,094**	15,862
Staff costs (including directors' and supervisors' emoluments)		
— Salaries and other allowances	**185,845**	171,114
— Retirement benefit scheme contributions	**22,543**	18,244
Auditor's remuneration	**2,020**	2,020

8 Income tax expense

(a) Income tax expense in the consolidated statement of comprehensive income represents:

	2010	2009
	RMB'000	*RMB'000*
Current tax		
— PRC enterprise income tax	**21,326**	8,228
— Over-provision in prior year	**(941)**	—
	20,385	8,228
Deferred tax		
— attributable to the origination and reversal of temporary differences	**(3,850)**	4,292
— resulting from a change in tax rate	**53**	(146)
	(3,797)	4,146
	16,588	12,374

(b) The taxation charge for the year can be reconciled to the accounting profit as follows:

	2010	2009
	RMB'000	*RMB'000*
Profit before taxation	**24,123**	31,398
Tax calculated at the statutory PRC tax rate of 25% (2009: 25%)	**6,031**	7,849
Exemption/reduction of income tax under preferential tax treatment	**(4,276)**	(6,811)
Tax effect of:		
Share of results of associates	**(13,587)**	(21,886)
Income not subject to tax	**(329)**	(90)
Expenses not deductible for tax purposes	**3,237**	7,812
Effect of change in tax rate	**53**	(146)
Unrecognised tax losses and other deferred tax assets	**28,764**	22,214
Utilisation of previously unrecognised tax losses and other deferred tax assets	**(2,390)**	(238)
Deferred taxation recognised in previous years reversed	**—**	3,588
Over-provision in prior year	**(941)**	—
Others	**26**	82
Tax charge for the year	**16,588**	12,374

9 Earnings per share

The calculation of the basic earnings per share is based on profit attributable to equity holders of the Company of RMB9,192,000 (2009: RMB15,526,000) and 655,015,000 shares in issue throughout the years 2010 and 2009.

The diluted earnings per share for the years ended 31 December 2010 and 2009 was the same as the basic earning per share as there were no potential dilutive ordinary shares outstanding during both years.

10 Dividends

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2010 (2009: RMBnil).

11 Trade and bills receivables

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**307,049**	225,836
Bills receivables	**14,315**	8,370
Less: Provision for impairment	**(47,783)**	(18,722)
	273,581	215,484

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

(b) The following is the ageing analysis of trade and bills receivables net of provision for impairment:

	2010	2009
	RMB'000	*RMB'000*
Within 1 year	**262,470**	182,720
1 to 2 years	**2,060**	32,010
2 to 3 years	**8,626**	686
Over 3 years	**425**	68
	273,581	215,484

(c) Ageing analysis of trade and bills receivables past due but not impaired is as follows:

	2010	2009
	RMB'000	*RMB'000*
Up to 3 months	**11,265**	6,459
Over 3 months	**18,615**	34,756
	29,880	41,215

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

(d) The movements in provision for impairment during the year were as follows:

	2010	2009
	RMB'000	*RMB'000*
At 1 January	**18,722**	25,890
Impairment loss recognised/(reversed)	**29,856**	(5,013)
Uncollectible amounts written off	**(795)**	(2,155)
At 31 December	**47,783**	18,722

(e) Trade and bills receivables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2010	2009
	RMB'000	*RMB'000*
USD	**24,896**	27,702
Euro dollar ("EUR")	**2**	3,077
	24,898	30,779

12 Restricted bank deposits

Included in restricted bank deposits at 31 December 2010 was an amount of RMB175,000,000 placed by the Group in a designated bank account for the capital contribution to a new subsidiary. This amount was transferred to investment in subsidiaries in January 2011 upon obtaining the final approval from relevant government authority for the establishment of that subsidiary.

The remaining balance of restricted bank deposits are pledged as security for:

	2010	2009
	RMB'000	*RMB'000*
Bills payable	**29,090**	12,884
Performance bonds given by banks to customers in respect of projects undertaken	**25,843**	48,695
	54,933	61,579

These restricted bank deposits carry interest at market rates ranging from 0.36% to 1.91% (2009: 0.36% to 1.71%) and will mature in 3 to 6 months from the balance sheet date.

13 Bank borrowings

	2010	2009
	RMB'000	RMB'000
Short term bank loans	**478,000**	380,000
Bills payables, secured	**42,574**	19,454
	520,574	399,454

At 31 December 2010, the Company's short term bank loans amounting to RMB75,000,000 (2009: RMBnil) were secured by pledge of certain buildings of the Company with carrying value of RMB119,949,000 (2009: RMBnil) with banks, and short term bank loans amounting to RMB350,000,000 (2009: RMB338,000,000) were secured by corporate guarantees from the ultimate holding company.

At 31 December 2010, the effective interest rate of the short term bank loans was 5.71% (2009: 6.34%) per annum.

14 Trade payables

The following is an ageing analysis of trade payables:

	2010	2009
	RMB'000	*RMB'000*
Within 1 year	**259,882**	229,714
1 to 2 years	**23,887**	21,152
2 to 3 years	**18,603**	3,543
Over 3 years	**13,554**	15,807
	315,926	270,216

The average credit period on purchase of goods is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Trade payables that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	2010	2009
	RMB'000	*RMB'000*
USD	**1,251**	5,752

15 Contingent liabilities

	2010	2009
	RMB'000	*RMB'000*
Performance bonds given by banks to customers in respect of projects undertaken	**25,843**	48,695

16 Capital commitments

At 31 December 2010, outstanding capital commitments not provided for in the financial statements are as follows:

	2010	2009
	RMB'000	RMB'000
Contracted for		
— Property, plant and equipment	**51,710**	82,250

3.2 Prepared in accordance with the PRC Accounting Standards for Business Enterprises

3.2.1 Principal accounting data

Unit: RMB'000

	2010	2009	Increase/ (decrease) over last year *(%)*
Operating income	**1,674,972.07**	1,284,864.42	30.36
Total profit	**24,122.87**	31,398.25	(23.17)
Net profit attributable to shareholders of the Company	**9,192.40**	15,525.67	(40.79)
Net profit attributable to shareholders of the Company after extraordinary items	**(11,282.47)**	(21,271.22)	46.96
Net cash flow from operating activities	**(163,351.41)**	247,497.97	(166.00)

	As of the end of 2010	As of the end of 2009	Increase/ (decrease) over last year *(%)*
Total assets	**2,561,842.57**	2,456,940.25	4.27
Shareholders' equity	**1,476,137.18**	1,465,004.52	0.76

3.2.2 Key financial indicators

Unit: RMB

	2010	2009	Increase/ (decrease) over last year *(%)*
Basic earnings per share	**0.01**	0.02	(40.79)
Diluted earnings per share	**0.01**	0.02	(40.79)
Basic earnings per share after extraordinary items	**(0.02)**	(0.03)	46.96
Fully diluted rate of return on net assets *(%)*	**0.62**	1.06	Decreased by 0.44 percentage points
Weighted average rate of return on net assets *(%)*	**0.62**	1.04	Decreased by 0.42 percentage points
Fully diluted rate of return on net assets after extraordinary items *(%)*	**(0.76)**	(1.45)	Increased by 0.69 percentage points
Weighted average rate of return on net assets after extraordinary items *(%)*	**(0.77)**	(1.44)	Increased by 0.67 percentage points
Net cash flow from operating activities per share	**(0.25)**	0.38	(166.0)

	As of the end of 2010	As of the end of 2009	Increase/ (decrease) over last year *(%)*
Net assets attributable to shareholders of the Company per share	**2.25**	2.24	0.76

Note: The total share capital of the Company remains unchanged in 2010.

3.2.3 Items of extraordinary profit and loss

Unit: RMB'000

Items	Amount
Gains and losses from disposal of non-current assets	(11,520.51)
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	27,784.40
Debt restructuring profit and loss	3,643.05
Other non-operating net income and expenses other than the aforesaid items	1,458.36
Impact on enterprise income tax	252.68
Net extraordinary profit and loss attributable to minority shareholders	(1,143.11)
Total	20,474.87

3.3 There was no difference between the net profit of the Company prepared under the domestic and overseas accounting standards.

4 CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

4.1.1 Changes in share capital

Unit: Shares

	Before the change		Increase/(decrease) from the change					After the change	
	Number of share	Percentage (%)	Newly Issued Shares	Bonus Issue	Transfer	Others	Sub-total	Number of share	Percentage (%)
I. Shares subject to trading moratorium									
1. State-owned legal person shares	0	0						0	0
II. Shares not subject to trading moratorium									
1. State-owned legal person shares	334,715,000	51.10						334,715,000	51.10
2. Domestic natural person shares	78,300,000	11.95						78,300,000	11.95
3. Overseas listed foreign shares	242,000,000	36.95						242,000,000	36.95
III. Total number of shares	655,015,000	100				0	0	655,015,000	100

Notes:

(1) During the reporting period, there is no change in the total number of the Company's shares and the shareholding structure. The Company did not repurchase, sell or redeem its listed securities.

(2) As at 25 March 2011, the most practicable and recent date for the announcement of the Annual Report, based on information that is publicly available to the Company and so far as the Directors are aware, the Company has complied with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in relation to sufficient public float.

4.1.2 Changes of Shares subject to trading moratorium

As at 31 December 2010, there was no shareholder of the Company who holds shares subject to trading moratorium (limited to the shares involved in the share reform scheme)

4.2 Shareholders

(As at 31 December 2010)

Of the total number of 19,271 shareholders, 19,224 were holders of A Shares and 47 were holders of H Shares.

(A) Details of the top ten shareholders

Unit: Shares

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
PEGL	State-owned shareholder	51.10	334,715,000	0	nil
HKSCC (Nominees) Limited	Foreign Shareholder	36.76	240,815,599	0	Unknown
Huang Jitang	Others	0.331	2,170,081	0	Unknown
Peng Hongwan	Others	0.154	1,009,820	0	Unknown
Nanjing Changtai Electronic Technology Company Limited (南京長泰電子科技有限公司)	Others	0.153	1,000,000	0	Unknown
Lou Minzhi	Others	0.143	936,700	0	Unknown
Yan Hongbing	Others	0.101	659,670	0	Unknown
Zheng Xinhua	Others	0.098	640,000	0	Unknown
Zhang Xiufang	Others	0.089	580,000	0	Unknown
Yang Chunyan	Others	0.071	466,854	0	Unknown

(B) Details 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	240,815,599	H
Huang Jitang	2,170,081	A
Peng Hongwan	1,009,820	A
Nanjing Changtai Electronic Technology Company Limited (南京長泰電子科技有限公司)	1,000,000	A
Lou Minzhi	936,700	A
Yan Hongbing	659,670	A
Zheng Xinhua	640,000	A
Zhang Xiufang	580,000	A
Yang Chunyan	466,854	A

Description of the connected relationship or party acting in concert among 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 which were pledged at the beginning the reporting period were discharged on 28 January 2010. As at 31 December 2010, none of the shares of the Company held by PEGL are pledged or frozen.

(For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News on 30 January 2010, and on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company on 29 January 2010.)

(2) HKSCC (Nominees) Limited held 240,815,599 H Shares, representing 36.76% of the issued share capital of the Company, on behalf of a number of clients. The Company is not aware of any individual client holding more than 5% of the total share capital issued by the Company.

4.3 Information of the controlling shareholders and the de facto controllers of the Company

4.3.1 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.

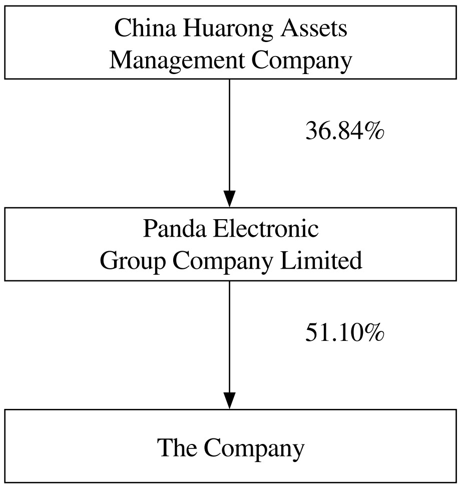
4.3.2 Details of the controlling shareholder and de facto controller of the Company

1. PEGL held 334,715,000 shares of the Company, representing 51.10% of the issued share capital of the Company, all of which were circulating shares not subject to trading moratorium.

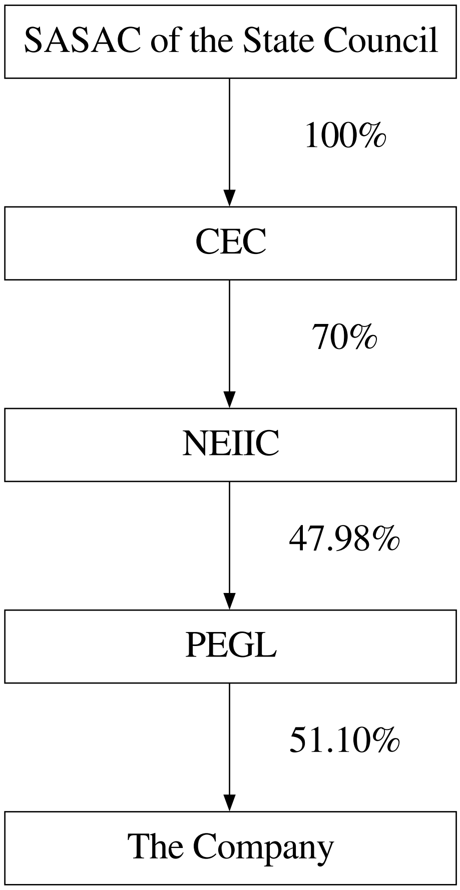
   The predecessor of PEGL was established in 1936, which was converted into a limited company upon approval by the Nanjing Municipal Government on 5 July 1999 and subsequently completed the conversion of indebtedness into equity interests on 4 June 2003. The registered capital of PEGL is RMB1,266,060,000 and its shareholders include China Huarong Assets Management Company (中國華融資產管理公司), representing 36.84% of the share capital, Nanjing Xingang Development Corporation (南京新港開發總公司), representing 22.07% of the share capital, Jiangsu International Trust and Investment Corporation (江蘇省國信資產管理集團有限公司), representing 21.59% of the share capital, China Construction Bank Corporation (中國建設銀行股份有限公司), representing 8.21% of the share capital, China Great Wall Asset Management Corporation (中國長城資產管理公司), representing 6.31% of the share capital, Nanjing Municipal Stateowned Assets Operation (Holding) Company (南京市國有資產經營(控股)有限公司), representing 4.32% of the share capital, and China Cinda Assets Management Company (中國信達資產管理公司), representing 0.66% of the share capital. The legal representative was Mr. Xu Guofei. PEGL engages in the development, manufacture and sales of telecommunication equipment, computer and other electronic equipment, electrical machinery and apparatus, as well as selling and providing technical services for products developed and produced by the Company, etc.

2. China Huarong Assets Management Company（中國華融資產管理公司）, the de facto controller of the Company, was established on 1 November 1999, with a registered capital of RMB10 billion. Its legal representative is Ding Zhongchi. Its principal operations are acquisition and operation of the assets disposed of by Industrial and Commercial Bank of China, demand for the payment of debt, re-allocation, transfer and sales of assets, debt restructure and corporate restructure, debt-equity swap and phase by phase shareholdings, securitization of assets and other operations approved by financial regulatory authorities. It holds 36.84% of shares in PEGL through debt-equity swap.

4.3.3 Controlling relationship between the Company and the de facto controller is as follows:



Note: Nanjing Electronics Information Industrial Corporation（南京中電熊猫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 of the change in the ultimate controller of the Company (Guo Zi Chan Quan [2009] No. 843)（《關於南京熊猫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 the relevant approval procedures of the CSRC and other relevant regulatory authorities. By then, the diagram of property rights and controlling relationship between the Company and the ultimate controller shall become:



(For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News on 8 September 2009 and 4 December 2010, and on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company on 7 September 2009 and 3 December 2010.)

5 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

5.1 Changes in number of shares of the Company held by Directors, Supervisors and Senior Management and their remunerations

Name	Position	Sex	Age	Term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Reason for the change	Total remuneration received from the Company during the reporting period *(RMB0'000)*	Whether received out of shareholders or connected parties
Lai Weide	Non-executive Director, Chairman	M	52	2010.05.28-2010.6.12	0	0	—	0	No
Xu Guofei	Non-executive Director, Vice Chairman	M	48	2007.06.12-2010.06.12	2,546	2,546	—	34	No
Zhu Lifeng	Non-executive Director	M	46	2007.06.12-2010.06.12	4,378	4,378	—	28	No
Deng Weiming	Non-executive Director	M	46	2010.05.28-2010.6.12	0	0	—	28	No
Lu Qing	Non-executive Director	M	45	2007.06.12-2010.06.12	0	0	—	28	No
Jason Hsuan	Non-executive Director	M	66	2009.12.23-2010.06.12	0	0	—	—	No
Cai Lianglin	Independent Non-executive Directors	M	69	2007.06.12-2010.06.12	0	0	—	0	No
Tang Yousong	Independent Non-executive Directors	M	59	2007.06.12-2010.06.12	0	0	0		No
Ma Chung Lai, Lawrence	Independent Non-executive Directors	M	56	2007.06.12-2010.06.12	0	0	—	6.8 *Note*	No
Zhang Zhengping	Chairman of the Supervisory Committee	F	54	2007.06.12-2010.06.12	4,648	4,648	—	30	No
Tang Min	Supervisor	F	53	2007.06.12-2010.06.12	0	0	—	14	No
Zhou Yuxin	Supervisor	M	46	2008.10.28-2010.06.12	0	0	—	14	No
Sun Suhua	Independent Supervisor	F	68	2007.06.12-2010.06.12	0	0	—	0	No
Wang Fei	Independent Supervisor	M	51	2008.12.31-2010.06.12	0	0	—	0	No
Liu Kun	Deputy General Manager	M	44	2007.06.12-2010.06.12	0	0	—	26	No
Shen Jianlong	Chief Accountant, Secretary to the Board, the company secretary	M	47	2007.06.12-2010.06.12	0	0	—	26	No
Xia Dechuan	Deputy General Manager	M	40	2008.06.30-2010.06.12	0	0	—	26	No
Total					11,572	11,572		260.8	

Note: Independent non-executive Director Mr. Ma Chung Lai, Lawrence received remuneration of HK$80,000 (based on the conversion of HK$1=RMB0.85 as at 31 December 2010).

6 REPORT OF THE BOARD

6.1 Management discussion and analysis

6.1.1 Principal operating results of the Company during the reporting period

1. Principal operations of the Company

The principal operations of the Company are development, manufacturing and sales of electronic equipment products, electronic intelligent products and electronic manufacturing business etc.

In 2010, the management team of the Company comprehensively implemented each work deployment in accordance with requirements of the Board and led the staff to seek development in opportunities and breakthroughs in adversities. Through firmly grasping the fleeting rare opportunities in domestic and overseas market, we further strengthened R&D of new products and market development, deepened industrial reorganization and further standardized corporate management. All these efforts achieved satisfactory outcomes, which draw a successful end to the Company's Eleventh Five-Year Plan and laid a solid foundation for starting of its Twelfth Five-Year Plan. While the Company had made great strides in principal businesses such as electronic equipment products, electronic intelligent products and electronic manufacturing, the Company had also improved its management services to its joint ventures so as to promote their healthy development.

According to the PRC Accounting Standards for Business Enterprises, revenue from operations of the Company for the year amounted to RMB 1,675,000,000, representing an increase of 30.36% as compared with that of last year; profit of operations for the year amounted to RMB1,964,300 (2009: an operating loss of RMB5,850,700); net profit amounted to RMB9,192,400, representing a decrease of 40.79% as compared with that of last year. Under the HKFRSs, revenue from principal operations of the Company for the year amounted to RMB1,646,000,000, representing an increase of 29.88% as compared with that of last year; profit of principal operations amounted to RMB211,545,000, representing an increase of 131.38% as compared with that of last year; net profit attributable to shareholders amounted to RMB9,192,400, representing a decrease of 40.79% as compared with that of last year.

2. 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) Company Limited, 20% by China PTIC Information Corporation (中國普天信息產業集團公司), and 2% by Hong Kong Yung Shing Enterprise Company. 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 is the largest supplier of mobile telecommunication equipments in China. In 2010, ENC took initiative to explore markets and constantly enhanced the competitiveness of its products. However, net profit decreased due to the impact of the global financial crisis.

Operating revenue of ENC for 2010 amounted to RMB14,482,000,000, representing a decrease of 6.46% as compared to the corresponding period of last year; net profits amounted to RMB451,000,000, representing a decrease of 6.24% as compared to the corresponding period of 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 PTIC Information Corporation (中國普天信息產業集團公司) and 2% by Hong Kong Yung Shing Enterprise Company. BMC is mainly engaged in mobile terminals (mobile phones) under the brand of Sony Ericsson and is the principal production base and supply centre of Sony Ericsson mobiles. In 2010, as affected by aftermath of financial crisis and intense competition, BMC's revenue from principal business and gross profit deceased with that of last year. BMC will actively take various effective measures to cost control and increase market share.

Operating revenue of BMC for 2010 amounted to RMB19,362,000,000, representing a decrease of 15.24% as compared to the corresponding period of last year; net profits amounted to RMB175,000,000, representing a decrease of 59.11% as compared to the corresponding period of last year.

(3) Hua Fei Color 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 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 sales of self-produced products.

Sales income for 2010 amounted to RMB757,000,000, representing a decrease of 2.07% as compared to the corresponding period of last year. It continued to suffer a loss of RMB307 million during the reporting period.

3. Major suppliers and consumers

As at 31 December 2010, the aggregate turnover from top five customers of the Company accounted for 25.49% of the turnover of the Company for the year, of which turnover from the largest customer accounted for 10.27% of turnover of the Company for the year.

The aggregate amount of purchase from the top five suppliers of the Company accounted for 13.51% of the total amount of purchase made by the Company for the year, of which the purchase amount from the largest supplier accounted for 4.49% of the total amount of purchase made by the Company for the year.

During the year, none of the Directors, supervisors and their associates or shareholders had interests in the share capital of the Company's suppliers or customers mentioned above.

4. Outlook of the Company's future development

(1) Development trend of the industry where the Company operates and the market pattern which the Company is facing.

After business structure adjustment and business layout optimization in recent years, the Company has primarily set its development direction towards electronic equipment, electronic intelligence, electronic manufacturing and gradually developed intelligent and environment friendly products.

Electronic equipment industry is a strategic industry which provides technical equipments for various industries of national economy and is an important guarantee to promote the industrial upgrade and technical advancements of various industries. Electronic equipment products which integrate mechanics, electronics, optics, control tech, computer and information are currently developing towards the intelligent and systematic direction.

Electronic intelligent industry is gradually developing toward digital, network and artificial intelligence. As electronic intelligent technology and products around the world continue to maintain a rapid growth momentum. The advancement in technology and rising needs from the society for electronic intelligent products and network services provides enormous potential for further development in the electronic intelligent industry.

Electronic manufacturing industry has become a pillar of the national economy. The overall industry is still at its growth stage. With constant application of innovative technology and production processes and the improvement of core competitiveness of manufacturing industry, electronic manufacturing will continue to grow at a steady pace.

Since electronic and intelligent products are heavy technologically based, the replacement speed of the products is fast. Together with constant market change and intense product competition, the Company is expected to gain both good growth opportunities and great challenges.

(2) Development strategy of the Company

The Company always gives priority to technical innovation. Through increasing investments in technical transformation and innovation to constantly improve capability of technical innovation, optimize industry structure and enhance industry level, the Company aims to continuously enhance its competitiveness in the electronic equipment industry, electronic intelligence business and electronic manufacturing industry, so as to develop the Company into a comprehensive and international high technology enterprise.

(3) Risk factors

"The Twelfth Five-Year Plan" of the Country will emphasize on transforming economic development mode and expanding domestic demand, while technological advancements and innovation will play an important role in transforming economic development mode, which provides a favorable environment for the Company's principal operations which include electronic equipment, electronic intelligent and electronic manufacturing products. However, the Company still faces the risks related to policy adjustment due to some factors such as inflation. Secondly, the Company faces market risk in the increasingly competitive market as the market competitiveness of the Company's main products is relatively weak. Thirdly, as technology is pivotal in electronic products, the Company faces technology-related risks due to the emerging of more advanced generation in a short period and rapid changing technological development.

(4) Development plans for 2011

2011 is a crucial year for the continuous healthy development of the Company and also the first year for the Company to implement its "Twelfth Five-year Plan". The Company will, based on actual situations and with innovative work approach and pragmatic attitude, continue to deepen and promote its various reforms to strengthen its sustainable growth capacity and ensure the healthy development of the Company. The main tasks in the forth-coming year are as follows:

(i) We will endeavor to build a brand-new marketing platform, pay higher attention in seizing market share. We will further improve the marketing platforms including competitive marketing platform, centralized purchase market platform and E-commerce platform and seriously summarize previous marketing experiences and lessons to further improve market adaptability. We will strive to build a marketing team which could deeply analyze and accurately grasp laws of market, excels at capturing market opportunities and has flexible marketing strategies, to further enhance ability in product sales.

(ii) We will further promote corporate reforms and pay higher attention in concentrating advantageous resources, constructing overall competitive strengths, strongly supporting major business and bringing talent advantage into full play, so as to ensure constant growth of economic benefits.

(iii) We will actively build the scientific and technological research and development centre and pay higher attention in combining industry development and market demand. Adhering to market demand orientation, we will vigorously implement the strategy of "developing enterprise through talents and science", foster proprietary intelligent property rights and endeavor to increase core competitiveness of products.

(iv) We will reinforce international collaboration, continue to focus on strategic cooperation with joint-ventures and partners, further reinforce management and service of joint-venture corporations and facilitate continued rapid growth of joint-ventures, so as to increase income from investment.

(5) The target operating revenue of the Company in 2011 is RMB1,772,440,000. The operating expenses during the period will be limited to RMB308,510,000 or below, out of which selling expenses to be at RMB45,160,000, administrative costs to be at RMB229,130,000 and finance costs RMB34,200,000.

6.1.2 Investments of the Company

No funds were raised by the Company during the reporting period. The Company did not utilize any raised funds or continue any use thereof commencing from the previous periods. No material investment financed by other non-raised funds was made.

6.1.3 Analysis on financial status of the Company

1. Financial status

According to the PRC Accounting Standards for Business Enterprises, changes in major financial indices are as follows:

Unit: RMB'000

Item	**2010**	**2009**	**Increase/ (decrease)** *(%)*	**Main Reasons**
Bills receivable	**14,315.38**	**8,370.30**	71.03	Increase in bills receivables is mainly attributable to the increase in bills received in the year
Accounts receivable	**299,422.24**	**225,724.14**	32.65	Increase in accounts receivable is mainly attributable to increase in sales arising from the recovery of economy and strong demand for electronic products
Accounts payable	**87,963.02**	**64,834.62**	35.67	Increase in accounts payable is mainly attributable to increase in prepaid material payment arising from increase in order items of the Company

Other receivables	**198,594.33**	**20,079.16**	889.06	Increase in other receivables is mainly attributable to the investment payment paid by the Company to Nanjing Panda Electronic Science Development Company Limited (南京熊猫電子科技發展有限公司), which has not been incorporated. So the payment is classified as other receivables temporarily.
Inventory	**214,361.82**	**157,430.03**	36.16	Increase in inventory is mainly attributable to the increase in orders of the Company and the development of new products
Fixed assets	**603,996.40**	**465,374.88**	29.79	Increase in fixed assets is mainly because Xingang plant projects has reached intended use and has been transferred into fixed assets
Construction in progress	**3,883.49**	**85,591.34**	(95.46)	Decrease in construction in progress is mainly because Xingang plant projects has reached intended use and has been transferred into fixed assets
Deferred income tax assets	**6,509.26**	**2,782.00**	133.98	Increase in deferred income tax assets is mainly because there exist circumstances where certain subsidiaries are not required to pay income tax in the foreseeable future
Bills payable	**42,573.51**	**19,454.10**	118.84	Increase in bills payable is mainly attributable to the increase in purchases which use bills for settlement in the year

Advances from customers	**66,085.65**	**42,926.67**	53.95	Increase in advances from customers is mainly attributable to the expansion of businesses of the Company
Taxes payable	**14,962.89**	**26,906.22**	(44.39)	Decrease in taxes payable is mainly attributable to the due payment of taxes by the Company
Interest payable	**691.70**	**469.36**	47.37	Increase in interest payable is mainly because total loans as at the end of the period increased as compared with total loans as at the beginning of the period
Dividend payable	**238.82**			Increase in dividend payable represents the dividends payable to minority shareholders which has not yet been paid by subsidiaries
Other payables	**99,209.40**	**181,964.08**	(45.48)	Decrease in other payables is mainly attributable to the repayment of amounts due to a shareholder, Panda Electronics Group Limited in the year
Long term payables	**1,278.67**	**3,494.21**	(63.41)	Decrease in long term payables is mainly attributable to the due payment of obligations under finance lease
Deferred income tax liabilities	**68.91**			Increase in deferred income tax liabilities is mainly because there are circumstances where certain subsidiaries are required to pay income tax in the foreseeable future

Operating income	**1,674,972.07**	**1,284,864.42**	30.36	Increase in operating income is mainly attributable to the recovery of economy and the increase in orders
Business taxes and surcharges	**11,859.02**	**6,970.27**	70.14	Increase in business taxes and surcharges is mainly attributable to the increase in sales
Selling expenses	**41,416.08**	**22,538.23**	83.76	Increase in selling expenses is mainly attributable to the increase in sales and the expansion of operations in the year
Finance expenses	**23,342.21**	**34,408.14**	(32.16)	Decrease in finance expenses is mainly attributable to the decrease in interest rate and the increase in interest income arising from financial planning
Loss in assets impairment	**44,028.13**	**20,440.53**	115.40	Increase in loss in assets impairment is mainly attributable to significant provision made for bad debts in the year
Investment income	**91,080.36**	**147,273.46**	(38.16)	Decrease in investment income is mainly attributable to the decrease in investment income from some joint ventures in the period
Operating profit	**1,964.26**	**(5,850.72)**	133.57	Increase in operating profit is mainly attributable to the increase in the profit of principal operations in the year

Non-operating expenses	**13,485.12**	**2,062.10**	553.95	Increase in non-operating expenses is mainly attributable to the renewal of machinery equipments of the Group and the disposal of a batch of old equipments
Income tax expenses	**16,587.52**	**12,374.07**	34.05	Increase in income tax expenses is mainly attributable to the increase in profit of subsidiaries
Minority interests	**(1,657.04)**	**3,498.51**	(147.36)	Decrease in minority interests is mainly attributable to the recognition of loss of certain subsidiaries
Net cash flows from operating activities	**(163,357.41)**	**247,497.97**	(166.00)	Decrease in net cash flows from operating activities is mainly attributable to the increase in credit sales and the repayment of amounts due to Panda Electronics Group Limited
Net cash flows from investment activities	**(76,633.39)**	**136,584.13**	(156.1)	Decrease in net cash flows from investment activities is mainly attributable to the decrease in dividends from joint ventures in the year as compared with previous year
Net cash flows from financing activities	**70,043.76**	**(240,161.23)**	129.17	Increase in net cash flows from financing activities is mainly attributable to the increase in bank loans in the year

2. Liquidity of capital

In accordance with the HKFRSs, the gearing ratio of the Company (the ratio between total liabilities and total assets), current liabilities, liquidity ratio and quick ratio were 42.12%, RMB1,075,000,000, 1.17 and 1.00 respectively as at 31 December 2010 as shown in the consolidated financial statements of the Company.

Cash: bank balances and cash amounted to RMB445,000,000 as at 31 December 2010 as shown in the consolidated financial statements of the Company.

Loans: short-term bank loans amounted to RMB521,000,000 as at 31 December 2010 as shown in the consolidated financial statements of the Company.

During the reporting period, benchmark interest rate per annum from the beginning of the period to 19 October 2010 was 5.31%; benchmark interest rate per annum from 20 October 2010 to 25 December 2010 was 5.56%; benchmark interest rate per annum from 26 December 2010 to the end of the period was 5.81%.

The Board believes that the Company can maintain or enlarge its existing bank facilities to meet various financial obligations.

6.2 Principal operating income and segmental information classified by businesses or products (prepared under the PRC Accounting Standards for Business Enterprises)

Unit: RMB'000

Business or product	Principal operating income	Principal operating costs	Principal operating profit margin (%)	Revenues from principal operation increase/ (decrease) from last year	Principal operating costs increase/ (decrease) from last year	Principal operating profit margin increase/ (decrease) from last year
Electronic manufacturing	607,864	432,596	28.83	65.66	28.42	20.64
Electronic equipment products	338,569	294,219	13.10	23.50	26.84	(2.29)
Electronic intelligent products	460,495	447,100	2.91	66.64	87.42	(10.76)
Others	226,705	224,824	0.83	63.37	56.30	4.49
Total	1,633,633	1,398,739	14.38	29.66	22.02	5.36

6.3 Analysis of the geographical segments for the principal operations (prepared under the PRC Accounting Standards for Business Enterprises)

Unit: RMB'000

Geographical segment	Principal operating income	Principal operating income increase/ (decrease) over last year *(%)*
Domestic	1,633,633	29.66
Total	1,633,633	29.66

6.4 Investment of the Company

No funds were raised by the Company during the reporting period. The Company did not utilize any raised funds or continue any use thereof commencing from the previous periods. Neither alteration to projects nor material investment financed by other non-raised funds was made.

6.5 The Board's proposal on the profit appropriation or transfer and increase of capital reserve fund

After being audited by Vocation International Certified Public Accountants Co., Ltd. and Baker Tilly Hong Kong Limited, the Company realized a net profit after tax of RMB9,192,400 in 2010 under the PRC Accounting Standards for Business Enterprises, and the Company realized net profit of RMB9,192,400 in 2010 under Hong Kong Financial Reporting Standards.

Under the relevant accounting policies and the Articles of Association of the Comapny, the appropriation to the statutory common fund was RMB247,220, in addition to the RMB141,835,130 undistributed profit for 2009, the actual profit attributable to shareholders in this year amounted to RMB150,780,310.

The Board resolved not to distribute profit for the year 2010 and would not capitalize capital reserve.

The aforesaid profit distribution proposal is subject to the shareholders' approval at the 2010 annual general meeting.

7. SIGNIFICANT EVENTS

7.1 During the Reporting Period, the Company did not have any material litigation or arbitration.

7.2 During the reporting period, Company did not have any material acquisition or disposal of assets.

7.3 Connected transactions

During the reporting period, other than the 2010-2012 continuing connected transactions of the Company (the continuing connected transactions conducted in the usual course of business on normal commercial terms) which had obtained independent shareholders’ approval at the extraordinary general meeting held on 23 December 2009, the Company did not have other material connected transactions and asset reorganization.

In 2010, the continuing connected transactions of the Company were entered into in the usual course of business on normal commercial terms which were required for normal business operation, and were audited by auditors. All connected transactions were confirmed by Independent Non-executive Directors. (Details of which are contained in the Auditor’s Report.),

7.3.1 Connected transactions in ordinary course of business

Unit: RMB 0,000

Related parties	sale of product and provision of service by the Company to related parties		purchase of products and acceptance of service from related parties	
	Transaction Amount	Percentage of total amount of similar transactions	Transaction Amount	Percentage of total amount of similar transactions
Nanjing Thales Panda Transportation System Company Limited	2,359.00	1.42%		
Nanjing Ericsson Panda Communication Company Limited	8,670.22	5.24%		
Nanjing Panda Handa Technology Company Limited	4,755.56	2.87%		
Nanjing Panda Electronics Import and Export Company	1,801.46	1.08%	78.31	0.06%
Nanjing Panda Huaxin Technology Industrial Co., Ltd.	371.34	0.22%	45.83	0.04%
Nanjing Huaxian High Technology Company Limited	119.66	0.07%		
Nanjing Lianhui Communication Techonology Company Limited	22.99	0.01%	0.77	0.01%
Panda Electronic Group Company Limited (熊猫電子集團有限公司)	77.11	0.05%	30.88	0.02%
Nanjing Electronics (Kunshan) Co. Ltd.			50.57	0.04%
Nanjing Panda Electronics Transportation Company			294.75	0.23%

Panda Electronics Material Usage Co., Ltd.	76.92	0.05%		
Nanjing Panda Electronics Technology Development Company Limited	2.49	0.01%	93.16	0.07%
Nanjing Cec Panda Home Appliances Co.,Ltd.	2,519.30	1.52%		
Panda (Beijing) International Information Technology Co., Ltd				
Nanjing Zhen Hua Packing Material Plant			574.98	0.45%
Nanjing Leijunda Ultrasonic Electronic Equipment Co., Ltd. (南京電子計量有限公司)			0.22	0.01%
Nanjing Panda Park Property Management Center				
Nanjing Panda Construction And Decoration Engineering Co., Ltd.				
Nanjing Panda Piezoeletric Technique Co., Ltd.	3.14	0.01%		
Total	20,779.19	12.55%	1,169.47	0.93%

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 RMB96,303,100.

7.3.2 Transactions relating to creditor's rights and debt

Unit: RMB 0,000

Related parties	Provision of funds to related parties Amount occurred	Provision of funds to related parties Balance	Provision of funds to the Company by related parties Amount occurred	Provision of funds to the Company by related parties Balance
Panda Electronic Group Company Limited (熊猫電子集團有限公司)			0	483.46
Nanjing Thales Panda Transportation System Company Limited			0	0
Nanjing Electronics (Kunshan) Co. Ltd.	0	279.94	0	30.00
Intenna (Nanjing) Co. Ltd.			0	217.69
Nanjing Panda Electronics Transportation Company Limited			0	1.46
Nanjing Panda Park Property Management Center			3.82	36.63
Panda (Beijing) International Information Technology Co., Ltd			4.56	4.56
Nanjing Panda Piezoeletric Technique Co., Ltd.			0.02	0.02
Nanjing 21st Century Electronic and Technology Square Company Limited				4.11
Total	0	279.94	8.40	777.93

In particular: during the reporting period, the actual amount provided by the Company to the controlling shareholders and its subsidiaries was nil and the balance was nil.

7.4 During the reporting period, the Company had no entrustment, contracting and lease of assets from other companies nor any entrusted custody of funds.

7.5 Material guarantee

Unit: RMB 0,000

Corporate external guarantees (excluding guarantees to its controlled subsidiaries)

Party under Guaranty	Date (signature date of agreement)	Amount	Type of Guarantees	Term	Whether expired	Whether a guarantee for an associate (yes or not)
—	—	—	—	—	—	—

Total amount of guarantees occurred during the reporting period	0
Total balance of guaranties at the end of the reporting period	0

Guarantees provided by the Company to its controlled subsidiaries

Total amount of guaranties provided to its controlled subsidiaries during the reporting period	15,723.29
Total balance of guarantees provided to its controlled subsidiaries at the end of the reporting period	7,827.69

Total guaranties provided by the Company (including guarantees to its controlled subsidiaries)

Total amount of guarantees (As at 31 December 2010)	7,827.69
Percentage of total amount of guarantees to the Company's net assets *(%)*	5.28
Including:	
Amount of guarantees provided to shareholders, the de factor controller or their respective related parties	0
Amount of guarantees provided, directly or indirectly, for any debt of a party which has a gearing ration over 70%	
Total amount of guarantees in excessive of 50% of net assets	0
Total amount of the aforesaid three guarantees	0

7.6 Undertakings of controlling shareholders in the Share Segregation Reform and their performance:

In the process of the Share Segregation Reform, PEGL, the controlling shareholder of the Company, undertook to comply with the requirements of relevant laws, regulations and rules and observe statutory commitments and obligations. In addition, PEGL also made the following special undertakings:

(1) PEGL would not trade or transfer any of the originally non-circulating shares it held which obtained listing status for 24 months from the date on which listing status was obtained.

(2) PEGL undertook not to increase the appropriation of the non-operating capital of the Company from the date of the implementation of Share Segregation Reform Proposal, and to settle the appropriation of the non-operating capital of the Company by PEGL and its subsidiaries by the end of 2006 by means of cash repayment and using assets to discharge a debt.

(3) PEGL undertook to bear all the expenses arising from the Share Segregation Reform.

PEGL had strictly fulfilled all the above undertakings.

During the reporting period, there was no share subject to trading moratorium (limited to the shares involved in the share reform scheme) held by shareholders of the Company.

7.7 Auditors

At the Company's annual general meeting on 30 June 2010 and the extraordinary general meeting on 23 December 2010, the proposal for reappointment of Vocation International Certified Public Accountants Co., Ltd. and appointment of Baker Tilly Hong Kong Limited as the PRC and international auditors of the Company for 2010 respectively was considered and approved.

Vocation International Certified Public Accountants Co. Ltd and Baker Tilly Hong Kong Limited were appointed to provide audit services to the Company for the third year and the first year respectively.

Remuneration paid by the Company to the abovementioned two certified public accountants for their audit services for the annual report were aggregately RMB2,020,000, of which RMB1,111,000 was paid to the PRC auditors while RMB909,000 was paid to the international auditors (the aggregate amount of 2009: RMB2,019,900).

7.8 The Company, the Board and its Directors did not receive any administrative penalty or public criticism by regulatory authorities during the reporting period.

7.9 During the reporting period, the Company did not hold any equities or securities issued by other listed companies; nor did it hold any shares of unlisted financial enterprises.

7.10 Disclosure of the Board's "Self-assessment Report on the Internal Control of the Company" ("Internal Control Report")

Please refer to the announcement dated 25 March 2011 published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange for the full text of the Internal Control Report.

No verification comments on the Internal Control Report of the Company have been made by the auditors.

7.11 Disclosure of the "Report on the Company's Fulfilment of Social Responsibility" ("Social Responsibility Report")

Please refer to the announcement dated 25 March 2011 published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange for the full text of the Social Responsibility Report.

7.12 Other events

7.12.1 Tax policies

The Company is registered in the High and New Technology Development Zone in Nanjing which is approved by the State Council as a national high and new technology development zone. The Company has been approved by the Jiangsu Provincial Technological Commission and Jiangsu Provincial Science and Technology Bureau as a high and new technology enterprise in 1995 and 2008 respectively, which is entitled to the preferential enterprise income tax treatment of 15% under relevant regulations.

7.12.2 Basic medical insurance for employees

The Company acted pursuant to the Provisional Regulations on Basic Medical Insurance for Employees in Nanjing Municipality (the "Regulations") and implemented a medical insurance scheme for its employees since 1 January 2001. The Company pays the premiums for such basic medical insurance schemes which are equivalent to 8.5% of the verified fee of all of the existing employees of the Company and provide subsidy to the employees whose medical expenses are covered under the medical scheme. The total allowance given in 2010 was not more than RMB2.36 million. Save as the aforesaid premiums, the Company is not responsible for any other medical expenses.

7.12.3 Corporate governance

During the reporting period, the Company has adopted and endeavored to comply with the code provisions under the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

(The relevant details, including but not limited to the Company's adoption of the code provisions will be set out in the section "Corporate Governance Report" in the 2010 Annual Report.)

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

During the reporting period, the Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules to regulate dealings in the Company's securities by the Directors and Supervisors. Upon specific enquiries to all directors and supervisors by the Company, all Directors and Supervisors have expressed that they have complied with the Model Code as stipulated by the Hong Kong Stock Exchange and the relevant requirements in the Management Regulations on the Shareholding of Directors, Supervisors and Management and Relevant Shareholding Changes (《董事、監事和高級管理人員所持本公司股份及其變動管理規定》) as stipulated by the Shanghai Stock Exchange.

7.12.4 Audit Committee

The Company has set up an Audit Committee in compliance with the requirements of Rule 3.21 of the Listing Rules. The Audit Committee has reviewed the interim financial report for 2010 and the audited financial report for 2010.

(Details are set out in the section headed "Corporate Governance Report" in the 2010 Annual Report.)

8 REPORT OF SUPERVISORY COMMITTEE

During the reporting period, all the members of the Supervisory Committee of the Company have in accordance with the provision of the of the Company Law, Securities Law, the Articles of Association of the Company, other state laws and rules of domestic and foreign securities regulatory bodies and in good faith, performed faithfully their duties as prescribed in the relevant laws and regulations and in the Articles of Association to protect the interests of the Company and its shareholders.

(1) Operation of the Supervisory Committee

During the reporting period, the Supervisory Committee held four meetings and voted on several resolutions.

(2) Compliance with the Company's Operations in Compliance with Laws

During the reporting period, all supervisors attended board meetings and general meetings and provided effective supervision to ensure that all decisions were made by the general meeting and board of directors according to laws and regulations and the Company's Article of Association, as well as in line with the Company's development and prospects and in accordance with shareholders' interests, and alerted the Board and the management of the Company of any potential risks. The Supervisory Committee actively participated in production operation, technological renovation and investment projects, and provided many good proposals.

In the opinion of the Supervisory Committee, the directors and senior management of the Company had performed their duties as provided in the Company's Articles of Association and as required by the relevant laws and regulations. During the year, none of the directors, managers and other senior management violated any laws and regulations of the State or the Articles of Association of the Company. They neither abused their office nor acted illegally to harm the interests of the Company or its shareholders and staff.

(3) Financial Conditions of the Company

The Supervisory Committee has duly examined the financial statements, the profit distribution scheme and other accounting information etc. for the year 2010 and is of the view that the financial income and expenditure accounts are clear; and that the accounting, auditing and financial management have complied with the relevant requirements without any problems identified. The domestic and overseas auditors of the Company have audited the 2010 financial statements of the Company in accordance with the HKFRSs and the PRC accounting standards, respectively, and have issued auditors' reports with standard unqualified audit opinions accordingly. The Supervisory Committee is of the view that the financial income and expenditure and the operating results of the Company are fairly and correctly reflected by the auditors' reports. The operating results achieved are truthful.

(4) Use of raised proceeds

During the reporting period, the Company did not utilize any proceeds raised in the reporting period or proceeds raised in the previous period.

(5) Connected Transactions of the Company

During the reporting period, save as the 2010-2012 continuing connected transactions which have been approved by the independent shareholders at 2009 first EGM of the Company held on 23 December 2009, the Company did not have other material connected transactions.

Connected transactions of the Company were made on a fair and reasonable basis and were confirmed by independent non-executive Directors. No acts detrimental to the interests of the Company were found.

(6) Evaluation of Internal Control

The Supervisory Committee conducted self-evaluation on the Company's internal control and no material defect was found in the design and implementation of the internal control system. With basic evaluations on various core components in the internal control system, the Supervisory Committee was of the view that the Company's internal control system and its implementation were basically sound and effective between 1 January this year and the end of this reporting period, and has fulfilled the requirements of various aspects including corporate governance, operation, management, finance, investment and administration and human resources management, effectively controlling various operation management risks of the Company.

Both Baker Tilly Hong Kong Limited and Vocation International Certified Public Accountants Co., Ltd. have prepared the unqualified auditors' reports as at 31 December 2010 in accordance with Hong Kong Financial Reporting Standards and PRC Accounting Standards for Business Enterprises, respectively. The 2010 financial statements fairly reflect the financial and operating situation of the Company.

9 FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES)

9.1 Audit opinion

The financial report for the year of 2010 has been audited by Vocation International Certified Public Accountants Co., Ltd. who has prepared an unqualified auditors' report (Tian Zhi Hu SJ (2011) No. 434).

9.2 Financial statement

Consolidated Balance Sheet

As at 31 December 2010

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

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank	**445,346,410.49**	621,932,597.32
Trading financial assets	**—**	—
Bills receivable	**14,315,380.42**	8,370,297.83
Accounts receivable	**299,422,237.49**	225,724,139.03
Prepayments	**87,963,018.19**	64,834,617.63
Interest receivable	**—**	—
Dividends receivable	**—**	—
Other receivables	**198,594,325.75**	20,079,161.67
Stocks	**214,361,816.43**	157,430,028.94
Non-current assets due within one year	**—**	—
Other current assets	**—**	—
Total current assets	**1,260,003,188.77**	1,098,370,842.42

Non-current assets:		
Available-for-sale financial assets	**—**	—
Held-to-maturity investments	**—**	—
Long-term receivables	**—**	—
Long-term equity investment	**661,484,199.39**	778,712,065.54
Investment properties	**—**	—
Fixed assets	**603,996,401.25**	465,374,877.71
Construction in progress	**3,883,494.92**	85,591,336.05
Construction supplies	**—**	—
Clearance of fixed assets	**—**	—
Biological assets for production	**—**	—
Gas assets	**—**	—
Intangible assets	**25,966,027.60**	26,109,128.25
Development expenses	**—**	—
Goodwill	**—**	—
Long term deferred expenses	**—**	—
Deferred income tax assets	**6,509,257.63**	2,781,999.75
Other non-current assets	**—**	—
Total non-current assets	**1,301,839,380.79**	1,358,569,407.30
Total assets	**2,561,842,569.56**	2,456,940,249.72

Liabilities and shareholders' equity	**Closing balance**	Opening balance
Current liabilities:		
Short term loans	**478,000,000.00**	380,000,000.00
Trading financial liabilities	**—**	—
Bills payable	**42,573,506.11**	19,454,095.64
Accounts payable	**327,198,756.59**	276,239,639.25
Advances from customers	**66,085,651.49**	42,926,670.63
Salaries payable	**44,815,394.10**	44,696,054.89
Taxes payable	**14,962,888.47**	26,906,223.41
Interest payable	**691,700.00**	469,360.36
dividends payable	**238,816.00**	—
Other payables	**99,209,398.33**	181,964,084.47
Non-current liabilities due within one year	**1,278,668.33**	2,215,375.85
Other current liabilities	**—**	—
Total current liabilities	**1,075,054,780.02**	974,871,504.50
Non-current liabilities:		
Long term loans	**4,000,000.00**	4,000,000.00
Bonds payables	**—**	—
Long term payables	**—**	1,278,829.39
Specific payables	**—**	—
Accrued liabilities	**—**	—
Deferred income tax liabilities	**68,911.17**	—
Other non-current liabilities	**—**	—
Total non-current liabilities	**4,068,911.17**	5,278,829.39
Total liabilities	**1,079,123,691.19**	980,150,333.89

Shareholders' equity:		
Share capital	**655,015,000.00**	655,015,000.00
Capital reserve	**467,310,246.52**	465,369,977.77
Less: treasury stock	**—**	—
Special reserve	**—**	—
Surplus reserve	**203,031,623.67**	202,784,405.42
Provision for general risks	**—**	—
Undistributed profits	**150,780,310.99**	141,835,133.81
Discounted spread in foreign currency statement	**—**	—
Sub-total of equity attributable to shareholders of the parent company	**1,476,137,181.18**	1,465,004,517.00
Minority interests	**6,581,697.19**	11,785,398.83
Total shareholders' equity	**1,482,718,878.37**	1,476,789,915.83
Total liabilities and shareholders' equity	**2,561,842,569.56**	2,456,940,249.72

Consolidated Profit and Loss Statement

2010

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

Items	2010	2009
1. Total operating income	**1,674,972,074.22**	1,284,864,419.97
Include: Operating income	**1,674,972,074.22**	1,284,864,419.97
2. Total operating cost	**1,764,088,182.28**	1,437,988,605.94
Include: Operating cost	**1,421,461,185.77**	1,163,124,802.11
Business taxes and surcharge	**11,859,022.13**	6,970,273.99
Selling expenses	**41,416,077.61**	22,538,232.95
Administrative expenses	**221,981,559.64**	190,506,628.18
Financial expenses	**23,342,207.15**	34,408,135.20
Loss in assets impairment	**44,028,129.98**	20,440,533.51
Add: Income from change in fair value (losses are represented by "-")	**—**	—
Investment income (losses are represented by "-")	**91,080,364.21**	147,273,461.93
Include: Investment income of associates and joint ventures	**91,047,489.92**	147,273,460.93
3. Operating profit (losses are represented by "-")	**1,964,256.15**	(5,850,724.04)
Add: Non-operating income	**35,643,740.19**	39,311,073.07
Less: Non-operating expenses	**13,485,122.97**	2,062,096.32
Include: Loss from the disposal of non-current assets	**12,320,728.63**	1,416,732.68

4. Total profit (total losses are represented by "-")	**24,122,873.37**	31,398,252.71
Less: Income tax	**16,587,521.80**	12,374,068.45
5. Net Profit (net losses are represented by "-")	**7,535,351.57**	19,024,184.26
Net profit attributable to the equity shareholders of the Parent	**9,192,395.43**	15,525,671.62
Minority interest	**(1,657,043.86)**	3,498,512.64
6. Earnings per share		
(1) Basic earnings per share	**0.0140**	0.0237
(2) Diluted earnings per share	**0.0140**	0.0237
7. Other comprehensive income	**—**	—
8. Total comprehensive income	**7,535,351.57**	19,024,184.26
Total comprehensive income attributable to the equity holders of the parent company	**9,192,395.43**	15,525,671.62
Total comprehensive income attributable to minority interests	**(1,657,043.86)**	3,498,512.64

Consolidated Cash flow statement
2010

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

Items	2010	2009
1. Cash flows from operating activities:		
Cash received from the sale of goods and services provided	**1,773,057,411.15**	1,450,219,148.51
Return of tax payment	**—**	896,123.49
Other cash received relating to operating activities	**43,493,136.91**	119,110,640.93
Sub-total of cash inflows from operating activities	**1,816,550,548.06**	1,570,225,912.93
Cash paid on purchase of goods and services received	**1,485,202,064.65**	936,802,346.81
Cash paid to staff and paid on behalf of staff	**208,109,379.10**	190,798,864.07
Taxes paid	**95,754,896.32**	74,896,110.97
Cash paid relating to other operating activities	**190,835,621.80**	120,230,616.25
Sub-total of cash outflows from operating activities	**1,979,901,961.87**	1,322,727,938.10
Net cash flows from operating activities	**(163,351,413.81)**	247,497,974.83

2. **Cash flows from investment activities:**

Cash received from investment recovered	**—**	1.00
Cash received from investment income	**208,275,356.07**	306,146,671.80
Net cash proceeds on the disposal of fixed assets, intangible assets and other long term assets	**2,586,321.53**	53,758,901.28
Net cash received from disposal of subsidiaries and other business units	**—**	—
Cash received relating to other investment activities	**—**	—
Sub-total of cash inflows from investment activities	**210,861,677.60**	359,905,574.08
Cash paid on purchase of fixed assets, intangible assets and other long term assets	**111,524,477.92**	88,309,603.17
Cash paid for investment	**175,545,264.64**	—
Net cash paid on acquisition of subsidiaries and other business units	**—**	125,553,242.55
Cash paid on other investment activities	**425,320.87**	—
Sub-total of cash outflows from investment activities	**287,495,063.43**	213,862,845.72
Net cash flows from investment activities	**(76,633,385.83)**	146,042,728.36

3.	**Cash flows from financing activities:**		
	Cash received from investment	**2,700,000.00**	1,500,000.00
	Including: cash received by subsidiaries from equity investment of minority shareholders	**2,700,000.00**	1,500,000.00
	Cash received from borrowings	**507,000,000.00**	454,000,000.00
	Cash received from other financing activities	**—**	8,301,668.02
	Sub-total of cash inflows from financing activities	**509,700,000.00**	463,801,668.02
	Cash paid on repayment of debts	**409,000,000.00**	665,500,000.00
	Cash paid on distribution of dividends or profits, or interest repayment	**28,405,893.86**	38,462,896.53
	Including: dividend and profit paid to minority shareholders by subsidiaries	**4,766,916.59**	3,140,596.20
	Cash paid on other financing activities	**2,250,350.18**	9,458,601.79
	Sub-total of cash outflows from financing activities	**439,656,244.04**	713,421,498.32
	Net cash flows from financing activities	**70,043,755.96**	(249,619,830.30)
4.	**Effect on cash and cash equivalents due to changes in foreign currency exchange**	**—**	(12,165.77)
5.	**Net increase in cash and cash equivalents**	**(169,941,043.68)**	143,908,707.12
	Add: balance of cash and cash equivalents at the beginning of the year	**560,354,017.93**	416,445,310.81
6.	**Balance of cash and cash equivalents at the end of the year**	**390,412,974.25**	560,354,017.93

Consolidated Statement of Change of Shareholders' equity

2010

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

	2010									
	Equity attributable to shareholders of the parent company									
Items	Share capital	Capital reserve	Less: treasury stock	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Other	Minority interest	Total shareholders' equity
1. Balance at the end of last year	655,015,000.00	465,369,977.77	–	–	202,784,405.42	–	141,835,133.81	–	11,785,398.83	1,476,789,915.83
Add: changes in accounting policies										
Combination of businesses under the same control	–	–	–	–	–	–	–	–	–	–
2. Balance at the beginning of this year	655,015,000.00	465,369,977.77	–	–	202,784,405.42	–	141,835,133.81	–	11,785,398.83	1,476,789,915.83
3. Change of this year (a decrease is represented by "-")	–	1,940,268.75	–	–	247,218.25	–	8,945,177.18	–	(5,203,701.64)	5,928,962.54
(1) Net profit	–	–	–	–	–	–	9,192,395.43	–	(1,657,043.86)	7,535,351.57
(2) Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Subtotal of item (1) and (2) above	–	–	–	–	–	–	9,192,395.43	–	(1,657,043.86)	7,535,351.57
(3) Contribution and reduction of capital by shareholders	–	1,940,268.75	–	–	–	–	–	–	1,459,075.41	3,399,344.16
1. Capital contribution by owner	–	–	–	–	–	–	–	–	2,700,000.00	2,700,000.00
2. Amount settled by shares for amount accounted for in shareholders' equity	–	–	–	–	–	–	–	–	–	–
3. Others	–	1,940,268.75	–	–	–	–	–	–	(1,240,924.59)	699,344.16
(4) Profit distribution	–	–	–	–	247,218.25	–	(247,218.25)	–	(5,005,733.19)	(5,005,733.19)
1. Transfer from surplus reserve	–	–	–	–	247,218.25	–	(247,218.25)	–	–	–
2. Provision for general risks	–	–	–	–	–	–	–	–	–	–
3. Distribution to shareholders	–	–	–	–	–	–	–	–	(5,005,733.19)	(5,005,733.19)
4. Others	–	–	–	–	–	–	–	–	–	–
(5) Internal transfer of shareholders' equity	–	–	–	–	–	–	–	–	–	–
1. Transfer of capital reserve to share capital	–	–	–	–	–	–	–	–	–	–
2. Transfer of surplus reserve to share capital	–	–	–	–	–	–	–	–	–	–
3. Compensation of loss from surplus reserve	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–
(6) Provision and use of special reserve	–	–	–	–	–	–	–	–	–	–
1. Provision for the period	–	–	–	–	–	–	–	–	–	–
2. Use for the period	–	–	–	–	–	–	–	–	–	–
4. Balance at the end of the 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

2009

Items	Equity attributable to shareholders of the parent company									
	Share capital	Capital reserve	Less: treasury stock	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Other	Minority interest	Total shareholders' equity
1. Balance at the end of last year	655,015,000.00	590,516,496.81	—	—	200,510,421.29	—	128,583,446.32	—	13,358,188.48	1,587,983,552.90
Add: changes in accounting policies	—	—	—	—	—	—	—	—	—	—
Combination of businesses under the same control	—	—	—	—	—	—	—	—	—	—
2. Balance at the beginning of this year	655,015,000.00	590,516,496.81	—	—	200,510,421.29	—	128,583,446.32	—	13,358,188.48	1,587,983,552.90
3. Change of this year (a decrease is represented by "-")	—	(125,146,519.04)	—	—	2,273,984.13	—	13,251,687.49	—	(1,572,789.65)	(111,193,637.07)
(1) Net profit	—	—	—	—	—	—	15,525,671.62	—	3,498,512.64	19,024,184.26
(2) Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Subtotal of item(1) and (2) above	—	—	—	—	—	—	15,525,671.62	—	3,498,512.64	19,024,184.26
(3) Contribution and reduction of capital by shareholders	—	(125,146,519.04)	—	—	—	—	—	—	(1,930,706.09)	(127,077,225.13)
1. Capital contribution by owner	—	—	—	—	—	—	—	—	1,500,000.00	1,500,000.00
2. Amount settled by shares for amount accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—	—
3. Others	—	(125,146,519.04)	—	—	—	—	—	—	(3,430,706.09)	(128,577,225.13)
(4) Profit distribution	—	—	—	—	2,273,984.13	—	(2,273,984.13)	—	(3,140,596.20)	(3,140,596.20)
1. Transfer from surplus reserve	—	—	—	—	2,273,984.13	—	(2,273,984.13)	—	—	—
2. Provision for general risks	—	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	—	—	(3,140,596.20)	(3,140,596.20)
4. Others	—	—	—	—	—	—	—	—	—	—
(5) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—	—	—
3. Compensation of loss from surplus reserve	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(6) Provision and use of special reserve	—	—	—	—	—	—	—	—	—	—
1. Provision for the period	—	—	—	—	—	—	—	—	—	—
2. Use for the period	—	—	—	—	—	—	—	—	—	—
4. Balance at the end of the year	655,015,000.00	465,369,977.77	—	—	202,784,405.42	—	141,835,133.81	—	11,785,398.83	1,476,789,915.83

Balance Sheet

2010

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

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank	**177,092,185.38**	327,700,983.52
Trading financial assets	**—**	—
Bills receivable	**8,191,664.12**	300,000.00
Accounts receivable	**20,161,387.76**	24,536,091.11
Prepayments	**19,225,352.41**	25,270,980.90
Interest receivable	**—**	—
Dividends receivable	**3,860,963.25**	4,842,582.93
Other receivables	**353,115,124.30**	182,748,549.10
Stocks	**10,677,225.06**	10,163,724.18
Non-current assets due within one year	**—**	—
Other current assets	**—**	—
Total current assets	**592,323,902.28**	575,562,911.74

Non-current assets:		
Available-for-sale financial assets	**—**	—
Held-to-maturity investments	**—**	—
Long-term receivables	**—**	—
Long-term equity investment	**1,014,413,941.74**	1,113,461,382.90
Investment properties	**—**	—
Fixed assets	**385,055,834.67**	265,847,921.94
Construction in progress	**1,191,304.57**	85,509,336.05
Construction supplies	**—**	—
Clearance of fixed assets	**—**	—
Biological assets for production	**—**	—
Gas assets	**—**	—
Intangible assets	**13,802,074.43**	13,614,113.40
Development expenses	**—**	—
Goodwill	**—**	—
Long term deferred expenses	**—**	—
Deferred income tax assets	**—**	—
Other non-current assets	**—**	—
Total non-current assets	**1,414,463,155.41**	1,478,432,754.29
Total assets	**2,006,787,057.69**	2,053,995,666.03

Liabilities and shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short term loans	**425,000,000.00**	338,000,000.00
Trading financial liabilities	**—**	—
Bills payable	**8,438,681.17**	8,354,095.64
Accounts payable	**24,718,867.25**	71,628,242.83
Advances from customers	**876,200.00**	3,783,687.81
Salaries payable	**28,853,680.80**	30,620,099.44
Taxes payable	**3,707,100.84**	17,374,556.53
Interest payable	**691,700.00**	469,360.36
Other payables	**133,119,922.49**	204,856,900.73
Non-current liabilities due within one year	**—**	—
Other current liabilities	**—**	—
Total current liabilities	**625,406,152.55**	675,086,943.34
Non-current liabilities:		
Long term loans	**4,000,000.00**	4,000,000.00
Bonds payables	**—**	—
Long term payables	**—**	—
Specific payables	**—**	—
Accrued liabilities	**—**	—
Deferred income tax liabilities	**—**	—
Other non-current liabilities	**—**	—
Total non-current liabilities	**4,000,000.00**	4,000,000.00
Total liabilities	**629,406,152.55**	679,086,943.34

Shareholders' equity:		
Share capital	**655,015,000.00**	655,015,000.00
Capital reserve	**437,688,751.31**	437,688,751.31
Less: treasury stock	**—**	—
Special reserve	**—**	—
Surplus reserve	**203,031,623.67**	202,784,405.42
Provision for general risks	**—**	—
Undistributed profits	**81,645,530.16**	79,420,565.96
Total shareholders' equity	**1,377,380,905.14**	1,374,908,722.69
Total liabilities and shareholders' equity	**2,006,787,057.69**	2,053,995,666.03

Profit Statement

2010

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

Items	**2010**	2009
1. Total operating income	**165,611,469.84**	355,190,263.48
Include: Operating income	**165,611,469.84**	355,190,263.48
2. Total operating cost	**319,019,681.63**	518,608,192.72
Include: Operating cost	**132,871,881.97**	345,136,409.53
Business taxes and surcharge	**2,378,396.20**	336,734.89
Selling expenses	**13,025,805.93**	5,432,649.97
Administrative expenses	**151,305,718.00**	125,790,136.71
Financial expenses	**19,476,912.42**	30,569,080.07
Loss in assets impairment	**(39,032.89)**	11,343,181.55
Add: Income from change in fair value (losses are represented by "-")		
Investment income (losses are represented by "-")	**133,933,577.07**	167,845,480.67
Include: Investment income of associates and joint ventures	**88,229,888.86**	149,317,855.85

3. Operating profit		
(losses are represented by "-")	**(19,414,634.72)**	4,427,551.43
Add: Non-operating income	**22,176,397.03**	19,283,638.19
Less: Non-operating expenses	**289,579.86**	971,348.29
Include: Loss from the disposal of non-current assets	**144,815.67**	763,145.52
4. Total Profit		
(total losses are represented by "-")	**2,472,182.45**	22,739,841.33
Less: Income tax	**—**	—
5. Net Profit (net losses are represented by "-")	**2,472,182.45**	22,739,841.33
6. Earnings per share:		
(1) Basic earnings per share	**—**	
(2) Diluted earnings per share	**—**	—
7. Other comprehensive income	**—**	—
8. Total comprehensive income	**2,472,182.45**	22,739,841.33

Cash flow statement

2009

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

Items	2010	2009
1. Cash flows from operating activities:		
Cash received from the sale of goods and services provided	**178,219,822.97**	446,077,308.20
Return of tax payment	**—**	—
Other cash received relating to operating activities	**77,995,113.17**	162,949,502.16
Sub-total of cash inflows from operating activities	**256,214,936.14**	609,026,810.36
Cash paid on purchase of goods and services received	**207,598,925.37**	141,599,302.38
Cash paid to staff and paid on behalf of staff	**75,043,323.15**	65,155,744.91
Taxes paid	**20,714,382.56**	12,682,481.50
Cash paid relating to other operating activities	**142,680,332.79**	111,390,088.85
Sub-total of cash outflows from operating activities	**446,036,963.87**	330,827,617.64
Net cash flows from operating activities	**(189,822,027.73)**	278,199,192.72

2. **Cash flows from investment activities:**

Cash received from investment recovered	**31,288,716.43**	4,987,801.00
Cash received from investment income	**229,054,777.88**	326,857,747.90
Net cash proceeds on the disposal of fixed assets, intangible assets and other long term assets	**780,506.73**	242,006.79
Cash received from disposal of subsidiaries and other business units	**—**	—
Cash received relating to other operating activities	**—**	—
Sub-total of cash inflows from investment activities	**261,124,001.04**	332,087,555.69
Cash paid on purchase of fixed assets, intangible assets and other long term assets	**47,791,791.22**	76,303,492.63
Cash paid for investment	**231,246,790.53**	199,779,242.55
Net cash paid on acquisition of subsidiaries and other business units	**—**	—
Cash paid on other investment activities	**—**	—
Sub-total of cash outflows from investment activities	**279,038,581.75**	276,082,735.18
Net cash flows from investment activities	**(17,914,580.71)**	56,004,820.51

3. Cash flows from financing activities:		
Cash received from investment	**—**	—
Cash received from borrowings	**425,000,000.00**	412,000,000.00
Cash received from other financing activities	**—**	—
Sub-total of cash inflows from financing activities	**425,000,000.00**	412,000,000.00
Cash paid on repayment of debts	**338,000,000.00**	637,500,000.00
Cash paid on distribution of dividends or profits, or interest repayment	**21,627,488.46**	35,632,828.45
Cash paid on other financing activities	**—**	6,694,095.64
Sub-total of cash outflows from financing activities	**359,627,488.46**	679,826,924.09
Net cash flows from financing activities	**65,372,511.54**	(267,826,924.09)
4. Effect on cash and cash equivalents due to changes in foreign currency exchange	**—**	—
5. Net increase in cash and cash equivalents	**(142,364,096.90)**	66,377,089.14
Add: balance of cash and cash equivalents at the beginning of the period	**293,955,551.88**	227,578,462.74
6. Balance of cash and cash equivalents at the end of the period	**151,591,454.98**	293,955,551.88

Statement of Change of Shareholders' Equity

2010

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

Items		Share capital	Capital reserve	Less: treasury stock	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Other	Total shareholders' equity
		2010								
1.	Balance at the end of last year	655,015,000.00	437,688,751.31	–	–	202,784,405.42	–	79,420,565.96	–	1,374,908,722.69
	Add: changes in accounting policies	–	–	–	–	–	–	–	–	–
	Correction of prior errors	–	–	–	–	–	–	–	–	–
2.	Balance at the beginning of this year	655,015,000.00	437,688,751.31	–	–	202,784,405.42	–	79,420,565.96	–	1,374,908,722.69
3.	Change of this year (a decrease is represented by "-")	–	–	–	–	247,218.25	–	2,224,964.20	–	2,472,182.45
	(1) Net profit	–	–	–	–	–	–	2,472,182.45	–	2,472,182.45
	(2) Other comprehensive income	–	–	–	–	–	–	–	–	–
	Subtotal of item (1) and (2) above	–	–	–	–	–	–	2,472,182.45	–	2,472,182.45
	(3) Contribution and reduction of capital by shareholders	–	–	–	–	–	–	–	–	–
	1. Capital contribution by owner	–	–	–	–	–	–	–	–	–
	2. Amount settled by shares for amount accounted for in shareholders' equity	–	–	–	–	–	–	–	–	–
	3. Others	–	–	–	–	–	–	–	–	–
	(4) Profit distribution	–	–	–	–	247,218.25	–	(247,218.25)	–	–
	1. Transfer from surplus reserve	–	–	–	–	247,218.25	–	(247,218.25)	–	–
	2. Provision for general risks	–	–	–	–	–	–	–	–	–
	3. Distribution to shareholders	–	–	–	–	–	–	–	–	–
	4. Others	–	–	–	–	–	–	–	–	–
	(5) Internal transfer of shareholders' equity	–	–	–	–	–	–	–	–	–
	1. Transfer of capital reserve to share capital	–	–	–	–	–	–	–	–	–
	2. Transfer of surplus reserve to share capital	–	–	–	–	–	–	–	–	–
	3. Compensation of loss from surplus reserve	–	–	–	–	–	–	–	–	–
	4. Others	–	–	–	–	–	–	–	–	–
	(6) Provision and use of special reserve	–	–	–	–	–	–	–	–	–
	1. Provision for the period	–	–	–	–	–	–	–	–	–
	2. Use for the period	–	–	–	–	–	–	–	–	–
4.	Balance at the end of the year	655,015,000.00	437,688,751.31	–	–	203,031,623.67	–	81,645,530.16	–	1,377,380,905.14

2009

Items		Share capital	Capital reserve	Less: treasury stock	Special reserve	Surplus reserve	Provision for general risks	Undistributed profits	Other	Total shareholders' equity
1.	Balance at the end of last year	655,015,000.00	478,941,415.14	–	–	200,510,421.29	–	58,954,708.76	–	1,393,421,545.19
	Add: changes in accounting policies	–	–	–	–	–	–	–	–	–
	Correction of prior errors	–	–	–	–	–	–	–	–	–
2.	Balance at the beginning of this year	655,015,000.00	478,941,415.14	–	–	200,510,421.29	–	58,954,708.76	–	1,393,421,545.19
3.	Change of this year (a decrease is represented by "-")	–	(41,252,663.83)	–	–	2,273,984.13	–	20,465,857.20	–	(18,512,822.50)
	(1) Net profit	–	–	–	–	–	–	22,739,841.33	–	22,739,841.33
	(2) Other comprehensive income	–	–	–	–	–	–	–	–	–
	Subtotal of item(1) and (2) above	–	–	–	–	–	–	22,739,841.33	–	22,739,841.33
	(3) Contribution and reduction of capital by shareholders	–	(41,252,663.83)	–	–	–	–	–	–	(41,252,663.83)
	1. Capital contribution by owner	–	–	–	–	–	–	–	–	–
	2. Amount settled by shares for amount accounted for in shareholders' equity	–	–	–	–	–	–	–	–	–
	3. Others	–	(41,252,663.83)	–	–	–	–	–	–	–
	(4) Profit distribution	–	–	–	–	2,273,984.13	–	(2,273,984.13)	–	–
	1. Transfer from surplus reserve	–	–	–	–	2,273,984.13	–	(2,273,984.13)	–	–
	2. Provision for general risks	–	–	–	–	–	–	–	–	–
	3. Distribution to shareholders	–	–	–	–	–	–	–	–	–
	4. Others	–	–	–	–	–	–	–	–	–
	(5) Internal transfer of shareholders' equity	–	–	–	–	–	–	–	–	–
	1. Transfer of capital reserve to share capital	–	–	–	–	–	–	–	–	–
	2. Transfer of surplus reserve to share capital	–	–	–	–	–	–	–	–	–
	3. Compensation of loss from surplus reserve	–	–	–	–	–	–	–	–	–
	4. Others	–	–	–	–	–	–	–	–	–
	(6) Provision and use of special reserve	–	–	–	–	–	–	–	–	–
	1. Provision for the period	–	–	–	–	–	–	–	–	–
	2. Use for the period	–	–	–	–	–	–	–	–	–
4.	Balance at the end of the year	655,015,000.00	437,688,751.31	–	–	202,784,405.42	–	79,420,565.96	–	1,374,908,722.69

9.3 As compared with the latest annual report, there are no changes in accounting policy, accounting estimation and auditing methods.

9.4 There was no material audit deviation adjustment during the reporting period.

9.5 As compared with the latest annual report, changes in the scope of consolidation in the financial reports during the reporting period are as follows:

9.5.1 Nanjing Electronic Calibration Co., Ltd was no longer included in the consolidation scope.

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

Nanjing, the People's Republic of China
25 March 2011

As at the date of this announcement, the Board comprises Non-executive Director: Mr. Lai Weide, Mr. Xu Guofei, Mr. Jason Hsuan, Mr. Zhu Lifeng, Mr. Deng Weiming and Mr. Lu Qing; and Independent Non-executive Directors: Mr. Cai Lianglin, Mr. Ma Chung Lai, Lawrence and Mr. Tang Yousong.