南京熊猫電子股份有限公司
NANJING PANDA ELECTRONICS COMPANY LIMITED

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

(Stock Code: 0553)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

Important Notice

The Board, supervisory committee, Directors, supervisors and senior management of the Company confirm that the information in this announcement does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the contents of this announcement. The purpose of this interim results announcement is to provide the public investors with a summary of the Company's results for the six months ended 30 June 2011. Investors should carefully read the whole text of the 2011 Interim Report in detail before making any significant decision.

All Directors were present at the Board meeting held on 30 August 2011.

The financial statements of the Company for the six months ended 30 June 2011 were unaudited.

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

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

Mr. 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 the 2011 Interim Report.

The board (the "Board") of directors (the "Directors") of Nanjing Panda Electronics Company Limited (the "Company") are pleased to announce the summary of the results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 (the "Reporting Period"). Investors should carefully read the whole text of the 2011 interim report ("2011 Interim Report") in detail before making any significant decision. The financial statements of the Company for the six months ended 30 June 2011 were unaudited.

I. BASIC CORPORATE INFORMATION

(I) Company profile

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

3	Secretary to the Board	:	Shen Jianlong
	Correspondence address	:	301 Zhongshan Road East, Nanjing, the People's Republic of China (Postal Code: 210002)
	Telephone	:	(8625)-84801144
	Facsimile	:	(8625)-84820729
	E-mail address	:	dms@panda.cn

(II) Key financial data and indices

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

(Unit: RMB)

	End of the Reporting Period (30 June 2011)	End of last year (31 December 2010)	Change between the end of the Reporting Period and the end of the last year *(%)*
Total assets	2,525,722,406.39	2,561,842,569.56	-1.41
Owners' equity (or shareholders' equity)	1,511,493,722.92	1,476,137,181.18	2.40
Net assets per share attributable to shareholders of the Company *(RMB/share)*	2.31	2.25	2.40

	The Reporting Period (January to June 2011)	The corresponding period last year (January to June 2010)	Change between the Reporting Period and the same period last year *(%)*
Operating profit	42,651,108.07	-7,880,621.96	641.22
Total profit	48,810,433.05	-3,976,606.29	1,327.44
Net profit attributable to shareholders of the Company	35,356,541.74	-9,429,221.11	474.97
Net profit attributable to shareholders of the Company after extraordinary items	30,279,776.16	-13,845,522.10	318.70
Basic earnings per share	0.0540	-0.0144	474.97
Basic earnings per share after extraordinary items	0.0462	-0.0211	318.70
Diluted earnings per share	0.0540	-0.0144	474.97
Weighted average return on net assets *(%)*	2.37	-0.65	Increased by 3.02 percentage points
Weighted average return on net assets after extraordinary items *(%)*	2.03	-0.95	Increased by 2.98 percentage points
Net cash flows from operating activities	-49,679,526.00	-211,095,015.63	76.47
Net cash flows from operating activities per share	-0.08	-0.32	76.47

Notes: Items and amounts of extraordinary items

(Unit: RMB)

Item	Amount
Gains and losses from disposal of non-current assets	906,704.31
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	4,285,589.42
Profit and loss from debt restructuring	1,002,626.69
Other non-operating net income and expenses other than the aforesaid items	-106,283.26
Impact on enterprise income tax	-888,481.88
Extraordinary profit and loss attributable to minority shareholders	-123,389.70
Total	5,076,765.58

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

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2011

(Expressed in Renminbi)

		Six months ended 30 June	
		2011	2010
		(unaudited)	(unaudited)
	Note	***RMB'000***	*RMB'000*
Turnover	3	**822,360**	731,159
Cost of sales		**(692,826)**	(656,521)
Gross profit		**129,534**	74,638
Other income and net losses	4	**13,009**	14,046
Distribution costs		**(17,574)**	(17,542)
Administrative expenses		**(106,750)**	(94,937)
Operating profit/(loss)		**18,219**	(23,795)
Finance income		**2,355**	2,395
Finance costs		**(12,551)**	(11,866)
Net finance costs		**(10,196)**	(9,471)
Share of profits of associates		**40,788**	29,289
Profit/(loss) before taxation	5	**48,811**	(3,977)
Income tax expense	6	**(10,237)**	(2,945)
Profit/(loss) and total comprehensive income/(loss) for the period		**38,574**	(6,922)

	Note	Six months ended 30 June 2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Attributable to:			
Equity holders of the Company		**35,357**	(9,429)
Non-controlling interests		**3,217**	2,507
		38,574	(6,922)
Earning/(loss) per share			
(RMB cents)			
— Basic and diluted	7	**5.40**	(1.44)

Condensed consolidated balance sheet

As at 30 June 2011

(Expressed in Renminbi)

	Note	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
ASSETS			
Non-current assets			
Land use rights		**23,038**	23,379
Property, plant and equipment		**612,430**	610,468
Associates		**702,272**	661,484
Deferred tax assets		**5,899**	6,509
		1,343,639	1,301,840

	Note	30 June 2011 (unaudited) RMB'000	31 December 2010 (audited) RMB'000
Current assets			
Inventories		**163,229**	182,633
Trade and bills receivables	9	**359,554**	273,581
Amounts due from customers for contract work		**32,055**	31,730
Deposits, prepayments and other receivables		**141,620**	98,413
Amounts due from fellow subsidiaries, associates and related companies		**55,707**	51,957
Amount due from ultimate holding company		**74**	1,344
Restricted bank deposits		**58,080**	229,933
Cash and cash equivalents		**371,766**	390,413
		1,182,085	1,260,004
Total assets		**2,525,724**	2,561,844
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**655,015**	655,015
Share premium and reserves		**856,479**	821,122
		1,511,494	1,476,137
Non-controlling interests		**9,799**	6,582
Total equity		**1,521,293**	1,482,719

	Note	**30 June 2011**	31 December 2010
		(unaudited)	*(audited)*
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Long term borrowing		**—**	4,000
Deferred tax liabilities		**61**	69
		61	4,069
Current liabilities			
Borrowings		**423,433**	520,574
Trade payables	10	**330,379**	315,926
Accruals and other payables		**216,192**	204,827
Amounts due to fellow subsidiaries, associates and related companies		**20,005**	14,083
Amount due to ultimate holding company		**11,855**	8,802
Finance lease obligations — current portion		**—**	1,279
Tax payable		**2,506**	9,565
		1,004,370	1,075,056
Total liabilities		**1,004,431**	1,079,125
Total equity and liabilities		**2,525,724**	2,561,844
Net current assets		**177,715**	184,948
Total assets less current liabilities		**1,521,354**	1,486,788

Notes to the condensed consolidated financial statements

(Expressed in Renminbi)

1. Basis of preparation

The interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The principal accounting policies adopted in the preparation of this interim financial information are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2010, except for the accounting policy changes that are expected to be reflected in the Group's annual financial statements for the year ending 31 December 2011. Details of these changes in accounting policies are set out in note 2.

In order to conform with HKAS 34, the preparation of interim financial information requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial information has been reviewed by the Company's Audit Committee.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs, new standards and 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:

- Revised HKAS 24, Related Party Disclosures
- Improvements to HKFRSs (2010)

The above amendments to HKFRSs have had no material impact on the Group's results of operations and financial position, and do not contain any additional disclosure requirements specifically applicable to the interim financial information.

Up to the date of issue of this interim financial information, the HKICPA has issued a number of amendments, new standards and Interpretations that are not yet effective for the year ending 31 December 2011 and that have not been adopted in the interim financial information. Of these developments, the followings may be relevant to the Group's operation and financial statements:

	Effective for accounting periods beginning on or after
• HKAS 27 (2011), Separate Financial Statements	1 January 2013
• HKAS 28 (2011), Investments in Associates and Joint Ventures	1 January 2013
• Amendments to HKAS 1, Presentation of Items of Other Comprehensive Income	1 January 2012
• Amendments to HKAS 12, Deferred Tax: Recovery of Underlying Assets	1 January 2012
• HKFRS 9, Financial Instruments	1 January 2013
• HKFRS 10, Consolidated Financial Statements	1 January 2013
• HKFRS 11, Joint Arrangements	1 January 2013
• HKFRS 12, Disclosure of Interests in Other Entities	1 January 2013
• HKFRS 13, Fair Value Measurement	1 January 2013

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

3. Revenue and segmental information

The Group determines its operating segments based on the internal financial information reviewed by the Board in strategic decisions making. For the six months ended 30 June 2011, the Group has the following four reportable segments:

(i)	Electronic manufacturing products:	Development, production and sale of electronic manufacturing products
(ii)	Electronic equipment products:	Development, production and sale of electronic, equipment products
(iii)	Communication technology products:	Development, manufacture and sale of communication technology products
(iv)	Electronic intelligent products:	Development, manufacture and sale of electronic intelligent products

The segmental information was prepared in accordance with the method adopted by the senior management and executive officers of the Group in evaluating segment performance and allocation of resources between segments. The Group's senior management monitors the results and assets attributable to each reportable segment on the following basis:

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

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

The following tables provide an analysis of the Group's revenue, expenditure, results and assets by reportable segments for the six months ended 30 June 2011:

Six months ended 30 June 2011

	Electronic manufacturing products (unaudited) *RMB'000*	Electronic equipment products (unaudited) *RMB'000*	Communication technology products (unaudited) *RMB'000*	Electronic intelligent products (unaudited) *RMB'000*	Other operations (unaudited) *RMB'000*	Elimination (unaudited) *RMB'000*	Consolidated (unaudited) *RMB'000*
Revenue							
External sales	291,561	232,835	82,405	187,288	28,271	—	822,360
Internal sales	15,516	18,668	432	1,274	1	(35,891)	—
Total	307,077	251,503	82,837	188,562	28,272	(35,891)	822,360
Results							
Segment results	19,176	15,037	1,194	10,584	11,557	—	57,548
Unallocated corporate expenses							(39,329)
Interest income							2,355
Interest expense							(12,551)
Share of profits of associates							40,788
Income tax expense							(10,237)
Profit for the period							38,574

At 30 June 2011

	Electronic manufacturing products (unaudited) *RMB'000*	Electronic equipment products (unaudited) *RMB'000*	Communication technology products (unaudited) *RMB'000*	Electronic intelligent products (unaudited) *RMB'000*	Other operations (unaudited) *RMB'000*	Elimination (unaudited) *RMB'000*	Consolidated (unaudited) *RMB'000*
Assets							
Segment assets	563,289	478,414	39,220	367,649	196,348	(190,052)	1,454,868
Associates							702,272
Unallocated corporate assets							368,584
Consolidated total assets							2,525,724

Six months ended 30 June 2010

	Electronic manufacturing products (unaudited) *RMB'000*	Electronic equipment products (unaudited) *RMB'000*	Electronic intelligent products (unaudited) *RMB'000*	Other operations (unaudited) *RMB'000*	Elimination (unaudited) *RMB'000*	Consolidated (unaudited) *RMB'000*
Revenue						
External sales	263,595	153,528	199,937	114,099	—	731,159
Internal sales	5,361	9,195	57,608	25,799	(97,963)	—
Total	268,956	162,723	257,545	139,898	(97,963)	731,159
Results						
Segment results	7,827	11,974	456	2,860	—	23,117
Unallocated corporate expenses						(46,912)
Interest income						2,395
Interest expense						(11,866)
Share of profits of associates						29,289
Income tax expense						(2,945)
Loss for the period						(6,922)

At 31 December 2010

	Electronic manufacturing products (audited) *RMB'000*	Electronic equipment products (audited) *RMB'000*	Electronic intelligent products (audited) *RMB'000*	Other operations (audited) *RMB'000*	Elimination (audited) *RMB'000*	Consolidated (audited) *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

4. Other income and net losses

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Other income		
Rental and property management fee income	**8,018**	5,335
Government subsidies	**4,356**	5,739
Write-off of trade and other payables	**1,003**	3,385
Sundry income	**282**	99
	13,659	14,558
Other net losses		
Exchange losses	**(650)**	(512)
	13,009	14,046

5. Profit/(loss) before taxation

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

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
(Gain)/loss on disposal of property, plant and equipment	**(878)**	5,201
Depreciation of property, plant and equipment	**25,454**	21,609
Amortisation of land use rights	**341**	341
Write-down/(reversal) of inventories	**1,511**	(1,317)
Impairment losses reversed on trade receivables, other receivables and amounts due from related companies	**(5,046)**	(74)

6. Income tax expense

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Current tax		
— PRC enterprise income tax	**9,635**	2,859
Deferred tax		
— attributable to the origination and reversal of temporary differences	**602**	86
	10,237	2,945

Under the prevailing tax law in the PRC, the enterprise income tax rate of the companies incorporated in the PRC within the Group is 25% (six months ended 30 June 2010: 25%), except for certain subsidiaries which are entitled to a preferential rate of 15% or 24%, or 50% exemption of the income tax.

7. Earning/(loss) per share

The calculation of the basic earning/(loss) per share is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2011 of RMB35,357,000 (six months ended 30 June 2010: loss of RMB9,429,000) and 655,015,000 shares in issue throughout the period.

The diluted earning/(loss) per share for the six months ended 30 June 2011 and 2010 were the same as the basic earning/(loss) per share as no dilutive potential ordinary share was issued during the six months ended 30 June 2011 and 2010.

8. Dividends

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2010: Nil).

9. Trade and bills receivables

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

The following is an ageing analysis of trade and bill receivables net of provision for impairment:

	30 June 2011 (unaudited)	31 December 2010 (audited)
	RMB'000	*RMB'000*
Within 1 year	**352,343**	262,470
1 to 2 years	**639**	2,060
2 to 3 years	**6,572**	8,626
Over 3 years	**—**	425
	359,554	273,581

10. Trade payables

The following is an ageing analysis of trade payables:

	30 June 2011 (unaudited)	31 December 2010 (audited)
	RMB'000	*RMB'000*
Within 1 year	**285,227**	259,882
1 to 2 years	**12,821**	23,887
2 to 3 years	**18,155**	18,603
Over 3 years	**14,176**	13,554
	330,379	315,926

11. Related party transactions

During the Reporting Period, the Group entered into the following material transactions with its related parties:

	Fellow subsidiaries		**Associates**		**Ultimate holding company**	
	Six months ended 30 June		**Six months ended 30 June**		**Six months ended 30 June**	
	2011	2010	**2011**	2010	**2011**	2010
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Sales of components and parts	**38,400**	27,090	**23,446**	27,552	**38**	63
Purchases of components and parts	**16,646**	1,460	**—**	—	**—**	—
Fees paid for welfare, support, sub-contracting and general services	**2,141**	622	**—**	—	**32**	213
Income for welfare, support, sub-contracting and general services	**6,436**	2,249	**64,161**	14,297	**500**	4
Rental income	**400**	—	**—**	—	**—**	—
Rental expenses	**—**	—	**—**	—	**—**	—

12. Difference between HKFRSs and PRC Accounting Standards for Business Enterprises

For the six months ended 30 June 2011 and 2010, there were no material differences between the condensed consolidated statements of comprehensive income and condensed consolidated balance sheets of the Group prepared under HKFRSs and PRC Accounting Standards for Business Enterprises.

II. CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

(I) Changes in share capital

As at 30 June 2011, there was no change in the total number of shares and shareholding structure of the Company.

(II) Information of shareholders

1. As at 30 June 2011, the total number of shareholders of the Company was 19,681, among which 19,632 were holders of A Shares and 49 were holders of H Shares.

2. Shareholdings of the top ten shareholders

As at 30 June 2011, the top ten shareholders of the Company and their respective shareholdings are as follows:

Name of shareholders	Type of shareholders (State-owned or foreign shareholders)	Percentage of shareholding (%)	Total number of shares held	Number of shares held subject to trading moratorium	Number of shares pledged or frozen
Panda Electronics Group Limited ("PEGL")	State-owned shareholder	51.10	334,715,000	0	nil
HKSCC (Nominees) Limited	Foreign shareholder	36.75	240,731,599	0	Unknown
Huang Jitang	Others	0.331	2,170,081	0	Unknown
Peng Hongwan	Others	0.177	1,161,026	0	Unknown
Zeng Qingui		0.156	1,019,161	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
Yan Hongbing	Others	0.120	787,770	0	Unknown
Zheng Xinhua	Others	0.098	640,000	0	Unknown
Zeng Youzheng	Others	0.082	537,478	0	Unknown
Yang Chunyan	Others	0.071	466,854	0	Unknown

3. 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	240,731,599	H
Huang Jitang	2,170,081	A
Peng Hongwan	1,161,026	A
Zeng Qingui	1,019,161	A
Nanjing Changtai Electronic Technology Company Limited (南京長泰電子科技有限公司)	1,000,000	A
Yan Hongbing	787,770	A
Zheng Xinhua	640,000	A
Zeng Youzheng	537,478	A
Yang Chunyan	466,854	A

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

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

Notes:

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

(2) HKSCC (Nominees) Limited held 240,731,599 H Shares of the Company, representing 36.75% of the issued share capital of the Company, on behalf of a number of clients. The Company is not aware of any individual client holding more than 5% of share capital issued by the Company.

4. Change in the controlling shareholder and the de facto controller

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

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 compliance with relevant requirement of CSRC and other regulatory authorities. Hence, when going through relevant approval procedures, according to the relevant requirements set out in the "Administrative Measures for the Takeover of Listed Companies" (Zheng Jian Hui Lin [2006] No 35) issued by the CSRC, CEC reported the change of ultimate controller of the Company to the CSRC and applied to CSRC for a waiver from compliance with the general offer requirement. As the grounds for waiver from general offer in the proposed acquisition do not satisfy the relevant requirements set out in Clause 1 of Rule 63 of the "Administrative Measures for the Takeover of Listed Companies", CEC intends to withdraw the said submission and resubmit the application with necessary amendments and supplemental documents to the CSRC.

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

As at 30 June 2011, the shareholdings of Directors, supervisors and senior management members are as follows:

Name	Position	No. of shares held at the beginning of the Reporting Period (A share)	No. of shares increased/ decreased during the Reporting period (+/-)	No. of shares held at the end of the Reporting Period (A share)	Reasons for change
Lai Weide	Non-executive Director and Chairman	0	0	0	
Xu Guofei	Non-executive Director and Vice Chairman	2,546	0	2,546	
Zhu Lifeng	Non-executive Director	4,378	0	4,378	
Deng Weiming	Non-executive Director	0	0	0	
Lu Qing	Non-executive Director	0	0	0	
Jason Hsuan	Non-executive Director	0	0	0	
Cai Lianglin	Independent Non-Executive Director	0	0	0	
Tang Yousong	Independent Non-Executive Director	0	0	0	
Ma Chung Lai, Lawrence	Independent Non-Executive Director	0	0	0	
Zhang Zhengping	Chairman of the supervisory committee	4,648	0	4,648	
Tang Min	Supervisor	0	0	0	
Zhou Yuxin	Supervisor	0	0	0	
Sun Suhua	Independent Supervisor	0	0	0	
Wang Fei	Independent Supervisor	0	0	0	
Liu Kun	Deputy General Manager	0	0	0	
Shen Jianlong	Chief Accountant and Secretary to the Board	0	0	0	
Xia Dechuan	Deputy General Manager	0	0	0	

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

There was no change in Directors, supervisors and senior management of the Company during the Reporting Period.

IV. REPORT OF THE BOARD

(I) Principal operations 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, communication technology products and electronic manufacturing business, etc.

In the first half of 2011, the Company continued to consolidate and promote corporate reforms to enhance its sustainable development capacity, while ensuring that all activities were carried out smoothly. By way of optimizing business structure and expanding key markets, the Company achieved rapid progress in its certain principal businesses and both the operating income and profit recorded growth. Through business upgrading and increased efforts and investment in technical improvement and innovation, the competitiveness and profitability of certain principal products of the Company were enhanced. Meanwhile, the Company continues to strengthen its control over and services to its joint ventures to facilitate further growth, thereby achieving considerable increase in investment income.

Under the PRC Accounting Standard for Business Enterprises, operating income of the Company from January to June 2011 amounted to RMB838 million, representing an increase of 12.99% as compared with the corresponding period last year; and net profit was RMB35,356,500, representing an increase of 474.97% as compared with the corresponding period last year. Under the Hong Kong Financial Reporting Standards, operating income of the Company from January to June 2011 amounted to RMB822 million, representing an increase of 12.47% as compared with the corresponding period last year; net profit attributable to shareholders of the Company amounted to RMB35,356,500, representing an increase of 474.97% as compared with the corresponding period last year.

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

Unit: RMB'000

Business or product	Principal operating income	Principal operating costs	Principal operating profit margin	Increase/decrease in revenues from principal operation from the same period last year	Increase/decrease in principal operating costs from the same period last year	Increase/decrease in principal operating profit margin from the same period last year
			%	%	%	%
Electronic manufacturing	308,330,806.30	236,463,499.01	23.31	19.13	3.72	Increased by 11.40 percentage points
Electronic intelligent products	187,683,833.21	159,268,713.47	15.14	-10.23	-15.29	Increased by 5.06 percentage points
Electronic equipment products	229,871,874.03	197,186,203.43	14.22	59.84	61.28	Decreased by 0.77 percentage points
Communication technology products	75,888,238.43	75,088,900.67	1.05	-29.63	-28.72	Decreased by 1.28 percentage points
Others	19,359,934.70	11,951,043.99	38.27	191.88	185.87	Increased by 1.30 percentage points
Total	821,134,686.67	679,958,360.57	17.19	13.07	4.97	Increased by 6.39 percentage points

Of which, the connected transactions relating to sale of products and provision of services to the controlling shareholder and its subsidiaries by the Company amounted to RMB45,372,700 during the Reporting Period.

3. Principal operations by geographical regions

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

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

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

ENC is held as to 27% by the Company, 25% by Telefonaktiebolaget L.M. Ericsson, 26% by Ericsson (China) Company Limited, 20% by China Potevio Co., Ltd., and 2% by Hong Kong Yung Shing Enterprise Company ("Hong Kong Yung Shing"). ENC is mainly engaged in producing products, such as mobile telecommunication system products and network communication systems. ENC is one of the supply pivots for Ericsson in the world, and is the largest supplier of mobile telecommunication equipments in China. Under the International Accounting Standards, ENC recorded operating income of RMB10,648 million from January to June 2011, representing an increase of 143.01% as compared with the corresponding period last year, and recorded net profit of RMB334 million, representing an increase of 147.04% as compared with the corresponding period last year.

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

BMC is held as to 20% by the Company, 51% by Sony Ericsson Mobile Communication Limited ("Sony Ericsson"), 27% by China Potevio Co., Ltd. and 2% by Hong Kong Yung Shing. 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. Under the International Accounting Standards, BMC recorded operating income of RMB8,317 million from January to June 2011, representing a decrease of 14.10% as compared with the corresponding period last year, and recorded net profit of RMB72 million, representing a decrease of 31.07% as compared with the corresponding period last year.

(3) Hua Fei Colour Display Systems Company Limited ("Hua Fei Company")

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

Under the PRC Accounting Standards for Business Enterprises, operating income of Hua Fei Company from January to June 2011 amounted to RMB17 million, representing a decrease of 95.91% as compared with the corresponding period last year. During the Reporting Period, it incurred further loss of RMB283 million, representing an increase of loss of RMB152 million from the corresponding period last year.

(II) Summary of analysis of operational performance and financial position

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

Unit: RMB

(1) Major changes of accounts in balance sheet

Item	30 June 2011	31 December 2010	Increase/ decrease (%)
Accounts receivable	**391,970,024.08**	299,422,237.49	30.91
Prepayments	**113,369,976.38**	87,963,018.19	28.88
Other receivables	**35,443,758.40**	198,594,325.75	-82.15
Construction in progress	**10,251,425.04**	3,883,494.92	163.97
Other payables	**123,825,141.25**	99,209,398.33	24.81
Non-current liabilities due within one year	**4,000,000.00**	1,278,668.33	212.83
Minority interests	**9,798,230.31**	6,581,697.19	48.87

Explanation of the changes:

(1) The increase in accounts receivable was mainly due to the increase in sales as a result of robust demand for electronic products during the Reporting Period.

(2) The increase in prepayments was primarily due to the increase in advance payments for construction work.

(3) The decrease in other receivables was mainly due to the transfer of such receivables into investment by the Company upon completion of incorporation registration of Nanjing Panda Electronics Technology Company Limited (南京熊猫電子科技有限公司).

(4) The increase in construction in progress was mainly due to the increase in investment in construction of Xin Gang Park (新港園區).

(5) The increase in other payables was primarily attributable to the outstanding balance of purchase price of the equipment purchased by the Company.

(6) The increase in non-current liabilities due within one year was mainly because the obligations under finance lease to be settled by installments and the long-term loan became due in 2012.

(7) The increase in minority interests was mainly attributable to the increase in profits of certain non-wholly owned subsidiaries.

(2) Major changes of accounts in income statement:

Item	**January-June 2011**	**January - June 2010**	**Increase/ decrease** *(%)*
Business taxes and surcharges	**7,769,667.40**	5,290,553.19	46.86
Asset impairment losses	**-3,535,468.71**	-1,391,395.85	-154.10
Investment income	**40,787,310.76**	29,288,617.57	39.26
Non-operating expenses	**753,054.79**	5,318,460.06	-85.84
Income tax expenses	**10,237,358.19**	2,945,443.98	247.57

Explanation of the changes:

(1) The increase in business taxes and surcharges was primarily due to the rise in sales.

(2) The decrease in asset impairment losses was mainly attributable to the partial recovery of current account items for which full provision for impairment loss had been previously made.

(3) The increase in investment income was mainly due to the growth in operating results of certain joint ventures during the Reporting Period.

(4) The decrease in non-operating expenses was mainly because the Company had disposed certain fixed assets in the previous period.

(5) The increase in income tax expenses was mainly due to the improvement of operating results of certain subsidiaries during the Reporting Period.

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

Item	January - June 2011	January - June 2010	Increase/ decrease *(%)*
Net cash flows from operating activities	**-49,679,526.00**	-211,095,015.63	76.47
Net cash flows from investment activities	**140,735,391.08**	-49,302,510.63	385.45
Net cash flows from financing activities	**-109,546,462.18**	114,390,609.26	-195.77

Explanation of the changes:

(1) The increase in net cash flows from operating activities was mainly due to the increase in sales volume and timely collection of trade receivables during the Reporting Period.

(2) The increase in net cash flows from investment activities was mainly due to the completion of incorporation registration of Nanjing Panda Electronics Technology Company Limited (南京熊貓電子科技有限公司) which was then included into the scope of consolidation during the Reporting Period.

(3) The decrease in net cash flows from financing activities was mainly due to the decrease in the size of financing as at the end of the Reporting Period as compared with the beginning of the Reporting Period.

2 Liquidity of capital

As shown in the consolidated financial statements of the Company prepared under the Hong Kong Financial Reporting Standards, as at 30 June 2011, the Company's gearing ratio (the ratio of total liabilities to total assets) was 39.77%; net current assets amounted to RMB178 million; liquidity ratio was 1.18; quick ratio was 1.01; bank deposits and cash amounted to RMB430 million; and total borrowings amounted to RMB423 million.

During the Reporting Period, benchmark interest rate per annum was 5.81% from the beginning of the period to 8 February 2011, 6.06% from 9 February 2011 to 5 April 2011, and 6.31% from 6 April 2011 to the end of the Reporting Period. From the end of the Reporting Period to 6 July 2011 and from 7 July 2011 to the date of this announcement, the benchmark interest rate per annum was 6.31% and 6.56%, respectively.

(III) Investments during the Reporting Period

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

(IV) Business plan for the second half year of 2011

In the second half of 2011, the Company will continue to strengthen its corporate reforms and insist on sustainable development, while ensuring that its development plans for the year are implemented successfully. The Company will further consolidate and expand its existing principal businesses through concentrating advantageous resources to facilitate the growth of principal businesses and enhancing product sales capability, so as to construct overall competitive strengths. In addition, the Company will vigorously build a technology research and development centre and increase investment in technical improvement and innovation, thereby enhancing its technological innovation capabilities. Strategic cooperation with joint-ventures will be further boosted to increase investment income.

(V) Employees of the Company

As at 30 June 2011, the Company had 3,305 employees, of which 1,090 were engaged in technology, 364 in sales, 165 in finance, 264 in administration and management and 1,422 in production. In addition, there were 366 retirees, for whom the Company undertook to pay retirement pension.

V. SIGNIFICANT EVENTS

(I) During the Reporting Period, the Company did not have any profit appropriation, transfer of capital reserves into share capital or issue of new shares which were recommended in the previous period and implemented during the Reporting Period

The Company does not recommend to make any profit distribution or to convert any capital reserve into share capital for the first half of 2011.

(II) Material litigation and arbitration

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

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

(IV) Material connected transactions

1. **As at 30 June 2011, save and except for the continuing connected transactions for the period from 2010 to 2012 which were approved by the independent shareholders at the extraordinary general meeting of the Company held on 23 December 2009 (i.e., the continuing connected transactions which were conducted in the ordinary course of business on normal commercial terms), the Company had no other material connected transactions.**

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

During the Reporting Period, the connected transactions relating to sale of products and provision of services to the controlling shareholder and its subsidiaries by the Company amounted to RMB45,372,700.

3. Transactions relating to creditor's rights and debts

Unit: RMB 0'000

Related parties	Provision of funds to related parties		Provision of funds to the Company by related parties	
	Amount of transaction	Balance	Amount of transaction	Balance
Panda Electronics Group Limited	—	—	1,316,502.31	6,151,068.84
Nanjing Panda Handa Technology Co., Ltd.	—	—	5,998,080.00	5,998,080.00
Nanjing Electronics (Kunshan) Co. Ltd.	—	2,799,417.23	—	300,000.00
Nanjing Panda Electronics Technology Development Company Limited	—	—	134,000.00	134,000.00
Panda (Beijing) International Information Technology Co., Ltd.	—	—	—	45,588.91
Nanjing Panda Piezoelectric Technology Co., Ltd. (南京熊猫達盛電子科技有限公司)	—	—	—	200.00
Intenna (Nanjing) Co. Ltd.	—	—	-1,868.88	2,175,073.67
Nanjing Panda Electronics Transportation Company	—	—	—	14,562.60
Nanjing Panda Garden Property Management Centre	—	—	-315,829.66	50,483.66
Nanjing Lianhui Communication Technology Company Limited	—	—	4,500.00	4,500.00
Nanjing 21st Century Electronic and Technology Square Company Limited	—	—	-41,100.00	—
Total	0.00	2,799,417.23	7,094,283.77	14,873,557.68

Of which, during the Reporting Period, the appropriated capital provided by the Company to the controlling shareholder and its subsidiaries was nil and the balance amounted to RMB0.

(V) Material guarantees

During the Reporting Period, the amount guaranteed by the Company for its controlled subsidiaries amounted to RMB35,154,400 and the total balance amounted to RMB84,345,000, the details of which are as follows:

As at 30 June 2011, guarantees provided by the Company to its controlled subsidiaries were used to secure the following: bank loan of RMB5,000,000 of Nanjing Panda Mechanical Manufacturing Co. Ltd.; bank loan of RMB5,000,000, acceptance bills of RMB6,440,000 and letter of guarantee of RMB17,300,000 of Nanjing Panda Information Industry Co., Ltd.; bank loan of RMB42,000,000 and acceptance bills of RMB5,605,000 of Nanjing Huage Appliance and Plastic Industrial Co., Ltd.; and acceptance bills of RMB3,000,000 of Nanjing Panda Electronic Manufacture Co., Ltd.

The said guarantees were granted to controlled subsidiaries of the Company, totaling RMB84,345,000, and representing 5.58% of the Company's net assets. Of the controlled subsidiaries above, the gearing ratio of Nanjing Huage Appliance and Plastic Industrial Co., Ltd. was 71.43%, while that of the other companies did not exceed 70%.

The Company did not provide any guarantee to any independent third parties other than its controlled subsidiaries, nor to any controlling shareholder, ultimate controller or its connected parties.

(VI) During the Reporting Period, the Company did not hold shares or securities issued by other listed companies, nor did it acquire equities of unlisted financial enterprises.

(VII) As considered and approved at the 2011 first extraordinary general meeting of the Company held on 18 March 2011, Baker Tilly Hong Kong Limited was appointed as the international auditor of the Company for 2010.

At the annual general meeting held on 30 June 2011, the re-appointment of Vocation International Certified Public Accountants Co., Ltd. and Baker Tilly Hong Kong Limited as domestic and international auditors of the Company for 2011 respectively was considered and approved.

(For details, please refer to the relevant announcements published in Shanghai Securities News and China Securities Journal and on the websites of Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company on 19 March and 1 July 2011.)

(VIII) The audit committee and the senior management of the Company have reviewed the accounting principles and accounting standards and methods adopted by the Company, studied the matters relating to internal control and reviewed the interim results for the Reporting Period. The audit committee is of the opinion that the relevant financial report complies with the applicable accounting standards and laws and that adequate disclosure has been made.

(IX) Other matters

1. Tax policies

The Company is registered in the Nanjing High and New Technology Development Zone which is approved by the State Council as a national high and new technology industry development zone. The Company was approved by the Science and Technology department of Jiangsu Province, Finance Department of Jiangsu Province, State Administration of Taxation of Jiangsu Province and Local Taxation Bureau of Jiangsu Province as a high and new technology enterprise in 2008, thus it is entitled to a preferential enterprise income tax rate treatment of 15% under relevant regulations.

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

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

3. Pre-emptive rights

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

4. Corporate governance

During the Reporting Period, the Company adopted and strived to comply with the Code of Corporate Governance Practice as set out in Appendix 14 to the Listing Rules.

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

During the Reporting Period, the Company adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries with all Directors and all of them have confirmed that they had complied with the Model Code during the Reporting Period.

6. The Company, the Board and its Directors didn't suffer any administrative penalty or public criticism by the China Securities Regulatory Commission or stock exchanges during the Reporting Period.

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

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

(II) Financial statements (Prepared in accordance with the PRC Accounting Standards for Business Enterprises, unaudited)

Consolidated Balance Sheet

30 June 2011

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

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank	**429,846,254.08**	445,346,410.49
Settlement provisions	**—**	—
Placement	**—**	—
Trading financial assets	**—**	—
Bills receivable	**16,170,395.06**	14,315,380.42
Trade receivable	**391,970,024.08**	299,422,237.49
Prepayments	**113,369,976.38**	87,963,018.19
Premiums receivable	**—**	—
Reinsurance receivable	**—**	—
Reinsurance contract reserves	**—**	—
Interest receivable	**—**	—
Dividends receivable	**—**	—
Other receivables	**35,443,758.40**	198,594,325.75
Financial assets purchased for resale	**—**	—
Inventories	**195,284,513.08**	214,361,816.43
Non-current assets due within one year	**—**	—
Other current assets	**—**	—
Total current assets	**1,182,084,921.08**	1,260,003,188.77

Assets	**Closing balance**	Opening balance
Non-current assets:		
Entrusted loans and advances	**—**	—
Available-for-sale financial assets	**—**	—
Held-to-maturity investments	**—**	—
Long-term receivables	**—**	—
Long-term equity investment	**702,271,510.15**	661,484,199.39
Investment properties	**—**	—
Fixed assets	**600,037,308.46**	603,996,401.25
Construction in progress	**10,251,425.04**	3,883,494.92
Construction supplies	**—**	—
Clearance of fixed assets	**—**	—
Biological assets for production	**—**	—
Fuel assets	**—**	—
Intangible assets	**25,178,682.13**	25,966,027.60
Development expenses	**—**	—
Goodwill	**—**	—
Long term deferred expenses	**—**	—
Deferred income tax assets	**5,898,559.53**	6,509,257.63
Other non-current assets	**—**	—
Total non-current assets	**1,343,637,485.31**	1,301,839,380.79
Total assets	**2,525,722,406.39**	2,561,842,569.56

Person in charge of the Company:	*Person in charge of accounting work:*	*Person in charge of Accounting Department:*
Xu Guofei	**Shen Jianlong**	**Wu Yuzhen**

Liabilities and shareholders' equity	**Closing balance**	Opening balance
Current liabilities:		
Short-term loans	**380,748,986.60**	478,000,000.00
Borrowing from the People's Bank of China ("PBOC")	**—**	—
Customer and interbank deposits	**—**	—
Borrowing from interbank	**—**	—
Trading financial liabilities	**—**	—
Bills payable	**38,683,702.57**	42,573,506.11
Accounts payable	**344,378,417.25**	327,198,756.59
Advances from customers	**62,182,241.02**	66,085,651.49
Financial assets sold under repurchase agreements	**—**	—
Bank charges and commissions due	**—**	—
Salaries payable	**37,042,584.55**	44,815,394.10
Taxes payable	**12,747,729.49**	14,962,888.47
Interest payable	**521,752.78**	691,700.00
Dividend Payable	**238,816.60**	238,816.60
Other payables	**123,825,141.25**	99,209,398.33
Reinsurers due	**—**	—
Insurance contract reserves	**—**	—
Security trading of agency	**—**	—
Securities underwriting	**—**	—
Non-current liabilities due within one year	**4,000,000.00**	1,278,668.33
Other current liabilities	**—**	—
Total current liabilities	**1,004,369,372.11**	1,075,054,780.02

Liabilities and shareholders' equity	Closing balance	Opening balance
Non-current liabilities:		
Long term loans	**—**	4,000,000.00
Bonds payables	**—**	—
Long term payables	**—**	—
Specific payables	**—**	—
Accrued liabilities	**—**	—
Deferred income tax liabilities	**61,081.05**	68,911.17
Other non-current liabilities	**—**	—
Total non-current liabilities	**61,081.05**	4,068,911.17
Total liabilities	**1,004,430,453.16**	1,079,123,691.19
Shareholders' equity:		
Share capital	**655,015,000.00**	655,015,000.00
Capital reserve	**467,310,246.52**	467,310,246.52
Less: treasury stock	**—**	—
Special reserve	**—**	—
Surplus reserve	**203,031,623.67**	203,031,623.67
General risk reserve	**—**	—
Undistributed profits	**186,136,852.73**	150,780,310.99
Discounted spread in foreign currency statement	**—**	—
Sub-total of equity attributable to shareholders of the Company	**1,511,493,722.92**	1,476,137,181.18
Minority interests	**9,798,230.31**	6,581,697.19
Total shareholders' equity	**1,521,291,953.23**	1,482,718,878.37
Total liabilities and shareholders' equity	**2,525,722,406.39**	2,561,842,569.56

Person in charge of the Company:	*Person in charge of accounting work:*	*Person in charge of Accounting Department:*
Xu Guofei	**Shen Jianlong**	**Wu Yuzhen**

Consolidated Income Statement
Jan-June 2011

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

Item	**Amount for the period**	Amount for the same period last year
I. Total operating income	**838,146,949.07**	741,785,644.63
Include: Operating income	**838,146,949.07**	741,785,644.63
Interest income	**—**	—
Premiums earned	**—**	—
Income from Bank charges and Commissions	**—**	—
II. Total operating cost	**836,283,151.76**	778,954,884.16
Include: Operating cost	**691,315,411.17**	657,837,656.83
Interest expenses	**—**	—
Bank charges and Commissions	**—**	—
Insurance withdrawal payment	**—**	—
Net payment from indemnity	**—**	—
Net provisions for insurance contract	**—**	—
Insurance policy dividend paid	**—**	—
Reinsurance cost	**—**	—
Business taxes and surcharge	**7,769,667.40**	5,290,553.19
Selling expenses	**17,574,019.98**	17,541,943.42
Administrative expenses	**111,966,209.09**	89,408,344.84
Financial expenses	**11,193,312.83**	10,267,781.73
Loss in assets impairment	**-3,535,468.71**	-1,391,395.85
Add: Income from change in fair value (losses are represented by "—")	**—**	—
Investment income (losses are represented by "—")	**40,787,310.76**	29,288,617.57
Include: Investment income of associates and joint ventures	**—**	—
Exchange gain (losses are represented by "—")	**—**	—

Item	Amount for the period	Amount for the same period last year
III. Operating profit (losses are represented by "—")	**42,651,108.07**	-7,880,621.96
Add: Non-operating income	**6,912,379.77**	9,222,475.73
Less: Non-operating expenses	**753,054.79**	5,318,460.06
Include: Loss from the disposal of non- current assets	**—**	—
IV. Total Profit(losses are represented by "—")	**48,810,433.05**	-3,976,606.29
Less: Income tax expense	**10,237,358.19**	2,945,443.98
V. Net Profit(losses are represented by "—")	**38,573,074.86**	-6,922,050.27
Profit attributable to the equity shareholders of the Company	**35,356,541.74**	-9,429,221.11
Minority interest	**3,216,533.12**	2,507,170.84
VI. Earnings per share:		
(1) Basic earnings per share	**0.0540**	-0.0144
(2) Diluted earnings per share	**0.0540**	-0.0144
VII. Other comprehensive income:	**—**	—
VIII. Total comprehensive income:	**38,573,074.86**	-6,922,050.27
Total comprehensive income attributable to the equity shareholders of the Company	**35,356,541.74**	-9,429,221.11
Total comprehensive income attributable to minority shareholders	**3,216,533.12**	2,507,170.84

Person in charge of the Company:	*Person in charge of accounting work:*	*Person in charge of Accounting Department:*
Xu Guofei	**Shen Jianlong**	**Wu Yuzhen**

Consolidated Cash Flow Statement

Jan-June 2011

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

Item	**Amount for the period**	Amount for the same period last year
I. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	**835,162,170.31**	648,978,363.03
Net increase in customer and interbank deposits	**—**	—
Net increase in borrowing from PBOC	**—**	—
Net cash increase in borrowing from other financial institutes	**—**	—
Cash received from premiums under original insurance contract	**—**	—
Net cash received from reinsurance business	**—**	—
Net increase in deposits of policy holders and investment	**—**	—
Net increase in disposal of trading financial assets	**—**	—
Cash received from interest, bank charges and commissions	**—**	—
Net increase in cash borrowed	**—**	—
Net increase in cash received form repurchase operation	**—**	—
Refunds of taxes	**—**	1,953,053.74
Cash received from relating to other operating activities	**20,527,124.35**	30,975,560.47

Item	Amount for the period	Amount for the same period last year
Sub-total of cash inflows from operating activities	**855,689,294.66**	681,906,977.24
Cash paid on purchase of goods and services received	**640,357,488.51**	601,803,564.80
Net increase in loans and advances	**—**	—
Net increase in deposits in PBOC and interbank	**—**	—
Cash paid for compensation payments under original insurance contract	**—**	—
Cash paid for interest, bank charges and commissions	**—**	—
Cash paid for insurance policy dividend	**—**	—
Cash paid to and on behalf of employees	**134,090,932.60**	111,723,710.60
Cash paid for all types of taxes	**67,045,751.40**	47,900,801.16
Cash paid relating to other operating activities	**63,874,648.15**	131,573,916.31
Sub-total of cash outflows from operating activities	**905,368,820.66**	893,001,992.87
Net cash flows from operating activities	**-49,679,526.00**	-211,095,015.63
II. Cash flows from investing activities:		
Cash received from disposal of investments	**—**	—
Cash received from return on investments	**—**	—
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	**2,077,500.00**	32,000.00
Net cash received from disposal of subsidiaries and other operating entities	**—**	—
Cash received relating to other investment activities	**175,000,000.00**	—

Item	**Amount for the period**	Amount for the same period last year
Sub-total of cash inflows from investing activities	**177,077,500.00**	32,000.00
Cash paid on purchase of fixed assets, intangible assets and other long term assets	**36,342,108.92**	48,909,189.76
Cash paid for investments	**—**	—
Net increase in secured loans	**—**	—
Net cash paid on acquisition of subsidiaries and other operating entities	**—**	—
Cash paid on other investment activities	**—**	425,320.87
Sub-total of cash outflows from investing activities	**36,342,108.92**	49,334,510.63
Net cash flows from investing activities	**140,735,391.08**	-49,302,510.63
III. Cash flows from financing activities:		
Cash received from investment	**—**	—
Including: cash received by subsidiaries from minority shareholders' investment	**—**	—
Cash received from borrowings	**212,356,944.20**	263,339,498.85
Cash received from issuing bonds	**—**	—
Cash received from other financing activities	**—**	—
Sub-total of cash inflows from financing activities	**212,356,944.20**	263,339,498.85
Cash paid on repayment of borrowings	**309,607,957.60**	136,955,731.82
Cash paid on distribution of dividends or profits, or interest expenses	**10,981,967.18**	10,715,115.87
Including: bonus and profit paid to minority shareholders by subsidiaries	**—**	—
Cash paid on other financing activities	**1,313,481.60**	1,278,041.90
Sub-total of cash outflows from financing activities	**321,903,406.38**	148,948,889.59
Net cash flows from financing activities	**-109,546,462.18**	114,390,609.26

Item	**Amount for the period**	Amount for the same period last year
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	**-156,481.19**	-51,083.73
V. Net increase in cash and cash equivalents	**-18,647,078.29**	-146,058,000.73
Add: balance of cash and cash equivalents at the beginning of the period	**390,412,974.25**	560,354,017.93
VI. Balance of cash and cash equivalents at the end of the period	**371,765,895.96**	414,296,017.20

Person in charge of the Company:	*Person in charge of accounting work:*	*Person in charge of Accounting Department:*
Xu Guofei	**Shen Jianlong**	**Wu Yuzhen**

Consolidated Statement of Changes in Owners' Equity

Jan-June 2011

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

Amount for the period

Equity attributable to shareholders of the Company

Item	Share capital	Capital Reserve	Less: treasury stock	Special Reserve	Surplus Reserve	Generic risk reserve	Undistributed Profits	Other	Minority Interest	Total shareholders' equity
I. Balance at the end of last year	655,015,000.00	467,310,246.52	—	—	203,031,623.67	—	150,780,310.99	—	6,581,697.19	1,482,718,878.37
Add: change in accounting policies	—	—	—	—	—	—	—	—	—	—
Correction of Previous Errors	—	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of this 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
III. Change of this year (a decrease is represented by"—")	—	—	—	—	—	—	35,356,541.74	—	3,216,533.12	38,573,074.86
(I) Net profit	—	—	—	—	—	—	35,356,541.74	—	3,216,533.12	38,573,074.86
(II) Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Subtotal of item (I) and (II) above	—	—	—	—	—	—	35,356,541.74	—	3,216,533.12	38,573,074.86
(III) Contribution and reduction of capital by shareholders	—	—	—	—	—	—	—	—	—	—
1. Capital contribution by shareholders	—	—	—	—	—	—	—	—	—	—
2. Amount settled by shares accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—	—
(IV) Profit distribution										
1. Transfer from surplus reserves	—	—	—	—	—	—	—	—	—	—
2. Transfer from generic risk reserves	—	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(V) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—	—	—
3. Compensation of loss from surplus reserve	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(VI) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—	—
(VII) Others	—	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the year	655,015,000.00	467,310,246.52	—	—	203,031,623.67	—	186,136,852.73	—	9,798,230.31	1,521,291,953.23

Person in charge of the Company: **Xu Guofei**

Person in charge of accounting work: **Shen Jianlong**

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

Amount for the same period last year

	Equity attributable to shareholders of the Company									
Item	Share capital	Capital Reserve	Less: treasury stock	Special Reserve	Surplus Reserve	Generic risk reserve	Undistributed Profits	Other	Minority Interest	Total shareholders' equity
I. 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: change in accounting policies	—	—	—	—	—	—	—	—	—	—
Combination of businesses under the same control	—	—	—	—	—	—	—	—	—	—
II. 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
III. Change of this year (a decrease is represented by"—")	—	—	—	—	—	—	-9,429,221.11	—	2,075,845.51	-7,353,375.60
(I) Net profit	—	—	—	—	—	—	-9,429,221.11	—	2,507,170.84	-6,922,050.27
(II) Other comprehensive income	—	—	—	—	—	—				
Subtotal of item (I) and (II) above	—	—	—	—	—	—	-9,429,221.11	—	2,507,170.84	-6,922,050.27
(III) Contribution and reduction of capital by shareholders	—	—	—	—	—	—	—	—	-431,325.33	-431,325.33
1. Capital contribution by shareholders	—	—	—	—	—	—	—	—	—	—
2. Amount settled by shares accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	-431,325.33	-431,325.33
(IV) Profit distribution	—	—	—	—	—	—	—	—	—	—
1. Transfer from surplus reserves	—	—	—	—	—	—	—	—	—	—
2. Transfer from generic risk reserves	—	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(V) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—	—	—
3. Compensation of loss from surplus reserve	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—	—
(VI) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—	—
(VII) Others	—	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the year	655,015,000.00	465,369,977.77	—	—	202,784,405.42	—	132,405,912.70	—	13,861,244.34	1,469,436,540.23

Person in charge of the Company:	*Person in charge of accounting work:*	*Person in charge of Accounting Department:*
Xu Guofei	**Shen Jianlong**	**Wu Yuzhen**

Balance Sheet
30 June 2011

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

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank	**84,931,672.16**	177,092,185.38
Settlement provisions	**—**	—
Placement	**—**	—
Trading financial assets	**—**	—
Bills receivable	**—**	8,191,664.12
Trade receivable	**35,290,912.19**	20,161,387.76
Prepayments	**17,687,168.17**	19,225,352.41
Premiums receivable	**—**	—
Reinsurance receivable	**—**	—
Reinsurance contract reserves	**—**	—
Interest receivable	**—**	—
Dividends receivable	**3,860,963.25**	3,860,963.25
Other receivables	**153,012,969.80**	353,115,124.30
Financial assets purchased for resale	**—**	—
Inventories	**9,625,959.10**	10,677,225.06
Non-current assets due within one year	**—**	—
Other current assets	**—**	—
Total current assets	**304,409,644.67**	592,323,902.28

Assets	**Closing balance**	Opening balance
Non-current assets:		
Entrusted loans and advances	**—**	—
Available-for-sale financial assets	**—**	—
Held-to-maturity investments	**—**	—
Long-term receivables	**—**	—
Long-term equity investment	**1,258,451,252.50**	1,014,413,941.74
Investment properties	**—**	—
Fixed assets	**377,112,784.17**	385,055,834.67
Construction in progress	**9,919,402.49**	1,191,304.57
Construction supplies	**—**	—
Clearance of fixed assets	**—**	—
Biological assets for production	**—**	—
Fuel assets	**—**	—
Intangible assets	**13,193,315.33**	13,802,074.43
Development expenses	**—**	—
Goodwill	**—**	—
Long term deferred expenses	**—**	—
Deferred income tax assets	**—**	—
Other non-current assets	**—**	—
Total non-current assets	**1,658,676,754.49**	1,414,463,155.41
Total assets	**1,963,086,399.16**	2,006,787,057.69

Person in charge of the Company:	*Person in charge of accounting work:*	*Person in charge of Accounting Department:*
Xu Guofei	**Shen Jianlong**	**Wu Yuzhen**

Liabilities and shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short-term loans	**300,000,000.00**	425,000,000.00
Borrowing from PBOC	**—**	—
Customer and interbank deposits	**—**	—
Borrowing from interbank	**—**	—
Trading financial liabilities	**—**	—
Bills payable	**3,597,070.93**	8,438,681.17
Accounts payable	**23,100,954.95**	24,718,867.25
Advances from customers	**321,118.39**	876,200.00
Financial assets sold under repurchase agreements	**—**	—
Bank charges and Commissions due	**—**	—
Salaries payable	**23,559,740.10**	28,853,680.80
Taxes payable	**5,754,003.33**	3,707,100.84
Interest payable	**521,752.78**	691,700.00
Dividend Payable	**—**	—
Other payables	**237,606,185.49**	133,119,922.49
Reinsurers due	**—**	—
Insurance contract reserves	**—**	—
Security trading of agency	**—**	—
Securities underwriting	**—**	—
Non-current liabilities due within one year	**4,000,000.00**	—
Other current liabilities	**—**	—
Total current liabilities	**598,460,825.97**	625,406,152.55

Liabilities and shareholders' equity	Closing balance	Opening balance
Non-current liabilities:		
Long term loans	**—**	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
Total liabilities	**598,460,825.97**	629,406,152.55
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**	203,031,623.67
General risk reserve	**—**	—
Undistributed profits	**68,890,198.21**	81,645,530.16
Discounted spread in foreign currency statement	**—**	—
Total shareholders' equity	**1,364,625,573.19**	1,377,380,905.14
Total liabilities and shareholders' equity	**1,963,086,399.16**	2,006,787,057.69

Person in charge of the Company:	*Person in charge of accounting work:*	*Person in charge of Accounting Department:*
Xu Guofei	**Shen Jianlong**	**Wu Yuzhen**

Income Statement

Jan-June 2011

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

Item	Amount for the period	Amount for the same period last year
I. Total operating income	**42,786,494.23**	91,333,186.48
Include: Operating income	**42,786,494.23**	91,333,186.48
Interest income	**—**	—
Premiums earned	**—**	—
Income from bank charges and commissions	**—**	—
II. Total operating cost	**98,040,910.64**	161,281,795.78
Include: Operating cost	**28,934,525.04**	87,378,892.66
Interest expenses	**—**	—
Bank charges and commissions	**—**	—
Insurance withdrawal payment	**—**	—
Net payment from indemnity	**—**	—
Net provisions for insurance contract	**—**	—
Insurance policy dividend paid	**—**	—
Reinsurance cost	**—**	—
Business taxes and surcharge	**758,058.81**	723,727.88
Selling expenses	**4,320,037.20**	4,474,654.47
Administrative expenses	**66,870,907.57**	59,181,515.53
Financial expenses	**8,974,592.33**	7,907,304.85
Loss in assets impairment	**-11,817,210.31**	1,615,700.39
Add: Income from change in fair value (losses are represented by "—")	**—**	—
Investment income (losses are represented by "—")	**40,787,310.76**	47,708,949.12
Include: Investment income of associates and joint ventures	**—**	—
Exchange gain (losses are represented by "—")	**—**	—

Item	**Amount for the period**	Amount for the same period last year
III. Operating profit (losses are represented by "—")	**-14,467,105.65**	-22,239,660.18
Add: Non-operating income	**2,163,588.99**	3,015,104.60
Less: Non-operating expenses	**451,815.29**	53,205.37
Include: Loss from the disposal of non-current assets	**—**	—
IV. Total Profit(losses are represented by "—")	**-12,755,331.95**	-19,277,760.95
Less: Income tax expense		
V. Net Profit(losses are represented by "—")	**-12,755,331.95**	-19,277,760.95
VI. Other comprehensive income:	**—**	—
VII. Total comprehensive income:	**-12,755,331.95**	-19,277,760.95

Person in charge of the Company:	*Person in charge of accounting work:*	*Person in charge of Accounting Department:*
Xu Guofei	**Shen Jianlong**	**Wu Yuzhen**

Cash Flow Statement
Jan-June 2011

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

Item	**Amount for the period**	Amount for the same period last year
I. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	**23,170,324.09**	56,639,513.31
Net increase in customer and interbank deposits	**—**	—
Net increase in borrowing from PBOC	**—**	—
Net cash increase in borrowing from other financial institutes	**—**	—
Cash received from premiums under original insurance contract	**—**	—
Net cash received from reinsurance business	**—**	—
Net increase in deposits of policy holders and investment	**—**	—
Net increase in disposal of trading financial assets	**—**	—
Cash received from interest, bank charges and commissions	**—**	—
Net increase in cash borrowed	**—**	—
Net increase in cash received form repurchase operation	**—**	—
Refunds of taxes	**—**	—
Cash received from relating to other operating activities	**147,848,568.90**	75,222,442.15
Sub-total of cash inflows from operating activities	**171,018,892.99**	131,861,955.46

Item	**Amount for the period**	Amount for the same period last year
Cash paid on purchase of goods and services received	**20,498,780.98**	52,038,056.94
Net increase in loans and advances	**—**	—
Net increase in deposits in PBOC and interbank	**—**	—
Cash paid for compensation payments under original insurance contract	**—**	—
Cash paid for interest, bank charges and commissions	**—**	—
Cash paid for insurance policy dividend	**—**	—
Cash paid to and on behalf of employees	**48,731,696.10**	41,028,565.04
Cash paid for all types of taxes	**2,298,709.12**	11,378,047.80
Cash paid relating to other operating activities	**47,358,294.89**	219,720,529.40
Sub-total of cash outflows from operating activities	**118,887,481.09**	324,165,199.18
Net cash flows from operating activities	**52,131,411.90**	-192,303,243.72

Item	**Amount for the period**	Amount for the same period last year
II. Cash flows from investing activities:		
Cash received from disposal of investments	**30,000,000.00**	—
Cash received from return on investments	**—**	13,382,469.53
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	**1,897,500.00**	—
Net cash received from disposal of subsidiaries and other operating entities	**—**	1,039,300.00
Cash received relating to other investment activities	**—**	—
Sub-total of cash inflows from investing activities	**31,897,500.00**	14,421,769.53
Cash paid on purchase of fixed assets, intangible assets and other long term assets	**10,736,529.07**	25,340,992.71
Cash paid for investments	**30,000,000.00**	20,483,249.50
Net increase in secured loans	**—**	—
Net cash paid on acquisition of subsidiaries and other operating entities	**—**	—
Cash paid on other investment activities	**—**	—
Sub-total of cash outflows from investing activities	**40,736,529.07**	45,824,242.21
Net cash flows from investing activities	**-8,839,029.07**	-31,402,472.68

Item	**Amount for the period**	Amount for the same period last year
III. Cash flows from financing activities:		
Cash received from investment	**—**	—
Including: cash received by subsidiaries from minority shareholders' investment	**—**	—
Cash received from borrowings	**170,000,000.00**	195,000,000.00
Cash received from issuing bonds	**—**	—
Cash received from other financing activities	**—**	4,749,352.82
Sub-total of cash inflows from financing activities	**170,000,000.00**	199,749,352.82
Cash paid on repayment of borrowings	**295,000,000.00**	100,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	**9,551,966.67**	9,970,646.00
Including: bonus and profit paid to minority shareholders by subsidiaries	**—**	—
Cash paid on other financing activities	**—**	—
Sub-total of cash outflows from financing activities	**304,551,966.67**	109,970,646.00
Net cash flows from financing activities	**-134,551,966.67**	89,778,706.82
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	**-124.25**	44.28
V. Net increase in cash and cash equivalents	**-91,259,708.09**	-133,926,965.30
Add: balance of cash and cash equivalents at the beginning of the period	**151,591,454.98**	293,955,551.88
VI. Balance of cash and cash equivalents at the end of the period	**60,331,746.89**	160,028,586.58

Person in charge of the Company:	*Person in charge of accounting work:*	*Person in charge of Accounting Department:*
Xu Guofei	**Shen Jianlong**	**Wu Yuzhen**

Statement of Changes in Owners' Equity

Jan-June 2011

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

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

Person in charge of the Company: **Xu Guofei**

Person in charge of accounting work: **Shen Jianlong**

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

Item	Share capital	Capital Reserve	Less: treasury stock	Special Reserve	Surplus Reserve	Generic risk reserve	Undistributed Profits	Other	Total shareholders' equity
	Amount for the same period last year								
I. 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: change in accounting policies	—	—	—	—	—	—	—	—	—
Correction of Previous Errors	—	—	—	—	—	—	—	—	—
II. 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
III. Change of this year (a decrease is represented by"—")	—	—	—	—	—	—	-19,277,760.95	—	-19,277,760.95
(I) Net profit	—	—	—	—	—	—	-19,277,760.95	—	-19,277,760.95
(II) Other comprehensive income	—	—	—	—	—	—	—	—	—
Subtotal of item (I) and (II) above	—	—	—	—	—	—	-19,277,760.95	—	-19,277,760.95
(III) Contribution and reduction of capital by shareholders	—	—	—	—	—	—	—	—	—
1. Capital contribution by shareholders	—	—	—	—	—	—	—	—	—
2. Amount settled by shares accounted for in shareholders' equity	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—
(IV) Profit distribution	—	—	—	—	—	—	—	—	—
1. Transfer from surplus reserves	—	—	—	—	—	—	—	—	—
2. Transfer from generic risk reserves	—	—	—	—	—	—	—	—	—
3. Distribution to shareholders	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—
(V) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—	—	—	—	—
3. Compensation of loss from surplus reserve	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—	—	—
(VI) Transfer and use of special reserve	—	—	—	—	—	—	—	—	—
1. Transfer in current period	—	—	—	—	—	—	—	—	—
2. Use in current period	—	—	—	—	—	—	—	—	—
(VII) Others	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the year	655,015,000.00	437,688,751.31	—	—	202,784,405.42	—	60,142,805.01	—	1,355,630,961.74

Person in charge of the Company:	*Person in charge of accounting work:*	*Person in charge of Accounting Department:*
Xu Guofei	**Shen Jianlong**	**Wu Yuzhen**

(III) Notes to the statements

1. There were no changes in the accounting policies and accounting estimates for the Reporting Period, as compared with the latest annual report.

2. Nanjing Electronic Technology Development Co., Ltd. was included in the consolidated financial statements for the Reporting Period, as compared with the latest annual report.

VII. DOCUMENTS AVAILABLE FOR INSPECTION

1 The 2011 Interim Report signed by the Chairman of the Board;

2 The financial report signed and stamped by the person in charge of the Company, the person in charge of accounting work and the person in charge of Accounting Department (person in charge of accounting matters) of the Company;

3 All announcements publicly disclosed in Shanghai Securities News and China Securities Journal, and on the websites of Shanghai Stock Exchange and the Hong Kong Stock Exchange during the Reporting Period;

4 The articles of association of the Company; and

5 The 2011 Interim Report published in Hong Kong and Shanghai securities markets.

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

Nanjing, the PRC
30 August 2011

As at the date of announcement, the Board comprises: 1. Non-executive Directors: Mr. Lai Weide, Mr. Xu Guofei, Mr. Zhu Lifeng, Mr. Deng Weiming, Mr. Lu Qing and Mr. Jason Hsuan; 2. Independent Non-executive Directors: Mr. Cai Lianglin, Mr. Ma Chung Lai, Lawrence and Mr. Tang Yousong.