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南京熊猫电子股份有限公司

NANJING PANDA ELECTRONICS COMPANY LIMITED

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

(Stock Code: 00553)

SUMMARY OF 2015 INTERIM REPORT

I. IMPORTANT NOTICE

1.1 The summary of the results for the six months ended 30 June 2015 (the "Reporting Period") of Nanjing Panda Electronics Company Limited (the "Company") and its subsidiaries (the "Group") is set out below. The financial statements of this report are unaudited. The summary of 2015 Interim Report is based on the full-length 2015 Interim Report. Should investors wish to learn about the details, please refer to the complete version of the Interim Report simultaneously posted on the China Securities Regulatory Commission ("CSRC") designated websites, such as the Shanghai Stock Exchange website.

1.2 Company profile

Overview of corporate stock

Category of stock	the stock exchange on which the shares are listed	Stock abbreviation	Stock code	Stock abbreviation before changes
A Share(s)	Shanghai Stock Exchange	NPEC	600775	N/A
H Share(s)	Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange")	NPEC	00553	N/A

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II. MAJOR FINANCIAL DATA AND SHAREHOLDERS' INFORMATION

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

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2015

(Expressed in Renminbi)

		Six months ended 30 June	
		2015	2014
		(unaudited)	(unaudited and restated)
	Note	RMB'000	RMB'000
Turnover	4	1,628,881	1,552,393
Cost of sales		<u>(1,409,055)</u>	<u>(1,352,241)</u>
Gross profit		219,826	200,152
Other income and net gains	5	6,120	32,486
Distribution costs		(22,080)	(22,852)
Administrative expenses		<u>(189,845)</u>	<u>(172,639)</u>
Operating profit		14,021	37,147
Finance income, net		13,576	17,211
Share of profits of associates		<u>97,386</u>	<u>67,463</u>
Profit before taxation	6	124,983	121,821
Income tax expense	7	<u>(15,391)</u>	<u>(12,552)</u>
Profit and total comprehensive income for the period		<u>109,592</u>	<u>109,269</u>

		Six months ended 30 June	
		2015	2014
		(unaudited)	(unaudited and restated)
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>
Attributable to:			
	Equity holders of the Company	87,626	85,735
	Non-controlling interests	21,966	23,534
		109,592	109,269
Earnings per share (<i>RMB cents</i>)			
	- Basic and diluted	9.59	9.38

Condensed consolidated balance sheet
As at 30 June 2015
(Expressed in Renminbi)

		30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Land use rights		71,601	72,416
Property, plant and equipment		957,611	906,954
Investment properties		16,763	16,176
Associates		599,096	501,710
Available-for-sale equity securities		3,650	3,650
Capitalised development cost		24,778	17,593
Deferred tax assets		6,750	6,760
		1,680,249	1,525,259
Current assets			
Inventories		392,916	279,439
Trade and bills receivables	10	1,197,892	931,497
Amounts due from customers for Construction Contracts		174,460	231,131
Deposits, prepayments and other receivables		310,510	278,816
Other financial assets	11	481,000	550,000
Restricted bank deposits	12	132,876	115,626
Cash and cash equivalents		730,243	712,357
		3,419,897	3,098,866
Total assets		5,100,146	4,624,125

		30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13	913,839	913,839
Share premium and reserves		2,293,327	2,265,114
		3,207,166	3,178,953
Non-controlling interests		215,577	204,508
Total equity		3,422,743	3,383,461

		30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
LIABILITIES			
Non-current liabilities			
Other payables		21,808	17,251
Deferred tax liabilities		115	155
		<u>21,923</u>	<u>17,406</u>
Current liabilities			
Bank and other borrowings	14	225,362	113,633
Trade payables	15	980,636	772,053
Accruals and other payables		443,607	322,686
Tax payable		5,875	14,886
		<u>1,655,480</u>	<u>1,223,258</u>
Total liabilities		<u>1,677,403</u>	<u>1,240,664</u>
Total equity and liabilities		<u>5,100,146</u>	<u>4,624,125</u>
Net current assets		<u>1,764,417</u>	<u>1,875,608</u>
Total assets less current liabilities		<u>3,444,666</u>	<u>3,400,867</u>

Notes:

1. General information

Nanjing Panda Electronics Company Limited (the “Company”) was established as a joint stock company with limited liability in the People’s Republic of China (the “PRC”) on 29 April 1992. The Company’s H shares have been listed on The Stock Exchange of Hong Kong Limited since 2 May 1996 and its A shares have been listed on the Shanghai Stock Exchange since 18 November 1996. The registered office of the Company is located at Level 1-2, Block 5, North Wing, Nanjing High and New Technology Development Zone, Nanjing, Jiangsu Province, the PRC. On 25 March 2015, the principal place of business of the Company was changed from 301 Zhongshan Road East, Nanjing, Jiangsu Province, the PRC to 7 Jingtian Road, Nanjing, Jiangsu Province, the PRC.

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

The directors consider the immediate parent and ultimate controlling company of the Company to be Panda Electronics Group Limited (“PEGL”) and China Electronic Corporation (“CEC”), respectively. Both PEGL and CEC are PRC state-owned enterprises.

2. Basis of preparation

The interim financial information has been prepared in accordance with Hong Kong Accounting Standards (“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 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 2014, 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 2015. Details of these changes in accounting policies are set out in note 3.

In November 2014, the Company completed the acquisition of an additional 5.07% equity interest in Shenzhen Jinghua Electronics Co., Ltd. (“Shenzhen Jinghua”) from the ultimate holding company at a total cash consideration of RMB50,366,000 and, as a result, the Company’s equity interest in Shenzhen Jinghua has increased from 38.03% to 43.10% and the Company is able to control a majority of the board of directors of Shenzhen Jinghua. Shenzhen Jinghua, previously an associate of the Company prior to the completion of the acquisition, has become a subsidiary of the Company. This transaction was regarded as a business combination under common control as the Company and Shenzhen Jinghua are controlled by PEGGL both before and after the aforesaid acquisition, and has been accounted for in accordance with the Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA. The comparative figures in this interim financial information have been restated in order to include the results of Shenzhen Jinghua since the date of which first came under common control. Details of adjustments for the common control combination on the Group’s results for the six months ended 30 June 2014 are set out in note 16.

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

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the publication of the 2014 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial information is unaudited but has been reviewed by the Company’s Audit Committee.

3. Application of new and revised HKFRSs

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

- Annual improvements to HKFRSs 2010-2012 cycle
- Annual improvements to HKFRSs 2011-2013 cycle

The adoption of these amendments has had no effect on the Group's consolidated financial statements.

Up to the date of issue of this interim financial information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 31 December 2015 and which have not been adopted in the interim financial information. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38, Classification of acceptable methods of depreciation and amortisation	1 January 2016
HKFRS 15, Revenue from contracts with customers	1 January 2017
HKFRS 9, Financial instruments	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application, but is not yet in a position to state whether these amendments and new standards would have a significant impact on the Group's consolidated financial statements.

4. Revenue and segmental information

The Group determines its operating segments based on the internal financial information reviewed by the board of directors of the Company that are used to make strategic decisions. For the six months ended 30 June 2015, the Group has the following reportable segments:

- | | | |
|-------|------------------------------------|---|
| (i) | Electronic equipment products: | Development, production and sale of electronic equipment products |
| (ii) | Consumer electronic products: | Development, production and sale of consumer electronic products |
| (iii) | Electronic manufacturing products: | Development, production and sale of electronic manufacturing products |

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

Segment assets include all non-current and current assets with the exception of interests in associates, available-for-sale equity securities, other financial assets and other corporate assets. Segment liabilities include 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 and liabilities by reportable segments for the six months ended 30 June 2015:

Six months ended 30 June 2015

	Electronic equipment products (unaudited) <i>RMB'000</i>	Consumer electronic products (unaudited) <i>RMB'000</i>	Electronic manufacturing products (unaudited) <i>RMB'000</i>	Other operations (unaudited) <i>RMB'000</i>	Elimination (unaudited) <i>RMB'000</i>	Consolidated (unaudited) <i>RMB'000</i>
Revenue						
External sales	794,035	258,063	485,194	91,589	-	1,628,881
Internal sales	52,383	11,620	7,396	20,425	(91,824)	-
Total	<u>846,418</u>	<u>269,683</u>	<u>492,590</u>	<u>112,014</u>	<u>(91,824)</u>	<u>1,628,881</u>
Operating profit or loss						
Segmental profits	<u>26,845</u>	<u>2,495</u>	<u>22,472</u>	<u>25,386</u>	<u>(10,549)</u>	66,649
Unallocated corporate expenses						(52,628)
Interest income						16,133
Interest expense						(2,557)
Share of profits of associates						97,386
Income tax expense						<u>(15,391)</u>
Profit for the period						<u>109,592</u>

At 30 June 2015

	Electronic equipment products (unaudited) <i>RMB'000</i>	Consumer electronic products (unaudited) <i>RMB'000</i>	Electronic manufacturing products (unaudited) <i>RMB'000</i>	Other operations (unaudited) <i>RMB'000</i>	Elimination (unaudited) <i>RMB'000</i>	Consolidated (unaudited) <i>RMB'000</i>
Assets						
Segment assets	2,569,161	242,038	792,488	501,226	(578,533)	3,526,380
Associates						599,096
Available-for-sale equity securities						3,650
Other financial assets						481,000
Unallocated corporate assets						490,020
						<hr/>
Consolidated total assets						<u><u>5,100,146</u></u>
Liabilities						
Segment liabilities	1,184,741	117,541	370,104	129,420	(315,442)	1,486,364
Unallocated corporate liabilities						191,039
						<hr/>
Consolidated total liabilities						<u><u>1,677,403</u></u>

Six months ended 30 June 2014

	Electronic equipment products (unaudited and restated) <i>RMB'000</i>	Consumer electronic products (unaudited and restated) <i>RMB'000</i>	Electronic manufacturing products (unaudited and restated) <i>RMB'000</i>	Other operations (unaudited and restated) <i>RMB'000</i>	Elimination (unaudited and restated) <i>RMB'000</i>	Consolidated (unaudited and restated) <i>RMB'000</i>
Revenue						
External sales	653,401	369,227	460,820	68,945	-	1,552,393
Internal sales	70,472	25,796	7,000	27,493	(130,761)	-
Total	<u>723,873</u>	<u>395,023</u>	<u>467,820</u>	<u>96,438</u>	<u>(130,761)</u>	<u>1,552,393</u>
Operating profit or loss						
Segmental profit	<u>65,455</u>	<u>7,405</u>	<u>14,492</u>	<u>29,291</u>	<u>(29,190)</u>	87,453
Unallocated corporate expenses						(50,306)
Interest income						18,864
Interest expense						(1,653)
Share of profits of associates						67,463
Income tax expense						<u>(12,552)</u>
Profit for the period						<u>109,269</u>

At 31 December 2014

	Electronic equipment products (audited) <i>RMB'000</i>	Consumer electronic products (audited) <i>RMB'000</i>	Electronic manufacturing products (audited) <i>RMB'000</i>	Other operations (audited) <i>RMB'000</i>	Elimination (audited) <i>RMB'000</i>	Consolidated (audited) <i>RMB'000</i>
Assets						
Segment assets	2,179,124	351,166	748,238	489,669	(740,039)	3,028,158
Associates						501,710
Available-for-sale equity securities						3,650
Other financial assets						550,000
Unallocated corporate assets						540,607
						<u>540,607</u>
Consolidated total assets						<u><u>4,624,125</u></u>
Liabilities						
Segment liabilities	846,673	201,994	340,259	195,148	(394,804)	1,189,270
Unallocated corporate liabilities						51,394
						<u>51,394</u>
Consolidated total liabilities						<u><u>1,240,664</u></u>

5. *Other income and net gains*

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited
	RMB'000	and restated)
		RMB'000
Other income		
Rental and property management fee income	2,157	1,802
Government grants	2,648	26,603
Gain on deregistration of a subsidiary	–	3,635
Sundry income	287	230
	<u>5,092</u>	<u>32,270</u>
Other net gains		
Exchange gains	1,640	380
Loss on disposals of property, plant and equipment	(612)	(164)
	<u>1,028</u>	<u>216</u>
	<u>6,120</u>	<u>32,486</u>

6. Profit before taxation

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

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited and restated)
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	35,050	30,791
Depreciation of investment properties	5,462	4,599
Amortisation of land use rights	815	815
Provision for impairment of inventories	1,008	9,733
Impairment losses recognised/(reversed) on		
– Trade receivables	(876)	(666)
– Other receivables	532	(157)
	<u>532</u>	<u>(157)</u>

7. Income tax expense

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited and restated)
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
– PRC enterprise income tax	13,840	12,040
– Under-provision in previous years	1,580	2,080
	<u>15,420</u>	<u>14,120</u>
Deferred tax		
– attributable to the origination and reversal of temporary differences	(29)	(1,568)
	<u>15,391</u>	<u>12,552</u>

PRC enterprise income tax is charged at the statutory rate of 25% (six months ended 30 June 2014: 25%) of the assessable income as determined with the relevant tax rules and regulations of the PRC, except that the Company and certain subsidiaries in the PRC are subject to a preferential tax rate of 15% or 20% (six months ended 30 June 2014 as restated: 15% or 20%).

8. *Earnings per share*

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2015 of RMB87,626,000 (six months ended 30 June 2014 as restated: RMB85,735,000) and the weighted average number of 913,839,000 (six months ended 30 June 2014: 913,839,000) shares in issue throughout the period.

The diluted earnings per share for the six months ended 30 June 2015 and 2014 were the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2015 and 2014.

9. *Dividends*

Final dividend of RMB66 cents per ten shares (year ended 31 December 2013: RMB66 cents per ten shares) in respect of the year ended 31 December 2014 was approved on 30 March 2015.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: RMBnil).

10. Trade and bills receivables

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

The following is an ageing analysis of trade receivables:

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Within 1 year	1,018,570	816,832
1 to 2 years	162,449	82,576
2 to 3 years	12,353	27,300
Over 3 years	4,520	4,789
	<u>1,197,892</u>	<u>931,497</u>

11. Other financial assets

At 30 June 2015, other financial assets of the Group amounting to RMB481,000,000 (31 December 2014: RMB550,000,000) represented short-term wealth management products managed by banks in the PRC which undertake return of principal and income yield of 2.6%–5% (31 December 2014: 2.86%–5.6%) per annum upon maturity.

12. *Restricted bank deposits*

The restricted bank deposits are pledged for:

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Bills payables	84,928	81,981
Performance bonds given by banks to customers in respect of projects undertaken	47,948	33,645
	<u>132,876</u>	<u>115,626</u>

13. *Share capital*

	30 June 2015 (unaudited)		31 December 2014 (audited)	
	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value RMB'000
Registered, issued and fully paid:				
- A Shares of RMB1.00 each	671,839	671,839	671,839	671,839
- H Shares of RMB1.00 each	242,000	242,000	242,000	242,000
	<u>913,839</u>	<u>913,839</u>	<u>913,839</u>	<u>913,839</u>

14. *Bank and other borrowings*

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Short term bank loans	40,000	30,000
Other short term loans	40,000	–
Bills payable, secured	145,362	83,633
	225,362	113,633

Bills payable were secured by restricted bank deposits (see note 12).

Other short term loans represented the loans borrowed from a fellow subsidiary of the company, being a financial institution in the PRC.

15. *Trade payables*

The following is an ageing analysis of trade payables:

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Within 1 year	914,359	697,256
1 to 2 years	44,389	33,570
2 to 3 years	1,939	9,980
Over 3 years	19,949	31,247
	980,636	772,053

16. Business combination under common control

Details of adjustments for common control combination of Shenzhen Jinghua (see note 2) on the Group's results for the six month ended 30 June 2014 are as follows:

	As previously reported <i>RMB'000</i>	Shenzhen Jinghua <i>RMB'000</i>	Adjustments <i>RMB'000</i>	As restated <i>RMB'000</i>
Turnover	<u>1,151,055</u>	<u>401,338</u>	<u>-</u>	<u>1,552,393</u>
Profit before taxation	91,281	42,828	(12,288)	121,821
Income tax expense	<u>(5,270)</u>	<u>(7,282)</u>	<u>-</u>	<u>(12,552)</u>
Profit for the period	<u>86,011</u>	<u>35,546</u>	<u>(12,288)</u>	<u>109,269</u>
Earnings per share (<i>RMB cents</i>)				
- Basic and diluted	<u>9.31</u>	<u>1.41</u>	<u>(1.34)</u>	<u>9.38</u>

Note:

The above adjustments mainly represent the deemed disposal of the Company's existing 38.03% equity interests held in Shenzhen Jinghua as previously recorded as an interest in associate. No other significant adjustments were made to the net profit of any entities of the Group as a result of the common control combination to achieve consistency of accounting policies.

17. *Contingent liabilities*

The Group had the following contingent liabilities:

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Performance bonds given by banks to customers in respect of projects undertaken	47,948	33,645

18. *Capital commitments*

At 30 June 2015, outstanding capital commitments not provided for in the financial statements are as follows:

	30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
Contracted for – Property, plant and equipment	67,226	79,465

2.2 Major financial data of the company (prepared in accordance with the PRC Accounting Standards for Business Enterprises) (unaudited)

Unit: Yuan Currency: RMB

	At the end of Reporting Period (30 June 2015)	At the end of last year		Changes from the end of previous year (%)
		After adjustment (31 December 2014)	Before adjustment (31 December 2014)	
Total assets	5,100,144,590.12	4,624,124,678.17	4,624,124,678.17	10.29
Net assets attributable to shareholders of the listing Company	3,207,165,208.46	3,178,952,959.93	3,178,952,959.93	0.89
	Corresponding period of previous year			Changes from corresponding period of previous year (%)
	Reporting Period (Jan.-Jun. 2015)	After adjustment (Jan.-Jun. 2014)	Before adjustment (Jan.-Jun. 2014)	
Net cash flow from operating activities	-32,840,266.46	-70,630,298.06	-65,418,352.79	N/A
Operating income	1,647,734,769.34	1,569,441,842.81	1,164,508,418.29	4.99
Net profits attributable to shareholders of the listing Company	87,625,888.80	85,735,225.24	85,116,408.79	2.21
Net profits attributable to shareholders of the listing Company after deduction of extraordinary items	77,166,706.56	56,377,869.13	56,377,869.13	36.87
Weighted average return on net assets (%)	2.72	2.71	2.70	Increased by 0.01 percentage point
Basic earnings per share (RMB/share)	0.0959	0.0938	0.0931	2.21
Diluted earnings per share (RMB/share)	0.0959	0.0938	0.0931	2.21

2.3 Total number of shareholders, shareholdings of the top ten shareholders and shareholdings of the top ten tradable-shareholders (or holders of shares not subject to trading moratorium) as at the end of the Reporting Period

Unit: share

Total number of shareholders as at the end of the Reporting Period (*account*) 39,249

Shareholdings of top ten shareholders

Name of shareholders	Nature of shareholders	Percentage of shareholding (%)	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 legal person	33.67	307,645,508	0	Pledged 93,880,000
HKSCC (Nominees) Limited	Overseas legal person	26.41	241,315,569	0	Unknown
Nanjing Electronics Information Industrial Corporation (NEIIC)	State-owned legal person	4.29	39,215,686	39,215,686	Unknown
National Social Security Fund 114	Others	0.60	5,452,900	0	Unknown
South Industry Assets Management Co., Ltd	State-owned legal person	0.55	5,000,000	0	Unknown
China Construction Bank - Huaxia Bank Dividend-Hybrid Open-ended Securities Investment Fund	Others	0.50	4,549,894	0	Unknown
Yuan Renquan	Domestic natural person	0.39	3,561,901	0	Unknown
Zhang Qunying	Domestic natural person	0.35	3,234,788	0	Unknown
Li Na	Domestic natural person	0.32	2,930,313	0	Unknown
Wan Guopeng	Domestic natural person	0.29	2,622,402	0	Unknown

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

NEIIC holds 56.85% of shares of PEGL, the controlling shareholder of the Company, and directly holds 39,215,686 shares of the Company, representing 4.29% of the total number of shares. NEIIC directly and indirectly holds 37.96% of the shares of the Company. There is no connected relationship or party acting in concert among PEGL and other shareholders. The Company is not aware of any other connected relationship or party acting in concert among other shareholders.

Notes:

- (1) 167,350,000 shares held by PEGL were pledged on 22 January 2014. PEGL released the pledge of 50,000,000 shares on 12 May 2015 and 23,470,000 shares on 26 June 2015. As of 30 June 2015, 93,880,000 shares held by PEGL were pledged. For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 23 January 2014, 14 May 2015 and 30 June 2015 and on the website of the Hong Kong Stock Exchange on 22 January 2014, 13 May 2015 and 29 June 2015.
- (2) HKSCC (Nominees) Limited held 241,315,569 H shares of the Company, representing 26.41% of the issued share capital of the Company, on behalf of several clients. The Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.
- (3) Between 5 June 2015 and 16 June 2015, PEGL reduced its shareholdings in the Company by 27,069,492 shares via the Shanghai Stock Exchange trading system, representing 2.96% of the total share capital of the Company. Before the reduction, PEGL held 334,715,000 shares of the Company, representing 36.63% of the total share capital of the Company; after the reduction, PEGL holds 307,645,508 shares, representing 33.67% of the total share capital.
- (4) On 17 July 2015 and 20 July 2015, NEIIC increased its shareholdings in the Company by a total of 1,494,625 A shares under the Custody of Specific Asset Scheme, representing 0.16% of the total share capital of the Company. After the increase, PEGL holds 40,710,311 A shares of the Company, representing 4.45% of the total share capital. For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 10 July 2015 and 21 July 2015 and on the website of the Hong Kong Stock Exchange on 9 July 2015 and 20 July 2015.

(5) The equity restructuring of PEGL is being carried out by the shareholders.

After the deliberation of the board and the general meeting of shareholders of PEGL, it was agreed that PEGL's shareholder China Huarong Asset Management Co., Ltd. (the "China Huarong") would reduce its contribution to the registered capital of PEGL by RMB466.46 million; PEGL's shareholder China Great Wall Aseet Management Corporation (the "China Great Wall") would reduce its contribution to the registered capital of PEGL by RMB79.83 million; capital contribution of PEGL's shareholder NEIIC should remain unchanged. The interests of the reduced equities in PEGL held by China Huarong and China Great Wall were evaluated after assessment. PEGL would pay with the A shares of the Company held by it and cash as consideration for payment.

As agreed by all parties, in accordance with PEGL's net assets value and capital reduction price determined thereby for each party as listed in the filed Asset Valuation Report on the Project of Proposed Repurchase of Equity Held by China Huarong Asset Management Co. Ltd. by Panda Electronics Group Limited (Vocational Pin Bao Zi [2014] No. 0488), PEGL shall pay China Huarong 82,811,667 A shares (equivalent to RMB680,711,902.74) of the Company and RMB298,854,097.26 in cash; PEGL shall pay China Great Wall 14,172,397 A shares (equivalent to RMB116,497,103.34) of the Company and RMB51,145,896.66 in cash. A share price paid by PEGL to China Huarong and China Great Wall for the Company's shares was determined on the basis of the arithmetic mean of the daily weighted average price for the 30 trading days prior to the benchmark date of 31 August 2014, i.e. RMB8.22 per share. The relevant parties have entered into Capital Reduction Agreement of Panda Electronics Group Limited and the Supplemental Agreement to the Capital Reduction Agreement of Panda Electronics Group Limited.

The State-owned Assets Supervision and Administration Commission of the State Council has approved the management of state-owned equity involved in the shares transfer held by the state-owned shareholders of the Company, consenting that PEGL may transfer 82,811,667 A shares and 14,172,397 A shares (totaling 96,984,064 A shares) of the Company that it holds respectively to China Huarong and China Great Wall by agreement.

China Huarong and China Great Wall have respectively issued a letter of undertaking, undertaking that within 6 months from the completion of the aforesaid transfer of shares of the Company, China Huarong and China Great Wall will not reduce their shareholdings in the Company or transfer the shares held therein. Upon the expiry of six months, it will be implemented in accordance with the relevant laws and regulations and the relevant provisions required by CSRC.

On 26 August 2015, PEGL completed the share transfer registration formalities at Shanghai Branch of China Securities Registration and Settlement Co., Ltd. together with China Huarong and China Great Wall. Shanghai Branch of China Securities Registration and Settlement Co., Ltd. issued the Transfer Registration Confirmation, confirming that PEGL had transferred 82,811,667 A shares and 14,172,397 A shares of the Company that it held respectively to China Huarong and China Great Wall.

Upon completion of the share transfers, the Company's total share capital remained unchanged. In particular, PEGL held 210,661,444 shares, representing 23.05% of the total share capital; NEIIC held 40,710,311 shares, representing 4.45% of the total share capital; China Huarong held 82,811,667 shares, representing 9.06% of the total share capital; China Great Wall held 14,172,397 shares, representing 1.55% of the total share capital.

There was no change in the controlling shareholder and the ultimate controller of the Company after the share transfers.

For details, please refer to Notice of Nanjing Electronics Group Limited on Equity Restructuring of Controlling Shareholders (Lin 2014-078, Lin 2015-001, 034, 048, 051, 052 and 053) and relevant Summary Report on Changes of Equity Interest published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 25 September 2014, 10 January 2015, 18 June 2015, 19 June 2015, 7 August 2015, 18 August 2015 and 27 August 2015 and on the website of the Hong Kong Stock Exchange on 24 September 2014, 9 January 2015, 17 June 2015, 18 June 2015, 6 August 2015, 17 August 2015 and 27 August 2015.

Numbers of shares of the top ten holders of shares subject to trading moratorium and trading moratorium conditions

Unit: share

No.	Names of shareholders subject to trading moratorium	Number of shares held subject to trading moratorium	Particulars of shares subject to trading moratorium to be listed		Conditions of trading moratorium
			Time for listing and trading	Number of additional shares to be listed and traded	
1	NEIIC	39,215,686	28 June 2016	39,215,686	It may not be transferred within 36 months from the completion date of the issue.

2.4 Change in the controlling shareholder and the de facto controller

Applicable Not Applicable

III. MANAGEMENT, DISCUSSION AND ANALYSIS

In the first half of 2015, the Company strives to complete key tasks, planning for scientific research projects, implement key scientific research projects, putting more effort on talents recruitments, actively expand market developments, adjust and optimize corporate structure, continuously improve the internal control system and ensure the organized and stable development of the Company.

3.1 Analysis of principal operating activities

3.1.1 Analysis of changes in relevant items in the financial statements of the Company (prepared in accordance with the PRC Accounting Standards for Business Enterprises) (unaudited)

Unit: Yuan Currency: RMB

	Amount for the period (Jan. - Jun. 2015)	Amount for the same corresponding period last year (Jan. - Jun. 2014)	Change (%)
Operating income	1,647,734,769.34	1,569,441,842.81	4.99
Operating costs	1,408,047,579.81	1,342,508,532.30	4.88
Cost of sales	22,080,351.92	22,851,106.83	-3.37
Administrative expenses	188,932,303.66	172,918,767.93	9.26
Financial expenses	-2,796,183.86	-4,254,049.86	N/A
Net cash flow from operating activities	-32,840,266.46	-70,630,298.06	N/A
Net cash flow from investment activities	11,308,774.69	-453,467,497.23	N/A
Net cash flow from financing activities	37,307,918.33	-86,885,836.03	N/A
R&D expenses	84,838,210.32	72,002,588.58	17.83
Loss in assets impairment	664,137.91	8,910,080.50	-92.55
Investment income	108,783,098.95	73,600,892.03	47.80
Non-operating income	3,851,383.09	37,335,772.78	-89.68
Non-operating expenses	1,761,179.54	375,413.16	369.13

Reasons for the changes:

- (1) Financial expenses: mainly due to the increase in exchange gain as compared with the previous period resulting from changes in exchange rate during the period.
- (2) Net cash flows from operating activities: mainly due to the increase in cash received as compared with the previous period resulting from the increase in sales during the period.
- (3) Net cash flows from investing activities: mainly due to the purchase of wealth management products from banks during the period.
- (4) Net cash flows from financing activities: mainly due to the 2014 distribution of dividends was implemented after the Reporting Period.
- (5) Loss in assets impairment: mainly due to the decrease in provision for diminution in value of inventories by the Company in accordance with the Accounting Standards for Business Enterprises in the period as compared with the previous period.
- (6) Investment income: mainly due to the increase in associates' profit as confirmed by equity method during the period.
- (7) Non-operating revenues: mainly due to an increase in income from project research and development subsidies recognized during the previous period.
- (8) Non-operating expenses: mainly due to the disposal of non-current assets in the period.

3.1.2 Substantial changes of other financial indicators of the Company and their reasons (prepared in accordance with the PRC Accounting Standards for Business Enterprises) (unaudited)

Unit: Yuan Currency: RMB

	30 June 2015	31 December 2014	Change (%)
Accounts receivables	1,038,703,338.25	735,609,844.69	41.20
Interest receivables	27,628.22	47,886.55	-42.30
Fixed assets	923,749,672.20	630,073,976.79	46.61
Construction in progress	22,150,749.19	269,882,125.43	-91.79
R&D expenses	24,777,980.36	17,592,455.22	40.84
Long-term deferred expenses	7,108,447.14	2,673,980.57	165.84
Short-term borrowings	80,000,000.00	30,000,000.00	166.67
Bills payables	145,361,751.36	83,633,487.09	73.81
Receipts in advance	180,737,452.40	136,414,078.49	32.49
Tax payables	-958,779.16	20,861,633.84	-104.60
Interest payables	120,000.00		N/A
Dividends payables	63,786,155.95	3,489,019.43	1,728.20

Reasons for the changes:

- (1) Accounts receivables: mainly due to the increase in accounts receivables accrued recognized during the period.
- (2) Interest receivables: mainly due to the decrease in interests for the fixed-term deposits recognized during the period.
- (3) Fixed assets: mainly due to Phase I of Electronic Equipment Industrial Park meeting the predicted usable status and transferring to fixed assets.
- (4) Construction in progress: mainly due to Phase I of Electronic Equipment Industrial Park meeting the predicted usable status and transferring to fixed assets.
- (5) R&D expenses: the increase of expenses to form intangible assets in the process of intangible assets development during the period.
- (6) Long-term deferred expenses: mainly due to the increase of renovation expenses during the period.

- (7) Short-term borrowings: mainly due to the increase of short-term borrowings for operating needs during the period.
- (8) Bills payables: mainly due to the increase in the accounts payable settled by notes during the period.
- (9) Receipts in advance: mainly due to the increase of the construction fee advances.
- (10) Tax payables: mainly due to the payment of the corporate income tax and the export tax refund during the period.
- (11) Interest payables: mainly due to the increase of short-term borrowings in the period.
- (12) Dividends payables: mainly due to the payment of dividends to the shareholders of ordinary shares.

3.1.3 Others

- (1) Explanation on progress of the Company's financing activities and material asset reorganization in the previous period
 - Non-public issue of shares to raise proceeds

Upon approval of the non-public issue by the CSRC and other relevant commissions and ministries, the Company issued 258,823,529 RMB dominated ordinary A shares by way of non-public issue to raise proceeds amounting to RMB1.32 billion in June 2013.

In the first half of 2015, the Company used the proceeds in accordance with the provisions and requirements under relevant laws, regulations and normative documents and disclosed the usage of proceeds in an authentic, accurate and complete way mainly including using proceeds for proceeds investment projects, using the temporarily idle raised proceeds for purchase of principal-guaranteed bank wealth management products, etc.

After the commencement of construction of the building project under the investment project, the design scheme was partially changed and improved, which affected construction progress and resulted in delays of the industrialization project of automation equipment industry, the industrialization project of communications equipment industry, the industrialization project of transportation electronic equipment and the R&D center. The Company made every efforts to mitigate the implications and facilitate the implementation of the raised proceeds investment project.

For details please see the Specific Report on the Deposit and the Actual use of Proceeds Raised by Nanjing Panda Electronics Company Limited (Lin 2015-056) published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 31 August 2015 and on the website of Hong Kong Stock Exchange on 28 August 2015, and the section headed “(IV) Analysis of investment under I in Section IV” of the Interim Report.

On 30 June 2014, the trading moratorium of 219,607,843 shares subscribed by 8 investors apart from NEIIC (of which Aegon-Industrial Fund Management Co., Ltd. participated in the subscription through 10 accounts) was released and such shares became tradable. 39,215,686 shares subscribed by NEIIC may not be transferred within 36 months from the completion date of the issue and will become tradable on 28 June 2016.

(2) Explanation on progress of operational plan

During the Reporting Period, the Company implemented various works in accordance with the 2015 operational plan. Details are as follows:

- Endeavor to implement various operation targets

In the first half of 2015, confronted with the new normality of economic development, the Company insists on seeking improvement in stability. Under the PRC Accounting Standards for Business Enterprises, revenue from operations amounted to RMB1,647,734,800, representing an increase of 4.99% as compared with the same period last year; total profit amounted to RMB124,982,600, representing an increase of 2.59% as compared with the same period last year; net profit attributable to owners of the parent company amounted to RMB87,625,900, representing an increase of 2.21% as compared with the same period last year. Under the Hong Kong Financial Reporting Standards, revenue from principal operations amounted to RMB1,628,880,900, representing an increase of 4.93% as compared with the corresponding period last year; profit from principal operations amounted to RMB219,825,600, representing an increase of 9.83% as compared with the corresponding period last year; net profit attributable to shareholders of the Company amounted to RMB87,625,900, representing an increase of 2.21% as compared with the corresponding period last year.

- Further facilitate of the implementation of raised proceeds investment projects

In accordance with the plan for the use of raised proceeds, it was considered by the Board to make additional contribution to Technology Development Company and Electronics Equipment Company. Such additional contributions guaranteed the smooth implementation of investment projects with the raised proceeds and accelerated the R&D investment to industrial robots under the industrialization project of automation equipment industry. Without affecting the implementation of investment projects with the raised proceeds, the Company continued to use the temporarily idle raised proceeds for purchase of principal-guaranteed bank wealth management products in hope of increasing revenues.

- Strengthen R&D and technology upgrade and transformation

The Company continued to increase investment in research and development, integrate scientific and technological resources, carried out building of technical innovation platforms in multiple fields and at multiple levels, built a joint robot laboratory and effectively strengthened its technology innovation competence. Meanwhile, it actively applied for projects in different government levels in hope of obtaining R&D funding support.

- Step up talent recruitment and training

The Company completed graduate and new employees orientations, improved advanced talents training and recruitment, established talent teams and steadily adjusted the assessment and incentive mechanism.

(3) Operational plan for the second half year

In the second half of 2015, the Company will continue to follow the established operational plan and further improve the corporate governance structure, adjust the corporate structure and the product structure, and complete tasks of various aspects including market, R&D, capital and talents; make solid improvement of corporate management, promote steady and sustainable development and endeavor to achieve all operating targets of the enterprise.

3.2 Analysis of principal operations by business, product or geographical region

3.2.1 Principal operations by business or product (prepared in accordance with the PRC Accounting Standards for Business Enterprises) (unaudited)

Unit: Yuan Currency: RMB

By business or product	Operating income	Operating costs	Gross profit margin (%)	Increase/decrease in operating income compared with same period last year (%)	Increase/decrease in operating cost compared with same period last year (%)	Increase/decrease in gross profit compared with same period last year (%)
Electronic equipment products	785,276,014.99	682,595,089.74	13.08	19.49	19.01	0.35
Electronic manufacturing products	479,666,669.85	412,686,923.74	13.96	5.16	5.08	0.06
Consumer electronics products	265,332,876.78	236,588,186.95	10.83	-26.84	-29.06	2.79

3.3 Analysis of investment

3.3.1 Overall analysis of equity investment

In the first half of 2015, the Company increased the capital to Nanjing Panda Electronics Technology Development Company Limited (“Technology Development Company”) with the raised proceeds of RMB26 million; invested and established Shanghai Panda Robot Technology Co., Limited* with a registered capital of RMB285 million.

- (1) Capital contribution to the implementing entities using raised proceeds

At the extraordinary meeting of the seventh session of the Board of the Company, it was resolved to make capital contribution to the implementing entities in steps based on the actual situation of proceeds investment projects, including the second capital contribution to Technology Development Company for the sum of RMB150,000,000. On 21 February 2014, the Company completed the first portion of RMB40,000,000. On 9 June 2014, the Company completed the second portion of RMB55,000,000.

Based on the actual status of the raised proceeds investment projects, the Company continued the additional capital contribution to Technology Development Company, the third portion of which amounted to RMB55,000,000 from the special account of raised proceeds in the form of cash. The capital contribution is implemented in steps. As of 31 December 2014, the capital contribution of RMB29,000,000 was completed; as of the reporting day, the capital contribution of RMB26,000,000 was completed. Before the capital contribution, Technology Development Company's registered capital was RMB674,000,000; after the capital contribution, it is RMB700,000,000 and the Company holds 100% of the shares. Till now, the Company has completed the second capital contribution to Technology Development Company as approved by the Board, increasing RMB150,000,000 for the investment. For details please refer to the announcement on Use of Raised Proceeds for Capital Contribution to Subsidiaries of Nanjing Panda Electronics Company Limited (Lin.2015-013) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 18 March 2015 and the announcement published on the website of the Hong Kong Stock Exchange on 17 March 2015.

(2) Investment for establishing Shanghai Panda Robot Technology Company Limited

At the extraordinary meeting of the seventh session of the Board of the Company, it was resolved to establish the wholly-owned subsidiary Shanghai Panda Robot Technology Company Limited in Shanghai Zhangjiang High-tech Park with registered capital RMB285,000,000 specializing in the research and development of robot and intelligent manufacturing systems and equipment. After its incorporation, the company plans to build an R&D complex (including the purchase of relevant parcels of land) in Shanghai Zhangjiang High-tech Park for R&D administration, properties and facilities management, business services support, etc.

The Company has completed the incorporation and relevant matters of Shanghai Panda Robot Technology Company Limited and obtained the business license.

Industrial robots is a significant part of the Company's automation equipment. The investment in founding Shanghai Panda Robot Technology Company Limited for R&D in the industrial robot series, including industrial automation equipment, intelligent manufacturing equipment and system solutions, mastering core proprietary IPs, making up the current gap in China, leading the domestic industry and providing technical supports and services for the development of the Company's robot business meeting the Company's actual demands of development and accelerate the implementation of the Company's development strategy and long-term goals.

For details please refer to the Announcement of the Resolution at the Extraordinary Meeting of the Seventh Session of the Board of the Company (Lin 2015-032) and the Announcement on the Foreign Investment of Nanjing Panda Electronics Holding Company (Lin 2015-040) to published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 10 June 2015 and 3 July 2015 and on the website of the Hong Kong Stock Exchange on 9 June 2015 and 2 July 2015 respectively.

3.3.2 Entrusted wealth management and derivatives investment

(1) Entrusted wealth management products

As considered and approved at the extraordinary meeting of the seventh session of the Board on 22 August 2014, in hope of maximizing shareholders' interest, improving the efficiency of raised proceeds use, increasing revenues considerably and reducing financial expenses, the Company was allowed to use temporarily idle raised proceeds in the amount of not more than RMB550 million (inclusive) to invest in highly safe and liquid products with principal preservation terms for a term of one year, provided that raised proceed investment plans are not affected. For details please refer to the Announcement on Use of Temporarily Idle Raised Proceeds for Cash Management of Nanjing Panda Electronics Company Limited (Lin 2014-067) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 23 August 2014 and on the website of the Hong Kong Stock Exchange on 22 August 2014.

In the first half of 2015, the amount used in the purchase of principal-guarantee bank wealth management products by the Company and its subsidiaries (all being the implementing entities of the proceeds investment projects) is within the limit as approved by the Board. As at 30 June 2015, balance of proceeds used in purchasing principal-guarantee bank wealth management products was RMB471,000,000; as at 28 August 2015, the balance was RMB450,000,000. Particulars of the entrusted wealth management products are as follows:

Unit: RMB 0'000

No.	Name of Partner	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Expected annual rate of return	Actual amount of principal recovered	Actual income obtained
1	Ping An Bank Co., Ltd.	10,000	2015-1-21	2015-4-21	5.00%	10,000	123.29
2	Industrial Bank Co., Ltd.	10,000	2015-1-27	2015-4-27	5.02%	10,000	123.78
3	Shanghai Pudong Development Bank Co., Ltd.	1,000	2015-1-30	2015-7-30	4.70%		
4	Entrusted China Electronics Financial Co., Ltd.	10,000	2015-1-28	2015-4-29	4.92%	10,000	121.32
5	China Construction Bank Co., Ltd.	1,100	2015-2-11	2015-5-14	4.60%	1,100	12.75
6	Shanghai Pudong Development Bank Co., Ltd.	9,900	2015-3-11	2015-6-11	4.90%	9,900	121.28
7	China Construction Bank Co., Ltd.	1,000	2015-2-15	2015-3-19	4.60%	1,000	4.03
8	Bank of Communications Company Limited	4,700	2015-2-13	2015-3-16	4.70%	4,700	18.76
9	Bank of Communications Company Limited	4,700	2015-3-20	2015-4-20	4.80%	4,700	19.16
10	Bank of Communications Company Limited	5,000	2015-4-22	2015-5-25	5.10%	5,000	23.05
11	Ping An Bank Co., Ltd.	10,000	2015-4-24	2015-7-23	5.00%		
12	Bank of Communications Company Limited	10,000	2015-5-4	2015-8-3	5.00%		
13	Ping An Bank Co., Ltd.	10,000	2015-4-30	2015-7-30	5.00%		
14	Bank of Communications Company Limited	6,100	2015-6-3	2015-7-3	4.20%		
15	Shanghai Pudong Development Bank Co., Ltd.	10,000	2015-6-17	2015-9-17	3.90%		
Total		<u>103,500</u>				<u>56,400</u>	<u>567.42</u>

In hope of further improving the efficiency of raised proceed uses and obtaining a higher expected maximum annual rate of return, the Company signed the Entrusted Investment Agreement with China Electronics Financial Co., Ltd (“Financial Company”) on 27 January 2015 in order to invest the temporarily idle raised proceeds of RMB100,000,000 in purchasing the principal-guarantee bank wealth management product. The said wealth management product expired on 28 April 2015.

As approved at the first extraordinary general meeting in 2014 of the Company, Financial Company was allowed to provide a comprehensive credit line of no more than RMB600,000,000 and the Company was allowed to obtain a fund settlement balance of no more than RMB500,000,000. The above fund settlement balances of bank financial products entrusted to the finance company are within the limit as approved by the general meeting.

Other than purchase of bank financial products by the entrusted finance company, purchase of the above entrusted wealth management products with the temporarily idle raised proceeds by the Company was considered and approved by the extraordinary meeting of the seventh session of the Board. The source of the fund is temporarily idle raised proceeds. Such entrusted wealth management products and the purchase thereof are not subject to any connected transaction or litigation, nor involve any failure to recover overdue principal.

For details of information of the purchase of wealth management products with the temporarily idle raised proceeds, please refer to the Announcement of Nanjing Panda Electronics Company Limited on Use of Temporarily Idle Raised Proceeds to Purchase Bank Wealth Management Products (Lin 2015-003, 004, 005, 006, 009, 010, 011, 012, 014, 023, 024, 027, 035) published in China Securities Journal and Shanghai Securities News on 22 January 2015, 30 January 2015, 31 January 2015, 12 February 2015, 13 February 2015, 14 February 2015, 11 March 2015, 21 March 2015, 25 April 2015, 4 May 2015, 5 June 2015 and 18 June 2015 and on the website of the Hong Kong Stock Exchange on 21 January 2015, 29 January 2015, 30 January 2015, 11 February 2015, 12 February 2015, 13 February 2015, 10 March 2015, 20 March 2015, 24 April 2015, 30 April 2015, 4 June 2015 and 17 June 2015.

As at 30 June 2015, apart from the wealth management products undue as at the end of the Reporting Period of the Company, the raised proceeds used for purchase of principal-guaranteed wealth management products in the Period and the earnings obtained therefrom had been recovered as scheduled. For the said undue wealth management products (numbered with 3, 11, 12, 13 and 14 in sequence), the principal and earnings have been recovered as scheduled on the due dates.

- (2) The Company did not have entrusted loans, other investment products or derivatives investment.

3.3.3 Use of raised proceeds

For details of the use of the raised proceeds please see the Specific Report on the Deposit and the Actual use of Proceeds Raised by Nanjing Panda Electronics Company Limited (Lin. 2015-056) published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 31 August 2015 and the announcement published on the website of the Hong Kong Stock Exchange on 28 August 2015.

3.3.4 Analysis of major subsidiaries and investee companies

(1) Information of Subsidiaries

As at 30 June 2015, the information of the Company's major subsidiaries is set out below

Unit: RMB 0'000

Name of subsidiary	Major products or services	Registered Capital	Total assets	Net assets	Operating income	Net Profit
Nanjing Panda Electronics Equipment Co., Ltd.	Manufacture of automatic industrial equipment, environmental protection equipment, and logistic accessories	19,000	63,694.92	27,573.47	30,185.79	1,355.32
Nanjing Panda Information Industry Co., Ltd.	Development, production and sale of electronic information products	USD3,194.64	78,527.13	26,542.84	38,371.01	12.85
Nanjing Panda Electronics Manufacturing Co., Ltd.	Development and production of new models of electronic products	USD2,000	47,951.04	30,979.99	23,981.01	1,729.50
Nanjing Panda Communications Technology Co., Ltd.	Development and manufacture of mobile communication, digital communication and network communication systems and products	10,000	15,913.44	12,327.50	3,029.61	386.52
Nanjing Panda Xinxing Industrial Co., Ltd.	Property management and sales of mechanical products, electronic products, construction materials and office supplies	2,000	4,752.84	2,645.71	4,653.02	162.57
Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	Plastic products and accessories	6,000	29,147.04	11,349.03	24,883.75	244.95
Nanjing Panda Mechanical Manufacturing Co., Ltd.	Metal components and stamping parts	1,000	9,167.01	3,682.11	7,326.81	49.59

Name of subsidiary	Major products or services	Registered Capital	Total assets	Net assets	Operating income	Net Profit
Nanjing Panda Electromechanical Instruments Technology Co., Ltd.	Research and development, manufacturing and sales of logistic supporting equipment and automatic fare collection equipment	1,000	9,543.32	2,455.00	5,628.03	266.24
Nanjing Panda Electronics Technology Development Company Limited	Manufacturing of general purpose equipment, software development, and property management	70,000	80,984.17	68,961.88	286.88	-1,092.50
Galant Limited	R&D of communications products	HKD0.0001	7,603.70	1,790.65	0.00	-5.05
Shenzhen. Jinghua. Electronics.Co.,Ltd.	Manufacturing and sales of electronic products, and property management	11,507	46,795.45	35,359.32	30,562.01	3,428.72
Shanghai Panda Robot Technology Co., Limited	Robot technology and intelligent technology	28,500				

(2) Information of investee companies

As at 30 June 2015, the information of the Company's major investee companies is set out below:

Unit: RMB 0'000

Name of investee company	Operating income	Net Profit	Shareholding held by the Company	Investment income received by the Company
Nanjing Ericsson Panda Communication Co., Ltd.	696,283.51	20,443.38	27%	5,519.71
Beijing SE Putian Mobile Communication Co., Ltd.	1,002,798.85	20,987.67	20%	4,197.53

3.4 Plan for Profit Distribution or Capitalization of Capital Reserve

3.4.1 Implementation of profit distribution plan or adjustment thereto during the Reporting Period

Pursuant to the Company's profit distribution plan for 2014 which was considered and approved at the eighteenth meeting of the seventh session of the Board and the 2014 annual general meeting of the Company, a cash dividend of RMB0.66 (tax inclusive) for every 10 shares was paid to all shareholders of the Company on the basis of a total share capital of 913,838,529 shares as at 31 December 2014, with the total cash dividend distributed amounting to RMB60,313,300, and the remaining portion was to be carried forward to next year. As at the reporting date, the Company would not make any capitalization of capital reserve. The implementation of the profit distribution plan was fully completed. For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 31 March 2015, 1 July 2015 and 17 July 2015 and on the website of the Hong Kong Stock Exchange on 31 March 2015, 3 July 2015 and 16 July 2015.

3.4.2 Plans for profit distribution and capitalization of capital reserve for the first half year

The Company will not make any profit distribution or to convert any capital reserve into share capital for the first half year of 2015.

3.5 Other disclosures

3.5.1 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 2015, the Company's gearing ratio (the ratio of total liabilities to total assets) was 32.89%; current liabilities amounted to RMB1,655 million; liquidity ratio was 2.07; quick ratio was 1.83; bank deposits and cash amounted to RMB863 million; and short-term bank and other loans amounted to RMB80 million.

During the Reporting Period, the benchmark interest rates on 1-year RMB loans from financial institutions were 5.60% from the beginning of the period to 28 February 2015, 5.35% from 1 March 2015 to 10 May 2015, 5.10% from 11 May 2015 to 27 June 2015, and 4.85% from 28 June 2015 to 30 June 2015, respectively.

3.5.2 Purchase, sale or redemption of the Company's listed shares

During the Reporting Period, the Group did not purchase, sell or redeem any of the Company's listed shares.

3.5.3 Corporate Governance Code

During the Reporting Period, the Company has complied with the provisions under the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”).

3.5.4 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.

3.6 Audit Committee

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

The audit committee convened a meeting on 30 March 2015 to review the Company’s 2014 financial report and the summary report on the 2014 annual audit by the accounting firms and agreed to submit the same to the Board for review. The re-appointment of Baker Tilly Hong Kong Limited as the Company’s international auditors and Baker Tilly China (Special General Partnership) as the Company’s domestic and internal control auditors for 2015, respectively, was agreed at the meeting and relevant proposal was submitted to the Board for review.

Having reviewed the unaudited financial report of the Company for the six months ended 30 June 2015, the audit committee is of the opinion that the financial report complies with the applicable accounting standards and laws and that adequate disclosure has been made.

IV. MATTERS RELATING TO FINANCIAL REPORT

4.1 Should the scope of consolidation of financial statements are different from those in previous year, the Company should provide detailed explanations.

In the Reporting Period, the scope of consolidation changed. The Company’s holding subsidiary Hong Kong CEC-Jingwah Trading Company and the Company’s subsidiary Shanghai Panda Robot Technology Co., Ltd. are included in the consolidated scope of the year.

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

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

(II) Financial statement (prepared in accordance with the PRC Accounting Standards for Business Enterprises)

Consolidated Balance Sheet

30 June 2015

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

Assets	Closing Balance	Opening balance
Current assets:		
Cash and cash equivalents	863,118,310.88	827,983,074.07
Settlement reserves		
Lending to banks and other financial institutions		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Bills receivables	159,188,526.67	195,887,244.86
Accounts receivables	1,038,703,338.25	735,609,844.69
Prepayments	155,679,003.80	149,271,039.10
Premium receivable		
Accounts receivable – reinsurance		
Reinsurance contract reserves receivable		
Interest receivables	27,628.22	47,886.55
Dividends receivables		
Other receivables	154,803,474.30	129,496,602.33
Financial assets purchased under agreements to resell		
Inventories	567,375,177.55	510,570,319.97
Assets classified as assets held for sale		
Non-current assets due within one year		
Other current assets	481,000,000.00	550,000,000.00
Total current assets	<u>3,419,895,459.67</u>	<u>3,098,866,011.57</u>

Consolidated Balance Sheet *(continued)*

Assets	Closing Balance	Opening balance
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	3,650,000.00	3,650,000.00
Held-to-maturity investment		
Long-term receivables		
Long-term equity investments	599,096,070.73	501,710,254.17
Investment properties	11,337,811.62	10,572,698.60
Fixed assets	923,749,672.20	630,073,976.79
Construction in progress	22,150,749.19	269,882,125.43
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	81,628,205.85	82,342,946.12
R&D expenses	24,777,980.36	17,592,455.22
Goodwill		
Long-term deferred expenses	7,108,447.14	2,673,980.57
Deferred income tax assets	6,750,193.36	6,760,229.70
Other non-current assets		
Total non-current assets	<u>1,680,249,130.45</u>	<u>1,525,258,666.60</u>
Total assets	<u>5,100,144,590.12</u>	<u>4,624,124,678.17</u>

<i>Legal representative:</i> Xia Dechuan	<i>Person in charge of accounting:</i> Shen Jianlong	<i>Person in charge of accounting department:</i> Liu Xianfang
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Consolidated Balance Sheet (continued)

Liabilities and shareholders' equity	Closing Balance	Opening balance
Current liabilities:		
Short-term borrowings	80,000,000.00	30,000,000.00
Borrowings from central bank		
Deposit taking and deposit taking of interbank		
Placements from banks and other financial institutions		
Financial liabilities at FVTPL		
Derivative financial liabilities		
Bills payables	145,361,751.36	83,633,487.09
Accounts payables	980,635,608.91	772,053,064.98
Receipts in advance	180,737,452.40	136,414,078.49
Financial assets sold for repurchase		
Handling charges and commission payable		
Employee compensation payable	27,227,315.58	37,436,284.69
Tax payables	-958,779.16	20,861,633.84
Interest payables	120,000.00	
Dividends payables	63,786,155.95	3,489,019.43
Other payables	173,100,679.66	133,901,591.99
Due to reinsurers		
Insurance contract reserves		
Customer deposits for trading in securities		
Customer deposits for securities underwriting		
Liabilities classified as assets held for sale		
Non-current liabilities due within one year		
Other current liabilities	5,468,600.00	5,468,600.00
Total current liabilities	<u>1,655,478,784.70</u>	<u>1,223,257,760.51</u>

Consolidated Balance Sheet (continued)

Liabilities and shareholders' equity	Closing Balance	Opening balance
Non-current liabilities:		
Long-term borrowings		
Bonds payables		
Long-term payables		
Long-term employee remuneration payables	21,808,251.05	17,250,831.64
Special payables		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	115,422.26	154,681.89
Other non-current liabilities		
Total non-current liabilities	<u>21,923,673.31</u>	<u>17,405,513.53</u>
Total Liabilities	<u>1,677,402,458.01</u>	<u>1,240,663,274.04</u>
Shareholder's equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Capital reserve	1,464,338,742.66	1,463,439,040.01
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	234,802,138.28	234,802,138.28
General risk reserve		
Undistributed profit	594,185,798.52	566,873,252.64
Subtotal of shareholders' equity attributable to parent company	<u>3,207,165,208.46</u>	<u>3,178,952,959.93</u>
Minority interests	<u>215,576,923.65</u>	<u>204,508,444.20</u>
Total shareholders' equity	<u>3,422,742,132.11</u>	<u>3,383,461,404.13</u>
Total liabilities and shareholders' equity	<u>5,100,144,590.12</u>	<u>4,624,124,678.17</u>

Legal representative:
Xia Dechuan

Person in charge of accounting:
Shen Jianlong

Person in charge of accounting department:
Liu Xianfang

Consolidated Income Statement

January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period	Amount in corresponding period last year
I. Total operating income	1,647,734,769.34	1,569,441,842.81
Including: Operating income	1,647,734,769.34	1,569,441,842.81
Interest income		
Premiums earned		
Handling charges and commission income		
II. Total operating cost	1,633,625,509.38	1,558,181,663.68
Including: Operating costs	1,408,047,579.81	1,342,508,532.30
Interest expenses		
Handling charges and commission expenditure		
Surrender value		
Net payments for insurance claims		
Net Appropriation of insurance contract reserves		
Bond insurance expense		
Amortized Reinsurance Expenditures		
Business tax and surcharges	16,697,319.94	15,247,225.98
Cost of sales	22,080,351.92	22,851,106.83
Administrative expenses	188,932,303.66	172,918,767.93
Financial expenses	-2,796,183.86	-4,254,049.86
Impairment losses of assets	664,137.91	8,910,080.50
Plus: Gains from changes in fair value (losses are indicated by “-”)		
Investment gain (“-“ means loss)	108,783,098.95	73,600,892.03
Including: Investment income in associates and joint ventures	97,385,816.56	67,463,853.73
Exchange revenue (“-“ means loss)		

Item	In the Period	Amount in corresponding period last year
III. Operating profit (losses are indicated by “-”)	122,892,358.91	84,861,071.16
Plus: Non-operating income	3,851,383.09	37,335,772.78
Including: Gains on disposal of non-current assets	916,190.84	10,503,564.64
Less: Non-operating expense	1,761,179.54	375,413.16
Including: Losses from disposal of non- current assets	1,528,424.31	189,718.31
IV. Total profit (total losses are indicated by “-”)	124,982,562.46	121,821,430.78
Less: Income tax expenses	15,390,616.29	12,552,098.59

Consolidated Income Statement *(continued)*

Item	In the Period	Amount in corresponding period last year
V. Net profit (“-“ means net losses)	109,591,946.17	109,269,332.19
Net profit attributable to owners of the parent company	87,625,888.80	85,735,225.24
Minority interests	21,966,057.37	23,534,106.95
VI. Other comprehensive after-tax net income		
Total other comprehensive after-tax net income attributable to shareholders of the parent company		
(I) Other comprehensive income can not be reclassified into the profit or loss subsequently		
1. Changes in net liabilities or net assets resulting from re-measurement of defined benefit pension plan		
2. Shares of the investee that can not be re-classified into other comprehensive income under equity method		
(II) Other comprehensive income to be reclassified into the profit or loss subsequently		
1. Shares of the investee to be re-classified into other comprehensive income subsequently under equity method		
2. Gains and losses from changes in fair value of available-for-sale financial assets		
3. Gains and losses from held-to-maturity investments re-classified as AFS financial assets		
4. Gains and losses on the effective portion of cash flow hedge		
5. Converted difference in foreign currency financial statements		
6. Others		
Total other comprehensive after-tax net income attributable to the minority		
VII. Total comprehensive income	109,591,946.17	109,269,332.19
Total comprehensive income attributable to shareholders of the parent company	87,625,888.80	85,735,225.24
Total comprehensive income attributable to minority	21,966,057.37	23,534,106.95
VIII. Earnings per share:		
(I) Basic earnings per share	0.0959	0.0938
(II) Diluted earnings per share	0.0959	0.0938

Legal representative:
Xia Dechuan

*Person in charge of
accounting:*
Shen Jianlong

*Person in charge of
accounting department:*
Liu Xianfang

Consolidated Statement of Changes in Shareholders' Equity

January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period									
	Shareholders' equity attributable to parent company									
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total of shareholders' equity
I. Balance at the end of last year	913,838,529.00	1,463,439,040.01				234,802,138.28		566,873,252.64	204,508,444.20	3,383,461,404.13
Plus: alteration to accounting policies										
Correction to previous errors										
Business combinations involving enterprises under common control										
Others										
II. Balance at the beginning of the year	913,838,529.00	1,463,439,040.01				234,802,138.28		566,873,252.64	204,508,444.20	3,383,461,404.13
III. Changes for the period (decrease is indicated by "-")		899,702.65						27,312,545.88	11,068,479.45	39,280,727.98
(I) Total comprehensive income								87,625,888.80	21,966,057.37	109,591,946.17
(II) Shareholders' contributions and capital reduction		899,702.65							-10,897,577.92	-9,997,875.27
1. Shareholders' capital contributions										
2. Capital contributed by owners of other equity instruments										
3. Share based payments credited to shareholders' equity										
4. Others		899,702.65							-10,897,577.92	-9,997,875.27
(III) Profit distribution								-60,313,342.92		-60,313,342.92
1. Appropriation of surplus reserve										
2. Appropriation of general risk reserve										
3. Distribution to shareholders								-60,313,342.92		-60,313,342.92
4. Others										
(V) Internal carry-forward of shareholders' equity										
1. Conversion of capital reserve into capital										
2. Conversion of surplus reserve into share capital										
3. Compensation of loss with surplus reserves										
4. Changes in net liabilities or net assets resulting from carry-forward of re-measurement of defined benefit pension plan										
5. Others										
(V) Appropriation and utilisation of special reserve										
1. Appropriation for the period										
2. Amount utilised in the period										
(VI) Others										
IV. Closing balance at the end of the year	913,838,529.00	1,464,338,742.66				234,802,138.28		594,185,798.52	215,576,923.65	3,422,742,132.11

Legal representative:
Xia Dechuan

Person in charge of
accounting:
Shen Jianlong

Person in charge of
accounting department:
Liu Xianfang

Consolidated Statement of Changes in Shareholders' Equity (Continued)

Item	Amount in corresponding period last year									
	Shareholders' equity attributable to parent company									
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total of shareholders' equity
I. Balance at the end of last year	913,838,529.00	1,501,966,314.34				231,946,025.16		474,947,172.20	9,526,552.72	3,132,224,593.42
Plus: alteration to accounting policies										
Correction to previous errors										
Business combinations involving enterprises under common control		9,721,850.93						3,615,726.07	185,361,257.49	198,698,834.49
Others										
II. Balance at the beginning of the year	913,838,529.00	1,511,688,165.27				231,946,025.16		478,562,898.27	194,887,810.21	3,330,923,427.91
III. Changes for the period (decrease is indicated by "-")										
(I) Total comprehensive income		1,754,349.40						23,671,553.33	-1,869,469.57	23,556,433.16
(II) Shareholders' contributions and capital reduction		1,754,349.40							-5,762,841.72	-4,008,492.32
1. Shareholders' capital contributions										
2. Capital contributed by owners of other equity instruments										
3. Share based payments credited to shareholders' equity										
4. Others		1,754,349.40							-5,762,841.72	-4,008,492.32
(III) Profit distribution								-62,063,671.91	-19,640,734.80	-81,704,406.71
1. Appropriation of surplus reserve										
2. Appropriation of general risk reserve										
3. Distribution to shareholders								-62,063,671.91	-19,640,734.80	-81,704,406.71
4. Others										
(V) Internal carry-forward of shareholders' equity										
1. Conversion of capital reserve into capital										
2. Conversion of surplus reserve into share capital										
3. Compensation of loss with surplus reserves										
4. Changes in net liabilities or net assets resulting from carry-forward of re-measurement of defined benefit pension plan										
5. Others										
(V) Appropriation and utilisation of special reserve										
1. Appropriation for the period										
2. Amount utilised in the period										
(VI) Others										
IV. Closing balance at the end of the year	913,838,529.00	1,513,442,514.67				231,946,025.16		502,234,451.60	193,018,340.64	3,354,479,861.07

Legal representative:
Xia Dechuan

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

**Person in charge of
accounting department:**
Liu Xianfang

Consolidated Cash Flow Statement

January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period	Amount in corresponding period last year
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	1,817,363,083.42	1,625,154,130.76
Customer deposit and net increase in deposit from other banks		
Net increase in borrowings from central bank		
Net increase in borrowing funds from other financial institutions		
Cash received from the premium of the original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits and investment from policyholders		
Net increase from disposal of financial assets measured at fair value and change included in the profit and loss for the period		
Cash received from interests, handling charges and commission expenditure		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase business funds		
Received tax refunds	13,425,362.20	24,917,784.25
Other cash received related to operating activities	94,934,434.90	54,182,289.57
Sub-total of cash inflows from operating activities	<u>1,925,722,880.52</u>	<u>1,704,254,204.58</u>

Consolidated Cash Flow Statement (continued)

Item	In the Period	Amount in corresponding period last year
Cash paid for sales of goods or rendering of services	1,431,749,372.33	1,397,970,154.25
Net increase in customer loan and advance in cash		
Net increase in deposit in the central bank and other banks		
Cash paid for indemnity of original insurance contract		
Cash paid for interests, handling charges and commission expenditure		
Cash paid for policy dividend		
Cash paid to and for employees	215,638,662.28	205,574,465.30
Cash paid for various taxes	117,966,692.08	82,985,885.49
Other payments related to operating activities	193,208,420.29	88,353,997.60
Sub-total of cash outflows from operating activities	<u>1,958,563,146.98</u>	<u>1,774,884,502.64</u>
Net cash flow from operating activities	<u>-32,840,266.46</u>	<u>-70,630,298.06</u>
II. Cash flow from investing activities:		
Cash from realization of investment		
Cash received from returns on investments	11,397,282.39	26,100,069.98
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	3,687,345.82	146,349.40
Net cash received from the disposal of subsidiaries and other operating entities		
Other cash received related to investment activities	1,409,500,000.00	1,895,400,000.00
Sub-total of cash inflows from investing activities	<u>1,424,584,628.21</u>	<u>1,921,646,419.38</u>
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	72,775,853.52	119,713,916.61
Cash paid for investment		
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other operating entities		
Other cash received related to investment activities	1,340,500,000.00	2,255,400,000.00
Sub-total of cash outflows from investing activities	<u>1,413,275,853.52</u>	<u>2,375,113,916.61</u>
Net cash flow from investing activities	<u>11,308,774.69</u>	<u>-453,467,497.23</u>

Consolidated Cash Flow Statement (continued)

Item	In the Period	Amount in corresponding period last year
III. Cash flows from financing activities:		
Cash received from capital contribution		
Including: Cash received by absorbing investments of minority by subsidiaries		
Cash received from borrowings	120,000,000.00	100,000,000.00
Cash received from issuing bonds		
Other cash received related to financing activities		
Sub-total of cash inflows from financing activities	120,000,000.00	100,000,000.00
Cash paid for repayments of borrowings	70,000,000.00	99,000,000.00
Cash payment for interest expenses and distribution of dividends or profits	2,694,206.40	84,079,042.17
Including: Dividend and profit paid by subsidiaries to minority shareholders	16,206.40	7,600,000.00
Other cash payments related to financing activities	9,997,875.27	3,806,793.86
Sub-total of cash outflows from financing activities	82,692,081.67	186,885,836.03
Net cash flow from financing activities	37,307,918.33	-86,885,836.03
IV. Effect of exchange rate changes on cash and cash equivalents	2,109,202.51	26,052.88
V. Net increase in cash and cash equivalents	17,885,629.07	-610,957,578.44
Plus: Opening balance of cash and cash equivalents	712,357,169.28	1,495,158,809.60
VI. Closing balance of cash and cash equivalents	730,242,798.35	884,201,231.16

Legal representative:
Xia Dechuan

Person in charge of
accounting:
Shen Jianlong

Person in charge of
accounting department:
Liu Xianfang

Balance Sheet*30 June 2015*

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Assets	Closing Balance	Opening balance
Current assets:		
Cash and cash equivalents	33,926,863.41	82,107,307.67
Settlement reserves		
Lending to banks and other financial institutions		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Bills receivables	500,000.00	300,000.00
Accounts receivables	92,883,937.84	81,504,053.04
Prepayments	887,006.88	1,559,561.86
Premium receivable		
Accounts receivable – reinsurance		
Reinsurance contract reserves receivable		
Interest receivables		
Dividends receivables	1,973,887.56	1,973,887.56
Other receivables	273,098,704.49	207,485,130.55
Financial assets purchased under agreements to resell		
Inventories	19,836,964.19	16,804,006.58
Assets classified as assets held for sale		
Non-current assets due within one year		
Other current assets	461,000,000.00	540,000,000.00
Total current assets	884,107,364.37	931,733,947.26

Balance Sheet *(continued)*

Assets	Closing Balance	Opening balance
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	3,650,000.00	3,650,000.00
Held-to-maturity investment		
Long-term receivables		
Long-term equity investments	2,050,187,571.47	1,927,015,109.72
Investment properties		
Fixed assets	361,934,041.43	375,713,101.66
Construction in progress	7,306,598.03	349,018.87
Project materials		
Disposal of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	13,919,056.62	14,388,869.54
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
	_____	_____
Total non-current assets	<u>2,436,997,267.55</u>	<u>2,321,116,099.79</u>
Total assets	<u>3,321,104,631.92</u>	<u>3,252,850,047.05</u>
<i>Legal representative:</i> Xia Dechuan	<i>Person in charge of accounting:</i> Shen Jianlong	<i>Person in charge of accounting department:</i> Liu Xianfang

Balance Sheet *(continued)*

Liabilities and shareholders' equity	Closing Balance	Opening balance
Current liabilities:		
Short-term borrowings	80,000,000.00	
Borrowings from central bank		
Deposit taking and deposit taking of interbank		
Financial liabilities at FVTPL		
Derivative financial liabilities		
Placements from banks and other financial institutions		
Bills payables	7,666,080.84	4,746,292.55
Accounts payables	31,393,441.98	28,311,456.42
Receipts in advance	104,208.00	80,370.00
Financial assets sold for repurchase		
Handling charges and commission payable		
Employee compensation payable	5,093,523.83	5,446,383.76
Tax payables	5,769,990.48	7,190,572.47
Interest payables	120,000.00	
Dividends payables	60,313,342.92	
Other payables	308,484,262.37	379,221,818.93
Due to reinsurers		
Insurance contract reserves		
Securities trading of agency		
Securities underwriting		
Liabilities classified as assets held for sale		
Non-current liabilities due within one year		
Other current liabilities	4,272,600.00	4,272,600.00
Total current liabilities	503,217,450.42	429,269,494.13

Balance Sheet *(continued)*

Liabilities and shareholders' equity	Closing Balance	Opening balance
Non-current liabilities:		
Long-term borrowings		
Bonds payables		
Long-term payables		
Long-term employee remuneration payables	8,876,179.01	4,853,882.58
Special payables		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	8,876,179.01	4,853,882.58
Total Liabilities	512,093,629.43	434,123,376.71
Shareholder's equity		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Capital reserve	1,434,870,834.28	1,434,870,834.28
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	234,802,138.28	234,802,138.28
General risk reserve		
Undistributed profit	225,499,500.93	235,215,168.78
Total of shareholders' equity	2,809,011,002.49	2,818,726,670.34
Total liabilities and shareholders' equity	3,321,104,631.92	3,252,850,047.05
<i>Legal representative:</i> Xia Dechuan	<i>Person in charge of accounting:</i> Shen Jianlong	<i>Person in charge of accounting department:</i> Liu Xianfang

Income Statement
January – June 2015

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

Item	In the Period	Amount in corresponding period last year
I. Total operating income	37,425,340.32	42,411,281.17
Including: Operating income	37,425,340.32	42,411,281.17
Interest income		
Premiums earned		
Handling charges and commission income		
II. Total operating cost	94,646,339.90	100,829,270.53
Including: Operating costs	20,473,963.55	25,836,427.96
Interest expenses		
Handling charges and commission expenditure		
Surrender value		
Net payments for insurance claims		
Net Appropriation of insurance contract reserves		
Bond insurance expense		
Amortized Reinsurance Expenditures		
Business tax and surcharges	1,679,514.60	2,354,486.79
Cost of sales	2,088,818.54	2,304,409.26
Administrative expenses	66,828,642.58	74,667,417.02
Financial expenses	906,273.96	-3,971,520.28
Impairment losses of assets	2,669,126.67	-361,950.22
Plus: Gains from changes in fair value (losses are indicated by “-”)		
Investment gain (“-“means loss)	107,544,864.98	88,576,528.57
Including: Investment income in associates and joint ventures	97,172,461.75	78,748,338.16
Exchange revenue (“-“means loss)		
III. Operating profit (losses are indicated by “-”)	50,323,865.40	30,158,539.21
Plus: Non-operating income	355,834.39	63,138.28
Including: Gains on disposal of non-current assets	353,669.58	6,666.66
Less: Non-operating expense	82,024.72	929.00
Including: Losses from disposal of non-current assets	82,018.02	450.00

Income Statement *(continued)*

Item	In the Period	Amount in corresponding period last year
IV. Total profit (total losses are indicated by “-”)	50,597,675.07	30,220,748.49
Less: Income tax expenses		
V. Net profit (“-“means net losses)	50,597,675.07	30,220,748.49
VI. Other comprehensive after-tax net income		
(I) Other comprehensive income can not be reclassified into the profit or loss subsequently		
1. Changes in net liabilities or net assets resulting from re-measurement of defined benefit pension plan		
2. Shares of the investee that can not be re-classified into other comprehensive income under equity method		
(II) Other comprehensive income to be reclassified into the profit or loss subsequently		
1. Shares of the investee to be re-classified into other comprehensive income subsequently under equity method		
2. Gains and losses from changes in fair value of available-for-sale financial assets		
3. Gains and losses from held-to-maturity investments re-classified as AFS financial assets		
4. Gains and losses on the effective portion of cash flow hedge		
5. Converted difference in foreign currency financial statements		
6. Others		
Total other comprehensive after-tax net income attributable to the minority		
VII. Total comprehensive income	50,597,675.07	30,220,748.49
VIII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal representative:
Xia Dechuan

*Person in charge of
accounting:*
Shen Jianlong

*Person in charge of
accounting department:*
Liu Xianfang

Statement of changes in shareholder's equity

January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period								
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total of shareholders' equity
I. Balance at the end of last year	913,838,529.00	1,434,870,834.28				234,802,138.28		235,215,168.78	2,818,726,670.34
Plus: alteration to accounting policies									-
Correction to previous errors									-
Others									-
II. Balance at the beginning of the year	913,838,529.00	1,434,870,834.28				234,802,138.28		235,215,168.78	2,818,726,670.34
III. Changes for the period (decrease is indicated by "-")									
(I) Total comprehensive income								-9,715,667.85	-9,715,667.85
(II) Shareholders' contributions and capital reduction								50,597,675.07	50,597,675.07
1. Shareholders' capital contributions									
2. Capital contributed by owners of other equity instruments									
3. Share based payments credited to shareholders' equity									
4. Others									
(III) Profit distribution								-60,313,342.92	-60,313,342.92
1. Appropriation of surplus reserve									
2. Appropriation of general risk reserve									
3. Distribution to shareholders								-60,313,342.92	-60,313,342.92
4. Others									
(V) Internal carry-forward of shareholders' equity									
1. Conversion of capital reserve into capital									
2. Conversion of surplus reserve into share capital									
3. Compensation of loss with surplus reserves									
4. Changes in net liabilities or net assets resulting from carry-forward of re-measurement of defined benefit pension plan									
5. Others									
(V) Appropriation and utilisation of special reserve									
1. Appropriation for the period									
2. Amount utilised in the period									
(VI) Others									
IV. Closing balance at the end of the year	913,838,529.00	1,434,870,834.28				234,802,138.28		225,499,500.93	2,809,011,002.49

Legal representative:
Xia Dechuan

Person in charge of
accounting:
Shen Jianlong

Person in charge of
accounting department:
Liu Xianfang

Statement of changes in shareholder's equity (continued)

Item	Amount in corresponding period last year								
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total of shareholders' equity
I. Balance at the end of last year	913,838,529.00	1,470,969,585.14				231,946,025.16		269,823,493.58	2,886,577,632.88
Plus: alternation to accounting policies									
Correction to previous errors									
Others									
II. Balance at the beginning of the year	913,838,529.00	1,470,969,585.14				231,946,025.16		269,823,493.58	2,886,577,632.88
III. Changes for the period (decrease is indicated by "-")									
(I) Total comprehensive income								-30,092,594.42	-30,092,594.42
(II) Shareholders' contributions and capital reduction								30,220,748.49	30,220,748.49
1. Shareholders' capital contributions									
2. Capital contributed by owners of other equity instruments									
3. Share based payments credited to shareholders' equity									
4. Others									
(III) Profit distribution								-60,313,342.91	-60,313,342.91
1. Appropriation of surplus reserve									
2. Appropriation of general risk reserve									
3. Distribution to shareholders									
4. Others									
(IV) Internal carry-forward of shareholders' equity									
1. Conversion of capital reserve into capital									
2. Conversion of surplus reserve into share capital									
3. Compensation of loss with surplus reserves									
4. Changes in net liabilities or net assets resulting from carry-forward of re-measurement of defined benefit pension plan									
5. Others									
(V) Appropriation and utilisation of special reserve									
1. Appropriation for the period									
2. Amount utilised in the period									
(VI) Others									
IV. Closing balance at the end of the year	913,838,529.00	1,470,969,585.14				231,946,025.16		239,730,899.16	2,856,485,038.46

Legal representative:
Xia Dechuan

*Person in charge of
accounting:*
Shen Jianlong

*Person in charge of
accounting department:*
Liu Xianfang

Cash Flow Statement

January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period	Amount in corresponding period last year
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	24,715,414.42	34,918,046.31
Customer deposit and net increase in deposit from other banks		
Net increase in borrowings from central bank		
Net increase in borrowing funds from other financial institutions		
Cash received from the premium of the original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits and investment from policyholders		
Net increase in disposal of financial assets held for trading		
Cash received from interests, handling charges and commission expenditure		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase business funds		
Received tax refunds		
Other cash received related to operating activities	44,486,046.72	24,938,709.63
Sub-total of cash inflows from operating activities	69,201,461.14	59,856,755.94
Cash paid for sales of goods or rendering of services	20,813,606.97	20,096,360.12
Net increase in customer loan and advance in cash		
Net increase in deposit in the central bank and other banks		
Cash paid for indemnity of original insurance contract		
Cash paid for interests, handling charges and commission expenditure		
Cash paid for policy dividend		
Cash paid to and for employees	34,140,700.40	26,243,856.79
Cash paid for various taxes	3,810,172.59	3,284,969.87
Other payments related to operating activities	196,545,599.02	63,367,664.81
Sub-total of cash outflows from operating activities	255,310,078.98	112,992,851.59
Net cash flow from operating activities	-186,108,617.84	-53,136,095.65

Cash Flow Statement (continued)

Item	In the Period	Amount in corresponding period last year
II. Cash flow from investing activities:		
Cash from realization of investment		
Cash received from returns on investments	10,372,403.23	22,957,394.01
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		
Net cash received from the disposal of subsidiaries and other operating entities		
Other cash received related to investment activities	<u>1,094,000,000.00</u>	<u>1,255,000,000.00</u>
Sub-total of cash inflows from investing activities	<u>1,104,372,403.23</u>	<u>1,277,957,394.01</u>
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	6,599,173.39	5,848,665.73
Cash paid for investment	26,000,000.00	141,000,000.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other operating entities		
Other cash received related to investment activities	<u>1,015,000,000.00</u>	<u>1,640,000,000.00</u>
Sub-total of cash outflows from investing activities	<u>1,047,599,173.39</u>	<u>1,786,848,665.73</u>
Net cash flow from investing activities	<u>56,773,229.84</u>	<u>-508,891,271.72</u>

Cash Flow Statement (continued)

Item	In the Period	Amount in corresponding period last year
III. Cash flows from financing activities:		
Cash received from capital contribution		
Including: Cash received by absorbing investments of minority by subsidiaries		
Cash received from borrowings	120,000,000.00	70,000,000.00
Cash received from issuing bonds		
Other cash received related to financing activities		
	<hr/>	<hr/>
Sub-total of cash inflows from financing activities	120,000,000.00	70,000,000.00
	<hr/> <hr/>	<hr/> <hr/>
Cash paid for repayments of borrowings	40,000,000.00	50,000,000.00
Cash payment for interest expenses and distribution of dividends or profits	2,113,000.00	60,653,342.91
Including: Dividend and profit paid by subsidiaries to minority shareholders		
Other cash payments related to financing activities		
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	42,113,000.00	110,653,342.91
	<hr/> <hr/>	<hr/> <hr/>
Net cash flow from financing activities	77,887,000.00	-40,653,342.91
	<hr/> <hr/>	<hr/> <hr/>
IV. Effect of exchange rate changes on cash and cash equivalents	27.95	43.61
	<hr/>	<hr/>
V. Net increase in cash and cash equivalents	-51,448,360.05	-602,680,666.67
Plus: Opening balance of cash and cash equivalents	80,208,790.62	890,098,522.88
	<hr/> <hr/>	<hr/> <hr/>
VI. Closing balance of cash and cash equivalents	28,760,430.57	287,417,856.21
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Legal representative:
Xia Dechuan

Person in charge of
accounting:
Shen Jianlong

Person in charge of
accounting department:
Liu Xianfang

VI. DOCUMENTS AVAILABLE FOR INSPECTION

1. the financial report for the Reporting Period signed and sealed by the person in charge of the Company, the person in charge of accounting work and the person in charge of the Accounting Department of the Company;
2. all the announcements which have been disclosed in “Shanghai Securities News”, “China Securities Journal” and Shanghai Stock Exchange during the Reporting Period;
3. the 2015 interim report published in Hong Kong and Shanghai securities market.

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

Nanjing, the People’s Republic of China
28 August 2015

As at the date of this announcement, the Board comprises Executive Directors: Mr. Lai Weide, Mr. Xu Guofei and Mr. Xia Dechuan; Non-executive Directors: Mr. Yu Yanqiu, Mr. Deng Weiming and Mr. Lu Qing; and Independent Non-executive Directors: Ms. Du Jie, Mr. Chu Wai Tsun, Vincent and Mr. Zhang Chun.

* *For identification purpose only*