

	January to June 2004	January to June 2003	Increase (decrease) from the corresponding period of the previous year (%)
Net profit	58,001,551.57	32,853,390.62	76.55
Net profit after extraordinary items	44,073,965.30	32,000,963.32	37.73
Earnings per share	0.09	0.05	80.00
Return on net assets (%)	4.89	3.09	58.25
Net cash flow arising from operating activities	(801,582,049.77)	(298,383,911.45)	(168.64)

Notes: The extraordinary items deducted during the Reporting Period amounted to RMB13,927,586.27, of which included the gain on the disposal of long term equity investment amounted to RMB13,351,964.00, non-operating income of RMB508,186.42, subsidy income of RMB606,228.94 and non-operating expenses of RMB(538,793.90).

- Details of Key financial indices prepared in accordance with generally accepted accounting principles in Hong Kong are set out in the financial report on pages 39 to 45.
- Differences of the application of accounting principles generally accepted in Hong Kong and the PRC accounting system on the Company are set out in note 16 to the financial report on page 45.

### III. CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

#### (1) Changes in share capital

During the Reporting Period, there was no change in the share capital of the Company.

- As at 30 June 2004, the number of shareholders of the Company was 29,921, of which there were 29,862 shareholders holding A Shares of the Company and 59 shareholders holding H Shares of the Company.

#### (3) Shareholdings of top ten shareholders

As at 30 June 2004, the shareholdings of the top ten shareholders of the Company are as follows:

Name of shareholders	Increase(+)/ decrease (-) during the Reporting Period (shares)	Number of shares held at the end of the Reporting Period (shares)	Percentage to total shares (%)	Class of shares	Number of shares pledged or frozen	Type of shares
Panda Electronics Group Limited	0	355,015,000	54.20	Non-circulating	Nil	State-owned legal person shares
HKSCC Nominees Limited	+90,000	237,153,899	36.21	Circulating	Unknown	H Shares
Cheng Chang Yung Tsung Alice	0	3,050,000	0.47	Circulating	Unknown	H Shares
Tse Wing Pak	0	550,000	0.084	Circulating	Unknown	H Shares
Huang Haibin	0	535,009	0.082	Circulating	Unknown	A Shares
Lai Shuijiao	+7,400	419,800	0.064	Circulating	Unknown	A Shares
Lai Qiong	-1,000	392,600	0.060	Circulating	Unknown	A Shares
Zhang Di	0	253,000	0.039	Circulating	Unknown	A Shares
Kay and Company Limited	0	200,000	0.031	Circulating	Unknown	H Shares
Wu Xinhai	0	197,000	0.030	Circulating	Unknown	A Shares

Notes:

- During the Reporting Period, there was no change of controlling shareholders of the Company. Panda Electronics Group Limited held 355,015,000 non-circulating State-owned legal person shares, representing 54.20% of the issued share capital of the Company, on behalf of the country. During the Reporting Period, the shares it held has no changes, nor have these shares been pledged, frozen or entrusted.
- HKSCC Nominees Limited held 237,153,899 H Shares, representing 36.21% of the issued share capital of the Company, on behalf of various clients respectively. The Company is not aware of any individual client holding more than 5% of share capital issued by the Company.
- All the top ten shareholders are not strategic investors of the Company. There was also no new shareholder arising from placing of shares. The Company is not aware of any relationship or any party acting in concert between the controlling shareholder, Panda Electronics Group Limited, and its second to the tenth largest shareholders. The H and A shares held by the above second to the tenth largest shareholders are circulating shares issued to the public. The Company is not aware of any relationship or any party acting in concert among them.

(4) Shareholdings of the top ten shareholders of circulating shares of the Company as at 30 June 2004

Name of Shareholders	No. of shares held at the end of the Reporting Period (share)	Type of shares	Percentage to total share capital (%)
HKSCC Nominees Limited	237,153,899	H	36.21
Cheng Chang Yung Tsung Alice	3,050,000	H	0.47
Tse Wing Pak	550,000	H	0.084
Huang Haibin	535,009	A	0.082
Lai Shuijiao	419,800	A	0.064
Lai Qiong	392,600	A	0.060
Zhang Di	253,000	A	0.039
Kay and Company Limited	200,000	H	0.031
Wu Xinhai Chen	197,000	A	0.030
Chen Shuchong	158,351	A	0.024

Note: The Company is not aware of any relationship or any party acting in concert among the top ten shareholders of circulating shares.

(5) Substantial shareholders' interests and short positions in the shares or underlying shares of the Company

As at 30 June 2004, the Company is notified that, long positions in shares or underlying shares of the Company held by substantial shareholders (exclusive of Directors, Supervisors and chief executives of the Company) which were required, pursuant to section 336 of the Securities and Futures Ordinance ("SFO"), to be entered in the register referred to therein are as follows: (1) Panda Electronic Group Limited holds 355,015,000 domestic shares, accounting for approximately 85.96% of the domestic shares in issue and approximately 54.20% of the total shares in issue. The nature of interests in such shares is corporate interest which is held in the capacity of beneficial owner; (2) Lewis Joseph holds 20,260,000 H shares, accounting for approximately 8.38% of the H shares in issue and approximately 3.10% of the total shares in issue. The nature of interests in such shares is personal interest which is held in the capacity of beneficial owner; and (3) Tuesday Thirteen Inc., holds 16,920,000 H shares, accounting for approximately 7.00% of the H shares in issue and approximately 2.59% of the total shares in issue. The nature of interests in such shares is corporate interest which is held in the capacity of controlled corporation. No short positions are found in any shares held by the above substantial shareholders.

Save as disclosed above, the Company has not been notified of any other persons (except Directors, Supervisors and chief executives of the Company) who has any interests or short positions in the shares or underlying shares of the Company which were required to be entered in the register as required pursuant to section 336 of the SFO.

IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Shareholdings of Directors, Supervisors and senior management

As at 30 June 2004, interests of the Directors, Supervisors and chief executive of the Company in the domestic shares of the Company which were required, pursuant to section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), to be entered in the register referred to therein are as follows (the nature of such interests is of personal interest):

Name	Duties	No. of A shares held (beginning of the period) (share)	No. of A shares held (end of the period) (share)	Percentage to share capital in issue (%)
Li Anjian	Chairman, General Manager	0	0	0
Zhang Zuzhong	Vice-chairman	9,400	9,400	0.014
Liu Ailian	Non-executive Director	0	0	0
Zhou Zhenyu	Non-executive Director	2,900	2,900	0.004
Zhu Lifeng	Non-executive Director	2,743	2,743	0.004
Tang Hongqing	Non-executive Director	9,100	9,100	0.014
Wan Hui	Independent Non-executive Director	0	0	0
Cai Lianglin	Independent Non-executive Director	0	0	0
Ma Chung Lai	Independent Non-executive Director	0	0	0
Zhang Zhenping	Chairman of the Supervisory Committee	3,429	3,429	0.005
Chen Ning	Supervisor	3,900	3,900	0.006
Zhong Youxiang	Supervisor	0	0	0
Wu Shiyuan	Independent Supervisor	0	0	0
Sun Suhua	Independent Supervisor	0	0	0
Wang Hongjin	Deputy General Manager	8,300	8,300	0.013
Wu Liulin	Chief Accountant	0	0	0
Shi Qiusheng	Company Secretary, Deputy General Manager	3,343	3,343	0.005
Liu Kun	Deputy General Manager	0	0	0
Chen Ping	Deputy General Manager, Secretary to the Board of Directors	0	0	0

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

None of the directors, supervisors, chief executives or their respective associates were granted or exercised any rights to subscribe for any shares or debt securities of the Company during the Reporting Period.