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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)

VOLUNTARY ANNOUNCEMENT

The Board is pleased to announce that on 28 August 2014, the Company and CEC Finance entered into the Entrusted Investment Agreement with entrusted investment amount of RMB100 million to invest in principal-guaranteed wealth management products issued by banks.

As CEC Finance is a connected person of the Company, the Entrusted Investment constitutes a connected transaction under the Listing Rules.

No fees will be charged by CEC Finance to the Company in relation to the Entrusted Investment Agreement. Therefore, the connected transaction involved in provision of the said entrusted investment services is exempt from the reporting, announcement and Independent Shareholders' approval requirements. However, for the sake of good corporate governance, the Company made this voluntary announcement.

Reference is made to the announcements dated 26 October 2012 and 21 January 2014 and the circulars dated 6 December 2012 and 24 February 2014 of the Company, in relation to, among other matters, the Financial Services Agreement and the Supplementary Agreement entered into between the Company and CEC Finance.

The Board is pleased to announce that on 28 August 2014, the Company and CEC Finance entered into the Entrusted Investment Agreement with entrusted investment amount of RMB100 million to invest in principal-guaranteed wealth management products issued by banks. The Entrusted Investment is funded by temporarily idle proceeds.

Pursuant to the Financial Services Agreement and the Supplementary Agreement, services provided by CEC Finance to the Company include entrusted investment services. Upon the approval at the extraordinary general meeting of the Company held on 12 March 2014, the Annual Caps for deposit services and for loan guarantee and other credit financing services of the continuing connected transactions under the Supplementary Agreement are RMB500 million and RMB600 million respectively. The investment amount involved in the Entrusted Investment Agreement and the Entrusted Investment contemplated thereunder falls within the Annual Caps mentioned above.

Particulars of the Entrusted Investment Agreement are set out below:

Entrusted Investment Agreement

Date: 28 August 2014

Parties:

- (1) the Company
- (2) CEC Finance

Scope of services:

The investment capital entrusted by the Company to CEC Finance is monetary capital denominated in RMB with an amount of RMB100 million (equivalent to approximately HK\$126,000,000.00) (the “**Entrusted Capital**”). The Entrusted Capital of the Company to CEC Finance agreed under the Entrusted Investment Agreement shall be utilized by CEC Finance in various investment businesses in its own name on behalf of the Company to the extent that it is permitted by laws, administrative regulations and normative documents in the PRC.

The Entrusted Capital under the Entrusted Investment Agreement shall be used for investing in principal-guaranteed wealth management products issued by banks as designated by the Company.

The investments under the Entrusted Investment Agreement will be used to purchase “Dingdingchengjin No. 20538” of the “Yinhe Wealth Surplus” series (銀和理財創盈之鼎鼎成金20538號) issued by CMBC.

The Entrusted Capital of the Company shall be under special management by CEC Finance through individual operation and settlement.

The Company's anticipated maximum annual return rate under the Entrusted Investment Agreement is 4.9%. Upon the maturity of wealth management products, if the actual annual return rate is lower than the anticipated maximum annual return rate, the gain from wealth management will be paid to the Company based on the actual annual return rate.

CEC Finance undertakes that upon the maturity of the investment products, on the second working day after the redemption date of the investment products, it will directly transfer the Entrusted Capital and 4.9% investment gain to the Company's designated bank account in a lump sum, and CEC Finance will not charge the management fees.

Term of Entrusted Investment

The term of Entrusted Investment under the Entrusted Investment Agreement is 91 days, commencing from 28 August 2014 until 27 November 2014.

Termination

Neither party has the right of early termination of the Entrusted Investment Agreement. The Entrusted Investment Agreement will be terminated when CEC Finance completes the payment to the Company in accordance with the Entrusted Investment Agreement.

Wealth Management Products

The Company entered into the Entrusted Investment Agreement with CEC Finance, pursuant to which, the Company invested RMB100 million in principal-guaranteed products issued by banks with a term of 91 days. The expected maximum annualized return rate is 4.9%. In accordance with the agreement, the Entrusted Capital is used for purchase of the wealth management products from CMBC. The details of the wealth management products are as follows:

- (1) **Entrustor:** CMBC
- CMBC is a licensed bank incorporated under the laws of the PRC. To the best knowledge, information and belief of the Directors, CMBC and its ultimate beneficial owners are independent third parties. The principal businesses of CMBC include the provision of corporate and retail services, capital operation, investment banking, assets management, trust and financial leasing as well as other financial services.
- (2) **Name of the wealth management products:** “Dingdingchengjin No.20538” of the “Yinhe Wealth Surplus” series issued by CMBC
- (3) **Currency of investment and returns:** RMB
- (4) **Type of return:** Principal-guaranteed product. In the event of normal disposal or held to maturity of the subscribed asset portfolio, after deduction of entrustment fee, sales cost and other related expenses by CMBC, the expected maximum annualized return rate upon maturity of this wealth management product is 4.90%. The part of return exceeds the maximum annualized return rate will be used for the investment management fee of the bank. Otherwise the receivable wealth management return (if any) of the investors will be determined based on the actual transfer or disposal situation of the asset portfolio.

- (5) **Term of the wealth management product:** 91 days
- (6) **Early termination:** This wealth management product may be terminated early.
- (7) **Subscription term:** From 28 August 2014 to 27 November 2014
- (8) **Payment of the principal and return of the wealth management product:** Paid in a lump sum upon the maturity
- (9) **Expected annualized return rate:** 4.90%
- (10) **Rate of the entrustment fee:** 0.02% of the principal per annum
- (11) **Rate of the sales cost:** 0.30% of the principal per annum

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONNECTED TRANSACTION

The Entrusted Investment with temporarily idle raised proceeds was conducted on the premises that the funds required for the proceeds investment projects and safety of proceeds are guaranteed, and that it would not impact the daily capital turnover of the Company, the construction of proceeds investment projects or the operation of the Company's principal businesses.

The Entrusted Investment with temporarily idle raised proceeds could improve the capital usage efficiency and earn certain investment return. As such, the Board is of the opinion that the Entrusted Investment is in the interests of the Company and all of its Shareholders.

Relying on its own advantages, CEC Finance carried out special funds management as entrusted, and made investment in principal-guaranteed wealth management products issued by banks, getting a relatively high expected annualized return rate upon maturity under the premise of protecting the principal.

The Company entered into the Entrusted Investment Agreement with CEC Finance, major terms of the term of investment, amount of Entrusted Investment and expected annualized return rate are consistent with those of the principal-guaranteed wealth management products issued by banks subscribed by the capital of the Entrusted Investment, and did not prejudice the Company's interests. And as specified in the Entrusted Investment Agreement, CEC Finance will not charge any management fees.

For details of information on the use of temporarily idle raised proceeds for purchase of bank wealth management products of the Company, relevant risk control measures and the impact on the Company, please see the announcements published in China Securities Journal, Shanghai Securities News and on the website of the Shanghai Stock Exchange by the Company on 8 July 2014, 17 July 2014, 18 July 2014, 13 August 2014 and 23 August 2014 and the announcements published on the website of the Stock Exchange (www.hkexnews.hk) by the Company on 7 July 2014, 16 July 2014, 17 July 2014, 12 August 2014 and 22 August 2014.

INFORMATION OF THE PARTIES

The Group is principally engaged in the development, manufacture and sale of electronic equipment products and consumer electronic products as well as electronic manufacturing services.

The predecessor of CEC Finance is China Information Trust Investment Corporation, which was approved by the People's Bank of China on 15 March 1988 and registered with the State Administration for Industry and Commerce on 21 April 1988. China Information Trust Investment Corporation was a national non-banking financial institution with its business operations subject to the leadership, administration, supervision, coordination and audit by the People's Bank of China and the State Administration of Foreign Exchange.

On 6 November 2000, as approved by People's Bank of China, China Information Trust Investment Corporation was reorganized into a corporate group finance company and was renamed as CEC Finance, which was officially put into operation in 2001. CEC Finance has a registered capital of RMB1,750,943,000. CEC holds 41.9654% equity interest in CEC Finance and is the largest shareholder and ultimate controller of CEC Finance.

CEC Finance holds a corporate business licence with registration number 100000000007843(4-1), with its operating range including:

- (i) provision of financial and financing advisory services;
- (ii) credit verification and consulting agency services;
- (iii) provision of assistance to member companies in receipt and payment of transaction proceeds;
- (iv) provision of guarantees to member companies;
- (v) dealing with commissioned loans and Entrusted Investment between member companies;
- (vi) provision of bill acceptance and bill discount services to member companies;
- (vii) provision of intra-group transfer and settlement services to member companies and liquidation planning;
- (viii) provision of deposit services to member companies;
- (ix) provision of loans and finance leasing services to member companies;
- (x) interbank lending and borrowing;
- (xi) issuing bonds;
- (xii) underwriting corporate bonds of member companies;
- (xiii) portfolio investment, with investment range limited to government bonds in the interbank market, central bank bills, financial bonds, short-term financing bonds, corporate bonds, money market funds, and purchase of new shares.

In addition, CEC Finance holds a financial institution licence (金融機構法人許可證) with licence number L0014H211000001.

As at the date of this announcement, PEGL is a shareholder of the Company, holding approximately 36.63% of the total issued share capital of the Company, while NEIIC holds 56.85% equity interest in PEGL, the controlling shareholder of the Company, and is therefore the controlling shareholder of PEGL. In addition, NEIIC holds approximately 4.29% of the total issued share capital of the Company. CEC is the ultimate controlling shareholder of the Company and holds 70% of the issued share capital of NEIIC. Furthermore, CEC Finance is owned directly by CEC and NEIIC as to 41.9654% and 25.1293% respectively. CEC Finance is a connected person of the Company accordingly.

REQUIREMENTS UNDER THE LISTING RULES

As at the date of this announcement, PEGL is a shareholder of the Company, holding approximately 36.63% of the total issued share capital of the Company, while NEIIC holds 56.85% equity interest in PEGL, the controlling shareholder of the Company, and is therefore the controlling shareholder of PEGL. In addition, NEIIC holds approximately 4.29% of the total issued share capital of the Company. And CEC is the ultimate controlling shareholder of the Company and holds 70% of the issued share capital of NEIIC. Furthermore, CEC Finance is directly owned by CEC and NEIIC as to 41.9654% and 25.1293% respectively. CEC Finance is a connected person of the Company and the Entrusted Investment constitutes connected transactions of the Company under Rule 14A of the Listing Rules.

No fees will be charged by CEC Finance to the Company in relation to the Entrusted Investment Agreement. Therefore, the connected transaction involved in provision of the said entrusted investment services is exempt from the reporting, announcement and Independent Shareholders' approval requirements. However, for the sake of good corporate governance, the Company made this voluntary announcement.

DEFINITIONS

Unless the context otherwise requires, the following terms used herein have the following meanings:

“Annual Cap(s)” the maximum annual value of the Continuing Connected Transactions

“Board”	the board of Directors
“CEC”	China Electronics Corporation (中國電子信息產業集團有限公司), the ultimate controller of the Company;
“CEC Finance”	China Electronics Financial Co., Ltd. (中國電子財務有限責任公司), a company incorporated in the PRC and a non-banking financial institute of CEC owned as to 50.932% by CEC;
“CMBC”	China Merchants Bank Company Limited, a licensed bank incorporated under the laws of the PRC;
“Continuing Connected Transactions”	the continuing connected transactions in respect of (i) deposit services; and (ii) loan and other credit finance services between the Group and CEC Finance pursuant to the Financial Services Agreement and Supplemental Agreement
“Company”	Nanjing Panda Electronics Company Limited, a joint stock company incorporated in the PRC with limited liability;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the Directors of the Company;
“Financial Services Agreement”	the continuing connected transaction agreement entered into between the Company and CEC Finance on 26 October 2012, for a term of three years commencing from 21 December 2012 and expiring on 20 December 2015, details of which are set out in the Company’s announcement and circular dated 26 October 2012 and 6 December 2012 respectively;
“Entrusted Investment Agreement”	the entrusted investment agreement entered into between the Company and CEC Finance on 28 August 2014, the principal terms of which are summarized in the announcement
“Entrusted Investment”	the Company entrusts the funds to CEC Finance for various investments by CEC Finance in the name of its own on behalf of the Company in accordance with the Entrusted Investment Agreement

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administration Region of the PRC;
“Independent Third Parties”	third parties independent of the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NEIIC”	Nanjing Electronics Information Industrial Corporation (南京中電熊貓信息產業集團有限公司), the controlling shareholder of PEGL;
“PEGL”	Panda Electronics Group Limited (熊貓電子集團有限公司), the controlling Shareholder of the Company holding approximately 51.1% of the total issued share capital of the Company as at the date of the announcement;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement to the Financial Services Agreement; details are set in the announcement and circular of the Company dated 21 January 2014 and 24 February 2014, respectively;

“Wealth Management Products” the wealth management products denominated in Renminbi subscribed for by the CEC Finance under the Entrusted Investment Agreement

“%” per cent

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.26. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Nanjing, the People’s Republic of China
2 September 2014

As at the date of this announcement, the Board comprises Executive Directors: Mr. Lai Weide and Mr. Xu Guofei; Non-executive Directors: Mr. Deng Weiming, Mr. Lu Qing, Mr. Xia Dechuan and Mr. Jason Hsuan; and Independent Non-executive Directors: Ms. Zhang Xiuhua, Ms. Liu Danping and Mr. Chu Wai Tsun, Vincent.