

PANDA Electronics

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Nanjing Panda Electronics Company Limited

2015

Interim Report

(H Share Stock Code : 0 5 5 3)

(A Share Stock Code : 600775)



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IMPORTANT NOTICE

1. The board of directors (the "Board"), the supervisory committee, the directors (the "Directors"), supervisors and senior management of the Company confirm that the information in this Interim Report is true, accurate and complete and does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the contents herein.
2. All Directors attended the second meeting of the eighth session of the Board of the Company held on 28 August 2015.
3. The interim financial report of the Company are unaudited.
4. Mr. Xia Dechuan, the Head of the Company, Mr. Shen Jianlong, the Chief Accountant, and Ms. Liu Xianfang, the Head of the Accounting Department (person in charge of accounting matters), declared that they confirmed the truthfulness, accuracy and completeness of the financial report contained in the Interim Report.
5. The Company would not make any profit distribution or capitalization of capital reserve for the first half of 2015.
6. This interim report contains forward-looking statements including future plans and development strategies, which do not constitute actual commitments of the Company to investors. Investors are advised to pay attention to the investment risks involved.
7. Neither the Company's controlling shareholder nor any of its related parties has misappropriated the Company's funds for non-operating purposes.
8. The Company did not provide external guarantees in violation of any stipulated decision-making procedures.

I. DEFINITIONS

Unless otherwise stated in context, the following terms shall have the following meanings in this report:

Definitions of frequently-used terms

Company	Nanjing Panda Electronics Company Limited (南京熊猫電子股份有限公司)
Group	Nanjing Panda Electronics Company Limited and its subsidiaries
PEGL	Panda Electronics Group Limited (熊猫電子集團有限公司)
NEIC	Nanjing Electronics Information Industrial Corporation (南京中電熊猫信息產業集團有限公司)
CEC	China Electronics Corporation (中國電子信息產業集團有限公司)
CEC Group	China Electronics Corporation and its subsidiaries
Financial Company	China Electronics Financial Co., Ltd. (中國電子財務有限責任公司)
Electronics Equipment Company	Nanjing Panda Electronics Equipment Co., Ltd. (南京熊猫電子裝備有限公司)
Information Industry Company	Nanjing Panda Information Industry Co., Ltd. (南京熊猫信息產業有限公司)
Communications Technology Company	Nanjing Panda Communications Technology Co., Ltd. (南京熊猫通信科技有限公司)
Technology Development Company	Nanjing Panda Electronic Technology Development Company Limited (南京熊猫電子科技發展有限公司)
Shenzhen Jingwah	Shenzhen Jingwah Electronics Co., Ltd. (深圳市京華電子股份有限公司)
China Huarong	China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司)
China Great Wall	China Great Wall Asset Management Corporation (中國長城資產管理公司)
CSRC	China Securities Regulatory Commission
SFC	Securities and Futures Commission of Hong Kong
Shanghai Stock Exchange	Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Nanjing Panda Electronics Company Limited

II. COMPANY PROFILE

I. Corporate Information

Chinese Name of the Company	南京熊猫電子股份有限公司
Abbreviation of the Chinese Name	南京熊猫
English Name of the Company	Nanjing Panda Electronics Company Limited
Abbreviation of the English Name	NPEC
Legal Representative of the Company	Xia Dechuan (Executive Director, General Manager)

II. Contact persons and contact methods

	Secretary to the Board	Securities Affairs Representative
Name	Shen Jianlong	Wang Dongdong
Correspondence Address	7 Jingtian Road, Nanjing, the People's Republic of China	7 Jingtian Road, Nanjing, the People's Republic of China
Telephone	(86 25)84801144	(86 25)84801144
Facsimile	(86 25)84820729	(86 25)84820729
Email	dms@panda.cn	dms@panda.cn

III. Changes in basic information

Registered Address	Level 1-2, Block 5, North Wing, High and New Technology Development Zone, Nanjing, the People's Republic of China
Postal Code	210032
Office Address	7 Jingtian Road, Nanjing, the People's Republic of China
Postal Code	210033
Company website	http://www.panda.cn
Email	dms@panda.cn
Information of the Changes during the Reporting Period	N/A

IV. Changes in place for information disclosure and inspection

Designated Newspaper for Information Disclosure	Shanghai Securities News, China Securities Journal
Internet Websites for Publication of the Company's Interim Report and Information Disclosure	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Place for Inspection of the Company's Interim Report	Office of Secretary to the Board of Directors, 7 Jingtian Road, Nanjing, the People's Republic of China
Information of the Changes during the Reporting Period	N/A

V. Information of the Company's shares

Type of shares	Overview of the Company's shares			Stock abbreviation before changes
	Place of listing of the Company's shares	Stock abbreviation	Stock code	
A Shares	Shanghai Stock Exchange	Nanjing Panda	600775	N/A
H Shares	Hong Kong Stock Exchange	Nanjing Panda	00553	N/A

VI. Changes in registration of the Company during the reporting period

There is no change in registration of the Company during the Reporting Period.

VII. Other Related Information

Domestic auditors of the Company	Name	Baker Tilly China (Special General Partnership)
	Office address	2/F, Tower B, Huatong Building, No.19 Chegongzhuang Road West Yi, Haidian District, Beijing, the PRC
	Names of signing accountants	Zhang Jian (張堅), Zhou Weiyang (周薇英)
Overseas auditors of the Company	Name	Baker Tilly Hong Kong Limited
	Office address	2nd Floor, 625 King's Road, North Point, Hong Kong
	Names of signing accountants	Edmond Chan
Financial Adviser performing the duty of continuous supervision during the Reporting Period	Name	China Securities Co., Ltd.
	Office address	No. 188 Chaoyangmennei Avenue, Dongcheng District, Beijing
	Names of signing executives of the financial adviser	Luo Guijun (羅貴均), Tan Yongfeng (譚永豐)
	Term of continuous supervision	From 8 December 2014 to 31 December 2015
Long-term domestic legal advisers	Name	Yongheng Partners
	Office address	13/F, Changfa Science & Technology Building, 222 Zhujiang Road, Nanjing, the PRC
Long-term overseas legal advisers	Name	Philip K. H. Wong, Kennedy Y. H. Wong & Co., Solicitors
	Office address	23rd Floor, Admiralty Centre Tower II, 18 Harcourt Road, Queensway, Hong Kong
Custodian in respect of the non-circulating shares of the Company	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office address	36/F, China Insurance Building, 166 East Lu Jia Zui Road, Pudong New District, Shanghai, the PRC
Share Registrar and Transfer Agent (A shares)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office address	36/F, China Insurance Building, 166 East Lu Jia Zui Road, Pudong New District, Shanghai, the PRC
Share Registrar and Transfer Agent (H shares)	Name	Hong Kong Registrars Limited
	Office address	46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principal Bankers	Name	China Construction Bank, Bank of Communications, Shanghai Pudong Development Bank, China Merchants Bank

III. ACCOUNTING DATA AND FINANCIAL INDICATORS HIGHLIGHTS

I. Major accounting data and financial indicators of the Company (prepared in accordance with the PRC Accounting Standards for Business Enterprises)

(I) Principal accounting data

		<i>Unit: Yuan</i>		<i>Currency: RMB</i>
Principal accounting data	Reporting Period (January-June 2015)	Same period of last year (January-June 2014)		Increase/decrease in the Reporting Period over the same period of last year (%)
		After adjustment	Before adjustment	
Operating income	1,647,734,769.34	1,569,441,842.81	1,164,508,418.29	4.99
Net profit attributable to shareholders of the Company	87,625,888.80	85,735,225.24	85,116,408.79	2.21
Net profit attributable to shareholders of the Company after extraordinary items	77,166,706.56	56,377,869.13	56,377,869.13	36.87
Net cash flow from operating activities	-32,840,266.46	-70,630,298.06	-65,418,352.79	N/A
				Increase/decrease at the end of the Reporting Period over the end of last year (%)
		At the end of last year (31 December 2014)		
		After adjustment	Before adjustment	
Net assets attributable to shareholders of the Company	3,207,165,208.46	3,178,952,959.93	3,178,952,959.93	0.89
Total assets	5,100,144,590.12	4,624,124,678.17	4,624,124,678.17	10.29

(II) Key financial data

		<i>Unit: Yuan</i>		<i>Currency: RMB</i>
Key financial indicators	Reporting Period (January-June 2015)	Same period of last year (January-June 2014)		Increase/Decrease in the Reporting Period over the same period of last year (%)
		After adjustment	Before adjustment	
Basic earnings per share (<i>RMB/share</i>)	0.0959	0.0938	0.0931	2.21
Diluted earnings per share (<i>RMB/share</i>)	0.0959	0.0938	0.0931	2.21
Basic earnings per share after extraordinary items (<i>RMB/share</i>)	0.0844	0.0617	0.0617	36.87
Weighted average return on net assets (%)	2.72	2.71	2.70	Increased by 0.01 percentage point
Weighted average return on net assets after extraordinary items (%)	2.39	1.78	1.79	Increased by 0.61 percentage point

II. Prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (unaudited)

Condensed consolidated statement of comprehensive income

For the six months ended 30 June 2015

Unit: Yuan Currency: RMB

	2015 January-June (unaudited)	2014 January-June (unaudited)	
		Before adjustment	After adjustment
		Turnover	1,628,880,890.60
Cost of sales	-1,409,055,332.67	-1,017,672,178.51	-1,352,241,578.31
Gross profit	219,825,557.93	133,382,844.95	200,151,258.86
Other income and net gains	6,119,937.91	32,164,710.00	32,484,950.30
Distribution costs	-22,080,351.92	-17,363,776.09	-22,851,106.83
Administrative expenses	-189,844,836.96	-149,289,928.41	-172,638,319.14
Net operating profit/(loss)	14,020,306.96	-1,106,149.55	37,146,783.19
Finance income	16,133,272.54	15,292,289.42	18,864,088.47
Finance costs	-2,556,833.60	-1,653,294.61	-1,653,294.61
Finance income, net	13,576,438.94	13,638,994.81	17,210,793.86
Share of profits of associates	97,385,816.56	78,748,338.16	67,463,853.73
Profit before taxation	124,982,562.46	91,281,183.42	121,821,430.78
Income tax expense	-15,390,616.29	-5,269,885.62	-12,552,098.59
Profit for the period	109,591,946.17	86,011,297.80	109,269,332.19
Other comprehensive income	-	-	-
Total comprehensive income for the period	109,591,946.17	86,011,297.80	109,269,332.19
Total profit and comprehensive income for the period attributable to:			
Equity holders of the Company	87,625,888.80	85,116,408.79	85,735,225.24
Non-controlling interests	21,966,057.37	894,889.01	23,534,106.95
Earnings per share attributable to equity holders of the Company for the period (RMB per share)	0.0959	0.0931	0.0938
Dividend	-	-	-

III. Difference between accounting data prepared under Hong Kong and Domestic Accounting Standards

No differences of net profit and net assets between the financial statements prepared in accordance with HKFRSs and the PRC Accounting Standards for Business Enterprises as applicable to the Group.

IV. Extraordinary Items

Unit: Yuan Currency: RMB

Extraordinary items	Amount
Gains and losses from disposal of non-current assets	-612,233.47
Government grants (except for the grants which are closely related to the Company's ordinary business and have the standard amount and quantities in accordance with the national standard) included in gains and losses for the period	167,516.00
Gains and losses from entrusted investment	11,397,282.39
Other non-operating net income and expenses other than the aforesaid items	54,128.22
Impact on enterprise income tax	-160,702.95
Extraordinary items attributable to minority shareholders	-386,807.95
Total	10,459,182.24

IV REPORT OF THE BOARD OF DIRECTORS

I. Discussion and Analysis on the Operations of the Company during the Reporting Period

In the first half of 2015, the Company strove to complete key tasks by planning for scientific research projects, implementing the key scientific research projects and putting more efforts on talents recruitments. It also actively expanded the market developments, adjusted and optimized the corporate structure, while continuous effort was made to improve the internal control system, in a bid to ensure the regulated and stable development of the Company.

(I) Analysis of principal operations

1. Analysis of changes in related items in the financial statements (prepared according to the Accounting Standard for Business Enterprises of People's Republic of China) (unaudited)

Unit: Yuan Currency: RMB

	Amount for the period (January-June 2015)	Amount for the same period last year (January-June 2014)	Change (%)
Operating income	1,647,734,769.34	1,569,441,842.81	4.99
Operating cost	1,408,047,579.81	1,342,508,532.30	4.88
Distribution costs	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 flows from operating activities	-32,840,266.46	-70,630,298.06	N/A
Net cash flows from investment activities	11,308,774.69	-453,467,497.23	N/A
Net cash flows from financing activities	37,307,918.33	-86,885,836.03	N/A
R&D expenditure	84,838,210.32	72,002,588.58	17.83
Loss on 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 the 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 distribution of dividends for the year 2014 was implemented after the Reporting Period.
 - (5) Loss on 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 profit of associates recognized based on equity method during the period.
 - (7) Non-operating income: mainly due to the increase in income from subsidies for research and development (R&D) projects recognized during the previous period.
 - (8) Non-operating expenses: mainly due to the disposal of non-current assets in the period.
2. Substantial changes in other financial indicators of the Company and their reasons (prepared according to the Accounting Standard for Business Enterprises of the People's Republic of China) (unaudited)

Unit: Yuan Currency: RMB

	30 June 2015	31 December 2014	Change (%)
Accounts receivable	1,038,703,338.25	735,609,844.69	41.20
Interest receivable	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
Development 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 payable	145,361,751.36	83,633,487.09	73.81
Receipts in advance	180,737,452.40	136,414,078.49	32.49
Tax payable	-958,779.16	20,861,633.84	-104.60
Interest payable	120,000.00		N/A
Dividends payable	63,786,155.95	3,489,019.43	1,728.20

Reasons for the changes:

- (1) Accounts receivable: mainly due to the increase in accounts receivable accrued recognized during the period.
- (2) Interest receivable: mainly due to the decrease in interests accrued on 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 timely 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. Others

- (1) Explanation about material changes in the Company's profit structure or sources: N/A
- (2) 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, increasing the capital of the implementing entity with the proceeds, 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 effort 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 the 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 NEIC (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 NEIC may not be transferred within 36 months from the completion date of the issue and will become tradable on 28 June 2016.

(3) Explanation on progress of operational plan

During the Reporting Period, the Company implemented various work 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 insisted 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 amounted to RMB87,625,900, representing an increase of 2.21% as compared with the corresponding period last year.

➤ Further facilitate 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. 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.

(4) 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.

(II) **Analysis of principal operations by business, product or geographical region**

1. Principal operations by business or product (prepared according to the Accounting Standard for Business Enterprises of People's Republic of China) (unaudited)

Unit: Yuan Currency: RMB

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

2. Principal operations by geographical regions

The Company carried out its principal operations mainly within mainland China.

(III) **Analysis of core competitiveness**

During the Reporting Period, there was no significant change in the core competitiveness of the Company as compared with the end of 2014.

(IV) **Analysis of investment**

1. Overall analysis of equity investment

In the first half of 2015, the Company increased the capital to 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 robot 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) 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 published on the website of the Hong Kong Stock Exchange on 9 June and 2 July 2015 respectively.

2. Entrusted wealth management and derivatives investment in non-financial companies

(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 published 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: 0'000 Currency: RMB

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	103,500				56,400	567.42

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 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 Announcements 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, 30 January, 31 January, 12 February, 13 February, 14 February, 11 March, 21 March, 25 April, 4 May, 5 June and 18 June 2015 and published on the website of 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. 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.

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: 0'000 Currency: RMB

Name of subsidiary	Major products or services	Registered Capital	Total assets	Net assets	Operating income	Net Profit
Electronics Equipment Company	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
Information Industry Company	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
Communications Technology Company	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
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
Technology Development Company	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 Jingwah 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

In the first half of 2015, the information of the Company's major investee companies is set out below:

Unit: 0'000 Currency: RMB

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	20,967.67	20%	4,197.53

II. Plan for Profit Distribution or Capitalization of Capital Reserve

(I) 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 published on the website of the Hong Kong Stock Exchange on 31 March, 3 July and 16 July 2015.

(II) 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.

III. Other disclosures

(I) Warnings on any potential loss in accumulated net profit for the period from the beginning of the year to the end of next reporting period or any material changes from the corresponding period of last year and the explanations thereof: N/A

(II) Explanations of the Board and the supervisory committee of the Company on the "Non-standard opinions" given by the auditors of the Company: N/A

(III) **Other disclosures**

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.

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. Pre-emptive rights

There is no provision for pre-emptive rights under the relevant laws of the PRC and the Articles of Association of the Company.

4. Arrangements for purchase of shares or debentures by Directors, supervisors and senior management

At no time during the year had the Company become a party to any arrangements which enabled the Directors, supervisors and senior management members of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other corporate bodies.

5. Directors' and senior management's liability insurance

As at the date of this report, the Company had purchased liability insurance for its Directors and senior management in compliance with the Rules Governing the Listing of Securities on the Main Board issued by the Hong Kong Stock Exchange.

6. Corporate Governance

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").

7. Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers

During the Reporting Period, the Company adopted the Model Code for Securities Transactions by Directors of Listed Companies (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.

8. Pursuant to paragraph 40 of Appendix 16 of the Listing Rules, save as disclosed herein, the Company confirms that the current information in relation to those matters set out in paragraph 32 of Appendix 16 of the Listing Rules has not changed materially from the information disclosed in the 2014 Annual Report of the Company.

Nanjing Panda Electronics Company Limited

Chairman: Lai Weide

28 August 2015

V SIGNIFICANT EVENTS

I. Material litigation, arbitration or matters subject to doubt by media: N/A

II. Bankruptcy and restructuring: The Company did not have bankruptcy and restructuring related matters during the Reporting Period.

III. Asset transactions and business combinations

(i) Matters not disclosed in interim announcements or with subsequent progress

1. Position of asset acquisition

After consideration at the extraordinary meeting held by the seventh session of the Board of the Company and given the needs of business development of the Company, the Board agreed to acquire 0.24% equity in Shenzhen Jingwah held by a natural person at a consideration based on the unaudited net assets of Shenzhen Jingwah for the year 2014. The acquisition is in process. After the acquisition, the Company will hold 43.34% equities.

IV. Share incentives and their effects: N/A

V. Material connected transactions

(i) Connected transactions relating to day-to-day operation

1. Matters disclosed in interim announcements with progress or change in the follow-up implementation

On 21 January 2014, the seventh session of the Board of the Company held an extraordinary meeting where it approved the supplemental agreement to the Financial Services Agreement entered into between the Company and Financial Company, pursuant to which it was agreed that the cap for the integrated credit balance to be provided by Financial Company to the Company increased to RMB600 million and the cap for the fund settlement balance with Financial Company increased to RMB500 million, and the Board or senior management of the Company was authorized to execute such supplemental agreement. This transaction was conducted on the principle of openness, fairness and justice and in compliance with relevant state and industry regulations, without prejudice to the interests of the Company and minority shareholders of the Company. The Company formulated an emergency risk management plan for the deposits with the Financial Company, so as to ensure the safety and liquidity of funds. The Audit Committee and independent non-executive Directors approved the connected transactions between the Company and Financial Company, and considered that it was in the interests of the Company and all the shareholders. The sponsor institutions had given positive inspection opinions. On 12 March 2014, the above connected transactions were approved by the independent shareholders at the 2014 first extraordinary general meeting of the Company. For details, please refer to relevant announcements published on China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 22 January 2014 and 13 March 2014 and published on the website of the Hong Kong Stock Exchange on 21 January and 13 March 2014, and the circular dispatched on 25 February 2014.

On 22 January 2014, the seventh session of the Board of the Company held an extraordinary meeting where it considered and approved the revised Emergency Risk Management Plan of Deposits in China Electronics Financial Co., Ltd. of Nanjing Panda Electronics Company Limited to clarify exact implementation of prevention and risk control.

On 30 March 2015, the seventh session of the Board of the Company held the eighteenth extraordinary meeting, where it considered and approved the resolution in relation to the Risk Assessment Reports of China Electronics Financial Co., Ltd. to assess the deposit risk in the Financial Company. Please refer to the relevant announcement published on the Shanghai Stock Exchange on 31 March 2015 for more details.

As of 30 June 2015, the loan balance of the Company at the Financial Company amounted to RMB40 million, and the deposit balance at the Financial Company amounted to RMB177,922,400. As of 26 August 2015, the loan balance of the Company at the Financial Company amounted to RMB70 million, and the deposit balance at the Financial Company amounted to RMB206,759,600.

2. Matters not disclosed in interim announcements

During the Reporting Period, the continuing connected transactions conducted between the Group, NEIC Group, CEC Group (including Financial Company) (the continuing connected transactions which were conducted in the usual course of business and on normal commercial terms) were considered and approved at the extraordinary meeting of the seventh session of the Board of the Company and were approved by independent shareholders at the second extraordinary general meeting of 2012, the first extraordinary general meeting of 2014, and the third extraordinary general meeting of 2014, the procedures of which were in compliance with relevant requirements. For details please refer to the related announcement published on China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 22 December 2012, 13 March 2014 and 30 December 2014 and published on the website of the Hong Kong Stock Exchange on 21 December 2012, 13 March and 29 December 2014. All connected transactions were confirmed by the independent non-executive directors and had not exceeded their respective annual caps.

These continuing connected transactions can provide the Group with a stable source of income and reliable supply of high-quality services, materials, components and parts, which is conducive to the stability of the Group's production and operation. In addition, all of these continuing connected transactions were conducted on normal commercial terms and were fair and reasonable with justice pricing and had performed approval procedures in accordance with relevant requirements and were in the benefit of the Company and the shareholders as a whole.

For details of the continuing connected transactions between the Group, NEIC Group and CEC Group (including Financial Company) please refer to Transactions with related parties in Note XI to the financial statements of 2015 interim financial reports of the Company.

- (II) During the Reporting Period, the Company had no connected transactions in respect of asset acquisition or disposal.
- (III) During the Reporting Period, the Company had no material connected transactions in respect of joint external investment.
- (IV) Transactions relating to creditor's rights and debts

Unit: 0'000 Currency: RMB

Connected parties	Provision of funds to connected parties			Provision of funds to the listing Company		
	Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
Shenzhen Jingyin Electronic Co., Ltd.	17.75	2.02	19.77			
Shenzhen Jinghua Network Marketing Co., Ltd.		0.34	0.34			
China Electronics Corporation				3,400.00		3,400.00
Panda Electronics Group Limited				1,043.73		996.57
Nanjing Thales Panda Transportation System Company Limited				86.03		86.03
Shenzhen Jingfa Plastic Package Products Co., Ltd.				22.80		22.80
Shanghai Panda Huning Electronic Technology Co., Ltd.				10.88		10.88
Nanjing Electronics (Kunshan) Co. Ltd.				30.00		6.42
Nanjing Electronics Information Industrial Corporation				4.46		4.46
Nanjing Panda Electronics Transportation Company				2.85		1.23
China National Electronics Import/Export Corporation				1.00		1.00
Nanjing Panda DaSheng Electronics Technology Co., Ltd.				0.02		0.02
Nanjing Zhongdian Panda Property Management Co., Ltd.				52.14		
Panda (Beijing) International Information Technology Co., Ltd.				4.56		4.56
The amount of funds provided by the Company to the controlling shareholder and its subsidiaries during the Reporting Period (RMB)						0
Balance of funds provided by the Company to the controlling shareholders and its subsidiaries (RMB)						0

VI. Material contracts and the performance thereof

(I) Matters relating to trusteeship, contracting and leasing: N/A

(II) Guarantees

Unit: 0'000 Currency: RMB

Total amount of guarantees during the Reporting Period (excluding those in favour of subsidiaries)	0
Total balance of the amount of guarantees at the end of the Reporting Period (A) (excluding those in favour of subsidiaries)	0

Guarantees in favour of subsidiaries provided by the Company

Total amount of guarantees provided to subsidiaries during the Reporting Period	70,000
Total balance of the amount of guarantees provided to subsidiaries at the end of the Reporting Period (B)	15,629.77

Total amount of guarantees made by the Company (including those in favour of subsidiaries)

Total amount of guarantees (A+B)	15,629.77
Percentage of total guarantee amount in the audited net assets of the Company attributable to parent company (%)	4.92
Including:	
Amount of guarantees provided to shareholders, ultimate controller and other connected parties (C)	0
Amount of guarantees provided directly or indirectly to parties with a gearing ratio of over 70% (D)	0
Amount of total guarantees in excess of 50% of net assets value (E)	0
Total amount of the above three items (C+D+E)	0

Balance of the said guarantees amount to RMB156,297,700, representing 4.92% of the latest audited net assets of the Company attributable to parent company, are provided by the Company to its subsidiaries. The gearing ratios of the above subsidiaries receiving guarantees are below 70%. The Company did not provide any guarantee to any independent third parties other than its subsidiaries, nor to its controlling shareholder, ultimate controller or their connected parties. For details of the guarantees provided by the Company in favour of its subsidiaries, please refer to Note XI to the 2015 interim financial statements.

The resolution in relation to provide financial guarantee of RMB1,260 million to subsidiaries was considered and approved on the 2012 annual general meeting held on 20 May 2013, the 2013 first extraordinary general meeting held on 26 September 2013, the 2014 third extraordinary general meeting held on 29 December 2014 and the 2014 annual general meeting held on 30 June 2015 by the Company, valid until 30 June 2016.

The resolution of authorizing the general manager with absolute discretion to deal with the aforesaid financial guarantee was considered and approved on the extraordinary meeting held by the seventh session of the Board on 29 May 2013, the tenth general meeting held by the seventh session of the Board on 26 September 2013, the eighteenth general meeting held by the seventh session of the Board on 30 March 2015 and the second meeting held by the eighth session of the Board on 28 August 2015 by the Company, valid until 30 June 2016.

The independent non-executive directors of the Company have expressed their independent opinions on the above guarantees as follows: All of the above mentioned guarantees had been considered and approved by the Board and approved by shareholders at general meetings, and relevant procedures were in compliance with applicable rules. The Company and its subsidiaries did not provide any guarantee to any independent third parties other than the Company's subsidiaries, nor to its controlling shareholder, ultimate controller or their connected parties. We have required the Company to carefully study the external guarantee requirements of the CSRC, the Shanghai Stock Exchange and the Hong Kong Stock Exchange to ensure that the procedures of external guarantees stay in compliance with applicable rules and that sufficient information and risk disclosures are made.

(III) There was no other material contract or transaction entered into by the Company in the Reporting Period.

VII. Performance of undertakings

(i) Undertakings of the Company, shareholder with over 5% shareholding in the Company, controlling shareholder and ultimate controller made in the Reporting Period or subsisting to the Reporting Period

1. The Company's ultimate controller CEC undertook in the report of acquisition of the Company to guarantee the independence of the Company, not to compete with the Company in business, and to standardize and minimize connected transactions.
2. At the time of the non-public issue of A shares of the Company, the Company's controlling shareholder PEGL undertook not to compete with the Company in business, and to standardize and minimize connected transactions.
3. At the time of the non-public issue of A shares of the Company, the Company's associated corporation NEIC undertook not to compete with the Company in business, and to standardize and minimize connected transactions and lock up the shares held by it.
4. In the material asset reorganization constituted by the Company's acquisition of the 5,834,430 shares (representing 5.07% of the total share capital) of Shenzhen Jingwah held by PEGL, PEGL, the controlling shareholder of the Company (as the transaction counterparty) undertook that: "in the process of participation of the material asset reorganization of Nanjing Panda Electronics Company Limited, we warrant the truthfulness, accuracy and completeness of relevant documents, materials and other information provided, and that such information does not contain any false representations, misleading statements or material omissions, and accept joint and several responsibility thereof."
5. Reference is made to the Audit Report of Profit Budget on the Consolidation of Shenzhen Jingwah Electronics Co., Ltd. (Tian Zhi Ye Zi [2014] No. 10561) on 28 August 2014 in relation to significant asset restructuring matters of the Company's acquisition of 5.07% equity in Shenzhen Jingwah. Pursuant to the related regulation of significant asset restructuring, the Company prepared the Explanation of the Achievement of 2014 Annual Profit Prediction of Shenzhen Jingwah Electronics Co., Ltd. and reviewed the Specific Audit Report on Achievement of 2014 Annual Profit Prediction of Nanjing Panda Electronics Company Limited (Tian Zhi Ye Zi [2015] No. 6927-6) by Baker Tilly China Certified Public Accountants (Special General Partnership), Shenzhen Jingwah has actually fulfilled its 2014 annual profit prediction. For details, please refer to the related announcement published on the website of Shanghai Stock Exchange on 31 March 2015.

For the content, time and term of the aforesaid commitment, please refer to the 2014 Annual Report of Nanjing Panda Electronics Company Limited (VI. Significant Events B. Commitments) published on the website of Shanghai Stock Exchange on 31 March 2015 and the 2014 annual report published on the website of the Hong Kong Stock Exchange on 29 April 2015.

6. Due to the abnormal fluctuation of the domestic stock market on 9 July 2015, the Company received declaration documents from CEC as follows: (1) as a responsible shareholder, CEC will proactively take social responsibilities and will not decrease its shareholding in the listed company during the abnormal fluctuation period in stock markets. (2) CEC made commitment to actively explore and execute measures including repurchase, increasing shares, etc. within the permitted scope of law and regulations; to increase shareholding of shares in the listed company when the stock price is considerably deviate from its share value, in order to protect the benefit of investors. (3) CEC will continue to improve the quality of the listed company through asset restructuring and capital injection, supporting the economic structural adjustment and industrial transformation and equip the listed company with a upgraded healthy and comprehensive long-term reward mechanism to achieve continuous improvement of the return level of investors.
7. On 9 July 2015, due to the abnormal fluctuation of the domestic stock market, the Company received the Notice in Relation to the Increase of Shareholding in Nanjing Panda Electronics Company Limited from NEIC on issues as follows: (1) to propose appointing securities company(ies) and fund management company(ies) to increase the Company's shareholding in A Share of the Company through target asset management. The monetary amount in such increase is expected to be no less than RMB150 million. (2) to increase shareholding in the H Share of the Company according to the securities market situation in the following 12 months in a timely manner pursuant to the related regulations by CSRC and SFC.

As of 28 August 2015, CEC, NEIC and PEGL confirmed that undertakings had been strictly fulfilled by each of the parties

8. On 17 August 2015, the Company received letters of undertakings from China Huarong and China Great Wall respectively. Upon the completion of the equity restructuring of the PEGL, China Huarong will hold 82,811,667 A Shares in the Company, accounting for 9.06% of the total share capital; China Great Wall will hold 14,172,397 A Shares in the Company, accounting for 1.55% of the total share capital. China Huarong and China Great Wall committed that within 6 months after the transfer date, China Huarong and China Great Wall will not decrease or transfer any shares held; after the period of 6 months, the two companies will execute by complying with relevant laws and regulations and related requirements of CSRC.

As at 28 August 2015, China Huarong and China Great Wall confirmed that undertakings had been strictly fulfilled by each of the parties.

VIII. Appointment and dismissal of accounting firms

In the Reporting Period, Baker Tilly Hong Kong Limited and Baker Tilly China (Special General Partnership) were reappointed as the Company's international auditors and PRC auditors and internal control auditors, respectively, for the year 2015. Their remunerations would be determined within the limit of RMB1,900,000.

For details, please refer to the related announcement of the Company published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 31 March 2015 and 1 July 2015 and published on the website of the Hong Kong Stock Exchange on 30 March and 30 June 2015, respectively.

IX. Punishment and rectification of the Company and its directors, supervisors, senior management, shareholders holding more than 5% of shares, ultimate controller and acquiring party

During the Reporting Period, the Company and its directors, supervisors, senior management, shareholders holding more than 5% of shares and ultimate controller have not been punished by the competent authorities or subject to any rectification.

X. Convertible corporate bonds: N/A

XI. Corporate governance

During the Reporting Period, the Company complied with the relevant laws and regulations including the Company Law and the Securities Law. In accordance with the rules governing corporate governance and proper operation issued by the CSRC and the SFC and the requirements of the listing rules of Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company continued to improve its corporate governance structure and internal rules and systems and further proceeded with the implementation of internal control standards with reference to its actual conditions, so as to enhance internal control and management and boost the standard operation level of the Company. In addition, the Company also conducted special investigation on the commitments by the ultimate controller, shareholders, related parties and companies.

XII. 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 the matters relating to internal control and reviewed the interim results for the Reporting Period. The audit committee is of the opinion that the relevant financial report complies with the applicable accounting standards and laws and that adequate disclosure has been made.

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 reappointment 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.

XIII. Other significant events

- (i) The Company is registered in the High and New Technology Development Zone in Nanjing which is approved by the State Council as a national high and new technology development zone. The Company was re-recognised in October 2014 as a high and new technology enterprise (certificate no. GR201432002014, which is valid for 3 years). The Company is entitled to the preferential enterprise income tax treatment of 15% under relevant regulations.
- (ii) Reference is made to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 31 December 2013, the Guanghua Road office of the district government of Qinhuai District, Nanjing entered into a relocation agreement with the Company on the relocation of the Company's plant situated at No. 1-2 Youyihe Road, Qinhuai District, Nanjing. Pursuant to relevant valuation, the Guanghua Road office of the district government of Qinhuai District, Nanjing (or its designated unit) shall pay the Company a relocation compensation of RMB31.41 million by installments based on the relocation progress. During the Reporting Period, the said relocation did not have any material impact on the non-recurring profit and loss of the Company. As at 30 June 2015, the said relocation resulted in an increase of RMB11,677,600 in the nonrecurring profit and loss of the Company.
- (iii) During the Reporting Period, the Company has purchased liability insurance for directors and senior management in line with the revised Main Board Listing Rule issued by Hong Kong Stock Exchange.
- (iv) The Company convened the extraordinary general meeting of the seventh session of the Board which considered and approved the resolution of Written Off of Part of Receivables and Long-term Equity Investment, agreed to written off of long-aged credit as of 30 June 2014, provision for asset impairment in full and long-term equity investment during the prior year, representing RMB62,765,697.18 receivables, RMB40,029,132.02 long-term equity investment, total amounted to RMB102,794,829.20. The Company has made provision for impairment in full in the prior year and the written off will not influence the gain/loss of the Company. The written off complies with the Accounting Standards for Business Enterprises and related law and regulations, the Article of Associates and related law and regulations, the actual situation of the Company, legal permitted procedure, operational regulations and sufficient references; no connected person of the Company is involved; no detrimental to the interests of shareholders or the Company. The written off of receivables and long-term equity investment will be continuously recovered by related departments. Independent executives and supervisors both expressed different opinions. For detail, please refer to the related announcement of the Company published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 31 March 2015 and published on the website of the Hong Kong Stock Exchange on 30 March 2015.
- (v) The Company considered and approved the Resolution in Relation to Changes in Accounting Policy and Accounting Estimates on the eighteenth general meeting of the seventh session of the Board held on 30 March 2015. For detail, please refer to the related announcement of the Company published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 31 March 2015 and 3 April 2015 and published on the website of the Hong Kong Stock Exchange on 30 March and 2 April 2015, respectively.

VI CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

I. Changes in shareholdings

(I) Changes in shareholdings

1. Particulars of changes in shareholdings

Unit: shares

	Before the change		Increase/decrease from the change (+, -)				After the change		
	Amount	Percentage (%)	Newly issued shares	Bonus shares	Transfer of capital reserve	Others	Subtotal	Amount	Percentage (%)
I. Shares subject to trading moratorium	39,215,686	4.29					39,215,686	4.29	
1. State-owned shares									
2. State-owned legal person shares	39,215,686	4.29					39,215,686	4.29	
3. Other domestically owned shares									
Including: Domestic non-state owned legal person shares									
II. Shares not subject to trading moratorium	874,622,843	95.71					874,622,843	95.71	
1. RMB ordinary shares	632,622,843	69.23					632,622,843	69.23	
2. Overseas listed foreign shares	242,000,000	26.48					242,000,000	26.48	
III. Total number of shares	913,838,529	100					913,838,529	100	

(II) Changes in shares subject to trading moratorium

Name of Shareholder	Number of shares subject to trading moratorium as at the beginning of the period	Number of shares released over the period	Increase in numbers of shares subject to trading moratorium over the period	Number of shares subject to trading moratorium as at the end of the period	Reason of trading moratorium	Date of release of trading moratorium
Nanjing Electronics Information Industrial Corporation	39,215,686			39,215,686	Subscription of shares	2016-6-28
Total	39,215,686			39,215,686		

II. Information of shareholders

(i) Total number of shareholders

Total number of shareholders as at the end of the Reporting Period 39,249 shareholders including 39,217 A shareholders and 32 H shareholders

(ii) Details of the top ten shareholders

Unit: shares

Shareholdings of top ten shareholders

Name of shareholders	Increase/decrease during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage of Shareholding (%)	Number of shares held subject to trading moratorium	Number of shares pledged or frozen	Type of shareholders
PEGL	-27,069,492	307,645,508	33.67	0	93,880,000	State-owned legal person
HKSCC (Nominees) Limited	207,970	241,315,569	26.41	0	Unknown	Overseas legal person
NEIC	0	39,215,686	4.29	39,215,686	Unknown	State-owned legal person
National Social Security Fund 114 Portfolio	543,773	5,452,900	0.60	0	Unknown	Other
South Industry Assets Management Co., Ltd	-10,000,000	5,000,000	0.55	0	Unknown	State-owned legal person
China Construction Bank – Huaxia Bank Dividend Hybrid Open-ended Securities Investment Fund	-3,200,899	4,549,894	0.50	0	Unknown	Other
Yuan Renquan	3,561,901	3,561,901	0.39	0	Unknown	Domestic natural person
Zhang Qunying	3,234,788	3,234,788	0.35	0	Unknown	Domestic natural person
Li Na	2,930,313	2,930,313	0.32	0	Unknown	Domestic natural person
Wan Guopeng	2,622,402	2,622,402	0.29	0	Unknown	Domestic natural person

Shareholdings of the top ten holders of shares not subject to trading moratorium

Name of shareholders	Number of shares held not subject to trading moratorium	Class of shares
PEGL	307,645,508	A
HKSCC (Nominees) Limited	241,315,569	H
National Social Security Fund 114 Portfolio	5,452,900	A
South Industry Assets Management Co., Ltd	5,000,000	A
China Construction Bank – Huaxia Bank Dividend Hybrid Open-ended Securities Investment Fund	4,549,894	A
Yuan Renquan	3,561,901	A
Zhang Qunying	3,234,788	A
Li Na	2,930,313	A
Wan Guopeng	2,622,402	A
Yang Zhe	2,153,873	A

Description of the connected relationship or party acting in concert among the aforesaid shareholders: NEIIC holds 56.85% equity interest in 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 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. On 12 May 2015, 50,000,000 shares held by PEGL were released; on 26 June 2015, 23,470,000 shares held by PEGL were released; as at 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 published on the website of the Hong Kong Stock Exchange on 22 January 2014, 13 May and 29 June 2015 respectively.
- (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 a number of clients. The Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.
- (3) From 5 June 2015 to 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 on the website of the Shanghai Stock Exchange, China Securities Journal and Shanghai Securities News on 10 July 2015 and 21 July 2015 and published on the website of Hong Kong Stock Exchange on 9 July 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 would reduce its contribution to the registered capital of PEGL by RMB466.46 million; PEGL's shareholder 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; NEIC 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 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 published on the website of the Hong Kong Stock Exchange on 24 September 2014, 9 January, 17 June, 18 June, 6 August, 17 August and 27 August 2015.

Shareholdings of the top ten shareholders subject to trading moratorium and the condition of trading moratorium

Unit: shares

No.	Name 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	NEIC	39,215,686	28 June 2016	39,215,686	It may not be transferred within 36 months from the completion date of the issue.

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

During the Reporting Period, there was no change in the controlling shareholder and the de facto controller of the Company, which were still PEGL and CEC respectively.

IV. Substantial shareholders' interests and short positions in the shares or underlying shares of the company

As at 30 June 2015, so far as the Directors, Supervisors and senior management staff of the Company were aware of, long positions in shares or underlying shares of the Company held by substantial shareholders (exclusive of Directors, Supervisors and senior management staff of the Company) which were required to be filed with the register as pursuant to section 336 of the Securities and Futures Ordinance ("SFO") of the Hong Kong Stock Exchange were as follows: (1) PEGL held 307,645,508 domestic shares, accounting for approximately 45.79% of domestic shares in issue and approximately 33.67% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (2) Tang Hanbo (唐漢博) held 22,586,000 H Shares, accounting for approximately 9.33% of H Shares in issue and approximately 2.47% of the total shares in issue. The nature of interests in such shares is personal interest which was held in the capacity of beneficial owner. (3) Lewis Joseph held 20,260,000 H Shares, accounting for approximately 8.37% of H Shares in issue and approximately 2.22% of the total shares in issue. The nature of interests in such shares is personal interest which was held in the capacity of beneficial owner. (4) Tuesday Thirteen Inc. held 16,920,000 H Shares, accounting for approximately 7.00% of H Shares in issue and approximately 1.85% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of controlled corporation. No short positions were found in any shares held by the above substantial shareholders.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2015.

VII. RELEVANT INFORMATION ON PREFERRED SHARES

During the Reporting Period, the Company had no relevant matters of preferred shares.

VIII PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Change in shareholdings

(i) Current and the resigned Directors, supervisors and senior management staff during the Reporting Period

There was no change in the shareholding of the Company held by Directors, Supervisors and senior management members during the Reporting Period, details of which are as follows:

Name	Position	Number of shares held at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Change in the number of shares held in the Reporting Period	Reason for the change
Lai Weide	Chairman, Executive Director	0	0	-	
Xu Guofei	Vice Chairman, Executive Director	2,546	2,546	-	
Yu Yanqiu	Vice Chairman, Non-executive Director	0	0	-	
Deng Weiming	Non-executive Director	0	0	-	
Lu Qing	Non-executive Director	0	0	-	
Xia Dechuan	Executive Director, General Manager	0	0	-	
Du Jie	Independent Non-executive Director	0	0	-	
Chu Wai Tsun, Vincent	Independent Non-executive Director	0	0	-	
Zhang Chun	Independent Non-executive Director	0	0	-	
Zhang Yinqian	Chairman of the Supervisory Committee	0	0	-	
Fu Yuanyuan	Supervisor representing employee	0	0	-	
Zhou Yuxin	Supervisor representing employee	0	0	-	
Liu Kun	Deputy General Manager	0	0	-	
Zhou Guixiang	Deputy General Manager	1,639	1,639	-	
Shen Jianlong	Chief Accountant, Secretary to the Board, Company Secretary	0	0	-	
Guo Qing	Deputy General Manager	0	0	-	
Jason Hsuan	Former Non-executive Director	0	0	-	
Zhang Xiuhua	Former Independent Non-executive Director	0	0	-	
Liu Danping	Former Independent Non-executive Director	0	0	-	
Total		4,185	4,185	-	

Save as disclosed above, during the Reporting Period, none of the Directors, Supervisors and senior management staff of the Company had any interests or short positions which were required to be recorded in the register pursuant to Section 352 under Chapter 7 of the SFO (Part XV) or notified the Company or Hong Kong Stock Exchange according to the "Model Code for Securities Transactions by Directors of Listed Issuers". In addition, none of them had been granted any share incentive.

Save as disclosed above, none of the Directors, Supervisors and senior management staff of the Company or their associates had any interest in the share of the Company or any of its associated corporations (as defined in Part XV of the SFO of Hong Kong Stock Exchange) as of 30 June 2015, and none of the Directors or Supervisors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

(ii) Share Incentive Scheme Granted to Directors, Supervisors and Senior Management during the Reporting Period: N/A

II. Changes in directors, supervisors and senior management staff

1. On 5 June 2015, the Company convened the 20th meeting of the seventh session of the Board of the Company, at which nomination of Mr. Lai Weide, Mr. Xu Guofei, Mr. Yu Yanqiu, Mr. Deng Weiming, Mr. Lu Qing, Mr. Xia Dechuan, Ms. Du Jie, Mr. Chu Wai Tsun, Vincent and Mr. Zhang Chun as candidates for members of the eighth session of the Board were considered and approved. Those candidates were elected at the 2014 annual general meeting of the Company convened on 30 June 2015 for a term of three years.
2. On 5 June 2015, the Company convened the 19th meeting of the seventh session of the Supervisory Committee, at which nomination of Mr. Zhang Yinqian as a supervisor representing non-employee of the eighth session of the Supervisory Committee was considered and approved and Ms. Fu Yuanyuan and Mr. Zhou Yuxin were confirmed as employee supervisors of the eighth session of the Supervisory Committee. Mr. Zhang Yinqian was elected at the 2014 annual general meeting of the Company convened on 30 June 2015, and the eighth session of the Supervisory Committee of the Company is comprised of Mr. Zhang Yinqian and two supervisor representing employees, Ms. Fu Yuanyuan and Mr. Zhou Yuxin for a term of three years.

Please refer to the relevant announcements published in the website of Shanghai Stock Exchange, on China Securities Journal and Shanghai Securities News on 6 June 2015 and the website of the Hong Kong Stock Exchange on 5 June 2015 for details of the above matters.

3. The first meeting of the eighth session of the Board of the Company was convened on 30 June 2015.
 - (1) Mr. Lai Weide was elected as the chairman of the Company, and Mr. Xu Guofei and Mr. Yu Yanqiu were elected as the vice chairmen of the Company.
 - (2) Mr. Lai Weide (chairman), Mr. Xu Guofei (vice chairman), Mr. Yu Yanqiu (vice chairman), Mr. Xia Dechuan (director) and Mr. Chu Wai Tsun, Vincent (independent director) were elected as members of the Strategy Committee with Mr. Lai Weide as the chairman. Mr. Deng Weiming (director), Mr. Lu Qing (director), Ms. Du Jie (independent director), Mr. Chu Wai Tsun, Vincent (independent director) and Mr. Zhang Chun (independent director) were elected as members of the Audit Committee with Ms. Du Jie as the chairman. Mr. Lai Weide (chairman), Mr. Xu Guofei (vice chairman), Ms. Du Jie (independent director), Mr. Chu Wai Tsun, Vincent (independent director) and Mr. Zhang Chun (independent director) were elected as members of the Nomination Committee with Mr. Chu Wai Tsun, Vincent as the chairman. Mr. Yu Yanqiu (vice chairman), Mr. Xia Dechuan (director), Ms. Du Jie (independent director), Mr. Chu Wai Tsun, Vincent (independent director) and Mr. Zhang Chun (independent director) were elected as members of the Remuneration and Evaluation Committee with Mr. Zhang Chun as the chairman.
 - (3) Mr. Xia Dechuan was appointed as the general manager of the Company; Mr. Liu Kun, Mr. Zhou Guixiang and Mr. Guo Qing were appointed as the deputy general managers of the Company; and Mr. Shen Jianlong was appointed as the chief accountant of the Company and the secretary to the Board for a term of three years, which was the same with the eighth session of the Board.
4. On 30 June 2015, the Company convened the first meeting of the eighth session of the Supervisory Committee, at which Mr. Zhang Yinqian was elected as the chairman of the Supervisory Committee of the Company.

Please refer to the announcements published on the website of the Shanghai Stock Exchange, China Securities Journal and Shanghai Securities News on 1 July 2015 and the website of the Hong Kong Stock Exchange on 30 June 2015 for details of the above matters.

5. Mr. Jason Hsuan (former non-executive director) and Ms. Zhang Xiuhua (former independent non-executive director) and Ms. Liu Danping (former independent non-executive director) did not perform duties of directors of the Company any longer due to expiration of the term of office.

Changes in director, supervisors and senior management of the Company are set out as follows:

Name	Position	Change	Reason
Lai Weide	Chairman, Executive Director	Elected	Change term of office of the Board
Xu Guofei	Vice Chairman, Executive Director	Elected	Change term of office of the Board
Yu Yanqiu	Vice Chairman, Non-executive Director	Elected	Change term of office of the Board
Deng Weiming	Non-executive Director	Elected	Change term of office of the Board
Lu Qing	Non-executive Director	Elected	Change term of office of the Board
Xia Dechuan	Executive Director	Elected	Change term of office of the Board
Du Jie	Independent Non-executive Director	Elected	Change term of office of the Board
Chu Wai Tsun, Vincent	Independent Non-executive Director	Elected	Change term of office of the Board
Zhang Chun	Independent Non-executive Director	Elected	Change term of office of the Board
Zhang Yinqian	Chairman of the Supervisory Committee	Elected	Change term of office of the Supervisory Committee
Fu Yuanyuan	Supervisor representing employee	Elected	Change term of office of the Supervisory Committee
Zhou Yuxin	Supervisor representing employee	Elected	Change term of office of the Supervisory Committee
Xia Dechuan	General Manager	Appointed	Job demands
Liu Kun	Deputy General Manager	Appointed	Job demands
Zhou Guixiang	Deputy General Manager	Appointed	Job demands
Shen Jianlong	Chief Accountant, Secretary to the Board, Company Secretary	Appointed	Job demands
Guo Qing	Deputy General Manager	Appointed	Job demands
Jason Hsuan	Former Non-executive Director	Relieved	Change term of office of the Board
Zhang Xiuhua	Former Independent Non-executive Director	Relieved	Change term of office of the Board
Liu Danping	Former Independent Non-executive Director	Relieved	Change term of office of the Board

IX FINANCIAL REPORT

I. Interim Financial Statements

(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		(1,409,055)	(1,352,241)
Gross profit		219,826	200,152
Other income and net gains	5	6,120	32,486
Distribution costs		(22,080)	(22,852)
Administrative expenses		(189,845)	(172,639)
Operating profit		14,021	37,147
Finance income, net		13,576	17,211
Share of profits of associates		97,386	67,463
Profit before taxation	6	124,983	121,821
Income tax expense	7	(15,391)	(12,552)
Profit and total comprehensive income for the period		109,592	109,269
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 (RMB cents)			
– Basic and diluted	8	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
ASSETS			
Non-current assets			
Land use rights		71,601	72,416
Property, plant and equipment	10	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
		<u>1,680,249</u>	<u>1,525,259</u>
Current assets			
Inventories		392,916	279,439
Trade and bills receivables	11	1,197,892	931,497
Amounts due from customers for contract work		174,460	231,131
Deposits, prepayments and other receivables		310,510	278,816
Other financial assets	12	481,000	550,000
Restricted bank deposits	13	132,876	115,626
Cash and cash equivalents		730,243	712,357
		<u>3,419,897</u>	<u>3,098,866</u>
Total assets		<u><u>5,100,146</u></u>	<u><u>4,624,125</u></u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	913,839	913,839
Share premium and reserves		2,293,327	2,265,114
		<u>3,207,166</u>	<u>3,178,953</u>
Non-controlling interests		<u>215,577</u>	<u>204,508</u>
Total equity		<u><u>3,422,743</u></u>	<u><u>3,383,461</u></u>

Condensed consolidated balance sheet (Continued)

As at 30 June 2015

(Expressed in Renminbi)

		30 June 2015 (unaudited) RMB'000	31 December 2014 (audited) RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Other payables		21,808	17,251
Deferred tax liabilities		115	155
		21,923	17,406
Current liabilities			
Bank and other borrowings	15	225,362	113,633
Trade payables	16	980,636	772,053
Accruals and other payables		443,607	322,686
Tax payable		5,875	14,886
		1,655,480	1,223,258
Total liabilities		1,677,403	1,240,664
Total equity and liabilities		5,100,146	4,624,125
Net current assets		1,764,417	1,875,608
Total assets less current liabilities		3,444,666	3,400,867

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2015

(Expressed in Renminbi)

	Share capital	Share premium	Capital reserve	Statutory common funds	Asset revaluation reserve	Accumulated profits	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2015 (audited)	913,839	1,424,918	(47,087)	236,514	1,874	648,895	3,178,953	204,508	3,383,461
Acquisition of additional interests in a subsidiary	-	-	900	-	-	-	900	(10,897)	(9,997)
Profit and total comprehensive income for the period	-	-	-	-	-	87,626	87,626	21,966	109,592
Dividend approved in respect of 2014 (note 9)	-	-	-	-	-	(60,313)	(60,313)	-	(60,313)
As at 30 June 2015 (unaudited)	913,839	1,424,918	(46,187)	236,514	1,874	676,208	3,207,166	215,577	3,422,743
As at 1 January 2014 (audited and restated)	913,839	1,424,918	1,163	233,657	1,874	560,585	3,136,036	194,888	3,330,924
Acquisition of additional interests in a subsidiary	-	-	1,754	-	-	-	1,754	(5,763)	(4,009)
Profit and total comprehensive income for the period	-	-	-	-	-	85,735	85,735	23,534	109,269
Dividend approved in respect of 2013 (note 9)	-	-	-	-	-	(60,313)	(60,313)	-	(60,313)
Dividend paid to former shareholder of a subsidiary relating to a business combination under common control	-	-	-	-	-	(1,750)	(1,750)	-	(1,750)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(19,641)	(19,641)
As at 30 June 2014 (unaudited and restated)	913,839	1,424,918	2,917	233,657	1,874	584,257	3,161,462	193,018	3,354,480

Condensed consolidated cash flow statement

For the six months ended 30 June 2015

(Expressed in Renminbi)

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited and restated)
	RMB'000	RMB'000
Net cash generated from/(used in) operating activities	163,208	(7,071)
Investing activities		
Purchases of property, plant and equipment	(72,776)	(119,538)
Purchase of investment properties	-	(176)
Proceeds from disposals of property, plant and equipment	3,687	147
Acquisition of additional interests in a subsidiary	(9,997)	(4,009)
Decrease/(increase) in other financial assets	69,000	(360,000)
Increase in net amounts due with fellow subsidiaries and associates	(227,213)	(72,997)
Interest received	16,133	18,864
Expenditures on development projects	(7,185)	-
Net cash used in investing activities	(228,351)	(537,709)
Financing activities		
Proceeds from borrowings	225,362	164,615
Repayments of borrowings	(113,633)	(160,926)
Advances from/(repayments to) intermediate holding company	6	(35)
(Repayments to)/advances from immediate holding company	(13,565)	17,628
Increase in restricted bank deposits	(17,250)	(5,510)
Dividends paid to non-controlling shareholders of a subsidiary	-	(19,641)
Dividends paid to former shareholders of a subsidiary relating to business combination under common control	-	(1,750)
Dividends paid to equity holders of the Company	-	(60,313)
Net cash generated from/(used in) financing activities	80,920	(65,932)
Net increase/(decrease) in cash and cash equivalents	15,777	(610,712)
Cash and cash equivalents at the beginning of the period	712,357	1,495,159
Effect of foreign exchange rate changes	2,109	26
Cash and cash equivalents at the end of the period	730,243	884,473

Notes to the condensed consolidated financial statements

(Expressed in Renminbi)

1. General information

Nanjing Panda Electronics Company Limited (the "Company") was incorporated 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 holding 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 Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The 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 Jingwah Electronics Co., Ltd. ("Shenzhen Jingwah") 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 Jingwah has increased from 38.03% to 43.10% and the Company is able to control a majority of the board of directors of Shenzhen Jingwah. Shenzhen Jingwah, previously an associate of the Company, has become a subsidiary. This transaction was regarded as a business combination under common control as the Company and Shenzhen Jingwah are controlled by PEGL 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 Jingwah 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 17.

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 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

3. Application of new and revised HKFRSs (Continued)

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, Clarification 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.

4. **Revenue and segmental information** (Continued)

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) RMB'000	Consumer electronic products (unaudited) RMB'000	Electronic manufacturing products (unaudited) RMB'000	Other operations (unaudited) RMB'000	Elimination (unaudited) RMB'000	Consolidated (unaudited) RMB'000
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>
Results						
Segment results	<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						(15,391)
Profit for the period						<u>109,592</u>

At 30 June 2015

	Electronic equipment products (unaudited) RMB'000	Consumer electronic products (unaudited) RMB'000	Electronic manufacturing products (unaudited) RMB'000	Other operations (unaudited) RMB'000	Elimination (unaudited) RMB'000	Consolidated (unaudited) RMB'000
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
Consolidated total assets						<u>5,100,146</u>
Liabilities						
Segment liabilities	1,184,741	117,541	370,104	129,420	(315,442)	1,486,364
Unallocated corporate liabilities						191,039
Consolidated total liabilities						<u>1,677,403</u>

4. Revenue and segmental information (Continued)

Six months ended 30 June 2014

	Electronic equipment products (unaudited and restated) RMB'000	Consumer electronic products (unaudited and restated) RMB'000	Electronic manufacturing products (unaudited and restated) RMB'000	Other operations (unaudited and restated) RMB'000	Elimination (unaudited and restated) RMB'000	Consolidated (unaudited and restated) RMB'000
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>
Results						
Segment results	<u>65,455</u>	<u>7,405</u>	<u>14,492</u>	<u>29,291</u>	<u>(29,190)</u>	<u>87,453</u>
Unallocated corporate expenses						(50,306)
Interest income						18,864
Interest expense						(1,653)
Share of profits of associates						67,463
Income tax expense						(12,552)
Profit for the period						<u>109,269</u>

At 31 December 2014

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

5. **Other income and net gains**

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited and restated)
	RMB'000	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)
	RMB'000	RMB'000
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
Write-down of inventories	1,008	9,733
Impairment losses recognised/(reversed) on		
– Trade receivables	(876)	(666)
– Other accounts receivable	532	(157)
	<u>532</u>	<u>(157)</u>

7. Income tax expense

	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited and restated)
	RMB'000	RMB'000
Current tax		
– PRC enterprise income tax	13,840	12,040
– Under-provision in prior year	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: RMB nil).

10. Movements in property, plant and equipment

During the Reporting Period, the Group's additions of property, plant and equipment amounted to RMB72,776,000 (six months ended 30 June 2014 as restated: RMB86,242,000).

In addition, the Group disposed of certain property, plant and equipment with carrying value of RMB4,299,000 (six months ended 30 June 2014 as restated: RMB311,000) for proceeds of RMB3,687,000 (six months ended 30 June 2014 as restated: RMB147,000).

11. Trade and bills receivables

The Group allows a credit period ranging from 30 to 180 days for its 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
	1,197,892	931,497

12. Other financial assets

At 30 June 2015, other financial assets of 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.

13. Restricted bank deposits

The restricted bank deposits are pledged as security 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
	132,876	115,626

14. 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
	913,839	913,839	913,839	913,839

15. **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
	<u>225,362</u>	<u>113,633</u>

Bills payable were secured by restricted bank deposits (see note 13).

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

16. **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
	<u>980,636</u>	<u>772,053</u>

17. **Business combination under common control**

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

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

17. **Business combination under common control** (Continued)

Note:

The above adjustments mainly represent the deemed disposal of the Company's existing 38.03% equity interests held in Shenzhen Jingwah. 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.

18. **Contingent liabilities**

The Group had the following contingent liabilities:

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

19. **Capital commitments**

At 30 June 2015, outstanding capital commitments not provided for are as follows:

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

20. **Related party transactions**

(a) Transactions with key management personnel

The remuneration of directors and other members of key management for the year was as follows:

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (unaudited) <i>RMB'000</i>
Remuneration and other allowance	765	703
Retirement benefit scheme contributions	136	115
	901	818

20. Related party transactions (Continued)

(b) The Group entered into the following material transactions with its related parties during the period:

	The intermediate holding company		The immediate holding company		Fellow subsidiaries		Associates		Related companies [*]	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(unaudited and restated)	(unaudited and restated)	(unaudited and restated)	(unaudited and restated)	(unaudited and restated)	(unaudited and restated)	(unaudited and restated)	(unaudited and restated)	(unaudited and restated)	(unaudited and restated)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales of components and parts	-	24	350	1,569	529,636	411,698	13,526	8,770	108,650	210,180
Purchases of components and parts	-	-	-	340	14,350	72,854	270	273	3,965	35,468
Fees paid for welfare, support and sub-contracting services	-	-	583	1,068	1,922	2,944	-	-	-	-
Income for welfare, support, sub-contracting and comprehensive services	47	88	12,282	4,096	30,972	7,020	17,454	6,914	-	-
Rental income	-	-	-	-	433	680	58	-	-	-
Rental expenses	-	-	-	39	24	-	-	-	-	-
Interest income	-	-	-	-	388	724	-	-	-	-
Interest expenses	-	-	-	-	1,792	245	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

* Being companies with common key management personnel with certain major subsidiaries of Shenzhen Jingwah.

Balances with related parties are included as part of the followings:

	The ultimate holding company		The intermediate holding company		The immediate holding company		Fellow subsidiaries		Associates	
	30 June		30 June		30 June		30 June		30 June	
	2015	31 December 2014	2015	31 December 2014	2015	31 December 2014	2015	31 December 2014	2015	31 December 2014
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	-	-	-	-	6,763	314	447,388	237,131	8,111	10,922
Deposits, prepayments and other accounts receivable	-	-	-	-	-	-	8,245	1,362	201	178
Trade payables	-	-	-	-	(366)	(3,241)	(42,359)	(61,012)	(677)	(257)
Accruals and other payables	(34,000)	(34,000)	(50)	(45)	(9,966)	(14,205)	(57,640)	(51,833)	(1,152)	(1,388)
Net balance	(34,000)	(34,000)	(50)	(45)	(3,569)	(17,132)	355,834	125,648	6,483	9,455

At 30 June 2015, the Group placed deposits of RMB177,922,000 (31 December 2014: RMB221,908,000) with and borrowed short term loans of RMB40,000,000 (31 December 2014: RMB nil) from a fellow subsidiary of the Company, being a financial institution in the PRC. In addition, the Group's other financial assets of RMB nil (31 December 2014: RMB295,000,000) were held by this fellow subsidiary in trust for the Group.

21. Comparative figures

As stated in notes 2 and 17, certain comparative figures have been restated to reflect the effect of a business combination on the Group under common control.

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

There were no material differences between the condensed consolidated statements of comprehensive income for the six months ended 30 June 2015 and 2014, and condensed consolidated balance sheets of the Group as at 30 June 2015 and 31 December 2014 prepared under HKFRSs and PRC Accounting Standards for Business Enterprises.

(II) Interim financial statements (prepared in accordance with the PRC Accounting Standards for Business Enterprises) (Unaudited)

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 for resale		
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	3,419,895,459.67	3,098,866,011.57
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	1,680,249,130.45	1,525,258,666.60
Total assets	5,100,144,590.12	4,624,124,678.17

Legal representative:
Xia Dechuan

Person in charge of accounting:
Shen Jianlong

Person in charge of accounting department:
Liu Xianfang

Consolidated Balance Sheet (continued)
30 June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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 remuneration 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	1,655,478,784.70	1,223,257,760.51

Consolidated Balance Sheet (continued)
30 June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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		
	21,923,673.31	17,405,513.53
Total non-current liabilities	21,923,673.31	17,405,513.53
	1,677,402,458.01	1,240,663,274.04
Total Liabilities	1,677,402,458.01	1,240,663,274.04
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	3,207,165,208.46	3,178,952,959.93
Minority interests	215,576,923.65	204,508,444.20
Total shareholders' equity	3,422,742,132.11	3,383,461,404.13
Total liabilities and shareholders' equity	5,100,144,590.12	4,624,124,678.17

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
Selling expenses	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)		
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
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

Consolidated Income Statement (continued)

January – June 2015

Item	In the Period	Amount in corresponding period last year
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 cannot 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 cannot 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
<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

Consolidated Statement of Changes in Shareholders' Equity

January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period									Total of shareholders' equity
	Share capital	Capital reserve	Treasury stock	Less: comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	
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								87,825,888.80	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										
(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	1,464,338,742.66				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)

January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	Amount in corresponding period last year									
	Shareholders' equity attributable to parent company									
	Share capital	Capital reserve	Treasury stock	Less: comprehensive income	Other special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total of shareholders' equity
I. Balance at the end of last year	913,838,629.00	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	913,838,629.00	1,511,688,165.27				231,946,025.16		478,592,898.27	194,887,810.21	3,330,923,427.91
III. Changes for the period (decrease is indicated by "-")		1,754,349.40						23,671,553.33	-1,869,469.57	23,556,433.16
(I) Total comprehensive income								85,735,225.24	23,534,106.95	109,269,332.19
(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										
4. Others								-62,063,671.91	-19,640,734.80	-81,704,406.71
(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	913,838,629.00	1,513,442,514.67				231,946,025.16		502,234,451.60	193,018,340.64	3,354,478,861.07

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
Cash received related to other operating activities	94,934,434.90	54,182,289.57
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	1,925,722,880.52	1,704,254,204.58
	<hr/> <hr/>	<hr/> <hr/>
Cash paid for purchase of goods and services received	1,431,749,372.33	1,397,970,154.25
Net increase in customer loan and advance		
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 insurance 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
Cash related to other operating activities	193,208,420.29	88,353,997.60
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	1,958,563,146.98	1,774,884,502.64
	<hr/> <hr/>	<hr/> <hr/>
Net cash flow from operating activities	-32,840,266.46	-70,630,298.06
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Consolidated Cash Flow Statement (continued)
January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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	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	1,424,584,628.21	1,921,646,419.38
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	1,413,275,853.52	2,375,113,916.61
Net cash flow from investing activities	11,308,774.69	-453,467,497.23
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 debts	70,000,000.00	99,000,000.00
Cash payment for distribution of dividends, profits on interest expenses	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 for resale		
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
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	2,436,997,267.55	2,321,116,099.79
Total assets	3,321,104,631.92	3,252,850,047.05

Legal representative:

Xia Dechuan

Person in charge of accounting:

Shen Jianlong

Person in charge of accounting department:

Liu Xianfang

Balance Sheet (continued)
30 June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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 remuneration 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
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

Balance Sheet (continued)
30 June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Liabilities and shareholders' equity	Closing Balance	Opening balance
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

Legal representative:
Xia Dechuan

Person in charge of accounting:
Shen Jianlong

Person in charge of accounting department:
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
Selling expenses	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
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

Income Statement (continued)
January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period	Amount in corresponding period last year
VI. Other comprehensive after-tax net income		
(I) Other comprehensive income cannot 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 cannot 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. Difference in foreign exchange financial statements		
6. Others		
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	Share capital	Capital reserve	In the Period				General risk reserve	Undistributed profit	Total of shareholders' equity
			Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve			
I. Balance at the end of last year	913,838,528.00	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	913,838,528.00	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 "-")							-9,715,667.85	-9,715,667.85	
(I) Total comprehensive income							50,597,675.07	50,597,675.07	
(II) Shareholders' contributions and capital reduction									
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									
(IV) Internal carry-forward of shareholders' equity									
1. Conversion of capital reserve into share 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	913,838,528.00	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)
January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	Share capital	Capital reserve	Amount in corresponding period last year				General risk reserve	Undistributed profit	Total of shareholders' equity
			Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve			
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: alteration 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							-60,313,342.91	-60,313,342.91	
4. Others									
(IV) Internal carry-forward of shareholders' equity									
1. Conversion of capital reserve into share 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	2,856,465,038.46	

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		
Tax refunds received		
Cash received related to other 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 purchase of goods and services received	20,813,606.97	20,096,360.12
Net increase in customer loan and advance		
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 insurance 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
Cash paid related to other 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)
January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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		
Cash received related to other investment activities	1,094,000,000.00	1,255,000,000.00
Sub-total of cash inflows from investing activities	1,104,372,403.23	1,277,957,394.01
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		
Cash paid related to other investment activities	1,015,000,000.00	1,640,000,000.00
Sub-total of cash outflows from investing activities	1,047,599,173.39	1,786,848,665.73
Net cash flow from investing activities	56,773,229.84	-508,891,271.72

Cash Flow Statement (continued)

January – June 2015

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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		
Cash received related to other 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		
Cash paid related to other 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
	<hr/> <hr/>	<hr/> <hr/>

Legal representative:

Xia Dechuan

Person in charge of accounting:

Shen Jianlong

Person in charge of accounting department:

Liu Xianfang

NOTES TO THE FINANCIAL STATEMENTS

1 January 2015 – 30 June 2015

(All amounts in RMB thousands unless otherwise stated)

I. COMPANY OVERVIEW

Nanjing Panda Electronics Co., Ltd. (hereinafter referred to as "the Company") was established on 27 April 1992 after the approval from Economic Reform Committee of Nanjing with document number Ning Ti Gai Zi (1992) No. 034. It was restructured into Nanjing Panda Electronics Co., Ltd. (current name) later by its sole promoter, Panda Electronics Group Co., Ltd. (PEGL), which acquired the Company's 480,000,000 state-owned legal person shares at the time of establishment of the Company at a consideration of total net asset value of RMB480,000,000.00. Registered capital for the Company at its establishment was RMB515,000,000.00, comprising 480,000,000 state-owned legal person shares at a pair value of RMB1 each and 35,000,000 employee shares at a pair value of RMB1 each.

The Company was registered as an enterprise legal person on 29 April 1992, with its business registration number of 13488315-2. Scope of business after approval includes development, production, sale and technical service of wireless communication equipment, broadcasting TV equipment, goldsmith and switching system, electronic component parts, equipment and apparatus, electronic machinery and equipment, general machinery, medical machinery, electronic products, component parts of computers, stationeries equipment, industrial moulds and other equipment.

In the general meeting of the Company held on 27 May 1994, except other matters, a special resolution was passed to approve the restructuring, which included matters concerning deconsolidation and restructuring of the assets and liabilities of the Company and companies under PEGL as well as re-affirming the state owned legal person shares of the Company. In the same meeting, one exceptional resolution was also passed. The Board of Directors was authorized to handle all affairs related to conversion of the Company into Socially Funded Company and to make a public offer and listing of the Company's H&A shares. According to the special resolution, the net asset value of the Company would be adjusted on 29 June 1994. Net asset value of the Company at establishment was re-defined as RMB322,873,348.00, including registered capital of RMB322,870,000.00, comprising 287,870,000 state-owned legal person shares, 35,000,000 employee shares, and capital reserve of RMB3,348.00.

In February 1996, the State-owned Assets Administration to State-owned Enterprises [1996] No. 12 document confirmed that the Company assessed the net assets of 864,714 million and the share capital of 322.87 million shares, among which, Panda Electronics Group Co., Ltd. held 287.87 million shares, internal ESOP 35 million shares; Panda Electronics Group Co., Ltd. invested in the Company RMB41.3 million assessed land use rights and RMB62 million debt. According to the reply concerning the report released by the State Committee for Changing System dated 11 March 1996. Registered capital for the Company increased to 390,015,000.00 shares, comprising 355,015,000 state-owned legal person shares and 35,000,000 employee shares.

In order to issue H shares, a comprehensive evaluation was conducted on the assets and liabilities of the Company on 30 September 1995 (the benchmark date). Respective book values were adjusted after share issue approved by the Securities Committee of the State Council.

The Company gained approval from the document from Securities Committee of the State Council on 2 April 1996 of issuing Zheng Wei Fa (1996) No. 6, to issue 242,000,000 H shares in Hong Kong, at the issue price of HK\$2.13 per share. Share issuance was completed at 29 April 1996 and the shares were listed on The Stock Exchange of Hong Kong on 2 May 1996 for trading.

The Company gained approval from Zheng Jian Fa Zi (1996) No. 304 issued by China Securities Regulatory Commission of the State Council on 30 October 1996 in respect of the issuance of 23,000,000 ordinary shares in RMB to the public with a selling price at RMB5.10 per share. On 14 November 1996, proceeds raised were received in full and the stock was listed on Shanghai Stock Exchange on 18 November 1996. The 5,000,000 shares included in the 35,000,000 internal employee shares originally planned to be a source of financing were also listed on Shanghai Stock Exchange after the completion of the issuance. Another 30,000,000 shares were listed and became available for trading in 1999.

The Company obtained its enterprise legal person business license Qi Su Ning Zong Fu Zi No. 003967 on 18 April 1997 with a registered capital of RMB655,015,000.00. The approved scope of business includes research and development, production, sale and technical service of wireless communication equipment, broadcasting TV equipment, goldsmith and switching systems, electronic component parts, apparatus, machinery and equipment, industrial moulds and other equipment, computers and system engineering, as well as after-sale services and technical services for such business.

The Company received the new business license numbered 320100400008823 on 6 January 2011 with a registered capital of RMB655,015,000. The approved scope of business consists certified business items and general business items. Certified business items include research, manufacture and sale of the wireless audio transmission equipments, together with the after-sale service, technical service and other related services. General business items include development, production and sale of communication equipments, computers and other electronic facilities; meters and instruments, cultural and office-based machines; electrical machinery and equipments; plastic products; general equipments such as fans, scales and packaging equipments; special equipments for the processing of non-metallic products such as chemical and wood; transmission and distribution equipments; environmental, public safety and related equipments; financial and taxation control devices; electricity source products; moulds; computer services, software and system integration business; property management; as well as after-sale services and technical services for the such business. The registered address is floors 1 and 2 on North side of No. 5 Building, Nanjing High Technology Development District. The legal representative is Xia Dechuan and the parent of the Company is Panda Electronics Group Limited.

In December 2011, China Cinda Asset Management Co., Ltd. had transferred its 8.87% shares in Panda Electronic Group Co., Ltd. (the "PEGL") to Nanjing Electronics Information Industrial Corporation (hereinafter referred to as "NEIC").

In 2012, upon the approval of "The agreement of indirectly transferring the equity interests in the listed company which are held by Panda Electronic Group Co., Ltd. – Nanjing Huadong Electronics Group Co., Ltd." (Su Zheng Fu [2009] No. 45) by the Jiangsu provincial government, "the reply of amending partial state-owned property right in Panda Electronic Group Co., Ltd. at nil consideration" (Su Guo Zi Fu [2012] No. 22) by the Jiangsu provincial State-owned Assets Supervision and Administration Commission, "the reply in relation to amending the de facto controller of Nanjing Panda Electronics Co., Ltd." (Guo Zi Chan Quan [2012] No.158) by the State Council State-owned Assets Supervision and Administration Commission and "the reply in relation to China Electronics Corporation announcing at nil consideration acquisition report of Nanjing Panda Electronics Company Limited and the waiver of its obligations under the offer for acquisition" (Zheng Jian Xu Ke [2012] No. 770) by the China Securities Regulatory Commission, Jiangsu Guoxin Investment Group Limited, Nanjing Xingang Development Corporation and Nanjing State-owned Assets Investment Management Holdings Co., Ltd. transferred 21.59%, 22.07% and 4.32% in PEGL respectively to NEIC, a subsidiary of China Electronics Corporation (hereinafter referred to as "CEC") at nil consideration. PEGL completed the commercial registration of changes in shareholders on 21 September 2012. Upon the completion of the abovementioned transfer of share equity, CEC would hold 70% shares in NEIC, which would hold 56.85% shares in PEGL, and as a result, CEC would become the de facto controller of the Company with a shareholding of 51.10% shares in the Company.

On 19 April 2013, according to China Securities Regulatory Commission's approval (Zheng Jian Xu Ke [2013] No. 332), the Company was permitted to issue 258,823,529 RMB-denominated ordinary shares (A shares) to no more than ten specific investors including NEIC at a nominal value of RMB1.00 per share and an issue price of RMB5.10 per share. The net proceeds amounted to RMB1,294,403,712.55, among which, the share capital increased by RMB258,823,529.00 and capital reserve increased by RMB1,035,580,183.55. The abovementioned proceeds have been verified by Baker Tilly China Certified Public Accountants (Baker Tilly China) and a capital verification report numbered Tian Zhi Hu QJ [2013] No. 1907 has been issued thereafter.

The registered capital of the Company was RMB913,838,529.00 after the alteration of the business registration on 26 November 2013.

Prior to the non-public offering, PEGL, holding 334,715,000 shares in the Company, representing 51.10% of the total shares, was the controlling shareholder of the Company. After the non-public offering, PEGL, holding 36.63% of the total shares, remains to be the controlling shareholder of the Company. NEIC, through its 70.00% shareholding in CEC, remains to be the de facto controller of the Company with a shareholding of 56.85% of the total shares. After the non-public offering, there have been no changes in the position of controlling shareholders and de facto controllers.

The newly issued shares are subject to trading moratorium; NEIC is related party of the company, and 39,215,686 shares it subscribed shall not be transferred within 36 months since the closing date of issuance. While the shares subscribed by the other eight investors (including Societe Generale Global Fund Management Co., Ltd. who participated in the subscription with 10 accounts) shall not be transferred within 12 months since the closing date of issuance. As of 30 June, 2014, except for NEIC, the trading moratorium of the shares subscribed by the other eight investors were released, and could be transferred in the share market.

The Financial Statements of the Company were approved by the Board of the Company on 28 August 2015.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(1) Basis of preparation

Financial statements of the company have been prepared on going concern basis, according to the actual transaction, in accordance with relevant financial accounting standards, and prepared under following material accounting policies and accounting estimates.

(2) Going concern assumption

The company has comprehensively evaluated all available information at present, and therefore concludes that there are no events that had compromised or would compromise the company's ability of going concern operation within a period of 12 months since the end of this report period.

III. MAJOR ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Declaration on compliance with the Accounting Standards for Enterprises

The financial statements of the Company which are prepared on the base of above-mentioned basis are in compliance with requirements of latest Financial Accounting Standards as well as relevant application guidance, interpretation and other regulations (jointly referred to as the "Accounting Standards for Enterprises") issued by the Ministry of Finance, truly and completely reflect the financial position, operating results, cash flow positions and other relevant information of the company.

In addition, the financial statements of the company are in accordance with the presentation and disclosure requirements of "No. 15 Reporting Regulation on the information disclosure for public share offering companies – Ordinary Reporting Regulation" (revised in 2014) (hereinafter referred to as "No. 15 Regulation (revised in 2014)").

(2) Accounting period

Accounting year is the calendar year from 1 January to 31 December.

The Company regards a calendar year of 12 months as a normal operating cycle, and the operating cycle is used as the standard of liquidity division of assets and liabilities.

(3) Measurement currency

The Company uses RMB as the currency for recording transactions.

The subsidiaries of the Company decide their own accounting currency according to their own major economic environment. The currency will be converted to RMB in the preparation of consolidated financial statements.

(4) Report items of which measurement attributes changed in the current period and their current measurement attributes

The measurement attributes of the Company include historical cost, replacement cost, net realizable value, present value and fair value. There is no report item whose measurement attributes changed in the current period.

(5) Business combination

1. Accounting treatments for business combination under common control

Where the Company involved in business combination under common control, either through one transaction or several multiple transactions, assets and liabilities acquired by the Company shall be measured at carrying amount at acquisition date in the consolidated financial statements of the ultimate controlling party. Where difference arises between the carrying amount of net assets acquired by the Company and the acquisition consideration (including cash, non-cash securities, etc.), capital reserves shall be adjusted; where capital reserves are not enough for offset, retained earnings shall be adjusted instead.

2. Accounting treatments for business combination not under common control

At the acquisition date, when the cost of consideration offered by the Company is more than the fair value of proportionate share of the merged party's net identifiable assets, the difference shall be recognized as goodwill; when the cost of consideration offered by the Company is less than the fair value of proportionate share of the merged party's net identifiable assets, the fair value of the merged party's net identifiable assets, liabilities, contingent liabilities and cost of consolidation shall be reviewed first. If cost of consolidation is still less than the fair value of proportionate share of the acquiree's net identifiable assets after the review, the difference shall be accounted into current profit or loss.

When acquisition is achieved through several multiple transactions, accounting treatments should be made in the following order:

- (1) Adjust the carrying amount of long-term investment. Acquirer shall combine the carrying amount of the acquiree prior to acquisition date with the cost of new investment incurred at acquisition date, as the initial cost of this investment. Where the equity investment contains any other comprehensive income item prior to the acquisition date, it shall be accounted into profit or loss at the date of acquisition.
- (2) For every single transaction that consist business combination, compare their cost of investment with the proportionate share of net identifiable value of the acquiree, so that for each transaction, the amount that should have been recognized as goodwill or accounted into current profit or loss can be ascertained. At acquisition date, recognized goodwill (or the amount credited to profit or loss) shall be the sum total of goodwill (or the amount of profit or loss that shall be recognized) recognized for every single transaction.
- (3) All shareholding of the acquiree before acquisition shall be re-measured at fair value at acquisition date; Any gains and losses arising from re-measurement shall be accounted into profit or loss as investment income, together with any other comprehensive income related to the investment.

Circumstances where the company can no longer exercise control over a subsidiary due to disposal of equity through several multiple transactions:

- (1) Decide whether the multiple transactions that contributed loss of control should be accounted for as a single transaction.

When the terms, conditions and economic effects of several multiple transactions meet one or several of the following conditions, normally they will be regarded as a single transaction:

- 1) They are signed at the same time or under the consideration of the influence of each other;
 - 2) They form a single transaction designed to achieve an overall commercial effect;
 - 3) The occurrence of one transaction is dependent on the occurrence of at least one other transaction;
 - 4) One transaction considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.
- (2) Accounting treatments for multiple transactions that have been accounted for as a single transaction

When multiple transactions have been accounted for as a single transaction, all transactions should be treated as one transaction of disposal of subsidiary's equity and lose control over it. However, prior to loss of control, all differences between disposal proceeds and the investee's proportionate share of identifiable net assets within each single transaction should be recognized as other comprehensive income in the consolidated financial statements, and transferred to profit or loss when control is lost.

Residual equity in the consolidated financial statements should be re-measured at fair value at the date when control is lost. Consideration received at disposal of subsidiary, added by the fair value of residual equity, net of original proportionate share of net assets of the subsidiary which is continuously calculated since the date of acquisition, shall be recorded as investment income during the accounting period when control is lost. All other comprehensive income related to the original investment should be accounted into current profit or loss when control is lost.

- (3) Accounting treatments for multiple transactions that have not been regarded as single transaction

For transactions that do not result in loss of control, the difference between consideration received and proportionate share of subsidiary's net asset shall be recognized as capital reserve (capital premium or share premium) in the consolidated financial statements, when capital reserve is insufficient to offset, retained earnings shall be adjusted instead.

For transactions that result in loss of control, residual equity shall be re-measured at fair value in the consolidated financial statements. Consideration received at disposal of subsidiary, added by the fair value of residual equity, net of original proportionate share of net assets of the subsidiary which is continuously calculated since the date of acquisition, shall be recorded as investment income during the accounting period when control is lost. All other comprehensive income related to the original investment should be accounted into current profit or loss when control is lost.

(6) Preparation of consolidated financial statements

Consolidated financial statements are based on financial statements of the parent and subsidiaries, together with other relevant information, and are prepared in compliance with "Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements".

(7) Joint-venture Arrangements

1. Identification and classification of joint-venture arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics: 1) The parties are bound by the arrangement; 2) Two or more parties have joint control of the arrangement. In a joint arrangement, no single party controls the arrangement on its own. A party with joint control of an arrangement can prevent any of the other parties, or a group of the parties, from controlling the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified as either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint venturers to the net assets of the arrangement.

2. Accounting treatment for joint arrangements

A joint operator shall recognize the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards: 1) Its solely-held assets, and its share of any assets held jointly; 2) Its solely-assumed liabilities, and its share of any liabilities incurred jointly; 3) Its revenue from the sale of its share of the output arising from the joint operation; 4) Its share of the revenue from the sale of the output by the joint operation; 5) Its solely-incurred expenses, and its share of any expenses incurred jointly.

A party that participates in a joint venture shall account for its investment in a joint venture in accordance with "Accounting Standards for Business Enterprises No. 2 – Long-Term Equity Investments".

(8) Recognition standard for cash and cash equivalents of cash-flow statement

Cash equivalents of cash-flow statement as defined by the Company represent short-term, (usually with maturity within three months from the date of purchase) highly liquid investments which are easily converted into cash of the known amount with low valuation risk.

(9) Translation of foreign currency businesses and financial statements denominated in foreign currency

1. Foreign currency businesses

Initially recognized as foreign currency transactions, they are translated into RMB using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary items are translated into RMB using spot exchange rate at the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition, construction or production of qualifying assets, which are capitalized as part of the cost of those assets. Non-monetary items denominated in foreign currency that are measured in terms of historical cost are translated at the balance sheet date using the spot exchange rate at the date of the transaction, therefore no exchange differences arise; non-monetary items that are measured in terms of fair value are translated at balance sheet date using the spot exchange rate at balance sheet date, and exchange differences are accounted into current profit or loss or capital reserve.

2. Translation of financial statements denominated in foreign currency

The foreign asset and liability items in the balance sheets shall be translated at the spot exchange rate on the balance sheet date. Among the owner's equity items, except "undistributed profits", other items shall be translated at the spot exchange rate when they are incurred. The foreign income and expense items in the income statements shall be translated at the spot exchange rate of the transaction date. The difference arising from the translation of foreign currency financial statements based on the aforesaid methods shall be presented separately under the owner's equity item in the balance sheets.

(10) Financial instruments

1. Classification of financial assets and liabilities

Financial assets are classified into four categories at initial recognition: financial assets measured at fair value and the changes are recorded into profit or loss of current period (including tradable financial assets and financial assets that are designated to be measured at fair value and the changes are recorded into profit or loss of current period); investments held to maturity; loans and receivables and financial assets available for sale.

Financial liabilities are classified into two categories at initial recognition: financial liabilities at FVTPL (including financial liabilities held for trading and financial liabilities designed at FVTPL) and other financial liabilities.

2. Basis of recognition, measurement and derecognition of financial assets and financial liabilities

When the company becomes a party of a financial instrument contract, financial assets or financial liabilities shall be recognized. At inception, financial assets and financial liabilities are measured at fair value; for financial assets and liabilities that are measured at fair value and the changes are recorded into profit or loss of current period, relevant transaction costs are accounted into profit or loss. As for other financial assets and financial liabilities, relevant transaction costs shall be included in their initial recognition value.

Subsequent measurements of financial assets of the Company are carried out at fair value, with no deduction of any cost of transaction at the disposal of financial assets, except in following cases: 1) Investments held to maturity and loans and receivables measured at amortized cost using effective interest method. 2) Equity investment where no active market exist therefore impracticable to be measured at fair value, as well as derivative financial assets that are detached to and settled through delivering the equity investments. In these cases, financial assets are measured at cost.

Subsequent measurements of financial liabilities of the Company are carried out at amortized cost, except in following cases: 1) Financial liabilities measured at fair value and the changes are recorded into profit or loss of current period, are measured at fair value, with no deduction of any cost of transaction could occur at the disposal of financial liabilities. 2) Derivative financial liabilities that are detached to and settled through delivering the equity investment, with which no active market exist therefore impracticable to be measured at fair value. 3) Financial guarantee contracts not belonging to financial liabilities measured at fair value and the changes are recorded into profit or loss of current period, or loan commitments that are executed below market interest rate and not measured at fair value and the changes are recorded into profit or loss of current period, are measured, after initial recognition, at the higher of: 1) the amount recognized in compliance with "Accounting Standards for Enterprises No. 13 – Contingent Events"; 2) initial recognition value, net of accumulated amortization according to the principles of "Accounting Standards for Enterprises No.14 – Revenue".

Gains and losses due to changes in fair value of financial assets or financial liabilities, except for those involved with fair value hedge, are accounted for as follows: 1) For financial assets measured at fair value and the changes are recorded into profit or loss of current period, gains and losses due to changes in their fair value are recognized as Income from change in fair value; dividends (including cash dividends) received during the holding of the investment are recognized as investment income. At disposal, the difference between disposal proceeds and initial recognition value is recognized as investment income, simultaneously, gains and losses due to changes in fair value of the investment are accounted into profit or loss. 2) Fair value changes of financial assets available for sale are measured through capital reserve; accrued interest shall be recognized as investment income during the holding of the investment using effective interest rate method; at disposal, the difference between disposal proceeds and carrying amount of the financial asset, net of fair value changes that have been accounted for through capital reserve, shall be recognized as investment income.

When contractual rights to receive cash flow from financial assets have ceased or when substantially all the risks and rewards detached to the financial assets have been transferred, the financial assets should be derecognized; when present obligations from financial liabilities have been terminated entirely or partially, all or part of the financial liabilities should be derecognized, accordingly.

3. Basis of recognition and measurement for the transfer of financial assets

When the Company transfers substantially all the risks and rewards of financial assets to another party, the financial assets should be derecognized; when substantially all the risks and rewards have been retained by the Company, recognition of financial assets should continue, in the meantime, consideration received shall be recognized as financial liability. When substantially all risks and rewards have neither been retained nor transferred by the Company, accounting treatments are as follows: 1) When control of the financial asset has been given up, the financial asset should be derecognized. 2) When control of the financial asset has been retained, recognition of the financial asset shall continue within the extent of its continuous involvement in the transferred financial asset and recognize the relevant liability.

When financial assets as a whole meet the criteria of derecognition, the difference between following two items shall be recognized as profit or loss: 1) Carrying amount of the derecognized financial asset; 2) Consideration received at derecognition, added by accumulated changes in fair value that has been recorded in shareholders' equity. When financial asset has been partially transferred and the transferred part meets the criteria of derecognition, carrying amount of the financial asset shall be divided into two parts: the derecognized part and the underecognized part, according to their fair value respectively, difference between the following two items should be accounted into profit or loss: 1) Carrying amount of the derecognized part; 2) Consideration of the derecognized part, added by corresponding derecognized part of accumulated changes in fair value that has been recorded in shareholders' equity.

4. Determination of fair value for financial assets and financial liabilities

When there is an active market for financial assets and financial liabilities, fair value is determined by their quoted prices; when there isn't any active market for financial assets and financial liabilities, valuation techniques (include referring to the closing price of latest voluntary transaction carried out by informed traders; referring to fair value of other financial instruments that are essentially the same as target instruments, using discounted cash flow method and option pricing models etc.) are used to determine their fair value. For financial assets obtained initially or originally and financial liabilities assumed by the Company, market transaction prices are used to determine their fair value.

5. Impairment test and provision for impairment for financial assets

At balance sheet date, carrying amount of all financial assets, except financial assets measured at fair value and the changes are recorded into profit or loss of current period should be tested for impairment. When there is objective evidence showing that financial assets have impaired, provisions for impairment should be recognized.

Separate test should be carried out for financial assets that are individually significant; for financial assets that are not individually significant, impairment test can be carried out either separately or collectively within a portfolio of financial assets with similar credit risk characteristics. Financial assets that have not been impaired at separate impairment test (including significant and not significant financial assets) should be included in the portfolio of financial assets with similar credit risk characteristics and tested again.

For financial assets that are measured at amortized cost, when there is objective evidence of impairment at year end, impairment losses should be recognized according to the difference between carrying amount and present value of the estimated future cash flow. For equity investment where no active market exist therefore impracticable to be measured at fair value or derivative financial assets that are attached to and settled through delivering this equity investment, impairment loss is recognized according to the difference between the carrying amount of the equity investment or derivative financial asset and present value of the estimated future cash flow determined through market yield for similar financial assets.

When fair value of financial asset available for sale decreases dramatically, or the trend of decrease is deemed to be non-temporary after considering various relevant factors, impairment loss should be recognized, and accumulated fair value losses that have previously been recorded in shareholders' equity shall be transferred to impairment loss.

(11) Account receivables

1. Receivables which are individually significant and subject to the provision for bad debts on an individual basis

Criteria or amount standard for receivables that are individually significant	Individually amounting for more than 5% of total receivables or amounting to more than RMB5 million
Allowance method for receivables that are individually significant and subject to the provision for bad debts on an individual basis	Impairment tests are carried out separately, when there is objective evidence that the Company cannot have its receivables recovered at their original terms, allowances are provided by the difference between the amount that present value of future estimated cash flows and the carrying amount of receivables

2. Receivables which are not individually significant but subject to the provision for bad debts on an individual basis

Reasons for separate provision	There is no obvious evidence to prove that the receivable is correlated with other receivables in terms of their credit risk characteristics, and there is objective evidence that the receivable is probably impaired, examples include when the debtor is withdrawn, bankrupt or dead, and after its/his/her liquidation or inheritance, the Company is still unable to recover this receivable due to severe cash flow insufficiency suffered by the debtor
Allowance methods for receivables	Allowances are recognized according to the difference between carrying amount of receivables and future estimated discounted cash flow of receivables

As for other receivables, including notes receivable, interest receivable, long-term receivables and others, allowances are provided according to the difference between carrying amount and estimated future discounted cash flow.

(12) Inventories

1. Classification of inventories

Inventories include raw materials, packaging materials, low value consumables, goods in process, finished goods, designated processing material and goods shipped in transit.

2. Accounting for inventories received and delivered

Inventories received are initially recorded at cost, cost of inventory include purchasing cost, conversion costs and other costs. Weighted average method is adopted when inventories are used or delivered.

3. Basis of determination of net realizable value of inventory and provision method for impairment of inventory

At balance sheet date, inventory is measured at the lower between cost and net realizable value, impairment provisions are provided according to the amount that cost of inventory is more than its net realizable value individually. For inventory that is directly for sale, net realizable value is determined by the estimated selling price of inventory less net of estimated sales expenses and relevant tax expenses; for inventory that requires further processing, net realizable value is determined by the estimated selling price of the product after it is completed less net of estimated cost to bring it to a selling condition, net of estimated sales expenses and relevant tax expenses. At balance sheet date, when the price of part of a class of identical inventory has been locked by contracts while the remaining part has not, the net realizable value should be recognized separately. Each part should have its net realizable value compared with its cost, and the amount of allowances been provided or restored is determined separately.

4. Inventory recording system

The company adopts perpetual inventory recording system.

5. Amortization for low-value consumables and packaging materials

- (1) Low value consumables

Amortization is made on a one-off basis.

- (2) Packaging materials

Amortization is made on a one-off basis.

(13) Assets held for sale and discontinued operations

The Company classifies its non-current assets into assets held for sale when following conditions have been satisfied:

1. The non-current asset or asset group, under its current conditions merely, can be sold immediately upon its normal terms;
2. The Company has determined and obtained approval for the disposal of non-current assets;
3. The company has entered into a transfer agreement which is irrevocable;
4. The transfer is to take place within 12 months.

Asset and liabilities within a non-current asset or asset group held for sale are divided into current assets and current liabilities.

Discontinued operations refers to as has been disposed or classified as held for sale and act as a separate component whose operations can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company:

1. Which represents a separate major line of business or geographical area of operations;
2. Which is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
3. A subsidiary acquired exclusively with a view to resale.

For the fixed assets held for sale, the Company adjusts its estimated residual value to a value reflecting of fair value less disposal cost (the adjusted amount should not be more than its original carrying amount), the difference between the adjusted amount and the original amount is accounted as assets impairment loss for through profit or loss.

Other non-current assets such as intangible asset that meet the criteria of asset held for sale are treated as above.

(14) Long term equity investments

1. Confirmation of cost of investment

- (1) For business combination under common control, in which consideration is paid either by cash, non-cash assets assume debts, or issue of securities or debt, cost of investment is the proportionate share of net identifiable assets of the acquiree at acquisition date. The difference between cost of investment and carrying amount of consideration or nominal value of consideration (in the case of share or debt issue) is brought to capital reserves; when there is insufficient capital reserve to use against, retained earnings should be adjusted instead.

For business combination under common control that is achieved through multiple transactions, initial cost of investment is recognized as the proportionate share of net identifiable assets of the acquiree at acquisition date. The difference between initial cost of investment and the carrying value of the previous consideration, together with the difference between consideration and cost of investment at this acquisition date, is brought to capital reserve (capital premium or share premium), when there is insufficient capital reserve to use against, retained earnings should be adjusted instead.

- (2) For business combination not under common control, cost of investment is determined by the fair value of proportionate share of net identifiable asset of the acquiree at the date of acquisition.
- (3) For long term investment in which no business combination is achieved, when consideration is paid by cash, cost of investment is the amount paid; when consideration is paid by issue of equity securities, cost of investment is the fair value of equity securities issued; when consideration is paid by other investors, cost of investment is the contractual value determined by the investment agreement (exclude situations in which contractual value is not being determined at fair value).

2. Subsequent measurements and recognition of profit or loss for long term investments

When the Company is able to exert control over the long term equity investment, cost method should be adopted in the Company's own financial statements; when the Company is able to exert semi-control or significant influence over the long term investment, equity method should be adopted in the Company's own financial statements.

When cost method is adopted, long term equity investment is measured at its initial cost. Investment income is determined by the proportionate share of profit or cash dividend paid by the investee, apart from initial amount paid for the investment and consideration containing profit or cash dividends declared but not yet paid. Investment income is accounted for through profit or loss when it incurs, at the same time, impairment should be considered according to relevant policies of impairment.

When equity method is adopted, the amount that initial consideration is more than proportionate share of net identifiable assets of the investee is recognized as initial invest cost; when initial consideration is less than proportionate share of net identifiable assets of the investee, the difference is accounted for through profit or loss, and initial value of investment should be adjusted accordingly.

When equity method is adopted, proportionate share of net profit of the investee should be recognized as investment income, and the amount is used to adjust the carrying amount of the investment. In the determination of the proportion upon which net profit of the investee is being shared, fair value of recognizable assets of the investee should first be based on, then, according to accounting policies and accounting periods of the Company, eliminate all transactions between the company and its associates and joint ventures proportionally (that is, by multiplying the proportion and the transaction figure), (however, when intragroup transaction involves impairment loss of asset, the figure should be recognized in full) therefore an adjusted figure of net profit is derived. The Company calculates proportionate share of declared profit or cash dividends, and deduct the carrying amount of long term investment accordingly. Loss of the long term investment recognized by the company should not be more than the carrying amount and other in-essence investments of the long term investment, except in cases where the company is obliged to recover extra loss of the investment. Apart from profit or loss, other changes in owner's equity of the long term investment are brought directly to owner's equity, and carrying amount of investment is adjusted simultaneously.

3. Basis of determination of control or significant influence over the investee

Control refers to when an investor has power over the investee; and has exposure, or rights, to variable returns from its involvements with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. Significant influence refers to investors have power to take part in the determination of finance and operating decision of investee, but cannot control or joint control the policy with others.

4. Disposal of long term equity investment

- (1) Partial disposal of long term equity investment but control is retained

When long term equity investment is been partially disposed but control is retained by the Company, the difference between disposal proceeds and carrying amount of the proportion being disposed is accounted for through profit or loss.

- (2) Partial disposal of equity investment or other reasons as a result control is lost

When equity investment is partially disposed or else and control is lost as a result, the carrying value of the investment in the equity interests, the difference between carrying amount of the part being disposed and disposal proceeds should be recognized as profit or loss. The residual part should be treated as long term investment or other financial assets according to their carrying amount. After partial disposal, if the company is able to exert significant influence or common control over the investee, the investment should be measured according to cost method or equity method, in compliance with relevant accounting standards and regulations.

5. Impairment tests and provision for impairment

For investments in subsidiaries, associates and joint ventures, when there is objective evidence that impairment has occurred, provisions should be provided according to the difference between carrying amount and net realizable value.

(15) Investment properties

- Investment properties include rented land use rights, land use rights held for sale after appreciation, and rented buildings.
- Investment properties are recognized at initial cost. Subsequent measurement is based on cost method, and using the same depreciation or amortization method as fixed-assets and intangible assets. At balance sheet date, when there is objective evidence that investment property has impaired, provisions should be provided according to the difference between carrying amount and net realizable value of investment properties.

(16) Fixed assets

1. The confirmation, valuation and depreciation of fixed assets

Fixed assets refer to tangible assets that are used for the manufacturing of goods, provision of services, lease, or management purposes for a period of more than one accounting year.

Fixed assets are measured at cost at recognition, and depreciated using the straight line method starting from the following month when the asset is in expected conditions for use.

2. Depreciation methods for fixed assets

Item	Depreciation period (years)	Estimated residual value (%)	Annual depreciation rate (%)
Buildings	20-30	5	3.17-4.75
Machinery	5-11	0-10	8.18-20.00
Transportation equipment	5-10	0-5	9.50-20.00
Electronic equipment	2-7	2-10	12.86-49.00
Other equipment	2-5	0-10	18.00-50.00

3. Impairment tests and provisions for impairment for fixed assets

At balance sheet date, when there is objective evidence that fixed assets are impaired, provisions of impairment shall be made according to the difference between its carrying amount and net realizable value.

4. Determination and measurement of fixed assets under finance lease

When one or more of the following criteria has been met, a lease is recognized as finance lease: 1) at the end of the lease term, ownership of the leased asset is transferred to the lessee. 2) The lessee has an option to buy the leased asset at a price which is expected to be far lower than the fair value of the leased asset at the date when the option is exercised. Thus, on the beginning of the lease, it can be reasonably ascertained that the option will be exercised. 3) Even if the ownership of the asset is not transferred, the lease term covers 75% or more of the economic useful life of the leased asset. 4) In the case of the lessee, the present value of the minimum lease payments on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date; in the case of the lesser, the present value of the minimum lease receipts on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date. 5) The leased assets are of a specialized nature that only the Company (the lessee) can use them without making major modifications.

Fixed asset under finance lease, at the lease beginning date, should be recognized as asset at the lower of present value of minimum lease payments and its fair value, and depreciated in accordance with the Company's depreciation policy.

(17) Construction in progress

1. When construction in progress has reached to a usable condition; it is transferred to fixed asset at its actual cost. When usable condition has been reached but construction cost accounting has not been finished, construction in progress should be transferred to fixed asset at an estimated value, which is thereafter adjusted according to the actual construction cost accounting. However, depreciation that has already accounted for during this period is not reversed.
2. At balance sheet date, when there is objective evidence that construction in progress has impaired, provisions should be provided according to the difference between carrying amount and net realizable value of construction in progress.

(18) Borrowing costs

1. The recognition principle of capitalization of borrowing costs

When borrowing cost incurred by the Company is directly attributable to the acquisition, construction or production of a qualifying asset, it should be capitalized as part of the cost of relevant asset. Other borrowing costs are expensed and accounted for through profit or loss as they incur.

2. The period in which borrowing cost is capitalized

- (1) When all of the following conditions have been met simultaneously, capitalization of borrowing cost should begin: 1) capital expenditure has already incurred; 2) borrowing cost has already incurred; 3) the acquisition, construction or production of the asset to bring it to a re-sellable or usable condition has begun.
- (2) When acquisition, construction or production of the qualified asset is interrupted abnormally, and the interruption lasts for a period of more than 3 months, capitalization of relevant borrowing cost should cease. Borrowing cost during this period should be expenses, until acquisition, construction or production of the qualifying asset re-starts.
- (3) When qualifying asset being acquired, constructed or produced has reached its saleable or usable condition, capitalization of borrowing cost should cease.

3. The amount of which borrowing cost is capitalized

Loans that are borrowed specifically for the acquisition, construction or production of qualifying asset should have its actual interest expense (including the appreciation or amortization calculated using effective interest rate method), less deposit interest or investment income from idled funds, capitalized during the period of the loan. If the acquisition, construction or production of qualifying asset uses other general loans, the weighted average figure of total capital expenditure exceeds the value of specific loan, multiplied by the capitalization rate of general loans is used to determine the capitalization amount of borrowing cost from general loans.

(19) Intangible assets

1. Intangible assets include land use rights, patents and non-patent technologies. They are initially measured at cost.
2. Intangible asset with a finite useful life should be amortized during its lifetime at a pattern that is consistent with the way that economic benefit flows to the Company. If the way in which economic benefit flows to the Company cannot be ascertained, intangible asset should be amortized on a straight line basis. Years of amortization is illustrated below:

Item	Amortization Period (years)
Land use right	16.75-50
Trademark use right	10
Computer software	5-10
Patent right	10
Software copyright	10

The Company should review the estimated useful life and amortization method of its intangible asset with finite useful life on at least an annual basis, and make adjustments when necessary.

3. At balance sheet date, when there is objective evidence that intangible asset with a finite useful life has impaired, impairment shall be made according to the difference between carrying amount and net realizable value; intangible asset with an indefinite useful life or intangible asset that has not yet reach its usable condition shall be tested for impairment annually, regardless of whether there are indications of impairment.
4. Expenditure made during the research phase of an internal project shall be accounted for through profit or loss during the period of its occurrence. Expenditure made during the development phase of an internal project shall be recognized as intangible asset if, and only if, it meets all of the following conditions: 1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; 2) The company has the intention to complete the intangible asset so it can be used or sold; 3) The company can explain how the intangible asset will generate probable future economic benefits. Among other things, and demonstrate the existence of a market for the output of the intangible asset or a market for the intangible asset itself, or, if it is to be used internally, the usefulness of the intangible asset; 4) The company has technical competence, financial and other resources to complete the development of intangible asset so that it can be used or sold; 5) Expenditure made during the development phase of the intangible asset can be measured reliably.

(20) Long-term deferred expenses

Long-term deferred expenses are initially measured at amount actually incurred, and amortized evenly over the benefit period or a prescribed period. If an item of long-term deferred expenses can no longer bring benefit to the Company on future periods, the remaining amount should be accounted for through profit or loss for the current period.

(21) Employee remuneration

Employee remuneration are all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of labor relationships. Employee remuneration includes short-term employee remuneration, post-employment remuneration, termination benefits, and other long-term Employee remuneration. The benefits provided to employees' spouses, children, dependants, families of deceased employees and other beneficiaries of the Company are also included in employee remuneration.

1. Short-term remuneration

Short-term remuneration actually incurred during the period when employees providing service to the Company are recognized as liabilities and accounted for through profit or loss, excluding situations where the amount should be accounted in cost of relevant assets according to other accounting standards.

As for the profit-sharing plan, the related employee remuneration payable should be recognized when all of the following conditions are met:

- (1) the Company has current legal obligation or constructive obligation to make such payments as a result of past events;
- (2) a reliable estimate of the amount of employee remuneration obligation arising from the profit-sharing plan can be made. If the employee remuneration payable under the profit-sharing plan is not required to be settled wholly before twelve months after the end of the annual reporting period in which the employees render their related service to the company, those payments shall be accounted for through other long-term Employee remuneration standard. The bonus which is accrued on the basis of performance belongs to bonus plan; the treatment method is in accordance with profit-sharing plan.

2. Post-Employment remuneration

(1) Defined contribution plans

The Company shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset. Under a defined contribution plan, when contributions are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render their related service, the Employee remuneration payable shall be measured at the discounted value of all contributions using a defined discount rate.

(2) Defined benefit plans

The Company shall attribute benefit obligations under a defined benefit plan to periods of service provided by employees according to the formula determined by projected unit credit method, with a corresponding charge to the profit and loss for the current period or the cost of a relevant asset. When an employee's service in later years will lead to a materially higher level of benefit from the defined benefit plan than in earlier years, the Company shall attribute accumulated defined benefit plan obligation with straight line method to the period from the date when service provided by the employee first leads to Company's benefit obligation under the defined benefit plan to the date when future service provided by the employee will not lead to material increase in defined benefit plan obligation. In the determining the period to which the benefit obligation shall attribute, the Company shall not consider the situation in which the material increase in defined benefit plan obligation only as a result of future Remuneration increases.

At the end of reporting period, the Company shall recognise the following components of employee benefit cost arising from defined benefit plan:

- ① Service costs, comprising current service costs, past service costs and any gains and losses on settlement.
- ② Net interest on the net defined benefit plan or liabilities assets, including interest income on plan assets, interest cost on the defined benefit plan obligation and interest on the effect of the asset celling.
- ③ Changes as a result of remeasurements of the defined benefit assets/liabilities.

Unless other accounting standards requires or permits the inclusion of employee benefit costs in the cost of assets, item 1 and 2 above should be recognized in profit or loss for the current period; item 3 should be recognized in comprehensive income.

3. Termination benefits

Termination benefits primarily include:

- (1) Compensation provided to employees due to the termination of employment relationship before due date of employment contract, whether employees agree with the termination or not.
- (2) Compensation provided to employees to encourage them to accept employee curtailment before the due date of employment contract, in which the employees have a choice of either to stay in service or leave.

When termination benefits are provided, the Company recognizes employee benefit liabilities for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates:

- ① The date when the company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal;
- ② The date when the company recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

If the termination benefits are expected to be settled wholly within 12 months after the end of the reporting period in which the termination benefit is recognized, the Company shall apply the relevant regulations of short-term Employee remuneration; if the termination benefits are not expected to be settled wholly within 12 months after the end of the reporting period in which the termination benefit is recognized, the Company shall apply the relevant regulations of long-term Employee remuneration.

4. Other long-term Employee remuneration

When other long-term Employee remuneration provided by the Company meet the requirements of defined contribution plans, those benefits shall be accounted for in accordance with the regulations relating to defined contribution plans. Apart from the above, the Company shall recognise and measure the net liabilities or net assets of other long-term Employee remuneration in accordance with the relevant regulations relating to defined benefit plans.

(22) Estimated liabilities

1. Estimated liabilities are recognized when the Company encounters present obligation arising from guarantee, litigation, warranties, onerous contracts or contingent events, the settlement of which probably causes an outflow of economic benefits, and the amount of the present obligation can be measured reliably.
2. Initial amount recognized as Estimated liabilities shall be measured at the best estimate of the expenditure required to settle the present obligation, and the carrying amount of Estimated liabilities is reviewed at balance sheet date.

(23) Revenue

1. Sale of goods

Revenue from sale of goods shall be recognized when all of the following conditions have been met: 1) The Company has transferred to the buyer significant risks and rewards of ownership of the goods; 2) The Company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the goods sold; 3) The amount of revenue can be measured reliably; 4) It is probable that the economic benefits associated with the transaction will flow into the Company; 5) The relevant costs incurred or to be incurred can be measured reliably.

2. Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably on balance sheet date (that means the amount of revenue can be measured reliably, relevant economic benefit will probably flow into the Company, the progress of transaction completion can be confirmed reliably and relevant costs incurred or to be incurred can be measured reliably), revenue associated with the transaction shall be recognized using the percentage-of-completion method. Services already provided, divided by the services should be provided shall be used as the percentage of completion. When the outcome of a transaction involving the rendering of services cannot be estimated reliably on balance sheet date, if costs of labor services already incurred is expected to be recovered, the amount of cost incurred should be recognized as revenue, and the amount is also recognized as cost of services; if costs of labor services already incurred cannot be recovered, the amount is accounted for through profit or loss, and no cost is recognized.

3. Alienation of rights to assets

When the Alienation of rights to assets meets both conditions: relevant economic benefit is expected to flow into the Company, and the amount of revenue can be measured reliably, revenue shall be recognized. Interest income is recognized according to the length of time for which the Company's cash is lent with the actual interest rate. Royalties are recognized according to the terms of charging period and method as stipulated in the relevant contract or agreement.

4. Construction contracts

- (1) When the outcome of construction contracts can be measured reliably at balance sheet date, revenue and cost of the contract are recognized according to the percentage of completion method. When the outcome of construction contracts cannot be measured reliably at balance sheet date, if the costs are expected to be recovered, costs that are actually recoverable are recognized as contract revenue, contract costs are recognized as contract expenses at the period when they are incurred; if the costs are not expected to be recovered, the costs shall be recognized as contract expenses when incurred and no contract revenue shall be recognized.
- (2) When all of the following conditions are met simultaneously, it is said that the outcome of fixed price contract can be measured reliably: Total revenue of the contract can be measured reliably; it is probable that economic benefits related to the contract will flow into the Company; contract costs actually incurred can be distinguished clearly and measured reliably; both the schedule of the contracted project and the contract costs to complete the contract can be measured reliably. When all of the following conditions are met simultaneously, it is said that the result of cost plus contract can be measured reliably: it is probable that economic benefits related to the contract will flow into the Company; contract costs actually incurred can be distinguished clearly and measured reliably.
- (3) The proportion of work completed divided by expected total work is used to determine the percentage of contract completion.
- (4) At balance sheet date, if the expected total contract costs exceed the total contract revenue, the expected loss shall be recognized as a current expense. If the contract is in executing, the balance shall be recognized as impairment provision for inventories. If the loss contract is to be executed, the balance shall be recognized as estimated liabilities.

(24) Government grants

1. Government grants include grants related to asset and grants related to income.
2. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount.
3. Government grants related to asset should be recognized as deferred income and evenly amortized to profit or loss over the useful life of the related asset. For government grants related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized directly in profit or loss for the period.

(25) Deferred income tax assets and deferred income tax liabilities

1. The difference between carrying amount and tax base of assets and liabilities (for item that has not being recognized as asset or liability yet, if it has a correspondent tax base according to tax laws, use the difference between its carrying amount and the tax base), shall be recognized as deferred income tax assets or liabilities according to the tax rate during which assets are expected to be retrieved or liabilities are expected to be settled.
2. Deferred income tax asset should be recognized for deductible temporary differences limited to the taxable income that the Company can probably obtain to deduct the deductible temporary differences. At balance sheet date, if the Company can demonstrate that, during future periods, it is probable that sufficient taxable profit will be available to use against all deductible temporary differences, deferred income tax asset during previous accounting periods that has not been recognized shall be recognized.
3. At balance sheet date, carrying amount of deferred income tax asset should be reviewed, if it is probable that taxable profit will not be sufficient to use against all deductible temporary differences, carrying amount of deferred income tax asset should be reduced. When it is probable that sufficient taxable profit will be available, the amount of deferred income tax asset that has been previously reduced should be reversed.
4. The income taxes of the current period and deferred income tax of the Company shall be treated as income tax expenses or incomes, and shall be recorded into the current profits and losses, excluding the income taxes incurred under the following circumstances: 1) business combination; 2) transactions or events directly recognized as the shareholders' equity.

(26) Operating lease and finance lease

1. Operating lease

If the Company is the lessee, lease payments shall be recognized as expense or cost of relevant asset on a straight line basis over each period of the lease term, and accounted for through profit or loss of the current period. Direct initial expenses incurred should be accounted for through profit or loss. Contingent rents shall be recognized as an expense in the period in which they are actually incurred.

If the Company is the lessor, lease payments shall be recognized as profit on a straight line basis over each period of the lease term, and accounted for through profit or loss of the current period. Direct initial expenses incurred are directly accounted for through profit or loss of the current period, unless the amount is large and capitalized, in which case the amounts is deferred and accounted for through profit or loss periodically. Contingent rents shall be recognized as an income in the period in which they are actually incurred.

2. Finance lease

When the Company is the lessee, at lease beginning date, the lower of fair value of leased asset or present value of minimum lease payments is recognized as the initial value of the leased asset, the amount of minimum lease payments are recognized as the initial value of long-term account payable, and the difference is recorded as unrecognized financing costs. The initial direct costs incurred shall be recorded in the asset value. During the lease period, financing cost for current period is calculated according to effective interest rate method.

When the Company is the lessor, at lease beginning date, the total of minimum lease receipts since the lease beginning date and initial direct costs incurred shall be recognized as the initial value of finance lease receivable, and unguaranteed residual value is recorded simultaneously; the difference between the total of minimum lease receipts, initial direct costs and unguaranteed residual value and the total of their present value is recognized as unearned financing income. During the lease period, finance income for current period is calculated according to effective interest rate method.

(27) Segment reporting

The Company identifies operating segments in accordance with the internal organizational structure, management requirements and internal reporting systems. Based on operating segments, reporting segments are determined, of which information is disclosed separately.

An operating segment is a component of the Company that meets the following conditions simultaneously: (1) an operating segment may generate revenues and expenses by engaging in business activities; (2) operating results of the component are periodically reviewed by management to make decisions about resources allocation and performance assessment; (3) financial performance, operating results, cash flow conditions and other information of the component are available to the company. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet specified conditions.

IV. TAX

(1) Principal taxes and tax rates

Taxes	Basics of measurement for taxation	Tax rate (%)
VAT	Revenue from sales of goods, sales of water supply etc.	17, 13, 6, 4, 3, duty free
Business Tax	Lease income, taxable services revenue etc.	5, 3
Urban maintenance and construction tax	Business tax, VAT Paid	7, 5
Education Surcharge	Business tax, VAT Paid	3
Local Education Surcharge	Business tax, VAT Paid	2
Real Estate Tax	Rental income 70% of the original value of the property	12 1.2
Enterprise income tax	Taxable income	25, 20, 16.5, 15

(2) Major preferential tax policies and the basis thereof

1. Value-added tax

Value-added tax is applicable to the Company's revenue from sales of goods. The sales tax rate for domestic sales of goods is 17% and the tax rate for sales of water-supply is 13% and 6%; the tax rate for small scale taxpayers is 3%; The sales tax rate of used fixed assets whose input tax was not deducted is halved with a rate of 4%. Exports goods enjoy duty-free.

The value-added tax paid for purchase of raw materials etc. can be offset against sales tax. The tax rate is 17%. Of this tax, application can be made for refund of the import duty paid for export of products, and the refund tax rate for export is 13% and 17%.

The assessable amount of value-added tax is the balance after current import duty is deducted by current sales tax.

According to the "Notice of the Pilot Program of Value-added tax Replacing Business Tax" (Cai Shui [2011] No. 110) and the "Notice of the Pilot Program of Value-added tax Replacing Business Tax for Transportation Industry and Certain Fields of Service Industry in Eight Provinces including Beijing" (Cai Shui [2012] No. 71) issued by the Ministry of Finance and the State Administration of Taxation, starting from 1 October 2012, the Company and some subsidiaries of the Company registered in Jiangsu Province, which provide R&D and technical services and IT services are subject to VAT at an applicable rate of 6%.

2. Business Tax

Business tax is applicable to the Company's revenue from lease of premises, construction and installation (except for revenue from R&D and technology, information technology services), etc.

Of this tax, the tax rate for revenue from lease of premises is 5% while the tax rate for revenue from construction and installation is 3%.

3. Urban maintenance and construction tax and education surcharge

The Company's urban maintenance and construction tax and education surcharge are calculated on the basis of the assessable amount of value-added tax and sales tax. The applicable tax rates are 7% (urban areas) and 5% (counties and towns) respectively, while the tax rate for education surcharge is 5% (3% and 2% of which are charged by the central and local government respectively).

4. Real Estate Tax

Tax is calculated on the basis of 70% of the original value of the Company's real property. The applicable tax rate is 1.2%.

In addition, if premises are leased, tax is calculated on the basis of the revenue from the lease of such premises. The applicable tax rate is 12%.

5. Enterprise income tax

The Company is recognized by Jiangsu Provincial Science and Technology Commission as a high-tech enterprise on 31 October 2014 and the Company was awarded a High-Tech Enterprise Certificate (Certificate No. GR201432002014) with the effective period for 3 years. As a result, the Company enjoys a preferential tax policy of 15% from 1 January 2014 to 31 December 2016 in accordance with the relevant provisions under Article 28 of the Enterprise Income Tax Law of the People's Republic of China.

The applicable enterprise income rates for subsidiaries of the Company is 15%, 16.5%, 20% and 25% respectively.

Nanjing Panda Mechanical Manufacturing Co., Ltd., a subsidiary of the Company, has passed the application of high-tech enterprise by Jiangsu Provincial Science & Technology Commission on 11 December 2013, and it was awarded a High-Tech Enterprise Certificate (Certificate No. GF201332000359) with an effective period of 3 years. Accordingly, it is subject to income taxes by 15% of taxable income from 1 January 2013 to 31 December 2015.

Nanjing Panda Electronic Manufacture Co., Ltd, a subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Provincial Science & Technology Commission on 31 October 2014, and it was awarded a High-Tech Enterprise Certificate (Certificate No. GF201432001030) with an effective period of 3 years. Accordingly, it is subject to income taxes by 15% of taxable income from 1 January 2014 to 31 December 2016.

Nanjing Panda Appliance & Apparatus Co., Ltd, a subsidiary of the Company, is recognized as a high-tech enterprise by Jiangsu Provincial Science & Technology Commission on 31 October 2014, and it was awarded a High-Tech Enterprise Certificate (Certificate No. GR201432002231) with the effective period for 3 years. Accordingly, it is subject to income taxes by 15% of taxable income from 1 January 2014 to 31 December 2016.

Nanjing Panda Communications Technology Co., Ltd, a subsidiary of the Company, is recognized as a high-tech enterprise by Jiangsu Provincial Science & Technology Commission on 31 October 2014, and it was awarded a High-Tech Enterprise Certificate (Certificate No. GR201432002598) with an effective period of 3 years. Accordingly, it is subject to income taxes by 15% of taxable income from 1 January 2014 to 31 December 2016.

Nanjing Huage Appliance and Plastic Industrial Co., Ltd, a subsidiary of the Company, is recognized as a high-tech enterprise by Jiangsu Provincial Science & Technology Commission on 31 October 2014, and it was awarded a High-Tech Enterprise Certificate (Certificate No. GR201432002300) with an effective period of 3 years. Accordingly, it is subject to income taxes by 15% of taxable income from 1 January 2014 to 31 December 2016.

Galant Limited., a subsidiary of the Company, registered in Hong Kong, the applicable rate is 16.5%.

Shenzhen Jingwah Audiovisual Products Co., Ltd, a subsidiary of the Company, is recognized as small low-profit enterprises, the basis is as the 50% of the taxable income, the applicable rate is 20%.

6. Other taxation

Other taxation is accrued and paid as relevant regulation.

V. ILLUSTRATION OF CHANGES IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATE, ERROR CORRECTION OF PRIOR PERIOD

(1) Changes in accounting policy

There is no change in accounting policy of the Company in the current year.

(2) The changes in accounting estimate

There is no change in accounting estimate of the Company in the current year.

(3) Significant accounting error correction of prior period

There is no significant accounting error correction of prior period in the current year.

VI. NOTES TO MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

Note: the terms "beginning of the period" and "end of the period" refer to 1 January 2015 and 30 June 2015 respectively, and the terms "last period" and "the period" refer to from January to June for the year of 2014 and from January to June for the year of 2015 respectively.

1. Cash and Bank Balances

(1) Disclosures as classification

Item	Closing balance	Opening balance
Cash	1,041,356.08	643,825.43
Bank deposits	729,201,442.27	711,713,343.85
Other cash and bank balances	132,875,512.53	115,625,904.79
Total	863,118,310.88	827,983,074.07

(2) The closing balance of the other cash and bank balances amounting to RMB132,875,512.53 mainly included bank's acceptance bill deposits, performance deposits and bid deposit, L/C deposit and commitment deposit amounting to RMB36,501,282.34, RMB73,099,633.22, RMB22,960,088.37 and RMB314,508.60 respectively.

(3) The closing balances of deposits overseas are USD144,299.53 and HKD49,754.50, amounting to RMB921,426.01.

2. Bills Receivable

(1) Disclosure as classification

Type of Bills	Closing Balance	Opening Balance
Bank acceptance notes	159,188,526.67	195,887,244.86
Total	159,188,526.67	195,887,244.86

(2) The bills receivable that had been endorsed but not yet matured

Item	Derecognised amount at closing date	Recognised amount at closing date	Note
Bank acceptance notes	<u>25,977,548.15</u>	<u> </u>	
Total	<u><u>25,977,548.15</u></u>	<u><u> </u></u>	

(3) There is no bills receivable with pledge at the end of the period.

(4) There is no bills receivable turning into account receivable due to issuer's default at the end of the period.

3. Accounts Receivable

(1) Disclosure as classification

Items	Amount	Closing Balance		Percentage of provision for bad debt (%)
		Percentage (%)	Provision for bad debts	
Substantial amount of single account receivable with specific provision for bad debts	894,524,037.75	84.48	10,904,173.17	1.22
Other unsubstantial amount of accounts receivable with specific provision for bad debts	<u>164,391,912.33</u>	<u>15.52</u>	<u>9,308,438.66</u>	5.66
Total	<u><u>1,058,915,950.08</u></u>	<u><u>100</u></u>	<u><u>20,212,611.83</u></u>	
		Opening Balance		
Items	Amount	Percentage (%)	Provision for bad debt	Percentage of Provision for bad debt (%)
Substantial amount of single account receivable with specific provision for bad debts	597,577,912.57	78.97	9,865,441.58	1.65
Other unsubstantial amount of accounts receivable with specific provision for bad debts	<u>159,121,051.87</u>	<u>21.03</u>	<u>11,223,678.17</u>	7.05
Total	<u><u>756,698,964.44</u></u>	<u><u>100</u></u>	<u><u>21,089,119.75</u></u>	

(2) **Substantial amount of single accounts receivable with specific provision for bad debts.**

Name of debtor	Closing Balance	Provision for bad debt	Percentage of provision for bad debt (%)	Reasons
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	186,517,587.68			Expected can be recovered
CEC Panda LCD Technology Co., Ltd	129,552,154.17			Expected can be recovered
Nanjing panda HanDa Technology Co., Ltd.	64,768,186.13	2,980.03	0.01	Current value of the expected future cash flow is lower than its carrying value
CEO Panda Liquid Crystal Material Technology Co., Ltd.	51,469,607.78			Expected can be recovered
Nanjing Metro Group Co., Ltd.	50,722,434.71			Expected can be recovered
Daituku (Suzhou) Cleanroom Automation Co., Ltd	37,162,053.79			Expected can be recovered
Shanghai Vertex Trade Co., Ltd.	35,106,255.60			Expected can be recovered
CommScope Communication Technology (China) Co., Ltd.	32,243,430.54			Expected can be recovered
Binhai Radio and Television Bureau	28,149,600.00	3,432,430.73	12.19	Current value of the expected future cash flow is lower than its carrying value
Sheyang County Radio and Television Station	19,546,075.00	97,887.71	0.50	Current value of the expected future cash flow is lower than its carrying value
Nanjing Lopu Co., Ltd.	18,064,777.75			Expected can be recovered
Nanjing Yougete Communication Equipment Co., Ltd.	16,587,000.00			Expected can be recovered
Suzhou Rail Transit line 2 Co., Ltd.	14,245,308.85			Expected can be recovered
Wuhan Metro Group Co., Ltd	13,967,690.23			Expected can be recovered
BSH Home Appliances Co. Ltd.	13,506,377.13			Expected can be recovered
Nanjing Sharp Electronics Co., Ltd.	13,456,871.56			Expected can be recovered
Ningxia Broadcast, Film & Television Bureau	12,558,672.00	2,477,529.50	19.73	Current value of the expected future cash flow is lower than its carrying value
Wuxi Rail Transit Development Co., Ltd	11,794,779.89			Expected can be recovered
Nanjing Institute of Internet of Things Application Co., Ltd.	11,314,125.00			Expected can be recovered
Nanjing Municipal Committee of the Communist Party	11,293,455.23			Expected can be recovered
Nanjing Qixia District Cable Management Station	10,329,612.80	319,402.45	3.09	Current value of the expected future cash flow is lower than its carrying value
Nanjing Guobo Electronics Co., Ltd.	10,244,029.64			Expected can be recovered
SOUTHERN TELECOM INC.	8,122,318.37			Expected can be recovered
Suzhou Rail Transit Co., Ltd.	7,908,561.70			Expected can be recovered
Shenzhen Jinghua Network Marketing Co., Ltd	7,586,665.00			Expected can be recovered
Nanjing Panda Electronics Import/Export Co., Ltd.	7,037,339.50	869,816.33	12.64	Current value of the expected future cash flow is lower than its carrying value
Sihong County Broadcast and Television Information Network Co. Ltd.	6,780,839.00	406,736.70	6.00	Current value of the expected future cash flow is lower than its carrying value
Nanjing Panda Electronics Group Limited	6,763,402.69			Expected can be recovered
Nanjing Rail Transit Systems Co., Ltd	6,707,947.40			Expected can be recovered
Nanjing Administration for Industry and Commerce	6,563,800.00			Expected can be recovered
Guangdong Foday Automobile Co., Ltd.	6,363,209.51			Expected can be recovered
Radio Frequency System (Shanghai) Co., Ltd	6,070,481.15			Expected can be recovered
Nanjing Nature Power Technology Co., Ltd.	6,010,000.00			Expected can be recovered
Shanghai Amphenol Airwave Communication Electronics Co., Ltd.	5,430,801.03			Expected can be recovered
NARI Technology Co., Ltd.	5,338,822.50	2,904,090.18	54.40	Current value of the expected future cash flow is lower than its carrying value
Top Victory Investment Limited	5,128,874.70			Expected can be recovered
Funing Broadcast and TV Station	5,081,200.00	373,299.54	7.35	Current value of the expected future cash flow is lower than its carrying value
Nanjing Jiangning Wanda Plaza Co., Ltd	5,029,689.72			Expected can be recovered
Total	894,524,037.75	10,904,173.17		

(3) The situation of reversed or received accounts receivable for bad debts

Items	The amount incurred in the period
Provision for bad debt incurred in current period	946.81
Provision for bad debt reversed or received in current period	876,507.92

The significant situation of reversed or received provision for bad debts of account receivable:

Name of debtor	Reason for reversed or received	Reason for original provision of bad debts	Amount of provision for bad debts before being reversed or received	Amount reversed or received
Zhejiang Vision Autoparts Fittings Company Limited	Receive part of the amount by negotiation	Specific provision	455,571.42	455,571.42
Nantong City Public Security Bureau	Receive part of the amount by negotiation	Specific provision	216,650.00	209,880.00
Total			672,221.42	665,451.42

(4) Details of the top five debtors of account receivables at the end of the period

Name of debtor	Relationship with the company	Amount	Provision for bad debts	Percentage of total account receivable (%)
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	The same de facto controller	186,517,587.68		17.61
CEC Panda LCD Technology Co., Ltd.	The same de facto controller	129,552,154.17		12.23
Nanjing panda HanDa Technology Co., Ltd.	The same de facto controller	64,768,186.13	2,980.03	6.12
CEC Panda Liquid Crystal Material Technology Co., Ltd.	The same de facto controller	51,469,607.78		4.86
Nanjing Metro Group Co, Ltd.	Non-related party	50,722,434.71		4.79
Total		483,029,970.47		45.62

(5) There is no transferred accounts receivable in which the company continued to involve and relevant assets or liabilities formed.

4. Prepayment

(1) Disclosure as ageing

Ageing	Closing Balance	Percentage (%)	Provision for bad debts	Opening Balance	Percentage (%)	Provision for bad debts
Within 1 year(including 1 year)	103,563,331.73	65.71		113,710,845.61	75.19	
1-2 year (including 2 years)	31,192,553.03	19.79		24,700,476.96	16.33	222,674.64
2-3 year (including 3 years)	14,134,780.24	8.96	222,674.64	6,256,809.57	4.14	129,232.88
More than 3 years	8,734,117.46	5.54	1,743,104.02	6,568,685.62	4.34	1,613,871.14
Total	157,644,782.46	100	1,965,778.66	151,236,817.76	100	1,965,778.66

(2) Reason for material balances of prepayment aging over one year unsettled

Client	Amount	Provision for bad debt	Reasons of unsettled accounts beyond 1 year
China Railway Signal & Communication Shanghai Engineering Corporation	7,311,393.40		Before settlement period
Nanjing Keyong Technology Co., Ltd.	4,615,058.35		Before settlement period
Jiangyin Dingyuan Technology Co., Ltd.	2,325,028.51		Before settlement period
Nanjing Yuewen Technology Co., Ltd	2,313,016.26		Before settlement period
Dongba Engineering Installation Co., Ltd.	2,262,712.93		Before settlement period
Nanjing Panda Electronics Import/Export Co.,Ltd.	2,179,674.90		Before settlement period
Nanjing Yichen Information Technology Co., Ltd.	2,000,000.00		Before settlement period
Yancheng Zhiwang Technology Co., Ltd	1,996,775.98		Before settlement period
Dongying Guanlin Intelligence Technology Co., Ltd.	1,649,160.00		Before settlement period
Nanjing Zhuoshuo Computer Technology Co., Ltd.	1,638,094.00		Before settlement period
China Railway first Bureau Group Electric Engineering Co., Ltd.	1,584,000.00		Before settlement period
Nanjing Fire Engineering Co., Ltd. Zaozhuang Branch	1,438,080.93		Before settlement period
Max Autocontrol Technology & Service Co.,Ltd.	1,005,918.12		Before settlement period
Total	<u>32,318,913.38</u>		

(3) Situation of the top five debtors of prepayment at the end of the period

Client	Relationship with the company	Amount	Ageing	Reasons of unsettled accounts
China Railway Signal & Communication Shanghai Engineering Corporation	Non-related party	7,911,403.40	Within 2 years	Before settlement period
Nanjing Shenye Intelligent Systems Engineering Co., Ltd.	Non-related party	7,431,010.82	Within 1 year	Before settlement period
Dongba Engineering Installation Co., Ltd.	Non-related party	6,460,842.33	Within 2 years	Before settlement period
Nanjing Xindingyuan Trade Co., Ltd.	Non-related party	5,828,111.33	Within 1 year	Project not completed
Cosmic Industry Co.,Ltd.	Non-related party	5,310,054.02	Within 1 year	Goods not received
Total		<u>32,941,421.90</u>		

5. Interest receivable

(1) Disclosure as classification

Items	Closing balance	Opening balance
Fixed deposit interest	<u>27,628.22</u>	<u>47,886.55</u>
Total	<u>27,628.22</u>	<u>47,886.55</u>

(2) There is no significant overdue interest receivable.

6. Other Receivables

(1) Disclosure as classification

Category	Amount	Closing balance		Percentage (%)
		Percentage (%)	Provision for bad debts	
Substantial amount of single other receivables with specific provision for bad debts	93,483,843.45	59.37		
Other unsubstantial amount of other receivables with specific provision for bad debts	63,981,157.49	40.63	2,661,526.64	4.16
Total	157,465,000.94	100	2,661,526.64	

Category	Amount	Opening balance		Percentage (%)
		Percentage (%)	Provision for bad debt	
Substantial amount of single other receivables with specific provision for bad debts	100,933,883.30	76.68		
Other unsubstantial amount of other receivables with specific provision for bad debts	30,692,299.51	23.32	2,129,580.48	6.94
Total	131,626,182.81	100	2,129,580.48	

(2) Substantial amount of single other receivable with specific provision

Name of debtor	Carrying amount	Amount of bad debts	Percentage of provision for bad debts (%)	Reasons
Nanjing Baixia High-tech Industrial Park Investment and Development Co., Ltd.	72,400,000.00			Expected can be recovered
National Treasury Shenzhen Depots (export taxes refund)	14,868,743.45			Expected can be recovered
MCT worldwide LLC	6,215,100.00			Expected can be recovered
Total	93,483,843.45			

(3) The situation of reversed or received other receivables

Items	The amount incurred in current period
Provision for bad debt incurred in the period	831,946.16
Provision for bad debt reversed or received for other receivables in the period	300,000.00

The significant situation of provision for bad debt reversed or received in the period

Name of debtor	Reasons of reversed or received	Basis of recognition of original provision of bad debt	The amount of accumulative provision before reversed or received	The amount of reversed or received
The Industrial and Commercial Bank of China-asset custody account, Beijing Branch	Received in the period	specific provision	300,000.00	300,000.00
Total			<u>300,000.00</u>	<u>300,000.00</u>

(4) There is no situation of written-off of other receivables this year.

(5) Classification of other receivables by nature

Nature	Closing balance	Opening balance
Relocation compensation	72,400,000.00	91,823,000.00
Deposit	51,161,611.04	22,660,208.68
Export tax refund	14,868,743.45	9,110,883.30
Other	19,034,646.45	8,032,090.83
Total	<u>157,465,000.94</u>	<u>131,626,182.81</u>

(6) The situation of the top five debtors of other receivables at the end of the period

Name of debtor	Nature	The closing balance	Ageing	Percentage in the total value of other receivables (%)	The closing balance of provision of bad debt
Nanjing Baixia High-tech Industrial Park Investment and Development Co., Ltd.	Relocation compensation	72,400,000.00	2-3 year	45.98	
National Treasury Shenzhen Depots (export tax refund)	Export tax refund and other taxes	14,868,743.45	Within 1 year	9.44	
MCT worldwide LLC	Deposit	6,215,100.00	Within 1 year	3.95	
Nanjing Economic and Technological Development Zone Management Committee	Deposit	3,911,223.00	Within 1 year	2.48	
Nanjing City Public Resources Exchange	Deposit	2,222,000.00	Within 1 year	1.41	
Total		<u>99,617,066.45</u>		63.26	

(7) There is no situation of derecognition of other receivables.

(8) **Governmental subsidy**

Name	Items	Closing balance	Ageing	Estimated time, amount received and basis
Nanjing Baixia High-tech Industrial Park Investment and Development Co., Ltd.	Removal of 118 Haifu Lane	72,400,000.00	2-3 years	The rest is expected to be received in 2015 based on the relocation compensation agreement signed with the government
Total		<u>72,400,000.00</u>		

(9) **There are no transferred other receivables in which the company continuously involved management and related assets or liabilities formed.**

7. **Inventories**

(1) **Category of inventories**

Items	Carrying balance	Closing Balance		Carrying balance	Opening Balance	
		Provision for impairment	Carrying value		Provision for impairment	Carrying value
Raw materials	107,456,795.55	7,511,525.26	99,945,270.29	73,966,018.86	7,632,787.58	66,333,231.28
Packaging materials	588,306.00		588,306.00	3,029,373.16		3,029,373.16
Low-value consumables	186,268.04		186,268.04	186,268.04		186,268.04
Work in progress	296,551,525.27	5,576,520.50	290,975,004.77	298,867,316.50	5,576,520.50	293,290,796.00
Stored commodities	151,068,021.30	10,808,273.33	140,259,747.97	82,242,452.36	10,901,828.18	71,340,624.18
Consigned commodities	9,530,910.44		9,530,910.44	7,488,694.75		7,488,694.75
Delivered commodities	27,575,663.47	1,685,993.43	25,889,670.04	70,587,325.99	1,685,993.43	68,901,332.56
Total	<u>592,957,490.07</u>	<u>25,582,312.52</u>	<u>567,375,177.55</u>	<u>536,367,449.66</u>	<u>25,797,129.69</u>	<u>510,570,319.97</u>

Note: No capitalized borrowing cost in closing balance.

(2) **Provision for diminution in value of inventories**

Items	Opening balance	Provision in the period	Decrease in the year			Closing balance
			Reverse	Write-off	Total	
Raw materials	7,632,787.58			121,262.32	121,262.32	7,511,525.26
Work in progress	5,576,520.50					5,576,520.50
Stored commodities	10,901,828.18	1,007,752.86		1,101,307.71	1,101,307.71	10,808,273.33
Delivered commodities	1,685,993.43					1,685,993.43
Total	<u>25,797,129.69</u>	<u>1,007,752.86</u>		<u>1,222,570.03</u>	<u>1,222,570.03</u>	<u>25,582,312.52</u>

(3) **There is no completed but not settled assets resulted from construction contract.**

8. Other current asset

Items	Closing balance	Opening balance
Structured Corporate Deposits Products of Ping An Bank	200,000,000.00	
Shanghai pudong development bank wealth Structured Corporate Deposits No. JG569 Year 2015	100,000,000.00	
Bank of Communications Yuntong Wealth–profit up 91 days	100,000,000.00	
Bank of Communications Yuntong Wealth–profit up 33 days	61,000,000.00	
Shanghai pudong development bank wealth bus No. 1	10,000,000.00	
China Merchants Bank three-month certificate of deposit (CMBC2015002)	10,000,000.00	
Bank of Communications Yuntong Wealth–profit up 91 days		100,000,000.00
Tianjin Silver Financial Steady appreciation No. 609 Year 2014 (Note)		100,000,000.00
China Construction Bank Beijing Branch No. 491 Year 2014 (Note)		100,000,000.00
Shanghai pudong development bank wealth bus No. 3 (Note)		95,000,000.00
Industrial Bank Co. enterprise financial products structured deposits		50,000,000.00
Bank of Communications Yuntong Wealth–profit up 61 days		50,000,000.00
China Merchants Bank Dianjin Guzhiying No. 52230 financial plan		45,000,000.00
China Construction Bank Jiangsu Qianyuan break even No. 235 Year 2014 financial plan		10,000,000.00
Total	481,000,000.00	550,000,000.00

Note: Tianjin Silver Financial Steady appreciation No. 609 Year 2014, China Construction Bank Beijing Branch No. 491 Year 2014, Shanghai pudong development bank wealth bus No. 3 are third-party financial products acquired by the related party China Electronics Financial Co., Ltd. commissioned by the Company last year.

9. Available-for-sale financial assets

(1) The disclosure of category

Items	Closing Balance			Opening Balance		
	Carrying balance	Provision	Carrying value	Carrying balance	Provision	Carrying value
Available-for-sale equity instruments	3,650,000.00		3,650,000.00	3,650,000.00		3,650,000.00
Include: According to the cost	3,650,000.00		3,650,000.00	3,650,000.00		3,650,000.00
Jiangsu Research And Design Institute Of Urban Rail Transit Co., Ltd	3,650,000.00		3,650,000.00	3,650,000.00		3,650,000.00
Total	3,650,000.00		3,650,000.00	3,650,000.00		3,650,000.00

(2) Available-for-sale financial assets according to the cost at the end of the year

Items	Carrying value				Provision for impairment			Shareholding ratio in the invested company (%)	The current cash dividends
	Opening balance	Increase in the period	Decrease in the period	Closing balance	Opening balance	Increase in the period	Decrease in the period		
Jiangsu Research And Design Institute Of Urban Rail Transit Co., Ltd	3,650,000.00			3,650,000.00				7.30	
Total	3,650,000.00			3,650,000.00					

(3) There is no change in impairment of available for sale financial assets.

(4) Fair value of available for sale equity instruments did not fall sharply or continuously and there is no sign of impairment.

10. Long-term equity investment

(1) The disclosure of category

Name of investee	Increase/decrease of the investee's equity										
	Opening Balance	Additional investment	Reduced Investment	Investment profit and loss under the equity method	Other comprehensive income	Other equity changes	cash dividend	provision for impairment loss	Other	Closing Balance	Assets Provision
Nanjing Ericsson Panda communication Co., Ltd.	273,941,730.00			55,197,117.72						329,138,847.72	
Beijing SE Putian Mobile Communications Co., Ltd.	217,439,600.00			41,975,344.03						259,414,944.03	
Nanjing Thales Panda Transportation System Company Limited	9,241,361.09									9,241,361.09	
Sherzhen Jing'in Electronic Co., Ltd	559,088.15			82,249.49						641,337.64	
Sherzhen Jingfa Plastic Packing Products Co., Ltd	242,912.96			-4,463.04						238,449.92	
Sherzhen Jinghua Network Marketing Co., Ltd	285,561.97			135,568.36						421,130.33	
Nanjing Huaxian High Technology Company (Note)											
Total	501,710,254.17			97,385,816.56						599,096,070.73	

Note: Nanjing Huaxian High Technology Company is the associates of the company, the carrying value of the long-term equity investment has decreased to zero.

11. Investment property

(1) Investment property recording as cost method

Items	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Total original value	61,737,767.90	6,049,501.83		67,787,269.73
including: Buildings	61,737,767.90	6,049,501.83		67,787,269.73
II. Total accumulated depreciation and amortisation	51,165,069.30	5,284,388.81		56,449,458.11
including: Buildings	51,165,069.30	5,284,388.81		56,449,458.11
III. Total accumulative provision for impairment of investment property				
including: Buildings				
IV. Total carrying value of investment property	10,572,698.60			11,337,811.62
including: Buildings	10,572,698.60			11,337,811.62

(2) There are no investment properties with uncompleted ownership certificate.

12. Fixed assets

(1) The situation of fixed asset

Items	Buildings	Machinery equipment	transportation equipment	Electronic equipment	Other equipment	Total
Original cost						
Opening balance	644,147,034.88	388,404,341.86	29,336,762.23	40,723,272.85	36,155,327.44	1,138,766,739.26
Transfer from construction projects	304,209,873.35	1,147,268.79		28,283,788.65	1,118,795.89	334,759,726.68
Other increase in the period		1,561,430.86	445,966.81	2,690,615.19	53,412.48	4,751,425.34
Decrease in the period	14,426,488.68	37,847,869.87	842,391.00	3,868,956.84	1,213,371.71	58,199,078.10
Closing balance	933,930,419.55	353,265,171.64	28,940,338.04	67,828,719.85	36,114,164.10	1,420,078,813.18
Accumulated depreciation						
Opening balance	197,755,226.66	246,442,980.29	11,563,203.67	31,775,452.28	20,999,492.16	508,536,355.06
Provision in the period	11,328,053.17	16,468,338.47	1,505,287.42	1,794,845.84	2,206,693.55	33,303,208.45
Decrease in the period	7,403,262.20	32,717,810.59	765,170.58	3,734,711.45	1,008,239.62	45,629,194.44
Closing balance	201,680,017.63	230,193,508.17	12,303,320.51	29,835,586.67	22,197,936.09	496,210,369.07
Provision for impairment						
Opening balance		139,410.98		11,787.63	5,208.80	156,407.41
Increase in the period						
Decrease in the period		29,185.44		3,241.26	5,208.80	37,635.50
Closing balance		110,225.54		8,546.37		118,771.91
Net value						
Closing balance	732,250,401.92	122,961,437.93	16,637,017.53	37,984,586.81	13,916,228.01	923,749,672.20
Opening balance	446,391,808.22	141,821,950.59	17,773,558.56	8,936,032.94	15,150,626.48	630,073,976.79

Note: The original cost of construction in progress transferred into fixed asset is RMB334,759,726.68.

(2) The situation of operating leased fixed assets

Category of fixed assets	Net value of fixed assets
Buildings	8,399,499.65
Transportation equipment	3,944,687.39
Total	12,344,187.04

(3) **The situation of fixed asset with unfinished ownership certificate**

Items	Net value of fixed assets	Reasons for unfinished ownership certificate
No. 3 plant and Training Center in Xingang industrial park	20,103,294.99	The certificate is in progress
Phase 1 of equipment industrial park	351,375,040.06	The certificate is in progress
Buildings – Shenzhen Longgang Jinghua Electronic Co., Ltd	24,171,456.82	Cooperative construct-The land is collectively-owned land of Shenzhen longgang Liang'an Tian Economic Development Co., Ltd

(4) **No temporary idle fixed assets at the end of the period.**

(5) **No finance leased fixed assets at the end of the period.**

13. **Construction in progress**

(1) **Disclosure as items**

Items	Carrying amount	Closing balance Provision during the year	Net value	Carrying amount	Opening balance Provision during the year	Net value
Phase 1 of the electronic equipment industry	6,035,433.60		6,035,433.60	262,238,796.74		262,238,796.74
Machinery equipment	6,078,484.16		6,078,484.16	4,564,076.42		4,564,076.42
Office furniture	1,659,705.00		1,659,705.00	1,659,705.00		1,659,705.00
Project Management System	1,070,528.40		1,070,528.40	1,070,528.40		1,070,528.40
EMC laboratory	1,321,403.46		1,321,403.46	349,018.87		349,018.87
Xingang training Center	5,985,194.57		5,985,194.57			
Total	22,150,749.19		22,150,749.19	269,882,125.43		269,882,125.43

(2) **The situation of significant changing construction in progress**

Items	Budget	Opening balance	Increase in current	Transfer in fixed assets	Other decrease	Percentage of budget (%)	Progress of items	The cumulative amount of interest capitalized	Including: current amount of interest capitalized	Current interest capitalization rate (%)	Capital source	Closing balance
Phase 1 of the electronic equipment industry (note)	562,824,000.00	262,238,796.74	75,956,615.21	332,159,978.35		77.26	77.26				Placement/ Owned fund	6,035,433.60
Machinery		4,564,076.42	2,992,665.03	1,478,257.29							Owned fund	6,078,484.16
Office furniture		1,659,705.00										
Project Management System	1,126,872.00	1,070,528.40				95.00	95.00				Placement	1,070,528.40
EMC laboratory	10,837,000.00	349,018.87	1,715,974.37	743,589.78		15.69	15.69				Owned fund	1,321,403.46
Xin Gang training Center			6,393,095.83	377,901.26							Owned fund	5,985,194.57
Total		269,882,125.43	87,028,350.44	334,759,726.68								22,150,749.19

Note: The budget of the first phase of the electronic equipment industry includes land amount RMB61,939,442.90.

(3) **No recoverable amount less than carrying value and no impairment provision in construction made.**

14. Intangible assets

Items	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Total original cost	253,537,516.34	815,997.82		254,353,514.16
1. Land-use right	85,417,937.71			85,417,937.71
2. Trademark use rights	158,640,000.00			158,640,000.00
3. Computer software	7,567,081.23	815,997.82		8,383,079.05
4. Patents	25,705.00			25,705.00
5. Software copyright	1,886,792.40			1,886,792.40
II. Total accumulated amortization	170,984,570.22	1,530,738.09		172,515,308.31
1. Land-use right	7,398,707.61	1,003,853.30		8,402,560.91
2. Trademark use rights	158,430,000.00			158,430,000.00
3. Computer software	5,113,397.46	336,701.15		5,450,098.61
4. Patents	11,018.61	1,504.40		12,523.01
5. Software copyright	31,446.54	188,679.24		220,125.78
III. Total accumulated impairment amount	210,000.00			210,000.00
1. Land-use right				
2. Trademark use rights	210,000.00			210,000.00
3. Computer software				
4. Patents				
5. Software copyright				
IV. Total book value of intangible assets	82,342,946.12			81,628,205.85
1. Land-use right	78,019,230.10			77,015,376.80
2. Trademark use rights				
3. Computer software	2,453,683.77			2,932,980.44
4. Patents	14,686.39			13,181.99
5. Software copyright	1,855,345.86			1,666,666.62

Note: There are no land use rights with unfinished ownership certificate.

15. Development expenditure

Items	Opening balance	Increase in the period		Decrease in the period		Closing balance
		Internal Development expenditure	Other	Confirmed as intangible assets	Recorded into the profits and losses of the period	
The robot controller project	17,592,455.22		7,185,525.14			24,777,980.36
Total	17,592,455.22		7,185,525.14			24,777,980.36

Note: Details of development expenditure:

Item	Start of capitalization	Basis of capitalization	Research and development progress at the end of period
Robot controller project	Design of assessment plate completed	Completion of design for assessment plate shows feasibility of company technology of new project and development of robot controller is likely to bring to the company earnings in the future, and maintain company's technological competitiveness	As of this period, a small number of robot controller prototypes are completed and are debugged and modified

16. Long-term deferred expenses

Items	Opening balance	Increase in the period	Amortized in the period	Decrease in the period	Closing balance	Other reasons for decrease
Office building renovation costs	979,346.86	1,225,394.44	761,481.18		1,443,260.12	
Waterproof insulation fire control project	1,014,670.90		258,616.96		756,053.94	
Factory greening		4,418,186.05	122,727.39		4,295,458.66	
Other miscellaneous project	679,962.81		66,288.39		613,674.42	
Total	2,673,980.57	5,643,580.49	1,209,113.92		7,108,447.14	

17. Deferred Income Tax Assets and Deferred Income Tax liabilities

(1) Deferred Income Tax Assets with no offset

Items	Closing Balance		Opening Balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for asset impairment	32,150,993.12	6,038,992.75	32,150,993.12	6,038,992.75
Accrued expenses	3,184,931.97	665,664.94	3,184,931.97	665,664.94
Amortization of intangible assets	166,750.01	25,012.50	203,000.01	30,450.00
Employee remuneration payable	136,821.16	20,523.17	167,480.09	25,122.01
Total	35,639,496.26	6,750,193.36	35,706,405.19	6,760,229.70

(2) **Deferred Income Tax Liabilities with no offset**

Items	Closing Balance		Opening Balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Long-term payable	<u>769,481.75</u>	<u>115,422.26</u>	1,031,212.60	154,681.89
Total	<u><u>769,481.75</u></u>	<u><u>115,422.26</u></u>	<u><u>1,031,212.60</u></u>	<u><u>154,681.89</u></u>

18. **Short-term Loans**

Items	Closing Balance	Opening Balance
Guaranteed loan	<u>80,000,000.00</u>	<u>30,000,000.00</u>
Total	<u><u>80,000,000.00</u></u>	<u><u>30,000,000.00</u></u>

Note: There is no short term loans expired but not repaid.

19. **Bills payable**

Types of Bills	Closing Balance	Opening Balance
Bank acceptance notes	<u>145,361,751.36</u>	<u>83,633,487.09</u>
Total	<u><u>145,361,751.36</u></u>	<u><u>83,633,487.09</u></u>

Note: There is no bills payable expired but not repaid.

20. **Accounts payable**

(1) **Disclosure of category**

Items	Closing Balance	Opening Balance
Loans	709,631,644.07	544,589,379.26
Project funds	232,078,226.90	186,150,339.79
Processing and maintenance funds	23,721,085.76	21,862,982.93
Logistics warehousing funds	5,751,644.17	6,296,464.78
Others	9,453,008.01	13,153,898.22
Total	<u><u>980,635,608.91</u></u>	<u><u>772,053,064.98</u></u>

(2) Significant accounts payable with ageing exceed 1 year

Items	Closing Balance	Reasons for outstanding or carried forward
Nanjing Panda Electronics Import/Export Co.,Ltd.	24,582,076.52	Not settled
Shanghai Railway Communication Co., Ltd.	4,087,933.36	Not settled
Shanghai Charm hope Information Technology Co., Ltd	3,159,085.80	Not settled
Hytera Communications Corporation Limited	2,667,594.14	Not settled
Thales Software Systems (Shanghai) Co., Ltd	2,275,150.97	Not settled
Nanjing Runkai Technology Industry and Trade Co., Ltd.	1,924,303.54	Can't get in touch with each other
Beijing Gold Barron Radio and TV Technology Co., Ltd.	2,043,408.48	Not settled
Nanjing China Electronics Panda Property Management Co., Ltd.	1,757,614.82	Not settled
Beijing Dinghan Technology Co., Ltd	1,357,609.80	Not settled
Shaoxing Siwell Plastic Engineering & Technology Co., Ltd.	1,111,131.92	Not settled
Jiangsu Jin Zhi Technology Co., Ltd	1,109,996.40	Can't get in touch with each other
Total	<u>46,075,905.75</u>	

21. Advances from customers

(1) Disclosure of category

Items	Closing Balance	Opening Balance
Project funds	123,878,474.00	79,637,722.43
Loans	56,027,943.43	56,138,683.11
Others	831,034.97	637,672.95
Total	<u>180,737,452.40</u>	<u>136,414,078.49</u>

(2) Significant receipts in advance collected in advance with ageing exceed 1 year

Items	Closing balance	Reasons for outstanding or carried forward
Nanjing Road Construction Office	7,894,953.20	The project schedule not attain to settlement conditions
Nanjing Public Security Bureau Yangtze River Branch of Industrial Development Zone	4,000,000.00	The project schedule not attain to settlement conditions
Nanjing Public Security Fire Department	3,266,980.15	The project schedule not attain to settlement conditions
Xuzhou City Tongshan District Public Security Bureau Patrol Team	3,114,000.00	The project schedule not attain to settlement conditions
Nanjing Public Security Bureau Xiaguan Branch	2,785,382.24	The project schedule not attain to settlement conditions
Zhejiang Bajun Plastic Co., Ltd	1,100,000.00	goods in transit not been accepted
Total	<u>22,161,315.59</u>	

22. Remuneration payable

(1) Disclosure of category

Items	Opening balance	Increase in the period	Paid during the period	Closing Balance
Short-term compensation	30,400,447.60	191,137,607.81	201,365,105.35	20,172,950.06
Defined contribution plan liability of post employment remuneration	1,772,634.44	19,318,027.32	19,900,352.75	1,190,309.01
The payable part of termination benefits within 12 months after the balance sheet date	5,263,202.65	3,588,464.93	2,987,611.07	5,864,056.51
The liabilities which complied with defined contribution plans in other long term Employee remuneration.				
Total	<u>37,436,284.69</u>	<u>214,044,100.06</u>	<u>224,253,069.17</u>	<u>27,227,315.58</u>

(2) Short-term employment remuneration

Items	Opening balance	Increase in the period	Paid during the period	Closing Balance
1. Remuneration and bonus	18,698,370.50	121,164,491.92	130,514,551.14	9,348,311.28
2. Labor expenses	4,646,970.33	37,002,144.58	37,468,375.82	4,180,739.09
3. Welfare expense	6,898,299.27	6,898,299.27		
4. Expenses for social security	299,364.20	10,728,550.44	10,723,089.63	304,825.01
Including: 1. Medical insurance	267,316.86	9,621,612.68	9,610,183.95	278,745.59
2. Injury insurance	12,325.98	581,583.88	580,634.26	13,275.60
3. Maternity insurance	19,721.36	525,353.88	532,271.42	12,803.82
5. Housing reserve fund	1,388,557.70	12,759,165.63	13,040,791.78	1,106,931.55
6. Trade union funds and employee education funds	2,267,184.87	2,434,186.77	2,343,916.51	2,357,455.13
7. Short-term absence with pay				
8. Short-term profit sharing plan	3,100,000.00	150,769.20	376,081.20	2,874,688.00
9. Other short-term employment remuneration				
Total	<u>30,400,447.60</u>	<u>191,137,607.81</u>	<u>201,365,105.35</u>	<u>20,172,950.06</u>

(3) Defined contribution plan liability of termination benefits

Items	Payment amount in the period	Closing balance of outstanding amounts payable
Basic pension fund	18,013,022.11	1,139,849.68
Unemployment pension insurance	1,887,330.64	50,459.33
Enterprise annuity payment		
Total	<u>19,900,352.75</u>	<u>1,190,309.01</u>

(4) Payable part of termination benefits within 12 months after the balance sheet date

Items	Payment amount in the period	Closing balance of the outstanding amounts payable
Early retirement benefit	2,987,611.07	5,864,056.51
Total	2,987,611.07	5,864,056.51

(5) There are no liabilities complied with defined contribution plans in other long term Employee remuneration.

23. Tax payable

Items	Closing Balance	Opening Balance
1. Enterprise income tax	5,874,540.18	14,885,624.88
2. Value-added tax	-8,547,218.37	1,857,641.71
3. Sales tax	677,110.01	1,022,017.16
4. Real estate tax	320,557.18	960,148.68
5. Individual income tax	412,883.49	919,809.32
6. Urban development tax	107,290.01	485,690.13
7. Education surcharges	82,883.91	358,190.80
8. Land use tax	81,000.00	224,915.33
9. Others	32,174.43	147,595.83
Total	-958,779.16	20,861,633.84

24. Interest Payable

Items	Closing Balance	Opening Balance
Interest Payable of short term loan	120,000.00	
Total	120,000.00	

Note: There is no overdue interest payable not paid.

25. Dividend Payable

Items	Closing Balance	Opening Balance	Cause of failure in payment after 1 year overdue
Minority shareholder dividends payable by the subsidiaries	3,472,813.03	3,489,019.43	Not acquired
A Shares dividends	44,341,342.92		
H Shares dividends	15,972,000.00		
Total	63,786,155.95	3,489,019.43	

26. Other payables

(1) Disclosure of nature

Nature	Closing Balance	Opening Balance
State-owned capital management budget allocations	34,000,000.00	34,000,000.00
Deposit	38,047,815.31	31,529,753.02
Receivables and payables	30,290,283.80	21,365,688.07
Relating to operation	48,306,890.43	20,555,414.31
Land-transferring fees	15,578,273.90	15,578,273.90
Others	6,877,416.22	10,872,462.69
	173,100,679.66	133,901,591.99

(2) Significant other payables exceeding 1 year

Items	Closing balance	Reason for Outstanding or carried forward
China Electronics Corporation	34,000,000.00	State-owned capital budget, has not yet been carried forward
Land and Resources Bureau	15,578,273.90	Add-value of restructuring land value, has not yet been carried forward
Panda Electronics Group Company	7,077,473.57	Receivables and payables, has not yet been carried forward
Nanjing Economic and Technological Development Zone Management Committee	4,424,425.48	Deposit, has not yet been carried forward
Shenzhen Zhengxu Investment Development Co., Ltd	2,362,286.00	Rental deposit, the lessee has not terminated the lease
Foshan Nanhai Baineng Electric	1,663,115.76	Deposit, has not yet been carried forward
Shenzhen Kingkey Baina Business Management Co., Ltd	1,639,794.00	Rental deposit, the lessee has not terminated the lease
Shenzhen Lichang Industrial Co., Ltd	1,530,026.00	Rental deposit, the lessee has not terminated the lease
Ju Jiale Property Management Company (Shanshui)	1,027,800.00	Rental deposit, the lessee has not terminated the lease
Dongying Guanlin Intelligent Technology Co., Ltd	1,000,000.00	Guarantees, has not yet been carried forward
	70,303,194.71	

27. Other current liabilities

Items	Closing balance	Opening balance
Multi mobile Internet information security audit system research and development and industrialization	2,016,000.00	2,016,000.00
Police Digital Trunking (PDT) and TD-SCDMA Digital trunking terminal equipment research and development	1,356,600.00	1,356,600.00
Low energy consumption high frequency/ultra high frequency double frequency RFID Chip and application demonstration	900,000.00	900,000.00
Water environment intelligent monitoring and emergency treatment demonstration project and standardization construction	696,000.00	696,000.00
Metro automatic ticket machine	500,000.00	500,000.00
School-age children educational vouchers		
	5,468,600.00	5,468,600.00

Note: There is no short-term bonds payable, short-term bond interest payable and other financial instruments issued classified as financial liabilities at the end of the period.

28. Long-term Remuneration payable

(1) Disclosure of category

Items	Closing balance	Opening balance
The net liability of defined contribution plan of post employment remuneration		
The payable part of termination benefits after 12 months from the balance sheet date	21,808,251.05	17,250,831.64
The net liability of defined benefit plan of other long-term employment remuneration		
Total	<u>21,808,251.05</u>	<u>17,250,831.64</u>

(2) Payable part of termination benefits after 12 months from the balance sheet date

Items	Payment amount in the period	Closing balance of outstanding amounts payable
Early retirement benefits		21,808,251.05
Total		<u>21,808,251.05</u>

29. Share Capital

Items	Opening balance	Issue of shares	The current changes (+, -)			Total	Closing balance
			Allotment	Reserved funds transfer shares	Others		
I. Restricted tradable shares	39,215,686.00						39,215,686.00
1. State-owned shares							
2. State-owned legal person shares	39,215,686.00						39,215,686.00
3. Other domestic-owned shares							
4. Other foreign-owned shares							
II. Non-restricted tradable shares	874,622,843.00						874,622,843.00
1. Ordinary shares denominated in RMB	632,622,843.00						632,622,843.00
2. Foreign-owned shares listed domestically							
3. Foreign-owned shares listed overseas	242,000,000.00						242,000,000.00
4. Others							
Total	<u>913,838,529.00</u>						<u>913,838,529.00</u>

30. Capital reserves

Items	Opening balance	Increase in the period	Decrease in the period	Closing balance
Capital premium	1,449,940,706.85	899,702.65		1,450,840,409.50
Other capital reserves	13,498,333.16			13,498,333.16
Total	<u>1,463,439,040.01</u>	<u>899,702.65</u>		<u>1,464,338,742.66</u>

Note: The main reason of increase in capital reserve

Nanjing Panda Information Industry Co., Ltd., the subsidiary of the Company, acquired 30% of minority equity of its subsidiary-Nanjing Panda Electromechanical Instruments Technology Co., Ltd. with capital amount less than the increase in the capital reserve of minority shareholding for the period at the acquisition date.

31. Surplus reserves

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserves	164,425,496.95			164,425,496.95
Discretionary surplus reserves	70,376,641.33			70,376,641.33
Total	234,802,138.28			234,802,138.28

32. Undistributed profits

Item	Amount for the current period	Amount for the prior period
Closing balance of previous year	566,873,252.64	474,947,172.20
Adjustments of Opening balance of the year		3,615,726.07
Opening balance of the year after adjustments	566,873,252.64	478,562,898.27
Add: Consolidated net profit attributable to parent company	87,625,888.80	85,735,225.24
Less: Transfer to statutory surplus Reserve		
Transfer to discretionary surplus Reserve		
Distribution to ordinary shareholders (note)	60,313,342.92	62,063,671.91
Declaration of dividends on ordinary shares transferred to capital		
Closing balance of current year	594,185,798.52	502,234,451.60

Note: Distribution to ordinary shareholders

According to the profit distribution plan released on the conference of the Board of Directors in 2014 and the Annual General Meeting of 2014, the profit will be distributed at the base of the share capital of 913,838,529 as at 31 December 2014. Every 10 shares will be paid by RMB0.66 (Tax included) cash dividends, amounting to RMB60,313,342.92 totally.

33. Operating Income and Cost

(1) Income from principal activities and income from other activities

Items	Amount incurred in the period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
1. Income from principal activities	1,626,342,125.66	1,391,644,623.13	1,553,559,405.10	1,329,078,578.55
2. Income from other activities	21,392,643.68	16,402,956.68	15,882,437.71	13,429,953.75
Total	1,647,734,769.34	1,408,047,579.81	1,569,441,842.81	1,342,508,532.30

(2) Income, cost and profit of primary businesses on all industries and sections:

Business segment	Operating Income	Amount incurred in the period Operating Cost	Operating Profit
Electronic equipment products	785,276,014.99	682,595,089.74	102,680,925.25
Electronic manufacturing products	479,666,669.85	412,686,923.74	66,979,746.11
Consumer electronics products	265,332,876.78	236,588,186.95	28,744,689.83
Other	96,066,564.04	59,774,422.70	36,292,141.34
Total	1,626,342,125.66	1,391,644,623.13	234,697,502.53

Business segment	Operating Income	Amount incurred in the prior period	
		Operating Cost	Operating Profit
Electronic equipment products	657,183,282.30	573,538,491.71	83,644,790.59
Electronic manufacturing products	456,142,467.71	392,722,383.11	63,420,084.60
Consumer electronics products	362,681,938.65	333,496,219.82	29,185,718.83
Other	77,551,716.44	29,321,483.91	48,230,232.53
Total	<u>1,553,559,405.10</u>	<u>1,329,078,578.55</u>	<u>224,480,826.55</u>

(3) Businesses activities of the company are primarily located in Nanjing and Shenzhen.

(4) Clients of the company are widely spread among different sections and industries; therefore the company is not dependent on them.

34. Sales tax and surcharges

Items	Amount incurred in the period	Amount incurred in the prior period	Calculation basis
Business tax	8,718,823.55	8,834,135.76	IV. Taxation
Urban development tax	4,653,304.53	3,822,743.13	IV. Taxation
Education surcharges	3,325,191.86	2,550,280.29	IV. Taxation
Bund fee		40,066.80	IV. Taxation
Total	<u>16,697,319.94</u>	<u>15,247,225.98</u>	

35. Selling expenses

Items	Amount incurred in the period	Amount incurred in the prior period
Remuneration and Benefits	8,143,640.00	7,767,952.81
Transport fee	5,951,978.23	5,325,526.91
Advertising and exhibition fee	2,280,063.85	2,021,333.31
Entertainment	1,043,119.26	1,813,316.04
Office expenses	607,759.20	646,442.90
Labor expenses	1,396,523.06	1,650,157.75
Traveling expenses	936,810.60	1,085,876.67
Other	1,720,457.72	2,540,500.44
Total	<u>22,080,351.92</u>	<u>22,851,106.83</u>

36. General and administrative expenses

Items	Amount incurred in the period	Amount incurred in the prior period
Remuneration and Benefits	60,659,102.49	55,883,471.03
R&D expenses	84,838,210.32	72,002,588.58
Depreciation and Amortization	12,579,865.82	10,970,395.40
Listing, audit and consulting fee	6,625,051.18	7,180,562.19
Entertainment and Travel	4,113,834.69	5,654,777.04
Office, telephone and service expenses	4,918,757.07	4,863,810.58
Tax	2,557,982.52	2,213,779.77
Labor expenses	2,237,111.80	2,374,803.44
Utilities	1,154,147.65	2,021,458.23
Maintenance Fee	3,262,946.25	1,328,643.17
Other	5,985,293.87	8,424,478.50
	<hr/>	<hr/>
Total	188,932,303.66	172,918,767.93
	<hr/> <hr/>	<hr/> <hr/>

37. Financial expenses

Items	Amount incurred in the period	Amount incurred in the prior period
Interest expenses	2,556,833.60	1,503,350.02
Less: Interest income	4,735,990.15	5,893,222.09
Bank charges	469,797.49	272,040.63
Exchange gain or loss	-1,640,420.33	-380,435.89
Other	553,595.53	244,217.47
	<hr/>	<hr/>
Total	-2,796,183.86	-4,254,049.86
	<hr/> <hr/>	<hr/> <hr/>

38. Assets Impairment Loss

Items	Amount incurred in the period	Amount incurred in the prior period
1. Bad debt losses	-343,614.95	-822,965.51
2. Loss from inventory impairment	1,007,752.86	9,733,046.01
	<hr/>	<hr/>
Total	664,137.91	8,910,080.50
	<hr/> <hr/>	<hr/> <hr/>

39. Investment Income

Items generating from investment income	Amount incurred in the period	Amount incurred in the prior period
Share of profit of investees under equity method of accounting	97,385,816.56	67,463,853.73
Investment income from disposal of long-term equity investments	11,397,282.39	-6,833,828.08
Investment income on financial products	11,397,282.39	12,970,866.38
	<hr/>	<hr/>
Total	108,783,098.95	73,600,892.03
	<hr/> <hr/>	<hr/> <hr/>

40. Non-operating Income

Items	Amount incurred in the period	Amount incurred in the prior period	Amount recorded in the current profits and losses
1. Gains from disposal of non-current assets	916,190.84	10,503,564.64	
Including: Gains from disposal of fixed assets	916,190.84	25,830.07	
2. Write off payables			
3. Governmental subsidy	2,648,308.80	26,603,113.67	
4. Other	286,883.45	229,094.47	
Total	3,851,383.09	37,335,772.78	

Note: Governmental subsidy:

Items	Amount incurred in the period	Sources and Basis	Whether related to income/assets
The Software Products VAT Refund	2,480,792.80	Preferential Policies of Software Industry and Development of Integrated Circuit Industry	related to income
Subsidy for children care from Nanjing	167,516.00	NJC [2011] No. 8	related to income
Total	2,648,308.80		
Items	Amount incurred in the prior period	Sources and Basis	Whether related to income/assets
Nanjing Economic and Technological Development Zone Management Committee project subsidy	23,800,000.00	Certification of Committee project subsidy	related to income
The Software Products VAT Refund	1,645,753.67	Preferential Policies of Software Industry and Development of Integrated Circuit Industry	related to income
Subsidy for children care from Nanjing	488,200.00	NJC [2011] No. 8	related to income
Standardization subsidy for promoting transformation and upgrading	50,000.00	SCGM [2013] No. 183	related to income
Special Award for Technology	19,160.00	NQK [2012] No. 15	related to income
Industry development funds	600,000.00	FFB [2013] No. 7	
Total	26,603,113.67		

41. Non-operating Expenses

Items	Amount incurred in the period	Amount incurred in the prior period	Amount recorded in the current profits and losses
I. Loss from the disposal of non-current assets	1,528,424.31	189,718.31	
Including: loss from disposal of fixed assets	1,528,424.31	189,718.31	
II. Loss on arrangement		41,325.67	
III. Donation expenses	50,000.00	85,000.00	
IV. Fine payment expenses	87,308.17	8,108.26	
V. Others	95,447.06	51,260.92	
Total	1,761,179.54	375,413.16	

42. Income Tax Expenses

1) Disclosure of items

Items	Amount incurred in the period	Amount incurred in the prior period
Income Tax Expenses	15,390,616.29	12,552,098.59
Including: Current income tax	15,419,839.58	14,119,776.29
Deferred income tax	-29,223.29	-1,567,677.70

43. Information of Cash Flow Statements

(1) Cash Received Relating to Other Operating Activities

Items	Amount incurred in the period	Amount incurred in the prior period
Cash receipts from Acceptance deposit & Commitment deposit	48,039,766.84	3,049,386.88
Governmental compensation for relocation	25,705,000.00	
Cash receipts from Quality deposit & Performance deposit	7,431,345.62	11,635,942.70
Interest Income	4,735,990.15	5,946,964.91
Government subsidy	2,648,308.80	32,519,160.00
Receivables and payables	2,205,637.50	535,875.91
Other	4,168,385.99	494,959.17
Total	94,934,434.90	54,182,289.57

(2) **Cash Paid Relating to Other Operating Activities**

Items	Amount incurred in the period	Amount incurred in the prior period
Research & development expenses	84,838,210.32	31,824,414.46
Payment of deposit of commitment	72,530,362.09	19,700,918.87
Transportation fee	7,645,036.93	6,000,782.69
Agent fee	6,145,051.18	6,874,441.43
Office expenses	4,545,286.89	6,040,000.09
Service fee	3,633,634.86	3,935,411.19
Entertainment expenses	3,249,594.36	5,463,329.34
Travelling expenses	2,819,023.69	2,796,596.81
Advertising fee	2,266,893.85	2,007,182.37
Others	5,535,326.12	3,710,920.35
Total	193,208,420.29	88,353,997.60

(3) **Other Cash receipt in Connection with Investment Activities**

Items	Amount incurred in the period	Amount incurred in the prior period
Principal of financial product	1,409,500,000.00	1,895,400,000.00
Total	1,409,500,000.00	1,895,400,000.00

(4) **Other Cash paid in Connection with Investment Activities**

Items	Amount incurred in the period	Amount incurred in the prior period
Principal of financial product	1,340,500,000.00	2,255,400,000.00
Total	1,340,500,000.00	2,255,400,000.00

(5) **Other Cash Paid Relating to Financing Activities**

Items	Amount incurred in the period	Amount incurred in the prior period
Acquisition of minority shareholders' equity	9,997,875.27	3,806,793.86
Total	9,997,875.27	3,806,793.86

44. Supplemental Information of Cash Flow Statements

(1) Reconciliation of net profit to cash flows from operating activities

Items	Amount incurred in the period	Amount incurred in the prior period
1. Reconciliation of net profit to net cash flows from operating activities:		
Net profit	109,591,946.17	109,269,332.19
Add: Provision for asset impairment	664,137.91	8,910,080.50
Depreciation of fixed assets, depletion of fuel assets, depreciation of biological assets for production	33,303,208.45	30,093,577.65
Amortization of intangible assets	1,530,738.09	1,274,350.67
Amortization of long term deferred expenses	1,209,113.92	1,049,708.12
Loss arising from disposal of fixed assets, intangible assets and other long term assets (gains are represented by "-")	612,233.47	163,888.24
Loss from fixed assets scrapped (gains are represented by "-")		
Losses from change in fair value (gains are represented by "-")		
Financial expense (gains are represented by "-")	1,001,226.62	1,080,009.78
Loss on investment (gains are represented by "-")	-108,783,098.95	-73,600,892.03
Decrease in deferred income tax assets (Increase is represented by "-")	10,036.34	-1,528,418.08
Increase in deferred income tax liabilities (decrease is represented by "-")	-39,259.63	-39,259.62
Decrease in inventories (increase is represented by "-")	-55,570,207.84	-44,652,590.04
Decrease in trade receivables (Increase is represented by "-")	-355,640,496.42	-187,630,018.16
Increase in trade payables (Decrease is represented by "-")	339,270,155.41	84,979,932.72
Others		
	<hr/>	<hr/>
Net cash flow from operating activities	-32,840,266.46	-70,630,298.06
	<hr/> <hr/>	<hr/> <hr/>
2. Material investment and financial activities not involving cash:		
Conversion of debt into capital		
Convertible bonds matured within a year fixed assets under financing lease		
3. Net change in cash and cash equivalents:		
Cash balance as at end of the period	730,242,798.35	884,201,231.16
Less: cash balance as at beginning of the period	712,357,169.28	1,495,158,809.60
Add: balance of cash equivalents as at the end of the period		
Less: balance of cash equivalents as at the beginning of the period		
	<hr/>	<hr/>
Net increase in cash and cash equivalents	17,885,629.07	-610,957,578.44
	<hr/> <hr/>	<hr/> <hr/>

(2) Information on cash and cash equivalents

Items	Closing balance	Opening balance
I. Cash	730,242,798.35	712,357,169.28
Including: 1. Cash on hand	1,041,356.08	643,825.43
2. Bank deposit available for payment at any time	729,201,442.27	711,713,343.85
3. Other cash fund available for payment at any time		
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	730,242,798.35	712,357,169.28

45. Foreign currency monetary items

Items	The closing balance of foreign currency	Exchange rate	The closing balance of RMB
Cash			<u>33,920,177.99</u>
including: USD	1,797,718.45	6.11360	10,990,531.52
Euro	64,545.25	6.86990	443,419.41
HKD	268,386.74	0.78860	211,649.78
JPY	445,046,499.00	0.05005	22,275,467.37
Account receivable			<u>641,747.04</u>
Including: USD	104,970.40	6.11360	641,747.04
Other receivables			<u>6,113,600.00</u>
Including: USD	1,000,000.00	6.11360	6,113,600.00
Account payable			<u>42,568,810.42</u>
Including: USD	4,240.00	6.11360	25,921.66
JPY	850,007,767.32	0.05005	42,542,888.75
Advance from customers			<u>278,776.77</u>
Including: USD	15,315.52	6.11360	93,632.96
Euro	26,950.00	6.86990	185,143.81

46. Assets with restricted ownership or use right

Items	Closing balance	Reason of restriction
Cash	<u>132,875,512.53</u>	Deposits of acceptance, performance, letter of credit
Total	<u>132,875,512.53</u>	

VII. CHANGE OF THE RANGE OF CONSOLIDATION

1. There is no combination under common control, reversed purchase or disposal of subsidiaries in the current period.
2. There is no combination under non-common control, reversed purchase or disposal of subsidiaries in the current period.
3. Other reasons that resulted in changes in the range of consolidation

Shanghai Panda Robot Technology Company Limited, a wholly-owned subsidiary, was incorporated in Shanghai by the Company on 26 June 2015, with registered capital of RMB285 million. The company has been consolidated into the Company in the period.

CRC JWD Trading (HK) Company Limited, a wholly-owned subsidiary, was incorporated by Shenzhen Jingwah Electronics Co., Ltd, a subsidiary of the Company, in Hong Kong on January 2015, with registered capital of USD100,000.00. The company has been consolidated into the Company in the period.

VIII. DISCLOSURE OF INTERESTS IN OTHER ENTITIES

1. Equity interest in subsidiaries

(1) Composition of the company

Subsidiary Company name	Main Business address	Registration address	Nature of business	The Company's shareholding percentage (%)		The Company's percentage in voting rights of the investee (%)	Acquisition method
				Direct	Indirect		
Nanjing Panda Communication Technology Co., Ltd.	Nanjing	Nanjing	Manufacturing	100.00		100.00	Business combination
Under common control Nanjing Panda Mechanical Engineering Plant (Note 1)	Nanjing	Nanjing	Services	99.11		100.00	Business combination
Under common control Shenzhen Jingwah Electronics Co., Ltd (Note 2)	Shenzhen	Shenzhen	Manufacturing	43.10		55.56	Business combination
Under common control Nanjing Panda Accurate Machinery Co., Ltd.	Nanjing	Nanjing	Manufacturing	100.00		100.00	Establishment
Nanjing Panda Machinery Co., Ltd.	Nanjing	Nanjing	Manufacturing	85.82		85.82	Establishment
Nanjing Panda Information Industry Co., Ltd.	Nanjing	Nanjing	Manufacturing	82.00	18.00	100.00	Establishment
Nanjing Panda Electronic Manufacture Co., Ltd.	Nanjing	Nanjing	Manufacturing	75.00	25.00	100.00	Establishment
Nanjing Panda Power supply Technology Co., Ltd	Nanjing	Nanjing	Manufacturing	79.55		79.55	Establishment
Nanjing Guanghua Electronics Plastic Casings Factory	Nanjing	Nanjing	Services	100.00		100.00	Establishment
Nanjing Panda International Communication Systems Co.,Ltd.	Nanjing	Nanjing	Manufacturing	71.77		71.77	Establishment
Nanjing Panda Electronic Equipment Co., Ltd.	Nanjing	Nanjing	Manufacturing	100.00		100.00	Establishment
Nanjing Panda Industrial Enterprise Co., Ltd.	Nanjing	Nanjing	Services	100.00		100.00	Establishment
Nanjing Panda Electronic Technology Development Co., Ltd.	Nanjing	Nanjing	Services	100.00		100.00	Establishment
Shanghai Panda Robot Technology Company Limited	Shanghai	Shanghai	Manufacturing	100.00		100.00	Establishment
Galant Limited	Hong Kong	Hong Kong	Communications Industry research and development, investment holding	100.00		100.00	Establishment

Note1: The difference between the company's percentage of shareholding and actual percentage of voting rights in Nanjing Panda Electrical Equipment plant is due to:

0.89% of shareholding in Nanjing Panda Electrical Equipment plant is owned by Shimenkan town industrial company, which does not participate in Nanjing Panda Electrical Equipment plant's daily operations and business decisions. Thus, the Company holds 100% of the voting rights.

Note2: The difference between the company's percentage of shareholding and actual percentage of voting rights in Shenzhen Jingwah Electronics Co. Ltd. is due to:

In 2014, the company acquired 5,834,430 (5.07% of total) shares of Shenzhen Jingwah Electronics Co. Ltd (hereafter called Shenzhen Jingwah for short), from Panda Group, after the acquisition, the company holds 43.10% of the shares of Shenzhen Jingwah. In the meantime, Board of Directors of Shenzhen Jingwah has been reorganized, within which 5 out of 9 directors are now designated by the company, thus the company holds 55.56% of the voting rights in the Board.

(2) Information of material non-wholly owned subsidiary

Subsidiary Company	Minority Shareholders' Shareholding percentage (%)	The minority shareholders' percentage in voting rights (%)	Current profit and loss attributable to minority shareholders	Current dividend attributable to minority shareholders	Closing balance of Minority shareholders' equity
Shenzhen Jingwah Electronics Co., Ltd	56.90	44.44	21,913,747.10	16,206.40	219,989,541.94

(3) Financial information of material non-wholly owned subsidiary

Items	Shenzhen Jingwah Electronics Co., Ltd	
	30 June 2015 or the first half of 2015	30 June 2014 or the first half of 2014
Current assets	395,902,647.09	349,164,922.47
Non-current assets	72,051,814.94	82,429,119.24
Total assets	467,954,462.03	431,594,041.71
Current liabilities	108,513,684.67	132,030,730.85
Non-current liabilities	5,847,616.61	
Total liabilities	114,361,301.28	132,030,730.85
Net assets	353,593,160.75	299,563,310.86
Operating income	305,620,070.47	404,933,424.52
Net Profit (losses)	34,287,201.93	35,546,261.24
Total comprehensive income	34,287,201.93	35,546,261.24
Cash flows from operating activities	-3,281,058.80	-5,211,945.27

(4) There are no significant restrictions on usage of company assets and payment of company debts in current period.

(5) The company does not have structured body whose financial statements are consolidated.

(6) **Changes in equity of the subsidiary's share of owners**

1) Situation without loss of control

a. Situation in which equity of the subsidiary's share of owners changed.

The Company's subsidiary, Nanjing Panda Electrical Equipment Co., Ltd. acquired 30% natural person shareholdings of its subsidiary, Nanjing Panda Mechanical Engineering Plant at the price of RMB9,997,875.27 on 30 January 2015. After the completion of the acquisition, Nanjing Panda Electrical Equipment Co., Ltd. Holds 100% equity of Nanjing Panda Mechanical Engineering Plant.

b. Impact of trading on minority interests and shareholders' equity attributable to the parent company.

Items	Nanjing Panda Mechanical Engineering Plant
Purchase costs	9,997,875.27
Including: cash	9,997,875.27
	<hr/>
Total purchase cost	9,997,875.27
	<hr/> <hr/>
Less: net assets of the subsidiary calculated on shares percentage acquired	10,897,577.92
Difference	-899,702.65
Including: adjusted capital reserve	-899,702.65

2) The company has not lost control of any subsidiaries in the current period.

2. **Equity interests in associates and joint ventures**

(1) **Material joint ventures and associates**

Name of invested company	Main business address	Registration address	Nature of business	The Company's shareholding percentage(%)		The Company's percentage in voting rights of the investee (%)	Whether strategic or not for the Company's activities
				Direct	Indirect		
Associates							
Beijing SE Putian Mobile Communications Co., Ltd.	Beijing	Beijing	Manufacturing	20.00		20.00	No
Nanjing Ericsson Panda Communication Co., Ltd.	Nanjing	Nanjing	Manufacturing	27.00		27.00	No

(2) **Principle financial information of material associates**

Items	In the first half of 2015	
	Beijing SE Putian Mobile Communications Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd.
Operation income	10,027,988,520.09	6,962,835,136.12
Net profit	209,876,720.14	204,433,769.33
Other comprehensive income		
	<hr/>	<hr/>
Total Comprehensive income	209,876,720.14	204,433,769.33
	<hr/> <hr/>	<hr/> <hr/>

Dividends received from associates

Items	In the first half of 2014	
	Beijing SE Putian Mobile Communications Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd.
Operation income	14,950,265,032.80	5,614,489,439.51
Net profit	227,734,767.93	80,791,236.25
Other comprehensive income		
Total Comprehensive income	<u>227,734,767.93</u>	<u>80,791,236.25</u>

Dividends received from associates

(3) Summarized financial information of immaterial joint ventures and associates

Items	Closing balance	Opening balance
Associates:		
Total carrying amount of the investment	<u>10,542,278.98</u>	<u>10,328,924.17</u>
Total value of the following items calculated based on percentage of shareholdings		
Net profit	-3,620,707.13	-2,778,373.72
Other comprehensive income		
Total comprehensive income	<u>-3,620,707.13</u>	<u>-2,778,373.72</u>

(4) Information of risks of equity interests in associates

There are no significant restrictions imposed on the company's associates in terms of the ability to transfer funds either by cash dividends or settlement of loans or advancements or other means.

(5) The company has no significant joint operation in current period

3. The company does not have structured body whose financial statements are not consolidated.

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

Financial instruments of the company refer to cash, notes receivable and accounts receivable, etc. The primary objective of holding those financial instruments is to finance the daily operation of the company. The company holds various other financial assets and financial liabilities derived directly from operations of the company, for examples, receivables and payables.

Risks derived from the financial instruments mainly include credit risks, liquidity risks and market risks.

1. Classification of financial instruments

(1) At balance sheet date, closing balance of various financial assets is listed below:

Financial Assets	30 June 2015			Available-for sale financial assets	Total
	Financial assets measured at fair value and the changes are recorded into the profits and losses of the current period	Held-to-maturity investments	Loans and Receivables		
Cash and bank			863,118,310.88		<u>863,118,310.88</u>
Bills receivable			159,188,526.67		<u>159,188,526.67</u>
Trade receivable			1,038,703,338.25		<u>1,018,490,726.42</u>
Interest receivable			27,628.22		<u>27,628.22</u>
Other receivables			154,803,474.30		<u>152,141,947.66</u>
Other current assets			481,000,000.00		<u>481,000,000.00</u>
Available-for sale financial assets				3,650,000.00	<u>3,650,000.00</u>

31 December 2014

Financial Assets	Financial assets measured at fair value and the changes are recorded into the profits and losses of the current period			Available-for sale financial assets	Total
	Held-to-maturity investments	Loans and Receivables			
Cash and bank		827,983,074.07			827,983,074.07
Bills receivable		195,887,244.86			195,887,244.86
Trade receivable		735,609,844.69			735,609,844.69
Interest receivable		47,886.55			47,886.55
Other receivables		129,496,602.33			129,496,602.33
Other current assets		550,000,000.00			550,000,000.00
Available-for sale financial assets				3,650,000.00	3,650,000.00

(2) At balance sheet date, closing balance of various financial liabilities is listed as below:

Financial liabilities	Financial liabilities measured at fair value and the changes are recorded into the profits and losses of the current period	30 June 2015	
		Other Financial liabilities	Total
Short term loans		80,000,000.00	<u>80,000,000.00</u>
Bills payable		145,361,751.36	<u>145,361,751.36</u>
Accounts payable		980,635,608.91	<u>980,635,608.91</u>
Interest payable		120,000.00	<u>120,000.00</u>
Dividend Payable		63,786,155.94	<u>63,786,155.94</u>
Other payables		173,100,679.66	<u>173,100,679.66</u>
31 December 2014			
Financial liabilities	Financial liabilities measured at fair value and the changes are recorded into the profits and losses of the current period	Other Financial liabilities	Total
Short term loans		30,000,000.00	<u>30,000,000.00</u>
Bills payable		83,633,487.09	<u>83,633,487.09</u>
Accounts payable		772,053,064.98	<u>772,053,064.98</u>
Interest payable			<u></u>
Dividend Payable		3,489,019.43	<u>3,489,019.43</u>
Other payables		133,901,591.99	<u>133,901,591.99</u>

2. Credit risks

The company engages transactions with approved and creditworthy third parties only. According to the company's policy, all clients who require transactions to settle in credit should have their creditworthiness reviewed. In addition, the company monitors its balances of receivables on a continuous basis to ensure that the company is free from significant risk of irrecoverable debt. For transactions in which the counterparty uses accounting currencies other than the currency used by relevant operating units of the company, no credit is granted, unless the company's credit control department specifically approves the transaction.

Other financial assets of the company include cash, other receivables, etc., in which credit risks are resulted from default of counterparties in transactions, the maximum risk exposure equals to carrying amount of those financial assets. The company also faces credit risks from the offer of financial guarantee, details of which are disclosed in Disclosure Chapter 11, Section 6 (7).

Since the company engages transactions with approved and creditworthy third parties only, no collateral is required. Credit risks are centrally managed according to different clients, different geographical areas and different industries. Clients with receivables of the company spread across a wide range of sections and industries; therefore there is no concentration of credit risks inside the company. The company holds no collateral on its balance of receivables and no other credit enhancement has been granted on the balance of receivables.

Qualitative data from the company's credit risk exposure on notes receivable, accounts receivable and other receivables are disclosed in Disclosure Chapter 6, Section 2,3,5 and 6.

Duration analysis of financial assets which has been separately reviewed as not impaired is shown below:

Items	Total	30 June 2015		
		Not past due nor impaired	Past due	
			Within 3 months	Over 3 months
Trade receivable	1,038,703,338.25	897,300,819.69	124,530,460.87	16,872,057.69
Bills receivable	159,188,526.67	159,188,526.67		
Interest receivable	27,628.22	27,628.22		
Other current assets	481,000,000.00	481,000,000.00		
Available-for sale financial assets	3,650,000.00	3,650,000.00		

Items	Total	31 December 2014	
		Not past due nor impaired	Past due Within 3 months Over 3 months
Trade receivable	735,609,844.69	658,863,680.83	27,337,105.85 49,409,058.01
Bills receivable	195,887,244.86	195,787,244.86	100,000.00
Interest receivable	47,886.55	47,886.55	
Other current assets	550,000,000.00	550,000,000.00	
Available-for sale financial assets	3,650,000.00	3,650,000.00	

As of 30 June 2015, receivables that have not expired but reviewed as impaired are due to large amount of diversified clients with no recent record of default. When receivables are determined as irrecoverable, the company considers that provisions for impairment are needed.

As of 30 June 2015, receivables that have expired but reviewed as not impaired are due to large amount of individual clients with good transaction records. According to past experiences, for clients that no material changes have taken place in terms of its credit quality and receivables that are deemed to be recoverable in full, the company considers that no provision of impairment is needed.

3. Liquidity risks

The company and its subsidiaries are responsible for their own cash flow forecasts. Financing department of the company gathers cash flow forecasts from all companies, based on which short term and long term fund demands can be monitored continuously on consolidated level. The company uses bank loans and other financing methods to keep the balance between continuity and flexibility in finance, to ensure that sufficient funds are available to use.

Duration analysis of financial liabilities based on undiscounted contractual cash flows:

Items	Within 1 year	30 June 2015	
		Over 1 year	Total
Short term loans	80,000,000.00		80,000,000.00
Bills payable	145,361,751.36		145,361,751.36
Accounts payable	980,635,608.91		772,053,064.98
Dividend Payable	63,786,155.95		63,786,155.94
Interest payable	120,000.00		120,000.00
Other payables	173,100,679.66		173,100,679.66

Items	31 December 2014		Total
	Within 1 year	Over 1 year	
Short term loans	30,000,000.00		30,000,000.00
Bills payable	83,633,487.09		83,633,487.09
Accounts payable	772,053,064.98		772,053,064.98
Dividend Payable	3,489,019.43		3,489,019.43
Interest payable			
Other payables	133,901,591.99		133,901,591.99

4. Market risks

Market risks refer to the risks of changes in fair value or future cash flows of financial instrument due to changes in their market prices. Market risks include interest rate risks, foreign exchange rate risks and other price risks.

(1) Interest rate risks

The company has no long term liabilities that are charged at floating rates, therefore the company currently faces to no risk of interest rate.

(2) Exchange rate risks

Exchanges rate risks that the company faces are primarily related to the company's operating activities.

The table below is the sensitivity analysis of exchange rate risks, it reflects that, assuming other variables are invariant, to what extent will total profit and shareholders' equity be affected when exchange rate against US dollar and JPY changes in a reasonable and probable way.

Items	January-June 2015		
	Dollar exchange rate increase/ (decrease)	Total profit increase/ (decrease)	Shareholders' equity Increase/ (decrease)
Depreciation of RMB against US dollars	5%	881,316.20	881,316.20
Appreciation of RMB against US dollars	5%	-881,316.20	-881,316.20
Depreciation of RMB against JPY	5%	3,240,873.30	3,240,873.30
Appreciation of RMB against JPY	5%	-3,240,873.30	-3,240,873.30

Items	Dollar exchange rate increase/ (decrease)	January-June 2014 Total profit increase/ (decrease)	Shareholders' equity Increase/ (decrease)
Depreciation of RMB against US dollars	5%	6,265,908.85	6,265,908.85
Appreciation of RMB against US dollars	5%	-6,265,908.85	-6,265,908.85
Depreciation of RMB against JPY	5%	-944,476.54	-944,476.54
Appreciation of RMB against JPY	5%	944,476.54	944,476.54

(3) Price risks for investments in equity instruments

Price risks for investments in equity instruments refer to the risks of decrease in fair value prices of equity securities due to changes of stock index levels or prices of other individual securities.

Since the company holds no equity security investments, the company exposes to no price risks for investments in equity instruments.

5. Capital management

The primary objective of capital management is to ensure the company's sustainable operation, as well as to ensure that the company sustains a healthy capital ratio, so that businesses can be developed and shareholder value can be maximized.

The company manages its capital structure and makes adjustments according to economic situation and changes in risk characteristics of relevant assets. In order to maintain or change capital structure, the company can change the way in which profit is distributed, return capital to shareholders or issue new shares. The company is not restricted to coercive external capital requirements. Objectives, policies and procedures of capital management remained unchanged during the period from 2014 to 2015.

The company monitors its capital structure based on asset-liability ratio (total liabilities divided by total assets). On 30 June 2015, asset-liability ratio of the company is 32.89% (on 31 December 2014: 26.83%).

X. FAIR VALUE

Fair value refers to the price that would be received by selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Following assumptions are used to evaluate fair value:

For cash, notes receivable, accounts receivable, notes payable and accounts payable etc., fair values are equal to their carrying amount, since their duration is short.

For non-public listed short term loan etc., discounted future cash flow method is used to determine their fair value, the market yield of other financial instruments with substantially identical contractual clauses and characteristics are used as discount rate.

For financial instruments that are public-listed, market quoted prices are used to determine their fair value.

Fair value measurements of the company are divided into the following levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date;

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for relevant asset or liability.

Level 3 inputs include interest rates that are neither directly observable nor verifiable from observable market data, stock volatility, future cash outflow from dismantle obligations in business combinations and financial projections made from the entity's internal data, etc.

Since financial assets and financial liabilities of the company only include cash, accounts receivable and accounts payable, etc., of which fair values are equal to their carrying amounts, currently none of the 3 levels above are used in the measurement of fair value.

XI. RELATED PARTIES AND TRANSACTIONS BETWEEN RELATED PARTIES

1. **Recognition standards for a related party: when one party controls, commonly control or exerts significant influence to another party, as well as when two or more parties are controlled, jointly controlled or significantly influenced by one party, they constitute related parties to each other.**

2. **Information of the company's parent**

Name of the parent company	Type of company	Registered Address	Legal Representative	Nature of business	Registered capital
Panda Electronics Group Limited	A company with limited liabilities	Nanjing	Xu Guofei	Manufacturing	RMB1,266,060,000
	Shareholding percentage in the Company (%)		Ultimate controller of the Company		Code of Organization
	33.67		China Electronics Corporation		13488315-2

3. **Information of subsidiaries of the company**

Information of subsidiaries of the company is disclosed on Disclosure Chapter 8, Section 1.

4. **Information of associates and joint ventures of the company**

Information of associates and joint ventures of the company are disclosed on Disclosure Chapter 8, Section 2.

Information of the company's other joint ventures or associates, that had transactions with the company in current period, or balances resulted from transactions with the company in the prior period is as follows:

Name of joint ventures or associates	The Company's relationship with Joint venture or associate
Associates	
Nanjing Thales Panda Transportation System Co., Ltd.	Subsidiary's associates
Shenzhen Jingfa Plastic Packaging Products Co., Ltd.	Subsidiary's associates
Shenzhen, Jingyin Electronics Co., Ltd.	Subsidiary's associates
Shenzhen Jinghua Network Marketing Ltd.	Subsidiary's associates

5. Information of other related parties of the company

Other related parties Name	The Company relationships with other related party	Organization Code
Nanjing Panda China's electronic information industry group Co. Ltd.	Ultimately controlled by the same party	66068742-6
Shenzhen China Electronics Investment Co., Ltd.	Ultimately controlled by the same party	61743968-9
Shenzhen China Electronics Electricity Power Technology Co., Ltd	Ultimately controlled by the same party	19223096-9
China Electronics Financial Co., Ltd	Ultimately controlled by the same party	10209083-6
Top Victory Investment Limited Units (<i>Note 1</i>)	Ultimately controlled by the same party	193969
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Ultimately controlled by the same party	05797492-2
China Great Wall Computer Shenzhen Co., Ltd.	Ultimately controlled by the same party	27935126-1
Shenzhen China Electronics Property Management Co., Ltd.	Ultimately controlled by the same party	19220642-4
Shenzhen China Electronics Panda Zhansheng Technology Co., Ltd.	Ultimately controlled by the same party	76919400-0
China Zhenhua Group Yunke Electronics Co., Ltd.	Ultimately controlled by the same party	77057754-3
China Electronics (Shenzhen) Co., Ltd.	Ultimately controlled by the same party	19220615-X
China National Electronics Import/Export Corporation	Ultimately controlled by the same party	10000106-X
Wuhan Zhongyuan Electronics group Co. Ltd.	Ultimately controlled by the same party	17771759-2
Shenzhen Huaxin China's Electronic Technology Co., Ltd.	Ultimately controlled by the same party	72715269-7
Shenzhen Sangda Electronic Equipment Co., Ltd.	Ultimately controlled by the same party	77162208-6
Shenzhen Sangda Baili Electric Appliance Co., Ltd.	Ultimately controlled by the same party	70848828-3
Shanghai Panda Huning Electronic Technology Co., Ltd.	Ultimately controlled by the same party	05121115-8
Nanjing China Electronics Panda Real Estate Co., Ltd.	Ultimately controlled by the same party	78710640-6
Nanjing China Electronics Panda Lighting Co., Ltd.	Ultimately controlled by the same party	68250779-9
CEC Panda LCD Technology Co., Ltd.	Ultimately controlled by the same party	69044284-1
CEC Panda Liquid Crystal Material Technology Co., Ltd.	Ultimately controlled by the same party	05325257-8
Nanjing China Electronics Panda Property Management Co., Ltd.	Ultimately controlled by the same party	67901867-9
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Ultimately controlled by the same party	70412529-0
Nanjing Suzhe Electronics Materials Co., Ltd.	Ultimately controlled by the same party	71627328-2
Guizhou Zhenhua Qunying Electric Appliance Co., Ltd.	Ultimately controlled by the same party	21440297-X
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Ultimately controlled by the same party	21590198-1
Nanjing Huadong Electronics Group Medical Equipment Co., Ltd.	Ultimately controlled by the same party	70414620-2
Nanjing Panda Electronic Import/Export (HK) Company (<i>Note 1</i>)	Ultimately controlled by the same party	1621427

Other related parties Name	The Company relationships with other related party	Organization Code
Langfang China Electronics Panda Crystal Technology Co., Ltd.	Ultimately controlled by the same party	750258166
Panda LCD Technology (Hong Kong) Co., Ltd (Note1)	Ultimately controlled by the same party	1777951
China Electronic Appliance Corporation	Ultimately controlled by the same party	10000624-X
Nanjing Changjiang Electronic Information Industry Group Co. Ltd.	Ultimately controlled by the same party	134899023
China Electronics Science and Industry New Materials Jiangsu Electric Co., Ltd.	Ultimately controlled by the same party	089392804
Beijing China Electronics Guangtong Technologies Co., Ltd.	Ultimately controlled by the same party	769370772
China Electronic Technology Development Co., Ltd	Ultimately controlled by the same party	100007728
China Electronics International Exhibition & Advertising Co., Ltd.	Ultimately controlled by the same party	101130939
Panda (Beijing) International Information Technology Co., Ltd.	Subsidiary of the Group	76503190-9
Nanjing Panda China Electronics Furniture Co., Ltd.	Subsidiary of the Group	69040213-7
Nanjing Zhen Hua Packing Material Plant	Subsidiary of the Group	13487319-X
Nanjing Panda Technology Park Development Co., Ltd.	Subsidiary of the Group	59802163-0
Nanjing panda HanDa Technology Co., Ltd.	Subsidiary of the Group	79710227-3
Nanjing Panda Electronics Transportation Company	Subsidiary of the Group	13488851-9
Panda Electronics Material Usage Co., Ltd.	Subsidiary of the Group	13488815-6
Nanjing Panda Electronics Import/Export Co.,Ltd.	Subsidiary of the Group	13485068-4
Nanjing Panda Electronics Technology Development Co., Ltd.	Subsidiary of the Group	13487004-4
Nanjing Panda DaSheng Electronics Technology Co., Ltd.	Subsidiary of the Group	74239427-2
Nanjing 21st Century Electronic and Technology Square Co., Ltd.	Subsidiary of the Group	71627148-X
Nanjing Electronic Calibration Co., Ltd.	Subsidiary of the Group	13487289-1
New Dewel Technology Development Limited (Note1)	Other related party	1828744
Dewel Technology Development Limited (Note1)	Other related party	1397047
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Other related party	08847521-0

Note1: Top Victory Investment Limited Units, Panda Electronics Import/Export (HK) Company, Panda LCD Technology (Hong Kong) Co. Ltd., Dewel Technology Development Limited and New Dewel Technology Development Limited are registered in Hong Kong, therefore Organization Registration Code does not apply, and their Corporate Registration Certificate Number is disclosed instead.

6. Related party transactions

(1) Goods purchased

Name of company	Content of related parties	Amount incurred in the period	Amount incurred in the prior period
Nanjing Panda Electronics Import/Export Co.,Ltd.	Purchase of goods	8,076,922.95	63,719,925.67
Shanghai Panda Huning Electronic Technology Co., Ltd.	Purchase of goods		6,770,598.26
Nanjing Zhen Hua Packing Material Plant	Purchase of goods		2,101,703.76
Panda Electronics Group Limited	Purchase of goods		339,587.09
New Dewel Technology Development Limited	Purchase of goods	3,964,586.65	35,468,114.02
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Purchase of goods	3,876,382.44	680.34
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Purchase of goods	2,091,936.04	20,011.1
Nanjing Ericsson Panda Communication Co., Ltd	Purchase of goods	269,610.26	
Nanjing Panda DaSheng Electronics Technology Co., Ltd.	Purchase of goods	137,430.00	87,008.55
Nanjing China Electronics Panda Lighting Co., Ltd.	Purchase of goods		53,962.00
China National Electronics Import/Export Corporation	Purchase of goods		30,000.00
China Zhenhua Group Yunke Electronics Co., Ltd.	Purchase of goods		25,709.40
Guizhou Zhenhua Qunying Electric Appliance Co., Ltd.	Purchase of goods	98,500.00	18,803.42
Nanjing Panda Electronics Technology Development Co., Ltd.	Purchase of goods		13,928.59
China Electronics (ShenZhen) Co. Ltd.	Purchase of goods		9,786.32
Shenzhen Huaxing China's Electronic Technology Co. Ltd.	Purchase of goods	69,053.00	2,222.22
Shenzhen Jingyin Electronics Co., Ltd.	Purchase of goods		272,551.32
Total		18,584,421.34	108,934,592.06

(2) Receiving services

Name of company	Content of related parties	Amount incurred in the period	Amount incurred in the prior period
Nanjing Panda Electronics Transportation Company	Receipt of services	1,209,562.01	799,010.00
Panda Electronics Group Limited	Receipt of services	583,162.48	1,088,209.59
China Electronics (ShenZhen) Co. Ltd.	Receipt of services	351,818.50	1,916,886.87
Nanjing Zhen Hua Packing Material Plant	Receipt of services	170,732.20	
Nanjing panda HanDa technology Co., Ltd.	Receipt of services	88,255.97	
Nanjing Changjiang Electronic Information Industry Group Co., Ltd.	Receipt of services	54,020.65	
China National Electronics Import/Export Corporation	Receipt of services	27,600.00	178,751.00
Nanjing Panda China Electronics Furniture Co., Ltd.	Receipt of services	20,396.12	18,367.52
Nanjing Electronic Calibration Co., Ltd.	Receipt of services		31,283.02
Total		2,505,547.93	4,032,508.00

(3) **Selling products**

Company Name	Content of related parties	Amount incurred in the period	Amount incurred in the prior period
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Sales of products	242,854,138.76	23,928,485.47
CEC Panda LCD Technology Co., Ltd.	Sales of products	214,527,547.52	202,783,984.34
New Dewei Technology Development Limited	Sales of products	108,649,968.16	210,179,779.55
China Electronics Science and Industry New Materials Jiangsu Electric Co., Ltd.	Sales of products	46,298,229.06	
Nanjing panda HanDa technology Co., Ltd.	Sales of products	14,451,406.43	32,322,948.27
Shenzhen Jinghua Network Marketing Ltd.	Sales of products	11,736,615.34	7,988,045.30
Nanjing Panda Electronics Import/Export Co.,Ltd.	Sales of products	9,368,564.65	4,285,711.16
Nanjing Ericsson Panda Communication Co., Ltd.	Sales of products	1,786,610.84	737,674.91
China Great Wall Computer Shenzhen Co., Ltd.	Sales of products	1,095,584.23	
CEC Panda LCD Technology Co., Ltd.	Sales of products	623,931.62	67,743,510.31
Panda Electronics Group Limited	Sales of products	349,717.95	1,588,851.36
Nanjing Panda Electronics Material Usage Co., Ltd.	Sales of products	330,260.19	
China National Electronics Import/Export Corporation	Sales of products	47,005.72	
Nanjing China Electronics Panda Real Estate Co., Ltd.	Sales of products	39,092.31	
Nanjing Panda Electronic Import/Export (HK) Company	Sales of products		16,319,463.99
Nanjing Panda Electronics Material Usage Co., Ltd.	Sales of products		136,752.14
Nanjing Panda DaSheng Electronics Technology Co., Ltd.	Sales of products		127,863.25
Nanjing China Electronics Panda Lighting Co., Ltd.	Sales of products		2,564.10
Nanjing Panda China's electronic information industry group Co. Ltd.	Sales of products		24,444.44
Shenzhen China Electronics Investment Co.,Ltd.	Sales of products		64,246,737.49
Shenzhen Jingyin Electronics Co., Ltd.	Sales of products	2,444.02	44,367.20
Total		652,161,116.80	632,461,183.28

(4) Providing services

Company Name	Content of related parties	Amount incurred in the period	Amount incurred in the prior period
Nanjing Ericsson Panda Communication Co., Ltd.	Rendering of services	17,453,995.50	6,914,254.13
Panda Electronics Group Limited	Rendering of services	12,282,251.00	4,096,285.42
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Rendering of services	10,214,587.64	2,414,304.50
CEC Panda LCD Technology Co., Ltd.	Rendering of services	7,221,836.95	1,190.60
Nanjing Panda Electronics Technology Development Co., Ltd.	Rendering of services	5,000,000.00	
Nanjing panda HanDa technology Co., Ltd.	Rendering of services	2,750,497.78	452,032.03
Nanjing China Electronics Panda Real Estate Co., Ltd.	Rendering of services	2,025,837.16	2,931,140.48
CEC Panda Liquid Crystal Material Technology Co., Ltd.	Rendering of services	1,787,452.74	188,710.26
Nanjing Panda Electronics Transportation Company	Rendering of services	734,153.17	135,964.74
China National Electronics Import/Export Corporation	Rendering of services	453,988.41	
Nanjing Panda Electronics Import/Export Co.,Ltd.	Rendering of services	395,538.00	33,810.00
Nanjing Panda China Electronics Furniture Co., Ltd.	Rendering of services	382,970.26	72,446.11
Nanjing Panda China's electronic information industry group Co., Ltd.	Rendering of services	46,980.00	88,470.00
Nanjing 21st Century Electronic and Technology Square Co., Ltd.	Rendering of services	5,400.00	125,000.00
Nanjing Suzhe Electronics Materials Co., Ltd.	Rendering of services		547,243.43
Nanjing Panda Technology Park Development Co., Ltd.	Rendering of services		66,460.87
Nanjing Zhen Hua Packing Material Plant	Rendering of services		51,952.37
Total		60,755,488.61	18,119,264.94

(5) Other related party transactions

Company Name	Content of related parties	2015	2014
China Electronics Financial Co., Ltd. (Note1)	Receipt of interest	387,539.84	724,313.79
China Electronics Financial Co., Ltd. (Note1)	Payment of interest	1,792,000.00	244,683.35

Note1: On 26 October 2012, the company signed contract with China Electronic Financial Co. Ltd (thereafter called Financial Co. Ltd. for short) named "Financial Services Contract". According to the contract, Financial Co. Ltd. will, within its approved business sections, engage in financial services for the company, including but not restricted to fund settlement, fund payments and receipts, credit financing, fund management, ordinary planning and consulting, etc. Both parties agree that, from the date when the contract becomes effective, Financial Co. Ltd. offers credit to the company with a maximum limit of 300 million RMB, and the company agrees that a maximum balance of 200 million RMB is allowed to be settled in Financial Co. Ltd. The contract is for a period of 3 years since the date the contract becomes effective. This financial service agreement had been approved by the Board of Directors in a temporary Board meeting, and was approved by the 2nd temporary shareholder meeting in 2012.

On 12 March 2014, the 1st temporary shareholder meeting reviewed and approved the contract named "Financial Services Contract," Supplementary Agreements" signed between the company and Financial Co. Ltd. through an ordinary resolution. Both parties agree that, the maximum credit that Financial Co. Ltd. offers to the company rises to 600 million RMB, the maximum amount that the company allows to be settled through Financial Co. Ltd. rises to 500 million RMB. Apart from these clauses in the supplementary agreements, no changes occur to the original Financial Service Contract, which is therefore still effective and binding. This event does not constitute Major Asset Reorganization as defined in the "Measures for Administration of Material Assets Reorganization of Listed Companies".

As of 30 June 2015, total credit that Financial Co. Ltd. offers to the company has a balance of RMB40,000,000.00, total debit that the company deposits to Financial Co. Ltd. has a balance of RMB177,922,410.22. In the first half of 2015, the company paid interest to Financial Co. Ltd. at an amount of RMB1,792,000.00, interest income from the company's deposits from Financial Co. Ltd. Amounting to RMB387,539.84.

(6) Leases in related party transactions

① Asset leased to related parties

Lessors	Lessee	Types of the Leased Assets	Start Date	Termination Date	Pricing policy and Decision-making process	Annual Rental Income
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electronics Transportation Company	Apartment Leasing	2015-01-01	2018-12-31	Fair price in the market	225,000.00
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda China Electronics Furniture Co., Ltd.	Apartment Leasing	2015-01-01	2018-12-31	Fair price in the market	3,738.00
Shenzhen Jingweh Electronics Co., Ltd.	Shenzhen Jinghua Network Marketing Ltd.	Apartment Leasing	2014-07-01	2015-06-30	Fair price in the market	58,000.00
Nanjing Panda Industrial Enterprise Co., Ltd.	Nanjing Panda Electronics Transportation Company	Automobile Leasing	2014-08-31	2015-12-31	Fair price in the market	204,124.98
Total						490,862.98

② Assets leased from related parties

Lessors	Lessee	Types of the Leased Assets	Start Date	Termination Date	Pricing policy and Decision-making process	Annual Rental Income
Shenzhen China Electronics Property Management Co., Ltd.	Shenzhen Jingweh Electronics Co., Ltd.	Apartment Leasing	2015-01-01	2015-12-31	Fair price in the market	24,000.00

(7) **Guarantee provided to related parties**

Guarantor	Secured party	Guaranteed		Termination Date	Whether the guarantee has been fulfilled
		Amount	Start Date		
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Information Industry Co., Ltd. (Note1)	50,000,000.00	2014/06/05	2015/06/04	No
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Information Industry Co., Ltd. (Note2)	100,000,000.00	2014/08/13	2015/08/13	No
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Information Industry Co., Ltd. (Note3)	340,000,000.00	2015/02/03	2015/12/17	No
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electronic Manufacture Co., Ltd. (Note4)	50,000,000.00	2014/11/18	2015/10/30	No
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electronic Manufacture Co., Ltd. (Note5)	40,000,000.00	2015/02/09	2015/12/17	No
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electrical Equipment Co., Ltd. (Note6)	40,000,000.00	2015/01/13	2015/12/17	No
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electrical Equipment Co., Ltd. (Note7)	30,000,000.00	2014/11/18	2015/10/30	No
Nanjing Panda Electronics Co., Ltd.	Nanjing Huage Appliance and Plastic Industrial Co., Ltd. (Note 8)	50,000,000.00	2015/04/08	2015/12/17	No

Note1: The Company offers irrevocable maximum guarantee of RMB50,000,000.00, which is the comprehensive bank credit amount offered by China Merchant Bank, Nanjing Branch, to Nanjing Panda Information Industry Co. Ltd., subsidiary of the Company. The guarantee has a period from 5 June 2014 to 4 June 2015. Nanjing Panda Information Industry Ltd. offers its total assets as counter guarantee. As of 30 June 2015, Nanjing Panda Information Industry Co. Ltd. has used RMB3,625,135.66 of its total comprehensive bank credit, of which RMB3, 625,135.66 is guaranteed in the form of letter of guarantee by the Company to the subsidiary.

Note2: The Company offers irrevocable maximum guarantee of RMB100,000,000.00, which is the comprehensive bank credit amount offered by Ningbo Bank, Nanjing Branch, to Nanjing Panda Information Industry Co. Ltd., a subsidiary of the Company. The guarantee has a period from 13 August 2014 to 13 August 2015. Nanjing Panda Information Industry Co. Ltd. offers its total assets as counter guarantee. As of 30 June 2015, Nanjing Panda Information Industry Co. Ltd. has used RMB32,482,760.81 of its total comprehensive bank credit, of which RMB32,451,060.81 is guaranteed by the company in the form of loan guarantee, RMB31,680.00 is guaranteed in the form of acceptance bill guarantee.

Note3: The Company offers irrevocable maximum guarantee of RMB340,000,000.00, which is the comprehensive bank credit amount offered by Shanghai Pudong Development Bank, Nanjing Branch, to Nanjing Panda Information Industry Co. Ltd., subsidiary of the Company. The bank credit has duration from 3 February 2015 to 17 December 2015, and the guarantee lasts for 2 years from the deadline of performance of the debtor. Nanjing Panda Information Industry Co. Ltd. offers its total assets as counter guarantee. As of 30 June 2015, Nanjing Panda Information Industry Co. Ltd. has used RMB39,537,526.94 of its total comprehensive bank credit, of which RMB39,537,526.94 is guaranteed by the company in the form of letter of guarantee.

Note4: The Company offers irrevocable maximum guarantee of RMB50,000,000.00, which is the comprehensive bank credit amount offered by Industrial Bank, Nanjing Maigaoqiao Branch, to Nanjing Panda Electronic Manufacturing Co. Ltd., subsidiary of the Company. The guarantee has a period from 11 November 2014 to 30 October 2015. Nanjing Panda Electronic Manufacturing Co. Ltd. offers its total assets as counter guarantee. As of 30 June 2015, Nanjing Panda Electronic Manufacturing Co. Ltd. has used RMB27,483,009.18 of its total comprehensive bank credit, of which RMB27,483,009.18 is guaranteed by the company in the form of acceptance bill guarantee.

Note5: The Company offers irrevocable maximum guarantee of RMB40,000,000.00, which is the comprehensive bank credit amount offered by Shanghai Pudong Development Bank, Nanjing Branch, to Nanjing Panda Electronic Manufacturing Co. Ltd., subsidiary of the Company. The bank credit has duration from 9 February 2015 to 17 December 2015, and the guarantee lasts for 2 years from the deadline of performance of the debtor. Nanjing Panda Electronic Manufacturing Co. Ltd. offers its total assets as counter guarantee. As of 30 June 2015, Nanjing Panda Electronic Manufacturing Co. Ltd. has used RMB12,898,163.26 of its total comprehensive bank credit, of which RMB12,823,837.84 is guaranteed in the form of acceptance bill guarantee and RMB74,325.42 is guaranteed by the company in the form of letter of guarantee.

Note6: The Company offers irrevocable maximum guarantee of RMB40,000,000.00, which is the comprehensive bank credit amount offered by Shanghai Pudong Development Bank, Nanjing Branch, to Nanjing Panda Electronic Equipments Co. Ltd., subsidiary of the Company. The bank credit has duration from 13 January 2015 to 17 December 2015. Nanjing Panda Electronic Equipments Co. Ltd. offers its total assets as counter guarantee. As of 30 June 2015, Nanjing Panda Electronic Equipments Co. Ltd. has not yet used the bank credit.

Note7: The Company offers irrevocable maximum guarantee of RMB30,000,000.00, which is the comprehensive bank credit amount offered by Industrial Bank, Nanjing Maigaoqiao Branch, to Nanjing Panda Electronic Equipments Co. Ltd., subsidiary of the Company. The guarantee has a period from 11 November 2014 to 30 October 2015. Nanjing Panda Electronic Equipments Co. Ltd. offers its total assets as counter guarantee. As of 30 June 2015, Nanjing Panda Electronic Equipments Co. Ltd. has used RMB28,260,000.00 of its total comprehensive bank credit, of which RMB28,260,000.00 is guaranteed in the form of acceptance bill guarantee.

Note 8: The Company offers irrevocable maximum guarantee of RMB50,000,000.00, which is the comprehensive bank credit amount offered by Shanghai Pudong Development Bank, Nanjing Branch, to Nanjing Huage Appliance and Plastic Industrial Co., Ltd., a subsidiary of the Company. The guarantee has a period from 8 April 2015 to 17 December 2015. Nanjing Huage Appliance and Plastic Industrial Co., Ltd. Co. Ltd. offers its total assets as counter guarantee. As of 30 June 2015, Nanjing Huage Appliance and Plastic Industrial Co., Ltd. has use RMB12,011,062.65 of its total comprehensive bank credit, of which RMB12,011,062.65 is guaranteed in the form of acceptance bill guarantee.

Conclusively, as of 30 June 2015, total guarantee offered by the Company amounted to RMB156,297,658.50, which includes: RMB80,609,589.67 of acceptance bill guarantee, and RMB75,613,743.41 of letter of guarantee, and RMB74,325.42 of L/C deposit (as of 31 December 2014, total guarantee offered by the Company amounted to RMB149,017,871.77, which includes: RMB30,000,000.00 of short-term loan guarantee, RMB46,197,284.34 of acceptance bill guarantee, and RMB72,820,587.43 of letter of guarantee.)

- (8) **There are no trust management, contracted projects, capital lending or borrowing, and asset transfer or debt reorganization with related parties.**

7. Receivables and payables from/to related parties

(1) Receivables from related parties

Item	Related Party	Closing balance		Opening balance	
		Balance	Provision for bad debt	Balance	Provision for bad debt
Trade receivable	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	186,517,587.68		11,780,672.30	
Trade receivable	CEC Panda LCD Technology Co., Ltd.	129,552,154.17		102,686,557.85	
Trade receivable	Nanjing panda HanDa technology Co., Ltd.	64,766,186.13	2,980.03	38,474,113.81	2,980.03
Trade receivable	CEC Panda Liquid Crystal Material Technology Co., Ltd.	51,469,607.78		72,509,196.28	
Trade receivable	Shenzhen Jinghua Network Marketing Ltd.	7,586,665.00		5,084,335.00	
Trade receivable	Nanjing Panda Electronics Import/Export Co., Ltd.	7,037,339.50	889,816.33	3,424,892.87	889,816.33
Trade receivable	Panda Electronics Group Limited	6,763,402.69		339,380.00	25,550.00
Trade receivable	Top Victory Investment Limited Units	5,128,874.70		5,128,874.70	
Trade receivable	Nanjing Panda DaSheng Electronics Technology Co., Ltd.	1,308,750.00		1,608,750.00	
Trade receivable	Shanghai Panda Huning Electronic Technology Co., Ltd.	1,317,000.00		1,317,000.00	
Trade receivable	Nanjing Panda China Electronics Furniture Co., Ltd.	612,324.00		620,409.67	
Trade receivable	China Great Wall Computer Shenzhen Co., Ltd.	570,036.84		211,350.32	
Trade receivable	Nanjing Ericsson Panda Communication Co., Ltd.	557,016.97		5,835,220.76	
Trade receivable	Nanjing China Electronics Panda Real Estate Co., Ltd.	165,041.63		165,041.63	
Trade receivable	Shenzhen Sangda Electronic Equipment Co., Ltd.	60,121.80	60,121.80	60,121.80	60,121.80
Trade receivable	Nanjing Zhen Hua Packing Material Plant	17,300.00		17,300.00	
Trade receivable	Nanjing Panda Technology Park Development Co., Ltd.	13,030.17		76,168.00	
Trade receivable	Langfang China Electronics Panda Crystal Technology Co., Ltd	3,240.00		3,240.00	
Trade receivable	Nanjing Thales Panda Transportation System Co., Ltd.	2,929.80	36,156.93	39,086.73	36,156.93
Trade receivable	Wuhan Zhongyuan Electronics Group Co., Ltd.	2,000.00	2,000.00	2,000.00	2,000.00
Total		463,452,608.86	991,075.09	249,383,711.72	1,016,625.09

Item	Related Party	Closing balance		Opening balance	
		Balance	Provision for bad debt	Balance	Provision for bad debt
Prepayments	Nanjing Panda Electronics Import/Export Co.,Ltd.	7,478,161.82			
Prepayments	Shanghai Panda Huning Electronic Technology Co., Ltd.	336,000.00		336,000.00	
Prepayments	Nanjing Panda China Electronics Furniture Co., Ltd.	190,998.00		190,998.00	
Prepayments	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	105,600.00		105,600.00	
Prepayments	Nanjing China Electronics Panda Lighting Co., Ltd.	104,695.20		104,695.20	
Prepayments	China National Electronics Import/Export Corporation	23,319.00			
Prepayments	CEC Panda LCD Technology Co., Ltd.	3,357.00		20,356.00	
Prepayments	Nanjing China Electronics Panda Crystal Technology Co., Ltd.	2,720.00			
Prepayments	Panda LCD Technology (Hong Kong) Co., Ltd			603,901.16	
Total		8,244,851.02		1,361,550.36	
Other receivables	Shenzhen Jingyin Electronics Co., Ltd.	197,740.48		177,537.52	
Other receivables	Shenzhen Jinghua Network Marketing Ltd.	3,354.62			
Total		201,095.10		177,537.52	
Bills receivable	CEC Panda LCD Technology Co., Ltd.	77,000,000.00		77,680,000.00	
Bills receivable	Nanjing Panda China Electronics Furniture Co., Ltd.	15,000,000.00			
Bills receivable	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	5,500,000.00		10,500,000.00	
Bills receivable	Panda Electronics Group Limited	200,000.00			
Bills receivable	Nanjing panda HanDa technology Co., Ltd.			5,000,000.00	
Bills receivable	China Great Wall Computer Shenzhen Co., Ltd.			524,822.71	
Total	CEC Panda LCD Technology Co., Ltd.	97,700,000.00		93,704,822.71	

(2) Payables to related parties

Item	Related Party	Closing balance	Opening balance
Accounts payable	Nanjing Panda Electronics Import/Export Co., Ltd.	38,326,825.08	49,679,178.44
Accounts payable	Nanjing China Electronics Panda Property Management Co., Ltd.	1,757,614.82	853,111.86
Accounts payable	Nanjing Zhen Hua Packing Material Plant	1,352,466.39	1,611,095.03
Accounts payable	Shenzhen Jingyin Electronics Co., Ltd.	556,691.90	
Accounts payable	Panda Electronics Group Limited	365,566.50	3,241,208.53
Accounts payable	Nanjing Panda Electronics Transportation Company	319,872.39	260,362.39
Accounts payable	China Electronics (ShenZhen) Co. Ltd.	240,450.00	784,824.08
Accounts payable	Nanjing Panda China Electronics Furniture Co., Ltd.	123,100.40	147,600.00
Accounts payable	Nanjing Panda HanDa Technology Co., Ltd.	76,245.00	
Accounts payable	Guizhou Zhenhua Quanying Electric Appliance Co., Ltd.	66,830.00	28,830.00
Accounts payable	Nanjing Electronics (Kunshan) Co. Ltd.	63,139.64	63,139.64
Accounts payable	Nanjing China Electronics Panda Crystal Technology Co., Ltd.	41,943.94	28,656.13
Accounts payable	Nanjing Ericsson Panda Communication Co., Ltd.	40,985.68	177,583.65
Accounts payable	Nanjing Panda Electronics Technology Development Co., Ltd.	17,692.05	17,692.05
Accounts payable	China Zhenhua Group Yunke Electronics Co., Ltd.	17,632.00	17,632.00
Accounts payable	Nanjing Thales Panda Transportation System Co., Ltd.	16,410.02	16,410.02
Accounts payable	Panda Electronics Material Usage Co., Ltd.	11,320.00	
Accounts payable	Shenzhen Sangda Baili Electric Appliance Co., Ltd.	3,565.81	3,565.81
Accounts payable	CEC Panda LCD Technology Co., Ltd.	3,202.55	7,372,757.70
Accounts payable	Nanjing Changjiang Electronic Information Industry Group Co. Ltd.		175,984.07
Accounts payable	Nanjing China Electronics Panda Lighting Co., Ltd.		29,990.40
Total		43,401,554.17	64,509,621.80

Item	Related Party	Closing balance	Opening balance
Advances from customers	China Electronics Science and Industry New Materials Jiangsu Electric Co., Ltd.	39,890,976.37	29,942,064.50
Advances from customers	Nanjing Panda HanDa Technology Co., Ltd.	5,398,610.00	4,899,797.90
Advances from customers	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	11,856,200.80	8,054,203.62
Advances from customers	CEC Panda LCD Technology Co., Ltd.	311,301.42	7,094,891.02
Advances from customers	Nanjing Panda China's electronic Information Industry Group Co., Ltd.	5,668.00	
Advances from customers	Nanjing Panda China Electronics Furniture Co., Ltd.	5,506.17	5,506.17
Advances from customers	Panda Electronics Group Limited		3,767,561.14
Advances from customers	Nanjing Panda Electronic Import/Export (HK) Company		1,121,072.97
Advances from customers	Nanjing Panda Electronics Transportation Company		1,583.07
Total		57,468,262.76	54,886,680.39
Other payables	China Electronics Corporation	34,000,000.00	34,000,000.00
Other payables	Panda Electronics Group Limited	9,965,716.24	10,437,293.38
Other payables	Nanjing Thales Panda Transportation System Co., Ltd.	860,265.92	860,265.92
Other payables	Shenzhen Jingfa Plastic Packaging Products Co., Ltd	228,000.00	228,000.00
Other payables	Shanghai Panda Huning Electronic Technology Co., Ltd.	108,848.00	108,848.00
Other payables	Nanjing Electronics (Kunshan) Co. Ltd.	64,211.04	300,000.00
Other payables	Nanjing Panda China's Electronic Information Industry Group Co., Ltd.	44,600.00	44,600.00
Other payables	Nanjing Panda Electronics Transportation Company	12,300.00	28,458.94
Other payables	China National Electronics Import/Export Corporation	10,000.00	10,000.00
Other payables	Nanjing Panda DaSheng Electronics Technology Co., Ltd.	200.00	200.00
Other payables	Nanjing China Electronics Panda Property Management Co., Ltd.		521,396.27
Other payables	Panda (Beijing) International Information Technology Co., Ltd.	45,588.91	45,588.91
Total		45,339,730.11	46,584,651.42

XII. PAYMENT OF DIVIDEND

The company has not events related to payment of dividend.

XIII. COMMITMENTS AND CONTINGENT EVENTS

1. Material commitments

(1) Operating lease commitments

The total minimum lease payment according to irrevocable operating lease contracts signed by the Company is summarized below:

Items	Closing balance	Opening balance
Within 1 year	4,011,906.63	3,313,456.65
1-2 years	1,924,100.00	2,580,600.00
2-3 years		562,500.00
Over 3 years		
Total	<u>5,936,006.63</u>	<u>6,456,556.65</u>

(2) Capital expenditure commitments

At balance sheet date, commitment made by the Company that has been contracted but not listed on the balance sheet is shown below:

Items	Closing balance	Opening balance
Buildings	<u>67,225,835.89</u>	79,465,428.80
Total	<u>67,225,835.89</u>	<u>79,465,428.80</u>

2. Contingent events

- (1) Bank loan guarantees and other guarantees offered by the Company to its subsidiaries are disclosed in Disclosure Chapter 11, Section 6 (7).
- (2) Apart from above contingent events, as of 30 June 2015, the Company has no material contingent events for which disclosure is required.

XIV. POST BALANCE SHEET EVENTS

There were no other material post balance sheet events in the Company as at the date when the financial was approved for issue.

XV. OTHER MATERIAL EVENTS

1. Debt restructuring

The Company has not events related to debt restructuring during the current period.

2. Asset Swap

The Company has not events related to exchanging non-monetary assets during the current period.

3. Annuity plan

Apart from basic endowment insurances, Shenzhen Jingwah Electronics Co. Ltd., a subsidiary of the Company, also establishes annuity plan according to relevant policies of the enterprise annuity system of the State. Formal employees and shareholder representatives who hold Shenzhen citizenship and currently work for the Company are eligible for the plan. The annuity plan uses a defined-contribution model, in which the percentage of contribution is determined by previous year's economic performance. Eligible employees pay to the plan on a monthly basis at a certain amount according to their job levels, and Shenzhen Jingwah covers all contribution at an amount no more than 15% of eligible employee's total annual Remuneration, the amount is brought to profit or loss for the year. Apart from the above, the Company and its subsidiaries makes no major social security commitments to their employees.

4. Termination of business

The Company has not events related to termination of business at the end of the period.

5. Foreign Currency Conversion

The amount of exchange gain which is recorded into the profits and losses is RMB2,324,098.14, the amount of the exchange loss is RMB683,677.81, and the net exchange profits is RMB1,640,420.33.

6. Borrowing costs

The company has no capitalization of borrowing costs or other related matters in current period.

7. Leases

(1) Assets under operating lease is listed below:

Type of assets	Closing balance	Opening balance
Buildings	8,399,499.65	18,205,564.21
Transportation Equipment	3,944,687.39	1,209,674.18
Total	12,344,187.04	19,415,238.39

8. Other Significant Events

(1) According to the resolutions of the 2014 annual general meeting of the Company on 30 June 2015, the Company considered and approved the provision of guarantee at an amount of RMB60 million, which is the extra credit given to Nanjing Panda Electronic Manufacture Co., Ltd., a subsidiary of the Company. The guarantee is effective until 30 June 2016.

- (2) The extraordinary meeting of the seventh session of the Board of the Company held on 3 July 2015 considered and approved the establishment of 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. The investment is performed within the approval and permission rights by the Board, thus no need to submit the general meeting for consideration. The external investment does not constitute a connected transaction or major asset restructuring.

- (3) Pursuant to the Indicative Notice of Nanjing Electronics Group Limited on Equity Restructuring of Controlling Shareholders and Relevant Summary Report on Changes of Equity Interest, the equity restructuring of PEGE is being carried out by the shareholders of Panda Electronics Group Limited, the parent of the Company. 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.

On 17 August 2015, the Company received the letters of undertakings from China Huarong Asset Management Co., Ltd. and China Great Wall Asset Management Corporation, respectively, which indicated:

After the completion of equity restructuring of Panda Electronics Group Limited, Panda Electronics Group Limited will hold 82,811,667 A shares of Nanjing Panda, representing of 9.06% of the total share capital; China Great Wall Asset Management Corporation will hold 14,172,397 A shares of Nanjing Panda, representing 1.55% of the total share capital.

XVI. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT

1. Accounts receivables

(1) Disclosure by categories

Items	Closing Balance			Percentage of provision for bad debt (%)
	Balance	Percentage (%)	Provision for bad debt	
Substantial amount of single account receivable with specific provision	83,882,916.75	84.01	4,629,757.13	5.52
Other unsubstantial amount of accounts receivable with specific provision	15,970,730.58	15.99	2,339,952.36	14.65
Total	<u>99,853,647.33</u>	<u>100</u>	<u>6,969,709.49</u>	

Items	Closing Balance			Percentage of provision for bad debt (%)
	Balance	Percentage (%)	Provision for bad debt	
Substantial amount of single account receivable with specific provision	70,352,906.80	79.52	4,465,524.54	6.35
Other unsubstantial amount of accounts receivable with specific provision	18,120,855.73	20.48	2,504,184.95	13.82
Total	<u>88,473,762.53</u>	<u>100</u>	<u>6,969,709.49</u>	

(2) **Substantial amount of single accounts receivable with specific provision**

Name of debtor	Closing balance	Provision for bad debt	Percentage of provision for bad debt (%)	Reasons
Binhai Broadcast and Television Bureau	28,149,600.00	3,432,430.73	12.19	Current value of the expected future cash flow is lower than its carrying value
Sheyang Broadcast and Television Station	19,546,075.00	97,887.71	0.50	Current value of the expected future cash flow is lower than its carrying value
Nanjing Qixia District Cable Management Station	10,329,612.80	319,402.45	3.09	Current value of the expected future cash flow is lower than its carrying value
Nanjing Panda HanDa Technology Co., Ltd.	7,985,589.95			Expected can be recovered
Sihong Broadcast and Television Information Network Co., Ltd.	6,780,839.00	406,736.70	6.00	Current value of the expected future cash flow is lower than its carrying value
Nanjing Nature Power Technology Co., Ltd.	6,010,000.00			Expected can be recovered
Funing Broadcast and Television Station	5,081,200.00	373,299.54	7.35	Current value of the expected future cash flow is lower than its carrying value
Total	<u>83,882,916.75</u>	<u>4,629,757.13</u>		

(3) **There are no receivables returned or recovered during this period.**

(4) **There is no receivables that had been wrote off during this period.**

(5) **Details of the top five debtors of account receivables at the end of the period**

Name of debtor	Relationship with the company	Amount	Provision for bad debt	Percentage of total amount of account receivable (%)
Binhai Broadcast and Television Bureau	Non-related party	28,149,600.00	3,432,430.73	28.19
Sheyang Broadcast and Television Station	Non-related party	19,546,075.00	97,887.71	19.57
Nanjing Qixia District Cable Management Station	Non-related party	10,329,612.80	319,402.45	10.34
Nanjing Panda HanDa Technology Co., Ltd.	Non-related party	7,985,589.95	8.00	
Sihong Broadcast and Television Information Network Co., Ltd.	Non-related party	6,780,839.00	406,736.70	6.79
Total		<u>72,791,716.75</u>	<u>4,256,457.59</u>	<u>72.90</u>

(6) **There is no transferred accounts receivable in which the company continued to involve and relevant assets or liabilities formed.**

2. Other receivables

(1) Disclosure by categories

Items	Amounts	Closing balance		Percentage of provision for bad debt (%)
		Percentage of total amount of other receivables (%)	Provision for bad debt	
Substantial amount of single other receivable with specific provision	285,802,313.62	93.80	28,837,184.20	10.09
Other unsubstantial amount of other receivable with specific provision	18,896,632.30	6.20	2,763,057.23	14.62
Total	304,698,945.92	100	31,600,241.43	
		Opening balance		
Items	Amounts	Percentage of total amount of other receivables (%)	Provision for bad debt	Percentage of provision for bad debt (%)
Substantial amount of single other receivable with specific provision	224,718,420.24	95.05	22,854,988.25	10.17
Other unsubstantial amount of other receivable with specific provision	11,697,825.07	4.95	6,076,126.51	51.94
Total	236,416,245.31	100	28,931,114.76	

(2) Substantial amount of single other receivable with specific provision.

Name of debtor	Closing balance	Provision for bad debt	Percentage of provision for bad debt (%)	Reasons
Nanjing Panda Electrical Equipment Co., Ltd	84,979,546.35	7,966,475.74	9.37	Current value of the expected future cash flow is lower than its carrying value
Nanjing Baixia High-tech Industrial Park Investment and Development Co., Ltd.	72,400,000.00			Expected can be recovered
Galant Limited	58,130,500.00			Expected can be recovered
Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	31,190,761.63	1,559,538.08	5.00	Current value of the expected future cash flow is lower than its carrying value
Nanjing Panda Mechanical Manufacturing Co., Ltd.	16,416,460.35	3,331,125.09	20.29	Current value of the expected future cash flow is lower than its carrying value
Nanjing Panda International Communication Systems Co.,Ltd	15,285,045.29	15,285,045.29	100.00	Expected cannot be recovered
Nanjing Panda Communication Technology Co., Ltd	7,400,000.00	695,000.00	9.39	Current value of the expected future cash flow is lower than its carrying value
Total	285,802,313.62	28,837,184.20		

(3) Amount returned or recovered during this period

Items	The amount incurred in current period
Provision for bad debt incurred in current period	2,969,126.67
Provision for bad debt reversed or received in current period	300,000.00
The situation of material reversed or received accounts receivable	

Name of debtor	Reason for reversal or recovery of bad debt	Basis for provision of bad debts	Amount of provision for bad debt before reversal or recovery	Amount of reversed or received
Asset custody account, Beijing branch, Industrial and Commercial Bank of China Limited	Received	specific provision	300,000.00	300,000.00
Total			300,000.00	300,000.00

(4) There is no situation of written-off other receivable during the period.

(5) Carrying amounts of other receivables are categorized and listed below

Nature	Closing balance	Opening balance
Related party transaction	222,595,048.12	141,490,834.39
Relocation compensation	72,400,000.00	91,823,000.00
Other	9,703,897.80	3,102,410.92
Total	304,698,945.92	236,416,245.31

(6) Details of the top five debtors of other receivable at the end of the period

Name of debtor	Nature	Closing balance	Aging	Percentage of total amount of other receivables (%)	Closing balance of provision for bad debt
Nanjing Panda Electrical Equipment Co., Ltd	Related party transaction	84,979,546.35	Within 3 years	31.12	7,966,475.74
Nanjing Baixia High-tech Industrial Park Investment and Development Co., Ltd.	Relocation compensation	72,400,000.00	2-3 years	26.51	
GALANT LIMITED	Related party transaction	58,130,500.00	3-5 years	21.29	
Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	Related party transaction	31,190,761.63	Within 1 year	11.42	1,559,538.08
Nanjing Panda Mechanical Manufacturing Co. Ltd.	Related party transaction	16,416,460.35	Within 4 years	6.01	3,331,125.09
Total		263,117,268.33		96.35	12,857,138.91

(7) The company does not have derecognition of other receivables.

(8) Governmental subsidy

Name	Items	Closing balance	Aging	Data sources
Nanjing Baixia High-tech Industrial Park Investment and Development Co., Ltd.	Removal of 118 Haifu Lane	72,400,000.00	2-3 years	Expected to be received in 2015 based on the relocation compensation agreement signed with the government
Total		<u>72,400,000.00</u>		

(9) There are no transferred other receivables in which the company continuously involved management and related assets or liabilities formed.

3. Long-term equity investments

Name of investee	Opening balance	Changes of the current period							Closing balance	Impairment of assets
		Increase of investment	Decrease of investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Cash Dividend	Impairment of current period		
Beijing SE Pulian Mobile Communications Co., Ltd.	217,439,600.00			41,975,344.03					259,414,944.03	
Nanjing Huaxian High Technology Co., Ltd.										
Hua Fei Color Display Systems Co., Ltd.										
Nanjing Ericsson Panda Communication Co., Ltd.	273,941,730.00			55,197,117.72					329,138,847.72	
Sheraton Jingwah Electronics Co., Ltd.	118,566,299.30								118,566,299.30	
Nanjing Panda Accurate Machinery Co., Ltd.	5,627,934.12								5,627,934.12	
Nanjing Panda Machinery Co., Ltd.	2,592,191.03								2,592,191.03	
Nanjing Panda Mechanical Engineering Plant	30,042,016.46								30,042,016.46	
Nanjing Panda Information Industry Co., Ltd.	176,736,513.98								176,736,513.98	
Nanjing Panda Electronic Manufacture Co., Ltd.	111,221,994.10								111,221,994.10	
Nanjing Panda Power Supply Technology Co., Ltd.										
Nanjing Guanghua Electronics Plastic Casings Factory	8,271,096.45								8,271,096.45	
Nanjing Panda International Communication Systems Co., Ltd.										
Nanjing Panda Industrial Enterprise Co., Ltd.	20,000,000.00								20,000,000.00	
Nanjing Panda Electrical Equipment Co., Ltd.	190,000,000.00								190,000,000.00	
Nanjing Panda Electronic Technology Development Co., Ltd.	674,000,000.00	26,000,000.00							700,000,000.00	
Nanjing Panda Communication Technology Co., Ltd.	98,585,734.28								98,585,734.28	
Total	<u>1,927,015,109.72</u>	<u>26,000,000.00</u>		<u>97,172,461.75</u>					<u>2,050,187,571.47</u>	

4. Operating income and operating cost

Items	Amount incurred in the period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
Income from principal activities	28,686,768.37	20,456,968.55	37,237,381.95	25,748,689.27
Income from other activities	8,738,571.950	16,995.00	5,173,899.22	87,738.69
Total	37,425,340.32	20,473,963.55	42,411,281.17	25,836,427.96

5. Investment income

source of investment income	Amount incurred in the period	Amount incurred in the prior period
Long-term equity investment income accounted for at cost		
Long-term equity investment income accounted for using equity method	97,172,461.75	78,748,338.16
Income from financial products	10,372,403.23	9,828,190.41
Total	107,544,864.98	88,576,528.57

XVII. SUPPLEMENTARY INFORMATION

1. ROE (return on equity) and EPS (earnings per share)

Profit during Reporting Period	Weighted average return on net assets (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	2.72	0.0959	0.0959
Net profit attributable to holders of ordinary shares after extraordinary items	2.39	0.0844	0.0844

Note: Basic earnings per share is calculated by the weighted average of consolidated net profit belongs to owners of the parent divided by the parent's shares in issue, diluted earnings per share is calculated by weighted average of consolidated net profit belongs to owners of the parent after adjusting dilutive potential ordinary shares divided by the parent's shares in issue. Since the company has no dilutive potential ordinary shares during this period, basic earnings per share is equal to diluted earnings per share.

2. According to requirements of “CSRC Announcement [2008] No. 43 – Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss”, extraordinary profits and losses of the company are shown below

(1) Statement of extraordinary items

Item	Amount	Note
(1) Profit and loss of disposal of non-current assets including reserved provision for asset impairment	-612,233.47	
(2) Tax rebate or tax reduction through approval beyond authorities or without official approval document		
(3) Government subsidiaries accounted for as current profit and loss, (excluding those closely related to the enterprise's business and enjoyed according to the State's standard quote or quantity)	167,516.00	Note 1
(4) Capital occupation fee received from non-financial enterprises and recorded into the current gains and losses		
(5) Profit and loss incurred when cost of merger of enterprises are less than the fair value of the identifiable net assets of acquirees attributable to the Company during merger		
(6) Profit and loss from exchange of non-monetary assets		
(7) Profit and loss from entrusted investment	11,397,282.39	
(8) Provision for assets impairment due to force majeure including natural disasters		
(9) Profit and loss from debt restructuring		
(10) Expenses of enterprise restructuring, such as staff replacement, integration expenses, etc.		
(11) Loss and profit exceeding fair value of transaction with unfair consideration		
(12) Net profits and losses of the current period of subsidiaries under same control arising for merger of enterprise from the beginning of period to the date of merger		
(13) Loss and profit from accrued liabilities having no relation with principal business of the Company		
(14) Investment income obtained from holding transactional financial assets transactions financial liabilities generated changes in fair values and disposal tradable financial assets and transactions financial liabilities and sellable financial assets apart with company normal operations related effective hedging business		
(15) Reversal of impairment of receivables provided by specific provision		
(16) Profit and loss from entrusted loans		
(17) Profit and loss arising from changes in fair value of investment property under fair value model on subsequent measurement		
(18) Profit and loss according to tax and accounting laws and regulations require a one-time adjustment of profit or loss		
(19) Entrusted fee income obtained from entrusted operation		
(20) Other net non-operating income/expenses other than the above items	54,128.22	
(21) Other non-recurring profit and loss items recognized by CSRC		
Sub-total	<u>11,006,693.14</u>	
Less: the impact from income tax	160,702.95	
Net non-recurring profit and loss	10,845,990.19	
Including: net non-recurring profit and loss attributable to ordinary shareholders of the Company	10,459,182.24	
Net non-recurring profit and loss attributable to minority shareholders	386,807.95	

Note 1: according to regulations of “Notice on Value Added Tax Policy for Software Products” (Tax [2011] No. 100), when ordinary VAT payers sell products that are self-developed or products that are imported but modified to meet localized demands, they are taxed at 17% of VAT, if their actual tax burden exceeds 3% of their turnover, the excess amount is recovered as soon as it is taxed. Total tax refund for the company during this year amounted RMB2,480,792.80, and this amount of government subsidy is being accounted for through profit or loss as an ordinary profit or loss item.

X DOCUMENTS AVAILABLE FOR INSPECTION

1. Original financial statements signed and sealed under the hand of the Head of the Company, the Chief Accountant and the Head of the Accounting Department (person in charge of accounting matters).
2. Original copies of all documents and announcements of the Company publicly disclosed on websites designated by the CSRC during the Reporting Period.
3. The interim report published on the Hong Kong Stock Exchange.

Nanjing Panda Electronics Company Limited

Chairman: Lai Weide

Approved for submission by the Board on: 28 August 2015