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南京熊猫电子股份有限公司

NANJING PANDA ELECTRONICS COMPANY LIMITED

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

(Stock Code: 00553)

2016 FIRST QUARTERLY REPORT

1. IMPORTANT NOTICE

- 1.1 The board of directors (“**the Board**”), the supervisory committee, and the directors, supervisors, and senior management of Nanjing Panda Electronics Company Limited (“**the Company**”) confirm that the information in this quarterly report is truthful, accurate and complete, does not contain any misrepresentation, misleading statement, or material omission, and severally and jointly accept legal responsibility.
- 1.2 All directors of the Company attended the Board meeting to consider the quarterly report.
- 1.3 Mr. Xia Dechuan, the responsible person of the Company, Mr. Shen Jianlong, the Chief Accountant, and Ms. Liu Xianfang, the Manager of Finance Department of the Company have declared the truthfulness, accuracy and completeness of the financial statements contained in the quarterly report.
- 1.4 The Company’s financial statements for the first quarter were unaudited.

2. MAJOR FINANCIAL DATA AND CHANGES IN SHAREHOLDING OF THE COMPANY

2.1 Major financial data (prepared in accordance with the PRC Accounting Standards for Business Enterprises, unaudited)

Unit: RMB (Yuan)

	At the end of the reporting period (31 March 2016)	At the end of the previous year (31 December 2015)	Changes from the end of the previous year (%)
Total assets	5,041,088,621.22	4,891,799,403.91	3.05
Net assets attributable to shareholders of the Company	3,301,188,744.09	3,263,279,379.67	1.16
	From the beginning of the year to the end of the reporting period (January- March 2016)	From the beginning of the previous year to the end of the reporting period of the previous year (January- March 2015)	Change as compared to the corresponding period of the previous year (%)
Net cash flows from operating activities	47,658,668.01	-113,121,176.77	N/A
	From the beginning of the year to the end of the reporting period (January- March 2016)	From the beginning of the previous year to the end of the reporting period of the previous year (January- March 2015)	Change as compared to the corresponding period of the previous year (%)
Revenue	692,513,313.37	876,132,360.65	-20.96
Net profit attributable to shareholders of the Company	37,909,364.42	31,714,371.34	19.53
Net profit attributable to shareholders of the Company after extraordinary items	21,234,468.83	26,261,042.32	-19.14
Return on net assets (weighted average) (%)	1.15	0.99	Increased by 0.16 percentage points
Basic earnings per share (<i>yuan/share</i>)	0.0415	0.0347	19.60
Diluted earnings per share (<i>yuan/share</i>)	0.0415	0.0347	19.60

Extraordinary items and amounts

Applicable Not applicable

Unit: RMB (Yuan)

Item	Amount for the Period	Explanation
Profit and loss from disposal of non-current assets	34,703.18	
Government subsidiaries accounted for as current profit and loss (except for government grants which are closely related to normal business of the Company, conformed to requirements of State policy, and granted continuously according to certain standardised amounts or quotas)	15,810,900.00	
Gain/loss from entrusted investment	3,432,764.39	
Non-operating income and expenses other than the aforesaid items	-7,710.55	
Impact on minority interest (after-tax)	-196,148.80	
Effect of income tax	-2,399,612.63	
Total	<u>16,674,895.59</u>	

2.2 Total number of shareholders, shareholdings of the top ten shareholders and top ten shareholders of circulating shares (shareholders of tradable shares not subject to trading moratorium) at the end of the reporting period (31 March 2016)

Unit: Share

Total number of shareholders 38,872

Shareholdings of the top 10 shareholders

Full name of shareholders	Number of shares held as at the end of the reporting period	Percentage (%)	Total number of tradable shares held subject to trading moratorium	Pledged or frozen		Nature of shareholder
				Status of share	Number	
HKSCC Nominees Limited	241,389,570	26.41	0	Unknown		Overseas legal person
Panda Electronics Group Limited (“PEGL”)	210,661,444	23.05	0	Pledged	93,880,000	State-owned legal person
China Huarong Assets Management Co., Ltd. (中國華融資產管理股份有限公司) (“China Huarong”)	82,811,667	9.06	0	Unknown		State-owned legal person
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	52,186,511	5.71	39,215,686	Unknown		State-owned legal person
China Great Wall Asset Management Corporation (“China Great Wall”)	14,172,397	1.55	0	Unknown		State-owned legal person
National Social Security Fund 114 (全國社保基金一一四組合)	6,429,579	0.70	0	Unknown		Others
Li Na (李娜)	6,328,675	0.69	0	Unknown		Domestic natural person
South Industry Assets Management Co., Ltd	5,000,000	0.55	0	Unknown		State-owned legal person
National Social Security Fund 602 (全國社保基金六零二組合)	3,729,400	0.41	0	Unknown		Others
Huang Liangfu (黃亮富)	2,800,000	0.31	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 and number of shares	
		Class	Number
HKSCC Nominees Limited	241,389,570	Overseas listed foreign shares	241,389,570
PEGL	210,661,444	RMB denominated ordinary shares	210,661,444
China Huarong	82,811,667	RMB denominated ordinary shares	82,811,667
China Great Wall	14,172,397	RMB denominated ordinary shares	14,172,397
NEIIC	12,970,825	RMB denominated ordinary shares	5,474,825
		Overseas listed foreign shares	7,496,000
National Social Security Fund 114 (全國社保基金一一四組合)	6,429,579	RMB denominated ordinary shares	6,429,579
Li Na (李娜)	6,328,675	RMB denominated ordinary shares	6,328,675
South Industry Assets Management Co., Ltd	5,000,000	RMB denominated ordinary shares	5,000,000
National Social Security Fund 602 (全國社保基金六零二組合)	3,729,400	RMB denominated ordinary shares	3,729,400
Huang Liangfu (黃亮富)	2,800,000	RMB denominated ordinary shares	2,800,000

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

NEIIC holds 100% equity interest in PEGL, the controlling shareholder of the Company. NEIIC directly holds 44,690,511 A shares and 7,496,000 H shares of the Company, representing 5.71% of the total number of shares, and indirectly holds 210,661,444 A shares of the Company through PEGL, representing 23.05% of the total number of shares. In aggregate, NEIIC holds 28.76% of the shares of the Company. Save as aforesaid, the Company is not aware of any connected relationship or party acting in concert among other shareholders.

Note:

1. PEGL pledged 93,880,000 RMB denominated ordinary shares (A shares) of the Company held by it as security for the loans of Nanjing Panda Handa Technology Company Limited, a wholly owned subsidiary of PEGL, under a syndicated loan agreement entered into by Bank of Communications Co., Ltd. (Jiangsu Branch) as agent for a syndicate of banks (the “**syndicate**”) under which the syndicate shall provide Nanjing Panda Handa Technology Company Limited with a loan amount of RMB 1 billion.

PEGL completed the registration procedures for such pledged shares with Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 24 March 2016. As at the date of this announcement, PEGL held 210,661,444 RMB denominated ordinary shares of the Company which are all circulating shares not subject to trading moratorium, representing 23.05% of the total share capital of the Company. The pledged 93,880,000 shares represented 10.27% of the total share capital of the Company and 44.56% of total shares of the Company.

2. From 17 July 2015 to 15 January 2016, NEIIC has, in total, increased its holdings of A shares of the Company by 5,474,825 A shares under the Custody of Specific Asset Scheme, representing 0.60% of the total share capital of the Company, and has, in total, increased its holdings of H shares of the Company by 7,496,000 H shares, representing 0.82% of the total share capital of the Company. After the shareholding increase, as at 31 March 2016, NEIIC held a total of 262,847,955 A shares and H shares of the Company, representing 28.76% of the total share capital of the Company.

2.3 Total number of holders of preference shares, top 10 holders of preference shares and top 10 holders of preference shares (not subject to trading moratorium) as at the end of the reporting period

Applicable Not applicable

3. SIGNIFICANT EVENTS

3.1 Significant changes in items in the principal financial statements and financial indicators of the Company and the reasons

Applicable Not applicable

(1) Major changes in items of balance sheet

Unit: RMB (Yuan)

Items	31 March 2016	31 December 2015	Changes (%)	Reasons
Bills receivable	137,151,757.43	196,107,157.14	-30.06	Mainly due to the decrease in bills receivable from sales of commodities in the period
Prepayments	169,224,015.42	128,556,264.84	31.63	Mainly due to the prepayments for purchase of materials in the period
Interest receivable	141,836.63	994,401.51	-85.74	Mainly due to the decrease in the time deposit in the period
Construction in progress	11,300,874.80	4,643,526.54	143.37	Mainly due to the construction of Phase I of Electronic Equipment Industrial Park in the period
Dividends payable	11,781,545.34	4,181,545.34	181.75	Mainly due to the increase in the dividends payable to minority shareholders in the period

(2) Major changes in items of income statement

Unit: RMB (Yuan)

Items	January- March 2016	January- March 2015	Changes (%)	Reasons
Investment income	57,366,375.94	32,827,324.56	74.75	Mainly due to the increase in the profit of the associated companies in the period
Non-operating income	15,948,418.57	3,327,961.87	379.22	Mainly due to the increase in the governmental subsidies recognised in the period
Non-operating expenses	110,525.94	1,323,770.02	-91.65	Mainly due to the decrease in the disposal of fixed assets in the period

(3) Major changes in items of cash flow statement

Unit: RMB (Yuan)

Items	January- March 2016	January- March 2015	Changes (%)	Reasons
Net cash flows from operating activities	47,658,668.01	-113,121,176.77	N/A	Mainly due to the recovery of payment from sale of commodities in the period
Net cash flows from investment activities	-20,897,963.75	24,928,442.00	-183.83	Mainly due to the purchase of principal-guaranteed wealth management products
Net cash flows from financing activities	-448,258.26	78,616,666.67	-100.57	Mainly due to the increase in the short term borrowings in previous period

3.2 Note and analysis of significant events and their impact and solutions

Applicable Not applicable

3.3 Performance of undertakings of the Company and shareholder with over 5% shareholding in the Company

Applicable Not applicable

1. The Company's ultimate controller China Electronics Corporation ("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 NEIIC 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 Electronics Co., Ltd. ("**Shenzhen Jingwah**") held by 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. With reference to acquisition of 5.07% equity in Shenzhen Jingwah by the Company constituting material asset reorganization, the Company published the Audit Report of Profit Estimate on the Consolidation of Shenzhen Jingwah Electronics Co., Ltd. (Tian Zhi Ye Zi [2014] No. 10561) (《深圳市京華電子股份有限公司合併盈利預算審核報告》(天職業字[2014]10561號)) on 28 August 2014. In accordance with the relevant provisions of material asset reorganization, the Company prepared the "Explanation on Realization of 2015 Profit Estimates of Shenzhen Jinghua Electronics Co., Ltd." (《關於深圳市京華電子股份

有限公司2015年度盈利預測實現情況的說明》) which was verified by Baker Tilly China (Special General Partnership) by the “Audit Report on Project of Realization of Profit Estimates of Nanjing Panda Electronics Company Limited” (Tian Zhi Ye Zi [2016] No. 3701-4) (《關於南京熊貓電子股份有限公司盈利預測實現情況的專項審核報告》(天職業字[2016]3701-4號)) and as to the actual profits of Shenzhen Jinghua for 2014 and 2015, the profit goals of profit estimates were achieved. For details, please refer to the relevant announcements published by the Company on the website of Shanghai Stock Exchange on 22 March 2016 and the website of the Hong Kong Stock Exchange on 21 March 2016.

6. On 9 July 2015, due to the abnormal fluctuation of the domestic stock market, the Company received documents from CEC declaring as follows: (1) as a responsible shareholder, CEC will proactively take social responsibilities and will not decrease its shareholding in the 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 Company when the stock price has considerably deviated from its share value, in order to protect the benefit of investors. (3) CEC will continue to improve the quality of the Company through asset restructuring and capital injection, supporting the economic structural adjustment and industrial transformation and equip the Company with an 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 NEIIC on issues as follows: (1) to propose appointing securities company(ies) and fund management company(ies) to increase NEIIC’s shareholding of A Shares 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 Shares of the Company according to the securities market situation in the following 12 months in a timely manner pursuant to the related regulations by China Securities Regulatory Commission (the “CSRC”) and Hong Kong Securities and Futures Commission (the “SFC”).

At the end of the reporting period, CEC, NEIIC 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 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 comply with relevant laws and regulations and related requirements of CSRC.

At the end of the reporting period, China Huarong and China Great Wall confirmed that undertakings had been strictly fulfilled by each of the parties.

For the contents, dates and terms of the above commitment, please refer to the paragraphs headed “II. Performance of Commitments” under “Section V Significant Events” of the 2015 Annual Report of Nanjing Panda Electronics Company Limited which was published on the website of the Shanghai Stock Exchange on 22 March 2016 and the website of the Stock Exchange of Hong Kong Limited on 25 April 2016.

3.4 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

Applicable Not applicable

By Order of the Board
Nanjing Panda Electronics Company Limited
Xu Guofei
Executive Director

Nanjing, the People’s Republic of China
29 April 2016

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

4. APPENDIX

2016 first quarterly financial statements (unaudited) (prepared in accordance with the PRC Accounting Standards for Business Enterprises)

CONSOLIDATED BALANCE SHEET

31 March 2016

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB (Yuan)*

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	988,301,407.90	962,222,126.94
Settlement provisions	–	
Placements with banks and other financial institutions	–	
Financial assets at fair value through profit and loss	–	
Derivative financial assets	–	
Bills receivable	137,151,757.43	196,107,157.14
Accounts receivables	1,075,501,596.71	1,043,468,726.23
Prepayments	169,224,015.42	128,556,264.84
Premiums receivable	–	
Reinsurance receivables	–	
Reinsurance contract reserve receivables	–	
Interest receivable	141,836.63	994,401.51
Dividends receivable	–	
Other receivables	126,794,342.22	102,598,457.58
Financial assets purchased for resale	–	
Inventories	474,031,078.87	426,929,637.85
Assets classified as held for sale	–	
Non-current assets due within one year	–	
Other current assets	457,000,000.00	457,000,000.00
Total current assets	<u>3,428,146,035.18</u>	<u>3,317,876,772.09</u>

Assets	Closing balance	Opening balance
Non-current assets:		
Loans and advances	–	–
Available-for-sale financial assets	3,650,000.00	3,650,000.00
Held-to-maturity investments	–	
Long-term receivables	–	
Long-term equity investment	501,927,305.14	447,693,693.59
Investment properties	9,252,215.48	9,512,701.03
Fixed assets	970,005,964.69	988,924,408.37
Construction in progress	11,300,874.80	4,643,526.54
Construction supplies	–	
Clearance of fixed assets	–	
Biological assets for production	–	
Fuel assets	–	
Intangible assets	102,511,392.17	104,391,407.06
Development expenses	–	
Goodwill	–	
Long-term deferred expenses	7,509,753.93	8,306,199.54
Deferred income tax assets	6,785,079.83	6,800,695.69
Other non-current assets	–	–
	<hr/>	<hr/>
Total non-current assets	<u>1,612,942,586.04</u>	<u>1,573,922,631.82</u>
Total assets	<u>5,041,088,621.22</u>	<u>4,891,799,403.91</u>

Legal Representative:
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

Liabilities and shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short-term loans	–	
Borrowing from the People's Bank of China ("PBOC")	–	–
Customer and interbank deposits	–	–
Borrowing from interbank market	–	–
Financial liabilities at fair value through profit and loss	–	–
Derivative financial liabilities	–	–
Bills payable	111,020,835.57	93,283,710.62
Accounts payables	990,514,721.84	910,699,210.48
Advances from customers	156,590,031.59	139,640,661.64
Financial assets sold under repurchase agreements	–	
Handling charges and commission payable	–	
Salaries payable	23,634,047.89	30,876,393.03
Taxes payable	19,706,613.51	27,980,335.62
Interest payable	–	
Dividends payable	11,781,545.34	4,181,545.34
Other payables	163,477,861.81	157,985,511.78
Reinsurers due	–	
Insurance contract reserves	–	
Security trading of agency	–	
Securities underwriting	–	
Liabilities classified as held for sale	–	
Non-current liabilities due within one year	–	
Other current liabilities	39,400,000.00	40,756,600.00
Total current liabilities	<u>1,516,125,657.55</u>	<u>1,405,403,968.51</u>

Liabilities and shareholders' equity	Closing balance	Opening balance
Non-current liabilities:		
Long-term loans	–	–
Bonds payable	–	–
Long-term payables	–	–
Long-term employee salary payable	24,535,839.43	26,276,064.59
Specific payables	–	–
Accrued liabilities	–	–
Deferred income	–	–
Deferred income tax liabilities	212,752.44	226,137.51
Other non-current liabilities	–	–
	<hr/>	<hr/>
Total non-current liabilities	<u>24,748,591.87</u>	<u>26,502,202.10</u>
Total liabilities	<u>1,540,874,249.42</u>	<u>1,431,906,170.61</u>
Shareholders' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments	–	–
Capital reserve	1,464,242,139.28	1,464,242,139.28
Less: treasury stock	–	–
Other comprehensive income	–	–
Special reserve	–	–
Surplus reserve	245,831,957.46	245,831,957.46
General risk reserve	–	–
Undistributed profits	677,276,118.35	639,366,753.93
Sub-total of equity attributable to the shareholders of the parent company	3,301,188,744.09	3,263,279,379.67
Minority interests	199,025,627.71	196,613,853.63
	<hr/>	<hr/>
Total shareholders' equity	<u>3,500,214,371.80</u>	<u>3,459,893,233.30</u>
Total liabilities and shareholders' equity	<u>5,041,088,621.22</u>	<u>4,891,799,403.91</u>

Legal Representative:
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

CONSOLIDATED INCOME STATEMENT

January-March 2016

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB (Yuan)*

Item	Amount for the period	Amount for the same period last year
I. Total operating income	692,513,313.37	876,132,360.65
Including: Operating income	692,513,313.37	876,132,360.65
Interest income	–	–
Premiums earned	–	–
Income from handling charges and commissions	–	–
II. Total operating cost	709,553,656.36	860,556,838.38
Including: Operating cost	591,614,707.34	745,396,000.92
Interest expenses	–	–
Handling charges and commissions	–	–
Insurance withdrawal payment	–	–
Net payment from indemnity	–	–
Net provisions for insurance contract	–	–
Insurance policy dividend paid	–	–
Reinsurance cost	–	–
Business taxes and surcharges	8,946,544.85	9,995,320.63
Selling expenses	10,736,629.20	10,350,095.63
Administrative expenses	99,894,345.72	96,080,102.51
Financial expenses	-2,241,137.40	-1,811,799.00
Loss on assets impairment	602,566.65	547,117.69
Add: Gain from change in fair value (losses are represented by “-”)	–	–
Investment income (losses are represented by “-”)	57,366,375.94	32,827,324.56
Including: Income from investment in associates and joint ventures	53,933,611.55	27,288,428.48
Exchange gain (losses are represented by “-”)	–	–

Item	Amount for the period	Amount for the same period last year
III. Operating profit (losses are represented by “-”)	40,326,032.95	48,402,846.83
Add: Non-operating income	15,948,418.57	3,327,961.87
Including: Gain from the disposal of non-current assets	34,703.18	–
Less: Non-operating expenses	110,525.94	1,323,770.02
Including: Loss from the disposal of non-current assets	–	413,569.70
IV. Total profit (losses are represented by “-”)	56,163,925.58	50,407,038.68
Less: Income tax	7,794,528.82	7,460,322.23
V. Net Profit (losses are represented by “-”)	48,369,396.76	42,946,716.45
Profit attributable to the equity holders of the parent company	37,909,364.42	31,714,371.34
Minority interests	10,460,032.34	11,232,345.11
VI. Net other comprehensive income after tax		
Net other comprehensive income after tax attributable to shareholders of the parent company	–	–
(I) Other comprehensive income that cannot be reclassified to profit and loss in subsequent periods	–	–
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans	–	–
2. Share of other comprehensive income of investee that cannot be subsequently reclassified to profit and loss under equity method	–	–
(II) Other comprehensive income that will be subsequently reclassified to profit and loss	–	–
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss 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 investment reclassified as available-for- sale financial assets	–	–
4. Effective part of hedging gains and losses from cash flows	–	–

Item	Amount for the period	Amount for the same period last year
5. Exchange differences from retranslation of financial statements	-	-
6. Others	-	-
Net other comprehensive income after tax attributable to minority shareholders	-	-
VII. Total comprehensive income	48,369,396.76	42,946,716.45
Total comprehensive income attributable to the equity holders of the parent company	37,909,364.42	31,714,371.34
Total comprehensive income attributable to minority shareholders	10,460,032.34	11,232,345.11
VIII. Earnings per share		
(1) Basic earnings per share	0.0415	0.0347
(2) Diluted earnings per share	0.0415	0.0347

Legal Representative:
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

CONSOLIDATED CASH FLOW STATEMENT

January-March 2016

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB (Yuan)*

Item	Amount for the period	Amount for the same period last year
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	742,484,931.72	890,679,166.88
Net increase in customer and interbank deposits		
Net increase in borrowing from PBOC		
Net increase in borrowings from other financial institutions		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment		
Net increase in disposal of financial assets at fair value through profit and loss		
Cash received from interest, handling charges and commissions		
Net increase in cash borrowed		
Net increase in cash received from repurchase operation		
Refunds of taxes	19,962,105.81	3,290,911.20
Cash received relating to other operating activities	51,418,295.81	51,486,431.28
Sub-total of cash inflows from operating activities	<u>813,865,333.34</u>	<u>945,456,509.36</u>

Item	Amount for the period	Amount for the same period last year
Cash paid for purchase of goods and services received	561,672,801.12	716,317,707.17
Net increase in loans and advances		
Net increase in deposits with PBOC and interbank		
Cash paid for compensation payments under original insurance contract		
Cash paid for interest, handling charges and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	116,248,320.84	117,143,626.78
Cash paid for all types of taxes	47,763,389.62	63,617,880.25
Cash paid relating to other operating activities	40,522,153.75	161,498,471.93
Sub-total of cash outflows from operating activities	<u>766,206,665.33</u>	<u>1,058,577,686.13</u>
Net cash flows from operating activities	<u>47,658,668.01</u>	<u>-113,121,176.77</u>

Item	Amount for the period	Amount for the same period last year
II. Cash flows from investing activities:		
Cash received from disposal of investments	–	
Cash received from return on investments	3,432,764.39	5,553,176.93
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	93,000.00	62,100.00
Net cash received from disposal of subsidiaries and other operating entities	–	–
Cash received relating to other investment activities	<u>500,000,000.00</u>	<u>785,000,000.00</u>
Sub-total of cash inflows from investing activities	<u>503,525,764.39</u>	<u>790,615,276.93</u>
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	24,123,728.14	48,688,959.66
Cash paid for investments	300,000.00	9,997,875.27
Net increase in secured loans		
Net cash paid for acquisition of subsidiaries and other operating entities	–	–
Cash paid on other investment activities	<u>500,000,000.00</u>	<u>707,000,000.00</u>
Sub-total of cash outflows from investing activities	<u>524,423,728.14</u>	<u>765,686,834.93</u>
Net cash flows from investing activities	<u>-20,897,963.75</u>	<u>24,928,442.00</u>
III. Cash flows from financing activities:		
Cash received from investments	–	
Including: Cash received by subsidiaries from minority shareholders' investment	–	–
Cash received from borrowings	–	80,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	–	–
Sub-total of cash inflows from financing activities	<u>–</u>	<u>80,000,000.00</u>

Item	Amount for the period	Amount for the same period last year
Cash paid on repayment of borrowings	–	
Cash paid on distribution of dividends or profits, or interest expenses	448,258.26	1,383,333.33
Including: Dividend and profit paid to minority shareholders by subsidiaries	448,258.26	
Cash paid on other financing activities	–	
Sub-total of cash outflows from financing activities	<u>448,258.26</u>	<u>1,383,333.33</u>
Net cash flows from financing activities	<u>-448,258.26</u>	<u>78,616,666.67</u>
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	45,837.59	68,635.70
V. Net increase in cash and cash equivalents	26,358,283.59	-9,507,432.40
Add: Balance of cash and cash equivalents at the beginning of the period	853,805,263.06	712,357,169.28
VI. Balance of cash and cash equivalents at the end of the period	880,163,546.65	702,849,736.88

Legal Representative:
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

BALANCE SHEET

31 March 2016

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB (Yuan)*

Assets	Closing balance	Opening balance
Current assets:		
Cash and bank balances	83,416,965.71	95,074,660.13
Settlement provisions	–	
Placements with banks and other financial institutions	–	
Financial assets at fair value through profit and loss	–	
Derivative financial assets	–	
Bills receivable	10,844,000.00	18,000,000.00
Trade receivables	76,763,779.65	84,227,954.78
Prepayments	4,155,097.12	2,097,095.90
Premiums receivable	–	
Reinsurance receivables	–	
Reinsurance contract reserve receivables	–	
Interest receivable	–	
Dividends receivable	1,973,887.56	1,973,887.56
Other receivables	336,856,518.96	282,783,700.03
Financial assets purchased for resale	–	
Inventories	21,723,568.03	25,198,140.07
Assets classified as held for sale	–	
Non-current assets due within one year	–	
Other current assets	422,000,000.00	447,000,000.00
Total current assets	<u>957,733,817.03</u>	<u>956,355,438.47</u>

Legal Representative:
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

Assets	Closing balance	Opening balance
Non-current assets:		
Loans and advances	–	–
Available-for-sale financial assets	3,650,000.00	3,650,000.00
Held-to-maturity investments	–	
Long-term receivables	–	
Long-term equity investment	1,954,326,916.65	1,900,502,624.42
Investment properties	–	
Fixed assets	360,569,520.35	365,690,219.32
Construction in progress	1,246,438.61	824,628.20
Construction supplies	–	
Clearance of fixed assets	–	
Biological assets for production	–	
Fuel assets	–	
Intangible assets	13,699,832.91	13,496,814.23
Development expenses	–	–
Goodwill	–	–
Long-term deferred expenses	–	–
Deferred income tax assets	–	–
Other non-current assets	–	–
	_____	_____
Total non-current assets	<u><u>2,333,492,708.52</u></u>	<u><u>2,284,164,286.17</u></u>
Total assets	<u><u>3,291,226,525.55</u></u>	<u><u>3,240,519,724.64</u></u>

Liabilities and shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short-term loans	–	–
Borrowing from PBOC	–	–
Customer and interbank deposits	–	–
Financial liabilities at fair value through profit and loss	–	–
Derivative financial liabilities	–	–
Borrowing from interbank market	–	–
Bills payable	7,530,006.86	5,000,441.06
Accounts payables	31,579,412.04	36,186,447.59
Advances from customers	50,878.34	2,844,371.04
Financial assets sold under repurchase agreements	–	–
Handling charges and commission payable	–	–
Salaries payable	7,004,639.35	4,950,679.68
Taxes payable	6,429,737.30	6,031,331.58
Interest payable	–	–
Dividends payable	–	–
Other payables	321,505,512.80	301,578,396.56
Reinsurers due	–	–
Insurance contract reserves	–	–
Security trading of agency	–	–
Securities underwriting	–	–
Liabilities classified as held for sale	–	–
Non-current liabilities due within one year	–	–
Other current liabilities	900,000.00	2,256,600.00
Total current liabilities	<u>375,000,186.69</u>	<u>358,848,267.51</u>

Liabilities and shareholders' equity	Closing balance	Opening balance
Non-current liabilities:		
Long-term loans	–	–
Bonds payable	–	–
Long-term payables	–	–
Long-term employee salary payable	12,238,848.12	12,959,937.89
Specific payables	–	–
Accrued liabilities	–	–
Deferred income	–	–
Deferred income tax liabilities	–	–
Other non-current liabilities	–	–
	<hr/>	<hr/>
Total non-current liabilities	<u>12,238,848.12</u>	<u>12,959,937.89</u>
Total liabilities	<u>387,239,034.81</u>	<u>371,808,205.40</u>
Shareholders' 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	245,831,957.46	245,831,957.46
General risk reserve	–	–
Undistributed profits	309,446,170.00	274,170,198.50
	<hr/>	<hr/>
Total shareholders' equity	<u>2,903,987,490.74</u>	<u>2,868,711,519.24</u>
Total liabilities and shareholders' equity	<u>3,291,226,525.55</u>	<u>3,240,519,724.64</u>

Legal Representative:
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

INCOME STATEMENT

January-March 2016

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB (Yuan)*

Item	Amount for the period	Amount for the same period last year
I. Total operating income	31,160,470.38	16,585,223.76
Including: Operating income	31,160,470.38	16,585,223.76
Interest income	–	–
Premiums earned	–	–
Income from handling charges and commissions	–	–
II. Total operating cost	52,527,976.98	39,232,579.45
Including: Operating cost	17,566,986.12	8,684,440.40
Interest expenses	–	–
Handling charges and commissions	–	–
Insurance withdrawal payment	–	–
Net payments from indemnity	–	–
Net provision for insurance contract	–	–
Insurance policy dividend paid	–	–
Reinsurance cost	–	–
Business taxes and surcharges	778,971.87	446.33
Selling expenses	1,205,809.25	822,009.78
Administrative expenses	32,995,164.68	29,530,774.51
Financial expenses	-579,412.12	194,908.43
Loss on assets impairment	560,457.18	–
Add: Gain from change in fair value (losses are represented by “-”)	–	–
Investment income (losses are represented by “-”)	56,624,171.69	32,200,472.09
Including: Income from investment in associates and joint ventures	53,824,292.23	27,274,347.63
Exchange gain (losses are represented by “-”)	–	–
III. Operating profit (losses are represented by “-”)	35,256,665.09	9,553,116.40
Add: Non-operating income	19,306.41	571,605.72
Including: Gain from the disposal of non-current assets	256.41	–
Less: Non-operating expenses	–	6.70
Including: Loss from the disposal of non-current assets	–	–
IV. Total profit (losses are represented by “-”)	35,275,971.50	10,124,715.42
Less: Income tax expense	–	–

Item	Amount for the period	Amount for the same period last year
V. Net Profit (losses are represented by “-”)	35,275,971.50	10,124,715.42
VI. Net other comprehensive income after tax		
(I) Other comprehensive income that cannot be reclassified to profit and loss in subsequent periods	-	-
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans	-	-
2. Share of other comprehensive income of investee that cannot be subsequently reclassified to profit and loss under equity method	-	-
(II) Other comprehensive income that will be subsequently reclassified to profit and loss	-	-
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss 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 investment reclassified as available-for-sale financial assets	-	-
4. Effective part of hedging gains and losses from cash flows	-	-
5. Exchange differences from retranslation of financial statements	-	-
6. Others	-	-
Net other comprehensive income after tax attributable to minority shareholders	-	-
VII. Total comprehensive income	35,275,971.50	10,124,715.42
VIII. Earnings per share		
(1) Basic earnings per share	-	-
(2) Diluted earnings per share	-	-

Legal Representative:
Xia Dechuan

*Person in charge of
accounting work:*
Shen Jianlong

*Person in charge of the
Accounting Department:*
Liu Xianfang

CASH FLOW STATEMENT

January-March 2016

Prepared by: Nanjing Panda Electronics Company Limited *Unit: RMB (Yuan)*

Item	Amount for the period	Amount for the same period last year
I. Cash flows from operating activities:		
Cash received from the sale of goods and rendering of services	29,903,902.15	13,048,296.12
Net increase in customer and interbank deposits		
Net increase in borrowing from PBOC		
Net increase in borrowings from other financial institutions		
Cash received from premiums under original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment		
Net increase in disposal of financial assets held for trading		
Cash received from interest, handling charges and commissions		
Net increase in cash borrowed		
Net increase in cash received from repurchase operation		
Refunds of taxes	–	–
Cash received relating to other operating activities	22,399,052.39	31,199,333.33
Sub-total of cash inflows from operating activities	52,302,954.54	44,247,629.45

Item	Amount for the period	Amount for the same period last year
Cash paid for purchase of goods and services received	16,865,626.21	5,888,265.39
Net increase in loans and advances		
Net increase in deposits with PBOC and interbank		
Cash paid for compensation payments under original insurance contract		
Cash paid for interest, handling charges and commissions		
Cash paid for insurance policy dividend		
Cash paid to and on behalf of employees	16,139,288.35	13,966,775.30
Cash paid for all types of taxes	2,026,877.56	1,063,732.21
Cash paid relating to other operating activities	<u>54,357,605.26</u>	<u>174,438,679.19</u>
Sub-total of cash outflows from operating activities	<u>89,389,397.38</u>	<u>195,357,452.09</u>
Net cash flows from operating activities	<u>-37,086,442.84</u>	<u>-151,109,822.64</u>
II. Cash flows from investing activities:		
Cash received from disposal of investments	-	-
Cash received from return on investments	2,799,879.46	4,926,124.46
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	-
Net cash received from disposal of subsidiaries and other operating entities	-	-
Cash received relating to other investment activities	<u>325,000,000.00</u>	<u>587,000,000.00</u>
Sub-total of cash inflows from investing activities	<u>327,799,879.46</u>	<u>591,926,124.46</u>

Item	Amount for the period	Amount for the same period last year
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	347,344.93	5,445,773.06
Cash paid for investments	–	26,000,000.00
Net increase in secured loans		
Net cash paid for acquisition of subsidiaries and other operating entities	–	–
Cash paid on other investment activities	<u>300,000,000.00</u>	<u>504,000,000.00</u>
Sub-total of cash outflows from investing activities	<u>300,347,344.93</u>	<u>535,445,773.06</u>
Net cash flows from investing activities	<u>27,452,534.53</u>	<u>56,480,351.40</u>
III. Cash flows from financing activities:		
Cash received from investments	–	–
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	–	80,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	<u>–</u>	<u>–</u>
Sub-total of cash inflows from financing activities	<u>–</u>	<u>80,000,000.00</u>

Item	Amount for the period	Amount for the same period last year
Cash paid on repayment of borrowings	–	–
Cash paid on distribution of dividends or profits, or interest expenses	–	933,333.33
Including: Dividend and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities	–	–
Sub-total of cash outflows from financing activities	–	933,333.33
Net cash flows from financing activities	–	79,066,666.67
IV. Effect of fluctuations in exchange rates on cash and cash equivalents	-32.45	-39.89
V. Net increase in cash and cash equivalents	-9,633,940.76	-15,562,844.46
Add: Balance of cash and cash equivalents at the beginning of the period	87,859,882.87	80,208,790.62
VI. Balance of cash and cash equivalents at the end of the period	78,225,942.11	64,645,946.16
<i>Legal Representative:</i> Xia Dechuan	<i>Person in charge of accounting work:</i> Shen Jianlong	<i>Person in charge of the Accounting Department:</i> Liu Xianfang