

# PANDA Electronics

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Nanjing Panda Electronics Company Limited

# 2016

## Interim Report

(H Share Stock Code : 0 5 5 3 )

(A Share Stock Code : 600775)



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### IMPORTANT NOTICES

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 ninth meeting of the eighth session of the Board of the Company held on 30 August 2016.
3. The interim financial report of the Company is 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 2016.
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.

## SECTION I DEFINITIONS

### 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)
PEGL Group	Panda Electronics Group Limited and its subsidiaries
NEIC	Nanjing Electronics Information Industrial Corporation (南京中電熊猫信息產業集團有限公司)
NEIC Group	Nanjing Electronics Information Industrial Corporation and its subsidiaries
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)
China Electronics Leasing Company	China Electronics Commercial Financial Leasing Co., Ltd. (中電通商融資租賃有限公司)
Shenzhen Jinghua	Shenzhen Jinghua Electronics Co., Ltd. (深圳市京華電子股份有限公司)
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)
Electronic Manufacture Company	Nanjing Panda Electronic Manufacture Co., Ltd. (南京熊猫電子製造有限公司)
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)
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

## SECTION II COMPANY PROFILE

### I. Corporate Information

Chinese Name of the Company	南京熊猫电子股份有限公司
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	<a href="http://www.panda.cn">http://www.panda.cn</a>
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: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> Hong Kong Stock Exchange: <a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>
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	Place of listing of the Company's shares	Overview of the Company's shares		Stock abbreviation before changes
		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. The Company has obtained the updated business license and the unifying society credit code is 91320100134974572K.

## 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	Wang Chuanbang, Zhou Weijing
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
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
Share Registrars and Transfer Office (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, Xin Qu, Pudong, Shanghai, the PRC
Share Registrars and Transfer Office (H shares)	Name	Hong Kong Registrars Limited
	Office address	46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principle Bankers		Bank of Communications, Shanghai Pudong Development Bank, China Merchants Bank, Bank of Nanjing

*Note:* As at 30 June 2016, the contract entered into by the Company and Yongheng Partners, the long-term domestic legal adviser, expired and the service thereunder was terminated. On the same day, the Company entered into a service contract with Grandall Law Firm, Nanjing Office, pursuant to which, Grandall Law Firm, Nanjing Office was appointed as the long-term domestic legal adviser with effect from 1 July 2016.

## SECTION 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 of Business Enterprises)

#### (I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	Reporting Period	Same period	Increase/decrease
	(January–June 2016)	of last year (January–June 2015)	in the Reporting Period over the same period of last year (%)
Operating income	1,519,196,108.29	1,647,734,769.34	-7.80
Net profit attributable to shareholders of the Company	54,654,239.10	87,625,888.80	-37.63
Net profit attributable to shareholders of the Company after extraordinary items	10,166,760.02	77,166,706.56	-86.82
Net cash flow from operating activities	81,935,334.93	-32,840,266.46	N/A
	At the end of the Reporting Period (30 June 2016)	At the end of last year (31 December 2015)	Changes from corresponding period of previous year (%)
Net assets attributable to shareholders of the Company	3,255,792,598.80	3,263,279,379.67	-0.23
Total assets	5,136,769,261.03	4,891,799,403.91	5.01

#### (II) Key financial data

Unit: Yuan Currency: RMB

Key financial indicators	Reporting Period	Same period of last year	Increase/decrease in the Reporting Period over the same period of last year (%)
	(January–June 2016)	(January–June 2015)	
Basic earnings per share (RMB/share)	0.0598	0.0959	-37.63
Diluted earnings per share (RMB/share)	0.0598	0.0959	-37.63
Basic earnings per share after extraordinary items (RMB/share)	0.0111	0.0844	-86.82
Weighted average return on net assets (%)	1.67	2.72	Decreased by 1.05 percentage points
Weighted average return on net assets after extraordinary items (%)	0.31	2.39	Decreased by 2.08 percentage points

Explanation on principal accounting data and financial indicators of the Company:

During the period, as a result of the increase in administrative expenses by RMB22,250,000, the decrease in investment income by RMB37,580,000 and the decrease in sales revenue of electronic equipment products with relatively high gross profit by 22% as compared to the same period of last year, the operating profit of the Company decreased by RMB74,270,000 as compared to the same period of last year; together with the increase in non-operating income for the period by RMB43,050,000 as compared to the same period of last year, the net profit attributable to shareholders of the Company decreased by 37.63% as compared to the same period of last year and the net profit attributable to shareholders of the Company after deduction of extraordinary items decreased by 86.82% as compared to the same period of last year.

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

### Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2016

Unit: Yuan Currency: RMB

	2016 January–June (unaudited)	2015 January–June (unaudited)
Turnover	1,502,810,592.56	1,628,880,890.60
Cost of sales	-1,306,164,343.81	-1,409,055,332.67
Gross profit	196,646,248.75	219,825,557.93
Other income and net gains	54,868,831.08	6,119,937.91
Distribution costs	-22,239,612.92	-22,080,351.92
Administrative expenses	-212,808,171.64	-189,844,836.96
Operating profit	16,467,295.27	14,020,306.96
Finance income	13,562,788.66	16,133,272.54
Finance costs	-77,333.33	-2,556,833.60
Finance income, net	13,485,455.33	13,576,438.94
Share of profits of associates	62,809,824.65	97,385,816.56
Profit before taxation	92,762,575.25	124,982,562.46
Income tax expense	-15,762,060.19	-15,390,616.29
Profit for the period	77,000,515.06	109,591,946.17
Other comprehensive income	-	-
Total profit and comprehensive income for the period	77,000,515.06	109,591,946.17
Attributable to:		
Equity shareholders of the Company	54,654,239.10	87,625,888.80
Non-controlling interests	22,346,275.96	21,966,057.37
Earnings per share attributable to equity shareholders of the Company for the period (RMB per share)	0.0598	0.0959
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	-8,202.94
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	46,057,020.16
Gains and losses from entrusted investment	8,393,588.65
Other non-operating net income and expenses other than the aforesaid items	-1,907,449.21
Impact on enterprise income tax	-7,405,111.07
Extraordinary items attributable to non-controlling shareholders	-642,366.51
Total	44,487,479.08

## SECTION IV REPORT OF THE BOARD

### I. The discussion and analysis on the operation of the Company during the Reporting Period by the Board

In the first half of 2016, the Company endeavored to carry out works relating to quality improvement and efficiency enhancement. Focusing on cost reduction, efficiency improvement, and transformation and upgrade, it steadily pressed ahead adjustment of product structure and corporate structure while strengthening management of supply chain and control of costs and expenses. By optimizing management procedures, the working quality and efficiency were improved. The Company spreads the spirit of "craftsmanship", aiming to improve working skills and advanced manufacturing level. In addition, the Company also continually enhanced corporate governance so as to operate in accordance with laws and regulations and develop in a scientific and stable manner.

During the Reporting Period, the Company recorded revenue from operations of RMB1,519,196,100, total profit of RMB92,762,600 and net profit attributable to shareholders of the parent company of RMB54,654,200.

#### (I) Analysis of principal operating activities

- Analysis of changes in relevant items in the financial statements of the Company (prepared in accordance with the Accounting Standard for Business Enterprises of the People's Republic of China) (unaudited)

Unit: Yuan Currency: RMB

Item	Amount for the Period (January-June 2016)	Amount for the corresponding period of last year (January-June 2015)	Changes (%)
Operating income	1,519,196,108.29	1,647,734,769.34	-7.80
Operating costs	1,305,905,874.49	1,408,047,579.81	-7.25
Distribution costs	22,239,612.92	22,080,351.92	0.72
Administrative expenses	211,180,446.91	188,932,303.66	11.78
Financial expenses	-10,345,705.77	-2,796,183.86	N/A
Net cash flow from operating activities	81,935,334.93	-32,840,266.46	N/A
Net cash flow from investing activities	6,671,445.44	1,310,899.42	408.92
Net cash flow from financing activities	-920,126.73	47,305,793.60	-101.95
R&D expenses	94,501,619.24	92,023,735.46	2.69
Loss on assets impairment	-1,392,030.84	664,137.91	-309.60
Investment income	71,203,413.30	108,783,098.95	-34.55
Non-operating income	46,903,833.37	3,851,383.09	1,117.84
Non-operating expenses	2,762,465.36	1,761,179.54	56.85



Reasons for the changes:

- (1) Administrative expenses: mainly due to the increase in the technology development expenses and in the depreciation and amortization expenses during the period as compared with the previous period;
  - (2) Financial expenses: mainly due to the decrease in interest expenses for short-term borrowings as compared with the previous period, and the increase in exchange gains as compared with the previous period resulting from changes in exchange rate during the period;
  - (3) Net cash flows from operating activities: mainly due to the receipt of relocation compensation during the period;
  - (4) Net cash flows from investing activities: mainly due to the purchase of wealth management products from banks;
  - (5) Net cash flows from financing activities: mainly due to increase in cash paid for the repayment of short-term bank borrowings during the previous period;
  - (6) Loss on assets impairment: mainly due to reversal of provision for bad debts by the Company in accordance with the Accounting Standards for Business Enterprises during the period;
  - (7) Investment income: mainly due to the decrease in associates' profit as confirmed by equity method during the period;
  - (8) Non-operating income: mainly due to an increase in government subsidy recognized according to accounting standards during the period;
  - (9) Non-operating expenses: mainly due to tax arising from the disposal of assets during the period.
2. Substantial changes of other financial indicators and their reasons (prepared in accordance with the Accounting Standard for Business Enterprises of the People's Republic of China) (unaudited)

*Unit: Yuan Currency: RMB*

Item	30 June 2016	31 December 2015	Changes (%)
Bills receivables	<b>130,181,491.27</b>	196,107,157.14	-33.62
Interest receivables	-	994,401.51	-100.00
Construction in progress	<b>8,332,270.40</b>	4,643,526.54	79.44
Tax payables	<b>4,093,945.27</b>	27,980,335.62	-85.37
Dividends payables	<b>73,912,080.31</b>	4,181,545.34	1,667.58
Other current liabilities	<b>16,756,600.00</b>	40,756,600.00	-58.89

Reasons for the changes:

- (1) Bills receivables: mainly due to the decrease in the amounts receivables settled by notes during the period;
- (2) Interest receivables: mainly due to the decrease in the interest of fixed-term deposits recognized during the period;
- (3) Construction in progress: mainly due to the construction of Phase I of Electronic Equipment Industrial Park;
- (4) Tax payables: mainly due to the decrease in value-added tax payables during the period;
- (5) Dividends payables: mainly due to the payment of dividends for the ordinary shares;
- (6) Other current liabilities: mainly due to the government subsidies recognized according to the accounting standards during the period.

3. Others

- (1) Explanation about material changes in the Company's profit structure or sources: Not applicable
- (2) Explanation on progress of the Company's financing activities and material asset reorganization in the previous period

Upon approval of the non-public issue by the CSRC and other relevant commissions and ministries, the Company issued 258,823,529 A shares by way of non-public issue to raise proceeds amounting to RMB1.32 billion in June 2013. In the first half of 2016, the Company used the proceeds in accordance with the provisions and requirements under relevant laws, regulations and normative documents including using proceeds for investment projects, using the temporarily idle raised proceeds for purchase of principal-guaranteed bank wealth management products and allocation of the surplus proceeds for permanent supplement of working capital. For details please see the Specific Report on the Deposit and the Actual use of Proceeds Raised in the First Half of 2016 of by Nanjing Panda Electronics Company Limited (《南京熊猫电子股份有限公司2016年半年度募集资金存放与使用情况的专项报告》) (Lin 2016-051) published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 31 August 2016 and on the website of the Hong Kong Stock Exchange on 30 August 2016.

- (3) Explanation on progress of operational plan

During the Reporting Period, the Company made great effort to implement the working missions and objectives in accordance with the 2016 operational plan. As the global economic recovery weakening and the domestic economic growth slowing down, the operation revenue and net profit of the Company declined as compared with the same period last year, the Company has strengthened its control over costs and expenses and proactively applied for government-supported projects, striving to improve its operation indicators. Besides, the Company also tried hard to enhance the added value of its products through insistent investment in research and development and vigorous product structure adjustment and expanded the selling channels of intelligent manufacturing products by participating in the Essen Beijing Welding & Cutting Exhibition, collaborating with local governments and promotion on brand name. In addition, the construction of the base of Shanghai Panda Robot Technology Company Limited and the dormitory of Panda Electronic Equipment Park was advanced in a positive stance, and the works related to the employment of fresh graduates (i.e. new recruits) were well accomplished.

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

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

Unit: Yuan Currency: RMB

By business	Operating income	Operating costs	Principal operations by business			
			Gross profit Margin (%)	Increase/decrease in operation income compared with last year (%)	Increase/decrease in operating costs compared with last year (%)	Increase/decrease in gross profit margin compared with last year (%)
Electronic manufacturing services	452,225,210.50	403,056,661.80	10.87	-5.72	-2.33	Decreased by 3.09 percentage points
Electronic equipment products	614,748,938.42	532,008,484.67	13.46	-21.72	-22.06	Increased by 0.38 percentage points
Consumer electronics products	322,654,386.99	291,473,254.13	9.66	21.60	23.20	Decreased by 1.17 percentage points

By product	Operating income	Operating costs	Principal operations by product			Increase/decrease in gross profit margin compared with last year (%)
			Gross profit Margin (%)	Increase/decrease in operating income compared with last year (%)	Increase/decrease in operating costs compared with last year (%)	
Railway transit products	52,876,436.94	31,889,176.87	39.69	-64.79	-74.90	Increased by 24.28 percentage points
System integration and building intellectualization products	216,247,458.06	194,719,934.23	9.96	10.89	7.52	Increased by 2.83 percentage points
Industrial automation equipment	303,954,020.97	285,593,011.95	6.04	-22.68	-18.88	Decreased by 4.4 percentage points
Communication system	25,993,088.93	11,986,607.10	53.89	-18.70	-30.79	Increased by 8.06 percentage points
Plastic injection molding	176,698,876.53	167,270,158.44	5.34	-26.29	-21.78	Decreased by 5.45 percentage points
Surface mounting	267,322,027.89	226,677,414.26	15.20	14.43	16.72	Decreased by 1.67 percentage points
Digital products	309,244,848.72	278,277,733.18	10.01	17.39	19.97	Decreased by 1.93 percentage points
Rental property	87,315,890.10	45,964,101.64	47.36	14.47	22.53	Decreased by 3.46 percentage points

Explanation of principal operations by business and products:

The Company's principal subsidiaries are all in the communication, electronic equipment manufacturing and other related industries. During the Reporting Period, due to the decline in plastic injection modeling business, sales revenue of electronic manufacturing services decreased by 5.72% as compared with the same period last year. Operating revenue of electronic equipment products decreased by 21.72%, mainly due to the decrease in sales revenue of railway transit products during the period. Sales revenue of consumer electronics products, however, increased by 21.60% as compared with the same period last year as a result of the business growth of digital products and others products.

As a result of different time points for project settlement, sales revenue of railway transit products decreased by 64.79% as compared with the same period last year.

- Principal operations by geographical regions (prepared in accordance with the Accounting Standard for Business Enterprises of the People's Republic of China) (unaudited)

Unit: Yuan Currency: RMB

By geographical regions	Operation income	Changes as compared to the previous year (%)
Nanjing	1,202,675,521.38	-9.82
Shenzhen	298,962,023.46	-2.23

Explanation of principal operations by geographical regions:

The Company's principal operations are primarily located in Nanjing and Shenzhen. During the Reporting Period, sales revenue of the Nanjing segment decreased by 9.82% as compared with the same period last year due to decrease in rail transit business. Sales revenue of the Shenzhen segment, decreased by 2.23% over the same period of the preceding year due to fierce competition in the tablet market and the stagnant overseas market.

### (III) Analysis of core competitiveness

During the Reporting Period, there is no significant change in the core competitiveness of the Company as compared with the end of 2015. For the details of the Company's core competitiveness analysis, please refer to relevant contents in "Analysis of core competitiveness during the Reporting Period" in section III Overview Of Company's Business as set out in Nanjing Panda Electronics Company Limited 2015 Annual Report published on the website of Shanghai Stock Exchange on 22 March 2016 and on the website of the Hong Kong Stock Exchange on 25 April 2016.

### (IV) Analysis of investment

#### 1. Overall analysis of equity investment

During the Reporting Period, Shenzhen Jinghua, a holding subsidiary of the Company invested RMB300,000 in Shenzhen Chebao Information Technology Co., Ltd. (深圳市車寶信息科技有限公司), acquiring 30% equity interest of the latter. Shenzhen Chebao Information Technology Co., Ltd. is a company from the Internet-of-vehicle industry operating on the basis of cloud platforms such as vehicle voice operation, traffic information and multi-media.

#### 2. Entrusted wealth management products and investments in derivatives in non-financial companies

##### (1) Entrusted wealth management products

As considered and approved at the extraordinary meeting of the eighth session of the Board on 16 September 2015, 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 RMB480 million (inclusive) to invest in highly safe and liquid products with principal preservation terms for a term of one year with effect from the date of approval by the Board, 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 2015-059) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 17 September 2015 and on the website of the Hong Kong Stock Exchange on 16 September 2015, respectively.

In the first half of 2016, the temporarily idle raised proceeds 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 2016, balance of temporarily idle raised proceeds used in purchasing principal-guarantee bank wealth management products was RMB414,000,000; as at 30 August 2016, the balance was RMB206,000,000.

As considered and approved at the eighth extraordinary meeting of the eighth session of the Board on 30 June 2016, the Company was allowed to use temporarily idle raised proceeds in the amount of not more than RMB200 million (inclusive) to purchase principal-guarantee bank wealth management products with lower risks for a term of not more than 12 months within one year from the date of approval by the Board, and the General Manager was authorized to execute relevant matters within the limit. The independent Directors of the Company have agreed on it. For details please refer to the Announcement on Use of Temporarily Idle Raised Proceeds for Cash Management of Nanjing Panda Electronics Company Limited (Lin 2016-037) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 1 July 2016 and on the website of the Hong Kong Stock Exchange on 30 June 2016.

As at 30 August 2016, balance of proceeds used in purchasing principal-guarantee bank wealth management products was RMB200,000,000.

During the Reporting Period, entrusted wealth management products purchased with temporarily idle raised proceeds by the Company and its subsidiaries are as follows:

Unit: 0'000 Currency: RMB

No.	Name of Partner	Product type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Method to determine return (annual rate of return) %	Expected return	Actual amount of principal recovered	Actual return obtained	Through a legal procedure or not	Amount of provision for the impairment	Connected transaction or not	Involved in a litigation or not	Source of proceeds and explain whether it is raised proceeds	Connected relationship
1	Bank of Communications Company Limited	Principal-guaranteed with floating returns	5,000	2016-1-20	Floating date	1.95-3.25		2,800	3.11	Yes	N/A	No	No	Yes	N/A
2	Bank of Communications Company Limited	Return-guaranteed	14,900	2016-2-29	2016-4-29	3.30		14,900	80.83	Yes	N/A	No	No	Yes	N/A
3	Shanghai Pudong Development Bank Co., Ltd.	Return-guaranteed	1,000	2016-2-25	2016-3-24	3.30		1,000	20.02	Yes	N/A	No	No	Yes	N/A
4	Shanghai Pudong Development Bank Co., Ltd.	Return-guaranteed	10,100	2016-3-30	2016-5-3	3.15		10,100	29.16	Yes	N/A	No	No	Yes	N/A
5	Shanghai Pudong Development Bank Co., Ltd.	Return-guaranteed	1,000	2016-4-1	2016-7-1	3.15				Yes	N/A	No	No	Yes	N/A
6	Ping An Bank Co., Ltd.	Principal-guaranteed	10,500	2016-5-19	2016-6-16	2.70		10,500	21.75	Yes	N/A	No	No	Yes	N/A
7	Ping An Bank Co., Ltd.	Principal-guaranteed	11,800	2016-5-19	2016-6-15	2.90				Yes	N/A	No	No	Yes	N/A
8	Bank of Communications Company Limited	Return-guaranteed	5,600	2016-5-23	2016-6-22	3.20				Yes	N/A	No	No	Yes	N/A
9	Shanghai Pudong Development Bank Co., Ltd.	Return-guaranteed	10,300	2016-6-8	2016-7-12	2.75				Yes	N/A	No	No	Yes	N/A
10	Ping An Bank Co., Ltd.	Principal-guaranteed	10,500	2016-6-16	2016-7-14	3.00				Yes	N/A	No	No	Yes	N/A
	Total	/	80,700	/	/	/		39,300	154.67	/	/	/	/	/	/

Principal and accumulated returns overdue but yet to recover (RMB) 0

Explanations on entrust wealth management

For particulars on temporarily idle raised proceeds used in purchasing bank wealth management products mentioned above, please refer to the Announcements of Nanjing Panda Electronics Company Limited on Use of Temporarily Idle Raised Proceeds to Purchase Bank Wealth Management Products (《南京熊猫电子股份有限公司關於使用暫時閒置的募集資金購買銀行理財產品的公告》) (Lin 2016-002, 005, 006, 015, 021, 023, 030, 032) published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 22 January, 27 February, 1 March, 1 April, 20 May, 24 May, 8 June, 22 June in 2016 and on the website of the Hong Kong Stock Exchange on 21 January, 26 February, 29 February, 31 March, 19 May, 23 May, 7 June and 21 June 2016, respectively. As at 30 June 2016, save for the wealth management products which remained outstanding at the end of the period, the Company recovered the proceeds that were used to purchase principal-guaranteed wealth management products and the return thereof as scheduled. For the wealth management products which remain outstanding (No. 5, 7, 8, 9, 10 in sequence), principal and returns were recovered as scheduled on the due dates.

3. Use of raised proceeds

(1) Explanation of the overall utilization of the raised proceeds

Unit: 0'000 Currency: RMB

Year of fundraising	Fundraising method	Total proceeds	Total amount used in the Reporting Period	Total amount used on an accumulative basis	Total unutilized amount	Use and the disposition of the unutilized proceeds
2013	Non-public issue	129,440	3,797	91,474	37,966	<p>1. As considered and approved at the fourth meeting of the eighth session of the Board and the 2015 annual general meeting of the Company, remaining raised proceeds of the "Industrialization Project of Electronic Equipment for Transportation" and the "R&amp;D centers Project" is to be used for permanently supplementing working capital and in production and operation. Differences between the accumulated investment and the committed investment of the aforementioned projects totaled RMB204.36 million.</p> <p>2. Differences between the accumulated investment and the committed investment of the "Automatic Equipment Industrialization Project" and the "Industrialization Project of Communication Equipment" totaled RMB175.30 million, which will be continuously invested into these two raised proceeds investment projects.</p>
Total	/	129,440	3,797	91,474	37,966	/

Explanation of the overall utilization of the raised proceeds

As at 30 June 2016, the Company has accumulatively used RMB918.58 million (including the payment of issue expenses of RMB3.84 million) of the raised proceeds, with a balance of RMB31.57 million left in the special account of raised proceeds. Difference between the utilized amounts and the actual proceeds raised of RMB1,298.24 million amounted to RMB348.09 million, mainly representing the accumulated interest of the deposited raised proceeds, the net interest income from wealth management products (after deducting bank commissions) and the principal of outstanding wealth management products as at the end of the period. For details, please refer to the Specific Report on the Deposit and the Actual Use of Proceeds Raised in the First Half of 2016 of Nanjing Panda Electronics Company Limited (Lin 2016-051) (《南京熊猫电子股份有限公司2016年半年度募集资金存放与使用情况的专项报告》(临2016-051)) of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 31 August 2016 and on the website of the Hong Kong Stock Exchange on 30 August 2016.

## (2) Utilisation of proceeds in the committed projects

Unit: 0'000 Currency: RMB

Name of Projects under capital commitment	Any changes to the project	Proposed amount of investment	Amount invested during the Reporting Period	Total actual amount invested	Progress as planned or not	Project Progress (%)	Expected return	Return generated	Is it in line with estimated returns	Explanation of projects falling behind schedule or failing to achieve returns as expected	Reason for change and notes to the process of the change in the raised proceeds
Automatic Equipment Industrialization Project	Yes	69,003	3,752	51,571	No	67.40		N/A	N/A	Note 2	Upon consideration and approval of the extraordinary meeting of the seventh session of the Board, it was approved that Electronics Equipment Company be added as the implementing entities of the "Automation Equipment Industrialization Project". Electronics Equipment Company will take charge of equipment procurement and operation of the project, while Technology Development Company will be in charge of plant construction and related work for the project. The above resolution in relation to the additions of the implementing entities for the proceeds investment projects was considered and passed at the first extraordinary general meeting of 2013 of the Company
Industrialization Project of Communication Equipment	Yes	24,544	39	14,446	No	58.86		N/A	N/A	Note 2	Upon consideration and approval of the extraordinary meeting of the seventh session of the Board, it was approved that Communications Technology Company be added as the implementing entities of the "Communication Equipment Industrialization Project". Communications Technology Company will take charge of equipment procurement and operation of the project, while Technology Development Company will be in charge of plant construction and related work for the project. The above resolution in relation to the additions of the implementing entities for the proceeds investment projects was considered and passed at the first extraordinary general meeting of 2013 of the Company.
R&D centers Project	No	20,938	6	11,500	Achieved the intended usable condition in December 2015	54.92 <sup>Note 1</sup>		N/A	N/A		
Industrialization Project of Electronic Equipment for Transportation	No	14,955		3,957	Achieved the intended usable condition in December 2015	26.49 <sup>Note 1</sup>		N/A	N/A		
Supplementing working capital	No	10,000		10,000	Yes	100.00		N/A	N/A		
Total	/	129,440	3,797	91,474	/	/	/	/	/	/	

Explanation of utilisation of proceeds in the committed projects *Note 1:*

Such projects have been completed. As considered and approved at the fourth meeting of the eighth session of the Board and the 2015 annual general meeting of the Company, remaining raised proceeds of the "Industrialization Project of Electronic Equipment for Transportation" and the "R&D centers Project" is to be used for permanently supplementing working capital and in production and operation.

*Note 2:*

The commencement of construction of the building project under the investment project has been delayed due to the changes and improvements made to the design plan, which resulted in failure of the "Automatic Equipment Industrialization Project" and the "Industrialization Project of Communication Equipment" to achieve their intended usable condition on time. Thus, the industrialization project of automation equipment industry and the industrialization project of communications equipment industry cannot realize investment benefits for the moment. The Company made every effort to mitigate the implications and facilitate the implementation of the raised proceeds investment project.

## (3) Changes in Proceeds Investment Projects: N/A

#### 4. Analysis of major subsidiaries and investee companies

For the purpose of further optimization of corporate structure, simplification of management structure and improvement of work efficiency, the Company has disposed the stagnant and lower grade subsidiaries, under the condition that the relevant operation and business will not be affected. Nanjing Panda Power Sources Technology Co., Ltd., (南京熊猫电源科技有限公司) a holding subsidiary of the Company, completed its procedure of deregistration on 5 May 2016. Shenzhen XingJinghua Packing Products Co., Ltd., (深圳市興京華包裝製品有限公司) a third-tier subsidiary of the Company, completed its procedure of deregistration on 23 February 2016. Dongguan XingJinghua Plastic Products Co., Ltd., (東莞市興京華塑料製品有限公司) a third-tier subsidiary of the Company, completed its equity transfer on 21 June 2016. The overall production, operation and performance of the Company is not affected by the above deregistrations and equity transfer.

##### (1) Information of major Subsidiaries

Unit: 0'000 Currency: RMB

Subsidiary	Major products or services	Registered Capital	30 June 2016			January to June 2016	
			Total assets	Net assets	Operating income	Net Profit	
Electronics Equipment Company	Manufacture and sale of automatic transmission equipment and industrial robots	19,000	72,404.22	29,969.39	28,794.25	1,118.75	
Information Industry Company	Production and sale of AFC and ACC systems and equipment of railway transit, building intellectualization and system integration	USD3,194.64	98,220.60	29,382.90	34,771.05	1,144.92	
Electronic Manufacture Company	EMS services	USD2,000	54,336.83	32,318.83	27,152.36	2,006.99	
Communications Technology Company	Manufacture and sale of mobile communication, digital communication and network communication systems and products	10,000	16,193.92	13,682.82	2,576.53	355.36	
Nanjing Panda Xinxing Industrial Co., Ltd.	Property and catering services	2,000	5,238.83	2,843.73	6,081.57	210.79	
Technology Development Company	Manufacturing of general purpose equipment, software development, and property management	70,000	79,839.50	67,049.22	841.03	-828.81	
Shenzhen Jinghua	Research and development, manufacturing and sales of communication equipment and digital products	11,507	50,078.58	35,094.92	29,896.20	3,594.83	

##### (2) Information of major investee companies (January to June 2016)

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.	597,127	19,398	27%	5,237
Beijing SE Putian Mobile Communication Co., Ltd.	720,263	5,071	20%	1,014

## 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 2015 which was considered and approved at the fourth meeting of the eighth session of the Board and the 2015 annual general meeting of the Company, a cash dividend of RMB0.68 (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 2015, with the total cash dividend distributed amounting to RMB62,141,000, and the remaining portion was to be carried forward to next year. The Company would not make any capitalization of capital reserve. As at the reporting date, 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 22 March 2016, 1 July 2016 and 8 July 2016 and on the website of the Hong Kong Stock Exchange on 22 March 2016, 23 June 2016 and 7 July 2016 respectively.



**(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 2016.

**III. Other matters**

**(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 2016, the Company's gearing ratio (the ratio of total liabilities to total assets) was 32.52%; current liabilities amounted to RMB1,644 million; liquidity ratio was 2.14; quick ratio was 1.94; bank deposits and cash amounted to RMB1,056 million; and short-term bank and other loans amounted to RMB nil.

During the Reporting Period, the benchmark interest rate on 1-year RMB loans from financial institutions was 4.35%.

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 according to 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 staff

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

5. Liability insurance for its Directors, supervisors and senior management

During the reporting period, the Company purchased liability insurance for its Directors and senior management in compliance with the Main Board Listing Rules 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 Companies

During the Reporting Period, the Company adopted and applied the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules regarding securities transactions by the Directors. Having made specific enquiry to all Directors of the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code as stipulated by the Hong Kong Stock Exchange.

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 2015 Annual Report of the Company.

## SECTION V SIGNIFICANT EVENTS

### I. Material litigations, arbitrations and matters commonly concerned by media

#### (i) Information on litigation and arbitration not disclosed in the interim announcement or with subsequent events occurred

Unit: Yuan Currency: RMB

During the Reporting Period:

Suitor (sue)	Defendant (being sued)	Party with joint liability	Category of the litigation and arbitration	Basic information on the litigation (arbitration)	Amount subject to the litigation (arbitration)	Provisions and relevant amount of the litigation (arbitration)	Progress of the litigation (arbitration)	Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
Information Industry Company	Provincial Press and Publication Bureau of Ningxia Hui Autonomous Region (宁夏回族自治区新闻出版广电局)	Nil	Arbitration	A procurement agreement of "Hu Hu Tong (沪互通)" was entered into with the party being sued on 2 December 2011. Upon inspection and acceptance in July 2013, the party being sued still owed a large part of overdue payment.	Principal: RMB12,538,672; Interest: RMB2,855,454.40	N/A	Pending for judgement.		

#### II. Insolvency or restructuring related matters: N/A

#### III. Asset transactions and merger of companies: N/A

#### IV. Company share incentive and its effect: 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

##### (1) Connected transactions with Financial Company

On 12 November 2015, the renewing of the existing continuing connected transactions and the cap between the Group and Financial Company was considered and approved at the extraordinary meeting of the eighth session of the Board, at which it was approved that the Company (on behalf of the Group) and Financial Company enter into the Financial Services Agreement. It was stipulated that the cap for the integrated credit balance to be provided by Financial Company to the Company amount to RMB600 million and the cap for the fund settlement balance with Financial Company amount to RMB500 million. The entering into of the Financial Services Agreement was conducted on the principle of openness, fairness and justice and in compliance with relevant state and industry regulations, regulations, without prejudice to the interest of the Company and non-controlling shareholders of the Company. The Company formulated and improved the emergency risk management plan for the deposits with the Financial Company, so as to ensure the safety and liquidity of funds. The prior consent of the independent non-executive Directors, who together with the audit committee agreed to such continuing connected transactions entered into by the Group and Financial Company believed that such were in the best interests of the Company and its shareholders as a whole, was obtained. The Financial Services Agreement was considered and approved at the 2015 first extraordinary general meeting of the Company on 28 December 2015 and with a term of three years effective from obtaining approval of independent shareholders at the extraordinary general meeting. For details, please refer to the relevant announcements dated 13 November 2015 and 29 December 2015 published on China Securities Journal and Shanghai Securities News and website of the Shanghai Stock Exchange and the relevant announcements published on the website of the Hong Kong Stock Exchange on 12 November and 28 December 2015 and the circular dispatched on 11 December 2015.

On 21 March 2016 and on 30 August 2016, the eighth session of the Board of the Company held the fourth meeting and the ninth meeting respectively, 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. After reviewing, no material deficiency in relation to the risk management of financial statements was found to exist as of 31 December 2015 and 30 June 2016. Please refer to the relevant announcements published on the website of Shanghai Stock Exchange on 22 March 2015 and 31 August 2016 and on the website of the Hong Kong Stock Exchange on 21 March and 30 August 2016.

As at 30 June 2016, the balance of the Group's loans from Financial Company was RMBnil and the balance of the Group's deposits in Financial Company was RMB167,067,700. As at 29 August 2016, the balance of the Group's loans from Financial Company was RMBnil and the balance of the Group's deposits in Financial Company was RMB95,582,800.

(2) Connected transaction with China Electronics Leasing Company

On 31 August 2015, the non-recourse factoring agreement between the Electronic Manufacture Company, a controlled subsidiary by the Company, and China Electronics Leasing Company was considered and approved at the extraordinary meeting of the eighth session of the Board, and China Electronics Leasing Company would provide non-recourse factoring against the receivables between the Electronic Manufacture Company and Nanjing CEC Panda LCD Technology Co., Ltd (南京中電熊貓液晶顯示科技有限公司) with factoring credit exposure limit of RMB150,000,000 (revolving) and with a term of one year. The transaction was conducted on normal commercial terms and on the principle of openness, fairness and justice, without prejudice to the interests of the Company and non-controlling shareholders of the Company. The prior consent of the independent non-executive directors, who together with the Audit Committee agreed to such connected transaction and believed that such was in the best interests of the Company and its shareholders as a whole, was obtained. For details please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 1 September 2015 and on the website of the Hong Kong Stock Exchange on 31 August 2015. As at 30 June 2016, the balance of factoring credit exposure limit utilized by the Electronic Manufacture Company was RMB21,642,900 which was fallen within the approved limit by the Board of the Company.

2. Matters not disclosed in interim announcements

Unit: Yuan Currency: RMB

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement	Reason for the difference between trading price and market price
								method of the connected transaction	
Nanjing Panda Electronics Import and Export Company Limited	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		8,182,006.68	0.76		
Beijing China Electronics Qingtong Technologies Ltd.	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		5,580,932.01	0.52		
Nanjing Zhen Hua Packing Material Plant	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		1,283,204.34	0.12		
CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		1,071,941.88	0.10		
Shanghai Panda Huring Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		593,741.06	0.06		
Shenzhen China Electronics Huaxing Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		294,671.80	0.03		
Guizhou Zhenhua Quanying Electric Appliance Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		27,500.00	0.00		
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Purchase of goods	Purchase of goods	Market price		26,016.19	0.00		
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		19,548.72	0.00		
Nanjing Panda DaSheng Electronics Technology Company Limited	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		14,534.19	0.00		
Nanjing CEC Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		6,666.67	0.00		

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market price	Reason for the difference between trading price and market price
Nanjing China Electronics Panda Lighting Co., Ltd	Subsidiary owned by shareholders	Purchase of goods	Purchase of goods	Market price		205,380	0.02			
Sherchen Jinghua Intelligent Technology Co., Ltd	Associate	Receipt of services	Receipt of services	Market price		1,854,197.44	1.78			
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders	Receipt of services	Receipt of services	Market price		1,351,890.00	1.30			
China National Electronics Import/Export Corporation	Subsidiary owned by shareholders	Receipt of services	Receipt of services	Market price		192,860.00	0.18			
Nanjing Changjiang Electronic Information Industry Group Co., Ltd.	Subsidiary owned by shareholders	Receipt of services	Receipt of services	Market price		134,490.60	0.13			
Nanjing Zhenhua Packing Material Plant	Subsidiary owned by shareholders	Receipt of services	Receipt of services	Market price		66,824.28	0.06			
Nanjing Panda HanDa Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services	Receipt of services	Market price, government guidance rate		10,221.70	0.01			
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price, cost plus		199,513,380.60	18.62			
Nanjing CEO Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price, cost plus		110,007,557.18	10.26			
Nanjing Panda HanDa Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price, cost plus		45,036,714.88	4.20			
CEO Panda Liquid Crystal Material Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price, cost plus		17,788,247.64	1.66			
Shaanxi RICO Electronic Glass Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price, cost plus		13,078,923.07	1.22			
RICO (Hefei) LCD glass Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price, cost plus		11,942,640.00	1.11			
Panda Electronics Import/Export (HK) Company	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price		8,108,566.81	0.76			
Sherchen Frontstar Information Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price		5,544,473.09	0.52			
Nanjing Panda Electronics Import and Export Company Limited	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price		4,538,938.80	0.42			
Panda Electronics Group Limited	Controlling shareholder	Sale of goods	Sales of goods	Market price		1,922,162.51	0.18			
Panda (Beijing) International Information Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price		266,666.67	0.02			
Nanjing Panda DaSheng Electronics Technology Company Limited	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price		156,666.66	0.01			
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price		85,555.56	0.01			
China Greatwall Computer Sherzhen Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price		242,649.40	0.02			
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price		22,079.86	0.00			
Nanjing CEO Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price		11,363.40	0.00			
Sherzhen China Electronics Electroly Power Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods	Sales of goods	Market price		4,605.00	0.00			
Sherzhen Jinghua Network Marketing Ltd.	Associate	Sale of goods	Sales of goods	Market price		102.56	0.00			
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services	Rendering of services	Market price, government guidance rate		16,323,929.89	4.02			
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Rendering of services	Rendering of services	Market price, government guidance rate		11,893,817.86	2.94			
CEO Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services	Rendering of services	Market price		6,866,816.24	1.69			

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement	Reason for the difference between trading price and market price
								method of the connected transaction	
Panda Electronic Group Co., Ltd.	Controlling shareholder	Rendring of services	Rendring of services	Market price		3,777,146.77	0.93		
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Rendring of services	Rendring of services	Market price		1,321,370.86	0.33		
CEC Panda Liquid Crystal Material Technology Co., Ltd.	Subsidiary owned by shareholders	Rendring of services	Rendring of services	Market price		592,250.48	0.14		
Nanjing CEC Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Rendring of services	Rendring of services	Market price		346,923.76	0.09		
Nanjing Panda Electronics Material Usage Co., Ltd.	Subsidiary owned by shareholders	Rendring of services	Rendring of services	Market price		119,659.12	0.03		
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders	Rendring of services	Rendring of services	Market price		101,250.53	0.02		
Nanjing Panda Electronics Import and Export Company Limited	Subsidiary owned by shareholders	Rendring of services	Rendring of services	Market price		85,428.47	0.02		
Nanjing CEC Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets	Leasing of assets	Market price		130,984.54	0.31		
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders	Leasing of assets	Leasing of assets	Market price		230,413.24	0.55		
Nanjing Panda Electronics Import and Export Company Limited	Subsidiary owned by shareholders	Leasing of assets	Leasing of assets	Market price		90,229.62	0.21		
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Associate	Leasing of assets	Leasing of assets	Market price		250,905.60	0.60		
Shenzhen Jinghua Network Marketing Co., Ltd.	Associate	Leasing of assets	Leasing of assets	Market price		21,220.00	0.05		
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders	Leasing of assets	Leasing of assets	Market price		477,349.34	1.13		
Panda Electronics Group Limited	Controlling shareholder	Leasing of assets	Leasing of assets	Market price		21,669.72	0.05		
Shenzhen China Electronics Property Management Co., Ltd.	Subsidiary owned by shareholders	Assets leased	Assets leased	Market price		45,000.00	0.90		
Panda Electronics Group Limited	Controlling shareholder	Assets leased	Assets leased	Market price		96,600.00	1.93		
Total		/		/		481,892,200.09		/	/

Details on return of bulk sales

NA.

Necessity and continuity of connected transactions and reasons for choosing to conduct transactions with the connected party (rather than other parties in the market)

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 fair pricing and were approved in accordance with relevant requirements and procedures and were in the benefit of the Company and the shareholders as a whole.

Effect of the connected transaction on the independence of the listed company

The connected transaction had no effect on the independence of the listed Company.

The Company's dependence on the connected party and relevant solutions (if any)

NA.

Explanation on connected transactions

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 eighth session of the Board of the Company and were approved by independent shareholders at the first extraordinary general meeting of 2015, the procedures of which were in compliance with relevant requirements. For details please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange respectively on 13 November, 29 December 2015 and the relevant announcements published on the website of the Hong Kong Stock Exchange on 12 November and 28 December 2015 and the circular dispatched on 11 December 2015. All connected transactions were confirmed by the independent non-executive directors of the Company and had not exceeded their respective annual caps.

For details of the continuing connected transactions between the Group and NEIC Group and CEC Group (including Financial Company) please refer to the section headed "Related parties and transactions between related parties" in the notes to the financial statements of 2016 interim Financial Report of the Company.

- (II) Connected transaction relating to asset acquisition or disposal of the Company does not occur during the Reporting Period.
- (III) Material connected transaction relating to joint investment of the Company does not occur during the Reporting Period.
- (IV) Transactions relating to creditor's rights and debts

1. Matters not disclosed in interim announcements

Unit: Yuan Currency: RMB

Connected parties	Connected relationship	Provision of funds to connected parties			Provision of funds to the Company by connected parties		
		Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
CEC	Indirect controlling shareholder				34,000,000.00		34,000,000.00
Nanjing Thales Panda Transportation System Company Limited	Associate				860,265.92		860,265.92
Panda Electronics Group Limited	Controlling shareholder				9,789,918.95	-1,928,310.00	7,861,608.95
Nanjing Zhongdian Panda Property Management Co., Ltd.	Fellow company under the Group				521,396.27		521,396.27
Panda Electronics (Kun Shan) Co., Ltd.	Others				300,000.00		300,000.00
Nanjing Panda Electronics Transportation Company	Controlled subsidiary of the Company				130,495.47	97,023.89	227,519.36
China National Electronics Import/Export Corporation	Others				10,000.00	185,539.62	195,539.62
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder				74,600.00		74,600.00
Panda (Beijing) International Information Technology Co., Ltd.	Controlled subsidiary of the Company				45,588.91		45,588.91
Shanghai Panda Huning Electronic Technology Co., Ltd.	Others					22,907.00	22,907.00
Nanjing Panda Science Park Development Co., Ltd.	Controlled subsidiary of the Company				20,000.00		20,000.00
Nanjing Panda DaSheng Electronics Technology Company Limited	Controlled subsidiary of the Company				200.00		200.00
Total					45,752,465.52	-1,822,839.49	44,129,626.03

Amount incurred regarding the fund provided to the controlling shareholder and its subsidiaries by the Company during the reporting period (RMB) 0

Balance of amount provided to the controlling Shareholder and its subsidiaries by the Company (RMB) 0

Reason of creditor's rights and debts Business dealings

Settlement of creditor's rights and debts N/A

Commitments in relation to creditor's rights and debts N/A

Influence of creditor's rights and debts on operating results and financial position of the Company There is no material influence on the operating results and financial position of the Company arising from creditor's rights and debts.

## VI. Material contracts and their execution

### (I) Matters relating to trust, contracting and lease: N/A

### (II) Guarantees

Unit: 0'000 Currency: RMB

Guarantees made by the Company (excluding those in favour of subsidiaries)														
Guarantor	Relationship between guarantor and listed company		Secured party	Guaranteed Amount	Commencement date of guarantee (Agreement execution date)		Termination Date	Type of guarantee	Whether the guarantee has been fulfilled	Overdue?	Overdue amount	Counter Guarantee available?	Guarantee provided to the related parties?	Related party relationship
					Start Date	Date								
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 provided to subsidiaries)													0	
Guarantees in favour of subsidiaries provided by the Company														
Total amount of guarantees provided to subsidiaries during the Reporting Period													69,000	
Total balance of the amount of guarantees provided to subsidiaries at the end of the Reporting Period (B)													12,476.62	
Total amount of guarantees made by the Company (including those in favour of subsidiaries)														
Total amount of guarantees (A+B)													12,476.62	
Percentage of total guarantee amount in net assets of the Company (%)													3.83	
Including:														
Amount of guarantees provided to shareholders, ultimate controller and their related 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	
Statement on the contingent joint and several liability in connection with unexpired guarantee													N/A	
Explanation on guarantee														

For details about the guarantees provided by the Company to its subsidiaries, please refer to "Provision of guarantees" in notes to the financial statements of the 2016 Interim financial report.

At the 2012 General Meeting convened on 20 May 2013, the first extraordinary general meeting of 2013 convened on 26 September 2013, the third extraordinary general meeting of 2014 convened on 29 December 2014, and the 2014 General Meeting convened on 30 June 2015, it was approved that the Company could provide a guarantee for the financing amount of RMB1,260,000,000 in total for the relevant subsidiaries, with effective term until 30 June 2016.

On 29 May 2013, the Company convened the seventh extraordinary general meeting of the Board and on 26 September 2013, it convened the tenth extraordinary general meeting of the seventh session of the Board, on 30 March 2015, it convened the eighteenth meeting of the seventh session of the Board, and on 28 August 2015, it convened the second meeting of the eighth session of the Board. At the meetings, it was considered and approved that the General Manager would be authorized to handle the matter, with full authority, regarding the provision of a guarantee for the financing of the subsidiaries, with effective term until 30 June 2016.

The independent non-executive Directors of the Company have expressed their independent opinions on the above guarantees as follows: all 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. Other than its subsidiaries, the Company and its subsidiaries did not provide any guarantee to any independent third parties nor to its controlling shareholder, ultimate controller or their connected parties. The Company is required 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. Fulfillment of Commitments

### (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

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not perform timely	Description of plans in next steps if not perform timely
Undertakings made in acquisition reports or equity change reports	Avoidance of horizontal competition	CEC	Prior to this acquisition, CEC and its controlled enterprises had no projects or assets which constituted horizontal competition with the principal operations of the Company. Upon completion of this acquisition, CEC and its controlled enterprises would not be directly or indirectly engaged in business which constitutes horizontal competition with the principal operations of the Company, nor invest in enterprises or projects which have direct or indirect competition with the principal operations of the Company.	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	NA	NA
	Standardization and avoidance of connected transactions	CEC	Upon completion of the acquisition, CEC undertook to take the following measures to standardize potential connected transactions: (1) try to avoid or reduce connected transactions with the Company and its subsidiaries; (2) as for those that cannot be avoided or exist for reasonable reasons, standard connected transaction agreements shall be entered into with the Company according to law, and approval procedures shall comply with the relevant laws, rules, regulations, other regulatory documents and the Articles of Association. The price of such connected transactions shall be determined on the pricing principle of "reference to the market price and no less than the price of non-connected transactions then", so as to ensure the fairness of connected transaction prices; undertake to perform information disclosure obligation in compliance with relevant requirements of laws, regulations and the Articles of Association; (3) undertake not to illegally transfer the capital or profit of the Company, or harm the interest of the Company and its non-connected shareholders through connected transactions.	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	NA	NA
	Ensuring the Company's independence	CEC	Upon completion of the acquisition, CEC and the Company would maintain the independence of their respective staff, integrity of assets and financial independence; ensure the independent operation capability of the Company, the independence in respect of procurement, production, sales, and intellectual property rights, and protection of the interest of non-controlling shareholders.	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	NA	NA



Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not perform timely	Description of plans in next steps if not perform timely
Commitments relating to refinancing	Avoidance of horizontal competition	PEGL	<p>(1) PEGL and its subsidiaries have no projects or assets which constitute horizontal competition with the principal operations of the Company.</p> <p>(2) PEGL and its subsidiaries would not engage in the same or similar business as to that of the Company and its subsidiaries in any form (including such forms as investment, acquisition, operation, merger and entrusted operation inside or outside the PRC).</p> <p>(3) In the event of business competition with PEGL and its subsidiaries, PEGL and its subsidiaries would terminate production and operation, or integrate such competing business into the Company, or transfer such competing business to non-related third parties to avoid horizontal competition.</p> <p>(4) If any business opportunity is provided to PEGL and its subsidiaries by third parties or by PEGL and its subsidiaries to third parties, and such business directly or indirectly constitutes competition with the Company, or the Company is able to and intends to undertake such business, PEGL and its subsidiaries shall immediately inform the Company of such opportunity and facilitate the undertaking of such business by the Company on reasonable terms and conditions.</p> <p>(5) If the Company or the relevant regulatory authorities believe(s) there exists horizontal competition between the business of PEGL and its subsidiaries is engaging in or will engage in and the Company, PEGL and its subsidiaries will timely transfer or terminate such business upon objection by the Company. If the Company further requests to acquire such business, PEGL and its subsidiaries will, unconditionally, transfer the aforesaid business and assets to the Company with priority based on the fair price as audited or appraised by agencies qualified to deal in securities and futures related business.</p> <p>(6) If this letter of commitment proves to be untrue or not observed, PEGL will indemnify the Company and its subsidiaries for all direct and indirect losses.</p> <p>(7) PEGL confirms that each commitment contained in this letter of commitment is independently executable, and any one commitment, if deemed invalid or terminated, shall not affect the validity of other commitments.</p> <p>(8) This letter of commitment is effective from the date of signing.</p>	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Avoidance of horizontal competition	NEIC	The same contents as that of PEGL for "avoidance of horizontal competition"	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not perform timely	Description of plans in next steps if not perform timely
	Standardization and avoidance of connected transactions	PEGL	<p>(1) As long as PEGL is a shareholder of the Company, PEGL and its subsidiaries shall try to reduce and standardize connected transactions with the Company.</p> <p>(2) As for the connected transactions that cannot be avoided, PEGL shall enter into agreements with the Company in compliance and in accordance with relevant laws, regulations, regulatory documents and the articles of association of the Company, complied with approval procedures and the information disclosure obligation in accordance with statutory procedures, and refrain or abstain from voting at board meetings and/or general meetings, so as to procure such connected transaction can be conducted in compliance with the principle of "fair, just and open" and on normal commercial terms and conditions, and ensure such connected transactions will not harm the legitimate interests and rights of the Company and other shareholders.</p>	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	NEIC	The same contents as that of PEGL for "standardization and avoidance of connected transactions"	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Commitment to lock-up of shares	NEIC	<p>(1) NEIC shall not transfer or entrust others to manage the shares subscribed by NEIC in this issue, or let the Company repurchase such shares within 36 months after closing of this issue.</p> <p>(2) The source of capital used by NEIC for subscription for the shares in the issue shall be legitimate.</p> <p>(3) NEIC currently has no pending or foreseeable material litigation, arbitration or administrative sanctions. If the above undertakings are inconsistent with the facts, or NEIC fails to follow such undertakings, NEIC is willing to assume relevant legal liability.</p>	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
Other undertakings	Others	CEC	<p>Due to the abnormal fluctuation of the domestic stock market, the Company received declaration documents from CEC as follows:</p> <p>(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.</p> <p>(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 considerably deviates from its share value, in order to protect the benefit of investors.</p> <p>(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.</p>	Time: 9 July 2015; Term: effective from the date of signing.	Yes	Yes	N/A	N/A

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not perform timely	Description of plans in next steps if not perform timely
	Others	NEIC	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 through securities company(ies) and fund management company(ies) to increase the Company's shareholding in A Share of the Company under the Custody of Specific Asset Scheme. 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.	Time: 9 July 2015; Term: 12 months.	Yes	Yes	N/A	N/A
	Others	China Huarong	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 Huarong committed that within 6 months after the transfer date, China Huarong will not decrease or transfer any shares held; after the period of 6 months, China Huarong will execute by complying with relevant laws and regulations and related requirements of CSRC.	Time: 17 August 2015; Term: 6 months since the completion date of such share transfer.	Yes	Yes	N/A	N/A
	Others	China Great Wall	Upon the completion of the equity restructuring of the PEGL, China Great Wall will hold 14,172,357 A Shares in the Company, accounting for 1.55% of the total share capital. China Great Wall committed that within 6 months after the transfer date, China Great Wall will not decrease or transfer any shares held; after the period of 6 months, China Great Wall will execute by complying with relevant laws and regulations and related requirements of CSRC.	Time: 17 August 2015; Term: 6 months since the completion date of such share transfer.	Yes	Yes	N/A	N/A

*Notes:*

- As at 30 June 2016, CEC, NEIC, PEGL, China Huarong and China Great Wall have strictly performed their respective undertakings, in which, the undertaking in relation to lock-up of shares under the commitments to refinancing has been fulfilled by NEIC; and undertakings made by China Huarong and China Great Wall have been fulfilled.
- On 27 July 2016, the Company received the notice from NEIC that it will extend the term of the plan on increase of shareholding for six months based on its confidence in the future development of the Company. For details, please refer to the "Announcement of Nanjing Panda in Relation to Extending Implementation of the Plan on Increase of shareholdings of the Company by the Controlling Shareholder" published on the website of China Securities Journal, Shanghai Securities News and the Shanghai Stock Exchange on 28 July 2016 and on the website of the Hong Kong Stock Exchange on 27 July 2016.

#### VIII. Appointment and dismissal of accounting firms

During 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 2016. Their remunerations would be determined within the limit of RMB1,900,000.

For details, please refer to the related announcements of the Company published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 22 March 2016 and 1 July 2016 and on the website of the Hong Kong Stock Exchange on 21 March and 3 July 2016.

**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:**

N/A

**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 requirements relating to corporate governance and proper operation issued by the CSRC and the SFC and the requirements of the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, taking into account the actual situation of the Company, the Company continued to refine its corporate governance structure and internal rules and systems, reinforced management of internal control and boosted the standard operation level of the Company. There were no material differences between the actual corporate governance of the Company and the regulative requirements of the Corporate Governance Standards for Listed Companies released by the CSRC. During the Reporting Period, the Company adopted and committed to comply with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Hong Kong Stock Exchange.

**XII. Other significant events**

**(I) Analysis and explanation of the Board on the reasons and impact of the change in accounting policy, accounting estimation and verification method:**

N/A

**(II) Analysis and explanation of the Board on the reasons and impact of the correction to material errors for last period:**

N/A

**(III) Others**

1. 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 19 March 2016 to review the Company's 2015 financial report and the summary report on the 2015 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 2016 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 2016, 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.

2. Tax policies

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 reviewed and recognized 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.

## SECTION VI CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

### I. Changes in shareholdings

#### (I) Changes in shareholdings

1. Particulars of changes in shareholdings

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

2. Explanations on changes in shareholdings

As at 30 August 2016, the latest practicable and recent date prior to the date of announcement of the interim report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has complied with the requirements of The Stock Exchange of Hong Kong Limited in relation to sufficiency of public float.

#### (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
NEIC	39,215,686	39,215,686	0	0	It may not be transferred within 36 months from the completion date of the issue	28 June 2016
Total	<u>39,215,686</u>	<u>39,215,686</u>	<u>0</u>	<u>0</u>	/	/

### II. Information of shareholders

#### (I) Total number of shareholders

Total number of shareholders as at the end of the Reporting Period

32,536 shareholders (including 32,507 A shareholders and 29 H shareholders)

(II) **Shareholdings of top 10 shareholders and top 10 holders of shares not subject to trading moratorium as at the end of the reporting period**

Unit: share

Name of Shareholder (full name)	Shareholdings of top ten 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	Pledged or frozen Shares	Type of shareholders Status of shares	Number of shares
HKSCC (Nominee) Limited	-31,999	241,387,570	26.41	0	Unknown	Overseas legal person	
Panda Electronics Group Limited	0	210,661,444	23.05	0	Pledged	93,880,000 State-owned legal person	
China Huarong Asset Management Co., Ltd.	0	82,811,667	9.06	0	Unknown	State-owned legal person	
Nanjing Electronics Information Industrial Corporation	6,081,000	52,186,511	5.71	0	Unknown	State-owned legal person	
China Great Wall Asset Management Corporation	0	14,172,397	1.55	0	Unknown	State-owned legal person	
National Social Security Fund 404	7,536,122	7,536,122	0.82	0	Unknown	Other	
Agricultural Bank of China Limited – China Post Core Growth Mixed Securities Investment Fund	5,199,729	5,199,729	0.57	0	Unknown	Other	
National Social Security Fund 114	-2,257,185	5,193,361	0.57	0	Unknown	Other	
South Industry Assets Management Co., Ltd.	-200,000	4,800,000	0.53	0	Unknown	State-owned legal person	
China Construction Bank Corporation – E Fund National Defence Industry Mixed Securities Investment Fund	4,768,518	4,768,518	0.52	0	Unknown	Other	

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

Name of Shareholder	Number of tradable shares held not subject to trading moratorium		Class and number of shares	
	Number	Percentage	Class	Number
HKSCC (Nominees) Limited	241,387,570	26.41%	Overseas listed foreign shares	241,387,570
PEGL	210,661,444	23.05%	RMB ordinary shares	210,661,444
China Huarong	82,811,667	9.06%	RMB ordinary shares	82,811,667
NEIC	52,186,511	5.71%	RMB ordinary shares Overseas listed foreign shares	44,690,511 7,496,000
China Great Wall Asset Management Corporation	14,172,397	1.55%	RMB ordinary shares	14,172,397
National Social Security Fund 404	7,536,122	0.82%	RMB ordinary shares	7,536,122
Agricultural Bank of China Limited – China Post Core Growth Mixed Securities Investment Fund	5,199,729	0.57%	RMB ordinary shares	5,199,729
National Social Security Fund 114	5,193,361	0.57%	RMB ordinary shares	5,193,361
South Industry Assets Management Co., Ltd.	4,800,000	0.53%	RMB ordinary shares	4,800,000
China Construction Bank Corporation – E Fund National Defence Industry Mixed Securities Investment Fund	4,768,518	0.52%	RMB ordinary shares	4,768,518

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

NEIC holds 100% equity interests of PEGL, the controlling shareholder of the Company. NEIC 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. NEIC indirectly holds 210,661,444 A shares of the Company through PEGL, representing 23.05% of the total number of shares. In total, NEIC holds 28.76% of the shares of the Company. Save as the above, 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, of which 50,000,000 shares, 23,470,000 shares and 93,880,000 shares were released on 12 May 2015, 26 June 2015 and 12 January 2016 respectively. PEGL completed the registration procedures of the share pledge with Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 24 March 2016 and as at 30 June 2016, 93,880,000 shares out of the 210,661,444 shares held by PEGL were pledged, representing 10.27% of the total share capital of the Company.

For details, please refer to the relevant announcements of the Company published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 23 January 2014, 14 May 2015, 30 June 2015, 14 January 2016 and 26 March 2016 and on the website of the Hong Kong Stock Exchange on 22 January 2014, 13 May, 29 June 2015, 13 January and 28 March 2016 respectively.

- (2) HKSCC (Nominees) Limited held 241,387,570 H shares of the Company, representing 26.41% of the issued share capital of the Company, on behalf of several clients. The Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.

### 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.

1. According to "Notice Regarding Change of Registered Capital" from NEIC, the registered capital of NEIC was changed to RMB3,874,212,500 as at 30 June 2016, of which CEC contributes RMB2,747,878,000, representing 70.93% of total registered capital.
2. According to relevant requirements, NEIC has since 17 July 2015, accumulatively increased its shareholding in Nanjing Panda by 5,474,825 A shares in the secondary market through securities companies under the Custody of Specific Asset Scheme, representing 0.60% of total share capital of the Company; accumulatively increased shareholding in Nanjing Panda by 7,496,000 H shares, representing 0.82% of total share capital of the Company; total shares increased represents 1.42% of total shares capital. Up to the date hereof, NEIC directly holds 44,690,511 A shares of the Company, representing 4.89% of total share capital of the Company, and directly holds 7,496,000 shares of H shares of the Company, representing 0.82% of total share capital of the Company; the total shares directly held represents 5.71% of total share capital of the Company.
3. According to the resolution of the board of PEGL and the resolution of its shareholders regarding the equity restructuring, the reductions of registered capital and corresponding equity interests during the restructuring are proposed to be complemented with the appropriate cash and assets injected by NEIC (the controlling shareholder of PEGL, will hold 100% equity interest in PEGL upon the completion of the equity restructuring) and other investors in accordance with market principles. As at 4 February 2016, NEIC had completed the injection of capital in PEGL by way of cash and PEGL had obtained the new business license with registered capital of RMB1,632,970,000. For details, please refer to the relevant announcement of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 20 February 2016 and on the website of the Hong Kong Stock Exchange on 19 February 2016.

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

As at 30 June 2016, so far as the Directors, Supervisors and senior management staff of the Company were aware, 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 210,661,444 domestic shares, accounting for approximately 31.36% of domestic shares in issue and approximately 23.05% 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) NEIC held 44,690,511 domestic shares, accounting for approximately 6.65% of domestic shares in issue and approximately 4.89% of the total shares in issue and held 7,496,000 H shares, accounting for approximately 3.10% of H shares in issue and approximately 0.82% 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. NEIC held 100% equity interest of PEGL and in total held 262,847,955 shares in the Company which was held as controlled corporate and in the capacity of beneficial owner, accounting for approximately 28.76% of the total shares in issue. (3) China Huarong held 82,811,667 domestic shares, accounting for approximately 12.33% of domestic shares in issue and approximately 9.06% 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. (4) 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. (5) 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. (6) 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 2016.

#### SECTION VII RELEVANT INFORMATION ON PREFERRED SHARES

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

#### SECTION VIII PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

##### I. Change in shareholdings

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

Details of the shareholding of Directors, supervisors and senior management members in the Company during the Reporting Period are set out below:

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
Xu Guofei	Chairman, Executive Director	2,546	2,546	-	
Chen Kuanyi	Vice Chairman, Executive Director	0	0	-	
Lu Qing	Non-executive Director	0	0	-	
Deng Weiming	Non-executive Director	0	0	-	
Xia Dechuan	Executive Director, General Manager	0	0	-	
Gao Gan	Non-executive Director	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	-	
Tu Changbai	Chairman of the Supervisory Committee	0	0	-	
Song Yunfeng	Employee Representative Supervisor	0	0	-	
Zhou Yuxin	Supervisor representing employee	0	0	-	
Liu Kun	Deputy General Manager	0	0	-	



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
Shen Jianlong	Chief Accountant, Secretary to the Board, Company Secretary	0	0	-	
Guo Qing	Deputy General Manager	0	0	-	
Hu Huichun	Deputy General Manager	0	0	-	
Shao Bo	Deputy General Manager	0	0	-	
Lai Weide	Former Chairman, Executive Director	0	0	-	
Yu Yanqiu	Former Vice Chairman, Non-executive Director	0	0	-	
Zhang Yinqian	Former Chairman of the Supervisory Committee	0	0	-	
Fu Yuanyuan	Former Employee Representative Supervisor	0	0	-	
Zhou Guixiang <sup>Note 1</sup>	Deputy General Manager	1,639	1,639	-	
Total		4,185	4,185	-	

Note 1: On 13 April 2016, due to work arrangement, Mr. Zhou Guixiang, the former deputy general manager of the Company, resigned from the deputy general manager and other positions of the Company.

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 to 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 2016, 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**

- On 30 March 2016, due to work reasons, Mr. Lai Weide, the former chairman of the Board of the Company, resigned from the director, the chairman of the Board and relevant positions in the committees under the Board of the Company.
- On 13 April 2016, due to work arrangement, Mr. Zhou Guixiang, the former deputy general manager of the Company, resigned from the deputy general manager and other positions of the Company.
- On 23 May 2016, the Company convened the 6th meeting of the eighth session of the Board of the Company, at which appointment of Mr. Hu Huichun and Mr. Shao Bo as deputy general managers of the Company was considered and approved, with a term same as the eighth session of the Board.
- On 3 June 2016, due to work arrangement, Mr. Yu Yanqiu, the former vice chairman of the Board of the Company, resigned from the director, vice chairman and relevant positions in the committees under the Board of the Company.
- On 3 June 2016, Mr. Zhang Yinqian, the former chairman of the Supervisory Committee of the Company, resigned from the supervisor and chairman of the Supervisory Committee as he reached the age of retirement. On the same day, Ms. Fu Yuanyuan, the former employee representative supervisor of the Company, resigned from the employee representative supervisor due to work reasons. As the resignations of Mr. Zhang Yinqian and Ms. Fu Yuanyuan would result in the number of members of the Supervisory Committee falling below the statutory minimum requirement, Mr. Zhang Yinqian and Ms. Fu Yuanyuan will continue to perform their duties until the newly elected supervisors take up their offices.

6. On 3 June 2016, the Company convened the 7th meeting of the eighth session of the Board of the Company, at which nomination of Mr. Chen Kuanyi and Mr. Gao Gan as candidates for an executive director and a non-executive director of the eighth session of the Board of the Company respectively were considered and approved. Mr. Chen Kuanyi and Mr. Gao Gan were appointed at the 2015 annual general meeting of the Company convened on 30 June 2016, with a term same as the eighth session of the Board.
7. On 3 June 2016, the Company convened the 6th meeting of the eighth session of the Board of the Company, at which appointment of Mr. Tu Changbai as a candidate for the non-employee representative supervisor of the eighth session of the Supervisory Committee of the Company. Mr. Tu Changbai was appointed as at the 2015 annual general meeting of the Company convened on 30 June 2016, with a term same as the eighth session of the Board.
8. Mr. Song Yunfeng was elected as the employee representative supervisor of the eighth session of the Supervisory Committee of the Company through democratic election.
9. On 3 June 2016, the Company convened the 8th meeting of the eighth session of the Board of the Company, at which Mr. Xu Guofei was elected as the chairman of the Board of the Company; Mr. Chen Kuanyi was elected as the vice chairman of the Board; Mr. Chen Kuanyi, vice chairman of the Board, and Mr. Lu Qing, the director, were elected as members of the Strategy Committee, and according to Rules and Procedures of the Strategic Committee, Mr. Xu Guofei, Chairman of the Board, serves as the chairman of the Strategy Committee; Mr. Chen Kuanyi, vice chairman of the Board, was elected as a member of the Nomination Committee; Mr. Gao Gan, the director, was elected as member of the Remuneration and Evaluation Committee.
10. On 3 June 2016, the Company convened the 7th meeting of the eighth session of the Board of the Company, at which Mr. Tu Changbai 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 31 March, 14 April, 24 May, 4 June and 1 July 2016 and on the website of the Hong Kong Stock Exchange on 30 March, 13 April, 23 May, 3 June and 3 July 2016 for details of the above matters.

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

<b>Name</b>	<b>Position</b>	<b>Change</b>	<b>Reason</b>
Xu Guofei	Chairman, Executive Director	Elected	Job demands
Chen Kuanyi	Vice Chairman, Executive Director	Elected	Job demands
Gao Gan	Non-executive Director	Elected	Job demands
Tu Changbai	Chairman of the Supervisory Committee	Elected	Job demands
Song Yunfeng	Employee Representative Supervisor	Elected	Job demands
Hu Huichun	Deputy General Manager	Appointed	Job demands
Shao Bo	Deputy General Manager	Appointed	Job demands
Lai Weide	Former Chairman, Executive Director	Resigned	Job arrangement
YU Yanqiu	Former Vice Chairman, Executive Director	Resigned	Job arrangement
Zhang Yinqian	Former Chairman of the Supervisory Committee	Resigned	Retirement
Fu Yuanyuan	Former Employee Representative Supervisor	Resigned	Job arrangement
Zhou Guixiang	Former Deputy General Manager	Resigned	Job arrangement

## SECTION IX COMPANY BONDS

During the Reporting Period, the Company has no matters relating to the bonds.

## SECTION X FINANCIAL REPORT

### I. Interim Financial Statements

(Prepared in Accordance with Hong Kong Financial Reporting Standards) (Unaudited)

#### Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
<b>Turnover</b>	4	<b>1,502,811</b>	1,628,881
Cost of sales		<b>(1,306,164)</b>	(1,409,055)
<b>Gross profit</b>		<b>196,647</b>	219,826
Other income and net gains	5	<b>54,868</b>	6,120
Distribution costs		<b>(22,241)</b>	(22,080)
Administrative expenses		<b>(212,808)</b>	(189,845)
<b>Operating profit</b>		<b>16,466</b>	14,021
Finance income, net		<b>13,486</b>	13,576
Share of profits of associates		<b>62,810</b>	97,386
<b>Profit before taxation</b>	6	<b>92,762</b>	124,983
Income tax expense	7	<b>(15,762)</b>	(15,391)
<b>Profit and total comprehensive income for the period</b>		<b>77,000</b>	109,592
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>54,654</b>	87,626
Non-controlling interests		<b>22,346</b>	21,966
		<b>77,000</b>	109,592
<b>Earnings per share (RMB cents)</b>			
– Basic and diluted	8	<b>5.98</b>	9.59

**Condensed consolidated statement of financial position**

As at 30 June 2016

(Expressed in Renminbi)

		30 June 2016 (unaudited) RMB'000	31 December 2015 (audited) RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights		69,971	70,786
Property, plant and equipment	10	985,228	1,006,957
Investment properties		14,061	14,760
Associates		510,624	447,694
Available-for-sale equity securities		3,650	3,650
Capitalised development costs		20,736	23,275
Deferred tax assets		6,434	6,801
		<u>1,610,704</u>	<u>1,573,923</u>
<b>Current assets</b>			
Inventories		341,612	295,597
Trade and bills receivables	11	1,255,589	1,239,576
Amounts due from customers for contract work		202,682	131,333
Deposits, prepayments and other receivables		256,549	232,149
Other financial assets	12	414,000	457,000
Restricted bank deposits	13	116,537	108,420
Cash and cash equivalents		939,097	853,802
		<u>3,526,066</u>	<u>3,317,877</u>
<b>Total assets</b>		<u><u>5,136,770</u></u>	<u><u>4,891,800</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity shareholders of the Company</b>			
Share capital	14	913,839	913,839
Share premium and reserves		2,341,954	2,349,441
		<u>3,255,793</u>	<u>3,263,280</u>
<b>Non-controlling interests</b>		<u>210,516</u>	<u>196,614</u>
<b>Total equity</b>		<u><u>3,466,309</u></u>	<u><u>3,459,894</u></u>

**Condensed consolidated statement of financial position (Continued)**

As at 30 June 2016

(Expressed in Renminbi)

		<b>30 June 2016 (unaudited) RMB'000</b>	31 December 2015 (audited) RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
		<b>26,140</b>	26,276
		<b>180</b>	226
		<b>26,320</b>	26,502
<b>Current liabilities</b>			
		<b>120,863</b>	93,284
	15	<b>1,105,573</b>	910,699
	16	<b>410,353</b>	392,132
		<b>7,352</b>	9,289
		<b>1,644,141</b>	1,405,404
<b>Total liabilities</b>		<b>1,670,461</b>	1,431,906
<b>Total equity and liabilities</b>		<b>5,136,770</b>	4,891,800
<b>Net current assets</b>		<b>1,881,925</b>	1,912,473
<b>Total assets less current liabilities</b>		<b>3,492,629</b>	3,486,396

### Condensed consolidated statement of changes in equity

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Share capital	Share premium	Capital reserve	Statutory common funds	Asset revaluation reserve	Accumulated profits	Attributable to equity shareholders 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 2016 (audited)	913,839	1,424,918	(46,284)	247,544	1,480	721,783	3,263,280	196,614	3,459,894
Profit and total comprehensive income for the period	-	-	-	-	-	54,654	54,654	22,346	77,000
Dividend approved in respect of 2015 (note 9)	-	-	-	-	-	(62,141)	(62,141)	-	(62,141)
Deregistration of subsidiaries	-	-	-	-	-	-	-	(844)	(844)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	(7,600)	(7,600)
As at 30 June 2016 (unaudited)	<u>913,839</u>	<u>1,424,918</u>	<u>(46,284)</u>	<u>247,544</u>	<u>1,480</u>	<u>714,296</u>	<u>3,255,793</u>	<u>210,516</u>	<u>3,466,309</u>
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)	<u>913,839</u>	<u>1,424,918</u>	<u>(46,187)</u>	<u>236,514</u>	<u>1,874</u>	<u>676,208</u>	<u>3,207,166</u>	<u>215,577</u>	<u>3,422,743</u>

**Condensed consolidated statement of cash flows**

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	RMB '000	RMB '000
<b>Net cash generated from operating activities</b>	<b>234,687</b>	163,208
<b>Investing activities</b>		
Purchases of property, plant and equipment	(44,515)	(72,776)
Proceeds from disposals of property, plant and equipment	93	3,687
Acquisition of additional interests in a subsidiary	-	(9,997)
Decrease in other financial assets	43,000	69,000
Increase in net amounts due with fellow subsidiaries and associates	(168,574)	(227,213)
Investment in an associate	(300)	-
Interest received	13,563	16,133
Dividend received from an associate	180	-
Expenditures on development projects	-	(7,185)
<b>Net cash used in investing activities</b>	<b>(156,553)</b>	(228,351)
<b>Financing activities</b>		
Proceeds from borrowings	120,863	225,362
Repayments of borrowings	(93,284)	(113,633)
Advances from intermediate holding company	9	6
Repayments to immediate holding company	(1,475)	(13,565)
Repayments to non-controlling shareholders upon deregistration of subsidiaries	(844)	-
Increase in restricted bank deposits	(8,117)	(17,250)
Dividends paid to non-controlling shareholders of subsidiaries	(7,600)	-
<b>Net cash generated from financing activities</b>	<b>9,552</b>	80,920
<b>Net increase in cash and cash equivalents</b>	<b>87,686</b>	15,777
<b>Cash and cash equivalents at the beginning of the period</b>	<b>853,802</b>	712,357
<b>Effect of foreign exchange rate changes</b>	<b>(2,391)</b>	2,109
<b>Cash and cash equivalents at the end of the period</b>	<b>939,097</b>	730,243

## Notes to the condensed consolidated financial statements

(Expressed in Renminbi)

### 1. General information

Nanjing Panda Electronics Company Limited (the "Company") was established as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 29 April 1992. The Company's H shares have been listed on The Stock Exchange of Hong Kong Limited since 2 May 1996 and its A shares have been listed on the Shanghai Stock Exchange since 18 November 1996. The registered office of the Company is located at Level 1–2, Block 5, North Wing, Nanjing High and New Technology Development Zone, Nanjing, Jiangsu Province, the PRC. The principal place of business of the Company is located at 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 2015, 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 2016. Details of these changes in accounting policies are set out in note 3.

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 2015 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 2012–2014 cycle
- Amendments to HKFRS 10 and HKAS 28, sale or contribution of assets between an investor and its associate or joint venture
- Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations
- Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative
- Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation

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



### 3. Application of new and revised HKFRSs (Continued)

Up to the date of issue of this interim financial information, the HKICPA has issued a number of new standards which are not yet effective for the year ending 31 December 2016 and which have not been adopted in the interim financial information. These include the following which may be relevant to the Group:

	<b>Effective for accounting periods beginning on or after</b>
HKFRS 9, Financial instruments	1 January 2018
HKFRS 15, Revenue from contracts with customers	1 January 2018
HKFRS 16, Leases	1 January 2019

The Group is in the process of making an assessment of what the impact of these new standards is expected to be in the period of initial application, but is not yet in a position to state whether these 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 2016, 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 2016:

**Six months ended 30 June 2016**

	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
<b>Revenue</b>						
External sales	613,236	317,567	462,112	109,896	-	1,502,811
Internal sales	40,120	1,823	11,151	24,814	(77,908)	-
Total	<u>653,356</u>	<u>319,390</u>	<u>473,263</u>	<u>134,710</u>	<u>(77,908)</u>	<u>1,502,811</u>
<b>Results</b>						
Segment results	<u>25,153</u>	<u>1,470</u>	<u>14,024</u>	<u>30,277</u>	<u>(4,504)</u>	66,420
Unallocated corporate expenses						(49,954)
Interest income						13,563
Interest expense						(77)
Share of profits of associates						62,810
Income tax expense						(15,762)
Profit for the period						<u>77,000</u>

**At 30 June 2016**

	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
<b>Assets</b>						
Segment assets	2,696,863	391,617	817,201	429,774	(552,408)	3,783,047
Associates						510,624
Available-for-sale equity securities						3,650
Other financial assets						414,000
Unallocated corporate assets						425,449
Consolidated total assets						<u>5,136,770</u>
<b>Liabilities</b>						
Segment liabilities	1,269,396	162,810	395,361	217,640	(441,461)	1,603,746
Unallocated corporate liabilities						66,715
Consolidated total liabilities						<u>1,670,461</u>

4. Revenue and segmental information (Continued)

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
<b>Revenue</b>						
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	846,418	269,683	492,590	112,014	(91,824)	1,628,881
<b>Results</b>						
Segment results	26,845	2,495	22,472	25,386	(10,549)	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						109,592

At 31 December 2015

	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
<b>Assets</b>						
Segment assets	2,623,852	357,535	711,190	491,109	(721,868)	3,461,818
Associates						447,694
Available-for-sale equity securities						3,650
Other financial assets						457,000
Unallocated corporate assets						521,638
Consolidated total assets						4,891,800
<b>Liabilities</b>						
Segment liabilities	1,175,735	163,654	300,019	189,698	(451,000)	1,378,106
Unallocated corporate liabilities						53,800
Consolidated total liabilities						1,431,906

5. **Other income and net gains**

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>(unaudited)</b>	(unaudited)
	<b>RMB'000</b>	<b>RMB'000</b>
Other income		
Rental and property management fee income	<b>2,195</b>	2,157
Government grants	<b>46,057</b>	2,648
Sundry income	<b>801</b>	287
	<b>49,053</b>	5,092
Other net gains		
Exchange gains	<b>5,823</b>	1,640
Loss on disposals of property, plant and equipment	<b>(8)</b>	(612)
	<b>5,815</b>	1,028
	<b>54,868</b>	6,120

6. **Profit before taxation**

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

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>(unaudited)</b>	(unaudited)
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation of property, plant and equipment	<b>40,726</b>	39,804
Depreciation of investment properties	<b>699</b>	708
Amortisation of land use rights	<b>815</b>	815
Amortisation of capitalised development costs	<b>2,539</b>	-
Write-down of inventories	<b>259</b>	1,008
Impairment losses (reversed)/recognised on		
– Trade receivables	<b>(1,489)</b>	(876)
– Other receivables	<b>(162)</b>	532

## 7. Income tax expense

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current tax		
– PRC enterprise income tax	14,437	13,840
– Under-provision in prior year	1,005	1,580
	<hr/>	<hr/>
	15,442	15,420
Deferred tax		
– attributable to the origination and reversal of temporary differences	320	(29)
	<hr/>	<hr/>
	15,762	15,391
	<hr/> <hr/>	<hr/> <hr/>

PRC enterprise income tax is charged at the statutory rate of 25% (six months ended 30 June 2015: 25%) of the assessable income as determined in accordance 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 2015: 15% or 20%).

## 8. Earnings per share

The calculation of the basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2016 of RMB54,654,000 (six months ended 30 June 2015: RMB87,626,000) and the weighted average number of 913,839,000 (six months ended 30 June 2015: 913,839,000) shares in issue throughout the period.

The diluted earnings per share for the six months ended 30 June 2016 and 2015 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 2016 and 2015.

## 9. Dividends

Final dividend of RMB68 cents per ten shares in respect of the year ended 31 December 2015 was approved on 30 June 2016. Final dividend of RMB66 cents per ten shares in respect of year ended 31 December 2014 was approved on 30 June 2015.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB nil).

## 10. Movements in property, plant and equipment

During the period, the Group's additions of property, plant and equipment amounted to RMB44,515,000 (six months ended 30 June 2015: RMB72,776,000).

In addition, the Group disposed of certain property, plant and equipment with carrying value of RMB101,200 (six months ended 30 June 2015: RMB4,299,000) for proceeds of RMB93,000 (six months ended 30 June 2015: RMB3,687,000).

#### 11. Trade and bills receivables

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

The following is the ageing analysis of trade and bills receivables, net of provision for impairment:

	<b>30 June 2016</b> <b>(unaudited)</b> <b>RMB'000</b>	31 December 2015 (audited) <i>RMB'000</i>
Within 1 year	<b>1,011,464</b>	1,087,460
1 to 2 years	<b>175,248</b>	102,514
2 to 3 years	<b>61,675</b>	39,030
Over 3 years	<b>7,202</b>	10,572
	<b>1,255,589</b>	1,239,576

#### 12. Other financial assets

At 30 June 2016, other financial assets of the Group of RMB414,000,000 (31 December 2015: RMB457,000,000) represented short-term wealth management products managed by banks in the PRC which undertake return of principal and income yield of 2.75%–3.25% (31 December 2015: 3.50%–3.95%) per annum upon maturity.

#### 13. Restricted bank deposits

The restricted bank deposits are pledged as security for:

	<b>30 June 2016</b> <b>(unaudited)</b> <b>RMB'000</b>	31 December 2015 (audited) <i>RMB'000</i>
Bills payable	<b>74,591</b>	60,021
Performance bonds given by banks to customers in respect of projects undertaken	<b>41,946</b>	48,399
	<b>116,537</b>	108,420

#### 14. Share capital

	<b>30 June 2016</b> <b>(unaudited)</b>		31 December 2015 (audited)	
	<b>Number of</b> <b>shares</b> <b>'000</b>	<b>Nominal</b> <b>value</b> <b>RMB'000</b>	Number of shares '000	Nominal value <i>RMB'000</i>
Registered, issued and fully paid:				
– A Shares of RMB1.00 each	<b>671,839</b>	<b>671,839</b>	671,839	671,839
– H Shares of RMB1.00 each	<b>242,000</b>	<b>242,000</b>	242,000	242,000
	<b>913,839</b>	<b>913,839</b>	913,839	913,839

15. **Bank borrowings**

	<b>30 June 2016 (unaudited) RMB'000</b>	31 December 2015 (audited) RMB'000
Bills payable, secured	<b>120,863</b>	93,284

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

16. **Trade payables**

The following is an ageing analysis of trade payables:

	<b>30 June 2016 (unaudited) RMB'000</b>	31 December 2015 (audited) RMB'000
Within 1 year	<b>732,948</b>	796,015
1 to 2 years	<b>339,428</b>	67,748
2 to 3 years	<b>20,074</b>	12,761
Over 3 years	<b>13,123</b>	34,175
	<b>1,105,573</b>	910,699

17. **Contingent liabilities**

The Group had the following contingent liabilities:

	<b>30 June 2016 (unaudited) RMB'000</b>	31 December 2015 (audited) RMB'000
Performance bonds given by banks to customers in respect of projects undertaken	<b>41,946</b>	48,399

18. **Capital commitments**

At 30 June 2016, outstanding capital commitments not provided for in the condensed consolidated financial statements are as follows:

	<b>30 June 2016 (unaudited) RMB'000</b>	31 December 2015 (audited) RMB'000
Contracted for – Property, plant and equipment	<b>3,149</b>	3,956

## 19. Related party transactions

### (a) Transactions with key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>(unaudited)</b>	(unaudited)
	<b>RMB'000</b>	<b>RMB'000</b>
Salaries and other allowance	<b>1,076</b>	765
Retirement benefit scheme contributions	<b>169</b>	136
	<b>1,245</b>	901

### (b) Transactions with other related parties

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

	<b>The intermediate holding company</b>		<b>The immediate holding company</b>		<b>Fellow subsidiaries</b>		<b>Associates</b>		<b>Related companies<sup>a</sup></b>	
	<b>Six months ended</b>		<b>Six months ended</b>		<b>Six months ended</b>		<b>Six months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>		<b>30 June</b>		<b>30 June</b>		<b>30 June</b>	
	<b>2016</b>	2015	<b>2016</b>	2015	<b>2016</b>	2015	<b>2016</b>	2015	<b>2016</b>	2015
<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)	
<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000	
Sales of components and parts	-	-	1,922	350	416,345	529,636	-	13,526	-	106,650
Purchases of components and parts	-	-	-	-	17,280	14,350	26	270	-	3,965
Fees paid for welfare, support and sub-contracting services	-	-	-	563	1,756	1,922	-	-	1,854	-
Income for welfare, support and sub-contracting services	-	47	3,777	12,282	36,346	30,972	1,321	17,454	-	-
Rental income	-	-	22	-	929	493	21	58	251	-
Rental expenses	-	-	97	-	45	24	-	-	-	-
Interest income	-	-	-	-	826	388	-	-	-	-
Interest expenses	-	-	-	-	-	1,792	-	-	-	-

<sup>a</sup> Being companies with common key management personnel with certain major subsidiaries.



19. Related party transactions (Continued)

(b) Transactions with other related parties (Continued)

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 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	(unaudited) RMB'000	(audited) RMB'000	(unaudited) RMB'000	(audited) RMB'000	(unaudited) RMB'000	(audited) RMB'000	(unaudited) RMB'000	(audited) RMB'000	(unaudited) RMB'000	(audited) RMB'000
Trade and bills receivables	-	-	-	9	3,063	2,539	577,590	439,993	6,765	9,577
Deposits, prepayments and other receivables	-	-	-	-	-	-	9,626	4,305	-	-
Trade payables	-	-	-	-	(4,732)	(3,754)	(23,355)	(41,155)	(20)	(28)
Accruals and other payables	(34,000)	(34,000)	(75)	(75)	(7,892)	(9,821)	(1,865)	(12,244)	(860)	(1,160)
Net balance	(34,000)	(34,000)	(75)	(66)	(9,561)	(11,036)	561,976	390,899	5,885	8,389

During the six months ended 30 June 2016, trade receivables amounting to RMB21,643,000 (six months ended 30 June 2015: RMB nil) were factored without recourse to a fellow subsidiary for bills issued by another fellow subsidiary which is a financial institution in the PRC (the "FI Fellow Subsidiary"), and paid service charges totaling RMB11,000 (six months ended 30 June 2015: RMB nil) to the fellow subsidiary.

At 30 June 2016, the Group placed deposits of RMB167,068,000 (31 December 2015: RMB498,168,000) with the FI Fellow Subsidiary.

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

There were no material differences between the condensed consolidated statements of profit or loss and other comprehensive income for the six months ended 30 June 2016 and 2015, and condensed consolidated statements of financial position of the Group as at 30 June 2016 and 31 December 2015 prepared under HKFRSs and PRC Accounting Standards for Business Enterprises.

## II. FINANCIAL STATEMENTS AND NOTES THERETO (PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES)

### NOTES TO THE FINANCIAL STATEMENTS

1 January 2016--30 June 2016

(All the amounts are presented in RMB unless otherwise specified)

#### Consolidated Balance Sheet

30 June 2016

Prepared by: Nanjing Panda Electronics Company Limited

		<i>Unit: RMB</i>
<b>Assets</b>	<b>Closing Balance</b>	Opening balance
<b>Current assets:</b>		
Cash and cash equivalents	<b>1,055,633,708.94</b>	962,222,126.94
Settlement reserves		
Lending to banks and other financial institutions		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Bills receivables	<b>130,181,491.27</b>	196,107,157.14
Accounts receivables	<b>1,125,407,283.11</b>	1,043,468,726.23
Prepayments	<b>163,345,307.98</b>	128,556,264.84
Premium receivable		
Accounts receivable – reinsurance		
Reinsurance contract reserves receivable		
Interest receivables		994,401.51
Dividends receivables		
Other receivables	<b>93,203,516.84</b>	102,598,457.58
Financial assets purchased under agreements to resell		
Inventories	<b>544,293,882.35</b>	426,929,637.85
Assets classified as assets held for sale		
Non-current assets due within one year		
Other current assets	<b>414,000,000.00</b>	457,000,000.00
<b>Total current assets</b>	<b>3,526,065,190.49</b>	3,317,876,772.09

**Consolidated Balance Sheet** (continued)  
30 June 2016

<b>Assets</b>	<b>Closing Balance</b>	Opening balance
<b>Non-current assets:</b>		
Loans and advances to customers		
Available-for-sale financial assets	<b>3,650,000.00</b>	3,650,000.00
Held-to-maturity investment		
Long-term receivables		
Long-term equity investments	<b>510,623,518.24</b>	447,693,693.59
Investment properties	<b>8,991,528.50</b>	9,512,701.03
Fixed assets	<b>965,061,550.77</b>	988,924,408.37
Construction in progress	<b>8,332,270.40</b>	4,643,526.54
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	<b>100,618,587.73</b>	104,391,407.06
Development expenses		
Goodwill		
Long-term deferred expenses	<b>6,992,201.67</b>	8,306,199.54
Deferred income tax assets	<b>6,434,413.23</b>	6,800,695.69
Other non-current assets		
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>1,610,704,070.54</b>	1,573,922,631.82
	<hr/> <hr/>	<hr/> <hr/>
<b>Total assets</b>	<b>5,136,769,261.03</b>	4,891,799,403.91
	<hr/> <hr/>	<hr/> <hr/>

**Consolidated Balance Sheet (continued)**

30 June 2016

<b>Liabilities and shareholders' equity</b>	<b>Closing Balance</b>	Opening balance
<b>Current liabilities:</b>		
Short-term borrowings		
Borrowings from central bank		
Customer and interbank deposits		
Borrowing from interbank		
Financial liabilities measured at fair value and the changes are recorded into the profits and losses of the current period		
Derivative financial liabilities		
Bills payables	<b>120,862,617.56</b>	93,283,710.62
Accounts payables	<b>1,105,573,219.53</b>	910,699,210.48
Receipts in advance	<b>139,312,460.16</b>	139,640,661.64
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Salaries payables	<b>28,916,734.65</b>	30,876,393.03
Tax payables	<b>4,093,945.27</b>	27,980,335.62
Interest payables		
Dividends payables	<b>73,912,080.31</b>	4,181,545.34
Other payables	<b>154,712,316.74</b>	157,985,511.78
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	<b>16,756,600.00</b>	40,756,600.00
<b>Total current liabilities</b>	<b>1,644,139,974.22</b>	1,405,403,968.51

**Consolidated Balance Sheet (continued)**  
30 June 2016

<b>Liabilities and shareholders' equity</b>	<b>Closing Balance</b>	Opening balance
<b>Non-current liabilities:</b>		
Long-term borrowings		
Bonds payables		
Long-term payables		
Long-term salaries payables	<b>26,139,803.01</b>	26,276,064.59
Specific payables		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities	<b>179,548.82</b>	226,137.51
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>26,319,351.83</b>	26,502,202.10
<b>Total Liabilities</b>	<b>1,670,459,326.05</b>	1,431,906,170.61
<b>Shareholder's equity:</b>		
Share capital	<b>913,838,529.00</b>	913,838,529.00
Other equity instruments		
Capital reserve	<b>1,464,242,139.28</b>	1,464,242,139.28
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	<b>245,831,957.46</b>	245,831,957.46
General risk reserve		
Undistributed profit	<b>631,879,973.06</b>	639,366,753.93
<b>Subtotal of shareholders' equity attributable to parent company</b>	<b>3,255,792,598.80</b>	3,263,279,379.67
Non-controlling interests	<b>210,517,336.18</b>	196,613,853.63
<b>Total shareholders' equity</b>	<b>3,466,309,934.98</b>	3,459,893,233.30
<b>Total liabilities and shareholders' equity</b>	<b>5,136,769,261.03</b>	4,891,799,403.91

Legal representative:  
**Xia Dechuan**

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

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

**Consolidated Income Statement**

January – June 2016

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period	Amount in corresponding period last year
<b>I. Total operating income</b>	<b>1,519,196,108.29</b>	1,647,734,769.34
Including: Operating income	<b>1,519,196,108.29</b>	1,647,734,769.34
Interest income		
Premiums earned		
Income from bank charges and commissions		
<b>II. Total operating cost</b>	<b>1,541,778,314.35</b>	1,633,625,509.38
Including: Operating costs	<b>1,305,905,874.49</b>	1,408,047,579.81
Interest expenses		
Bank charges and commissions		
Insurance withdrawal payment		
Net payments for insurance claims		
Net appropriation of insurance contract reserves		
Bond insurance expense		
Amortized reinsurance expenditures		
Business tax and surcharges	<b>14,190,116.64</b>	16,697,319.94
Distribution costs	<b>22,239,612.92</b>	22,080,351.92
Administrative expenses	<b>211,180,446.91</b>	188,932,303.66
Financial expenses	<b>-10,345,705.77</b>	-2,796,183.86
Impairment losses of assets	<b>-1,392,030.84</b>	664,137.91
Plus: Gains from changes in fair value (losses are indicated by "-")		
Investment income (losses are indicated by "-")	<b>71,203,413.30</b>	108,783,098.95
Including: Investment income in associates and joint ventures	<b>62,809,824.65</b>	97,385,816.56
Exchange gain (losses are indicated by "-")		
<b>III. Operating profit (losses are indicated by "-")</b>	<b>48,621,207.24</b>	122,892,358.91
Plus: Non-operating income	<b>46,903,833.37</b>	3,851,383.09
Including: Gains on disposal of non-current assets	<b>45,509.52</b>	451,973.27
Less: Non-operating expense	<b>2,762,465.36</b>	1,761,179.54
Including: Losses from disposal of non-current assets	<b>53,712.46</b>	1,064,206.74
<b>IV. Total profit (total losses are indicated by "-")</b>	<b>92,762,575.25</b>	124,982,562.46
Less: Income tax expenses	<b>15,762,060.19</b>	15,390,616.29
<b>V. Net profit (net losses are indicated by "-")</b>	<b>77,000,515.06</b>	109,591,946.17
Net profit attributable to owners of the parent company	<b>54,654,239.10</b>	87,625,888.80
Non-controlling interests	<b>22,346,275.96</b>	21,966,057.37

**Consolidated Income Statement** (continued)  
January – June 2016

Item	In the Period	Amount in corresponding period last year
<b>VI. Net other comprehensive income after tax</b>		
Net other comprehensive income after tax attributable to shareholders of the parent company		
(I) Other comprehensive income that can not be reclassified into the profit or loss subsequently		
1. Changes in net liabilities or net assets resulting from re-measurement of defined benefit pension plan		
2. Shares of the investee that can not be re-classified into other comprehensive income under equity method		
(II) Other comprehensive income to be reclassified into the profit or loss subsequently		
1. Shares of the investee to be re-classified into other comprehensive income subsequently under equity method		
2. Gains and losses from changes in fair value of available-for-sale financial assets		
3. Gains and losses from held-to-maturity investments re-classified as available-for-sale financial assets		
4. Gains and losses on the effective portion of cash flow hedge		
5. Converted difference in foreign currency financial statements		
6. Others		
Net other comprehensive income after tax attributable to non-controlling interests		
<b>VII. Total comprehensive income</b>	<b>77,000,515.06</b>	109,591,946.17
Total comprehensive income attributable to shareholders of the parent company	<b>54,654,239.10</b>	87,625,888.80
Total comprehensive income attributable to non-controlling interests	<b>22,346,275.96</b>	21,966,057.37
<b>VIII. Earnings per share:</b>		
(I) Basic earnings per share	<b>0.0598</b>	0.0959
(II) Diluted earnings per share	<b>0.0598</b>	0.0959

Legal representative:  
**Xia Dechuan**

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

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

## Consolidated Statement of Changes in Shareholders' Equity

January – June 2016

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period										Total of shareholders' equity
	Shareholders' equity attributable to parent company										
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Non-controlling interests		
<b>I. Balance at the end of last year</b>	<b>913,638,529.00</b>	<b>1,464,242,139.28</b>				<b>245,831,957.46</b>		<b>639,366,753.93</b>	<b>196,613,853.63</b>	<b>3,459,893,233.30</b>	
Plus: alteration to accounting policies											
Correction to previous errors											
Business combinations involving enterprises under common control											
Others											
<b>II. Balance at the beginning of the year</b>	<b>913,638,529.00</b>	<b>1,464,242,139.28</b>				<b>245,831,957.46</b>		<b>639,366,753.93</b>	<b>196,613,853.63</b>	<b>3,459,893,233.30</b>	
<b>III. Changes for the period (decrease is indicated by "-")</b>											
(I) Total comprehensive income								-7,486,780.87	13,903,482.55	6,416,701.68	
(II) Shareholders' contributions and capital reduction								54,654,239.10	22,346,275.96	77,000,515.06	
1. Shareholders' capital contributions									-842,793.41	-842,793.41	
2. Capital contributed by owners of other equity instruments											
3. Share based payments credited to shareholders' equity											
4. Others									-842,793.41	-842,793.41	
(III) Profit distribution								-62,141,019.97	-7,600,000.00	-69,741,019.97	
1. Appropriation of surplus reserve											
2. Appropriation of general risk reserve											
3. Distribution to shareholders								-62,141,019.97	-7,600,000.00	-69,741,019.97	
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											
<b>IV. Closing balance at the end of the year</b>	<b>913,638,529.00</b>	<b>1,464,242,139.28</b>				<b>245,831,957.46</b>		<b>631,879,973.06</b>	<b>210,517,336.18</b>	<b>3,466,309,934.98</b>	

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

Item	Amount in corresponding period last year								Total of shareholders' equity	
	Shareholders' equity attributable to parent company									
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Non-controlling interests
<b>I. Balance at the end of last year</b>	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										
<b>II. Balance at the beginning of the year</b>	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
<b>III. Changes for the period (decrease is indicated by "-")</b>		899,702.65						27,312,545.88	11,068,479.45	39,280,727.98
(I) Total comprehensive income								87,625,888.80	21,966,057.37	109,591,946.17
(II) Shareholders' contributions and capital reduction		899,702.65							-10,897,577.92	-9,997,875.27
1. Shareholders' capital contributions										
2. Capital contributed by owners of other equity instruments										
3. Share based payments credited to shareholders' equity										
4. Others		899,702.65								
(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									-10,897,577.92	-9,997,875.27
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										
<b>IV. Closing balance at the end of the year</b>	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 Cash Flow Statement**

January – June 2016

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period	Amount in corresponding period last year
<b>I. Cash flow from operating activities:</b>		
Cash received from sales of goods or rendering of services	1,581,353,290.64	1,817,363,083.42
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, bank charges and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase business funds		
Received tax refunds	31,547,506.42	13,425,362.20
Other cash received related to operating activities	173,596,199.44	94,934,434.90
	<b>1,786,496,996.50</b>	<b>1,925,722,880.52</b>
<b>Sub-total of cash inflows from operating activities</b>	<b>1,786,496,996.50</b>	<b>1,925,722,880.52</b>
Cash paid for sales of goods or rendering of services	1,263,410,097.45	1,431,749,372.33
Net increase in customer loan and advance in cash		
Net increase in deposit in the central bank and other banks		
Cash paid for indemnity of original insurance contract		
Cash paid for interests, bank charges and commissions		
Cash paid for policy dividend		
Cash paid to and for employees	198,328,594.71	215,638,662.28
Cash paid for various taxes	78,527,479.87	117,966,692.08
Other payments related to operating activities	164,295,489.54	193,208,420.29
	<b>1,704,561,661.57</b>	<b>1,958,563,146.98</b>
<b>Sub-total of cash outflows from operating activities</b>	<b>1,704,561,661.57</b>	<b>1,958,563,146.98</b>
<b>Net cash flow from operating activities</b>	<b>81,935,334.93</b>	<b>-32,840,266.46</b>
<b>II. Cash flow from investing activities:</b>		
Cash received from disposal of investments		
Cash received from returns on investments	8,393,588.65	11,397,282.39
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	93,000.00	3,687,345.82
Net cash received from the disposal of subsidiaries and other operating entities		
Other cash received related to investment activities	1,156,000,000.00	1,409,500,000.00
	<b>1,164,486,588.65</b>	<b>1,424,584,628.21</b>
<b>Sub-total of cash inflows from investing activities</b>	<b>1,164,486,588.65</b>	<b>1,424,584,628.21</b>
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	44,515,143.21	72,775,853.52
Cash paid for investment	300,000.00	
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other operating entities		9,997,875.27
Other cash paid related to investment activities	1,113,000,000.00	1,340,500,000.00
	<b>1,157,815,143.21</b>	<b>1,423,273,728.79</b>
<b>Sub-total of cash outflows from investing activities</b>	<b>1,157,815,143.21</b>	<b>1,423,273,728.79</b>
<b>Net cash flow from investing activities</b>	<b>6,671,445.44</b>	<b>1,310,899.42</b>

**Consolidated Cash Flow Statement** (continued)  
January – June 2016

Item	In the Period	Amount in corresponding period last year
<b>III. Cash flows from financing activities:</b>		
Cash received from investment		
Including: Cash received by subsidiaries from non-controlling shareholders' investment		
Cash received from borrowings	<b>20,000,000.00</b>	120,000,000.00
Cash received from issuing bonds		
Other cash received related to financing activities		
<b>Sub-total of cash inflows from financing activities</b>	<b>20,000,000.00</b>	120,000,000.00
Cash paid for repayments of borrowings	<b>20,000,000.00</b>	70,000,000.00
Cash payment for interest expenses and distribution of dividends or profits	<b>920,126.73</b>	2,694,206.40
Including: Dividend and profit paid by subsidiaries to non-controlling shareholders	<b>842,793.40</b>	16,206.40
Other cash payments related to financing activities		
<b>Sub-total of cash outflows from financing activities</b>	<b>20,920,126.73</b>	72,694,206.40
<b>Net cash flow from financing activities</b>	<b>-920,126.73</b>	47,305,793.60
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>-2,390,734.16</b>	2,109,202.51
<b>V. Net increase in cash and cash equivalents</b>	<b>85,295,919.48</b>	17,885,629.07
Plus: Opening balance of cash and cash equivalents	<b>853,805,263.06</b>	712,357,169.28
<b>VI. Closing balance of cash and cash equivalents</b>	<b>939,101,182.54</b>	730,242,798.35
<i>Legal representative:</i> <b>Xia Dechuan</b>	<i>Person in charge of accounting:</i> <b>Shen Jianlong</b>	<i>Person in charge of accounting department:</i> <b>Liu Xianfang</b>

**Balance Sheet**

30 June 2016

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Assets</b>	<b>Closing Balance</b>	Opening balance
<b>Current assets:</b>		
Cash and cash equivalents	<b>100,087,546.55</b>	95,074,660.13
Settlement reserves		
Lending to banks and other financial institutions		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Bills receivables	<b>3,000,000.00</b>	18,000,000.00
Accounts receivables	<b>62,317,210.81</b>	84,227,954.78
Prepayments	<b>2,230,930.20</b>	2,097,095.90
Premium receivable		
Accounts receivable – reinsurance		
Reinsurance contract reserves receivable		
Interest receivables		
Dividends receivables	<b>1,973,887.56</b>	1,973,887.56
Other receivables	<b>259,272,271.61</b>	282,783,700.03
Financial assets purchased under agreements to resell		
Inventories	<b>23,682,172.36</b>	25,198,140.07
Assets classified as assets held for sale		
Non-current assets due within one year		
Other current assets	<b>404,000,000.00</b>	447,000,000.00
<b>Total current assets</b>	<b>856,564,019.09</b>	956,355,438.47
<b>Non-current assets:</b>		
Loans and advances to customers		
Available-for-sale financial assets	<b>3,650,000.00</b>	3,650,000.00
Held-to-maturity investment		
Long-term receivables		
Long-term equity investments	<b>1,963,020,610.49</b>	1,900,502,624.42
Investment properties		
Fixed assets	<b>356,680,020.94</b>	365,690,219.32
Construction in progress	<b>355,096.74</b>	824,628.20
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil & gas assets		
Intangible assets	<b>13,682,552.43</b>	13,496,814.23
Developments expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
<b>Total non-current assets</b>	<b>2,337,388,280.60</b>	2,284,164,286.17
<b>Total assets</b>	<b>3,193,952,299.69</b>	3,240,519,724.64

**Balance Sheet** (continued)  
30 June 2016

<b>Liabilities and shareholders' equity</b>	<b>Closing Balance</b>	Opening balance
<b>Current liabilities:</b>		
Short-term borrowings		
Borrowings from central bank		
Customer and interbank deposits		
Financial liabilities measured at fair value and the changes are recorded into the profits and losses of the current period		
Derivative financial liabilities		
Borrowing from interbank		
Bills payables	<b>11,048,627.88</b>	5,000,441.06
Accounts payables	<b>42,650,515.95</b>	36,186,447.59
Receipts in advance	<b>6,875,972.32</b>	2,844,371.04
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Salaries payable	<b>11,070,167.67</b>	4,950,679.68
Tax payables	<b>7,692,421.89</b>	6,031,331.58
Interest payables		
Dividends payables	<b>62,141,019.97</b>	
Other payables	<b>222,824,914.13</b>	301,578,396.56
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	<b>2,256,600.00</b>	2,256,600.00
<b>Total current liabilities</b>	<b>366,560,239.81</b>	358,848,267.51

**Balance Sheet** (continued)  
30 June 2016

<b>Liabilities and shareholders' equity</b>	<b>Closing Balance</b>	Opening balance
<b>Non-current liabilities:</b>		
Long-term borrowings		
Bonds payables		
Long-term payables		
Long-term salaries payables	<b>12,935,667.64</b>	12,959,937.89
Specific payables		
Accrued liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
	_____	_____
<b>Total non-current liabilities</b>	<b>12,935,667.64</b>	12,959,937.89
	=====	=====
<b>Total Liabilities</b>	<b>379,495,907.45</b>	371,808,205.40
	=====	=====
<b>Shareholder's equity:</b>		
Share capital	<b>913,838,529.00</b>	913,838,529.00
Other equity instruments		
Capital reserve	<b>1,434,870,834.28</b>	1,434,870,834.28
Less: Treasury stock		
Other comprehensive income		
Special reserve		
Surplus reserve	<b>245,831,957.46</b>	245,831,957.46
General risk reserve		
Undistributed profit	<b>219,915,071.50</b>	274,170,198.50
	_____	_____
<b>Total shareholders' equity</b>	<b>2,814,456,392.24</b>	2,868,711,519.24
	=====	=====
<b>Total liabilities and shareholders' equity</b>	<b>3,193,952,299.69</b>	3,240,519,724.64
	=====	=====

Legal representative:  
**Xia Dechuan**

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

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

**Income Statement**

January – June 2016

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period	Amount in corresponding period last year
<b>I. Total operating income</b>	<b>67,369,862.26</b>	37,425,340.32
Including: Operating income	<b>67,369,862.26</b>	37,425,340.32
Interest income		
Premiums earned		
Income from bank charges and commissions		
<b>II. Total operating cost</b>	<b>126,326,372.40</b>	94,646,339.90
Including: Operating costs	<b>48,173,911.60</b>	20,473,963.55
Interest expenses		
Bank charges and commissions		
Insurance withdrawal payment		
Net payments for insurance claims		
Net Appropriation of insurance contract reserves		
Bond insurance expense		
Amortized Reinsurance Expenditures		
Business tax and surcharges	<b>1,126,898.84</b>	1,679,514.60
Distribution costs	<b>2,352,781.42</b>	2,088,818.54
Administrative expenses	<b>75,790,578.57</b>	66,828,642.58
Financial expenses	<b>-1,175,427.99</b>	906,273.96
Impairment losses of assets	<b>57,629.96</b>	2,669,126.67
Plus:		
Gains from changes in fair value (losses are indicated by "-")		
Investment income (losses are indicated by "-")	<b>69,350,256.45</b>	107,544,864.98
Including: Investment income in associates and joint ventures	<b>62,517,986.07</b>	97,172,461.75
Exchange gain (losses are indicated by "-")		
<b>III. Operating profit (losses are indicated by "-")</b>	<b>10,393,746.31</b>	50,323,865.40
Plus: Non-operating income	<b>41,097.22</b>	355,834.39
Including: Gains on disposal of non-current assets	<b>1,045.05</b>	353,669.58
Less: Non-operating expense	<b>2,548,950.56</b>	82,024.72
Including: Losses from disposal of non-current assets	<b>53,712.46</b>	82,018.02
<b>IV. Total profit (total losses are indicated by "-")</b>	<b>7,885,892.97</b>	50,597,675.07
Less: Income tax expenses		
<b>V. Net profit (losses are indicated by "-")</b>	<b>7,885,892.97</b>	50,597,675.07

**Income Statement (continued)**

January – June 2016

<b>Item</b>	<b>In the Period</b>	Amount in corresponding period last year
<b>VI. Net other comprehensive income after tax</b>		
(i) Other comprehensive income that can not be reclassified into the profit or loss subsequently		
1. Changes in net liabilities or net assets resulting from re-measurement of defined benefit pension plan		
2. Shares of the investee that can not be reclassified 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 available-for-sale 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 net other comprehensive income after tax attributable to non-controlling interests		
<b>VII. Total comprehensive income</b>	<b>7,885,892.97</b>	50,597,675.07
<b>VIII. Earnings per share:</b>		
(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 Shareholders' Equity

January – June 2016

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the Period								Total of shareholders' equity
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	
<b>I. Balance at the end of last year</b>	913,838,529.00	1,434,870,834.28				245,631,957.46		274,170,198.50	2,868,711,519.24
Plus: alteration to accounting policies									
Correction to previous errors									
Others									
<b>II. Balance at the beginning of the year</b>	913,838,529.00	1,434,870,834.28				245,631,957.46		274,170,198.50	2,868,711,519.24
<b>III. Changes for the period (decrease is indicated by "-")</b>									
(i) Total comprehensive income								7,885,892.97	7,885,892.97
(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								-62,141,019.97	-62,141,019.97
1. Appropriation of surplus reserve									
2. Appropriation of general risk reserve									
3. Distribution to shareholders								-62,141,019.97	-62,141,019.97
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									
<b>IV. Closing balance at the end of the year</b>	913,838,529.00	1,434,870,834.28				245,631,957.46		219,915,071.50	2,814,456,392.24

**Statement of Changes in Shareholders' Equity** (continued)  
January – June 2016

Item	Amount in corresponding period last year							Total of shareholders' equity	
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit
<b>I. Balance at the end of last year</b>	913,838,529.00	1,434,870,834.28				234,802,138.28		235,215,168.78	2,818,726,670.34
Plus: alteration to accounting policies									
Correction to previous errors									
Others									
<b>II. Balance at the beginning of the year</b>	913,838,529.00	1,434,870,834.28				234,802,138.28		235,215,168.78	2,818,726,670.34
<b>III. Changes for the period (decrease is indicated by "-")</b>								-9,715,667.85	-9,715,667.85
(I) Total comprehensive income								50,597,875.07	50,597,875.07
(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									
<b>IV. Closing balance at the end of the year</b>	913,838,529.00	1,434,870,834.28				234,802,138.28		225,499,500.93	2,809,011,002.49

Legal representative:  
**Xia Dechuan**

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

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

**Cash Flow Statement**

January – June 2016

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Item	In the period	Amount in corresponding period last year
<b>I. Cash flow from operating activities:</b>		
Cash received from sales of goods or rendering of services	<b>83,176,167.30</b>	24,715,414.42
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, bank charges and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase business funds		
Received tax refunds		
Other cash received related to operating activities	<b>82,398,649.86</b>	44,486,046.72
<b>Sub-total of cash inflows from operating activities</b>	<b>165,574,817.16</b>	69,201,461.14
Cash paid for sales of goods or rendering of services	<b>36,306,369.64</b>	20,813,606.97
Net increase in customer loan and advance in cash		
Net increase in deposit in the central bank and other banks		
Cash paid for indemnity of original insurance contract		
Cash paid for interests, bank charges and commissions		
Cash paid for policy dividend		
Cash paid to and for employees	<b>24,985,443.71</b>	34,140,700.40
Cash paid for various taxes	<b>2,058,894.96</b>	3,810,172.59
Other payments related to operating activities	<b>146,524,264.46</b>	196,545,599.02
<b>Sub-total of cash outflows from operating activities</b>	<b>209,874,972.77</b>	255,310,078.98
<b>Net cash flow from operating activities</b>	<b>-44,300,155.61</b>	-186,108,617.84

**Cash Flow Statement (continued)**

January – June 2016

Item	In the period	Amount in corresponding period last year
<b>II. Cash flow from investing activities:</b>		
Cash received from disposal of investments		
Cash received from returns on investments	<b>6,832,270.38</b>	10,372,403.23
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		
Net cash received from the disposal of subsidiaries and other operating entities		
Other cash received related to investment activities	<b>725,000,000.00</b>	1,094,000,000.00
<b>Sub-total of cash inflows from investing activities</b>	<b>731,832,270.38</b>	1,104,372,403.23
Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets	<b>42,145.30</b>	6,599,173.39
Cash paid for investment		26,000,000.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other operating entities		
Other cash received related to investment activities	<b>682,000,000.00</b>	1,015,000,000.00
<b>Sub-total of cash outflows from investing activities</b>	<b>682,042,145.30</b>	1,047,599,173.39
<b>Net cash flow from investing activities</b>	<b>49,790,125.08</b>	56,773,229.84
<b>III. Cash flows from financing activities:</b>		
Cash received from investment		
Including: Cash received by subsidiaries from non-controlling shareholders' investment		
Cash received from borrowings	<b>20,000,000.00</b>	120,000,000.00
Cash received from issuing bonds		
Other cash received related to financing activities		
<b>Sub-total of cash inflows from financing activities</b>	<b>20,000,000.00</b>	120,000,000.00
Cash paid for repayments of borrowings	<b>20,000,000.00</b>	40,000,000.00
Cash payment for interest expenses and distribution of dividends or profits	<b>77,333.33</b>	2,113,000.00
Including: Dividend and profit paid by subsidiaries to non-controlling shareholders		
Other cash payments related to financing activities		
<b>Sub-total of cash outflows from financing activities</b>	<b>20,077,333.33</b>	42,113,000.00
<b>Net cash flow from financing activities</b>	<b>-77,333.33</b>	77,887,000.00
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>-32.45</b>	27.95
<b>V. Net increase in cash and cash equivalents</b>	<b>5,412,603.69</b>	-51,448,360.05
Plus: Opening balance of cash and cash equivalents	<b>87,859,882.87</b>	80,208,790.62
<b>VI. Closing balance of cash and cash equivalents</b>	<b>93,272,486.56</b>	28,760,430.57

Legal representative:  
Xia Dechuan

Person in charge of  
accounting:  
Shen Jianlong

Person in charge of  
accounting department:  
Liu Xianfang

## I. INTRODUCTION OF THE COMPANY

Nanjing Panda Electronics Co., Ltd. (hereinafter referred to as "the Company" or "Company") was established on 27 April 1992 after the approval from Nanjing Economic System Reform Committee with document number Ning Ti Gai Zi (1992) No. 034. It turned into Nanjing Panda Electronics Co., Ltd. (present name) later by its sole promoter, Panda Electronics Group Co., Ltd. (PEGL), acquired the Company's 480,000,000 state-owned legal person shares in establishment with 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 of RMB1 each and 35,000,000 employee's shares 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 molds and other equipment.

In the extraordinary general meeting of the Company held on 27 May 1994, except other matters, an exceptional resolution was passed to approve the restructuring report, which included matters concerning deconsolidation and restructuring 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 exceptional 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's shares, and capital reserve of RMB3,348.00.

February 1996, the State-owned Assets Administration to state-owned enterprises [1996] No. 12 text recognition, 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. holds 287.87 million shares, internal ESOP 35 million; 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 RMB390,015,000.00. It was diverted into 355,015,000 state-owned legal person shares and 35,000,000 employee's shares.

In order to issue H shares, a comprehensive evaluation was conducted on the assets and liabilities of the Company on 30 September 1995. 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, to be sold at HK\$2.13 per share. Share issuance was completed on 29 April 1996 and was formally listed on The Stock Exchange of Hong Kong on 2 May 1996.

The Company gained approval from the document by Securities Supervision and Management Committee of the State Council on 30 October 1996 of issuing Zheng Gan Fa Zi (1996) No. 304, to issue 23,000,000 ordinary shares in RMB to the public. Selling price is RMB5.10 per share. As at 14 November 1996, all fund raised were received in full and the stock was listed on Shanghai Securities Exchange on 18 November 1996. The 35,000,000 internal employee's shares including 5,000,000 shares originally planned to be a source of financing was also listed after completion of issuing shares. Another 30,000,000 shares were listed and started circulating in 1999.

The Company obtained its enterprise legal person business license Qi Su Ning Zong Fu Zi No. 003967 on 18 April 1997. Its registered capital was RMB655,015,000. 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 and as well as after-sale services and technical services for the such business.

The Company received new business license numbered 320100400008823 on 6 January 2011. The registered capital is RMB655,015,000. Approved business include the research, manufacture and sale of the transmission equipment of radio broadcasting and television, together with the after service, technical service, etc., the development, production and sale of communication equipment, computers and other electronic facilities; meters and instruments, cultural and office-based machinery; electrical machinery and equipment; plastic products; general equipment such as fans, scales and packaging equipment; special equipment for the processing of non-metallic products such as chemical and wood; transmission and distribution equipment; environmental, public safety and related equipment; 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. (For those business areas that require permission, business activities are conducted after relevant approval). 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 8.87% shares of Panda Electronic Group Co., Ltd. (hereinafter referred to as "Panda Group" or "Group") to Nanjing Electronics Information Industrial Corporation (hereinafter referred to as "NEIC")

In 2012, according to Jiangsu Provincial government's approval "The agreement of indirectly transferring quoted shares which are held by Panda Electronic Group Co., Ltd.-Nanjing Huadong Electronics Group Co., Ltd." (Su Zheng Fu [2009] No. 45), Jiangsu provincial State-owned assets supervision and Administration Commission's approval"the reply of amending partial state-owned property right in Panda Electronic Group Co., Ltd. with no obligation" (Su Guo Zi Fu [2012] No. 22) State Council state-owned assets supervision and Administration Commission's approval"the reply of amending the actual controller of Nanjing Panda Electronics Co., Ltd."(Guo Zi Chan Quan [2012] No.158), and under the permission of China's Securities Regulatory Commission's approval "the reply of China Electronics Corporation announce acquisition report of Nanjing Panda Electronics Company Limited" (Zheng Jian Xu Ke [2012] No. 770), Jiangsu Guoxin Investment Group Limited, Nanjing Xingang Development Corporation and Nanjing State-owned Assets Investment Management Holdings Co., Ltd. transferred 21.59% shares, 22.07% shares and 4.32% shares of Panda Group respectively to Nanjing Electronics Information Industrial Corporation (shortened form "NEIC") subsidiary of China Electronics Corporation (shortened form CEC). Panda Group completed the industrial and commercial registration of shareholders amendment on 21 December 2012. After the shares transferred, CEC held 70% shares of NEIC, and NEIC held 56.85% shares of Panda Group, as a result, CEC became the actual controller of Nanjing Panda Electronics Co., Ltd., with 51.10% shares of the Company.

On 19 April 2013, according to China Securities Regulatory Commission's approval (Zheng Jian Xu Ke [2013] No. 332), the Company was authorized to issue 258,823,529 ordinary shares (A shares) in RMB to no more than ten specific investors including Nanjing Electronic Information Industrial Corporation ("NEIC") at a nominal value of RMB1.00 per share and a selling price RMB5.10 per share. The financed net value amounts to RMB1,294,403,712.55, including an increase of share capital of RMB258,823,529.00, an increase of capital reserve, RMB1,035,580,183.55. The raised fund has been verified by Baker Tilly China Certified Public Accountants (Baker Tilly China) and the capital verification report Tian Zhi Hu QJ [2013] No.1907 was issued.

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, Panda Group, the controlling shareholder of the Company, held 334,715,000 of the Company's shares, with a shareholding ratio of 51.10%. After the non-public offering, Panda Group, that held 36.63% of the total shares, remains to be the controlling shareholder of the Company. CEC, via holding 70.00% shares of NEIC, remains the actual controller of the Company by holding 56.85% of the shares. After the non-public offering, controlling shareholder and actual controller's positions have not been changed.

The newly issued shares are tradable shares with restricted conditions; NEIC is a related party of the Company, and the 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 at June 30, 2014, except for NEIC, the shares subscribed by the other eight investors had lifted restricted conditions, and could be transferred in the share market.

In June 2015, Panda Group reduced its shareholding of the Company at an amount of 27,069,492 shares through the Shanghai Security Exchange System. After the reduction of holdings, Panda Group holds 307,645,508 shares of the Company, which is 33.67% of total floating stock.

In August 2015, by the instruction of "The approval of the issues regarding Panda Electronic Group Co., Ltd. to transfer part of its shares of Nanjing Panda Electronics Co., Ltd. under negotiation" (SASAC [2015] No. 697) issued by the State-owned assets supervision and administration commission of China, Panda Group transferred 82,811,667 and 14,172,397 A shares to China Huarong Asset Management Co., Ltd. and China Great Wall Asset Management Corporation under a negotiation transfer. After the transfer, Panda Group now holds 210,661,444 shares of the Company, with a shareholding ratio of 23.05%. Panda Group still holds 5 out of 9 members of the board, indicating it is still in control position of the Company.

From July to December 2015, NEIC accumulatively increased its A shares of the Company by 2,893,825 shares through directed asset management plans, representing approximately 0.32% of the Company's total shares, and accumulatively increased its H shares of the Company by 3,996,000 shares, representing 0.44% of the Company's total shares. After such shareholding increase, NEIC held 42,109,511 A shares and 3,996,000 H shares of the Company, representing 4.61% and 0.44% of the Company's total shares, respectively.

From January to June 2016, NEIC accumulatively increased its A shares of the Company by 2,581,000 through directed asset management plans, representing approximately 0.28% of the Company's total shares, and accumulatively increased its H shares of the Company by 3,500,000 shares, representing 0.38% of the Company's total shares. After such shareholding increase, NEIC holds 44,690,511 A shares and 7,496,000 H shares of the Company, representing 4.89% and 0.82% of the Company's total shares, respectively. With its subsidiary – Panda Group holding 23.05% percent of shares of the Company, NEIC holds 28.76% of the Company's total shares. NEIC's parent, China Electronics Corporation, is still the ultimate controller of the Company.

The Company is an incorporated company (with capital from Hong Kong and China Mainland), it lies in the industry of computer, communication and other electronic equipment manufacturing. Its product includes electronic manufacturers, electronic equipment, consumer electronics, etc. Its business duration starts from 5th Oct, 1996, with no upper limits.

The scale of consolidation of the Company's financial statements is on a control basis, including its own and its subsidiaries' financial statements. Subsidiary refers to entities and corporations that are under control of the Company. Consolidation scale of this year remains unchanged, despite the establishment and liquidation of several of its previously consolidated subsidiaries, which are illustrated in detail in Part VII. Change of the range of consolidation.

The Financial Statements of the Company were approved by the Board of Directors on 30 August 2016.

## II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### (I) 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.

### (II) 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. THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### (I) 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)").

### (II) Accounting period and business cycle

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.

### (III) 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.

(IV) **Report items whose 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 items whose measurement attributes changed in the current period.

(V) **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 on 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**

On acquisition date, when the cost of consideration offered by the acquirer is more than the fair value of proportionate share of the acquiree's net identifiable assets, the difference shall be recognized as goodwill; when the cost of consideration offered by the acquirer is less than the fair value of proportionate share of the acquiree's net identifiable assets, the fair value of the acquiree'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. On acquisition date, acquirer shall combine the carrying amount of the acquiree prior to acquisition date with the cost of new investment incurred on 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 on the date of acquisition, expect other comprehensive as a result of remeasurement of net defined benefit plan liability or asset.
- (2) Recognize goodwill (or current profit or loss). For every single transaction that consist business combination, compare their cost of investment with the proportionate share of net identifiable value of the acquire in step (1). If the former is greater than the latter, the difference is recognized as goodwill; If the former is less than the latter, the difference is recognized as current profit and loss.

Circumstance where the Company can no longer exercise control over 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 contributed loss of control 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 contributed loss of control 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.

## (VI) 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".

## (VII) Joint-venture Arrangements

### 1. Identification and classification of a joint arrangement

A joint arrangement is an arrangement of which two or two 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 Investments".

## (VIII) Recognition standard for 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.

## (IX) Foreign currency businesses

### 1. Foreign currency transaction.

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 other comprehensive income.

### 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 recognized as other comprehensive income.

## (X) 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 measured at fair value and the changes are recorded into profit or loss of current period (including tradable financial liabilities and financial liabilities that are designated to be measured at fair value and the changes are recorded into profit or loss of current period); and other financial liabilities.

## 2. Recognition, measurement and de-recognition 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 other comprehensive income; 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 other comprehensive income, 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. 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 de-recognition, 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 de-recognition, added by accumulated changes in fair value that has been recorded in other comprehensive income. When financial asset has been partially transferred and the transferred part meets the criteria of de-recognition, carrying amount of the financial asset shall be divided into two parts: the derecognized part and the under-recognized 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 other comprehensive income.

#### 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, transaction prices are used to determine their fair value.

#### 5. Impairment and test of 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 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, and 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 other comprehensive income shall be transferred to impairment loss.

### (XI) Account receivables

#### 1. Receivables which are individually significant are subject to individual impairment assessment

Criteria or amount standard for receivables that are individually significant	Individually amounted more than 5% of total receivables or amounted more than RMB5 million
Allowance method for receivables that are individually significant are subject to individual impairment assessment	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 amount that present value of future estimated cash flows is less than carrying amount of receivables

## 2. Receivables which are not individually significant are subject to individual impairment assessment

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
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Allowance methods for receivables	Allowances are recognized according to the difference between carrying amount of receivables and future estimated discounted cash flow of receivables
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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.

## (XII) Inventories

### 1. Classification of inventories

Inventories include commodity held for sale during normal business activities, work-in-progress items that are still in manufacture, raw materials that are consumed during the process of manufacture, etc.

### 2. Accounting for reception and shipping of inventories

Inventories are measured at cost on acquisition, cost of inventory include purchasing cost, conversion costs and other costs. Weighted average method is adopted when inventories are used or shipped.

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

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 recoding 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.

### (XIII) 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 of operation;
2. Formal declaration has been made by the company that the disposal of non-current assets has been decided and approved;
3. The company has engaged in a transfer agreement which is non-cancellable;
4. The transfer is about 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 that has been disposed or classified as held for sale and act as a separate component whose operations can be clearly distinguished, either 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 that is reflective 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.

### (XIV) Long term investments

#### 1. Confirmation of cost of investment

- (1) 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 on 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 on 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 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 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 to the investment and consideration containing profit or cash dividends declared but not yet issued. 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. 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 can not control or semi-control the policy with others.

## **4. Disposal of long term investment**

### **4.1 Partial disposal of long term investment in which control is retained.**

When long term 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.

### **4.2 Partial disposal of long term investment in which control is lost.**

When long term investment is partially disposed and control is lost as a result, the carrying value of the long term invest on the stock right, 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.

## (XV) Investment properties

1. Investment properties include rented land use rights, land use rights hold for appreciation and transfer, and rented constructions.
2. Investment properties are recognized at initial cost. Subsequent measurement is based on cost model, 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.

## (XVI) Fixed assets

### 1. The recognition, 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 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 ready for normal usage.

### 2. Depreciation methods for fixed assets

Item	Depreciation period (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	20-30	5	3.17-4.75
Machine equipment	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

At balance sheet date, when there is objective evidence that property, plant and equipment 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 the majority of the economic useful life of the leased asset (generally 75% or above). 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.



## (XVII) 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.

## (XVIII) 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 cost 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 ceased un-normally, and the cease lasts for a period of more than 3 months, capitalization of relevant borrowing cost should cease. Borrowing cost during this period should be expensed, until acquisition, construction or production of the qualifying asset re-starts.
- (3) When qualifying asset being acquired, constructed or produced has reached its re-sellable 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.

(XIX) 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	10
Computer software	5-10
Patent right	10
Software copyright	10
Nonpatented technology	5

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.

(XX) Long-term prepaid expenses

Long-term prepaid 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 prepaid 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.

## (XXI) Employee benefits

Employee benefits 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 benefits include short-term employee benefits, post-employment benefits, termination benefits, and other long-term employee benefits. The benefits provided to employees' spouses, children, foster children, families of deceased employees and other beneficiaries of the company are also included in employee benefits.

### 1. Short-term benefits

Short-term benefits 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 benefits 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 benefits obligation arising from the profit-sharing plan can be made. If the employee benefits 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 benefits 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 benefits

- (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 benefits 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 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 salary 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 assets or liabilities, including interest income on plan assets, interest cost on the defined benefit plan obligation and interest on the effect of the asset ceiling.
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; or
- 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 before 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 benefits; if the termination benefits are not expected to be settled wholly before 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 benefits.

### 4. Other long-term employee benefits

When other long-term employee benefits 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 benefits in accordance with the relevant regulations relating to defined benefit plans.

## (XXII) Estimated liabilities

1. Estimated liabilities are recognized when the company encounters present obligation arising from guarantee, litigation, warrant, onerous contracts or contingent events, the settlement of which probably cause 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.

## (XXIII) 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 (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, 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. Abalienating of asset use rights

When abalienating of asset use right 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 during 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.

### 5. Specific recognition principles

The company's revenue comes mainly from electronic manufacturing products, electronic equipment products, consumer electronics products and other products. Revenue comes from electronic manufacturing products is recognized according to the advice of settlement confirmed by customers; Revenue comes from equipment part of electronic equipment products is recognized according to the receipt confirmed by customers, while engineering part is recognized according to the progress payment confirmation provided by project supervision and management company; Revenue comes from consumer electronics products is recognized according to customer receipt for domestic sales and customs declaration for export. Other revenue comes from rent and property management and is recognized according to terms of the contract.

#### (XXIV) 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.

## (XXV) 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.

## (XXVI) 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 differed 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.

## (XXVII) 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, revenue from sales of water supply, lease income, taxable services revenue, etc.	17, 13, 11, 6, 3, 2, duty free
Urban maintenance and construction tax	VAT Paid	7, 5
Education Surcharge	VAT Paid	3
Local Education Surcharge	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 subject to 3% VAT rate but is actually levied at 2% by the simple approach. 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 VAT rate applicable to the revenue from the R&D and technical services and IT services of the Company and some subsidiaries of the Company as registered in Jiangsu Province is 6%.

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

According to the requirements of the Ministry of Finance and the State Administration of Taxation on thoroughly implementing Value-added tax Replacing Business Tax, since 1 June 2016, the VAT rate for the revenue from the lease of premises, construction and from installation (except for revenue from R&D and technology, information technology services), etc. is 11% and 17%, respectively.

#### 2. 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).

#### 3. 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%.

#### 4. 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 Electronic Manufacture Co., Ltd, a sub-subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Science & Technology Commission on 31 October 2014, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GF201432001030). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2014 to 31 December 2016.

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

Nanjing Panda Communication Technology Co., Ltd, a sub-subsidiary of the Company, is recognized as a high-tech enterprise by Jiangsu Science & Technology Commission on 31 October 2014, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GF201432002598). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2014 to 31 December 2016.

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

Nanjing Panda Information Industry Co., Ltd, a sub-subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Science & Technology Commission on 10 October 2015, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201532002255). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2015 to 31 December 2017.

Nanjing Panda Electromechanical Instruments Technology Co., Ltd, a sub-sub- subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Science & Technology Commission on 10 October 2015, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201532002564). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2015 to 31 December 2017.

Shenzhen Jinghua Information Technology Co., Ltd, a sub-subsidiary of the Company, has passed the review of high-tech enterprise by Guangdong Science & Technology Commission on 2 November 2015, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201544201289). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2015 to 31 December 2017.

Nanjing Panda Electronic Equipment Co., Ltd, a sub-subsidiary of the Company, has passed the application of high-tech enterprise by Jiangsu Science & Technology Commission on 3 November 2015, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GF201532001331). Accordingly, it paid income taxes by 15% of taxable income from 1 January 2015 to 31 December 2017.

Galant Limited., a sub-subsidiary of the Company, and CEC JWD Trading (HK) Co., Limited, a sub-sub-subsidiary of the Company, are registered in Hong Kong, the applicable rate is 16.5%.

Shenzhen Jinghua Audiovisual Products Co., Ltd, a sub-sub-sub-subsidiary of the Company, and Shenzhen Jingjia Property Management Co., Ltd, a sub-sub-subsidiary of the Company, are recognized as small low-profit enterprises, the basis is as the 50% of the taxable income, the applicable rate is 20%.

#### 5. 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 during this accounting period.

### 2. The changes in accounting estimate

There is no change in accounting estimate of the Company during this accounting period.

### 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 2016 and 30 June 2016 respectively, and the terms "last period" and "the period" refer to from January to June for the year of 2015 and from January to June for the year of 2016 respectively.

### 1. Cash and Bank Balances

#### (1) Disclosures as classification

Item	Closing balance	Opening balance
Cash	763,652.05	654,078.59
Bank deposits	938,332,944.03	853,147,900.68
Other cash and bank balances	116,537,112.86	108,420,147.67
Total	<u>1,055,633,708.94</u>	<u>962,222,126.94</u>

(2) The closing balance of the other cash and bank balances amounting to RMB116,532,526.40 mainly included bank's acceptance bill deposits, performance deposits and bid deposit, and L/C deposit amounting to RMB50,427,846.34, RMB41,945,859.20 and RMB24,158,820.86 respectively.

(3) The closing balances of deposits overseas are USD3,420,527.47 and HKD216,158.21, amounting to RMB22,866,952.18.

### 2. Bills Receivable

#### (1) Disclosure by category

Type of Bills	Closing balance	Opening balance
Bank acceptance notes	<u>130,181,491.27</u>	<u>196,107,157.14</u>
Total	<u>130,181,491.27</u>	<u>196,107,157.14</u>

(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>44,300,842.80</u>		
Total	<u><u>44,300,842.80</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 by category

Items	Amount	Closing balance		Percentage of provision for bad debts (%)
		Percentage (%)	Provision for bad debts	
Substantial amount of single account receivable with specific provision for bad debts	906,723,223.96	78.66	10,299,761.58	1.14
Other unsubstantial amount of accounts receivable with specific provision for bad debts	<u>245,956,536.07</u>	<u>21.34</u>	<u>16,972,715.34</u>	6.90
Total	<u><u>1,152,679,760.03</u></u>	<u><u>100</u></u>	<u><u>27,272,476.92</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	869,863,905.59	81.12	11,977,468.11	1.38
Other unsubstantial amount of accounts receivable with specific provision for bad debts	<u>202,500,856.99</u>	<u>18.88</u>	<u>16,918,568.24</u>	8.35
Total	<u><u>1,072,364,762.58</u></u>	<u><u>100</u></u>	<u><u>28,896,036.35</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.	312,994,545.67			Expected can be recovered
CEC Panda LCD Technology Co., Ltd.	95,778,070.57			Expected can be recovered
Nanjing Panda HanDa Technology Co., Ltd.	85,084,198.84	33,649.21	0.04	Current value of the expected future cash flow is lower than its carrying value
CEC Panda Liquid Crystal Material Technology Co., Ltd.	48,825,139.73			Expected can be recovered
CommScope Communication Technology (China) Co., Ltd.	29,294,895.58			Expected can be recovered
Nanjing Guobo Electronics Co., Ltd.	25,864,279.64			Expected can be recovered
Nanjing Metro Group Co., Ltd.	22,258,586.22			Expected can be recovered
Nanjing Lopu Co., Ltd.	21,201,812.19			Expected can be recovered
Binhai Radio and Television Bureau	20,299,600.00	2,415,018.84	11.90	Current value of the expected future cash flow is lower than its carrying value
DaiFuku Automatic Handling Equipment (Suzhou) Co., Ltd.	17,665,371.49			Expected can be recovered
Xinjiang Administration of Press, Publication, Radio, Film and Television	15,449,275.20			Expected can be recovered
Nanjing Sharp Electronics Co., Ltd.	15,454,033.22	15,317.33	0.10	Current value of the expected future cash flow is lower than its carrying value
Nanjing Yougete Communication Equipment Co., Ltd.	14,285,000.00			Expected can be recovered
Shanghai Weienshi Trading Co., Ltd.	13,521,552.00			Expected can be recovered
Nanjing Hexi New City Construction and Development Co., Ltd.	13,069,620.00			Expected can be recovered
Ningxia Broadcast, Film & Television Bureau	12,558,672.00	6,210,926.20	49.46	Current value of the expected future cash flow is lower than its carrying value
Jiangsu Chi-World Environmental Company Limited	11,500,000.00			Expected can be recovered
Nanjing Municipal Communist Party	10,785,869.87			Expected can be recovered
SOUTHERN TELECOM INC.	10,319,158.26			Expected can be recovered
Shaanxi IRICO Electronic Glass Co., Ltd.	10,200,000.00			Expected can be recovered
IRICO (Hefei) LCD glass Co., Ltd.	9,777,600.00			Expected can be recovered
Suzhou Rail Transit Co., Ltd.	9,393,876.00			Expected can be recovered
Nanjing Rail Transit Systems Co., Ltd.	9,080,207.40			Expected can be recovered
Shong County Broadcast and Television Information Network Co., Ltd.	8,059,239.00	676,373.14	8.39	Current value of the expected future cash flow is lower than its carrying value
BSH Home Appliances Co. Ltd.	7,869,092.56			Expected can be recovered
China Electronics Science and Industry New Materials Jiangsu Co., Ltd.	7,810,116.62			Expected can be recovered
Nanjing Panda Electronics Import/Export Co., Ltd.	6,775,362.16	889,816.33	13.13	Current value of the expected future cash flow is lower than its carrying value
Huatai Group Co., Ltd.	6,463,958.85			Expected can be recovered
China Nuclear Industry Huaxing Co., Ltd., Jiangsu	6,385,648.85			Expected can be recovered
Shenzhen Jinghua Internet Marketing Co., Ltd.	6,261,350.30			Expected can be recovered
Metrologic Instruments Inc.	6,066,061.34			Expected can be recovered
Wuxi Rail Transit Development Co., Ltd.	5,597,308.70			Expected can be recovered
Guangxi Xinliuyong Agriculture Products Wholesale Market Co., Ltd.	5,543,500.00			Expected can be recovered
Nanjing Radio and Television Network Co., Ltd.	5,230,221.70	58,660.53	1.12	Current value of the expected future cash flow is lower than its carrying value
Total	<u>906,723,223.96</u>	<u>10,299,761.58</u>		

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

<b>Item</b>	<b>Amount incurred in the period</b>
Provision for bad debt incurred in current period	18,992.41
Provision for bad debt reversed or received in current period	<u>1,508,265.70</u>

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

<b>Name of debtor</b>	<b>Reason for reversed or received</b>	<b>Reason for original provision of bad debts</b>	<b>Amount of provision for bad debts before being reversed or received</b>	<b>Amount reversed or received</b>
Sheyang County Radio and Television Station	Receive part of the amount by negotiation	Specific provision	1,211,460.18	1,211,460.18
Total			<u>1,211,460.18</u>	<u>1,211,460.18</u>

(4) **The situation of written-off accounts receivable**

<b>Item</b>	<b>Amount incurred in current period</b>
Written-off of accounts receivable	<u>134,286.14</u>

The situation of significant written-off of accounts receivable

<b>Name of debtor</b>	<b>Amount</b>	<b>Amount Nature</b>	<b>Reasons for written-off</b>	<b>Related party transactions</b>
Shenzhen Medium Micro-electronics Co., Ltd.	108,576.53	Payment for goods	Transfer of creditor's right	No
Total	<u>108,576.53</u>			

Note: The written-off of accounts receivable in current year is authorized and approved by board of directors after it is recognised unrecoverable.

(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 account receivable (%)
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	The same actual controller	312,994,545.67		27.15
CEC Panda LCD Technology Co., Ltd.	The same actual controller	95,778,070.57		8.31
Nanjing Panda HanDa Technology Co., Ltd.	The same actual controller	85,084,198.84	33,649.21	7.38
CEC Panda Liquid Crystal Material Technology Co., Ltd.	The same actual controller	48,825,139.73		4.24
CommScope Communication Technology (China) Co., Ltd.	Non-related party	29,294,895.58		2.54
Total		<u>571,976,850.39</u>	33,649.21	49.62

(6) The situation of derecognition of account receivable due to transfer of financial assets

Item	Amount of derecognition	Profit or loss of derecognition
China Electronics Commercial Financial Leasing Co., Ltd.	21,642,898.28	-10,821.45
Total	<u>21,642,898.28</u>	<u>-10,821.45</u>

Note: On August 31, 2015, authorized and approved by the board of directors, subsidiary of the Company, Nanjing Panda Electronics Manufacture Co., Ltd. signed with China Electronics Commercial Financial Leasing Co., Ltd. the "Non-recourse factoring contract" with regard to the receivables between Nanjing Panda Electronics Manufacture Co., Ltd and CEC Panda LCD Technology Co., Ltd. It is agreed that China Electronics Commercial Financial Leasing Co., Ltd. provides reusable factoring financing service amounting to RMB150 million for accounts receivables, and the service fee rate is 0.05% of the transferred accounts receivables amount, with a period of one year. Nanjing Panda Electronics Manufacture Co., Ltd, a subsidiary of the Company, derecognized accounts receivable of RMB21,642,898.28, with service fee expense RMB10,821.45.

(7) There are no transferred accounts receivable in which the Company continued to involve and relevant assets or liabilities formed.

4. Prepayment

(1) Disclosure by aging

Aging	Closing balance	Percentage (%)	Provision for bad debts	Opening balance	Percentage (%)	Provision for bad debts
Within 1 year(including 1 year)	112,569,162.47	67.77	247,040.90	113,059,958.62	86.09	17,533.44
1-2 year (including 2 years)	48,107,408.25	28.96	73,300.08	7,177,083.16	5.47	439,985.59
2-3 year (including 3 years)	2,690,282.58	1.62	1,208,597.23	2,536,209.73	1.93	545,850.25
More than 3 years	2,747,419.45	1.65	1,240,026.56	8,551,978.10	6.51	1,765,595.49
Total	<u>166,114,272.75</u>	<u>100</u>	<u>2,768,964.77</u>	<u>131,325,229.61</u>	<u>100</u>	<u>2,768,964.77</u>



6. Other Receivables

(1) Disclosure by category

Category	Amount	Closing balance		Percentage (%)
		Percentage (%)	Provision for bad debts	
Substantial amount of single other receivables with specific provision for bad debts	39,088,399.44	41.14		
Other unsubstantial amount of other receivables with specific provision for bad debts	55,916,004.10	58.86	1,800,886.70	3.22
<b>Total</b>	<b>95,004,403.54</b>	<b>100</b>	<b>1,800,886.70</b>	

Category	Amount	Opening balance		Percentage (%)
		Percentage (%)	Provision for bad debts	
Substantial amount of single other receivables with specific provision for bad debts	72,332,869.38	69.18		
Other unsubstantial amount of other receivables with specific provision for bad debts	32,228,587.49	30.82	1,962,999.29	6.09
<b>Total</b>	<b>104,561,456.87</b>	<b>100</b>	<b>1,962,999.29</b>	

(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
National Development and Reform Commission	20,000,000.00			Expected can be recovered
National Treasury Shenzhen Depots (export taxes refund)	12,594,799.44			Expected can be recovered
MCT Worldwide LLC	6,493,600.00			Expected can be recovered
<b>Total</b>	<b>39,088,399.44</b>			

(3) **The situation of reversed or received other receivables**

Item	Amount incurred in current period
Provision for bad debt incurred in the period	
Provision for bad debt reversed or received for other receivables in the period	162,112.59

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

Name of debtor	Reason for reversal or recovery of bad debt		Amount of provision for bad debt before reversal or recovery	Amount of reversed or received
	Reason for reversal or recovery of bad debt	Basis for provision of bad debts		
Ningxia Radio, Film and Drama	Received	Specific provision	40,000.00	40,000.00
Nanjing Qixia District Cable Management Station	Received	Specific provision	10,000.00	10,000.00
Total			<u>50,000.00</u>	<u>50,000.00</u>

(4) **There is no written-off of other receivables in the current period**

(5) **Classification of other receivables by nature**

Nature	Closing balance	Opening balance
Relocation compensation		52,400,000.00
Deposit	31,217,504.94	25,575,077.23
Governmental subsidy	20,000,000.00	
Export refund	12,594,799.44	19,932,869.38
Others	31,192,099.16	6,653,510.26
Total	<u>95,004,403.54</u>	<u>104,561,456.87</u>

(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
National Development and Reform Commission	Governmental subsidy	20,000,000.00	Within 1year	21.05	
State Coffers Shenzhen Depots (for export refund)	Export refund	12,594,799.44	Within 1year	13.26	
MCT Worldwide LLC	Deposit	6,493,600.00	Within 1year	6.84	
Zhongjian International Construction Group co., Ltd	Deposit	1,307,535.00	Within 1year	1.38	
Chongqing Culture, Radio & Television Bureau	Others	1,061,280.00	Within 1year	1.12	
Total		<u>41,457,214.44</u>		43.65	

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

(8) **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	Closing Balance		Carrying value	Opening Balance		Carrying value
	Carrying balance	Provision for impairment		Carrying balance	Provision for impairment	
Raw materials	168,364,775.62	11,020,878.40	157,343,897.22	138,696,815.57	10,460,421.22	128,236,394.35
Packaging materials	1,688,565.42		1,688,565.42	1,289,394.81		1,289,394.81
Low-value consumables				1,538.46		1,538.46
Work in progress	218,798,262.54	6,019,438.59	212,778,823.95	179,253,690.26	6,407,708.43	172,845,981.83
Stored commodities	131,787,131.82	8,764,047.34	123,023,084.48	78,427,428.12	15,279,561.89	63,147,866.23
Consigned commodities	11,407,958.30		11,407,958.30	20,277,781.02		20,277,781.02
Delivered commodities	39,993,236.37	1,941,683.39	38,051,552.98	43,072,374.54	1,941,683.39	41,130,691.15
Total	<u>572,039,930.07</u>	<u>27,746,047.72</u>	<u>544,293,882.35</u>	<u>461,019,012.78</u>	<u>34,089,374.93</u>	<u>426,929,637.85</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 period		Total	Closing Balance
			Reversal	Write-off		
Raw materials	10,460,421.22	560,457.18				11,020,878.40
Work in progress	6,407,708.43		388,269.84		388,269.84	6,019,438.59
Stored commodities	15,279,561.89	701,071.24	613,903.54	6,602,682.25	7,216,585.79	8,764,047.34
Delivered commodities	1,941,683.39					1,941,683.39
Total	<u>34,089,374.93</u>	<u>1,261,528.42</u>	<u>1,002,173.38</u>	<u>6,602,682.25</u>	<u>7,604,855.63</u>	<u>27,746,047.72</u>

### (3) The particulars of provision for diminution in value of inventories

Items	Basis for provision for diminution in value of inventories	Reasons for reversed provision of inventories
Raw materials	Net realisable value is lower than the carrying value	The influence factors of former write-down inventory value has disappeared
Work in progress	Net realisable value is lower than the carrying value	The influence factors of former write-down inventory value has disappeared
Stored commodities	Net realisable value is lower than the carrying value	The influence factors of former write-down inventory value has disappeared
Delivered commodities	Net realisable value is lower than the carrying value	The influence factors of former write-down inventory value has disappeared

### (4) There is no completed but not settled assets resulted from construction contract.

## 8. Other current assets

Items	Closing balance	Opening balance
Structured deposits for corporates (interest rate-linked) products	118,000,000.00	
Excellence Plan for Rolling Capital Guaranteed Renminbi-denominated Corporate Wealth Management Product	105,000,000.00	
Liduoduo Structured Deposit for Corporates(利多多對公結構性存款) – 2016 JG411	103,000,000.00	
Yuntong Wealth- Profit Increasing up (穩通財富•日增利) – 91 days	56,000,000.00	
Yuntong Wealth- Profit Increasing up S-type (穩通財富•日增利S款) – 2016 JG224	22,000,000.00	
Liduoduo Structured Deposit for Corporates(利多多對公結構性存款) – 2015 JG1119	10,000,000.00	150,000,000.00
Structured deposit for corporates (interest rate-linked) products		100,000,000.00
Liduoduo Structured Deposit for Corporates(利多多對公結構性存款) – 2015 JG1119		97,000,000.00
Yuntong Wealth- Profit Increasing up (穩通財富•日增利提升) – 92 days		50,000,000.00
Yuntong Wealth- Profit Increasing up (穩通財富•日增利提升) – 98 days		50,000,000.00
Yuntong Wealth- Profit Increasing up (穩通財富•日增利提升) – 91 days		10,000,000.00
Principal guaranteed products-wealth bus(財富班車) No. 4		
Total	<b>414,000,000.00</b>	<b>457,000,000.00</b>

## 9. Available-for-sale financial assets

### (1) By category

Items	Closing Balance		Opening Balance	
	Carrying balance	Provision for impairment	Carrying value	Provision for impairment
Available-for-sale equity instruments	3,650,000.00		3,650,000.00	
Include: measured at cost	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	
Total	<b>3,650,000.00</b>		<b>3,650,000.00</b>	

### (2) Available-for-sale financial assets measured at cost at the end of the period

Items	Carrying value				Provision for impairment				Shareholding ratio in the invested company (%)	Cash dividends for the period
	Opening balance	Increase in the period	Decrease in the period	Closing balance	Opening balance	Increase in the period	Decrease in the period	Closing balance		
Jiangsu Research and Design Institute of Urban Rail Transit Co., Ltd	3,650,000.00			3,650,000.00					7.30	
Total	<b>3,650,000.00</b>			<b>3,650,000.00</b>						

(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) Breakdown

Name of investee	Opening Balance	Additional investment	Reduced Investment	Increase/decrease in the period			cash dividend	Provision for impairment loss	Other	Closing Balance	Provision for impairment of assets
				Investment profit and loss under the equity method	Other comprehensive income	Other equity changes					
Nanjing Ericsson Panda Communication Co., Ltd.	248,700,240.00			52,375,349.82						301,075,589.82	
Beijing SE Putian Mobile Communications Co., Ltd.	188,493,600.00			10,142,636.25						198,636,236.25	
Nanjing Thales Panda Transportation System Company Limited	9,313,494.30									9,313,494.30	
Shenzhen Jing'in Electronic Co., Ltd.	719,299.64			174,566.66			180,000.00			713,866.50	
Shenzhen Jinghua Network Marketing Co., Ltd.	467,059.65			177,549.38						644,609.03	
Shenzhen Chebao Information Technology Co., Ltd.		300,000.00		-60,279.66						239,720.34	
Nanjing Huaxian High Technology Company (note)											
<b>Total</b>	<b>447,693,630.59</b>	<b>300,000.00</b>		<b>62,809,824.65</b>			<b>180,000.00</b>			<b>510,623,518.24</b>	

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

## 11. Investment property

### (1) Investment property measured under cost method

Items	Opening balance	Increase in the period	Decrease in the period	Closing balance
<b>I. Total original value</b>	61,737,767.90			61,737,767.90
including: Buildings	61,737,767.90			61,737,767.90
<b>ii. Total accumulated depreciation and amortisation</b>	52,225,066.87	521,172.53		52,746,239.40
including: Buildings	52,225,066.87	521,172.53		52,746,239.40
<b>III. Total accumulative provision for impairment of investment property</b>				
<b>IV. Total carrying value of investment property</b>	9,512,701.03			8,991,528.50
including: Buildings	9,512,701.03			8,991,528.50

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

## 12. Fixed assets

### (1) The particulars of fixed assets

Items	Buildings	Machinery equipment	Transportation equipment	Electronic equipment	Other equipment	Total
Original cost						
Opening balance	1,028,461,389.05	374,153,166.11	28,991,551.23	46,770,693.33	44,692,683.03	1,523,069,482.75
Transfer from construction projects		1,623,931.62		699,034.19	1,882,722.59	4,205,688.40
Other increase in the period		10,194,888.76	411,935.04	383,470.74	486,531.61	11,476,826.15
Decrease in the period		1,605,335.70	277,629.34	622,006.09	11,057.26	2,516,028.39
Closing balance	1,028,461,389.05	384,366,650.79	29,125,856.93	47,231,192.17	47,050,879.97	1,536,235,968.91
Accumulated depreciation						
Opening balance	224,501,924.69	240,286,201.54	13,571,903.99	31,284,673.66	24,312,150.89	533,956,854.77
Provision in the period	16,727,450.16	15,244,991.87	1,472,071.65	2,096,177.23	2,683,742.64	38,224,433.55
Decrease in the period		1,009,930.05	172,139.90	10,663.84	2,356.00	1,195,089.79
Closing balance	241,229,374.85	254,521,263.36	14,871,835.74	33,370,187.05	26,993,537.53	570,986,198.53
Provision for impairment						
Opening balance		110,225.54		77,994.07		188,219.61
Increase in the period						
Decrease in the period						
Closing balance		110,225.54		77,994.07		188,219.61
Net value						
Closing balance	787,232,014.20	129,735,161.89	14,254,021.19	13,783,011.05	20,057,342.44	965,061,550.77
Opening balance	803,959,464.36	133,756,739.03	15,419,647.24	15,408,025.60	20,380,532.14	988,924,408.37

Note: The original cost of construction in progress transferred into fixed asset is RMB4,205,688.40.

### (2) The fixed assets leased out under operating lease

Category of fixed assets	Net value of fixed assets
Buildings	32,350,262.84
Transportation equipment	3,365,034.23
Total	35,715,297.07

(3) **The fixed assets with unfinished ownership certificates**

Items	Net value of fixed asset	Reasons for unfinished ownership certificate
Phase I of Electronic Equipment industrial park	384,348,807.57	The certificate is in progress
Buildings – Shenzhen Longgang Jinghua Electronic Co., Ltd.	22,262,504.74	Cooperative construction – the land is collectively-owned land from Shenzhen Longgang Liang'an Tian Economic Development Co., Ltd.
No. 3 Workshop in Xingang industrial park	6,933,300.17	The certificate is in progress

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

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

13. **Construction in progress**

(1) **By item**

Items	Closing balance			Opening balance		
	Carrying balance	Provision for impairment	Net carrying value	Carrying balance	Provision for impairment	Net carrying value
Machinery and Equipment	2,659,488.14		2,659,488.14	3,301,097.15		3,301,097.15
Cloud Desktop System				713,192.30		713,192.30
Phase I of Electronic Equipment Industry Park	5,191,568.33		5,191,568.33	391,684.00		391,684.00
Xingang Training Center	153,189.48		153,189.48			
Supporting Facilities for the Phase I of Electronic Equipment Industry Park	126,117.19		126,117.19	126,117.19		126,117.19
Engineering of Xingang	111,435.90		111,435.90	111,435.90		111,435.90
EMC Laboratory	39,871.79		39,871.79			
Others	50,599.57		50,599.57			
<b>Total</b>	<b>8,332,270.40</b>		<b>8,332,270.40</b>	<b>4,643,526.54</b>		<b>4,643,526.54</b>

(2) **The changed in significant construction in progress**

Items	Budget	Opening balance	Increase in the period	Transfer in fixed assets	Other decrease	Percentage of budget (%)	Progress of projects (%)	The cumulative amount of interest capitalized	Including: amount of interest capitalized in the period	Current interest capitalization rate (%)	Capital source	Closing balance
The Phase I of Electronic Equipment Industry Park (note 1)	562,800,000.00	391,684.00	5,405,752.69		605,868.36	91.02	91.02				Placement/Owned fund	5,191,568.33
Supporting Facilities for Phase I of Electronic Equipment Industry Park	55,870,000.00	126,117.19				0.23	0.23				Owned fund	126,117.19
Machinery and Equipment		3,301,097.15	2,865,045.20	3,506,654.21							Owned fund	2,659,488.14
Cloud Desktop System	2,600,000.00	713,192.30	178,149.57	699,034.19	192,307.68	34.28	34.28				Owned fund	
Engineering of Xingang	840,000.00	111,435.90				13.27	13.27				Owned fund	111,435.90
EMC Laboratory	10,937,000.00		39,871.79			52.51	52.51				Owned fund	39,871.79
Xingang Training Center	19,438,430.41		153,189.48			100.00	100.00				Owned fund	153,189.48
Other projects			50,599.57								Owned fund	50,599.57
<b>Total</b>		<b>4,643,526.54</b>	<b>8,692,608.30</b>	<b>4,205,688.40</b>	<b>798,176.04</b>							<b>8,332,270.40</b>

Note 1: The budget of the phase I of the electronic equipment industry park includes amount of RMB61,939,442.90 for land.

(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
<b>I. Total original cost</b>	280,698,601.44	635,482.90		281,334,084.34
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	8,463,771.36	4,102.56		8,467,873.92
4. Patents	25,705.00			25,705.00
5. Software copyright	2,760,578.81	36,081.20		2,796,660.01
6. Non-patented technology	25,390,608.56	595,299.14		25,985,907.70
<b>II. Total accumulated amortization</b>	176,097,194.38	4,408,302.23		180,505,496.61
1. Land-use right	9,384,374.85	992,833.62		10,377,208.47
2. Trademark use rights	158,430,000.00			158,430,000.00
3. Computer software	5,925,499.04	144,533.63		6,070,032.67
4. Patents	14,029.11	1,505.25		15,534.36
5. Software copyright	227,407.33	516,363.29		743,770.62
6. Non-patented technology	2,115,884.05	2,753,066.44		4,868,950.49
<b>III. Total accumulated impairment amount of intangible assets</b>	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				
6. Non-patented technology				
<b>IV. Total book value of intangible assets</b>	104,391,407.06			100,618,587.73
1. Land-use right	76,033,562.86			75,040,729.24
2. Trademark use rights				
3. Computer software	2,538,272.32			2,397,841.25
4. Patents	11,675.89			10,170.64
5. Software copyright	2,533,171.48			2,052,889.39
6. Non-patented technology	23,274,724.51			21,116,957.21

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

## 15. Long term prepaid expenses

Items	Opening balance	Increase in the period	Amortized in the period	Other decreases	Closing balance	Reasons for other decreases
Afforest for the Phase I of Electronic Equipment Industry Park	3,559,094.32		736,364.34		<b>2,822,729.98</b>	
Purification Room Renovation Project	2,225,266.67		230,199.96		<b>1,995,066.71</b>	
Logo Production for the Phase I of Electronic Equipment Industry Park	761,457.00		126,909.48		<b>634,547.52</b>	
Waterproof Insulation Fire Control Project	748,611.31	311,379.00	259,155.12		<b>800,835.19</b>	
MCT Building Renovation Project	277,118.19		50,385.12		<b>226,733.07</b>	
Other Miscellaneous Project	734,652.05		222,362.85		<b>512,289.20</b>	
Total	<b>8,306,199.54</b>	<b>311,379.00</b>	<b>1,625,376.87</b>		<b>6,992,201.67</b>	

## 16. Deferred income tax assets and deferred income tax liabilities

### (1) Deferred income tax assets not offset

Items	Closing Balance		Opening Balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for asset impairment	<b>35,993,464.75</b>	<b>5,919,272.97</b>	36,475,218.78	5,873,304.72
Salaries payable	<b>1,882,755.53</b>	<b>164,181.97</b>	2,075,384.53	311,307.68
Accrued expenses	<b>1,242,364.17</b>	<b>310,591.04</b>	3,009,864.17	575,716.04
Internal offset of unrealized profit	<b>161,469.00</b>	<b>40,367.25</b>	161,469.00	40,367.25
Total	<b>39,280,053.45</b>	<b>6,434,413.23</b>	41,721,936.48	6,800,695.69

### (2) Deferred income tax liabilities not offset

Items	Closing Balance		Opening Balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Depreciation of fixed assets	<b>867,708.78</b>	<b>130,156.32</b>	999,832.49	149,974.87
Long-term payables	<b>329,283.30</b>	<b>49,392.50</b>	507,750.93	76,162.64
Total	<b>1,196,992.08</b>	<b>179,548.82</b>	1,507,583.42	226,137.51

## 17. Bills payable

Types of Bills	Closing Balance	Opening Balance
Bank acceptance notes	<u>120,862,617.56</u>	<u>93,283,710.62</u>
Total	<u><u>120,862,617.56</u></u>	<u><u>93,283,710.62</u></u>

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

## 18. Accounts payable

### (1) By category

Items	Closing Balance	Opening Balance
Payment for goods	<b>842,122,771.32</b>	609,551,699.67
Project funds	<b>233,691,095.06</b>	274,260,678.85
Processing and maintenance funds	<b>18,212,608.44</b>	11,455,233.11
Logistics warehousing funds	<b>1,838,812.79</b>	5,643,227.05
Others	<b>9,707,931.92</b>	9,788,371.80
Total	<u><u>1,105,573,219.53</u></u>	<u><u>910,699,210.48</u></u>

### (2) Significant accounts payable aged over 1 years

Items	Closing Balance	Reasons for outstanding or carried forward
NIDEC SANKYO CORPORATION	<b>22,737,179.34</b>	Not settled
Nanjing Panda Electronics Import/Export Co., Ltd.	<b>15,707,655.31</b>	Not settled
Shanghai Railway Communication Co., Ltd.	<b>10,452,466.40</b>	Not settled
Nanjing XunHeng Digital Technology CO., LTD	<b>9,459,494.50</b>	Not settled
Daifuku Co., Ltd.	<b>5,813,610.06</b>	Not settled
Nanjing Changxin Technology Co., Ltd.	<b>4,923,737.87</b>	Not settled
Shanghai Okamura Furniture and Logistic System Co.,Ltd.	<b>4,674,871.09</b>	Not settled
Suqian Wanlong Information Industry Co., Ltd.	<b>3,479,069.87</b>	Not settled
Nanjing Defei Technology Co., Ltd	<b>2,925,517.00</b>	Not settled
Shanghai Wisdom, Electrical and Mechanical Engineering Technology Co., Ltd	<b>2,891,348.90</b>	Not settled
Thales Software Systems (Shanghai) Co., Ltd.	<b>2,890,040.85</b>	Not settled
Total	<u><u>85,954,991.19</u></u>	



## 19. Advances from customers

### (1) By category

Items	Closing Balance	Opening Balance
Project funds	112,052,789.64	101,701,842.28
Payment for goods	26,858,310.45	36,124,998.94
Others	401,360.07	1,813,820.42
Total	139,312,460.16	139,640,661.64

### (2) Significant advances from customers aged over 1 years as at the end of the period

Items	Closing Balance	Reasons for outstanding or carried forward
Guangxi Xinliuyong Agriculture Products Wholesale Market	5,543,500.00	The project progress has not satisfied settlement conditions
Nanjing Public Security Bureau Xiaguan Branch	4,474,432.24	The project progress has not satisfied settlement conditions
Nanjing Military Region Air Force Telecommunications Resources Management Office	3,628,490.00	The project progress has not satisfied settlement conditions
Xuzhou Tongshan District Public Security Bureau Traffic Policeman Patrol Team	3,594,000.00	The project progress has not satisfied settlement conditions
Nanjing Public Security Fire Department	3,266,980.15	The project progress has not satisfied settlement conditions
Kun Ming Airlines Co., Ltd.	2,826,046.27	The project progress has not satisfied settlement conditions
Jiangsu Shuanggou Wine Co., Ltd	2,255,606.32	The project progress has not satisfied settlement conditions
The People's Liberation Army Unit 73659	1,201,000.00	The project progress has not satisfied settlement conditions
Zhejiang Bajun Plastics Co., Ltd.	1,100,000.00	Acceptance for goods delivered has not been completed
Nanjing Qiqiao Construction and Installation Engineering Co., Ltd.	1,020,000.00	The project progress has not satisfied settlement conditions
Jinling Institute of Technology	1,000,660.00	The project progress has not satisfied settlement conditions
Total	29,910,714.98	

## 20. Salaries payable

### (1) By category

Items	Opening Balance	Increase in the period	Paid in the period	Closing Balance
Short-term compensation	23,880,470.44	202,416,431.07	208,224,694.21	18,072,207.30
Defined contribution plan liability of post employment benefits	90,361.61	27,971,247.55	25,753,082.89	2,308,526.27
Payables within 12 months after the balance sheet date under the post employment benefits	6,905,560.98	6,017,523.35	4,387,083.25	8,536,001.08
The liabilities which complied with defined contribution plans in other long term employee benefits				
Total	30,876,393.03	236,405,201.97	238,364,860.35	28,916,734.65

(2) Short-term remuneration

Items	Opening balance	Increase in the period	Paid in the period	Closing balance
1. Remuneration and bonus	14,602,614.19	139,810,598.69	148,258,394.46	6,154,818.42
2. Labor expenses	2,913,603.87	14,839,013.50	14,839,013.50	2,913,603.87
3. Welfare expenses		7,931,981.37	7,931,981.37	
4. Expenses for social security	36,544.44	10,950,602.63	10,118,568.26	868,578.81
Including: 1. Medical insurance	33,534.44	9,895,307.96	9,124,354.31	804,488.09
2. Injury insurance	1,504.99	583,182.62	553,658.20	31,029.41
3. Maternity insurance	1,505.01	472,112.05	440,555.75	33,061.31
5. Housing reserve fund	748,420.42	23,365,022.62	21,365,364.97	2,748,078.07
6. Trade union funds and employee education funds	1,973,287.52	2,266,051.29	2,014,210.68	2,225,128.13
7. Short-term profit sharing plan	3,606,000.00	673,200.00	1,117,200.00	3,162,000.00
8. Other short-term employment remuneration		2,579,960.97	2,579,960.97	
Total	23,880,470.44	202,416,431.07	208,224,694.21	18,072,207.30

(3) Defined contribution plan liabilities of post-employment benefits

Items	Amount paid in the period	Closing balance of outstanding amounts payable
Basic pension fund	24,504,931.30	2,221,076.95
Unemployment pension insurance	1,248,151.59	87,449.32
Total	25,753,082.89	2,308,526.27

(4) Part payable within 12 months from the balance sheet date under the termination benefits

Items	Amount paid in the period	Closing balance of outstanding amounts payable
Early retirement benefit	4,387,083.25	8,536,001.08
Total	4,387,083.25	8,536,001.08

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

## 21. Tax payable

Items	Closing Balance	Opening Balance
1. Value-added tax	-7,752,527.52	11,194,560.94
2. Enterprise income tax	7,351,504.15	9,289,157.12
3. Business tax	207,837.57	2,271,394.58
4. Real estate tax	1,412,137.45	1,456,882.00
5. Individual income tax	2,201,577.75	1,721,716.70
6. Urban development tax	235,393.90	1,000,174.06
7. Education surcharges	173,467.39	726,305.26
8. Land use tax	218,387.88	218,387.86
9. Others	46,166.70	101,757.10
Total	<b>4,093,945.27</b>	<b>27,980,335.62</b>

## 22. Dividend payable

Items	Closing Balance	Opening Balance	Reason for failure to pay after 1 year overdue
Dividends payable to non-controlling shareholders	11,771,060.34	4,181,545.34	
A Shares dividends	45,685,019.97		
H Shares dividends	16,456,000.00		
Total	<b>73,912,080.31</b>	<b>4,181,545.34</b>	

## 23. Other payables

### (1) By nature

Nature	Closing Balance	Opening Balance
State-owned capital management budget allocations	34,000,000.00	34,000,000.00
Deposits	18,889,778.96	48,942,991.67
Receivables and payables	16,405,959.16	21,899,871.41
Amounts relating to operation	40,307,210.78	22,088,599.24
Land-transferring fees	15,578,273.90	15,578,273.90
Others	29,531,093.94	15,475,775.56
Total	<b>154,712,316.74</b>	<b>157,985,511.78</b>

(2) Significant other payables aged over 1 year as at the end of the period

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	Added-value of restructuring land value, has not yet been carried forward
Panda Electronic Group Co., Ltd.	7,861,608.95	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 Lichang Industrial Co., Ltd.	1,530,026.00	Rental deposit, the lessee has not terminated the lease
Jiangsu Huimin Auto Parts Manufacturing Co., Ltd.	1,499,498.17	Deposit, has not yet been carried forward
Shanghai Sanle Digital Technology Co., Ltd.	1,230,000.00	Relating to operation, has not yet been carried forward
Cyts Shanshui Hotel Investment Management Co., Ltd.	1,027,800.00	Deposit, has not yet been carried forward
Dongying Guanlin Intelligent Technology Co., Ltd.	1,100,000.00	Deposit, has not yet been carried forward
Total	<u>68,251,632.50</u>	

24. Other current liabilities

Items	Closing Balance	Opening Balance
New-type flat panel display factory automation transfer system industrialization	6,000,000.00	30,000,000.00
High localization rate of industrial robots and intelligent equipment development and industrialization	8,000,000.00	8,000,000.00
Low energy consumption high frequency/ultra high frequency double frequency RFID Chip and application demonstration	900,000.00	900,000.00
Metro automatic ticket machine	500,000.00	500,000.00
Police Digital Trunking (PDT and TD-SCDMA) Digital trunking terminal equipment research and development	1,356,600.00	1,356,600.00
Total	<u>16,756,600.00</u>	<u>40,756,600.00</u>

Note: There is no short-term bond payable, short-term bond interest payable and other financial instruments issued classified as financial liabilities.

25. Long-term salaries payable

(1) By category

Items	Closing Balance	Opening Balance
The net liability of defined contribution plan of post employment benefits		
The part payable after 12 months from the balance sheet date under the termination benefits	26,139,803.01	26,276,064.59
The net liability of defined benefit plan of other long-term employment benefit		
Total	<u>26,139,803.01</u>	<u>26,276,064.59</u>

## (2) The part payable after 12 months from the balance sheet date under the termination benefits

Items	Amount paid in the period	Closing balance of outstanding amounts payable
Early retirement benefits		26,139,803.01
Total		26,139,803.01

## 26. Share capital

Items	Opening balance	The changes in the period (+, -)				Total	Closing balance
		Issue of shares	Bonus issue	Conversion from reserves	Others		
<b>I. Restricted tradable shares</b>	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. Foreign-owned shares							
<b>II. Non-restricted tradable shares</b>	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	913,838,529.00						913,838,529.00

Note: there is no change in the share capital during the period. For details of the share capital, please refer to "INTRODUCTION OF THE COMPANY".

## 27. Capital reserves

Items	Opening balance	Increase in the period	Decrease in the period	Closing balance
Capital premium	1,450,743,806.12			1,450,743,806.12
Other capital reserves	13,498,333.16			13,498,333.16
Total	1,464,242,139.28			1,464,242,139.28

## 28. Surplus reserves

Items	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserves	175,455,316.13			175,455,316.13
Discretionary surplus reserves	70,376,641.33			70,376,641.33
Total	245,831,957.46			245,831,957.46

## 29. Undistributed profits

Item	Amount for the period	Amount for the prior period
Undistributed profit as at the end of the prior period	639,366,753.93	566,873,252.64
Total adjustments to undistributed profit as at the beginning of the period		
Opening balance of the undistributed profit after adjustments	639,366,753.93	566,873,252.64
Add: net profit attributable to owners of the parent company	54,654,239.10	87,625,888.80
Less: Transfer to statutory surplus Reserve		
Transfer to discretionary surplus Reserve		
Dividends payable to ordinary shareholders (note)	62,141,019.97	60,313,342.92
Dividends on ordinary shares transferred to share capital		
Closing balance of the undistributed profit	<u>631,879,973.06</u>	<u>594,185,798.52</u>

Note: Dividends payable to ordinary shareholders

According to the profit distribution plan considered and approved on the Annual General Meeting of 2015, the profit will be distributed based on the share capital of 913,838,529 as at 31 December 2015. Every 10 shares will be paid by RMB0.68 (tax included) cash dividends, amounting to RMB62,141,019.97 totally.

## 30. Operating Income and Cost

### (1) By item

Items	Amount incurred in the period		Amount incurred in the prior period	
	Income	Cost	Income	Cost
1. Amount from principal activities	1,501,637,544.84	1,291,408,802.13	1,626,342,125.66	1,391,644,623.13
2. Amount from other activities	17,558,563.45	14,497,072.36	21,392,643.68	16,402,956.68
Total	<u>1,519,196,108.29</u>	<u>1,305,905,874.49</u>	<u>1,647,734,769.34</u>	<u>1,408,047,579.81</u>

### (2) Income, cost and profit from principal activities of all segments

Business segment	Amount incurred in the period		
	Principal Operating Income	Principal Operating Cost	Principal Operating Profit
Electronic manufacturing products	452,225,210.50	403,056,661.80	49,168,548.70
Electronic equipment products	614,748,938.42	532,008,484.67	82,740,453.75
Consumer electronics products	322,654,386.99	291,473,254.13	31,181,132.86
Other	112,009,008.93	64,870,401.53	47,138,607.40
Total	<u>1,501,637,544.84</u>	<u>1,291,408,802.13</u>	<u>210,228,742.71</u>

Business segment	Amount incurred in the prior period		
	Principal Operating Income	Principal Operating Cost	Principal Operating Profit
Electronic manufacturing products	479,666,669.85	412,686,923.74	66,979,746.11
Electronic equipment products	785,276,014.99	682,595,089.74	102,680,925.25
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	<u>1,626,342,125.66</u>	<u>1,391,644,623.13</u>	<u>234,697,502.53</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.

### 31. Business tax and surcharges

Items	Amount incurred in the period	Amount incurred in the prior period	Calculation basis
Business tax	7,182,889.67	8,718,823.55	IV. Taxation
Urban development tax	4,098,891.25	4,653,304.53	IV. Taxation
Education surcharges	2,908,335.72	3,325,191.86	IV. Taxation
Total	<b>14,190,116.64</b>	16,697,319.94	

### 32. Selling expenses

Nature of the expenses	Amount incurred in the period	Amount incurred in the prior period
Remuneration and benefits for the sales staff	8,013,590.17	8,143,640.00
Transport and storage fee	5,575,751.06	5,961,751.76
Advertising and exhibition fee	3,179,375.50	2,280,063.85
Entertainment	1,303,989.51	1,043,119.26
Traveling expenses	935,578.85	936,810.60
Maintenance fee	872,411.63	107,615.27
Office expenses	470,611.60	607,759.20
Other	1,888,304.60	2,999,591.98
Total	<b>22,239,612.92</b>	22,080,351.92

### 33. Administrative expenses

Nature of the expenses	Amount incurred in the period	Amount incurred in the prior period
Remuneration and benefits of the administrative staff	65,769,575.98	60,659,102.49
R&D expenses	94,501,619.24	84,838,210.32
Depreciation and amortization	16,293,914.57	12,579,865.82
Listing, audit and consulting fee	4,780,608.71	6,625,051.18
Office, telephone and service expenses	4,763,171.78	4,918,757.07
Entertainment and travel	4,697,567.04	4,113,834.69
Tax	3,383,535.54	2,557,982.52
Labor expenses	3,288,437.38	2,237,111.80
Decoration fee	2,209,897.94	2,406,967.69
Transport and vehicle expenses	2,189,627.62	1,667,912.20
Maintenance fee	1,865,453.23	3,262,946.25
Transportation fee	931,169.00	25,146.50
Rental expenses	916,209.39	1,136,964.58
Other	5,589,659.49	1,902,450.55
Total	<b>211,180,446.91</b>	188,932,303.66

### 34. Financial expenses

Nature of expenses	Amount incurred in the period	Amount incurred in the prior period
Interest expenses	77,333.33	2,556,833.60
Less: Interest income	5,169,200.01	4,735,990.15
Bank charges	585,187.38	469,797.49
Exchange gain or loss	-5,823,311.08	-1,640,420.33
Other	-15,715.39	553,595.53
	<hr/>	<hr/>
Total	<b>-10,345,705.77</b>	<b>-2,796,183.86</b>
	<hr/> <hr/>	<hr/> <hr/>

### 35. Assets impairment loss

Items	Amount incurred in the period	Amount incurred in the prior period
1. Bad debt losses	-1,651,385.88	-343,614.95
2. Loss from inventory impairment	259,355.04	1,007,752.86
	<hr/>	<hr/>
Total	<b>-1,392,030.84</b>	<b>664,137.91</b>
	<hr/> <hr/>	<hr/> <hr/>

### 36. Investment income

Source of the investment income	Amount incurred in the period	Amount incurred in the prior period
Investment income from long-term equity investments accounted for using equity method	62,809,824.65	97,385,816.56
Investment income on financial products	8,393,588.65	11,397,282.39
	<hr/>	<hr/>
Total	<b>71,203,413.30</b>	<b>108,783,098.95</b>
	<hr/> <hr/>	<hr/> <hr/>

### 37. Non-operating income

Items	Amount incurred in the period	Amount incurred in the prior period	Amount recorded in the extraordinary profits and losses for the period
1. Gains from disposal of non-current assets	45,509.52	451,973.27	45,509.52
Including: Gains from disposal of fixed assets	45,509.52	451,973.27	45,509.52
2. Governmental subsidy	46,057,020.16	2,648,308.80	46,057,020.16
3. Other	801,303.69	751,101.02	801,303.69
	<hr/>	<hr/>	<hr/>
Total	<b>46,903,833.37</b>	<b>3,851,383.09</b>	<b>46,903,833.37</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



Note: Governmental subsidies:

Items	Amount incurred in the period	Sources and Basis	Whether related to income/assets
New-type flat panel display factory automation transfer system industrialization	24,000,000.00		related to income
Special project for developing the intelligent-manufactured equipment	20,000,000.00	FGBGJ [2014] No. 2558	related to income
Subsidy for stabilizing jobs from Nanjing Social Security Bureau	1,111,620.16	NRS [2015] No. 132	related to income
Fiscal supporting funds	730,000.00	NKWJZ [2001] No. 119	related to income
Subsidy for children care from Nanjing	178,000.00	NJC [2011] No. 8	related to income
Developing funds for the SMEs	20,400.00	SCGM [2013] No. 108	related to income
Bounty for the employment of the handicapped	10,000.00	NCGW [2016] No. 1	related to income
Project supporting funds	5,000.00	NXZZ [2013] No. 235	related to income
Reward of invention patent from Nanjing	1,000.00	NK [2015] No. 260/NCJ [2015] No. 931	related to income
Incentive fee of invention patent from the Qinhua District Technology Bureau	1,000.00	NZF [2012] No. 277	related to income
Total	<b>46,057,020.16</b>		
	Amount incurred in the prior 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	<b>2,648,308.80</b>		

### 38. Non-operating Expenses

Items	Amount incurred in the period	Amount incurred in the prior period	Amount recorded in the extraordinary profits and losses for the period
1. Loss from the disposal of non-current assets	53,712.46	1,064,206.74	53,712.46
Including: loss from disposal of fixed assets	53,712.46	1,064,206.74	53,712.46
2. Donation expenses	50,000.00	50,000.00	50,000.00
3. Fine payment expenses	117,334.41	87,308.17	117,334.41
4. Others	2,541,418.49	559,664.63	2,541,418.49
Total	<b>2,762,465.36</b>	1,761,179.54	2,762,465.36

### 39. Income tax expenses

Items	Amount incurred in the period	Amount incurred in the prior period
Income Tax Expenses	<b>15,762,060.19</b>	15,390,616.29
Including: Current income tax	15,442,366.42	15,419,839.58
Deferred income tax	319,693.77	-29,223.29

40. Notes to cash flow statements

(1) Cash Received Relating to Other Operating Activities

Items	Amount incurred in the period	Amount incurred in the prior period
Governmental compensation for relocation	52,400,000.00	25,705,000.00
Government subsidy	2,057,020.16	2,648,308.80
Interest income	5,169,200.01	4,735,990.15
Cash receipts from acceptance deposit & commitment deposit	61,778,763.94	48,039,766.84
Cash receipts from quality deposit & performance deposit	32,516,136.67	7,431,345.62
Receivables and payables	5,672,877.19	2,205,637.50
Others	14,002,201.47	4,168,385.99
Total	<u>173,596,199.44</u>	<u>94,934,434.90</u>

(2) Cash Paid Relating to Other Operating Activities

Items	Amount incurred in the period	Amount incurred in the prior period
Research & development expenses	53,554,790.07	84,838,210.32
Payment of acceptance deposit & commitment deposit	72,160,743.33	72,530,362.09
Payment of quality deposit & performance deposit	9,784,388.94	
Transport fee	5,624,948.60	7,645,036.93
Office expenses	3,974,930.67	4,545,286.89
Agent fee	3,842,649.95	6,145,051.18
Entertainment expenses	3,762,839.34	3,249,594.36
Labor expenses	3,566,094.46	3,633,634.86
Travelling expenses	3,174,296.06	2,819,023.69
Advertising fee	2,497,161.94	2,266,893.85
Others	2,352,646.18	5,535,326.12
Total	<u>164,295,489.54</u>	<u>193,208,420.29</u>

(3) Other Cash Received in Connection with Investment Activities

Items	Amount for the period	Amount for the prior period
Principal of financial product	1,156,000,000.00	1,409,500,000.00
Total	<u>1,156,000,000.00</u>	<u>1,409,500,000.00</u>

(4) Other Cash Paid in Connection with Investment Activities

Items	Amount for the period	Amount for the prior period
Principal of financial product	1,113,000,000.00	1,340,500,000.00
Total	<u>1,113,000,000.00</u>	<u>1,340,500,000.00</u>

#### 41. 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
<b>I. Reconciliation of net profit to net cash flows from operating activities:</b>		
<b>Net profit</b>	<b>77,000,515.06</b>	109,591,946.17
Add: Provision for asset impairment	<b>-1,392,030.84</b>	664,137.91
Depreciation of fixed assets, depletion of fuel assets, depreciation of biological assets for production	<b>38,224,433.55</b>	33,303,208.45
Amortization of intangible assets	<b>227,407.33</b>	1,530,738.09
Amortization of long term deferred expenses	<b>1,083,797.91</b>	1,209,113.92
Loss arising from disposal of fixed assets, intangible assets and other long term assets (gains are represented by"-")	<b>8,202.94</b>	612,233.47
Loss from fixed assets scrapped (gains are represented by"-")	<b>12,611.44</b>	
Losses from change in fair value (gains are represented by"-")		
Financial expense (gains are represented by"-")	<b>2,715,428.24</b>	1,001,226.62
Loss on investment (gains are represented by"-")	<b>-71,203,413.30</b>	-108,783,098.95
Decrease in deferred income tax assets (Increase is represented by "-")	<b>507,044.37</b>	10,036.34
Increase in deferred income tax liabilities (decrease is represented by"-")	<b>-93,177.38</b>	-39,259.63
Decrease in inventories (increase is represented by"-")	<b>-111,020,917.28</b>	-55,570,207.84
Decrease in trade receivables (Increase is represented by"-")	<b>-49,642,049.81</b>	-355,640,496.42
Increase in trade payables (Decrease is represented by"-")	<b>195,507,482.70</b>	339,270,155.41
Others		
	<hr/>	<hr/>
Net cash flow from operating activities	<b>81,935,334.93</b>	-32,840,266.46
	<hr/> <hr/>	<hr/> <hr/>
<b>II. Material investment and financial activities not involving cash:</b>		
Conversion of debt into capital		
Convertible bonds matured within a year		
Fixed assets under financing lease		
<b>III. Net change in cash and cash equivalents:</b>		
Cash balance as at end of the period	<b>939,101,182.54</b>	730,242,798.35
Less: cash balance as at beginning of the period	<b>853,805,263.06</b>	712,357,169.28
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	<b>85,295,919.48</b>	17,885,629.07
	<hr/> <hr/>	<hr/> <hr/>

##### (2) Information on cash and cash equivalents

Items	Closing balance	Opening balance
<b>I. Cash</b>		
Including: Cash on hand	<b>939,101,182.54</b>	853,805,263.06
Bank deposit available for payment at any time	<b>763,652.05</b>	654,078.59
Other cash fund available for payment at any time	<b>938,332,944.03</b>	853,147,900.68
	<b>4,586.46</b>	3,283.79
<b>II. Cash equivalents</b>		
<b>III. Closing balance of cash and cash equivalents</b>	<b>939,101,182.54</b>	853,805,263.06

#### 42. Foreign currency monetary items

Items	The closing balance of foreign currency	Exchange rate	The closing balance of RMB
Cash			90,454,147.36
Including: USD	9,340,368.79	6.631200	61,937,853.52
EURO	29,371.46	7.375000	216,614.52
HKD	235,673.84	0.854700	201,430.43
JPY	435,692,560.00	0.064491	28,098,248.89
Account receivable			6,889,076.23
Including: USD	1,038,224.79	6.631200	6,884,676.23
EURO	596.61	7.375000	4,400.00
Other receivable			7,970,674.21
Including: USD	1,196,157.00	6.631200	7,931,956.30
HKD	45,300.00	0.854700	38,717.91
Account payable			23,607,140.83
Including: USD	9,536.00	6.631200	63,235.12
JPY	365,072,734.32	0.064491	23,543,905.71
Other payable			2,103,687.06
including: USD	317,240.78	6.631200	2,103,687.06

#### 43. Assets with restricted ownership or use right

Items	Closing balance	Reason of restriction
Cash	<b>116,532,526.40</b>	Deposits of acceptance, performance, letter of credit
Total	<b>116,532,526.40</b>	

## VII. CHANGE OF THE RANGE OF CONSOLIDATION

1. There is no business combination under common control in current period.
2. There is no business combination under non-common control in current period.
3. There is no reversed purchase in current period.
4. There is no disposal of subsidiaries in the current period.

Dongguan XingJinghua Plastic Products Co., Ltd. (東莞市興京華塑料製品有限公司), a third-tier subsidiary of the Company, was disposed during the Reporting Period. After its disposal, its account ceased to be included in the consolidation account of the Company.

Name of subsidiary	Disposal consideration	Percentage of interest disposed (%)	Method of disposal	Date of lost control	Supporting evidence when lost control	Differences between disposal consideration and net asset of the subsidiary attributable to the Company in the combined financial statements with respect to disposal of investment
Dongguan XingJinghua Plastic Products Co., Ltd.	550,000.00	100%	equity interest transfer	June 21, 2016	Equity Interest Transfer Agreement	30,505.67

### 5. Other reasons that resulted in changes in the range of consolidation.

Nanjing Panda Power Sources Technology Co., Ltd. (南京熊貓電源科技有限公司), a second-tier subsidiary of the Company was deregistered on 5 May 2016. Before its deregistration and liquidation, it has been included into consolidated financial statements of the Company appropriately.

Shenzhen XingJinghua Packing Products Co., Ltd. (深圳市興京華包裝製品有限公司), a third-tier subsidiary of the Company, was deregistered on 23 February 2016. Before its deregistration and liquidation, it has been included into consolidated financial statements of the Company appropriately.

Company	Net profit from the beginning of current period to the disposal date
Nanjing Panda Power Sources Technology Co., Ltd.	0
Shenzhen XingJinghua Packing Products Co., Ltd.	0

## VIII. EQUITY INTEREST IN OTHER ENTITIES

### 1. Equity interest in subsidiaries

#### (1) Composition of the company

Subsidiary Company name	Main Business address	Registration Nature of address	business	The Company's shareholding percentage (%)		The Company's percentage investing 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 (Note1)	Nanjing	Nanjing	Services	99.11		100.00	Business combination under common control
Shenzhen Jinghua Electronics Co., Ltd (Note2)	Shenzhen	Shenzhen	Manufacturing	43.34		57.14	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 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	Manufacturing	100.00		100.00	Establishment
Galant Limited	HongKong	HongKong	Communications industry research and development, investment holding	100.00		100.00	Establishment
Shanghai Panda Robot Technology Co., Ltd.	Shanghai	Shanghai	Manufacturing	100.00		100.00	Establishment

Note 1: 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.

Note 2: The difference between the company's percentage of shareholding and actual percentage of voting rights in Shenzhen Jinghua Electronics Co. Ltd. is due to:

The company designated 4 out of 7 directors in Board of Directors of Shenzhen Jinghua Electronics Co. Ltd., thus the company holds 57.14% of the voting rights in the Board.

(2) Information of material non-wholly owned subsidiary

Subsidiary Company	Non-controlling Shareholders' Shareholding percentage (%)	The non-controlling shareholders 'percentage in voting rights of the investee (%)	Current profit and loss attributable to non-controlling shareholders	Current dividend attributable to non-controlling shareholders	Closing balance of non-controlling shareholders' equity
Shenzhen Jinghua Electronics Co., Ltd.	56.66	44.44	22,347,814.16	7,600,000.00	215,792,175.98

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

Item	Shenzhen Jinghua Electronics Co., Ltd. 30 June 2016 or the first half of 2016	30 June 2015 or the first half of 2015
Current assets	441,899,026.04	395,902,647.09
Non-current assets	58,886,795.12	72,051,814.94
Total assets	<b>500,785,821.16</b>	467,954,462.03
Current liabilities	142,948,090.13	108,513,684.67
Non-current liabilities	6,888,543.61	5,847,616.61
Total liabilities	<b>149,836,633.74</b>	114,361,301.28
Net assets	350,949,187.42	353,593,160.75
Total operating income	298,962,023.46	305,620,070.47
Net Profit(losses)	35,948,347.67	34,287,201.93
Total comprehensive income	<b>35,948,347.67</b>	34,287,201.93
Cash flows from operating activities	<b>48,613,729.81</b>	-3,281,058.80

(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) There don't exist any changes in equity of the subsidiary's share of owners.

## 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 (%)		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

Item	30 June 2016 or the first half of 2016	
	Beijing SE Putian Mobile Communications Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd.
Current assets	3,883,596,211.39	4,105,378,417.69
Non-current assets	109,789,295.68	382,572,199.90
Total assets	<u>3,993,385,507.07</u>	<u>4,487,950,617.59</u>
Current liabilities	3,623,252,949.27	3,437,245,051.83
Non-current liabilities		
Total liabilities	<u>3,623,252,949.27</u>	<u>3,437,245,051.83</u>
Net assets	<u>370,132,557.80</u>	<u>1,050,705,565.76</u>
Net assets calculated based on percentage of shareholdings	74,026,511.56	283,690,502.76
Adjustment events (Note)		
The book value of equity investments in associates	<u>198,636,236.25</u>	<u>301,075,589.82</u>
The fair value of equity investments with public proposal		
Operation income	7,202,632,917.53	5,971,274,530.34
Net profit	50,713,181.24	193,982,777.11
Other Comprehensive income		
Total Comprehensive income	<u>50,713,181.24</u>	<u>193,982,777.11</u>



Dividends received from associates

From above:

Item	30 June 2015 or the first half of 2015	
	Beijing SE Putian Mobile Communications Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd.
Current assets	4,733,944,404.06	7,691,758,578.81
Non-current assets	165,843,394.50	437,136,744.90
Total assets	<u>4,899,787,798.56</u>	<u>8,128,895,323.71</u>
Current liabilities	3,727,382,067.73	6,885,448,899.73
Non-current liabilities		
Total liabilities	<u>3,727,382,067.73</u>	<u>6,885,448,899.73</u>
Net Assets	<u>1,172,405,730.83</u>	<u>1,243,446,423.98</u>
Net assets calculated based on percentage of shareholdings Adjustment events (Note)	<u>234,481,146.17</u>	<u>335,730,534.47</u>
The book value of equity investments in associates	<u>259,414,944.03</u>	<u>329,138,847.72</u>
The fair value of equity investments with public proposal		
Operating Income	10,027,988,520.09	6,962,835,136.12
Net profit	209,876,720.14	204,433,769.33
Other comprehensive income		
Total comprehensive income	<u>209,876,720.14</u>	<u>204,433,769.33</u>
Dividends received from associates		

Note: The adjustment is the amount higher than the share of investee's identifiable net asset fair value compared with initial investment cost.

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

Item	Closing balance	Beginning balance
Associates:		
Total carrying amount of the investment	<u>10,911,692.17</u>	<u>10,499,853.59</u>
Total value of the following items calculated based on percentage of shareholdings		
Net profit	-123,146.76	-41,365,354.18
Other comprehensive income		
Total comprehensive income	<u>-123,146.76</u>	<u>-41,365,354.18</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 example, 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 2016			Available-for sale financial assets	Total
	Financial assets measured at fair value and the changes are recorded into the profits and losses of the held-to-maturity current period	Held-to maturity investments	Loans and receivables		
Cash and bank			1,055,633,708.94		1,055,633,708.94
Bills receivable			130,181,491.27		130,181,491.27
Trade receivable			1,125,407,283.11		1,125,407,283.11
Other receivables			93,203,516.84		93,203,516.84
Other current assets			414,000,000.00		414,000,000.00
Available-for sale financial assets				3,650,000.00	3,650,000.00

From above:

	31 December 2015				
Financial Assets	Financial assets measured at fair value and the changes are recorded into the profits and losses of the Held-to-maturity current period	Held-to maturity investments	Loans and receivables	Available-for sale financial assets	Total
Cash and bank			962,222,126.94		962,222,126.94
Bills receivable			196,107,157.14		196,107,157.14
Trade receivable			1,043,468,726.23		1,043,468,726.23
Interest receivable			994,401.51		994,401.51
Other receivables			102,598,457.58		102,598,457.58
Other current assets			457,000,000.00		457,000,000.00
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:

	30 June 2016		
Financial liabilities	Financial assets measured at fair value and the changes are recorded into the profits and losses of the current period	Other financial liabilities	Total
Bills payable		120,862,617.56	120,862,617.56
Accounts payable		1,105,573,219.53	1,105,573,219.53
Dividend Payable		73,912,080.31	73,912,080.31
Other payables		154,712,316.74	154,712,316.74

From above:	31 December 2015		
Financial liabilities	Financial assets measured at fair value and the changes are recorded into the profits and losses of the current period	Other financial liabilities	Total
Bills payable		93,283,710.62	93,283,710.62
Accounts payable		910,699,210.48	910,699,210.48
Dividend Payable		4,181,545.34	4,181,545.34
Other payables		157,985,511.78	157,985,511.78

## 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 XI, 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 VI, Section 2, 3, 5 and 6.

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

Item	Total	30 June 2016		
		Not past due nor impaired	Past due	
			Within 3 months	Over 3 months
Trade receivable	<b>1,125,407,283.11</b>	<b>993,715,539.48</b>	<b>21,852,802.61</b>	<b>109,838,941.02</b>
Bills receivable	<b>130,181,491.27</b>	<b>130,081,491.27</b>	<b>100,000.00</b>	
Other current assets	<b>414,000,000.00</b>	<b>414,000,000.00</b>		
Available-for sale financial assets	<b>3,650,000.00</b>	<b>3,650,000.00</b>		
From above				
Item	Total	31 December 2015		
		Not past due nor impaired	Past due	
			Within 3 months	Over 3 months
Trade receivable	<b>1,043,468,726.23</b>	<b>921,365,183.77</b>	<b>20,261,745.63</b>	<b>101,841,796.83</b>
Bills receivable	<b>196,107,157.14</b>	<b>196,007,157.14</b>	<b>100,000.00</b>	
Interest receivable	<b>994,401.51</b>	<b>994,401.51</b>		
Other current assets	<b>457,000,000.00</b>	<b>457,000,000.00</b>		
Available-for-sale financial assets	<b>3,650,000.00</b>	<b>3,650,000.00</b>		

As of 30 June 2016, 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 2016, 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

Item	Within 1 year	30 June 2016		Total
			Over 1 year	
Bills payable	120,862,617.56			120,862,617.56
Accounts payable	1,105,573,219.53			1,105,573,219.53
Dividend Payable	73,912,080.31			73,912,080.31
Other payables	154,712,316.74			154,712,316.74
From above				
Item	Within 1 year	31 December 2015		Total
			Over 1 year	
Bills payable	93,283,710.62			93,283,710.62
Accounts payable	910,699,210.48			910,699,210.48
Dividend Payable	4,181,545.34			4,181,545.34
Other payables	157,985,511.78			157,985,511.78

### 4. Market risks

Market risks refer to the risks of changes in fair value or future cash flows of financial instruments 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 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.

Item	The first half of year 2016		
	Exchange rate increase/ (decrease)	Total profit increase/ (decrease)	Shareholders' equity Increase/ (decrease)
Depreciation of RMB against US dollars	5%	3,729,378.19	3,729,378.19
Appreciation of RMB against US dollars	5%	-3,729,378.19	-3,729,378.19
Depreciation of RMB against JPY	5%	227,717.16	227,717.16
Appreciation of RMB against JPY	5%	-227,717.16	-227,717.16

  

Item	The first half of year 2015		
	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

(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 first half of 2016 and 2015.

The Company monitors its capital structure based on asset-liability ratio (total liabilities divided by total assets). On 30 June 2016, asset-liability ratio of the Company is 32.52% (on 31 December 2015: 29.27%).

## 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 3 levels of inputs:

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;

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 of input above are used in the measurement of fair value.

## XI. RELATED PARTIES AND TRANSACTIONS BETWEEN RELATED PARTIES

- Recognition standards for a related party: when one party controls, commonly controls 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.**
- Information of the Company's parent**

<b>Name of the parent company</b>	<b>Type of company</b>	<b>Registered Address</b>	<b>Legal Representative</b>	<b>Nature of business</b>	<b>Registered capital</b>
Panda Electronics Group Limited	a company with limited liabilities	Nanjing	XuGuofei	Manufacturing	RMB1,632,970,000
<b>Shareholding percentage in the Company (%)</b>	<b>Voting right percentage in the Company (%)</b>	<b>Ultimate controller of the Company</b>		<b>Code of Organization</b>	
23.05	55.56	China Electronics Corporation		91320102302558675N	

Note: Percentage of voting right percentage in the Company is higher than that of Shareholding percentage in the Company is due to the reason that five members out of nine in the board of directors were recommended by parent company.



### 3. Information of subsidiaries of the Company

Information of subsidiaries of the Company is disclosed on Disclosure Chapter VIII, 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 VIII, 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 Company Limited	Subsidiary's associates
Shenzhen Chebao Information Technology Co., Ltd.	Subsidiary's associates
Shenzhen Jing'in Electronic Co., Ltd.	Subsidiary's associates
Shenzhen Jinghua Network Marketing Co., Ltd.	Subsidiary's associates

### 5. Information of other related parties of the Company

Other related parties Name	The Company relationships with other related party	Unifying Society Credit Code
Shanghai Panda Huning Electronic Technology Co., Ltd. (note 1)	Ultimately controlled by the same party	05121115-8
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Ultimately controlled by the same party	91320100057974922G
China Electronics Commercial Financial Leasing Co., Ltd. (note 1)	Ultimately controlled by the same party	09441853-8
China National Electronics Import/Export Corporation	Ultimately controlled by the same party	9111000010000106X1
China Electronic Appliance Corporation (note 1)	Ultimately controlled by the same party	10000624-X
China Electronic Technology Development Co., Ltd.	Ultimately controlled by the same party	91110108100007728P
China Electronics International Exhibition & Advertising Co., Ltd. (note 1)	Ultimately controlled by the same party	10113093-9
China Electronics Financial Co., Ltd. (note 1)	Ultimately controlled by the same party	10209083-6
Nanjing Changjiang Electronic Information Industry Group Co., Ltd.	Ultimately controlled by the same party	91320192134899023E
Wuhan Zhongyuan Electronics Group Co., Ltd.	Ultimately controlled by the same party	914201001777175929
China Electronic Appliance (ShenZhen) Co., Ltd. (note 1)	Ultimately controlled by the same party	19220615-X
Shenzhen China Electronic Qianhai Information Industry Co., Ltd.	Ultimately controlled by the same party	91440300063857810R
Shenzhen China Electronics Electricity Power Technology Co., Ltd.	Ultimately controlled by the same party	91440300192230969A
Shenzhen China Electronics Property Management Co., Ltd.	Ultimately controlled by the same party	91440300192206424E
Guizhou Zhenhua Qunying Electric Appliance Co., Ltd. (note 1)	Ultimately controlled by the same party	21440297-X
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Ultimately controlled by the same party	915200002159019812
China Great Wall Computer Shenzhen Co., Ltd. (note 1)	Ultimately controlled by the same party	27935126-1
Shenzhen China Electronics Investment Co., Ltd.	Ultimately controlled by the same party	91440300617439689Q
Nanjing China Electronics Panda Property Management Co., Ltd.	Ultimately controlled by the same party	913201006790186796
Nanjing China Electronics Panda Lighting Co., Ltd.	Ultimately controlled by the same party	91320111682507799G
CEC Panda LCD Technology Co., Ltd.	Ultimately controlled by the same party	91320192690442841G
IRICO (Hefe) LCD glass Co., Ltd.	Ultimately controlled by the same party	91340100692849362J
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Ultimately controlled by the same party	913201007041252908
Shenzhen SangdaBaoli Electric Appliance Co., Ltd.	Ultimately controlled by the same party	91440300708488283E
Nanjing Suzhe Electronics Materials Co., Ltd. (note 1)	Ultimately controlled by the same party	71627328-2

Other related parties Name	The Company relationships with other related party	Unifying Society Credit Code
Shenzhen China Electronics Huaxing Technology Co., Ltd.	Ultimately controlled by the same party	914403007271526976
Nanjing Panda Communication Development Co., Ltd. (note 1)	Ultimately controlled by the same party	74235154-7
Beijing China Electronics Guangtong Technologies Co., Ltd.	Ultimately controlled by the same party	91110108769370772X
China Zhenhua Group Yunke Electronics Co., Ltd. (note 1)	Ultimately controlled by the same party	77057754-3
Shaanxi IRICO Electronic Glass Co., Ltd.	Ultimately controlled by the same party	610000100027507
Langfang China Electronics Panda Crystal Technology Co., Ltd.	Ultimately controlled by the same party	91131001750258166F
Nanjing China Electronics Panda Real Estate Co., Ltd.	Ultimately controlled by the same party	91320113787106406J
Nanjing Electronics Information Industrial Corporation	Ultimately controlled by the same party	913201006606874000
CEC Panda Liquid Crystal Material Technology Co., Ltd.	Ultimately controlled by the same party	913201920532525000
China Electronics Science and Industry New Materials Jiangsu Co., Ltd.	Ultimately controlled by the same party	91320583089392804Y
Shenzhen China Electronics International Information Technology Co., Ltd.	Ultimately controlled by the same party	91440300311666571Q
Shenzhen Sangda Electronic Equipment Co., Ltd.	Ultimately controlled by the same party	91440300771622086T
Panda Electronics Import/Export (HK) Company (note 2)	Ultimately controlled by the same party	1621427
Panda LCD Technology (Hong Kong) Co., Ltd. (note 2)	Ultimately controlled by the same party	1777951
Top Victory Investment Limited Units (note 2)	Ultimately controlled by the same party	193969
Nanjing Panda Electronics Import/Export Co., Ltd.	Subsidiary of the Group	91320192134850684R
Nanjing Panda Electronics Technology Development Company Limited (note 1)	Subsidiary of the Group	13487004-4
Nanjing Electronic Calibration Co., Ltd. (note 1)	Subsidiary of the Group	13487289-1
Nanjing Zhenhua Packing Material Plant	Subsidiary of the Group	9132010013487319XQ
Nanjing Panda Electronics Material Usage Co., Ltd. (note 1)	Subsidiary of the Group	13488815-6
Nanjing Panda Electronics Transportation Company (note 1)	Subsidiary of the Group	13488851-9
Dongguan China Electronics Panda Technology Development Co., Ltd.	Subsidiary of the Group	914419005958672860
Nanjing China Electronics Panda Furniture Company Limited (note 1)	Subsidiary of the Group	69040213-7
Nanjing 21st Century Electronic and Technology Square Company Limited (note 1)	Subsidiary of the Group	71627148-X
Nanjing Panda DaSheng Electronics Technology Company Limited (note 1)	Subsidiary of the Group	74239427-2
Panda (Beijing) International Information Technology Co., Ltd. (note 1)	Subsidiary of the Group	76503190-9
Nanjing Panda HanDa Technology Co., Ltd.	Subsidiary of the Group	91320192797102273P
Panda Electronic Group Power Supply Company	Subsidiary of the Group	3201911000177
Nanjing Panda Investment Development Co., Ltd.	Subsidiary of the Group	91320102302558675N
Nanjing Panda Technology Park Development Company Limited	Subsidiary of the Group	91320102598021630T
New Dewel Technology Development Limited (note 2)	Other related party	1828744
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Other related party	91440300088475210H
Nanjing Electronics (Kunshan) Co. Ltd. (note 1)	Other related party	71867972-9

Note 1: The standard Committee of China has released a coercive national standard – “Unifying Society Credit Coding Rule for Legal Entity and Other Organizations”, implemented on 1 October, 2015. Companies under Note 1 has not started to use this unified standard code, therefore unifying society credit code are no longer applicable, their organization codes are disclosed instead.

Note 2: Top Victory Investment Limited Units, Panda Electronics Import/Export (HK) Company, Panda LCD Technology (Hong Kong) Co., Ltd, New Dewel Technology Development Limited are registered in Hong Kong, organization codes are therefore not applicable, registered certificate numbers are disclosed instead.

## 6. Related party transactions

### (1) Purchase of goods

Company name	Type of transaction	Amount incurred in the period	Amount incurred in the prior period
Nanjing Panda Electronics Import/Export Co., Ltd.	Purchase of goods	8,182,008.68	8,076,922.95
Beijing China Electronics Guangdong Technologies Ltd.	Purchase of goods	5,580,932.01	
Nanjing Zhenhua Packing Material Plant	Purchase of goods	1,283,204.34	
CEC Panda LCD Technology Co., Ltd.	Purchase of goods	1,071,341.88	
Shanghai Panda Huning Electronic Technology Co., Ltd.	Purchase of goods	593,741.06	
Shenzhen Huaxing China's Electric Technology Co. Ltd	Purchase of goods	294,871.80	69,053.00
Guizhou Zhenhua Quying Electric Appliance Co., Ltd.	Purchase of goods	27,500.00	98,500.00
Nanjing Ericsson Panda Communication Co., Ltd.	Purchase of goods	26,016.19	269,610.26
Nanjing Panda Crystal Technology Co., Ltd.	Purchase of goods	19,548.72	3,876,382.44
Nanjing Panda DaSheng Electronics Technology Company Limited	Purchase of goods	14,534.19	137,430.00
Nanjing China Electronics Panda Furniture Company Limited	Purchase of goods	6,666.67	
New Dewel Technology Development Limited	Purchase of goods		3,964,586.65
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Purchase of goods		2,091,936.04
Nanjing China Electronics Panda Lighting Co., Ltd	Purchase of goods	205,390	
Total		<u>17,305,755.54</u>	<u>18,584,421.34</u>

### (2) Receipt of services

Company name	Type of transaction	Amount incurred in the period	Amount incurred in the prior period
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Receipt of services	1,854,197.44	
Nanjing Panda Electronics Transportation Company	Receipt of services	1,351,890.00	1,209,562.01
China National Electronics Import/Export Corporation	Receipt of services	192,890.00	27,600.00
Nanjing Changjiang Electronic Information Industry Group Co., Ltd.	Receipt of services	134,490.60	54,020.65
Nanjing Zhenhua Packing Material Plant	Receipt of services	66,624.28	170,732.20
Nanjing Panda HanDa Technology Co., Ltd	Receipt of services	10,221.70	88,255.97
Panda Electronic Group Co., Ltd.	Receipt of services		583,162.48
China Electronic Appliance (ShenZhen) Co. Ltd.	Receipt of services		351,818.50
Nanjing China Electronics Panda Furniture Company Limited	Receipt of services		20,396.12
Total		<u>3,610,314.02</u>	<u>2,505,547.93</u>

**(3) Sale of goods**

<b>Company name</b>	<b>Type of transaction</b>	<b>Amount incurred in the period</b>	<b>Amount incurred in the prior period</b>
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Sales of goods	<b>199,513,380.60</b>	242,854,138.76
CEC Panda LCD Technology Co., Ltd.	Sales of goods	<b>110,007,557.18</b>	214,527,547.52
Nanjing Panda HanDa Technology Co., Ltd	Sales of goods	<b>45,036,714.88</b>	14,451,406.43
CEC Panda Liquid Crystal Material Technology Co., Ltd.	Sales of goods	<b>17,788,247.64</b>	623,931.62
Shaanxi IRICO Electronic Glass Co., Ltd.	Sales of goods	<b>13,076,923.07</b>	
IRICO (Hefei) LCD Glass Co., Ltd.	Sales of goods	<b>11,942,640.00</b>	
Nanjing Panda Electronics Import/Export (Hong Kong)Co., Ltd.	Sales of goods	<b>8,106,568.81</b>	
Shenzhen China Electronic Qianhai Information Industry Co., Ltd.	Sales of goods	<b>5,544,473.09</b>	
Nanjing Panda Electronics Import/Export Co., Ltd.	Sales of goods	<b>4,538,808.80</b>	9,368,564.65
Panda Electronic Group Co., Ltd.	Sales of goods	<b>1,922,162.51</b>	349,717.95
Panda (Beijing) International Information Technology Co., Ltd.	Sales of goods	<b>266,666.67</b>	
Nanjing Panda DaSheng Electronics Technology Company Limited	Sales of goods	<b>156,666.66</b>	
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Sales of goods	<b>85,555.56</b>	
China Greatwall Computer Shenzhen Co., Ltd.	Sales of goods	<b>242,649.4</b>	1,095,584.23
Nanjing Panda Electrics Transportation Company	Sales of goods	<b>22,079.86</b>	
Nanjing CEC Panda Home Appliances Co., Ltd.	Sales of goods	<b>11,363.40</b>	
Shenzhen China Electronics Electricity Power Technology Co., Ltd.	Sales of goods	<b>4,605.00</b>	
Shenzhen Jinghua Network Marketing Co., Ltd.	Sales of goods	<b>102.56</b>	11,736,615.34
New Dewel Technology Development Limited	Sales of goods		108,649,968.16
China Electronics Science and Industry New Materials Jiangsu Co., Ltd.	Sales of goods		46,298,229.06
Nanjing Ericsson Panda Communication Co., Ltd.	Sales of goods		1,786,610.84
Nanjing Panda Electronics Material Usage Co., Ltd.	Sales of goods		330,260.19
China National Electronics Import/Export Corporation	Sales of goods		47,005.72
Nanjing China Electronics Panda Real Estate Co., Ltd.	Sales of goods		39,092.31
Shenzhen Jing'in Electronic Co., Ltd			2,444.02
<b>Total</b>		<b>418,267,165.69</b>	<b>652,161,116.80</b>

**(4) Rendering of services**

<b>Company name</b>	<b>Type of transaction</b>	<b>Amount incurred in the period</b>	<b>Amount incurred in the prior period</b>
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Rendering of services	<b>16,323,929.89</b>	10,214,587.64
Nanjing Panda Investment Development Co., Ltd.	Rendering of services	<b>11,939,817.86</b>	
CEC Panda LCD Technology Co., Ltd.	Rendering of services	<b>6,866,816.24</b>	7,221,836.95
Panda Electronic Group Co., Ltd.	Rendering of services	<b>3,777,146.77</b>	12,282,251.00
Nanjing Ericsson Panda Communication Co., Ltd.	Rendering of services	<b>1,321,370.66</b>	17,453,995.50
CEC Panda Liquid Crystal Material Technology Co., Ltd.	Rendering of services	<b>562,250.48</b>	1,787,452.74
Nanjing China Electronics Panda Furniture Company Limited	Rendering of services	<b>346,923.76</b>	382,970.26
Nanjing Panda Electronics Material Usage Co., Ltd.	Rendering of services	<b>119,658.12</b>	
Nanjing Panda Electronics Transportation Company	Rendering of services	<b>101,250.53</b>	734,153.17
Nanjing Panda Electronics Import/Export Co., Ltd.	Rendering of services	<b>85,428.47</b>	395,538.00
Nanjing Panda Electronics Technology Development Company Limited	Rendering of services		5,000,000.00
Nanjing Panda HanDa Technology Co., Ltd.	Rendering of services		2,750,497.78
Nanjing China Electronics Panda Real Estate Co., Ltd.	Rendering of services		2,025,837.16
China National Electronics Import/Export Corporation	Rendering of services		453,988.41
Nanjing Electronics Information Industrial Corporation	Rendering of services		46,980.00
Nanjing 21st Century Electronic and Technology Square Company Limited	Rendering of services		5,400.00
Total		<b>41,444,592.78</b>	60,755,488.61

**(5) Other related party transactions**

<b>Company name</b>	<b>Type of transaction</b>	<b>Amount incurred in the period</b>	<b>Amount incurred in the prior period</b>
China Electronics Financial Co., Ltd. (note 1)	Receipt of interests	<b>825,834.39</b>	387,539.84
China Electronics Financial Co., Ltd. (note 1)	Payment of interest		1,792,000.00
China Electronics Commercial Financial Leasing Co., Ltd. (note 2)	Payment of factoring service fee	<b>10,821.45</b>	

*Note 1:* On 26 October 2012, the Company signed the Financial Services Contract (the "Contract") with China Electronic Financial Co., Ltd. ("FinancialCo., Ltd."). 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 RMB300,000,000, and the Company agrees that a maximum balance of RMB200,000,000 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 Services Contract had been approved by the Board of Directors in a temporary Board meeting, and was approved by the second extraordinary general meeting in 2012.

On 12 March 2014, the first extraordinary general meeting considered and approved the Supplementary Agreement to Financial Services Contract, signed between the Company and Financial Co., Ltd. through an ordinary resolution (the "Supplementary Agreement"). Both parties agree that, the maximum credit that Financial Co., Ltd. offers to the Company rises to RMB600,000,000, the maximum amount that the Company allows to be settled through Financial Co., Ltd. rises to RMB500,000,000. Apart from these clauses in the Supplementary Agreement, no changes occur to the original Financial Service Contract, which is therefore still effective and binding. The above Contract and the Supplementary Agreement have expired.

On 28 December 2015, the first extraordinary general meeting of the Company considered and approved the Financial Service Contract renewed by the Company and Financial Co., Ltd. (the "Service Contract"). According to the Service Contract, Financial Co., Ltd. will, in accordance with national laws, regulations and financial institution running regulations, provide financial consulting, credit visa, other related consulting, agency, guarantee, acceptance of bills, discounting of bills, deposits as well as other services. Total credit amount is determined to be RMB600,000,000, the maximum amount that the Company allows to be settled through Financial Co., Ltd. rises to RMB500,000,000. The Service Contract has an effective period of 3 years, with effective from the date when the Service Contract is signed.

As of 30 June 2016, the balance of total credit offered to the Company by Financial Co., Ltd. was nil, the balance of total debit deposited into Financial Co., Ltd. by the Company was RMB167,067,656.43. During the first half of 2016, interest income from the Company's deposits from Financial Co., Ltd. amounted to RMB825,834.39.

**Note 2:** On 31 August 2015, The 8th Board Temporary Meeting approved that Nanjing Panda Electronic Manufacture Co., Ltd., a second-tier subsidiary of the Company, signed the factoring without recourse agreement with China Electronics Commercial Financial Leasing Co., Ltd. The contract allows China Electronics Commercial Financial Leasing Co., Ltd. to provide Nanjing Panda Electronic Manufacture Co., Ltd. a reusable factoring service of account receivables at an amount of RMB150,000,000, with a service fee rate of 0.05%. The contract has an effective period of 1 year. This transaction does not constitute a major asset restructuring as defined in Measures for the administration of major asset restructuring of listing Corporation.

During the first half of 2016, Nanjing Panda Electronic Manufacture Co., Ltd., a second-tier subsidiary of the Company, de-recognized account receivables at an amount of RMB21,642,898.28 due to this transfer of financial assets, and factoring service fee amounted RMB10,821.45.

As of 30 June 2016, Nanjing Panda Electronic Manufacture Co., Ltd., a second-tier subsidiary of the Company, has used RMB21,642,898.28 of its total factoring amount; the remaining amount is RMB128,357,101.72.

## (6) Leases in related party transactions

### ① Asset leased to related parties

Lessor	Lessee	Types of the Leased Assets	Start Date	Termination Date	Pricing policy	Annual Rental Income
Nanjing Panda Electronics Co., Ltd.	Nanjing China Electronics Panda Furniture Company Limited	Apartment Leasing	2015/01/01	2018/12/31	Fair price in the market	230,413.24
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electronics Transportation Company	Apartment Leasing	2015/01/01	2018/12/31	Fair price in the market	130,984.54
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electronics Import/Export Co., Ltd.	Apartment Leasing	2015/12/01	Long-term	Fair price in the market	90,229.62
Shenzhen Jinghua Electronics Co., Ltd.	Shenzhen Jinghua Intelligent Technology Co., Ltd.	Apartment Leasing	2016/03/01	2017/02/28	Fair price in the market	250,905.60
Shenzhen Jinghua Electronics Co., Ltd.	Shenzhen Jinghua Network Marketing Co., Ltd.	Apartment Leasing	2015/09/01	2016/08/31	Fair price in the market	21,220.00
Nanjing Panda Industrial Enterprise Co., Ltd.	Nanjing Panda Electronics Transportation Company	Automobile Leasing	2014/01/01	2020/12/31	Fair price in the market	477,349.34
Nanjing Panda Electronic Technology Development Co., Ltd.	Panda Electronic Group Co., Ltd.	Apartment Leasing	2015/03/01	2017/02/28	Fair price in the market	21,669.72
Total						<u>1,222,772.06</u>

### ② Assets leased from related parties

Lessor	Lessee	Types of the Leased Assets	Start Date	Termination Date	Pricing policy	Annual Rental Income
Shenzhen China Electronics Property Management Co., Ltd.	Shenzhen Jinghua Electronics Co., Ltd.	Apartment Leasing	2016/01/01	2016/12/31	Fair price in the market	45,000.00
Panda Electronics Group Limited	Nanjing Panda Industrial Enterprise Co., Ltd.	Apartment Leasing	2015/11/01	2017/05/31	Fair price in the market	96,600.00
Total						<u>141,600.00</u>

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

Guarantor	Secured party	Guaranteed Amount	Start Date	Termination Date	Whether guarantee has been fulfilled
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electronic Manufacture Co., Ltd. (Note 1)	60,000,000.00	2015/08/25	2016/06/30	NO
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electronic Manufacture Co., Ltd. (Note 2)	50,000,000.00	2016/02/01	2017/01/06	NO
Nanjing Panda Electronics Co., Ltd.	Nanjing Huage Appliance and Plastic Industrial Co., Ltd. (Note 3)	50,000,000.00	2016/04/27	2017/3/28	NO
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electronic Equipment Co., Ltd	70,000,000.00	2015/10/23	2016/10/22	NO
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Electronic Equipment Co., Ltd (Note 4)	30,000,000.00	2016/04/11	2017/01/06	NO
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Information Industry Co., Ltd. (Note 5)	280,000,000.00	2016/05/17	2017/03/28	NO
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Information Industry Co., Ltd. (Note 6)	100,000,000.00	2015/07/31	2016/06/30	NO
Nanjing Panda Electronics Co., Ltd.	Nanjing Panda Information Industry Co., Ltd. (Note 7)	50,000,000.00	2016/02/26	2016/06/30	NO

*Note 1:* The Company offers irrevocable maximum guarantee of RMB60,000,000.00, which is the comprehensive bank credit amount offered by China Merchant Bank, Nanjing Branch, to Nanjing Panda Electronic Manufacture Co., Ltd., a second-tier subsidiary of the Company. The guarantee has a period from 25 August 2015 to 30 June 2016. The guarantee has a period from the date the guarantee is signed to the due date of each loan or to other financing agreements or the due date of received account receivables by China Merchant Bank, Nanjing Branch, plus 2 years. If any of the above has extended their credit period, the guarantee period is extended accordingly. Nanjing Panda Electronic Manufacture Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2016, Nanjing Panda Electronic Manufacture Co., Ltd. has used RMB21,622,533.78 of its total comprehensive bank credit, of which RMB21,622,533.78 is guaranteed by the Company in the form of bank acceptance bill.

*Note 2:* The Company offers irrevocable maximum guarantee of RMB50,000,000.00, which is the comprehensive bank credit amount offered by Industrial Bank, Nanjing Branch, to Nanjing Panda Electronic Manufacture Co., Ltd., a second-tier subsidiary of the Company. The amount of guarantee has a period from 1 February 2016 to 6 January 2017. The period of guarantee ends after 2 years when the debtor has fulfilled its duty. Nanjing Panda Electronic Manufacture Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2016, Nanjing Panda Electronic Manufacture Co., Ltd. has used RMB7,974,057.23 of its total comprehensive bank credit, of which RMB7,974,057.23 is guaranteed by the Company in the form of bank acceptance bill.

*Note 3:* 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 third-tier subsidiary of the Company. The bank credit has duration from 27 April 2016 to 28 March 2017, and the guarantee lasts for 2 years from the deadline of performance of the debtor. Nanjing Huage Appliance and Plastic Industrial Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2016, Nanjing Huage Appliance and Plastic Industrial Co., Ltd. has used RMB8,037,918.72 of its total comprehensive bank credit, of which RMB8,037,918.72 is guaranteed by the Company in the form of bank acceptance bill.

*Note 4:* The company offers irrevocable maximum guarantee of RMB30,000,000.00, which is the comprehensive bank credit amount offered by Industrial Bank, Nanjing Branch, to Nanjing Panda Electronic Equipment Co., Ltd., a second-tier subsidiary of the Company. The bank credit has duration from 11 April 2016 to 6 January 2017. The period of guarantee starts from the date when the contract is signed to 2 years after the debtor has fulfilled its duty. Nanjing Panda Electronic Equipment Co. Ltd. offers its total assets as counter guarantee. As of 30 June 2016, Nanjing Panda Electronic Equipment Co. Ltd. has used RMB9,164,085.60 of its total comprehensive bank credit, of which RMB9,164,085.60 is guaranteed by the Company in the form of bank acceptance bill.

*Note 5:* The Company offers irrevocable maximum guarantee of RMB280,000,000.00, which is the comprehensive bank credit amount offered by Shanghai Pudong Development Bank, Nanjing Branch, to Nanjing Panda Information Industry Co. Ltd., a second-tier subsidiary of the Company. The bank credit has duration from 17 May 2016 to 28 March 2017, 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 2016, Nanjing Panda Information Industry Co. Ltd. has used RMB34,223,776.52 of its total comprehensive bank credit, of which RMB33,623,776.52 is guaranteed by the Company in the form of letter of guarantee and RMB600,000.00 is guaranteed by the Company in the form of bank acceptance bill.

*Note 6:* 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 second-tier subsidiary of the Company. The bank credit has duration from 31 July 2015 to 30 June 2016. The guarantee has a period from the date the guarantee is signed to the due date of each loan or to other financing agreements or the due date of received account receivables by China Merchant Bank, Nanjing Branch, plus 2 years. If any of the above has extended their credit period, the guarantee period is extended accordingly. Nanjing Panda Information Industry Co. Ltd. offers its total assets as counter guarantee. As of 30 June 2016, Nanjing Panda Information Industry Co. Ltd. has used RMB26,191,525.97 of its total comprehensive bank credit, of which RMB26,191,525.97 is guaranteed by the Company in the form of letter of guarantee.

*Note 7:* 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., a second-tier subsidiary of the Company. The guarantee has a period from 26 February 2016 to 30 June 2016. Nanjing Panda Information Industry Co., Ltd. offers its total assets as counter guarantee. As of 30 June 2016, Nanjing Panda Information Industry Co., Ltd. has used RMB17,552,333.31 of its total comprehensive bank credit, of which RMB1,145,333.31 is guaranteed by the Company in the form of letter of guarantee and RMB16,407,000.00 is guaranteed by the Company in the form of bank acceptance bill.

Conclusively, as of 30 June 2016, total guarantee offered by the Company amounted to RMB124,766,231.13, which includes: RMB63,805,595.33 of acceptance bill guarantee, and RMB60,960,635.80 of letter of guarantee. (As of 30 June 2015, total guarantee offered by the Company amounted RMB156,297,658.50, which includes: RMB80,609,589.67 of acceptance bill guarantee, RMB75,613,743.41 of letter of guarantee, and RMB74,325.42 of L/C deposit).

- (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

Items	Related Party	Closing balance		Opening balance	
		Balance	Bad debt Provision	Balance	Bad debt Provision
Trade receivable	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	312,994,545.67		268,900,418.83	
Trade receivable	CEC Panda LCD Technology Co., Ltd.	95,778,070.57		49,954,646.16	
Trade receivable	Nanjing Panda HanDa Technology Co., Ltd.	85,084,198.84	33,649.21	64,876,655.26	33,649.21
Trade receivable	CEC Panda Liquid Crystal Material Technology Co., Ltd.	48,825,139.73		36,761,773.78	
Trade receivable	Shaanxi IRICO Electronic Glass Co., Ltd.	10,200,000.00			
Trade receivable	IRICO (Hefei) LCD Glass Co., Ltd.	9,777,600.00			
Trade receivable	China Electronics Science and Industry New Materials Jiangsu Co., Ltd.	7,810,116.62		8,315,576.46	
Trade receivable	Nanjing Panda Electronics Import/Export Co., Ltd.	6,775,362.16	889,816.33	6,012,740.91	889,816.33
Trade receivable	Shenzhen Jinghua Network Marketing Co., Ltd	6,261,350.30		7,762,342.00	
Trade receivable	Panda Electronic Group Co., Ltd.	3,088,773.85	25,550.00	2,565,108.96	25,550.00
Trade receivable	Shanghai Panda Huning Electronic Technology Co., Ltd.	1,317,000.00	1,317,000.00	1,317,000.00	1,317,000.00
Trade receivable	Nanjing China Electronics Panda Furniture Company Limited	600,495.00		600,495.00	
Trade receivable	Nanjing Ericsson Panda Communication Co., Ltd.	500,678.99		1,811,861.02	
Trade receivable	China Great Wall Computer Shenzhen Co., Ltd.	242,649.40		570,628.29	
Trade receivable	Nanjing Panda DaSheng Electronics Technology Company Limited	192,049.99		108,750.00	
Trade receivable	Nanjing China Electronics Panda Real Estate Co., Ltd.	165,041.63		165,041.63	
Trade receivable	Nanjing Panda Electronics Transportation Company	49,585.83		3,216.93	
Trade receivable	Nanjing Thales Panda Transportation System Company Limited	39,086.73	36,156.93	39,086.73	36,156.93
Trade receivable	Nanjing Zhenhua Packing Material Plant	12,600.00		12,600.00	
Trade receivable	Shenzhen China Electronics Electricity Power Technology Co., Ltd.	4,605.00			
Trade receivable	Langfang China Electronics Panda Crystal Technology Co., Ltd.	3,240.00	3,240.00	3,240.00	3,240.00
Trade receivable	Wuhan Zhongyuan Electronics Group Co., Ltd.	2,000.00	2,000.00	2,000.00	2,000.00
Trade receivable	Nanjing Panda Investment and Development Co., Ltd.	1,502.00		8,801.00	
Trade receivable	Top Victory Investment Limited Units			4,488,376.32	
Trade receivable	Dongguan China Electronics Panda Technology Development Co., Ltd.			135,810.49	
Trade receivable	Nanjing Electronics Information Industrial Corporation			8,994.00	
Total		<b>589,725,692.31</b>	<b>2,307,412.47</b>	454,425,163.77	2,307,412.47
Prepayments	Shanghai Panda Huning Electronic Technology Co., Ltd.	8,512,000.00		336,000.00	
Prepayments	Nanjing Panda Electronics Import/Export Co., Ltd.	1,040,300.77		2,992,002.90	
Prepayments	CEC Panda LCD Technology Co., Ltd.	38,243.24		15,000.00	
Prepayments	Nanjing China Electronics Panda Furniture Company Limited	17,200.00			
Prepayments	China National Electronics Import/Export Corporation	10,000.00		73,758.00	
Prepayments	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	7,942.05		9,600.00	
Prepayments	Nanjing China Electronics Panda Crystal Technology Co., Ltd.	261.00			
Prepayments	Panda LCD Technology (Hong Kong) Co., Ltd.			774,056.68	
Prepayments	Nanjing China Electronics Panda Lighting Co., Ltd.			104,695.20	
Total		<b>9,625,947.06</b>		4,305,112.78	

Items	Related Party	Closing balance		Opening balance	
		Balance	Bad debt Provision	Balance	Bad debt Provision
Bills receivable	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	58,700,000.00		5,000,000.00	
Bills receivable	China Electronics Commercial Financial Leasing Co., Ltd.	21,632,076.83		89,883,046.06	
Bills receivable	Nanjing China Electronics Panda Furniture Company Limited	24,000,000.00			
Bills receivable	China Greatwall Computer Shenzhen Co., Ltd.	151,277.82		460,541.70	
Bills receivable	Nanjing Panda Handa Technology Company Limited			1,000,000.00	
Total		<u>104,483,354.65</u>		<u>96,343,587.76</u>	

(2) Payables to related parties

Items	Related Party	Closing balance	Opening balance
Accounts payable	Nanjing Panda Electronics Import/Export Co., Ltd.	19,373,090.47	37,397,836.26
Accounts payable	Panda Electronics Group Limited	4,732,229.07	3,754,117.21
Accounts payable	Nanjing Zhenhua Packing Material Plant	1,283,795.46	1,334,967.96
Accounts payable	Beijing China Electronics Guangtong Technologies Co., Ltd.	1,164,843.00	450,000.00
Accounts payable	Shenzhen China Electronics Huaxing Technology Co., Ltd.	320,000.00	
Accounts payable	Nanjing Panda Handa Technology Company Limited	300,854.70	14,466.00
Accounts payable	Nanjing Panda Electronics Transportation Company	219,552.39	254,912.39
Accounts payable	Nanjing Changjiang Electronic Information Industry Group Co., Ltd.	157,354.00	
Accounts payable	Nanjing China Electronics Panda Lighting Co., Ltd.	123,886.13	275,851.71
Accounts payable	Nanjing China Electronics Panda Furniture Company Limited	123,100.40	335,038.57
Accounts payable	Guizhou Zhenhua Qunying Electric Appliance Co., Ltd.	105,230.00	77,730.00
Accounts payable	Guizhou Zhenhua Huailian Electronics Co., Ltd.	32,340.00	32,340.00
Accounts payable	Shenzhen China Electronics Electricity Power Technology Co., Ltd.	67,400.00	67,400.00
Accounts payable	Nanjing China Electronics Panda Crystal Technology Co., Ltd.	23,505.78	25,649.88
Accounts payable	Nanjing Panda Electronics Technology Development Company Limited	17,692.05	17,692.05
Accounts payable	China Zhenhua Group Yunke Electronics Co., Ltd.	17,632.00	17,632.00
Accounts payable	Nanjing Panda DaSheng Electronics Technology Company Limited	17,005.00	
Accounts payable	Nanjing Thales Panda Transportation System Company Limited	16,410.02	16,410.02
Accounts payable	CEC Panda LCD Technology Co., Ltd.	7,942.05	
Accounts payable	Nanjing Ericsson Panda Communication Co., Ltd.	3,797.84	12,000.36
Accounts payable	Nanjing China Electronics Panda Property Management Co., Ltd.		853,111.86
Total		<u>28,107,660.36</u>	<u>44,937,156.27</u>

Items	Related Party	Closing balance	Opening balance
Advances from customers	CEC Panda LCD Technology Co., Ltd.	<b>311,301.42</b>	
Advances from customers	Nanjing Panda Investment and Development Co., Ltd.	<b>225,000.00</b>	
Advances from customers	Panda Electronics Group Limited	<b>30,719.02</b>	31,340.85
Advances from customers	Nanjing China Electronics Panda Furniture Company Limited	<b>12,526.17</b>	5,506.17
Advances from customers	Nanjing Panda Electronics Transportation Company	<b>1,583.07</b>	
Advances from customers	Shaanxi IRICO Electronic Glass Co., Ltd.		5,100,000.00
Advances from customers	IRICO (Hefe) LCD glass Co., Ltd.		4,190,400.00
Advances from customers	Panda Electronics Import/Export (HK) Company		1,790,975.80
Advances from customers	Nanjing Panda Technology Park Development Company Limited		233,334.00
Advances from customers	Nanjing Panda Handa Technology Company Limited		188,679.25
Advances from customers	Nanjing China Electronics Panda Lighting Co., Ltd.		7,020.00
Total		<b>581,129.68</b>	11,547,256.07
Other payables	China Electronics Corporation	<b>34,000,000.00</b>	34,000,000.00
Other payables	Nanjing Thales Panda Transportation System Company Limited	<b>860,265.92</b>	860,265.92
Other payables	Panda Electronics Group Limited	<b>7,861,608.95</b>	9,789,918.95
Other payables	Nanjing China Electronics Panda Property Management Co., Ltd.	<b>521,396.27</b>	521,396.27
Other payables	Nanjing Electronics (Kunshan) Co., Ltd.	<b>300,000.00</b>	300,000.00
Other payables	Nanjing Panda Electronics Transportation Company	<b>227,519.36</b>	130,495.47
Other payables	China National Electronics Import/Export Corporation	<b>195,539.62</b>	10,000.00
Other payables	Nanjing Electronics Information Industrial Corporation	<b>74,600.00</b>	74,600.00
Other payables	Panda (Beijing) International Information Technology Co., Ltd.	<b>45,588.91</b>	45,588.91
Other payables	Shanghai Panda Huning Electronic Technology Co., Ltd.	<b>22,907.00</b>	
Other payables	Nanjing Panda Technology Park Development Company Limited	<b>20,000.00</b>	20,000.00
Other payables	Nanjing Panda DaSheng Electronics Technology Company Limited	<b>200.00</b>	200.00
Total		<b>44,129,626.03</b>	45,752,465.52
Bills payable	Shanghai Panda Huning Electronic Technology Co., Ltd.	<b>6,320,000.00</b>	
Bills payable	Nanjing Zhenhua Packing Material Plant	<b>100,041.87</b>	36,510.40
Bills payable	Guizhou Zhenhua Hualian Electronics Co., Ltd.		92,400.00
Total		<b>6,420,041.87</b>	128,910.40

## XII. SHARE PAYMENT

The company has no events related to payment settled by shares.

## 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:

Item	Closing balance	Opening balance
Within 1 year	2,828,510.14	3,613,117.21
1-2 years	834,417.07	1,168,568.89
2-3 years	222,135.92	188,084.95
Total	<u>3,885,063.13</u>	<u>4,969,771.05</u>

#### (2) Capital expenditure commitments

At balance sheet date, commitment made by the company that has been contracted but not listed on the Statement of Financial Position is shown below:

Item	Closing balance	Opening balance
Buildings and constructions	2,361,780.66	2,926,971.73
Plant and equipment	787,289.34	1,029,491.13
Total	<u>3,149,070.00</u>	<u>3,956,462.86</u>

### 2. Contingent events

- (1) Bank loan guarantees and other guarantees offered by the company to its subsidiaries are disclosed in Disclosure Chapter XI, Section 6 (7).
- (2) Apart from above contingent events, as of 30 June 2016, the company has no material contingent events for which disclosure is required.

## XIV. POST BALANCE SHEET EVENTS

There were no 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 no events related to debt restructuring during the current period.

### 2. Asset Swap

The Company has no events related to asset swap such as non-monetary assets exchanging during the current period.

### 3. Annuity plan

Apart from basic endowment insurances, Shenzhen Jinghua 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 contribution-defined 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 Jinghua covers all contribution at an amount no more than 15% of eligible employee's total annual salary, and 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 no events related to termination of business during the current period.

### 5. Foreign Currency Conversion

The amount of exchange gain which is recorded into the profits and losses is RMB6,628,719.87, the amount of the exchange loss is RMB805,408.79, and the net exchange profits is RMB5,823,311.08.

### 6. Borrowing costs

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

### 7. Leases

#### (1) Assets under operating lease are listed below:

Type of assets	Closing balance	Opening balance
Buildings constructions	<b>32,350,262.84</b>	33,620,860.90
Transportation Equipment	<b>3,365,034.23</b>	3,338,043.60
Total	<b>35,715,297.07</b>	36,958,904.50

### 8. Other Significant Events

On 21 January 2014, controller of the Company, Panda Electronics Group Limited ("Panda Group"), provides its 167,350,000 normal shares of the Company (all non-restricted shares, amounted to 18.31% of total shares of the Company) as pledge against the RMB800,000,000 loan (a 2-year loan) lent by Nanjing Panda HanDa Technology Co., Ltd. (a fully owned subsidiary of Panda Group) from a syndication consisting of China Electronics Financial Co., Ltd., Bank of Communications, Jiangsu Branch and China Construction Bank, Nanjing Central Gate Branch.

On 12 May 2015, Panda Group lifted part of its pledged shares through Shanghai Branch of China Securities Depository and Clearing Corporation Limited, and the shares that have been lifted amounted 50,000,000, which is 5.47% of total shares of the Company. On 16 June 2015, Panda Group lifted part of its pledged shares through Shanghai Branch of China Securities Depository and Clearing Corporation Limited, and the shares that have been lifted amounted 23,470,000, which is 2.57% of total shares of the Company. On 13 January 2016, the Company was informed by Panda Group that it had lifted its pledged shares. On 12 January 2016, Panda Group lifted its pledged shares through Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the shares that have been lifted amounted 93,880,000, which is 10.27% of total shares of the Company, after which no shares of the Company are pledged.

## XVI. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

### 1. Accounts receivables

#### (1) Disclosure by categories

Category	Closing Balance			Percentage of provision for bad debt (%)
	Balance	Percentage (%)	Provision for bad debt	
Substantial amount of single account receivable with specific provision for bad debts	42,258,977.14	62.61	3,150,052.51	7.45
Other unsubstantial amount of accounts receivable with specific provision for bad debts	25,241,203.51	37.39	2,032,917.33	8.05
<b>Total</b>	<b>67,500,180.65</b>	<b>100</b>	<b>5,182,969.84</b>	
From above:				
Items	Opening Balance			Percentage of provision for bad debt (%)
	Balance	Percentage (%)	Provision for bad debt	
Substantial amount of single account receivable with specific provision bad debts	74,579,162.05	82.30	4,827,759.04	6.47
Other unsubstantial amount of accounts receivable with specific provision bad debts	16,043,222.75	17.70	1,566,670.98	9.77
<b>Total</b>	<b>90,622,384.80</b>	<b>100.00</b>	<b>6,394,430.02</b>	

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

Name of debtor	Closing Balance	Provision for bad debt	Percentage of provision for bad debt (%)	Reasons
Binhai Radio and Television Bureau	20,299,600.00	2,415,018.84	11.90	Current value of the expected future cash flow is lower than its carrying value
Nanjing Panda HanDa Technology Co., Ltd.	8,669,916.44			Expected to be recovered
Sihong County Radio and Television Information Network Co., Ltd.	8,059,239.00	676,373.14	8.39	Current value of the expected future cash flow is lower than its carrying value
Nanjing Broadcasting and Television Network Co., Ltd.	5,230,221.70	58,660.53	1.12	Current value of the expected future cash flow is lower than its carrying value
<b>Total</b>	<b>42,258,977.14</b>	<b>3,150,052.51</b>		

(3) **Receivables returned or recovered during this period**

Items	Amount incurred in current period
Provision for bad debt incurred in current period	
Provision for bad debt reversed or received in current period	1,211,460.18

(4) **There is no situation of written-off accounts receivable.**

(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 account receivable (%)
Binhai Radio and Television Bureau	Non-related party	20,299,600.00	2,415,018.84	30.07
Nanjing Panda HanDa Technology Co., Ltd.	Group subsidiary	8,669,916.44	12.84	
Sihong County Radio and Television Information Network Co., Ltd.	Non-related party	8,059,239.00	676,373.14	11.94
Nanjing Broadcasting and Television Network Co., Ltd.	Non-related party	5,230,221.70	58,660.53	7.75
Nanjing Qixia District Cable Management Station	Non-related party	4,447,175.90	149,860.45	6.59
Total		<u>46,706,153.04</u>	<u>3,299,912.96</u>	<u>69.19</u>

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

2. **Other Receivables**

(1) **Disclosure by category**

Category	Amount	Closing balance		Percentage (%)
		Percentage (%)	Provision for bad debt	
Substantial amount of single other receivables with specific provision for bad debts	263,173,689.91	91.28	25,255,506.87	9.60
Other unsubstantial amount of other receivables with specific provision for bad debts	<u>25,128,832.59</u>	<u>8.72</u>	<u>3,774,744.02</u>	15.02
Total	<u>288,302,522.50</u>	<u>100</u>	<u>29,030,250.89</u>	

From above:

Category	Amount	Opening balance		Percentage (%)
		Percentage (%)	Provision for bad debt	
Substantial amount of single other receivables with specific provision for bad debts	303,915,666.11	97.27	27,181,051.51	8.94
Other unsubstantial amount of other receivables with specific provision for bad debts	<u>8,542,424.77</u>	<u>2.73</u>	<u>2,493,339.34</u>	29.19
Total	<u>312,458,090.88</u>	<u>100.00</u>	<u>29,674,390.85</u>	

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

Name of debtor	Closing balance	Provision for bad debt	Percentage of provision for bad debts (%)	Reasons
Nanjing Panda Electronic Equipment Co., Ltd.	134,979,546.35	10,466,475.73	7.75	Current value of the future cash flow is expected to be lower than its carrying value
Galant Limited	61,689,200.00			Expected be recoverable
Nanjing Huage Appliance and Plastic Industrial Co., Ltd	51,219,898.27	2,560,994.91	5.00	Current value of the future cash flow is expected to be lower than its carrying value
Nanjing Panda International Communication Systems Co., Ltd.	15,285,045.29	12,228,036.23	80.00	Current value of the future cash flow is expected to be lower than its carrying value
Total	<u>263,173,689.91</u>	<u>25,255,506.87</u>		

(3) **Receivables returned or recovered during this period**

Items	Amount incurred in current period
Provision for bad debt incurred in the period	718,632.96
Provision for bad debt reversed or received for other receivables in the period	<u>10,000.00</u>

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
Nanjing Qixia District Cable Management Station	Received in the period	Expected not to be recovered	10,000.00	10,000.00
Total			<u>10,000.00</u>	<u>10,000.00</u>

(4) **Other receivables written off in the period**

Items	Amount incurred in current period
Written-off of other receivables	1,352,772.92



The significant written-off of other receivables in the period

Name of debtor	Amount	Nature	Reason	Incurred by related transactions or not
Nanjing Panda Power Supply Technology Co., Ltd.	1,352,772.92	receivables and payables	Deregistration of the company	Yes
Total	<u>1,352,772.92</u>			

Note: The amount of the written-off in the period has been considered and approved as authorized by the Board upon being recognized as unrecoverable.

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

Nature	Closing balance	Opening balance
Related party transaction	279,227,845.65	256,348,222.09
Relocation compensation		52,400,000.00
Security deposit	603,135.09	
Other	8,471,541.76	3,709,868.79
Total	<u>288,302,522.50</u>	<u>312,458,090.88</u>

(6) Details of the top five debtors of other receivables 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 Electronic Equipment Co., Ltd.	Related party transaction	134,979,546.35	Within 1 year, 3 to five years	46.82	10,466,475.73
Galant Limited	Related party transaction	61,689,200.00	Within 2 years, over 3 years	21.40	
Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	Related party transaction	51,219,898.27	within 1 year	17.77	2,560,994.91
Nanjing Panda International Communication Systems Co., Ltd.	Related party transaction	15,285,045.29	over 3 years	5.30	12,228,036.23
Nanjing Panda Mechanical Manufacturing Co., Ltd.	Related party transaction	9,159,874.95	1 to 3 years	3.18	2,579,937.48
Total		<u>272,333,564.86</u>		<u>94.47</u>	<u>27,835,444.35</u>

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

(8) There are no transferred other receivables in which the company continuously involved management and related assets or liabilities formed at the end of the period.

### 3. Long-term equity investments

Name of investee	Opening balance	Increase of investment	Decrease of investment	Investment gains and losses recognized under the equity method	Changes of the current period			Provision for Impairment of current period	Other	Closing balance	Provision for Impairment of assets
					Other comprehensive income adjustment	Other changes in equity	Cash Dividend				
Beijing SE Putian Mobile Communications Co., Ltd.	188,493,600.00			10,142,636.25						198,636,236.25	
Nanjing Huxian High Technology Company											
Nanjing Ericsson Panda Communication Co., Ltd.	248,700,240.00			52,375,349.82						301,075,589.82	
Shenzhen Jinghua Electronics Co., Ltd.	119,241,304.00									119,241,304.00	
Nanjing Panda Accurate Machinery Co., Ltd.	5,827,934.12									5,827,934.12	
Nanjing Panda Machinery Co., Ltd.	2,582,191.03									2,582,191.03	
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. (Note 1)	8,750,000.00		8,750,000.00								
Nanjing Guanghua Electronics Plastic Casings Factory	8,271,096.45									8,271,096.45	
Nanjing Panda International Communication Systems Co., Ltd.	7,655,000.00									7,655,000.00	7,655,000.00
Nanjing Panda Industrial Enterprise Co., Ltd.	20,000,000.00									20,000,000.00	
Nanjing Panda Electronic Equipment Co., Ltd.	190,000,000.00									190,000,000.00	
Nanjing Panda Electronic Technology Development Co., Ltd.	700,000,000.00									700,000,000.00	
Nanjing Panda Communication Technology Co., Ltd.	98,585,734.28									98,585,734.28	
Shanghai Panda Robot Technology Co., Ltd.	1,000,000.00									1,000,000.00	
<b>Total</b>	<b>1,916,907,624.42</b>		<b>8,750,000.00</b>	<b>62,517,986.07</b>						<b>1,970,675,610.49</b>	<b>7,655,000.00</b>

Note 1: Nanjing Panda Power Supply Technology Co., Ltd. completed deregistration procedures regarding business license on 5 May, 2016.

#### 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	62,556,232.21	48,160,029.60	28,686,768.37	20,456,968.55
Income from other activities	4,813,630.05	13,882.00	8,738,571.950	16,995.00
Total	<b>67,369,862.26</b>	<b>48,173,911.60</b>	<b>37,425,340.32</b>	<b>20,473,963.55</b>

#### 5. Investment income

Source of investment income	Amount for the period	Amount for the prior period
Long-term equity investment income under cost method of accounting		
Long-term equity investment income under equity method of accounting	62,517,986.07	97,172,461.75
Income from financial products	6,832,270.38	10,372,403.23
Total	<b>69,350,256.45</b>	<b>107,544,864.98</b>

### XVII. SUPPLEMENTARY INFORMATION

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

Profit during Reporting Period	Weighted average return rate on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to holders of ordinary shares of the Company	1.6662	0.0598	0.0598
Net profit attributable to holders of ordinary shares after extraordinary items	0.3099	0.0111	0.1110

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] – 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

Statement of extraordinary items	Amount	Note
(1) Profit and loss of disposal of non-current assets including reserved provision for asset impairment	-8,202.94	
(2) Tax rebate or tax reduction through approval beyond authorities or without official approval document or incurred occasionally		
(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)	46,057,020.16	
(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	8,393,588.65	
(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) Profit and loss exceeding fair value of transaction with unfair consideration		
(12) Net profits and losses of the current period of subsidiaries under common control arising for merger of enterprise from the beginning of period to the date of merger		
(13) Profit and loss from contingent events having no relation with principal business of the Company		
(14) Profit and loss generated from changes in fair values of holding tradable financial assets, tradable financial liabilities, and investment income obtained from disposal of tradable financial assets, tradable financial liabilities and held-for-sale financial assets, apart from effective hedging business relating to normal operation of the Company		
(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) Effect on profit and loss arising from one-off adjustment to the profit and loss of the current period as required by taxation and accounting laws and regulations		
(19) Entrusted fee income obtained from entrusted operation		
(20) Other non-operating income/expenses other than the above items	-1,907,449.21	
(21) Other non-recurring profit and loss items recognized by CSRC		
Sub-total	<u>52,534,956.66</u>	
Less: effect on income tax	7,405,111.07	
Non-recurring profit and loss after deduction of effect on income tax	45,129,845.59	
Including: non-recurring profit and loss attributable to owners of the parent company	44,487,479.08	
Non-recurring profit and loss attributable to non-controlling shareholders	642,366.51	

## SECTION XI DOCUMENTS AVAILABLE FOR INSPECTION

- I. 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).
- II. Original copies of all documents and announcements of the Company publicly disclosed on websites designated by the CSRC during the Reporting Period.
- III. The interim report published on the Hong Kong Stock Exchange.

**Nanjing Panda Electronics Company Limited**

*Chairman: Xu Guofei*

Approved for submission by the Board on: 30 August 2016