

I. IMPORTANT NOTICE

The board of directors of the Company (the "Board of Directors") and its Directors confirm that there are no misleading statements, or misrepresentation, or material omissions contained in this interim report (the "Report"). The Board of Directors accept joint and several responsibility for the truthfulness, accuracy and completeness of the contents of the Report.

The Chairman, Mr. Li Anjian, the Director, Mr. Zhu Lifeng, and the Independent Director, Mr. Cai Lianglin, have respectively appointed Vice Chairman, Mr. Zhang Zuzhong, the Director, Mr. Tang Hongqing, and the Independent Director, Ms. Wan Hui, to attend the board meeting and vote on their behalf.

The Chairman of the Company, Mr. Li Anjian, Chief Accountant, Mr. Wu Liulin, and the manager of finance department, Mr. Shen Jianlong, have declared that they guarantee the truthfulness and completeness of the financial statements in the Report.

The financial statements of the Company for the six months ended 30 June 2004 (the "Reporting Period") were unaudited.

II. BASIC COMPANY INFORMATION

(1) Company profile

1. Legal Chinese name of the Company:	南京熊猫电子股份有限公司
Legal English name of the Company:	Nanjing Panda Electronics Company Limited
Abbreviation of English Name of the Company:	NPEC
2. Place of listing:	H shares The Stock Exchange of Hong Kong Limited A shares Shanghai Stock Exchange
Abbreviation of stock:	H shares Nanjing Panda A shares: Nanjing Panda
Stock Code:	H shares 0553 A shares: 600775
3. Registered Address of the Company:	Floor 1-2, Block 5, North Wing, Nanjing High and New Technology Development Zone, Nanjing, the PRC
Office Address of the Company:	301 Zhong Shan Road East, Nanjing, the PRC
Postal Code:	210002
International Web Site:	http://www.chinapanda.com.cn
4. Legal Representative of the Company:	Li Anjian
5. Secretary to the Board of Directors:	Chen Ping
Securities Representative of the Board of Directors:	Chen Yebao
Correspondence Address:	301 Zhong Shan Road East, Nanjing, the PRC (Postal Code: 210002)
Telephone:	(8625)-84801144
Facsimile:	(8625)-84820729
E-mail address:	dms@panda.cn
6. Names of Newspapers for information dissemination designated by the Company:	Shanghai Securities News, China Securities Journal, Ta Kung Pao (Hong Kong) and The Standard
Worldwide Web Site for the dissemination of Report designated by China Securities Regulatory Commission:	http://www.sse.com.cn
Place for Inspection of the Report of the Company:	Secretarial Office of the Board of Directors, 301 Zhong Shan Road East, Nanjing, the PRC

(2) Key financial data and indices

1. Prepared in accordance with the PRC accounting system (unaudited, unit: RMB)

	As at 30 June 2004	As at 31 December 2003	Increase (decrease) from the beginning of the year (%)
Current assets	3,672,725,014.26	2,620,746,708.29	40.14
Current liabilities	3,338,130,012.93	2,292,569,609.12	45.61
Total assets	4,659,023,852.69	3,592,429,930.02	29.69
Shareholders' funds (excluding minority interests)	1,186,975,535.86	1,128,973,984.29	5.14
Net assets per share	1.81	1.72	5.23
Adjusted net assets per share	1.70	1.68	1.19

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

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

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

III. CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

(1) Changes in share capital

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

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

(3) Shareholdings of top ten shareholders

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

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

Notes:

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