

**PANDA** Electronics

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Nanjing Panda Electronics Company Limited

**2021**  
**Interim**  
**Report**

(H Share Stock Code: 0 5 5 3)

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<b>DOCUMENTS AVAILABLE FOR INSPECTION</b>	1. Original financial statements signed and sealed under the hand of the head of the Company, the chief accountant and the head of the accounting department (accounting supervisor) of the Company.
	2. Original copies of all documents and announcements of the Company publicly disclosed on websites designated by the CSRC during the Reporting Period.
	3. The interim report published on the Hong Kong Stock Exchange.

### IMPORTANT NOTICE

1. The board of Directors (the "Board"), the supervisory committee, 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 of the Company attended the second meeting of the tenth session of the Board of the Company held on 25 August 2021.
3. The interim financial report of the Company is unaudited.
4. Mr. Xia Dechuan, the head of the Company, Mr. Hu Dali, the chief accountant of the Company, and Ms. Liu Xianfang, the head of the accounting department (accounting supervisor) of the Company, have declared that they confirmed the truthfulness, accuracy and completeness of the financial report contained in this interim report.
5. The Company would not make any profit distribution or capitalization of capital reserve for the first half of 2021.
6. Forward looking statements, including future plans and development strategies, contained in this interim report do not constitute a substantive commitment to investors by the Company. Investors are advised to pay attention to investment risks.
7. Neither the Company's controlling shareholder nor any of its related parties have misappropriated the Company's funds for non-operating purposes.
8. The Company did not provide external guarantees in violation of any specified decision-making procedures.
9. There is no such situation where the majority of the Directors cannot warrant the truthfulness, accuracy and completeness of the information contained in this interim report.
10. The Company has elaborated the potential risks in this interim report. For their details and the corresponding countermeasures, please refer to the paragraph headed "Potential Risks" under Section III "Management Discussion and Analysis" in this interim report.

## SECTION I DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the following meanings:

### Definitions of commonly-used terms

Company or NPEC	Nanjing Panda Electronics Company Limited (南京熊猫电子股份有限公司)
Group	Nanjing Panda Electronics Company Limited and its subsidiaries
PEGL	Panda Electronics Group Co., Ltd. (熊猫电子集团有限公司)
PEGL Group	Panda Electronics Group Co., Ltd. and its subsidiaries
NEIC	Nanjing Electronics Information Industrial Corporation (南京中电熊猫信息产业集团有限公司)
NEIC Group	Nanjing Electronics Information Industrial Corporation and its subsidiaries
CEC	China Electronics Corporation (中国电子信息产业集团有限公司)
CEC Group	China Electronics Corporation and its subsidiaries
Director(s)	director(s) of the Company
Financial Company	China Electronics Finance Co., Ltd. (中国电子财务有限责任公司)
China Huarong	China Huarong Asset Management Co., Ltd. (中国华融资产管理股份有限公司)
Electronics Equipment Company	Nanjing Panda Electronic Equipment Co., Ltd. (南京熊猫电子装备有限公司)
Information Industry Company	Nanjing Panda Information Industry Co., Ltd. (南京熊猫信息产业有限公司)
Electronic Manufacture Company	Nanjing Panda Electronic Manufacture Co., Ltd. (南京熊猫电子制造有限公司)
Communications Technology Company	Nanjing Panda Communications Technology Co., Ltd. (南京熊猫通信科技有限公司)
Huage Plastic	Nanjing Huage Appliance and Plastic Industrial Co., Ltd. (南京华格电气塑业有限公司)
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
AFC	Auto Fare Collection
ACC	AFC Clearing Center
EMS	Electronic Manufacturing Services

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### I. Company Information

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

### II. Contact Persons and Contact Information

	Secretary to the Board	Securities Affairs Representative
Name	Wang Dongdong	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. Basic Information and Relevant Changes

Registered address	Room 1701, 301 Zhongshan East Road, Xuanwu District, Nanjing, Jiangsu Province, the People's Republic of China
Postal code of the registered address	210002
Office address	7 Jingtian Road, Nanjing, the People's Republic of China
Postal code of the office address	210033
Company website	<a href="http://www.panda.cn">http://www.panda.cn</a>
Email	dms@panda.cn
Query index on changes in the Reporting Period	N/A

### IV. Places for Information Disclosure and Inspection and Relevant Changes

Designated newspapers for information disclosure	Shanghai Securities News, China Securities Journal
International websites for the 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 the Secretary to the Board, 7 Jingtian Road, Nanjing, the People's Republic of China
Query index on changes in the Reporting Period	N/A

### V. Stock Profile

Class of shares	Stock exchange on which the shares are listed	Stock Profile		
		Stock abbreviation	Stock code	Stock abbreviation before change
A shares	Shanghai Stock Exchange	南京熊猫	600775	N/A
H shares	Hong Kong Stock Exchange	Nanjing Panda (南京熊猫)	00553	N/A

### VI. Other Relevant Information

N/A

## VII. Major Accounting Data and Financial Indicators (Prepared in accordance with the PRC Accounting Standards for Business Enterprises)

### (I) Major accounting data

*Unit: Yuan Currency: RMB*

Major accounting data	Reporting Period (January–June 2021)	Corresponding period of last year (January–June 2020)	Change from corresponding period of last year (%)
Operating income	2,169,456,301.72	1,714,155,014.36	26.56
Net profit attributable to shareholders of the Company	18,273,010.95	12,683,154.91	44.07
Net profit attributable to shareholders of the Company after deducting extraordinary profit and loss	6,012,972.37	928,618.66	547.52
Net cash flow from operating activities	-45,434,137.31	88,278,305.28	-151.47
	<b>At the end of the Reporting Period (30 June 2021)</b>	At the end of last year (31 December 2020)	Change from the end of last year (%)
Net assets attributable to shareholders of the Company	3,504,992,186.42	3,509,430,717.97	-0.13
Total assets	6,237,271,612.21	6,001,947,699.44	3.92

### (II) Key financial indicators

*Unit: Yuan Currency: RMB*

Key financial indicators	Reporting Period (January–June 2021)	Corresponding period of last year (January–June 2020)	Change from corresponding period of last year (%)
Basic earnings per share ( <i>RMB/share</i> )	0.0200	0.0139	44.07
Diluted earnings per share ( <i>RMB/share</i> )	0.0200	0.0139	44.07
Basic earnings per share after extraordinary items ( <i>RMB/share</i> )	0.0066	0.0010	547.52
Weighted average return on net assets (%)	0.52	0.37	Increased by 0.15 percentage point
Weighted average return on net assets after extraordinary items (%)	0.17	0.03	Increased by 0.14 percentage point

Explanations on major accounting information and financial indicators of the Company:

The increases in net profit attributable to shareholders of the Company and net profit attributable to shareholders of the Company after deducting extraordinary items were mainly due to the period-on-period increase in income and profit from modern digital city business.

## VIII. Differences between Accounting Data Prepared under Overseas and Domestic Accounting Standards

N/A

## IX. Extraordinary Items and Amounts

Unit: Yuan Currency: RMB

Extraordinary items	Amount
Gain or loss on disposal of non-current assets	-578,273.31
Government grants included in current profit or loss (excluding those government grants that are closely related to the Group's business and are received at fixed amounts or at fixed percentage based on unified standards promulgated by government)	4,480,609.44
Gain or loss on changes in fair values of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities (excluding the valid hedging of the Company in its ordinary course of business), as well as investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments	6,870,449.51
Reversal of impairment provisions for accounts receivable subject to individual impairment test	3,966,431.17
Other non-operating income and expenses other than the aforesaid items	654,413.10
Effect on minority interests	-377,787.15
Effect on income tax	-2,755,804.18
Total	<u>12,260,038.58</u>

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. Overview of the Industry and the Principal Activities of the Company during the Reporting Period

#### (I) Principal activities

The Company's three key business segments comprise modern digital city, industrial internet and intelligent manufacturing, and service-oriented electronic manufacturing. In the field of modern digital city, the Company exploits big data, cloud computing, artificial intelligence, 5G and other technologies to develop modern digital city service clusters with smart transportation at the core and comprising safe city, digital park and others. In the fields of industrial internet and intelligent manufacturing, the Company is committed to delivering core intelligent manufacturing equipment based on industrial internet and total smart factory solutions, providing overall planning for manufacturing enterprises to effectuate digital transformation so that they build their core competitiveness and achieve sustainable innovation and growth. In the field of service-oriented electronic manufacturing, the Company provides the research and development and electronic manufacturing services for 3C, components of new display module and white goods, automotive electronics, communication equipment and other electronic products for domestic and overseas brand manufacturers through smart, flexible and lean management approach.

#### (II) Operating model

Upholding market-oriented and customer-centered guidelines, the Company enhances its core competence through driving innovation in scientific research approaches, business model, incentives and staff training, and consolidates its development foundation by promoting overall lean management, with a view to creating a new pattern of innovation and development for the "14th Five-Year Plan" period.

The Company aligned its research and development and production activities with market and customer demand, and delivered overall solutions for products and systems and the system engineering projects. By providing customers with integrated services, the Company continuously deepens and broadens its cooperation with customers and create more value for customers, achieving joint development of the Company and its customers.

#### (III) Industry overview

In the first half of 2021, the added value of electronic information manufacturing enterprises above designated size increased by 19.8% period-on-period, up by 14.1 percentage points over the same period of last year, with a compound growth rate of 12.5% in the past two years. The ex-factory prices of electronic and information manufacturers dropped by 1.4% period-on-period, in sharp contrast to the 5.1% period-on-period increase in the ex-factory price of industrial producers. Nowadays, electronic information technology is the field with the most R&D investment, the most active innovation, the most widely employed applications and the greatest ripple effects throughout the world. The new generation of electronic information technologies, represented by 5G, big data, cloud computing, artificial intelligence and block chain, are rapidly evolving and converging, and play an increasingly important role in driving industry development, bringing profound changes to global industrial technology system and the mode of global economic development.

According to the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-term Goals for 2035 of the People's Republic of China, the country shall embrace the digital age, unleash the potential of data, enhance its strength in cyberspace, accelerate the construction of digital economy, digital society and digital government, and promote digitalization-based upgrading of production methods, lifestyles and governance methods in general. It calls for efforts to speed up the construction of a digital society, promote the construction of new smart cities by stage and type, establish and optimize urban information model platform and operation and management service platform, develop urban data resource systems and urban data brain. The Company closely follows the national "14th Five-Year Plan" and proactively promotes the digitalization in the fields of intelligent transportation and safe city.

The outline of the 14th Five-Year Plan calls for the promotion of industrial digitalization and digital industrialization. In response, the Company is driving the deep integration of internet, big data, and artificial intelligence into the industrial manufacturing industry to promote the development of 5G+ industrial internet industry.

With the continuous enhancement of the comprehensive strength of China's electronic information manufacturing industry, professional electronic manufacturing service providers keep improving their process, efficiency, quality and supply chain services to better cater to market demand, which has a profound impact on the supply chain arrangement and value chain management of the electronic information industry and has created more stable division of labor and cooperation. The upstream and downstream supporting industry chains of consumer electronics, communication equipment, computer and network equipment industries have matured, and professional electronic manufacturers have become the core participants in the electronic information industry chain. Focusing on its main business, the Company actively responded to market changes and continuously explored new growth points. It has gradually extended its electronic manufacturing business from the LCD and communication product markets to the fields of automotive electronics and components of white goods, and made new achievements in these new business areas.

## II. Analysis of Core Competitiveness during the Reporting Period

1. The Company's main business areas include modern digital city, industrial internet and intelligent manufacturing, and service-oriented electronic manufacturing, all of which are the key industries the country strives to develop, with ample market potential and longer industrial life cycle. The Company is actively seeking for opportunities brought by the development of digital economy in the country, keeping up with the key technologies of big data, cloud computing, artificial intelligence and 5G communications, combining these new generation of information and communications technologies with its own businesses, and seeking breakthroughs to comprehensively advance its business transformation and upgrading and product innovation.
2. Being market-driven and customer-oriented, the Company optimizes its business structure, promotes technological innovation and strives to enhance its core competitiveness, thereby laying a solid foundation for the high-quality and sustainable development of the Company. Adhering to the strategic principle of independent innovation-driven industrial development, the Company strengthened industrial planning and structural adjustment. The Company enhanced the development of the scientific research management system and the incentive system for research personnel, forming a scientific research management and guarantee mechanism where the Company's headquarters and subsidiaries connect with and supplement each other, so as to ensure that the scientific and technological resources are concentrated towards the core industry. The Company further increased its investment in scientific research, cultivated and improved the independent innovation capabilities of scientific research teams at all levels, deployed and coordinated the scientific research resources across the Company to build a collaborative innovation platform, strive for breakthroughs in key generic technologies and thus improve the core competitiveness of the Company.
3. Currently, the Company has 8 scientific and technological institutions (engineering technology research centers and engineering research centers) at municipal level or above, 4 enterprise technology centers, and 4 graduate workstations of Jiangsu Province. The Company's innovation platforms at provincial and ministerial-level include Jiangsu Research Center of Rail Transit AFC System Engineering Technology, Jiangsu Engineering Technology Research Center of Special Polymer Materials for Communications, Jiangsu Research Center of LCD Module Controller and Manufacturing Process and Engineering Technology, Jiangsu Mobile Communication Engineering Research Center, and Jiangsu (Panda) Robot Engineering Technology Research Center, with 4 professionals under the "333 Talent Program" of Jiangsu Province. The research and development centers of the Company stay up-to-date with industry developments and dynamics and have strong capabilities in acquiring new knowledge and making innovations to promote the business development of the Company, and they also track latest cutting-edge technologies in the industry and perform preliminary research and prediction accordingly.
4. The Company further improved its mechanism and system for technological innovation to stimulate the vitality of innovation and strived to enhance its capability in independent innovation and integrated innovation. In the first half of 2021, the Company's total investment in science and technology amounted to RMB102,863,100, representing a 4.74% technology investment ratio. The Company and its subsidiaries have a total of 29 on-going scientific research projects, among which 22 are new projects initiated in the first half of the year.

5. The Company steadily advanced its intellectual property work, with its patent pool for intelligent manufacturing and digital city further expanded and improved. Currently, the Company has 511 valid patents, including 156 invention patents, 279 utility model patents and 76 design patent, and also owns 361 software copyrights. In the first half of the year, 8 patent applications of the Company were accepted, including applications for 4 invention patents and 4 utility model patents. In the first half of the year, the Company were granted 20 new patents, including 5 invention patents, 9 utility model patents and 6 design patents. Among these newly granted patents, a higher number of patents are related to modern digital city, industrial internet and intelligent manufacturing, service-oriented electronic manufacturing and other core business areas of the Company. Moreover, 13 new software copyrights of the Company were registered in the first half of the year. The Company continued to implement its intellectual property strategy, strengthened pre-vetting of the technology, value and protection effectiveness of patent applications, focused on directing applications for patents relevant to the core business areas of the Company, and eliminated "low-value" patents and "dormant" patents to increase the proportion of basic patents and core patents and enhance its technological independence.
6. In the first half of 2021, the Company made new progress in collaboration between enterprises, academia and research institutes. The Company cooperated with Nanjing University and Nanjing University of Aeronautics and Astronautics to initiate and develop the "Project of DOFS- and IoT-based Intelligent Monitoring System for Oil and Gas Pipelines"; partnered with Nanjing University of Posts and Telecommunications and Southeast University to initiate and apply for the project of IoT-oriented Coverage Expansion and Collaborative Networking Technology, a key project under the Key R&D Plan of Jiangsu Province (industry foresight and key core technology); and jointly established the "Modern Equipment Manufacturing and Big Data Application College" with Nanjing University of Information Science & Technology.
7. Six subsidiaries of the Company are recognized as high-tech enterprises, namely Nanjing Panda Information Industry Co., Ltd., Nanjing Panda Electromechanical Instrument Technology Co., Ltd., Nanjing Panda Electronics Manufacturing Co., Ltd., Nanjing Huage Appliance and Plastic Industrial Co., Ltd., Nanjing Panda Communications Technology Co., Ltd. and Nanjing Panda Electronic Equipment Co., Ltd.
8. The Company places high importance on the quality of products and projects, and always sticks to the philosophy of "quality for survival", firmly establish the consciousness of quality foremost among its staff. The Company has ISO9001 quality management system, ISO14001 environmental management system and ISO45001 occupational health and safety management system certification, and continues to improve such systems.

### III. Discussion and Analysis of Operations

In the first half of 2021, in response to the complicated situation of significantly increasing risks and challenges in every aspect, the Company sought progress while maintaining stability, continuously optimized the industrial structure, promoted scientific research and innovation, deepened the implementation of comprehensive lean management, strengthened quality and efficiency improvement and effectively prevented risks, thus promoting the sustainable development of the Company. During the Reporting Period, due to the period-on-period increase in income from modern digital city business, the Company recorded operating income of RMB2,169,456,300, total profit of RMB53,423,300 and net profit attributable to the parent company of RMB18,273,000.

Significant changes in the Company's business operations during the Reporting Period and those events occurring during the Reporting Period and with a significant impact on the business operations of the Company or expected to have a significant impact in the future: N/A



#### IV. Principal Operations during the Reporting Period

##### (i) Analysis of principal operations

###### 1. Analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Change (%)
Operating income	<b>2,169,456,301.72</b>	1,714,155,014.36	26.56
Operating costs	<b>1,902,189,343.93</b>	1,473,529,076.93	29.09
Cost of sales	<b>26,374,358.04</b>	24,169,354.68	9.12
Administrative expenses	<b>118,753,604.90</b>	111,969,241.96	6.06
Financial expenses	<b>-12,117,300.61</b>	897,662.47	-1,449.87
R&D expenses	<b>102,863,123.01</b>	82,730,115.43	24.34
Net cash flows from operating activities	<b>-45,434,137.31</b>	88,278,305.28	-151.47
Net cash flows from investing activities	<b>7,541,552.32</b>	56,497,866.06	-86.65
Net cash flows from financing activities	<b>10,263,585.18</b>	-9,948,582.15	N/A
Gain from change in fair value	<b>1,211,375.22</b>	567,858.44	113.32
Credit impairment losses	<b>3,651,766.84</b>	-275,560.22	N/A
Gains on disposal of assets	<b>-652,003.85</b>	126,613.83	-614.95
Non-operating income	<b>973,536.29</b>	7,039,751.70	-86.17
Non-operating expenses	<b>208,592.65</b>	521,218.12	-59.98

Reasons for the changes:

- (1) Reasons for the change in the operating income: Mainly due to the period-on-period increase in income from modern digital city business;
- (2) Reasons for the change in the operating costs: Mainly due to the period-on-period increase in the operating costs of modern digital city business during the period, which is in line with the increase in income;
- (3) Reasons for the change in financial expenses: Mainly due to the exchange losses from the previous period turning into exchange gains for the period as a result of the impact of change in RMB exchange rate;
- (4) Reasons for the change in the R&D expenses: Mainly due to the increase in labor costs of R&D staff;
- (5) Reasons for the change in net cash flows from operating activities: Mainly due to the increase in cash paid for purchase of goods and receipt of services for the period;
- (6) Reasons for the change in net cash flows from investment activities: Mainly due to the wealth management products purchased for the period which were yet to mature at the end of the period;
- (7) Reasons for the change in net cash flows from financing activities: Mainly due to repayment of short-term borrowings from banks during the previous period;
- (8) Reasons for the change in gain from change in fair value: Mainly due to the gain generated from change in fair value of financial assets held for trading at the end of the period;
- (9) Reasons for the change in credit impairment losses: Mainly due to partial reversal of bad debts provision for accounts receivable during the period;
- (10) Reasons for the change in gains on disposal of assets: Mainly due to the increase in losses on disposal of non-current assets for the period;
- (11) Reasons for the change in non-operating income: Mainly due to the refund received in the previous period for tax prepaid for previous periods;
- (12) Reasons for the change in non-operating expenses: Mainly due to the donation made during the previous period.

2. Explanation on material change in the business type or profit composition or source of the Company during the Reporting Period: N/A

**(II) Explanation on material change in profits due to non-principal business: N/A**

**(III) Analysis of assets and liabilities**

1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets	Change in the amount at the end of the period as compared to the amount at the end of the previous period	Remarks
		(%)		(%)	(%)	
Monetary funds	1,334,741,729.58	21.40	1,315,726,827.97	21.92	1.45	
Notes receivable	61,745,773.75	0.99	35,394,835.82	0.59	74.45	Mainly due to the increase in product sales for the period which were settled by notes
Accounts receivable	1,305,475,422.76	20.93	1,161,870,914.59	19.36	12.36	
Financing receivables	38,783,104.31	0.62	144,969,078.62	2.42	-73.25	Mainly because part of the notes receivable, which were recognized as financing receivables, became due
Prepayments	149,654,863.81	2.40	109,660,420.50	1.83	36.47	Mainly due to the increase in prepayment made for purchases for the period
Inventories	1,035,095,671.72	16.60	791,346,543.93	13.18	30.80	Mainly due to the increase in stock of certain major raw materials in response to higher prices of materials
Contract assets	29,442,213.67	0.47	76,231,842.63	1.27	-61.38	Mainly due to the transfer of certain contract assets recognized at the beginning of the period into accounts receivables for the period
Investment properties	231,058,276.65	3.70	235,008,179.80	3.92	-1.68	
Long-term equity investments	314,106,372.58	5.04	295,182,882.84	4.92	6.41	
Fixed assets	931,209,038.55	14.93	964,778,076.38	16.07	-3.48	
Construction in progress	6,801,669.53	0.11	7,346,214.86	0.12	-7.41	
Right-of-use assets	11,036,538.06	0.18	13,522,566.06	0.23	-18.38	
Contract liabilities	222,516,691.25	3.57	183,520,790.45	3.06	21.25	
Lease liabilities	5,640,732.69	0.09	8,141,702.09	0.14	-30.72	Due to scheduled payment of rental for the period

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Remarks
Other non-current assets	48,927,533.61	0.78	81,767,440.76	1.36	-40.16	Due to recovering part of project quality guarantee deposit with warranty period over one year
Staff salaries payable	24,981,028.33	0.40	37,405,445.62	0.62	-33.22	Mainly due to payment of salary, bonus and salary-related expense for the period
Other payables	122,043,309.20	1.96	90,865,482.11	1.51	34.31	Mainly due to the provision made for dividend payable for ordinary shares for the period
Deferred income tax liabilities	721,624.78	0.01	326,863.37	0.01	120.77	Mainly due to the deferred income tax liabilities provided for change in fair value of financial assets held for trading and other equity instruments investment
Other comprehensive income	719,171.18	0.01	318,704.84	0.01	125.65	Due to the changes in fair value of other equity instrument investment at fair value through other comprehensive income for the period
Special reserve	647,163.27	0.01			N/A	Due to the provision made for production safety expenses which is yet to be utilised

2. Overseas assets

(1) Asset size

Including: Overseas assets in the amount of RMB135,229,265.28, accounting for 2.17% of the total assets.

3. Major restricted assets as at the end of the Reporting Period

Unit: Yuan Currency: RMB

Item	Closing carrying amount	Reasons for restriction
Monetary Funds	<b>213,686,075.04</b>	Security deposits for bank acceptances, performance bonds, letters of guarantee, and letters of credit, and fund in special government account pledged as security for bank acceptances
Notes receivables	<u><b>35,000,000.00</b></u>	
Total	<u><b>248,686,075.04</b></u>	

4. Other explanations: N/A

**(IV) Analysis of investments**

1. Overall analysis of equity investment

In the first half of 2021, the Company proceeded with investments in fixed assets and relevant projects in a prudent, standardized and disciplined manner as required by the Board and in strict compliance with the capital expenditure budget and actual operating conditions.

- (1) Material equity investment: N/A
- (2) Material non-equity investment: N/A
- (3) Financial assets measured at fair value:

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Change	Effect on profit for the period
Financing receivables	144,969,078.62	<b>38,783,104.31</b>	-106,185,974.31	
Financial assets held for trading	501,356,576.18	<b>472,567,951.40</b>	-28,788,624.78	1,211,375.22
Investments in other equity instruments	<u>4,074,939.80</u>	<u><b>4,608,894.92</b></u>	<u>533,955.12</u>	
Total	<u>650,400,594.60</u>	<u><b>515,959,950.63</b></u>	<u>-134,440,643.97</u>	<u>1,211,375.22</u>

**(V) Disposal of material assets and equity interest: N/A**

## (VI) Analysis of major subsidiaries and investee companies

### 1. Information of major subsidiaries

From January to June 2021, the Company intensively developed its three major business areas, further expanded its presence and improved its comprehensive profitability. To date, the major subsidiaries of the Company are operating in an orderly manner.

An overview of the major subsidiaries is set out below:

Unit: 0'000 Currency: RMB

Subsidiary	Major products or services	30 June 2021				January to June 2021	
		Registered capital	Percentage of shareholding	Total assets	Net assets	Operating income	Net profit
Electronics Equipment Company	Manufacturing and sales of automatic transmission equipment and industrial robots	19,000.00	100%	58,309	22,677	10,441	-3,520
Information Industry Company	Manufacturing and sales of railway transit AFC and ACC systems and equipment, building intellectualization and system integration	USD 3,194.6435	82%	150,574	51,846	54,592	1,958
Electronic Manufacture Company	EMS services	USD2,000	75%	110,603	49,263	70,442	2,370
Communications Technology Company	Manufacturing and sales of mobile communication, digital communication and network communication systems and products	10,000.00	100%	29,241	18,150	7,505	667
Nanjing Panda Xinxing Industrial Co., Ltd.	Property and catering services	2,000.00	100%	7,045	5,270	5,912	115
Nanjing Panda Electronic Technology Development Company Limited	Manufacturing of general purpose equipment, software development, and property management	70,000.00	100%	65,078	58,275	738	-823
Shenzhen Jingwah Electronics Co., Ltd.	Research and development, manufacturing and sales of communication equipment and digital products	11,507.00	43.34%	60,723	41,548	42,728	3,329
Chengdu Panda Electronic Technology Co., Ltd.	Electronic manufacturing services	2,000.00	100%	50,111	6,319	26,876	1,274

For details of investment costs and the movements thereof, please refer to relevant disclosure in the part headed "NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY" of the notes to the financial statements.

### 2. Information of major investee companies (January to June 2021)

Unit: 0'000 Currency: RMB

Investee company	Operating income	Net profit	Equity interests held by the Company	Investment income received by the Company
Nanjing Ericsson Panda Communication Co., Ltd. ("ENC")	337,921.70	7,952.21	27.00%	2,147.10

ENC was set up on 15 September 1992 with a total investment of US\$40.88 million and a registered capital of US\$20.9 million. ENC is held as to 27% by the Company, 51% by Ericsson (China) Company Limited, 20% by China Potevio Co., Ltd., and 2% by Yung Shing Enterprise, Hong Kong. ENC mainly engages in production of mobile telecommunication system equipment and public network communications system equipment, etc. As the biggest production and supply center of Ericsson in the world, ENC is now mainly in charge of the industrialization and mass production of the products that Ericsson developed and makes delivery and shipment to customers worldwide.

Operating income of ENC from January to June 2021 amounted to RMB3,379,217,000, representing a period-on-period decrease of 27%; net profit amounted to RMB79,522,100, representing a period-on-period decrease of 13%. Reason(s) for changes in the main indicators: domestic sales of 5G products by way of centralised purchase was affected, which caused the decrease in operating income and net profit over the same period of last year.

**(VII) Changes in structured entities controlled by the Company: N/A**

**V. Other Disclosures**

**(I) Potential Risks**

1. Market risks

Amid increasingly uncertain business environment, insufficient market momentum and intensified international competition, the Company will face greater market risks in terms of production and operations and business optimization and upgrading. As the global economic outlook is becoming more uncertain, global economy will slow down, which will adversely affect the steady growth of the electronic and information manufacturing industry. After entering the "14th Five-Year Plan" development stage, advanced manufacturing technologies such as digital transformation and industrial Internet are emerging, which presents both opportunities and challenges for the Company. The Company need to find ways to optimize and upgrade itself into a manufacturer of medium-and high-end technology products.

2. Operational risks

The Company is still at the stage of seeking breakthroughs in independent core technologies and catching up with emerging technologies, and is exerting great effort to keep up with the new generation of information technologies and proprietary technologies in the industry and further enhance its research and development capabilities. In view of its insufficiency in recruitment and training of high-caliber employees, the Company has been exploring new incentive methods to improve its existing remuneration system and develop a mature and stable talent pool. Given the fierce market competition and constantly emerging new marketing models, the Company must upgrade its traditional marketing methods to attract more new orders, and strengthen its market development capability and innovation awareness. To this end, the Company will conduct scientific market research and planning, identify target markets to cater to market demand, and vigorously promote high value-added products.

**(II) Other Disclosures: N/A**

1. Liquidity of capital

As shown in the consolidated financial statements of the Company prepared under the PRC Accounting Standards for Business Enterprises, as at 30 June 2021, the Company's gearing ratio (the ratio of total liabilities to total assets) was 39.68%; current liabilities amounted to RMB2,442 million; liquidity ratio was 1.85; quick ratio was 1.36; bank deposits and cash amounted to RMB1,335 million; and short-term bank and other loans amounted to RMB0.

According to the announcements of the National Interbank Funding Center authorized by the People's Bank of China, during the Reporting Period, as of 21 June 2021, the one-year loan prime rate (LPR) was 3.85%, and the over-five-year LPR was 4.65%; as of 20 August 2021, the one-year LPR was 3.85%, and the over-five-year LPR was 4.65%.

2. Purchase, sale or redemption of the Company's listed shares

During the Reporting Period, the Group did not purchase, sell or redeem any of the Company's listed shares.

3. Pre-emptive rights

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

4. Arrangements for Directors, supervisors and senior management to acquire shares or bonds

At no time during the Reporting Period was the Company a party to any arrangement whereby any Directors, supervisors or senior management of the Company or their respective spouses or children under 18 years of age could obtain benefits by acquiring shares or debentures of the Company or any other corporation.

5. Liability insurance for Directors, supervisors and senior management

During the Reporting Period, the Company maintained liability insurance for its Directors, supervisors and senior management in compliance with relevant requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

6. Corporate Governance Code

During the Reporting Period, the Company adopted and complied with the provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

7. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code")

During the Reporting Period, the Company adopted and complied with the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to the Directors, all Directors have confirmed that they complied with the Model Code during the Reporting Period.

8. Pursuant to paragraph 40 of Appendix 16 to the Listing Rules, except as disclosed herein, the Company confirms that there is no material change between the current information of the Company in respect of matters required to be disclosed under paragraph 32 of Appendix 16 to the Listing Rules and the information disclosed in the Company's 2020 Annual Report.

9. 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 26 March 2021 to review the 2020 financial report of the Company and the summary report on audit work in 2020 performed by BDO China Shu Lun Pan Certified Public Accountants LLP and agreed to submit the same to the Board for review. The appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international, domestic and internal control auditors for 2021 was agreed at the meeting and relevant proposal was submitted to the Board for consideration.

Having reviewed the unaudited financial report of the Company for the six months ended 30 June 2021, 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.

## SECTION IV CORPORATE GOVERNANCE

### I. Overview of General Meeting

Session of the meeting	Date of the meeting	Query index of the designated website where the resolutions were published	Disclosure date of the resolutions	Resolutions of the meeting
2020 annual general meeting	29 June 2021	www.sse.com.cn	30 June 2020	A total of 19 resolutions were considered and passed at the meeting, and no resolution was vetoed

Description of general meeting:

The 2020 annual general meeting of the Company was held on 29 June 2021, at which the following resolutions were considered and approved: the work report of the Board for the year 2020, the work report of the supervisory committee of the Company for the year 2020, the final financial report of the Company for the year 2020, the financial budget report of the Company for the year 2021, the profit appropriation plan of the Company for the year 2020, the appointment of auditors for the year 2021, the 2020 annual report of the Company and its summary, the report of the independent Directors of the Company for the year 2020, the purchase of liability insurance for Directors for the year 2021, the provision of guarantee for certain subsidiaries, the cap for the total annual remuneration of the Directors, supervisors and senior management of the Company, and resolutions in relation to the election of directors of the ninth session of the Board and the election of non-employee supervisor of the tenth session of the supervisory committee of the Company. A total of 19 resolutions were considered and passed at the meeting, and no resolution was vetoed. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 30 June 2021 and of the Hong Kong Stock Exchange on 29 June 2021.

### II. Changes in Directors, Supervisors and Senior Management of the Company

Name	Position	Reasons for changes
Zhou Guixiang	Chairman and Executive Director	Elected
Li Renzhi	Vice Chairman and Executive Director	Elected
Shen Jianlong	Non-executive Director	Elected
Deng Weiming	Non-executive Director	Elected
Xia Dechuan	Executive Director and General Manager	Elected
Li Changjiang	Non-executive Director	Elected
Dai Keqin	Independent Non-executive Director	Elected
Xiong Yanren	Independent Non-executive Director	Elected
Chu Wai Tsun, Baggio	Independent Non-executive Director	Elected
Zhao Ji	Chairman of the Supervisory Committee	Elected
Fu Yuanyuan	Supervisor	Elected
Zhou Yuxin	Employee Representative Supervisor	Elected
Xia Dechuan	General Manager	Appointed
Guo Qing	Deputy General Manager	Appointed
Hu Huichun	Deputy General Manager	Appointed
Shao Bo	Deputy General Manager	Appointed
Hu Dali	Chief Accountant	Appointed
Wang Dongdong	Secretary to the Board	Appointed
Huang Shaofeng	Deputy General Manager	Appointed
Lu Qing	Former Vice Chairman and Executive Director	Retired
Du Jie	Former Independent Non-executive Director	Retired
Zhang Chun	Former Independent Non-executive Director	Retired
Gao Yajun	Former Independent Non-executive Director	Retired



Details of changes in Directors, supervisors and senior management of the Company

1. On 10 June 2021, the 20th meeting of the ninth session of the Board was held, at which the following matters were considered and approved: the nomination of Mr. Zhou Guixiang, Mr. Li Renzhi and Mr. Xia Dechuan as the candidates for executive Directors of the 10th session of the Board; the nomination of Mr. Shen Jianlong, Mr. Deng Weiming and Mr. Li Changjiang as candidates for non-executive Director for the tenth session of the Board; and the nomination of Mr. Dai Keqin, Ms. Xiong Yanren, and Mr. Chu Wai Tsun, Baggio as candidates for independent non-executive Directors of the tenth session of the Board. All the candidates were elected at the 2020 annual general meeting of the Company held on 29 June 2021 for a term of three years.
2. On 10 June 2021, the 17th meeting of the ninth session of the Supervisory Committee was held, at which the nomination of Mr. Zhao Ji and Ms. Fu Yuanyuan as a candidate for non-employee supervisor of the tenth session of the supervisory committee was considered and approved, and Mr. Zhou Yuxin was confirmed as an employee representative supervisor of the tenth session of the supervisory committee. Mr. Zhao Ji and Ms. Fu Yuanyuan were elected at the 2020 annual general meeting of the Company held on 29 June 2021, and together with Mr. Zhou Yuxin, the employee representative supervisor, formed the tenth session of the supervisory committee for a term of three years.

For details of the above, please refer to the announcements of the Company published on the websites of the Shanghai Stock Exchange and in China Securities Journal and Shanghai Securities News on 11 June 2021 and 30 June 2021, and on the Hong Kong Stock Exchange on 10 June 2021 and 29 June 2021.

3. On 29 June 2021, the first meeting of the tenth session of the Board was held.
  - (1) Mr. Zhou Guixiang was elected as the Chairman of the Board, and Mr. Li Renzhi was elected as Vice Chairman of the Board.
  - (2) Mr. Zhou Guixiang (the Chairman of the Board), Mr. Li Renzhi (Vice Chairman of the Board), Mr. Shen Jianlong (Director), Mr. Xia Dechuan (Director), and Mr. Chu Wai Tsun, Baggio (independent Director) were elected as members of the strategy committee, with Mr. Zhou Guixiang as the chairman of the Strategy Committee; Mr. Shen Jianlong (Director), Mr. Deng Weiming (Director), Mr. Dai Keqin (independent Director), Ms. Xiong Yanren (independent Director) and Mr. Chu Wai Tsun, Baggio (independent Director) were elected as members of the audit committee, with Ms. Xiong Yanren as the chairlady of the audit committee; Mr. Zhou Guixiang (the Chairman of the Board), Mr. Li Renzhi (Vice Chairman of the Board), Mr. Dai Keqin (Independent Director), Ms. Xiong Yanren (independent Director), Mr. Chu Wai Tsun, Baggio (independent Director) were elected as members of the nomination committee, with Mr. Dai Keqin as the chairman of the nomination committee; Mr. Xia Dechuan (Director), Mr. Li Changjiang (Director), Mr. Dai Keqin (independent Director), Ms. Xiong Yanren (independent Director) and Mr. Chu Wai Tsun, Baggio (independent Director) were elected as members of the remuneration and evaluation committee, with Mr. Chu Wai Tsun, Baggio were appointed as the chairman of the remuneration and evaluation committee.
  - (3) Mr. Xia Dechuan was appointed as the general manager of the Company, Mr. Guo Qing, Mr. Hu Huichun, Mr. Shao Bo and Mr. Huang Shaofeng were appointed as deputy general managers of the Company, Mr. Hu Dai was appointed as the chief accountant of the Company and Mr. Wang Dongdong were appointed as the secretary to the Board, each for a term of three years in line with the tenth session of the Board.
4. On 29 June 2021, the first meeting of the tenth session of the supervisory committee was held, at which Mr. Zhao Ji was elected as the chairman of the supervisory committee.

For details of the above, please refer to the announcements of the Company published on the websites of the Shanghai Stock Exchange and in China Securities Journal and Shanghai Securities News on 30 June 2021, and on the Hong Kong Stock Exchange on 29 June 2021.

### III. Plan for Profit Distribution or Capitalization of Capital Reserve

#### (I) Plans for profit distribution and capitalization of capital reserve for the first half year

The Company will not make any profit distribution or convert any capital reserve into share capital for the first half of 2021.

#### (II) Implementation of plans for profit distribution and capitalization of capital reserve

The resolution in relation to the profit distribution plan for the year 2020 was considered and approved at the eighteenth meeting of the ninth session of the Board and the 2020 annual general meeting of the Company, pursuant to which, a cash dividend of RMB0.26 (tax inclusive) for every ten shares was distributed to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2020, with the total cash dividend distributed amounting to RMB23,759,801.75, and the remaining profits will be carried forward to next year. The Company would not make any capitalization of capital reserve. As at the date of this report, the profit distribution plan had been duly implemented. For details, please refer to the announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 27 March 2021, 30 June 2021 and 7 July 2021 and on the website of the Hong Kong Stock Exchange on 26 March 2021, 29 June 2021 and 7 July 2021, respectively.

#### IV. Share incentive scheme, employee share ownership scheme and other employee incentives and their impacts: N/A

### SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

#### I. Environmental Information

##### (I) Environmental practices of companies and their major subsidiaries that are on the list of key pollutant discharging units released by environmental protection authorities

###### 1. Discharge and emissions

One wastewater outlet, located at the west side of Block 5 Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently discharges wastewater containing COD, ammonia nitrogen, suspended matter and petroleum, and is required to comply with the Grade III standards under the Integrated Wastewater Discharge Standards (《污水綜合排放標準》) (GB8978-1996) (COD≤500mg/L, ammonia nitrogen ≤35mg/L, suspended matter ≤400mg/L, and petroleum ≤20mg/L). The total amount of pollutants allowed be discharged include 1.64 ton/year for COD, 0.083 ton/year for ammonia nitrogen, 0.69 ton/year of suspended matter and 0.05 ton/year of petroleum.

Two exhaust gas outlets on the roof of Block 5 Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently emits toluene, xylene and non-methane hydrocarbon and is required to comply with the Grade II standards under Integrated Emission Standards for Air Pollutants (《大氣污染物綜合排放標準》) (GB16297-1996) (toluene≤40mg/m<sup>3</sup>, xylene≤70mg/m<sup>3</sup>, non-methane hydrocarbon≤120mg/m<sup>3</sup>, 550mg/m<sup>3</sup> for sulfur dioxide, 240mg/m<sup>3</sup> for nitrogen oxide and 120mg/m<sup>3</sup> for particulate matter). The total amount of pollutants to allowed be emitted include 0.15 ton/year for toluene, 0.254 ton/year for xylene, 2.575 tons/year for non-methane hydrocarbon, 0.673 ton/year for particulate matter, 0.096 ton/year for sulfur dioxide and 0.449 ton/year for nitrogen oxide.

###### 2. Construction and operation of pollution control facilities

Exhaust gas treatment devices: 2 sets in total, the processing method is as follows

The exhaust gas emitted from the automatic paint coating production lines of the mechanical arms on the first floor of Block 5 Plant is treated by way of regenerative catalytic combustion. The exhaust gas from the automatic production lines on the third floor of Block 5 Plant is treated by way of regenerative combustion. At present, two outlets have been installed with online monitoring equipment and connected with the environmental protection bureau of Nanjing and the environmental protection bureau of the development zone.

Wastewater treatment devices: 1 set, using A/O treatment method. The treated production wastewater is recycled to the spray booth through pressure pump, and only a small amount of sewage is discharged regularly every week.

###### 3. Environmental impact assessment of construction projects and other administrative licenses of environmental protection

Project name: Precision Injection Molding and Mold Making Relocation and Reconstruction Project of Nanjing Huage Appliance and Plastic Industrial Co., Ltd.; document number and date of EIA approval: Ning Huan Biao Fu [2012] No. 006, 8 February 2012; acceptance date and number: 22 October 2012, and Ning Huan Yan [2012] No. 121.

Project name: project of optimization of production lines and upgrading and renovation of supporting pollution control facilities; document number and date of EIA approval: Ning Kai Wei Xing Shen Xu Ke Zi [2018] No. 267, 29 August 2018; the project was subject to independent acceptance, and the date of acceptance was 24 September 2020.

###### 4. Emergency plan for environmental incidents

Jiangsu Rainfine Environmental Science and Technology Co., Ltd. has been engaged to complete the preparation of the report and organized relevant experts to review the report, and filing has been completed for the report with the number of 320113-2018-038-L.

###### 5. Environmental self-monitoring plan

The environmental self-monitoring plan has been prepared, filed with the environmental monitoring station of the development zone and published on the environmental information disclosure platform for enterprises and public institutions of Nanjing and the self-monitoring information release platform for pollutant-discharging units of Jiangsu Province.

6. Administrative penalties imposed due to environmental issues during the Reporting Period  
N/A
7. Other environmental information required to be disclosed  
N/A

**(II) Environmental protection by companies other than key pollutant-discharging units: N/A**

**(III) Description of the follow-up progress or changes in the environmental information disclosed during the Reporting Period: N/A**

**(IV) Information on practices conducive to protecting the ecology, preventing pollution and fulfilling environmental responsibility**

The Company adheres to the principles of “energy conservation and emission and pollution reduction for protecting the earth environment”, strictly abides by national and local laws relating to the environmental management, including the Environmental Protection Law, the Environmental Protection Tax Law and the Regulations on Air Pollution Prevention and Control of Jiangsu Province. The Company has formulated the Quality, Environment and Occupational Health and Safety Manual based on the guidance of standards such as the ISO 14001 Environmental Management Systems – Requirements with Guidance for Use to enhance its environmental management system, thus laying a solid foundation for green development. As always, the Company promotes resource conservation and efficient and sustainable use of resources in the process of production and operations, improves the utilization rate of raw and auxiliary materials and saves kinetic energy resources to realize the efficient use of energy. The Company invested RMB2.88 million to upgrade the self-circulating air supply and exhaust treatment system of the coating workshop, which has been put into trial operation in July 2021 and has significantly reduced the VOC concentration in exhaust gases. Over the years, the Company has organized its employees to engage in voluntary community environmental activities to improve the community environment and promote eco-friendly ideas, raising the awareness of employees and community residents to maintain public environmental sanitation.

The Company proactively adapts to the market. Starting with capability planning, the Company considers its management basis and existing technical characteristics, identifies the environmental factors related to the production, R&D, service, office work and other activities involved in the production and operation processes, and formulates targeted management plans to implement effective management. In addition, the Company identifies and documents important environmental factors in its production and operations, and informs departments and functions at all levels timely and accurately. In line with the requirements of the newly revised national standards for the environmental management system, eight subsidiaries of the Company have updated their quality and environmental system manuals, procedures and operation regulations, prepared new versions of all relevant documents, and passed internal and external audit.

The Company fully embraces the idea that “lucid waters and lush mountains are invaluable assets”, proactively promote green development in the new era, and earnestly fulfills its environmental responsibility. In addition to promoting resource conservation and efficient and sustainable use of resources in the process of production and operations, the Company strives to increase the utilization of clean energy, and advocates circular economy and green business development, committing itself to creating a green, intelligent and sustainable resource future for the society.

**(V) Measures taken to reduce carbon emissions during the Reporting Period and the results thereof**

As a champion for a green, low-carbon lifestyle, the Company organized special training on environmental management, launched environmental publicity and education activities, proposed setting up an energy-saving publicity and low-carbon day, and raised the environmental awareness of its employees on the rational use of energy and resources, encouraging its employees to practise the talk of going green. Through research and development of green products, improvement of energy efficiency and strengthening of waste management, the Company has minimized its carbon footprint in the process of production and operations, and reduced the negative impact of its business operations on the environment, contributing to coping with global climate change.

Reducing greenhouse gas (GHG) emissions can effectively mitigate climate change. The Company has been taking actions in response to climate change and greenhouse gas emission standards. The Company classifies the GHG emissions into two scopes for statistical purposes: Scope I are the GHG emissions directly attributable to the businesses owned or controlled by the Company, including the GHG emissions from the use of natural gas, diesel and gasoline fuels; and Scope II are the indirect GHG emissions from electricity purchased. For some polluting emissions, the Company set up a gas incineration plant to further treat the pollutants.

The Company embraces the concept of offering green products. It gives full consideration to the environmental performance and recycling performance of products at the product design and research and development stages to reduce energy consumption and waste discharge of the products; and recycles wastes generated during its business operations to reduce production cost and improve resource utilization. The Company has formulated appropriate waste classification rules based on its own conditions, whereby all wastes are classified and then delivered to qualified third-party companies for recycling or disposal.

## II. Efforts in Consolidating Achievements in Poverty Alleviation and Promoting Rural Revitalization: N/A

### SECTION VI SIGNIFICANT EVENTS

#### I. Fulfillment of Undertakings

##### (I) Undertakings of the ultimate controller, shareholders, connected parties, acquirers and the Company and other related parties during the Reporting Period or continued to the Reporting Period

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertaking	Date and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed 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	Date: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	CEC	Upon completion of the acquisition, CEC undertook to take the following measures to standardize the 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 be performed in accordance with 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.	Date: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	N/A	N/A
	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 minority shareholders.	Date: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	N/A	N/A

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertaking	Date and term of undertakings	Any term of performance or not	Strictly performed in timely manner	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
Undertakings relating to refinancing	Avoidance of horizontal competition	PEGL	(1) PEGL and its subsidiaries have no projects or assets which constitute horizontal competition with the principal operations of the Company. (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). (3) In the event of business competition with the Company and its subsidiaries, the PEGL and its subsidiaries would terminate production and operation, or integrate such competing business into the Company, or transfer such competing business to nonrelated third parties to avoid horizontal competition. (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. (5) If the Company or the relevant regulatory authorities believe(s) there exists horizontal competition in the business which PEGL and its subsidiaries is engaging in or will engage in, 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. (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. (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. (8) This letter of commitment is effective from the date of signing.	Date: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Avoidance of horizontal competition	NEIC	The contents are the same as those of PEGL for "avoidance of horizontal competition".	Date: 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 undertaking	Date and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
	Standardization and avoidance of connected transactions	PEGL	(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, (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, comply 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 "fairness, justice and openness" 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.	Date: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	NEIC	The contents are the same as those of PEGL for "standardization and avoidance of connected transactions".	Date: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
Other undertakings	Others	CEC	Due to the abnormal fluctuation of the domestic stock market, the Company received declaration documents from CEC as follows: (1) as a responsible shareholder, CEC will proactively take on social responsibilities and will not decrease its shareholding in the Company during the abnormal fluctuation period in stock markets. (2) CEC made commitment to actively explore and execute measures including repurchase, increasing shares, etc. within the permitted scope of law and regulations; to increase shareholding of shares in the Company when the stock price considerably deviates from its share value, in order to protect the benefit of investors. (3) CEC will continue to improve the quality of the Company through asset restructuring and capital injection, supporting the economic structural adjustment and industrial transformation and equip the Company with an upgraded healthy and comprehensive long-term reward mechanism to achieve continuous improvement of the return level of investors.	Date: 9 July 2015; Term: effective from the date of signing.	Yes	Yes	N/A	N/A

As of the reporting date, CEC, NEIC and PEGL had strictly fulfilled their respective undertakings.

**II. Misappropriation of the Company's funds by controlling shareholders and other related parties for non-operating purposes during the Reporting Period: N/A**

**III. Provision of guarantee in violation of rules and requirements: N/A**

**IV. Audit of the Interim Report: N/A**

**(I) Appointment and removal of auditors**

At the eighteenth meeting of the ninth session of the Board, the resolution in relation to the Appointment of the Auditors for 2021 was considered and approved, whereby it was proposed that BDO China Shu Lun Pan Certified Public Accountants LLP be re-appointed as the Company's international auditor, PRC auditor and internal control auditor for 2021 and that its remuneration be determined within the limit of RMB2.48 million and it was agreed that the same be submitted to the 2020 annual general meeting of the Company for shareholders' consideration.

The 2020 annual general meeting of the Company considered and approved the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international auditor, PRC auditor and internal control auditor for 2021, and authorized the Board to determine its remuneration within the limit of RMB2.48 million.

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 27 March 2021 and 30 June 2021 and on the website of the Hong Kong Stock Exchange on 26 March 2021 and 29 June 2021.

**(II) Explanations on the "modified audit report" issued by the Company's external auditors: N/A**

**V. Changes in matters relating to the modified audit opinion contained in the annual report of the previous year and the actions taken therefor: N/A**

**VI. Matters Related to Bankruptcy Reorganization: N/A**

**VII. Material Litigation and Arbitration**

**(I) Litigation and arbitration disclosed in interim announcements with no subsequent developments: N/A**

**(II) Litigation and arbitration not disclosed in the interim announcement or with subsequent developments**

Unit: 0'000 Currency: RMB

During the Reporting Period:

Plaintiff (applicant)	Defendant (respondent)	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)
Nanjing Panda Information Industry Co., Ltd.	Hangzhou Guovin Vision Technology Co., Ltd.	Ni	Litigation	In January 2018, Information Industry Company and Hangzhou Guovin Vision Technology Co., Ltd. entered into "2026 Village Special Type Purchase and Sales Contract". However, Hangzhou Guovin Vision Technology Co., Ltd. failed to deliver goods according to the schedule specified in the contract, causing the cancellation of the contract by the customer of Information Industry Company.	1,493.04	N/A	The People's Court of Nanjing Qiu District held a hearing on 29 June 2020. The two parties exchanged cross-examination opinions on the evidence of the case, and awaited a notice on the next hearing from the court, first-instance judgment yet to be delivered.		

**(III) Other explanations: N/A**

**VIII. Penalties imposed on the Company, its Directors, Supervisors, senior management, controlling shareholder, ultimate controller and acquirers and the rectification thereof: N/A**

**IX. Credit standing of the Company, its controlling shareholder and ultimate controller during the Reporting Period: N/A**

**X. Material Connected Transactions**

**(I) Connected transactions relating to day-to-day operation**

1. Matters disclosed in interim announcements with no progress or change in the follow-up implementation: N/A
2. Matters disclosed in interim announcements with progress or change in the follow-up implementation

At the extraordinary meeting of the ninth session of the Board held on 7 November 2018, the renewal of the existing continuing connected transactions between the Group and Financial Company and the caps of such transactions were considered and approved, and the Directors or senior management of the Company were authorized to enter into the Financial Cooperation Agreement. It was stipulated that the cap for the fund settlement balance (deposit services) of the Group with Financial Company maintained at RMB500,000,000 and the cap for the comprehensive credit balance (loans, guarantee and other credit financing services) provided by Financial Company to the Group maintained at RMB600,000,000. The agreement was effective from obtaining approval of independent shareholders at the extraordinary general meeting for a term of three years. The entering into of the Financial Cooperation Agreement was in compliance with relevant state and industry regulations and on the principle of openness, fairness and justice, without prejudice to the interests of the Company and its minority shareholders. Additionally, the Company has made the Emergency Risk Management Plan for the Deposits Placed with Financial Company, which guaranteed the safety and liquidity of the funds. The connected Directors have abstained from voting; and non-connected Directors, independent non-executive Directors and the Audit Committee approved such continuing connected transactions, considering that such continuing connected transactions were in the interests of the Company and its shareholders as a whole. Such continuing connected transactions were considered and approved at the 2018 first extraordinary general meeting of the Company on 28 December 2018. 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 8 November 2018 and 29 December 2018, and the H share circular was despatched on 11 December 2018.

At the second meeting of the tenth session of the Board and 18th meeting of the ninth session of the Board held on 25 August 2021 and 26 March 2021, respectively, the Risk Assessment Reports of China Electronics Financial Co., Ltd. was considered and approved to assess the deposit risk in the Financial Company. After reviewing, no material deficiency was found in the risk management system regarding the financial statements of the Financial Company as at 31 December 2020 and 30 June 2021. For details, please refer to the relevant announcements of the Company published on the websites of Shanghai Stock Exchange on 31 December 2020 and 26 August 2021 and of the Hong Kong Stock Exchange on 26 March 2021 and 25 August 2021.

As at 30 June 2021, the comprehensive credit balance (loans, guarantee and other credit financing services) provided by Financial Company to the Group was nil and the fund settlement balance (deposit services) of the Group with Financial Company was RMB497,596,100. As at 24 August 2021, the comprehensive credit balance (loans, guarantee and other credit financing services) provided by Financial Company to the Group was RMB22,720,000 and the fund settlement balance (deposit services) of the Group with Financial Company was RMB330,890,000. The connected transactions between the Group and Financial Company were also confirmed by the independent non-executive Directors that the comprehensive credit balance and fund settlement balance did not exceed the approved annual caps.



3. 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 method of the connected transaction	Market price	Reason for the difference between trading price and market price
China Electronics Equipment International Co., Ltd.	Subsidiary of shareholder	Purchase of goods				19,192,301.57	1.08			
Faisheng (Shanghai) Electronic Technology Co., Ltd.	Subsidiary of shareholder	Purchase of goods				3,322,355.95	0.19			
Nanjing RICO New Energy Co., Ltd.	Subsidiary of shareholder	Purchase of goods				1,307,960.88	0.07			
Nanjing Zhenhua Packing Material Factory	Subsidiary of shareholder	Purchase of goods				1,306,087.17	0.07			
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary of shareholder	Purchase of goods				349,734.40	0.02			
Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd.	Subsidiary of shareholder	Purchase of goods				207,079.65	0.01			
Shenzhen China Electronics Investment Co., Ltd.	Subsidiary of shareholder	Purchase of goods				60,242.12	0.00			
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Subsidiary of shareholder	Purchase of goods				50,442.48	0.00			
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Subsidiary of shareholder	Purchase of goods				32,035.40	0.00			
China Zhenhua Group Yunke Electronics Co., Ltd.	Subsidiary of shareholder	Purchase of goods				6,902.65	0.00			
China Electronics Import and Export Co., Ltd.	Subsidiary of shareholder	Purchase of goods				5,506.60	0.00			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary of shareholder	Purchase of goods				850.00	0.00			
Nanjing CEC-Panda Home Appliances Co., Ltd.	Subsidiary of shareholder	Purchase of goods				566.37	0.00			
Nanjing Panda Transport Co., Ltd.	Subsidiary of shareholder	Receipt of services				2,996,391.19	6.50			
Nanjing CEC-Panda Home Appliances Co., Ltd.	Subsidiary of shareholder	Receipt of services				2,661,415.93	7.61			
Panda Electronic Group Co., Ltd.	Controlling shareholder	Receipt of services				1,049,650.00	2.98			
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Others	Receipt of services				765,622.48	2.23			
Nanjing Panda Medical Services Co., Ltd.	Others	Receipt of services				400,561.43	1.14			
China Electronics Import and Export Co., Ltd.	Subsidiary of shareholder	Receipt of services				239,662.77	0.68			
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary of shareholder	Receipt of services				158,322.12	0.45			
China Electronics Industry Development Co., Ltd.	Subsidiary of shareholder	Receipt of services				48,100.27	0.14			
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary of shareholder	Receipt of services				43,096.74	0.12			

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 Panda Handa Technology Co., Ltd.	Subsidiary of shareholder	Receipt of services				34,783.02	0.10			
Nanjing BOE Display Technology Co., Ltd.	Others	Sales of goods				346,071,806.23	20.15			
Chengdu China Electronics Panda Display Technology Co., Ltd.	Others	Sales of goods				267,966,993.95	15.60			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary of shareholder	Sales of goods				106,736,809.26	6.21			
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary of shareholder	Sales of goods				67,491,763.70	3.93			
Xianyang Cahong Optoelectronics Technology Co., Ltd.	Others	Sales of goods				19,881,720.67	1.16			
IRICO (Hébé) LCD Glass Co., Ltd.	Others	Sales of goods				12,980,530.95	0.76			
Shenzhen Jinghua Network Marketing Co., Ltd.	Associate	Sales of goods				6,001,127.43	0.35			
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Sales of goods				4,785,403.61	0.28			
Feisheng (Shanghai) Electronic Technology Co., Ltd.	Subsidiary of shareholder	Sales of goods				2,821,194.00	0.16			
FAIRWIT HONGKONG CO., LIMITED	Subsidiary of shareholder	Sales of goods				2,181,521.22	0.13			
China Greatwall Technology Group Co., Ltd.	Subsidiary of shareholder	Sales of goods				1,550,852.72	0.09			
Shenzhen SED Wireless Communication Technology Co., Ltd.	Subsidiary of shareholder	Sales of goods				1,203,539.82	0.07			
CEC Industrial Internet Co., Ltd.	Subsidiary of shareholder	Sales of goods				1,089,047.49	0.06			
Nanjing Panda Electronics Import and Export Co., Ltd.	Subsidiary of shareholder	Sales of goods				618,355.15	0.04			
Wuhan Zhongyuan Communication Co., Ltd.	Subsidiary of shareholder	Sales of goods				194,690.27	0.01			
Panda Technology (Beijing) Co., Ltd.	Subsidiary of shareholder	Sales of goods				66,998.23	0.00			
Shenzhen China Electronics Technology Co., Ltd.	Subsidiary of shareholder	Sales of goods				54,813.62	0.00			
Nanjing Panda Transport Co., Ltd.	Subsidiary of shareholder	Sales of goods				46,016.50	0.00			
Nanjing CEC-Panda Home Appliances Co., Ltd.	Subsidiary of shareholder	Sales of goods				21,125.21	0.00			
Nanjing Panda Investment Development Co., Ltd.	Subsidiary of shareholder	Rendering of services				14,211,988.52	3.57			
Nanjing BOE Display Technology Co., Ltd.	Others	Rendering of services				9,973,335.19	2.51			
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary of shareholder	Rendering of services				7,768,644.36	1.95			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary of shareholder	Rendering of services				5,517,652.80	1.39			
Xianyang Cahong Optoelectronics Technology Co., Ltd.	Others	Rendering of services				2,465,537.51	0.62			
Nanjing CEC Panda Lighting Co., Ltd.	Subsidiary of shareholder	Rendering of services				1,051,109.56	0.26			

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 CEC Panda LCD Materials Technology Co., Ltd.	Subsidiary of shareholder	Rendering of services				710,882.56	0.18			
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Rendering of services				507,140.12	0.13			
China Electronics Materials Suzhe Company	Subsidiary of shareholder	Rendering of services				435,056.59	0.11			
Nanjing Panda Transport Co., Ltd.	Subsidiary of shareholder	Rendering of services				288,500.94	0.07			
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder	Rendering of services				242,145.30	0.06			
Nanjing CEC-Panda Home Appliances Co., Ltd.	Subsidiary of shareholder	Rendering of services				133,008.04	0.03			
Panda Electronic Group Co., Ltd.	Controlling shareholder	Rendering of services				115,044.25	0.03			
TPV Technology Co., Ltd.	Subsidiary of shareholder	Rendering of services				62,099.63	0.02			
Nanjing Panda Electronics Import and Export Co., Ltd.	Subsidiary of shareholder	Rendering of services				36,839.03	0.01			
Nanjing CEC Panda Modem Service Industry Co., Ltd.	Subsidiary of shareholder	Rendering of services				14,711.34	0.00			
Shenzhen Jinghua Network Marketing Co., Ltd.	Associate	Rendering of services				4,265.64	0.00			
Shenzhen Chetao Information Technology Co., Ltd.	Associate	Rendering of services				4,086.04	0.00			
Nanjing Panda Medical Services Co., Ltd.	Others	Rendering of services				2,628.31	0.00			
Nanjing China Electronics Panda Trade Development Co., Ltd.	Subsidiary of shareholder	Rendering of services				339.62	0.00			
Nanjing Panda Transport Co., Ltd.	Subsidiary of shareholder	Lease-in and lease-out				595,266.06	1.11			
Nanjing CEC-Panda Home Appliances Co., Ltd.	Subsidiary of shareholder	Lease-in and lease-out				340,122.96	0.84			
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Others	Lease-in and lease-out				159,314.29	0.30			
Nanjing Panda Electronics Import and Export Co., Ltd.	Subsidiary of shareholder	Lease-in and lease-out				123,655.02	0.23			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary of shareholder	Lease-in and lease-out				78,715.60	0.15			
Shenzhen Jinghua Network Marketing Co., Ltd.	Joint venture	Lease-in and lease-out				25,600.00	0.05			
Nanjing Panda Transport Co., Ltd.	Subsidiary of shareholder	Lease-in and lease-out				63,837.58	0.12			
Total				/		920,997,837.48		/		/

Details on return of bulk sales N/A

Explanation on connected transactions During the Reporting Period, the continuing connected transactions conducted between the Group and CEC Group (including Financial Company), NEIC Group and CEC Home Appliances were continuing connected transactions conducted in the usual course of business and on normal commercial terms, which had been considered and approved at the extraordinary meeting of the ninth session of the Board and approved by independent shareholders at the first extraordinary general meeting of the Company in 2018, and 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 8 November 2018 and 29 December 2018, and the H share circular dispatched on 11 December 2018. In addition, on 1 January 2020, the Company entered into the a Trademark Licensing Agreement with Nanjing CEC Panda LCD Technology Co., Ltd. at a consideration of RMB200,000. All connected transactions were confirmed by the independent non-executive Directors of the Company and had not exceeded their respective annual caps.

These continuing connected transactions were conducive to the stability of the Group's production and operation, the terms (including pricing) of the connected transaction agreements were fair and reasonable, and the approval procedures were fulfilled in accordance with relevant regulations. In addition, these continuing connected transactions were conducted on normal commercial terms in the ordinary course of business and were in the interests of the Company and its shareholders as a whole, without prejudicing the independence of the Company. For details of the continuing connected transactions between the Group and CEC Group (including Financial Company), NEIC Group and CEC Home Appliances, please refer to the section headed "Related-party relationship and transactions" in the notes to the financial statements contained in the 2021 interim report of the Company.

(II) The Company had no connected transactions in relation to acquisition or disposal of assets or equity interests during the Reporting Period.

(III) During the Reporting Period, the Company had no material connected transactions in relation to joint external investment.

(IV) Transactions relating to claims and debts

1. Matters not disclosed in interim announcements

Unit: Yuan Currency: RMB

Connected party	Connected relationship	Provision of funds to connected parties			Provision of funds to the Company by connected parties		
		Opening balance	Transaction amount	Closing balance	Opening balance	Transaction amount	Closing balance
Panda Electronic Group Co., Ltd.	Controlling shareholder				6,898,220.06	-1,977,858.44	4,920,361.62
China Electronics Import and Export Co., Ltd.	Subsidiary of shareholder				195,539.62		195,539.62
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary of shareholder				22,907.00		22,907.00
Nanjing Panda Transport Co., Ltd.	Subsidiary of shareholder				898,458.97	-878,230.22	20,228.75
Nanjing Panda Technology Park Development Company Limited	Subsidiary of shareholder				20,000.00		20,000.00
Nanjing Panda Medical Services Co., Ltd.	Others				2,114.00		2,114.00
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary of shareholder				7,022.00	-7,022.00	
Total					<u>8,044,261.65</u>	<u>-2,863,110.66</u>	<u>5,181,150.99</u>

Causes of the claims and debts Business dealings

Impact of the claims and debts on the operating results and financial position of the Company These claims and debts do not have any material effect on the operating results and financial position of the Company.

(V) Transaction relating to financial services between the Company and Financial Company and other the connected parties

1. Deposit services

Unit: Yuan Currency: RMB

Connected party	Connected relationship	Maximum daily deposit balance	Interest rate range	Opening balance	Transaction amount	Closing balance
China Electronics Financial Co., Ltd.	Subsidiary of shareholder	500,000,000.00	0.42%-2%	495,766,965.50	1,829,131.28	497,596,096.78
Total	/	/	/	<u>495,766,965.50</u>	<u>1,829,131.28</u>	<u>497,596,096.78</u>

2. Loan services: N/A

3. Credit granting or other financial services

Unit: Yuan Currency: RMB

Connected party	Connected relationship	Type of services	Total	Amount incurred
China Electronics Financial Co., Ltd.	Subsidiary of shareholder	Issuing bank acceptances and performance bonds	600,000,000.00	22,120,019.27

Note: The actual amounts of bank acceptances and performance bonds were RMB17,398,403.16 and RMB4,721,616.11, respectively.

4. Other explanations: N/A

#### (VI) Other Material Connection Transactions: N/A

### XI. Material Contracts and Performance Thereof

1. (1) Matters relating to trust: N/A
- (2) Matters relating to contracting: N/A
- (3) Leases

Unit: 0'000 Currency: RMB

Lessor	Lessee	Leased assets	Amount of the leased assets	Start date	End date	Rental income	Basis for determining rental income	Effect of rental income on Company	Connected transaction or not	Connected relationship
The Company	Nanjing Guosheng Enterprise Management Co., Ltd. (南京东升企业管理有限公司)	The 1st to 4th floors (including 1 mezzanine floor) and 14th to 17th floors of Panda Building, No.301 Zhongshan Road East, Nanjing and the ancillary equipment and facilities thereof, with an aggregate area of 29,544.68 square meters.	The net value of the leased assets at the end of June 2021 was RMB215,950,000. The total guaranteed rent is RMB286,216,800.	1 December 2020	30 September 2021	The total guaranteed rent during the lease term is RMB286,216,800. If the annual rent receivable by the lessee in terms of the entire building to which the leased properties situated (the leased area other than the parking space(s)) is in excess of RMB110,230,000, the lessee shall pay 10.65% of the excess to the Company as the turnover rent. The estimated rent for 2021 is RMB24,237,600.	Lease agreement	The expected effect on the Company's profit or loss for 2021 amounts to RMB17,078,000.	No	Nil

Note:

For further details of the lease, please refer to the announcement of Company in relation to the entering into of the lease agreement published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 9 January 2021 and of the Hong Kong Stock Exchange on 8 January 2021.

2. Material guarantees discharged and outstanding during the Reporting Period

Unit: Yuan Currency: RMB

Guarantor	Relationship between guarantor and the Company	Secured party	Guaranteed amount	Guarantees made by the Company (excluding those provided for subsidiaries)				Whether the guarantee has been fulfilled	Overdue	Overdue amount	Counter guarantee available	Guarantee provided to the related parties	Connected relationship
				Effective date of guarantee (agreement execution date)	Commencement date	Expiry date	Type of guarantee						
Total amount of guarantees during the Reporting Period (excluding provided for subsidiaries)													0
Total balance of the amount of guarantees at the end of the Reporting Period (A) (excluding those provided for subsidiaries)													0
<b>Guarantees provided by the Company for its subsidiaries</b>													
Total amount of guarantees provided for subsidiaries during the Reporting Period													955,000,000.00
Total balance of the amount of guarantees provided for subsidiaries at the end of the Reporting Period (B)													188,493,487.99
<b>Total amount of guarantees made by the Company (including those provided for subsidiaries)</b>													
Total amount of guarantees (A+B)													188,493,487.99
Percentage of total guarantee amount in net assets of the Company (%)													5.01%
Including:													
Amount of guarantees provided for shareholders, de facto controller and their related parties (C)													0
Amount of guarantees provided directly or indirectly for parties with a gearing ratio of over 70% (D)													42,992,909.40
The amount by which the total guarantee exceeds 50% of the net assets (E)													0
Total amount of the above three items (C+D+E)													42,992,909.40
Statement on the contingent joint and several liability in connection with unexpired guarantee													N/A
Description of the guarantees													

Except for Chengdu Panda Electronic Technology Co., Ltd., the gearing ratio of each secured party was not higher than 70%. The Company did not provide any guarantee for any independent third parties other than its subsidiaries, nor for its controlling shareholder, de facto controller or their connected parties. For details in relation to the guarantees provided by the Company for its subsidiaries, please refer to the part headed "Related-party guarantees" in the notes to the financial statements contained in the 2021 interim report of the Company.

At 2019 annual general meeting of the Company held on 29 June 2020, it was approved that the Company could provide guarantees for an aggregate financing amount of no more than RMB955,000,000 for the relevant subsidiaries, during the period from the date immediately after the conclusion of 2019 annual general meeting to the date of the 2020 annual general meeting, and the general manager of the Company was authorized to handle the matters relating to the provision of guarantees for the financing of the subsidiaries during the period.

At the 2020 annual general meeting of the Company held on 29 June 2011, it was approved that the Company could provide guarantees for an aggregate financing amount of no more than RMB675,000,000 for the relevant subsidiaries, during the period from the date immediately after the conclusion of the 2020 annual general meeting to the date of the 2021 annual general meeting, and the general manager of the Company was authorized to handle the matters relating to the provision of guarantees for the financing of the subsidiaries during the period.

The independent Directors of the Company have expressed their independent opinions on the above external 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 for any independent third parties nor for its controlling shareholder, de facto controller or their connected parties. All guarantee receivers were subsidiaries of the Company, over which the Company has actual control and thus the risk of guarantee is under control. The Company can strictly control the external guarantee risks. Providing guarantees for the financing of subsidiaries will not affect the Company's ability to continue as a going concern or damage the interests of minority shareholders. Providing guarantees for the financing of relevant subsidiaries is conducive to promoting their business expansion and undertaking various engineering projects, and in the interests of the Company and its shareholders as a whole. The guaranteed amounts match their production and operation and funding requirements. Thus, the Company is agreed to provide guarantees for the financing of relevant subsidiaries. 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.

3. Other material contracts

Except for the daily business, the provision of guarantee for loans granted to its subsidiaries and the use of idle funds for wealth management, the Company did not enter into any other material contracts. Contracts for provision of guarantee for loans granted to its subsidiaries or for wealth management with idle funds had been published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange.

## XII. Other Significant Events: N/A

## SECTION VII CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

### I. Changes in Shares

#### (I) Statement of changes in shares

1. Particulars of changes in shares

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

2. Explanations on changes in shares: N/A

3. Impact of changes in shares occurred subsequent to the end of the Reporting Period to the date of this interim report on earnings per share, net asset value per share and other financial indicators (if any): N/A

4. Other information that the Company deems necessary or the securities regulators require to disclose: N/A

#### (II) Changes in shares subject to trading moratorium: N/A

### II. Shareholders

#### (I) Total number of shareholders

Total number of shareholders as at the end of the Reporting Period 54,557 shareholders (including 54,531 A shareholders and 26 H shareholders)

#### (II) Shareholdings of top 10 shareholders and top 10 holders of circulating shares (or shares not subject to trading moratorium) as at the end of the Reporting Period

Unit: shares

Full name of shareholder	Increase/ decrease during the Reporting Period	Shareholdings of top ten shareholders		Number of shares held subject to trading moratorium	Pledged or frozen	
		Number of shares held at the end of the Reporting Period	Percentage of shareholding (%)		Status of shares	Number of shares
HKSCC (Nominees) Limited	-79,156	246,190,500	26.94	0	Unknown	Overseas legal person
Panda Electronic Group Co., Ltd.	0	210,661,444	23.05	0	Unknown	State-owned legal person
China Huarong Assets Management Co., Ltd.	0	64,471,891	7.06	0	Unknown	State-owned legal person
Nanjing Electronics Information Industrial Corporation	0	35,888,611	3.93	0	Unknown	State-owned legal person
Guoxin Investment Co., Ltd.	0	21,720,941	2.38	0	Unknown	State-owned legal person
Zhang Desheng (張德勝)	3,280,082	4,105,082	0.45	0	Unknown	Domestic natural person
Chen Linfa (陳林法)	2,804,000	2,804,000	0.31	0	Unknown	Domestic natural person
Zhao Dongling (趙東嶺)	-1,694,600	2,650,800	0.29	0	Unknown	Domestic natural person
Ma Jiangfeng (馬江峰)	0	2,451,416	0.27	0	Unknown	Domestic natural person
Dong Jun (董軍)	1,929,555	1,929,555	0.21	0	Unknown	Domestic natural person

**Shareholdings of the top 10 holders of shares not subject to trading moratorium**

Full name of shareholder	Shares held not subject to trading moratorium		Class and number of shares	
		Class		Number
HKSCC (Nominees) Limited	246,190,500	Overseas listed foreign shares		241,655,470
		RMB ordinary shares		4,535,030
Panda Electronic Group Co., Ltd.	210,661,444	RMB ordinary shares		210,661,444
China Huarong Assets Management Co., Ltd.	64,471,891	RMB ordinary shares		64,471,891
Nanjing Electronics Information Industrial Corporation	35,888,611	RMB ordinary shares		22,120,611
		Overseas listed foreign shares		13,768,000
Guoxin Investment Co., Ltd.	21,720,941	RMB ordinary shares		21,720,941
Zhang Desheng (張德勝)	4,105,082	RMB ordinary shares		4,105,082
Chen Linfa (陳林法)	2,804,000	RMB ordinary shares		2,804,000
Zhao Dongling (趙東嶺)	2,650,800	RMB ordinary shares		2,650,800
Ma Jiangfeng (馬江峰)	2,451,416	RMB ordinary shares		2,451,416
Dong Jun (董俊)	1,929,555	RMB ordinary shares		1,929,555

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

NEIIC holds 100% equity interests of PEGL, the controlling shareholder of the Company. NEIIC holds, directly and through asset management plans, 22,120,611 A shares and 13,768,000 H shares of the Company, representing 3.93% of the total number of shares. NEIIC indirectly holds 210,661,444 A shares of the Company through PEGL, representing 23.05% of the total number of shares. In total, NEIIC holds 26.98% equity interests of the Company. CEIEC (H.K.) Limited (華電有限公司), a wholly-owned subsidiary of CEC, holds 27,414,000 H shares of the Company, representing 3% of the total number of shares, which are held under the name of HKSCC (Nominees) Limited. In conclusion, CEC, the de facto controller of the Company, holds 29.98% shares of the Company through its subsidiaries. Save as disclosed above, the Company is not aware of any connected relationship or party acting in concert among the aforesaid shareholders.

Shareholdings of the top ten shareholders subject to trading moratorium and the condition of trading moratorium: N/A

*Notes:*

As at the end of the Reporting Period, HKSCC (Nominees) Limited held 246,190,500 shares (including 241,655,470 H shares and 4,535,030 A shares) of the Company on behalf of a number of clients, representing 26.94% of the total issued share capital of the Company, which includes 13,768,000 H shares held by NEIIC and 27,414,000 H shares held by CEIEC (H.K.) Limited, a wholly-owned subsidiary of CEC. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the total issued share capital of the Company.

**(III) Strategic investors or general legal persons ranked among the top ten shareholders because of placing of new Shares: N/A**



### III. Directors, Supervisors and Senior Management

#### (I) Changes in shareholdings of current and retired Directors, supervisors and senior management during the Reporting Period

During the Reporting Period, there was no change in the shareholdings of current and retired Directors, supervisors and senior management of the Company during the Reporting Period.

As at 30 June 2021, none of the Directors, supervisors and senior management members of the Company or their associates had any interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")), (a) which were required to be notified to the Company or the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were regarded or deemed to have pursuant to such provisions of the SFO); or (b) which were required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) which were required to be otherwise notified to the Company or the Hong Kong Stock Exchange according to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") under Appendix 10 to the Listing Rules. No share options were granted to any of them as incentives. None of the Directors or supervisors or their respective 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 options granted to Directors, Supervisors and senior management as incentives during the Reporting Period: N/A

#### (III) Other explanations:

1. On 2 August 2021, the Company received a notice from PEGL, the controlling shareholder of the Company, that part of shares it held in the Company were pledged. Pursuant to the notice, PEGL pledged a total of 105,091,430 shares in the Company, accounting for 49.89% of the total shares it held in the Company and 11.50% of the total share capital of the Company. For details, please refer to the relevant announcement of the Company published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 3 August 2021.
2. On 2 March 2021, the Company received a document from China Huarong regarding its plan to reduce its shareholding in the Company. However, China Huarong did not reduce its shareholding in the Company during the Reporting Period, and the half of the term for shareholding reduction as set out in the plan elapsed. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 3 March 2021 and 25 June 2021.

#### IV. Change in the Controlling Shareholder or the De Facto Controller

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

To the best knowledge of the Company having made all reasonable enquiries, CEC confirmed that as at the date of this report, CEC held 232,782,055 A shares and 41,182,000 H shares in the Company through its subsidiaries, with 273,964,055 shares in aggregate, representing 29.98% of the total share capital of the Company. In particular, it held 22,120,611 A shares and 13,768,000 H shares in the Company through its non-wholly-owned subsidiary, NEIC, representing 3.93% in aggregate of the total issued capital of the Company; held 210,661,444 A shares in the Company through PEGL, a wholly-owned subsidiary of NEIC, representing 23.05% of the total issued capital of the Company; and held 27,414,000 H shares in the Company through its overseas wholly-owned subsidiary, CEIEC (H.K.) Limited, representing 3.00% of the total issued capital of the Company.

## **V. Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares of the Company**

As at 30 June 2021, so far as the Directors, supervisors and senior management of the Company were aware, and having made all reasonable enquiries, the interests or short positions of substantial shareholders (exclusive of Directors, supervisors and senior management members of the Company) in shares or underlying shares of the Company as recorded in the register kept by the Company under section 336 of the Securities and Futures Ordinance ("SFO") 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 interests held in the capacity of beneficial owner. (2) NEIC held 22,210,611 domestic shares, accounting for approximately 3.29% of domestic shares in issue and approximately 2.42% of the total shares in issue; and held 13,768,000 H shares, accounting for approximately 5.69% of H shares in issue and approximately 1.51% of the total shares in issue. The nature of interests in such shares was corporate interests held in the capacity of beneficial owner. NEIC held 100% equity interest of PEGL and held an aggregate of 246,550,055 shares in the Company in the capacity of beneficial owner and controlled corporation, accounting for approximately 26.98% of the total shares in issue. (3) CEIEC (H.K.) Limited held 27,414,000 H shares, accounting for approximately 11.33% of H shares in issue and approximately 3.00% of the total shares in issue. The nature of interests in such shares was corporate interests held in the capacity of beneficial owner. (4) CEC held 79.24% equity interest of NEIC and 100% equity interest of CEIEC (H.K.) Limited, and NEIC held 100% equity interest of PEGL, thus CEC held an aggregate of 273,964,055 shares in the Company in the capacity of controlled corporation, accounting for approximately 29.98% of the total shares in issue. (5) China Huarong held 64,471,891 domestic shares, accounting for approximately 9.59% of domestic shares in issue and approximately 7.06% of the total shares in issue. The nature of interests in such shares was corporate interests held in the capacity of beneficial owner. (6) China State Shipbuilding Corporation held 16,998,000 H shares, accounting for approximately 7.02% of H shares in issue and approximately 1.86% of the total shares in issue. The nature of interests in such shares was corporate interests held in the capacity of controlled corporation. (7) China General Technology (Group) Holding Company Limited held 14,912,000 H shares, accounting for approximately 6.16% of H shares in issue and approximately 1.63% of the total shares in issue. The nature of interests in such shares was corporate interests held in the capacity controlled corporation.

Pursuant to Section 336 of the SFO, shareholders of the Company are required to file disclosure of interests forms when certain criteria are fulfilled. When a shareholder's shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Hong Kong Stock Exchange unless certain criteria are fulfilled, therefore latest shareholdings of the substantial shareholders in the Company may be different to those filed with the Hong Kong Stock Exchange.

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 2021.

## **SECTION VIII INFORMATION ON PREFERRED SHARES**

There were no matters relating to the preferred shares of the Company during the Reporting Period.

## **SECTION IX INFORMATION ON CORPORATE BONDS**

There were no matters relating to the bonds of the Company during the Reporting Period.

## SECTION X FINANCIAL REPORT

I. The 2021 interim financial report is unaudited.

### Consolidated Balance Sheet

As at 30<sup>th</sup> June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Asset	Closing balance	Opening balance
<b>Current assets:</b>		
Monetary funds	<b>1,334,741,729.58</b>	1,315,726,827.97
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets measured at fair value through profit or loss		
Financial assets held for trading	<b>472,567,951.40</b>	501,356,576.18
Derivative financial assets		
Notes receivable	<b>61,745,773.75</b>	35,394,835.82
Accounts receivable	<b>1,305,475,422.76</b>	1,161,870,914.59
Financing receivables	<b>38,783,104.31</b>	144,969,078.62
Advance to suppliers	<b>149,654,863.81</b>	109,660,420.50
Premium receivables		
Reinsurance receivables		
Reinsurance contract reserve receivable		
Other receivables	<b>51,022,838.15</b>	50,074,829.20
Financial assets held under resale agreements		
Inventories	<b>1,035,095,671.72</b>	791,346,543.93
Contract assets	<b>29,442,213.67</b>	76,231,842.63
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	<b>32,470,961.58</b>	28,763,433.11
<b>Total current assets</b>	<b>4,511,000,530.73</b>	4,215,395,302.55

**Consolidated Balance Sheet (Continued)**As at 30<sup>th</sup> June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Asset</b>	<b>Closing balance</b>	Opening balance
<b>Non-current assets:</b>		
Loans and advances to customers		
Available-for-sale financial assets		
Held-to-maturity investments		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	<b>314,106,372.58</b>	295,182,882.84
Other equity instruments investments	<b>4,608,894.92</b>	4,074,939.80
Other non-current financial assets		
Investment properties	<b>231,058,276.65</b>	235,008,179.80
Fixed assets	<b>931,209,038.55</b>	964,778,076.38
Construction in progress	<b>6,801,669.53</b>	7,346,214.86
Biological assets for production		
Fuel assets		
Right-of-use assets	<b>11,036,538.06</b>	13,522,566.06
Intangible assets	<b>153,172,793.81</b>	157,943,967.01
Development expenses		
Goodwill		
Long-term deferred expenses	<b>9,314,868.67</b>	10,767,289.92
Deferred income tax assets	<b>16,035,095.10</b>	16,160,839.46
Other non-current assets	<b>48,927,533.61</b>	81,767,440.76
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>1,726,271,081.48</b>	1,786,552,396.89
	<hr/>	<hr/>
<b>Total assets</b>	<b>6,237,271,612.21</b>	6,001,947,699.44
	<hr/> <hr/>	<hr/> <hr/>

**Consolidated Balance Sheet (Continued)**As at 30<sup>th</sup> June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	Opening balance
<b>Current liabilities:</b>		
Short-term loans		
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Placements from banks and other financial institutions		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	<b>230,767,880.67</b>	193,125,064.34
Accounts payable	<b>1,748,518,452.02</b>	1,598,171,215.24
Advance receipts from customers	<b>3,692,312.12</b>	3,394,006.00
Contract liabilities	<b>222,516,691.25</b>	183,520,790.45
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Staff salaries payable	<b>24,981,028.33</b>	37,405,445.62
Taxes payable	<b>24,743,009.92</b>	30,758,945.68
Other payables	<b>122,043,309.20</b>	90,865,482.11
Reinsurers due		
Insurance contract reserves		
Security trading of agency		
Securities underwriting		
Liabilities held for sale		
Non-current liabilities due within one year	<b>9,423,044.91</b>	8,170,178.10
Other current liabilities	<b>55,589,723.54</b>	70,422,975.07
<b>Total current liabilities</b>	<b>2,442,275,451.96</b>	2,215,834,102.61

**Consolidated Balance Sheet (Continued)**As at 30<sup>th</sup> June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	Opening balance
<b>Non-current liabilities:</b>		
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	<b>5,640,732.69</b>	8,141,702.09
Long-term payables		
Long-term staff salaries payables	<b>13,224,261.24</b>	15,981,789.25
Estimated liabilities		
Deferred income	<b>13,202,994.91</b>	15,283,181.46
Deferred income tax liabilities	<b>721,624.78</b>	326,863.37
Other non-current liabilities		
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>32,789,613.62</b>	39,733,536.17
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>2,475,065,065.58</b>	2,255,567,638.78
	<hr/> <hr/>	<hr/> <hr/>

**Consolidated Balance Sheet (Continued)**As at 30<sup>th</sup> June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	Opening balance
<b>Owners' equity:</b>		
Share capital	<b>913,838,529.00</b>	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	<b>1,470,691,800.13</b>	1,470,691,800.13
Less: treasury share		
Other comprehensive income	<b>719,171.18</b>	318,704.84
Special reserve	<b>647,163.27</b>	
Surplus reserve	<b>267,682,027.88</b>	267,682,027.88
General risk reserve		
Undistributed profits	<b>851,413,494.96</b>	856,899,656.12
<b>Subtotal of equity attributable to the shareholders of the parent company</b>	<b>3,504,992,186.42</b>	3,509,430,717.97
<b>Minority interests</b>	<b>257,214,360.21</b>	236,949,342.69
<b>Total shareholders' equity</b>	<b>3,762,206,546.63</b>	3,746,380,060.66
<b>Total liabilities and shareholders' equity</b>	<b>6,237,271,612.21</b>	6,001,947,699.44

Legal representative:  
**Xia Dechuan**

Chief Accountant:  
**Hu Dali**

Head of the Accounting  
Department:  
**Liu Xianfang**

## Consolidated Income Statement

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
<b>1. Total operating income</b>	<b>2,169,456,301.72</b>	1,714,155,014.36
Including: Operating income	<b>2,169,456,301.72</b>	1,714,155,014.36
Interest income		
Premiums earned		
Fee and commission income		
<b>2. Total operating cost</b>	<b>2,148,036,956.24</b>	1,705,633,918.28
Including: Operating costs	<b>1,902,189,343.93</b>	1,473,529,076.93
Interest expenses		
Fee and commission expense		
Surrenders		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Tax and surcharges	<b>9,973,826.97</b>	12,338,466.81
Selling expenses	<b>26,374,358.04</b>	24,169,354.68
Administrative expenses	<b>118,753,604.90</b>	111,969,241.96
R&D costs	<b>102,863,123.01</b>	82,730,115.43
Financial expenses	<b>-12,117,300.61</b>	897,662.47
Including: Interest expense	<b>339,134.13</b>	682,708.34
Interest income	<b>8,977,287.57</b>	4,793,080.75
Add: Other gains	<b>6,827,016.37</b>	8,490,572.39
Investment income (losses are represented by "-")	<b>24,418,619.55</b>	27,722,156.71
Including: Investment income from associates and joint ventures	<b>18,923,489.74</b>	24,311,699.21
Income on hedging the net exposure (losses are represented by "-")		
Gains arising from changes in fair value (losses are represented by "-")	<b>1,211,375.22</b>	567,858.44
Credit impairment loss (losses are represented by "-")	<b>3,651,766.84</b>	-275,560.22
Asset impairment loss (losses are represented by "-")	<b>-4,217,750.65</b>	-3,479,946.92
Gains on disposal of assets (losses are represented by "-")	<b>-652,003.85</b>	126,613.83
Exchange gain (losses are represented by "-")		
<b>3. Operating profit (losses are represented by "-")</b>	<b>52,658,368.96</b>	41,672,790.31
Add: Non-operating income	<b>973,536.29</b>	7,039,751.70
Less: Non-operating expenses	<b>208,592.65</b>	521,218.12



**Consolidated Income Statement (Continued)**

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
<b>4. Total profit (total losses are represented by "-")</b>	<b>53,423,312.60</b>	48,191,323.89
Less: Income tax expense	<b>14,885,284.13</b>	15,948,979.98
<b>5. Net profit (net losses are represented by "-")</b>	<b>38,538,028.47</b>	32,242,343.91
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by "-")	<b>38,538,028.47</b>	32,242,343.91
2. Net profit for discontinued operation (net losses are represented by "-")		
(2) Classified by the attribution of the ownership		
1. Net Profit attributable to the shareholders of the parent company	<b>18,273,010.95</b>	12,683,154.91
2. Minority interests	<b>20,265,017.52</b>	19,559,189.00
<b>6. Net other comprehensive income after tax</b>	<b>400,466.34</b>	12,847.52
Net other comprehensive income after tax attributable to the shareholders of the parent company	<b>400,466.34</b>	12,847.52
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	<b>400,466.34</b>	12,847.52
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment	<b>400,466.34</b>	12,847.52
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets		
4. Changes in fair value of other debt investment		
5. Amount of financial assets reclassified to other comprehensive income		
6. Provision for credit impairment of other debt investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority shareholders		
<b>7. Total comprehensive income</b>	<b>38,938,494.81</b>	32,255,191.43
Total comprehensive income attributable to the equity holders of the parent company	<b>18,673,477.29</b>	12,696,002.43
Total comprehensive income attributable to minority shareholders	<b>20,265,017.52</b>	19,559,189.00
<b>8. Earnings per share:</b>		
(1) Basic earnings per share (RMB/share)	<b>0.0200</b>	0.0139
(2) Diluted earnings per share (RMB/share)	<b>0.0200</b>	0.0139

Legal representative:  
**Xia Dechuan**

Chief Accountant:  
**Hu Dali**

Head of the Accounting  
Department:  
**Liu Xianfang**

## Consolidated Statement of Changes in Shareholders' Equity

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the Period												
	Equity attributable to the shareholders of parent company												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total shareholders' equity
<b>I. Balance at the end of prior year</b>	916,888,520.00			1,470,691,800.13	318,704.84	267,682,027.88	866,889,656.12	23,934,342.69	3,746,380,061.06				
Add: Changes in accounting policies													
Error correction of previous period													
Business combination involving entities under common control													
Others													
<b>II. Balance at the beginning of current year</b>	916,888,520.00			1,470,691,800.13	318,704.84	267,682,027.88	866,889,656.12	23,934,342.69	3,746,380,061.06				
<b>III. Changes of current year (Increases are represented by "+")</b>													
(I) Total comprehensive income													
(II) Share capital contributed or withdrawn by shareholders													
1. Share capital contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in shareholders' equity													
4. Others													
(III) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to shareholders													
4. Others													
(IV) Internal transfer within shareholders' equity													
1. Transfer of capital reserve to share capital													
2. Transfer of surplus reserve to share capital													
3. Surplus reserve to other assets													
4. Change in implied liability carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Appropriation and application of special reserve													
1. Appropriation of special reserve in the period													
2. Application of special reserve in the period													
(VI) Others													
<b>IV. Balance at the end of the year</b>	916,888,520.00			1,470,691,800.13	719,171.18	647,163.27	851,413,641.96	257,214,301.21	3,750,206,546.63				

**Consolidated Statement of Changes in Shareholders' Equity (Continued)**

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the corresponding period of last year												
	Equity attributable to the shareholders of parent company					Other equity instrument							
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Social reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interest	Total shareholders' equity
<b>I. Balance at the end of prior year</b>	919,338,320.00				1,470,691,800.13		289,154.46		258,647,274.54		894,865,394.12	240,484,654.34	3,888,558,806.59
Add: Changes in accounting policies													
Business combination involving entities under common control													
Others													
<b>II. Balance at the beginning of current year</b>	919,338,320.00				1,470,691,800.13		289,154.46		258,647,274.54		894,865,394.12	240,484,654.34	3,888,558,806.59
<b>III. Changes of current year (decreases are expressed by "-")</b>													
(A) Total comprehensive income							12,847.52				-3,339,019.35	19,539,188.00	18,268,017.17
(B) Share capital contributed by shareholders							12,847.52				12,889,654.91	19,539,188.00	32,255,191.43
1. Share capital contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in shareholders' equity													
Others													
(C) Profit appropriation													
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to shareholders													
Others													
(D) Internal carry-over with shareholders' equity													
1. Transfer of capital reserve to share capital													
2. Transfer of surplus reserve to share capital													
3. Surplus reserve to cover losses													
4. Carry-over changes arising from remeasurement of net liabilities or net assets under defined benefit plan													
Others													
(E) Other comprehensive income and application of special reserve													
1. Appropriation of special reserve in the period													
2. Application of special reserve in the period													
Others													
<b>IV. Balance at the end of the year</b>	919,338,320.00				1,470,691,800.13		302,001.98		258,647,274.54		891,236,374.77	260,023,842.34	3,791,919,827.76

Legal representative:  
**Xia Dechuan**

Chief Accountant:  
**Hu Dali**

Head of the Accounting Department:  
**Liu Xianfang**

## Consolidated Cash Flow Statement

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
<b>1. Cash flows from operating activities</b>		
Cash received from the sale of goods and rendering of services	<b>2,371,804,297.88</b>	1,555,368,670.30
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from other financial institutions		
Cash received from premiums of original insurance contract		
Net cash amount of reinsurance business		
Net increase in deposits of the insured and investment		
Net increase in disposal of financial assets at fair value through profit or loss		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Refunds of taxes	<b>32,013,024.29</b>	19,266,637.31
Cash received relating to other operating activities	<b>125,890,264.32</b>	145,686,152.79
<b>Sub-total of cash inflows from operating activities</b>	<b>2,529,707,586.49</b>	1,720,321,460.40
Cash paid on purchase of goods and services received	<b>2,070,447,777.91</b>	1,200,762,009.37
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Cash paid for interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	<b>229,020,147.96</b>	195,909,517.10
Cash paid for all types of taxes	<b>67,289,992.30</b>	56,899,545.18
Cash paid relating to other operating activities	<b>208,383,805.63</b>	178,472,083.47
<b>Sub-total of cash outflows from operating activities</b>	<b>2,575,141,723.80</b>	1,632,043,155.12
<b>Net cash flows generated from operating activities</b>	<b>-45,434,137.31</b>	88,278,305.28

**Consolidated Cash Flow Statement (Continued)**

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Items</b>	<b>Amount for the current period</b>	Amount for corresponding period of last year
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal of investments		
Cash received from return on investments	<b>5,998,618.74</b>	4,057,102.17
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	<b>214,565.00</b>	304,182.90
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	<b>910,000,000.00</b>	692,394,283.50
<b>Sub-total of cash inflows from investing activities</b>	<b>916,213,183.74</b>	696,755,568.57
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	<b>24,290,545.40</b>	32,863,419.01
Cash paid for investments		
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	<b>884,381,086.02</b>	607,394,283.50
<b>Sub-total of cash outflows from investing activities</b>	<b>908,671,631.42</b>	640,257,702.51
<b>Net cash flows generated from investing activities</b>	<b>7,541,552.32</b>	56,497,866.06

**Consolidated Cash Flow Statement (Continued)**

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
<b>3. Cash flows from financing activities:</b>		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		
Cash received from issuing bonds		
Cash received relating to other financing activities	11,836,055.52	43,570,096.40
<b>Sub-total of cash inflows from financing activities</b>	<b>11,836,055.52</b>	43,570,096.40
Cash paid on repayment of borrowings		50,000,000.00
Cash paid on distribution of dividends or profits, or interests expenses		682,708.34
Including: dividend and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities	1,572,470.34	2,835,970.21
<b>Sub-total of cash outflows from financing activities</b>	<b>1,572,470.34</b>	53,518,678.55
<b>Net cash flows generated from financing activities</b>	<b>10,263,585.18</b>	-9,948,582.15
<b>4. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>-368,153.23</b>	1,321,800.21
<b>5. Net increase in cash and cash equivalents</b>	<b>-27,997,153.04</b>	136,149,389.40
Add: balance of cash and cash equivalents at the beginning of the period	<b>1,149,052,807.58</b>	863,141,377.23
<b>6. Balance of cash and cash equivalents at the end of the period</b>	<b>1,121,055,654.54</b>	999,290,766.63

Legal representative:  
Xia Dechuan

Chief Accountant:  
Hu Dali

Head of the Accounting  
Department:  
Liu Xianfang

## Balance Sheet

As at 30<sup>th</sup> June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Assets</b>	<b>Closing balance</b>	Opening balance
<b>Current assets:</b>		
Monetary funds	<b>153,402,268.00</b>	182,893,267.89
Financial assets measured at fair value through profit or loss		
Financial assets held for trading	<b>95,086,038.81</b>	85,149,138.89
Derivative financial assets		
Notes receivables		
Accounts receivable	<b>105,591,929.05</b>	101,591,648.77
Financing receivables	<b>10,985,674.00</b>	13,415,674.00
Prepayments	<b>8,588,634.68</b>	4,764,922.90
Other receivables	<b>400,769,238.16</b>	376,035,744.51
Inventories	<b>36,279,948.56</b>	18,450,298.94
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets		
<b>Total current assets</b>	<b>810,703,731.26</b>	782,300,695.90
<b>Non-current assets:</b>		
Available-for-sale financial assets		
Held-to-maturity investments		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	<b>1,747,393,324.37</b>	1,728,663,326.69
Other equity instruments investments	<b>4,608,894.92</b>	4,074,939.80
Other non-current financial assets		
Investment properties	<b>364,282,611.96</b>	373,471,501.63
Fixed assets	<b>69,804,808.27</b>	70,982,173.65
Construction in progress	<b>764,150.93</b>	3,206,506.25
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	<b>14,279,868.68</b>	11,110,934.53
Development expenses		
Goodwill		
Long-term deferred expenses	<b>2,872,873.53</b>	3,293,294.05
Deferred income tax assets		
Other non-current assets		
<b>Total non-current assets</b>	<b>2,204,006,532.66</b>	2,194,802,676.60
<b>Total assets</b>	<b>3,014,710,263.92</b>	2,977,103,372.50

**Balance Sheet (Continued)**As at 30<sup>th</sup> June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Liabilities and shareholders' equity</b>	<b>Closing balance</b>	Opening balance
<b>Current liabilities:</b>		
Short-term borrowings		
Financial liabilities measured at fair value through profit or loss		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	<b>14,131,051.42</b>	6,120,870.63
Accounts payable	<b>52,003,176.12</b>	43,131,574.28
Advance receipts from customers		160,842.28
Contract liabilities	<b>4,766,682.78</b>	5,851,615.78
Staff salaries payable	<b>1,614,624.68</b>	3,012,899.46
Taxes payable	<b>6,909,774.02</b>	9,127,756.95
Other payables	<b>143,087,184.60</b>	118,662,218.71
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	<b>583,348.01</b>	760,710.05
<b>Total current liabilities</b>	<b>223,095,841.63</b>	186,828,488.14
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long term staff salaries payable	<b>1,757,669.13</b>	2,149,207.40
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	<b>260,765.41</b>	143,519.68
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>2,018,434.54</b>	2,292,727.08
<b>Total liabilities</b>	<b>225,114,276.17</b>	189,121,215.22
<b>Owners' equity:</b>		
Share capital	<b>913,838,529.00</b>	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	<b>1,434,870,834.28</b>	1,434,870,834.28
Less: Treasury shares		
Other comprehensive income	<b>719,171.18</b>	318,704.84
Special reserve		
Surplus reserve	<b>267,682,027.88</b>	267,682,027.88
Undistributed profits	<b>172,485,425.41</b>	171,272,061.28
<b>Total shareholders' equity</b>	<b>2,789,595,987.75</b>	2,787,982,157.28
<b>Total liabilities and shareholders' equity</b>	<b>3,014,710,263.92</b>	2,977,103,372.50

Legal representative:  
**Xia Dechuan**

Chief Accountant:  
**Hu Dali**

Head of the Accounting  
Department:  
**Liu Xianfang**



## Income Statement

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
<b>1. Total operating income</b>	<b>56,344,343.50</b>	40,444,561.03
Less: Operating costs	<b>30,678,847.24</b>	19,153,274.41
Business taxes and surcharge	<b>2,912,004.66</b>	4,384,606.92
Selling expenses	<b>2,695,269.56</b>	1,557,866.74
Administrative expenses	<b>48,261,335.11</b>	52,583,629.17
R&D costs	<b>11,367,927.71</b>	8,335,095.66
Financial expenses	<b>-3,926,151.22</b>	-4,934,265.71
Including: Interest expense		
Interest income	<b>1,915,403.92</b>	324,305.23
Add: Other gains	<b>706,187.16</b>	165,830.09
Investment income (losses are represented by "-")	<b>60,107,759.18</b>	25,760,703.16
Including: Investment income of associates and joint ventures	<b>18,729,997.68</b>	24,300,404.41
Income on hedging the net exposure (losses are represented by "-")		
Income from change in fair value (losses are represented by "-")	<b>-63,100.08</b>	-11,835.62
Credit impairment loss	<b>-166,784.70</b>	
Assets impairment loss		
Gains on disposal of assets (losses are represented by "-")		9,680.10
<b>2. Operating profit (losses are represented by "-")</b>	<b>24,939,172.00</b>	-14,711,268.43
Add: Non-operating income	<b>19,277.73</b>	6,109,278.81
Less: Non-operating expenses	<b>2,156.54</b>	350,000.00
<b>3. Total profit (total losses are represented by "-")</b>	<b>24,956,293.19</b>	-8,951,989.62
Less: Income tax expense	<b>-16,243.05</b>	
<b>4. Net profit (net losses are represented by "-")</b>	<b>24,972,536.24</b>	-8,951,989.62
(1) Net profit for going concern (net losses are represented by "-")	<b>24,972,536.24</b>	-8,951,989.62
(2) Net profit for discontinued operation (net losses are represented by "-")		

**Income Statement (Continued)**

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
<b>5. Net other comprehensive income after tax</b>	<b>400,466.34</b>	12,847.52
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	<b>400,466.34</b>	12,847.52
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment	<b>400,466.34</b>	12,847.52
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets		
4. Changes in fair value of other debt investment		
5. Amount of financial assets reclassified to other comprehensive income		
6. Provision for credit impairment of other debt investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority shareholders		
<b>6. Total comprehensive income</b>	<b>25,373,002.58</b>	-8,939,142.10
<b>7. Earnings per share:</b>		
(1) Basic earnings per share		
(2) Diluted earnings per share		

Legal representative:  
**Xia Dechuan**

Chief Accountant:  
**Hu Dali**

Head of the Accounting  
Department:  
**Liu Xianfang**

**Statement of Changes in Shareholders' Equity**

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period							Total shareholders' equity			
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income		Surplus reserve	General risk reserve	Unsubstituted profit
I. Balance at the end of prior year	916,828,529.00				1,434,870,834.28		318,704.84	267,682,027.88		111,272,061.28	2,787,983,457.28
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Balance at the beginning of current year	916,828,529.00				1,434,870,834.28		318,704.84	267,682,027.88		111,272,061.28	2,787,983,457.28
III. Changes of current year (Increases are represented by "+")											
(I) Total comprehensive income											
(II) Share capital contributed or withdrawn by shareholders											
1. Share capital contributed by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholders' equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of general risk reserve											
3. Appropriation of profit to shareholders											
4. Others											
(IV) Internal compensation with shareholders' equity											
1. Transfer of capital reserve to share capital											
2. Transfer of surplus reserve to share capital											
3. Surplus reserve to cover losses											
4. Change in defined benefit plan carried over to related earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Appropriation and application of special reserve											
1. Appropriation of special reserve in the period											
2. Application of special reserve in the period											
(VI) Others											
IV. Balance at the end of the year	916,828,529.00				1,434,870,834.28		719,711.18	267,682,027.88		112,485,426.41	2,789,593,987.75

## Statement of Changes in Shareholders' Equity (Continued)

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for corresponding period of last year						Total shareholders' equity		
	Share capital	Preference shares	Other equity instrument	Capital reserve	Less: treasury shares	Other comprehensive income			
			Prepaid bonds	Others	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	
<b>I. Balance at the end of prior year</b>	910,328,320.00			1,434,870,034.28		258,647,274.54		105,940,014.61	2,719,394,483.98
Add: Changes in accounting policies									
Error correction of previous period									
Others									
<b>II. Balance at the beginning of current year</b>	910,328,320.00			1,434,870,034.28		258,647,274.54		105,940,014.61	2,719,394,483.98
<b>III. Changes of current year (increases are expressed by "+")</b>									
(I) Total comprehensive income									
(II) Share capital contributed or withdrawn by shareholders									
1. Share capital contributed by shareholders									
2. Capital contributed by holders of other equity instruments									
3. Amount of share-based payment included in shareholders' equity									
4. Others									
(III) Profit distribution									
1. Appropriation of surplus reserve									
2. Appropriation of general risk reserve									
3. Appropriation of profit to shareholders									
4. Others									
(IV) Internal carry-over with shareholders' equity									
1. Transfer of capital reserve to share capital									
2. Transfer of surplus reserve to share capital									
3. Surplus reserve to cover losses									
4. Change in defined benefit plan carried over to related earnings									
5. Other comprehensive income carried over to retained earnings									
6. Others									
(V) Appropriation and application of special reserve									
1. Appropriation of special reserve in the period									
2. Application of special reserve in the period									
(VI) Others									
<b>IV. Balance at the end of the year</b>	910,328,320.00			1,434,870,034.28	302,001.98	258,647,274.54		81,004,877.73	2,688,636,173.03

Legal representative:  
Xia Dechuan

Chief Accountant:  
Hu Dali

Head of the Accounting Department:  
Liu Xianfang

## Cash Flow Statement

January – June 2021

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
<b>1. Cash flows from operating activities:</b>		
Cash received from the sale of goods and rendering of services	34,825,380.75	42,174,758.90
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from other financial institutions		
Cash received from premiums of original insurance contract		
Net cash amount of reinsurance business		
Net increase in deposits of the insured and investment		
Net increase in disposal of financial assets held for trading		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Refunds of taxes		
Cash received relating to other operating activities	67,674,690.11	148,931,577.34
<b>Sub-total of cash inflows from operating activities</b>	<b>102,500,070.86</b>	<b>191,106,336.24</b>
Cash paid on purchase of goods and services received	24,730,561.60	20,147,602.22
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Cash paid for interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	53,604,168.10	44,180,444.25
Cash paid for all types of taxes	5,695,518.07	6,365,304.04
Cash paid relating to other operating activities	51,748,793.22	203,141,392.76
<b>Sub-total of cash outflows from operating activities</b>	<b>135,779,040.99</b>	<b>273,834,743.27</b>
<b>Net cash flows generated from operating activities</b>	<b>-33,278,970.13</b>	<b>-82,728,407.03</b>
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal of investments		
Cash received from return on investments	1,634,208.34	1,460,298.75
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	29,700.00	34,480.25
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	210,000,000.00	390,000,000.00
<b>Sub-total of cash inflows from investing activities</b>	<b>211,663,908.34</b>	<b>391,494,779.00</b>

**Cash Flow Statement (Continued)**

January-June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	1,235,829.55	2,203,411.20
Cash paid for investments		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	<u>220,000,000.00</u>	<u>270,000,000.00</u>
<b>Sub-total of cash outflows from investing activities</b>	<u>221,235,829.55</u>	<u>272,203,411.20</u>
<b>Net cash flows generated from investing activities</b>	<u><u>-9,571,921.21</u></u>	<u><u>119,291,367.80</u></u>
<b>3. Cash flows from financing activities:</b>		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		
Cash received from issuing bonds		
Cash received relating to other financing activities	<u>11,836,055.52</u>	
<b>Sub-total of cash inflows from financing activities</b>	<u>11,836,055.52</u>	
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interests expenses		
Including: dividend and profit paid to minority shareholders by subsidiaries		
Cash paid on other financing activities		
<b>Sub-total of cash outflows from financing activities</b>		
<b>Net cash flows from financing activities</b>	<u><u>11,836,055.52</u></u>	
<b>4. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	-55.01	91.69
<b>5. Net increase in cash and cash equivalents</b>	-31,014,890.83	36,563,052.46
Add: balance of cash and cash equivalents at the beginning of the period	<u>178,878,717.22</u>	<u>56,919,306.88</u>
<b>6. Balance of cash and cash equivalents at the end of the period</b>	<u><u>147,863,826.39</u></u>	<u><u>93,482,359.34</u></u>

Legal representative:  
Xia Dechuan

Chief Accountant:  
Hu Dali

Head of the Accounting  
Department:  
Liu Xianfang

## NANJING PANDA ELECTRONICS COMPANY LIMITED

Notes to Financial Statements for the Period from January to June 2021

(Unless otherwise stated, all amounts are denominated in RMB)

### I. INFORMATION ABOUT THE COMPANY

#### (I) Company Profile

Nanjing Panda Electronics Company Limited (hereinafter referred to as the "Company") was reorganised by the only initiator, Panda Electronics Group Co., Ltd., under the approval of Ning Ti Gai (1992) No. 034 by Nanjing Economic Reform Committee on 27 April 1992. Panda Electronics Group Co., Ltd. took total net assets of RMB480,000,000.00 in exchange for 480,000,000 shares of state-owned legal person. The registered capital of the Company at the time of establishment was RMB515,000,000.00, of which 480,000,000 shares (RMB1 per share) were held by state-owned legal person and 35,000,000 shares (RMB1 per share) were held by employees. The Company obtained the legal enterprise business license of 13488315-2 on 29 April 1992. The approved business scope of the Company are radio communication equipment products, radio and television equipment products, hardware and electrical equipment products, electronic components products, instrument and apparatus products, electrical machinery products and equipment, standard machinery products, medical equipment products, the development, manufacture and sale of electronic equipment products and technical services, electronic computer fitting products, and the development, manufacture and sale of cultural and office machinery products and tooling products and technical services.

A special resolution was passed at the general meeting of the Company held on 27 May 1994, which approved to split and recombine the assets and liabilities of Company and Panda Electronics Group Company and reconfirmed the shareholding of state-owned legal person and the board of directors was authorised to handle, at its sole discretion, the matters relating to the public offering and listing of H shares and A shares of the Company. According to this special resolution, the net assets of the Company were adjusted to RMB322,873,348.00 on 29 June 1994, including the registered capital of RMB322,870,000.00 (comprising 287,870,000 shares held by state-owned legal person and 35,000,000 shares held by employees) and capital reserve of RMB3,348.00.

Confirmed by the document (Guo Zi Qi Fa [1996] No. 12) issued by State Administration of State Property in February 1996, the net assets of the Company after evaluation were RMB864,714,000, the share capital was 322,870,000, of which 287,870,000 shares were held by Panda Electronics Group Co., Ltd. and 35,000,000 shares were held by employees. Panda Electronics Group Co., Ltd. made use of the land-use right valued at RMB41,300,000 and creditor's right valued at RMB62,000,000 to invest in the Company and the total share capital changed to 390,015,000 shares, of which 355,015,000 shares were held by state-owned legal person and 35,000,000 shares were held by employees. The State Commission for Restructuring the Economic System approved the restructuring report on 11 March 1996.

In order to issue H shares, the Company started to evaluate the assets and liabilities in all aspects on 30 September 1995 as the benchmark date and adjusted the book values accordingly after the approval of the Securities Commission of the State Council.

After the approval of the document (Zheng Wei Fa (1996) No. 6) issued by the Securities Commission of the State Council on 2 April 1996, the Company issued 242,000,000 H shares in Hong Kong at the issue price of HKD2.13 per share. The Company finished the share issue on 29 April 1996 and listed on the Stock Exchange of Hong Kong on 2 May 1996.

After the approval of the document (Zheng Jian Fa (1996) No. 304) issued by the Securities Commission of the State Council on 30 October 1996, the Company issued 23,000,000 ordinary shares to the public and the issue price was RMB5.10 per share. The Company got the entire fund on 14 November 1996 and listed on the Shanghai Stock Exchange on 18 November 1996. 5,000,000 out of 35,000,000 shares held by employees were listed on the Shanghai Stock Exchange at the same date of issuing and the rest of 30,000,000 shares were listed and traded in 1999.

The Company obtained the legal enterprise business license of Qi Su Ning Zong Fu Zi No. 003967 on 18 April 1997. The registered capital was RMB655,015,000.00 and the approved business scope includes the development, manufacture and sale of communication equipment, computers and other electronic equipment; meters and instruments, cultural and office machinery; electrical machinery and equipment; plastic products; general equipment such as fans, scales, and packing equipment; special equipment for the processing of chemical, wood and non-metallic products; PTD and control products; environmental, public safety and other equipment; financial and tax control devices; power products; molds; computer services, software services and systems integration; property management; as well as after-sale services and technical services for the aforesaid businesses.

The Company received the new legal enterprise business license numbered 320100400008823 on 6 January 2011. The registered capital is RMB655,015,000. The approved business scope includes the development, production and sale of wireless television broadcasting equipment, together with the after-sale and technical services for the aforesaid businesses, the development, production and sale of communication equipment, computers and other electronic equipment; meters and instruments, cultural and office machinery; electrical machinery and equipment; plastic products; general equipment such as fans, scales and packaging equipment; special equipment for the processing of chemical, wood and non-metallic products; PTD and control equipment; environmental, public safety and related equipment; financial and tax control devices; power products; molds; computer services, software services and system integration; property management; as well as after-sale services and technical services for the aforesaid businesses. (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 Co., Ltd..

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

In 2012, according to the approval of "Reply to the Provincial Government on the Indirect Transfer of Listed Companies' Shares held by Panda Electronics Group Co., Ltd. and Nanjing Huadong Electronics Group Co., Ltd." (Su Zheng Fu [2009] No. 45) by Jiangsu Provincial People's Government, the "Reply to Issues Concerning the Free Alteration of Part of State-owned Property Rights of Panda Electronics Group Co., Ltd." (Su Guo Zi Fu [2012] No. 22) by the State-owned Assets Supervision and Administration Commission of Jiangsu Provincial People's Government, the "Reply to Relevant Issues Concerning the Change of the De Facto Controller of Nanjing Panda Electronics Company Limited" (Guo Zi Chan Quan [2012] No. 158) by the State-owned Assets Supervision and Administration Commission of the State Council, the "Reply to Acquisition Report of China Electronics Corporation on Nanjing Panda Electronics Company Limited and the Exemption from the Obligation to Offer" (Zheng Jian Xu Ke [2012] No. 770) by China Securities Regulatory Commission, Jiangsu Guoxin Asset Management Group Co., Ltd., Nanjing Xingang Development Corporation and Nanjing State-owned Assets Management (Holdings) Co., Ltd. freely transferred the 21.59%, 22.07% and 4.32% equity interests in Panda Group respectively to NEIC, a subsidiary of China Electronics Corporation (hereinafter referred to as "CEC"). Panda Group completed the change of industrial and commercial registrations on 21 September 2012. After the completion of the aforesaid transfer of shareholdings, CEC held 51.10% shares of the Company and became the de facto controller via holding 56.85% shares of Panda Group through NEIC, a subsidiary of CEC with 70.00% shares.

On 19 April 2013, according to China Securities Regulatory Commission's approval (Zheng Jian Xu Ke [2013] No. 332), the Company was authorised to issue 258,823,529 ordinary shares (A shares) in RMB to no more than 10 specific investors including 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 of 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 Company had finished the change of industrial and commercial registration on 26 November 2013 and the registered capital was RMB913,838,529.00 after the change.

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 proportion 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% equity interests of NEIC, remains as the de facto controller of the Company by holding 56.85% equity interests of Panda Group. After the non-public offering, controlling shareholder and de facto 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 date of completion of issuance. While the shares subscribed by the other eight investors (including AEGON-INDUSTRIAL Global Fund Management Co., Ltd. who participated in the subscription with 10 accounts), except for NEIC, shall not be transferred within 12 months since the date of completion of issuance. On 30 June 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 by 27,069,492 shares (accounting for 2.96% of the total share capital of the Company) through the trading system of Shanghai Stock Exchange. After the reduction of shareholdings, Panda Group holds 307,645,508 shares of the Company, accounting for 33.67% of total share capital of the Company.



In August 2015, with the approval of the “Reply to the Issues Regarding Panda Electronic Group Co., Ltd. to Transfer Part of its Shares of Nanjing Panda Electronics Co., Ltd. under Negotiation” (Guo Zi Chan Quan [2015] No. 697) issued by the State-owned Assets Supervision and Administration Commission of the State Council, 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, accounting for 23.05% of the total share capital of the Company. Panda Group nominates 5 out of 9 members of the Board, indicating it is still in control of the Company.

From July 2015 to December 2016, NEIC increased its shareholdings in the Company by acquiring a total of 10,318,925 A shares under the Custody of Specific Asset Scheme through the secondary market, representing approximately 1.13% of the total share capital of the Company. The accumulated shareholdings in the Company is thereby increased by 13,768,000 H shares, representing approximately 1.51% of the total share capital of the Company. After the increase, NEIC, directly and through asset management plans, held 49,534,611 A shares of the Company, representing 5.42% of the total share capital of the Company; and held 13,768,000 H shares of the Company, representing 1.51% of the total share capital of the Company. Together with the 23.05% equity interest of the Company it held through its subsidiary Panda Group, NEIC held an aggregate of 29.98% of total share capital of the Company.

In 2019, NEIC exchanged 18,276,000 A shares directly held in the Company for the fund units of Harvest CSI Central SOE Innovation-driven ETF Securities Investment Fund (嘉實中證央企創新驅動交易型開放式指數證券投資基金), of same market value, and exchanged 9,138,000 A shares directly held in the Company for the fund units of Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund (博時中證央企創新驅動交易型開放式指數證券投資基金), of same market value, representing 3.00% of the total share capital of the Company.

In 2020, China Huarong Asset Management Co., Ltd., the Company's shareholder, has reduced its holdings of 674,800 A shares, accounting for 0.07% of the total share capital of the Company. As at 31 December 2020, China Huarong Asset Management Co., Ltd. held 64,471,891 A shares of the Company, accounting for 7.06% of the total share capital of the Company.

From 14 April 2020 to 19 June 2020, CEC, the controlling shareholder of NEIC, increased its shareholding in the Company by purchasing an additional 27,414,000 H shares in aggregate through its overseas wholly-owned subsidiary, CEIEC (H.K.) Limited (華電有限公司), representing 3.00% of the total share capital of the Company. As at 30 June 2021, CEC held 232,782,055 A shares and 41,182,000 H shares of the Company, accounting for 29.98% of the total share capital of the Company. Specifically, it held 22,120,611 A shares and 13,768,000 H shares of the Company through its non-wholly owned subsidiary NEIC which held such shares through asset management plans, representing 3.93% of the total share capital of the Company; held 210,661,444 A shares of the Company through Panda Group, a wholly-owned subsidiary of NEIC, representing 23.05% of the total share capital of the Company; and held 27,414,000 H shares of the Company through its overseas wholly-owned subsidiary CEIEC (H.K.) Limited, representing 3.00% of the total share capital of the Company. Thus, CEC remains the ultimate controller of the Company.

The Company is a joint stock company with limited liability (a Taiwan, Hong Kong, Macao and domestic joint venture and a listed company). The principal business involves computer, communication and other electronic equipment manufacturing industry, including smart manufacture, smart city, electronic manufacturing services, etc. The operating period is from 5 October 1996 to the unlimited period.

As at 30 June 2021, the Company had an aggregate of 913,838,529 shares in issue, with a registered capital of RMB913,838,529. The registered address is Room 1701, 301 Zhongshan East Road, Xuanwu District, Nanjing.

The business scope of the Company includes the development, production and sale of wireless television broadcasting equipment, together with the after-sale service and technical services for the aforesaid businesses; development, production and sale of communication equipment, computer and other electronic devices; meters and instruments, cultural and office machinery; electronic apparatus and equipment; plastic products; general equipment such as fans, scales and packaging equipment; special equipment for the processing of chemical, wood and non-metallic products; PTD and control equipment; environmental, public safety and other equipment; financial and tax control devices; power products; molds; computer services, software services and systems integration; property management; as well as after-sale services and technical services for the aforesaid businesses. (Business activities subject to administrative approval as per law may be carried out only after having been approved by competent authorities).

The financial statements were approved by all Directors (the Board of Directors) of the Company for publication on 25 August 2021.

## **(II) Scope of Consolidated Financial Statements**

As at 30 June 2021, the subsidiaries consolidated into the consolidated financial statements of the Company are as follows:

### **Name of subsidiaries**

Nanjing Panda Information Industry Co., Ltd  
Nanjing Panda Electronic Manufacture Co., Ltd  
Nanjing Panda Electronic Equipment Co., Ltd  
Nanjing Panda Communication Technology Co., Ltd  
Nanjing Panda Xinxing Industrial Co., Ltd.,  
Nanjing Panda Electronic Technology Development Company Limited  
Chengdu Panda Electronic Technology Co., Ltd.  
Chengdu Panda Electronics Manufacturing Co., Ltd  
Shenzhen Jingwah Electronics Co., Ltd.  
Galant Limited

Details of the scope of the consolidated financial statement for the period and its changes were set out in the sub-sections headed "VI. Changes in the Consolidated Scope" and "VII. Equity Interests in Other Entities" herein.

## **II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **(I) Basis of Preparation**

The financial statements have been prepared in accordance with the basic and specific standards of the Accounting Standards for Business Enterprises, the Application Guidance for Accounting Standards for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as "CAS"), and the relevant requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting issued by the China Securities Regulatory Commission.

### **(II) Going Concern**

The financial statements have been prepared on a going concern basis.

## **III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

Notes to specific accounting policies and accounting estimates:

The following disclosures cover the specific accounting policies and accounting estimates formulated by the Company according to the characteristics of its production and operation. For details, please refer to the paragraph headed "(XXVIII) Revenue" under Note III herein.

### **(I) Statement of Compliance with the CAS**

The financial statements have been prepared by the Company in conformity with requirements of the CAS promulgated by the Ministry of Finance, and give a true and complete view of the financial position of the Company and the Group as at 30 June 2021 as well as the operating results and cash flows of the Company and the Group for the first half of 2021.

### **(II) Accounting Period**

The accounting year of the Company is from 1 January to 31 December of each calendar year.

### **(III) Operating Cycle**

The Company's operating cycle is 12 months.

#### (IV) Reporting Currency

The reporting currency of the Company is Renminbi ("RMB").

#### (V) Accounting treatments for business combinations involving entities under and not under common control

Business combinations involving entities under common control: The assets and liabilities acquired by the combining party in business combination (including goodwill arising from the acquisition of the acquiree by the ultimate controlling party) shall be measured at the carrying value of the assets and liabilities of the acquiree in the financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to the share premiums in the capital reserves. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient.

Business combinations involving entities not under common control: The costs for business combination shall be the assets transferred and liabilities incurred or borne and issuance of equity securities by the acquirer for gaining control on the acquiree on the date of acquisition. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be recognized as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to the profit or loss for the current period. All identifiable assets, liabilities and contingent liabilities acquired in the business combination that meet recognition conditions shall be measured at fair value on the date of acquisition.

The expenses directly related to the business combination shall be recognized in profit or loss as incurred; and the transaction costs for issue of equity securities or debt securities for the business combination shall be included in the initially recognized amounts of such equity securities or debt securities.

#### (VI) Preparation of Consolidated Financial Statements

##### 1. Scope of consolidation

The scope of consolidation of the consolidated financial statements of the Company is based on controlling interests, the Company and all its subsidiaries are included in the scope of consolidation. A Control means that a company has power over an investee, has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

##### 2. Consolidation method

The Company treats the Group in its entirety as a single accounting entity and prepare its consolidated financial statements in accordance with the unified accounting policies to reflect the Group's overall financial position, operating results and cash flow. The effects of internal transactions between the Company and its subsidiaries and between subsidiaries shall be offset. Where an internal transaction indicates an impairment loss on the relevant asset, such loss shall be recognized in full. Where the accounting policies and accounting periods adopted by subsidiaries are inconsistent with those of the Company, the financial statements of such subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company.

The owner's equity, the net profit or loss and the comprehensive income attributable to minority shareholders of a subsidiary of the current period are presented separately under the owners' equity in the consolidated balance sheet, the net profit and the total comprehensive income in the consolidated income statement respectively. Where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders' interest entitled in the shareholders' equity of the subsidiary at the beginning of the period, the excess is allocated against the minority shareholders interest.

(1) Acquisition of subsidiaries or business

For acquisition of subsidiaries or business due to business combination involving entities under common control during the Reporting Period, the operating results and the cash flows of such subsidiaries or business from the beginning to the end of the Reporting Period when the merger occurs are included in the consolidated financial statements, and the opening balance set out in the consolidated financial statements and relevant items in the comparative statements should be adjusted simultaneously as if the consolidated reporting entity had been in existence since the beginning of the control by the ultimate controlling party.

For an investor that may impose control over the investee under common control due to additional investment, the equity investment such investor held before gaining the control of the combined party is recognized as relevant profit or loss, other comprehensive income and changes in other net assets at the later of the date of acquisition of the original equity and the date when the combining and the combined parties are under common control, and shall be written down to the opening balance of retained earnings or current profit or loss of the comparative period.

For acquisition of subsidiaries or business due to business combination involving entities not under common control during the Reporting Period, all of the identifiable assets, liabilities and contingent liabilities shall be included in the consolidated financial statements from the acquisition date at their respective fair value recognized at the date of acquisition.

In connection with imposing control over the investee not under common control as a result of additional investment and other reasons, the equity of acquiree held before acquisition date shall be remeasured at the fair value of such equity on the acquisition date and the difference between fair value and carrying amount shall be recognized as investment income in current period; if the acquiree's equity held before the acquisition date involves other comprehensive income that will be subsequently reclassified into profit or loss, changes in owners' equity computed under the equity method shall be transferred to investment gains on the date of acquisition.

(2) Disposal of subsidiaries

① *General treatment*

Where control of the investee is lost due to partial disposal of the equity investment, or any other reasons, the remaining equity investment is remeasured at the fair value at the date in which control is lost. The sum of consideration received from disposal of equity investment and the fair value of the remaining equity investment, net of the difference between the sum of the previous share of the subsidiary's net assets recorded from the acquisition date or combination date and goodwill, is recognized in investment income in the period in which control is lost. Other comprehensive income related to the previous equity investment in the subsidiary that may be reclassified to profit or loss subsequently or, changes in other owner's equity computed under the equity method, are transferred to investment income of the current period when control is lost.

② *Disposal of subsidiary achieved by stages*

When disposal of equity interests of subsidiaries through multiple transactions until control is lost, generally transactions in stages are treated as a package deal if the transaction terms, conditions, and economic impact of disposal of the subsidiary's equity interests comply with one or more of the following:

- i. These transactions are achieved at the same time or the mutual effects on each other are considered;
- ii. A complete set of commercial results can be achieved with reference to the series of transactions as a whole;
- iii. Achieving a transaction depends on at least achieving of one of the other transactions;
- iv. One transaction recognized separately is not economical, but it is economical when considered together with other transactions.

If multiple transactions are part of a package deal, these transactions shall be in accounting treated as loss control of a subsidiary in disposal of equity interests achieved. The differences between price on each disposal and disposal of investment on the subsidiary's net assets shall be recognized in other comprehensive income in the consolidated financial statements, and included in profit or loss for the period when the control is lost.

If such multiple transactions are not part of a package deal, accounting treatment for partial disposal of equity investments of subsidiary without losing control shall be applied before control is lost. When control is lost, general accounting treatment for disposal of a subsidiary shall be used.

(3) Acquisition of minority interests of subsidiaries

The share premium in the capital reserve of the consolidated balance sheet shall be adjusted with respect to any difference between the long-term equity investment arising from the purchase of minority interests and the net assets attributing to the subsidiaries continuously calculated on the basis of the additional share proportion as of the acquisition date (or date of combination) or, the retained earnings shall be adjusted in case the share premium in the capital reserve is insufficient for write-down.

(4) Partial disposal of equity investment in subsidiaries without losing control

The difference between disposal consideration and the share of net assets calculated from the date of acquisition or combination date shall be adjusted to share premium in the capital reserve in the consolidated balance sheet. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient.

## (VII) Classification of Joint Arrangements and Accounting for Joint Operations

A joint arrangement is classified as either a joint operation or a joint venture.

A joint operation is a joint arrangement under which various joint operators are entitled to the assets and assuming the liabilities relating to the arrangement.

The Company recognizes the following items in relation to its interest in a joint operation:

- (1) The Company's solely-held assets, and the Company's share of any assets held jointly;
- (2) The Company's solely-assumed liabilities, and the Company's share of any liabilities incurred jointly;
- (3) The Company's revenue from the sale of its share of the output arising from the joint operation;
- (4) The Company's share of the revenue from the sale of the output by the joint operation;
- (5) Its solely-incurred expenses and the Company's share of any expenses incurred jointly.

## (VIII) Determination of Cash and Cash Equivalents

The term "cash" refers to the cash on hand and the unrestricted deposits of the Company. The term "cash equivalents" refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## (IX) Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

### 1. Foreign currency transactions

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items balance shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange differences are recognized in profit or loss for the current period, except for those exchange differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalized as cost of the borrowings.

### 2. Translation of foreign currency financial statements

All assets and liabilities items in the balance sheet are translated based on spot exchange rate on the balance sheet date; owners' equity items other than "undistributed profit" are translated at a spot exchange rate when accrued. Revenue and expense items in the income statement are translated at a spot exchange rate at the transaction occurrence date.

For disposal of overseas operation, the difference arising from the translation of the foreign currency financial statements of the overseas operation, is transferred from owners' equity to profit or loss.

## (X) Financial Instruments

When the Company becomes a party to a financial instrument contract, it recognizes a financial asset, financial liability or equity instrument.

### 1. Classification of the financial instruments

According to the business model of the Company's management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as: Financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income, and financial assets that are measured at fair value through profit or loss.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value through profit or loss of the current period as financial assets measured at amortized cost:

- The goal of business model is to collect the contract cash flow;
- The contract cash flow is only used for payment of the principal and the interest based on the outstanding principal amount.

The Company classifies the financial assets that simultaneously meet the following conditions and are not designated to be measured at fair value through profit or loss as financial assets that are measured at fair value through other comprehensive income (debt instruments):

- The goal of business model is to both collect the contract cash flow and to sell the financial asset;
- The contract cash flow is only used for payment of the principal and the interest based on the outstanding principal amount.

For non-trading equity instrument investments, the Company may at the initial recognition irrevocably designate them as a financial asset (equity instrument) that is measured at fair value through other comprehensive income. The designation is made on a single investment basis and the related investments meet the definition of an equity instrument from an issuer's perspective.

Except for the above financial assets that are measured at amortized cost and at fair value through other comprehensive income, the Company classifies all remaining financial assets as financial assets measured at fair value through profit or loss.

The Company may, at initial recognition, irrevocably designate a financial asset that shall be otherwise reclassified as financial assets measured at amortized cost or at fair value through other comprehensive income as financial assets that are measured at fair value through profit or loss if doing so would eliminate or significantly reduce any accounting mismatch.

Financial liabilities are, at initial recognition, classified as financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost.

When meeting the criteria as followed, the Company may, at initial recognition, designate a financial liability as measured at fair value through profit or loss:

- 1) It eliminates or significantly reduces any accounting mismatch
- 2) A group of financial liabilities or a mix of financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.
- 3) The financial liabilities conclude embedded derivatives which can be split separately.

## 2. Recognition and measurement of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and debt investment, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount; Accounts receivable that do not contain significant financing components and accounts receivable that the Company has decided not to consider for a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated by the effective interest method during the period of holding is included in the current profit and loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in the current profit and loss.

(2) Financial assets measured at fair value through other comprehensive income (debt instruments)

Financial assets (debt instruments) that are measured at fair value through other comprehensive income include financing receivables, other debt investments, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains and losses calculated using the effective interest method.

When the recognition is terminated, the accumulated gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss.

(3) Financial assets measured at fair value through other comprehensive income (equity instruments)

Financial assets measured by fair value through other comprehensive income (equity instruments), including other equity instruments investment, are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profits and losses.

When the recognition is terminated, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in retained earnings.

(4) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include held-for-trading financial assets, derivative financial assets and other non-current financial assets, which are initially measured at fair value and related transaction costs are recognized in profit or loss. The financial assets are subsequently measured at fair value, and changes in fair value are recognized in profit or loss.

(5) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss, including held-for-trading financial liabilities, derivative financial liabilities, etc., are initially measured at fair value, and related transaction expense is recognized in profit or loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are recognized in profit or loss.

In the case of derecognition, the difference between the book value and the consideration paid is recognized in profit or loss.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include short-term borrowings, bills payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, initially measured at fair value, and related transaction costs are included in the initial recognition amount.

Interest calculated by the effective interest method during the period of holding is included in the current profit and loss.

In the case of derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss.



### 3. Derecognition and transfer of financial assets

The Company shall derecognize a financial asset if one of the following conditions is satisfied:

- termination of the contractual right to receive cash flows from the financial asset;
- the financial asset has been transferred and virtually all the risks and rewards of the ownership of the financial asset have been transferred to the transferee;
- The financial asset has been transferred, and while the Company has neither transferred nor retained virtually all of the risks and rewards of ownership of the financial asset, it has not retained control on the financial asset.

When a financial asset is transferred by the Company, it shall not be derecognized if the Company has retained nearly all the risks and rewards related to the ownerships of the financial asset.

The substance-over-form principle shall be adopted while making a judgment on whether the transfer of financial assets satisfies the above conditions for derecognition.

The transfer of financial assets could be classified into entire transfer and partial transfer. If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the two amounts below shall be recorded into profit or loss for the period:

- (1) The carrying amount of the financial asset transferred;
- (2) The consideration received as a result of the transfer, plus the accumulative amount of the change in fair value previously recorded into the owners' equities directly (in cases where the transferred financial assets are financial assets (debt instruments) measured at fair value with changes included in other comprehensive income).

If the partial transfer of financial assets satisfies the conditions for termination of recognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognized part and the remaining part, and the difference between the two amounts below shall be recorded into profit or loss for the current period:

- (1) The carrying amount of the derecognized portion;
- (2) The sum of consideration of the derecognized portion and the corresponding portion of accumulated change in fair value previously recorded into owners' equity (in cases where the transferred financial assets are financial assets (debt instruments) measured at fair value with changes included in other comprehensive income).

Financial assets will remain to be recognized if they fail to satisfy the conditions for derecognition, with the consideration received recognized as a financial liability.

### 4. Derecognition of financial liabilities

When the current obligation under a financial liability is completely or partially discharged, the whole or relevant portion of the liability is derecognized; an agreement is entered between the Company and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, derecognize the original financial liabilities as well as recognize the new financial liabilities.

If all or part of the contract terms of the original financial liabilities are substantially amended, the original financial liabilities will be derecognized in full or in part, and the financial liabilities whose terms have been amended shall be recognized as a new financial liability.

When financial liabilities is derecognized in full or in part, the difference between the carrying amount of the financial liabilities derecognized and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

Where the Company repurchases part of its financial liabilities, the carrying amount of such financial liabilities will be allocated according to the relative fair value between the continued recognized part and derecognized part on the repurchase date. The difference between the carrying amount of the financial liabilities derecognized and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

## **5. Method of determining the fair values of financial assets and liabilities**

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Company uses the valuation technique that is appropriate under the circumstances and supported by sufficient available data and other information, and selects inputs that are consistent with the characteristics of the asset or liability that market participants consider in the transaction of the asset or liability, with priority given to relevant observable inputs. Unobservable inputs are used under the circumstance that the relevant observable inputs cannot be obtained or not feasible.

## **6. Testing methodology and accounting for impairment of financial assets**

The Company estimates the expected credit losses of financial assets measured at amortized cost and financial assets (debt instruments) measured at fair value through other comprehensive income and financial guarantee contract, either individually or in combination.

The Company calculates the probabilistic weighted amount of the present value of the difference between the cash flows receivable under the Contract and the cash flows expected to be received and recognizes the expected credit loss, taking into account reasonable and evidential information concerning past events, current conditions and projections of future economic conditions, and weighting the risk of default.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision at the amount equivalent to the expected credit loss for the entire life of the financial instrument; If the credit risk of the financial instrument has not increased significantly since the initial confirmation, the Company measures its loss provision at the amount equivalent to the expected credit loss for the financial instrument over the next 12 months. Amount increased or reversed of the loss provision resulting therefrom shall be credited to the current profit or loss as an impairment loss or gain.

The Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of a default occurring on the balance sheet date with the risk of a default occurring on the date of initial recognition to determine the relative change in the risk of a default occurring over the expected life of the financial instrument. Generally, once the overdue period is more than 30 days, the Company may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of a financial instrument on the balance sheet date is low, the Company does not consider that the credit risk of the financial instrument has increased significantly since its initial recognition.

If there is objective evidence that a financial asset has suffered credit impairment, the Company shall make provision for impairment of the financial asset on a single basis.

For receivables and contract assets arising from transactions regulated by Accounting Standards for Business Enterprises No. 14 – Revenue (2017), the Company always measures its loss provision at an amount equivalent to the expected credit loss over the lifetime, whether or not it contains a material financing component.

For lease receivables, the Company always elects to measure its loss allowance at an amount equal to lifetime expected credit losses.

Where the Company no longer reasonably expects the contractual cash flows of a financial asset to be recovered in whole or in part, the carrying amount of the financial asset is written down directly.

## (XI) Impairment of Receivables

Receivables of the Company mainly include account receivables, notes receivable, financing receivables, contract assets, other receivables and long-term receivables. If there is objective evidence on the balance sheet date that any receivable is impaired, the Company recognizes the impairment loss based on the difference between the book value and the present value of estimated future cash flows.

### 1. Accounts receivable and notes receivable

For accounts receivable or notes receivable, whether it contains significant financing components, the Company always measures its loss allowance at an amount equal to lifetime expected credit losses, and the increase or reversal of the loss provision resulting therefrom is included in the current profit or loss as an impairment loss or gain.

- (1) Accounts receivable and notes receivable with individual provision for bad debt

For other accounts receivable and notes receivable with objective evidence indicating impairment and those suitable for individual assessment, impairment test shall be conducted separately to recognize the expected credit loss with impairment provision made on an individual basis.

- (2) Receivables with bad debt provision on a group basis

For accounts receivable and notes receivable without objective evidence of impairment, or when the information of expected credit loss cannot be evaluated at reasonable cost on an individual basis, the Company classifies them into several groups according to the characteristics of credit risk, and calculates the expected credit loss on a group basis. The basis for grouping is as follows:

#### The basis for grouping

Notes group	Taking the credit standing of acceptance bank or acceptor as the credit risk characteristics for grouping
Aging group	Taking the aging of receivables as the credit risk characteristic for grouping
Related party group	Taking the relationship between receivables and counterparties as the credit risk characteristics for grouping
Earnest money and security deposit group	Taking the nature of accounts receivable as the credit risk characteristic for grouping

#### The method for bad debt provision on a group basis

Notes group	Other method
Aging group	Accruing bad debt provision based on aging
Related party group	Other method
Earnest money and security deposit group	Other method

The Company groups its accounts receivable based on similar credit risk characteristics and estimates the proportion of bad-debt provision based on all reasonable and supportable information, including forward-looking information:

<b>Aging</b>	<b>Proportion of provision for bad debt (%)</b>
0-6 months	0
7-12 months	5
1-2 years	10
2-3 years	15
3-4 years	30
4-5 years	50
Over 5 years	100

In the groups, other methods are used to provide for bad debts:

When there is objective evidence that the Company will not be able to recover an account receivable in full with the original terms, the impairment test is carried out separately and the provision for bad debt is made based on the difference between the present value of the future cash flow of the account receivable and its book value.

## **2. Financing receivables**

When notes receivable and accounts receivable meet the following conditions at the same time: 1) the contract cash flow is the payment of the principal and the interest based on the outstanding principal amount; 2) the Company's business model for managing notes receivable and accounts receivable are aimed at both collecting the contract cash flow and selling.

The Company classified it into financial assets measured at fair value with the changes included in other comprehensive income and list it as receivables financing in the statement. For relevant specific accounting treatment methods Please refer to the paragraph headed "(X) Financial instruments" under Note III herein.

Where the expected credit losses of notes receivable and accounts receivable cannot be assessed at reasonable cost on an individual basis, the Company classifies them into several groups according to the characteristics of credit risk, and calculates the expected credit losses on a group basis. If there is objective evidence to show that notes receivable or accounts receivable have suffered credit impairment, the Company shall provide for bad debts for such receivables on an individual basis and recognize expected credit loss accordingly. For the notes receivable and accounts receivable divided into groups, the impairment loss measurement method of the aforesaid accounts receivable shall be applied.

## **3. Other receivables**

For the measurement of impairment loss of other receivables, it is treated in accordance with the measurement method of impairment loss of the aforementioned accounts receivable.

## **4. Others**

For other receivables such as advanced payment, interest receivable, long-term receivables, the provision for bad debts is made based on the difference between the present value of future cash flows and its book value.

## (XII) Inventories

### 1. Category and cost of inventory

Inventories include raw materials, circulating materials, goods in stock, work in progress, goods in transit, materials commissioned for processing, cost of contract performance and so on.

Inventories are initially measured at cost, which contains procurement cost, processing cost and other expenses incurred for bringing such inventories to their present location and condition.

### 2. Determination of cost of inventories delivered

Cost of inventories on delivery is determined using first-in, first out method.

### 3. Basis for the determination of net realisable value of different type of inventories

At the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. Where the cost of an inventory exceeds its net realizable value, a provision shall be made for the decline of the inventory price. Net realizable value refers to the estimated selling price of inventories in daily activities after deducting the estimated costs to be incurred up to the time of completion, the estimated sales expenses and the relevant taxes and fees.

Net realisable value of held-for-sale commodity stocks, such as finished goods, goods-in-stock, and held-for-sale materials, during the normal course of production and operation, shall be determined by their estimated selling price less the related selling expenses and taxes; the net realizable value of material inventories, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods; the net realisable value of inventories held for execution of sales contracts or labour contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realisable value of the exceeding part shall be calculated on the ground of general selling price.

If the net realizable value of the inventory is higher than its book value due to the disappearance of the factors that previously wrote down the value of the inventory after the withdrawal of the inventory depreciation provision, it shall be reversed within the amount of the inventory depreciation provision that has been originally withdrawn, and the reversed amount shall be recorded into the current profit and loss.

### 4. Inventory system

The perpetual inventory system is adopted.

### 5. Amortization of low-value consumables and packaging materials

- (1) Low-value consumables are amortized using the immediate write-off method;
- (2) Packaging materials are amortized using the immediate write-off method.

### (XIII) Contract Assets

#### 1. Recognition methods and standards of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's right to receive consideration for goods transferred or services provided to customers is presented as a contract asset if such right is conditional on factors other than the passage of time. Contract assets and contract liabilities under the same contract are presented on a net basis. The Company's rights to receive consideration from customers are presented separately as receivables if such rights are unconditionally (only the passage of time is required before payment is due).

#### 2. Determination and accounting treatment of expected credit loss of contract assets

For the determination and accounting treatment of expected credit loss of contract assets, please refer to the paragraph headed "(X) 6. Testing methodology and accounting for impairment of financial assets" under Note III herein.

### (XIV) Assets Classified as Held-for-Sale

A non-current asset or disposal group is classified as held for sale if its carrying amount is recovered primarily through a sale (including the exchange of non-monetary assets with commercial substance) rather than through continuing use.

The Company classifies non-current assets or disposal groups that meet both of the following conditions as assets held for sale:

- (1) The assets or disposal groups must be available for immediate sale immediately in their present condition subject only to terms that are usual and customary for sales of such assets or disposal groups in similar transactions;
- (2) The disposal is highly probable, i.e. the Company has made a resolution on a disposal plan and has obtained a firm purchase commitment, and the disposal is expected to be completed within one year. Where the relevant regulations require the Company to obtain approval from relevant authority or regulator for the sale, such approval has been obtained.

### (XV) Long-term Equity Investments

#### 1. Criteria of common control or significant influence

Common control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. The Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over the investee, the investee is an associate of the Company.

#### 2. Determination of initial investment cost

- (1) Long-term equity investments resulting from business combinations

For a long-term equity investment in a subsidiary arising from a business combination under common control, the initial investment cost shall be the carrying value of the owners' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combination. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid shall be used to adjust the share premium in the capital reserve; and if the share premium in the capital reserve is insufficient to be offset, retained earnings shall be adjusted. In connection with imposing control over the investee under common control as a result of additional investment and other reasons, the difference between initial investment cost of the long-term equity investment recognized under the abovementioned principles and the carrying value of long term equity investment before combination and the sum of carrying value of consideration paid for additional shares acquired on the date of combination shall be used to adjust share premium. If the balance of share premium is insufficient to offset, any excess is adjusted to retained earnings.

For a long-term equity investment in a subsidiary arising from business combination not under common control, the initial investment cost shall be the cost of the combination recognized on the date of acquisition. In connection with imposing control over the investee not under common control as a result of additional investment and other reasons, the initial investment cost shall be the sum of the carrying value of the equity investment originally held and the additional investment cost.

- (2) Long-term equity investments acquired by other means

The initial investment cost of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which it is actually paid.

The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

### 3. Subsequent measurement and recognition of profit or loss

- (1) Long-term equity investment accounted for under cost method

Unless the investment meets the criteria for being held for sale, long-term equity investment in subsidiaries of the Company is accounted for under cost method. Except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment income is recognized as the Company' shares of the cash dividends or profits declared by the investee.

- (2) Long-term equity investment accounted for under equity method

Long-term equity investments in associated companies and joint ventures are accounted for under equity method. Where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be included in profit or loss for the current period, and the cost of long-term equity investments shall be adjusted at the same time.

The Company recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realized by the investee which it shall be entitled or shared respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments; The carrying value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes in owner's equity except for net profits and losses, other comprehensive income and profit distributions of the investee ("other changes in owner's equity"), the carrying value of long-term equity investments shall be adjusted and included in owner's equity.

When determining the amount of proportion of net profit or loss, other comprehensive income and other changes in owner's equity in the investee which it entitles, fair value of each identifiable assets of the investee at the time when the investment is obtained shall be used as basis, and according to the accounting policies and accounting period of the Company, adjustment shall be made to the net profit and other comprehensive income of the investee.

The unrealized profit or loss resulting from transactions between the Company and its associates or joint venture shall be eliminated in portion to the investor's equity interest of investee, based on which investment income or loss shall be recognized, except that the assets contributed or sold constitute a business. Any losses resulting from transactions, which are attributable to impairment of assets, shall be fully recognized.

For the net loss incurred by a joint venture or an associated company, except for the obligation to bear additional losses, the Company may share the losses, to the extent that the carrying amount of the long-term equity investment and other long-term interests that in substance constitute a net investment in the joint venture or the associate are written off to zero. Where a joint venture or associated company subsequently achieves net profit, the Company resumes recognition of the share of profits after the share of profits covers the unrecognized share of losses.

(3) Disposal of long-term equity investments

For disposal of long-term equity investment, the difference between the carrying amount and the consideration actually received shall be included in the current profit or loss.

For partial disposal of long-term equity investment under the equity method, if the remaining equity interests are still accounted for under the equity method, other comprehensive income originally accounted for under equity method shall be carried forward in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. The other changes in owner's equity shall be transferred in proportion into the current profit or loss.

When the Group loses the controls or material influence over the investee due to disposal of equity investment and other reasons, for other comprehensive income recognized in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. All other changes in owner's equities shall be transferred into the current profit or loss when ceasing to use the equity method.

When the Group loses the controls over the investee due to partially disposal of equity investment and other reasons, the remaining equities after disposal shall be accounted for under equity method in preparation of individual financial statements provided that common control or material influence over the investee can be imposed, and shall be adjusted as if such remaining equities has been accounted for under the equity method since they are obtained. Other comprehensive income recognized before obtaining control of the investee shall be carried forward on a pro-rata basis on the same basis as the related assets or liabilities directly disposed of by the investee, and other changes in owners' equity recognized under the equity method are carried forward on pro-rata basis to the current profit or loss. Where the remaining equities after disposal cannot impose common control or material influence over the investee, it shall be recognized as financial assets, and the difference between fair value and the carrying value on the date of losing control shall be included in the current profit or loss. All other comprehensive income and other changes in owner's equity recognized before obtaining control of the investee shall be carried forward.

Where the equity investment in a subsidiary is disposed of step by step through a series of transactions until the loss of control, each transaction is accounted for as a transaction that disposes of the equity investment in the subsidiary and loses control. The difference between the consideration of each disposal before the loss of control and the carrying amount of the long-term equity investment corresponding to the equity interest disposed of is recognized as other comprehensive income in the individual financial statements and transferred to profit or loss for the current period when the control is lost. Where the disposal is not carried out through a series of transactions, each transaction is accounted for separately.

## (XVI) Investment Properties

Investment properties are held to earn rentals or for capital appreciation or both which include leased land use rights; land use rights held for sale after appreciation; leased buildings (including buildings after self-completion of construction or development for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in future).

The Company's existing investment properties are measured at cost. Subsequent expenses relating to investment properties are included in the cost of investment properties when it is probable that the related economic benefits will flow in and the cost can be measured reliably. Otherwise, they are included in profit or loss when incurred. Investment properties measured at cost – buildings held for leasing shall adopt the same depreciation policy for fixed assets of the company, land use rights held for leasing shall adopt the same amortization policy for the intangible as



## (XVII) Fixed Assets

### 1. Conditions for recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have a useful life of more than one accounting year. Fixed asset is recognized when it meets the following conditions:

- (1) It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) Its cost can be reliably measured.

Fixed assets are initially measured at cost, taking into account the effect of expected discarding costs.

Subsequent expenditures relating to fixed assets are included in the cost of fixed assets when it is probable that economic benefits will flow in and the cost can be measured reliably. The carrying amount of the replaced part is derecognized; all other subsequent expenses are charged to profit or loss when incurred.

### 2. Method for depreciation

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. For fixed assets for which an impairment allowance has been made, the amount of depreciation is determined in future periods based on the carrying amount net of the impairment allowance and based on the useful life. Where the parts of a fixed asset have different useful lives or cause economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each part is depreciated separately.

The depreciation method, useful life of depreciation, residual value and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Useful lives of depreciation (years)	Estimated residual value (%)	Annual depreciation rate (%)
Housing and building	straight line method	20–30	5	3.17–4.75
Machinery and equipment	straight line method	5–11	0–10	8.18–20.00
Motor vehicles	straight line method	5–10	0–5	9.50–20.00
Electronic equipment	straight line method	2–10	2–10	9.00–49.00
Other equipment	straight line method	2–5	0–10	18.00–50.00
Operating leased fixed assets:				
Housing and building	straight line method	20–30	5	3.17–4.75

### 3. Disposal of fixed assets

A fixed asset is derecognized when it is disposed of, or no economic benefits are expected from its use or disposal. Disposal income from the sale, transfer, retirement or damage of fixed assets is included in the current profit or loss after deducting its carrying amount and relevant taxes and fees.

## (XVIII) Construction in Progress

Construction in progress is measured at actual costs incurred. Actual costs include construction costs, installation costs, borrowing costs qualified for capitalization and other expenses necessary to bring the work in progress to its intended usable conditions. Construction in progress is transferred to fixed assets and depreciated from the following month when it reaches its intended usable conditions.

## (XIX) Borrowing Costs

### 1. Criteria for recognition of capitalized borrowing costs

For borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets qualified for capitalization, the costs will be capitalized and included in the costs of the related assets. Other borrowing costs shall be recognized as expense in the period in which they are incurred and included in profit or loss for the current period.

Assets qualified for capitalization are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

### 2. Capitalization period of borrowing costs

The capitalization period shall refer to the period between the commencement and the cessation of capitalization of borrowing costs, excluding the period in which capitalization of borrowing costs is temporarily suspended.

Capitalization of borrowing costs begins when the following three conditions are fully satisfied:

- (1) expenditures for the assets (including cash paid, transferred non-currency assets or expenditure for bearing interest-bearing debt for the acquisition, construction or production of assets qualified for capitalization) have been incurred;
- (2) borrowing costs have been incurred;
- (3) acquisition, construction or production that are necessary to enable the asset reach its intended usable or saleable condition have commenced.

Capitalization of borrowing costs shall be suspended during periods in which the qualifying asset under acquisition and construction or production ready for the intended use or sale.

### 3. Suspension of capitalization period

Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as profits and losses of the current period. When the acquisition and construction or production of the asset resumes, the capitalization of borrowing costs continues.

#### 4. Calculation of capitalization rate and amount of borrowing costs

Specific borrowings for the acquisition, construction or production of assets qualified for capitalization, borrowing costs of the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or as investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalization.

General borrowings for the acquisition, construction or production of assets qualified for capitalization, the to-be-capitalized amount of interests on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specifically borrowed loans by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined according to the weighted average actual interest rate of the general borrowing.

During the capitalization period, the difference between the exchange of the principal and interest of the special foreign currency borrowing shall be capitalized and accounted into the cost of the assets eligible for capitalization. The exchange difference arising from the principal and interest of foreign currency borrowings other than special foreign currency borrowings is included into the current profit and loss.

### (XX) Intangible Assets

#### 1. Valuation method of intangible assets

- (1) Intangible assets are initially measured at cost upon acquisition;

The costs of an externally purchased intangible asset include the purchase price, relevant taxes and expenses paid, and other expenditures directly attributable to putting the asset into condition for its intended use.

- (2) Subsequent measurement

The Company shall analyses and judges the useful life of intangible assets upon acquisition.

As for intangible assets with a finite useful life, they are amortized over the term in which economic benefits are brought to the firm; If the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortized.

## 2. Estimated useful lives for the intangible assets with finite useful life:

Item	Estimated useful lives (years)	Amortisation method
Land use rights	16.75-50	Straight line method
Trademark rights	10	Straight line method
Computer software	5-10	Straight line method
Patents	10	Straight line method
Software copyright	10	Straight line method
Non-patented technology	5	Straight line method

## 3. Judgment basis and review procedure of intangible assets with indefinite useful life

The useful life of intangible assets with indefinite useful life is reviewed at the end of each period.

## 4. Specific criteria for the division of research stage and development stage

The expenses for internal research and development projects of the Company are divided into expenses in the research stage and expenses in the development stage.

Research stage: Scheduled innovative investigations and research activities to obtain and understand scientific or technological knowledge.

Development stage: Apply the research outcomes or other knowledge to a plan or design prior to a commercial production or use in order to produce new or essentially-improved materials, devices, products, etc.

## 5. Specific criteria for capitalization at development stage

Expenditures for the research stage are charged to profit or loss when incurred. Expenditures for the development stage and fulfilling all following criteria shall be recognized as intangible assets while those failing to meet the following criteria shall be included in profit or loss of the current period:

- (1) It is technically feasible to complete the intangible assets so that they can be used or sold;
- (2) The Company has intention to complete the intangible assets and use or sell them;
- (3) The way in which the intangible asset generates economic benefits, including the ability to prove the existence of a market for the products produced using the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if it is to be used internally;
- (4) Company has sufficient technical, financial and other resources support to complete the development of the intangible assets, thereafter, has the ability to use it or sell it;
- (5) The expenditure attributable to the development stage of the intangible assets can be reliably measured.

If it is not possible to separate the research stage expenditure from the development stage expenditure, all the research and development expenditure incurred shall be included in the profit or loss of the current period.

## **(XXI) Impairment of Long-term Assets**

Long-term assets, such as long-term equity investment, investment properties, fixed assets, projects under construction, right-of-use assets, intangible assets with a finite useful life and oil and gas assets that measured at cost are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year, regardless of whether there is an indication of impairment.

When the Company carry out impairment test to goodwill, the Company shall, as of the purchasing day, allocate on a reasonable basis the carrying value of the goodwill formed by business combination to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the sets of asset groups. The relevant asset group or sets of asset groups is an asset group or sets of asset groups that can benefit from the synergies of a business combination.

For the purpose of impairment test on the relevant asset groups or the sets of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or sets of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset groups or sets of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognize the corresponding impairment loss. Then the Company will make an impairment test on the asset groups or sets of asset groups containing goodwill, and compare the carrying value of these asset groups or sets of asset groups with the recoverable amount. Where the recoverable amount of the relevant assets or sets of the asset groups is lower than the carrying value thereof, the amount of the impairment loss is first set off against the carrying amount of goodwill allocated to the asset group or sets of asset groups and then set off against the carrying amount of each other asset in the asset group or sets of asset group on a pro-rata basis based on the proportion of the carrying amount of each other asset other than goodwill.

Once the above asset impairment loss is recognized, it will not be reversed in the subsequent accounting periods.

## **(XXII) Long-term Deferred Expenses**

Long-term deferred expenses are those expenses that have been incurred but for which the period of apportionment is more than one year and should be borne by the current and future periods.

Long-term deferred expenses incurred by the Company are measured at actual cost and amortized evenly over the expected period of benefit. For long-term deferred expenses that cannot benefit future accounting periods, the amortized value of such items is fully included in the profit or loss of the current period when determined.

## **(XXIII) Contract Liabilities**

The Company shall list the contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payment. The obligation of the Company to transfer goods or provide services to customers due to the consideration received or receivable from customers is listed as contract liabilities. Contract assets and liabilities under the same contract are presented in net amount.

## **(XXIV) Employee Remuneration**

### **1. Method of accounting treatment for short-term remuneration**

During the accounting period when the staff provides service, the Company recognizes the short-term remuneration actually incurred as liabilities, and the liabilities would be charged into current profit and loss or costs of relevant assets.

The Company pays social insurance and housing funds, and will make provision of trade union funds and staff education costs in accordance with the requirements. During the accounting period when the staff provides service, the Group determines the relevant amount of employee benefits in accordance with the required provision basis and provision ratios.

Employee benefits incurred by the Company are included in the current profit or loss or the related cost of assets based on the actual amount incurred when actually incurred, among which non-monetary benefits are measured at fair value.

## 2. Method of accounting treatment for retirement benefit plan

### (1) Defined contribution scheme

The Company pays basic pension insurance and unemployment insurance in accordance with the relevant provisions of the local government for the staff. During the accounting period when the staff provides service, the Company calculates the amount payable in accordance with the local stipulated basis and proportions which will be recognized as liabilities, and the liabilities would be charged into current profits and loss or costs of assets.

In addition, the Company also participates in the supplementary pension insurance scheme as approved by the relevant national authorities. The Company makes payment to local social insurance agencies based on a certain proportion of total staff remunerations. Corresponding expenditure is included in the profit or loss for the current period or costs of related assets.

### (2) Defined benefit scheme

The welfare responsibilities generated from defined benefit scheme based on the formula determined by projected unit credit method would be vested to the service period of the staff and charged into current profits and loss or costs of relevant assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognized as net liabilities or net assets. When the defined benefit scheme has surplus, the Company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual Reporting Period during which the staff provided service, were discounted based on the bond market yield of sovereign bond matching the term of defined benefit plans obligations and currency or corporate bonds of high quality in the active market on the balance sheet date.

The service cost incurred by defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged into the current profits and loss or relevant costs of assets. The changes generated from the re-measurement of the net liabilities or net assets of the defined benefit scheme would be included in the other comprehensive income and are not reversed to profit or loss in a subsequent accounting period. The portion originally included in other comprehensive income is carried forward to unallocated profit to the extent of equity upon termination of the original defined benefit schemes.

When the defined benefit scheme is settled, the gain or loss is recognized based on the difference between the present value of obligations and the settlement price of the defined benefit scheme as at the balance sheet date.

## 3. Method of accounting treatment for termination benefits

Where the Company provides termination benefits to employees, the employee compensation liability arising from the termination benefits shall be recognized and included in the current profit or loss in the following cases (whichever the earliest): when the Company cannot unilaterally withdraw the termination benefits provided due to the termination of labor relationship plan or dismissal proposal; or when the Company recognizes costs or expenses associated with a reorganization involving the payment of termination benefits.

## (XXV) Estimated liabilities

The Company shall recognize the obligations related to contingencies as estimated liabilities, when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the group;
- (2) it is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

Estimated liabilities shall be initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors pertaining to a contingency such as risk, uncertainties, and time value of money shall be taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, the best estimate shall be determined by discounting the related future cash outflow.

Where some or all of the expenditure required to settle an estimated liability is expected to be reimbursed by a third party, the reimbursement is separately recognized as an asset when it is virtually certain that the reimbursement will be received. The amount recognized for the reimbursement is limited to the carrying amount of the liability recognized.

If the Company reviews the carrying amount of the estimated liabilities at the balance sheet date and there is conclusive evidence that the carrying amount cannot reflect the current best estimate, the carrying amount is adjusted based on the current best estimate.

## (XXVI) Share-based Payment

The Company's share-based payment represents transactions in which the Company receives services from employees or other parties by granting equity instruments or incurring liabilities that are based on the price of the equity instruments to the employee or other suppliers. The Company's share-based payments included equity-settled share-based payments and cash-settled share-based payments.

### 1. Equity-settled share-based payment and equity instrument

The equity-settled share-based payment in return for services of employees shall be measured at the fair value of the equity instrument granted to the employees. For share-based payment transactions with immediate vesting rights, the related costs or expenses are included at the grant date at the fair value of the equity instruments, with a corresponding increase in capital reserve. For share-based payment transactions which is exercisable after the vesting period or subject to the required performance conditions, the Company included the services received in the current period to the related costs or expenses based on the best estimate of the number of vesting equity instruments at the fair value at the grant date at each balance sheet date in the vesting period, with a corresponding increase in capital reserve.

If the granted equity instruments are cancelled during the vesting period, the Company treats the cancellation of the granted equity instruments as an accelerated exercise of rights by immediately crediting the amount to be recognized during the remaining vesting period to the profit or loss of the current period and simultaneously recognizing the capital reserve. However, if new equity instruments are granted and they are verified at the granting date of new equity instrument as alternatives vested to cancel equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of original equity instrument.

### 2. Cash-settled share-based payments and equity instrument

A cash-settled share-based payment shall be measured at fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Group. For share-based payment transactions with immediate vesting rights, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. For share-based payment transactions which are exercisable after the vesting period or subject to the required performance conditions, the services received in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company at each balance sheet date in the vesting period. For each of the balance sheet date and settlement date before the settlement of the relevant liabilities, fair value of the liabilities will be remeasured and the changes will be included in the profit or loss for the current period.

## (XXVII) Preference Shares, Perpetual Bonds and Other Financial Instruments

In accordance with the terms of the contract and the economic substance of the issued preference shares/perpetual bonds reflected therein rather than in legal form only, the Company classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments upon initial recognition.

Financial instruments such as perpetual bonds/preference shares issued by the Company meeting one of the following conditions, shall be classified as financial liabilities as a whole or its components at initial recognition:

- (1) The Company cannot unconditionally avoid contractual obligations performing by delivering cash or other financial assets;
- (2) Contract obligations including delivery of variable number of own equity instruments for settlement;
- (3) It includes derivative instruments (such as rights to convert into shares, etc.) that are settled by their own equity, and the derivative instruments cannot exchange fixed amount of cash or other financial assets with fixed amount of their own equity instruments for settlement;
- (4) There are contract terms that indirectly form contractual obligations;
- (5) When the issuer liquidates, the perpetual bonds are in the same order as the ordinary bonds and other debts issued by the issuer.

Financial instruments such as perpetual bonds/preference shares that do not meet any of the above conditions shall be classified as equity instruments at initial recognition.

## (XXVIII) Revenue

### 1. General principle of revenue recognition

The Company recognizes revenue when it meets its contractual performance obligation, namely when the customers obtain the control over the related goods or services. Obtaining control over a related good or service means being able to dominate the use of the good or service and derive substantially all of its economic benefits therefrom.

Where a contract contains two or more performance obligations, the Company allocates the transaction price to each individual performance obligation at the commencement date of the contract based on a relative proportion of the individual selling prices of the goods or services to which the individual performance obligations relate. The Company measures revenue at the transaction price allocated to each individual performance obligation.

Transaction price represents the amount of consideration to which the Company is expected to be entitled for the transfer of goods or services to customers, excluding amounts received on behalf of third parties and amounts expected to be returned to customers. The Company determines the transaction price in accordance with the terms of the contract and with reference to its past practice. In determining the transaction price, the Company takes into account the effects of variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price that contains the variable consideration at an amount that does not exceed the amount that is highly unlikely to result in a material reversal of the revenue that has been recognized cumulatively when the relevant uncertainty is eliminated. Where there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable that is assumed to be paid in cash when the customer obtains control of the goods or services and amortizes the difference between the transaction price and the contract consideration over the contract period using the effective interest method.

If one of the following criteria is met, the Company satisfies a performance obligation over time, the performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- customers are able to control the goods created during the Company's performance;
- the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date during the term of the contract.

For performance obligations that are performed over time, the Company recognizes revenue based on the progress of the performance over that period of time, except where the progress of the performance cannot be reasonably determined. The Company uses the output method or the input method to determine the performance progress, taking into account the nature of the goods or services. When the performance progress cannot be reasonably determined, the Company recognizes revenue based on the amount of costs incurred, if the costs incurred are expected to be reimbursed, until the performance progress can be reasonably determined.



For performance obligations performed at a point in time, the Company recognizes revenue at the point in time when the customer obtains control over the related goods or services. In determining whether the customer has obtained control over the goods or services, the Company considers the following indicators:

- The Company has a present right to receive the payment for the goods or services, i.e. a customer has a present right to payment for the goods or services;
- The Company has transferred the legal title of the goods to the customer, i.e. the customer already owns the legal title of the goods.
- The Company has transferred physical possession of the goods to the customer, i.e. the customer has possessed the goods;
- The Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e. the customer has the significant risks and rewards of ownership of the goods;
- The customer has accepted the goods or services.

## 2. Specific principle of revenue recognition

### (1) Revenue recognition over time

For providing services such as intelligent factory system integration, intelligent transportation and building installation, the Company recognizes revenue over time based on the progress of performance because the customer simultaneously receives and consumes the benefits provided by the Company as the Company performs performance obligation and the Company has the right to ask for payment for the part of the performance that has been completed so far throughout the contract period, unless the progress of the performance cannot be reasonably determined. The Company determines the progress of the performance of the service in accordance with the output method. If the performance of the Company is expected to be compensated if the performance cannot be reasonably determined, the revenue will be recognized according to the amount of cost incurred, until the progress of the performance can be reasonably determined.

### (2) Revenue recognition at a point in time

The sales of industrial robots, electronic manufacturing products, information network equipment and consumer electronic products and etc. are performance obligations fulfilled at a point in time to recognize revenue. The recognition of the revenue of products in domestic market should meet the following conditions: the Company has delivered the products to the customer based on contract and the customer has accepted the goods; the payment has been recovered or the receipt of goods has been obtained; the relevant economic benefits are likely to flow in; the main risk of ownership of the goods has been transferred, and the legal title of the goods has been transferred. The recognition of the revenue of the exported products should meet the following conditions: the Company has declared the goods according to the contract, obtained the bill of lading, has recovered the payment or obtained the receipt certificate and the relevant economic benefits are likely to flow in, and the main risks and rewards of the ownership of the goods have been transferred. The legal title of the goods has been transferred.

### (3) Leasing services

Rental income is recognized on a straight-line basis over the term of the lease as agreed in the lease contract or agreement (the rent-free period is also considered if applicable). For details, please refer to the paragraph headed "(XXXII) the relevant disclosures on the accounting policies for leases" under Note III herein.

### (4) Others

Others are applicable to property management, park services etc. Revenue shall be recognized according to the straight line method as stipulated in the contract.

### (XXIX) Contractual Costs

Contract costs comprise contract performance costs and contract acquisition costs.

The costs incurred by the Company for the performance of the contract, which are not covered by relevant standards on inventories, fixed assets or intangible assets, are recognized as an asset as contract performance costs when the following conditions are met:

- This cost is directly related to a current or expected contract.
- This cost increases the resources of the company to fulfill its performance obligations in the future.
- The cost is expected to be recovered.

The incremental costs incurred by the Company for obtaining a contract shall be recognized as an asset as contract acquisition cost if the Company expects to recover those costs.

Assets related to the cost of the contract are amortized on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortization period of the contract acquisition cost is less than one year, the Company will account for the current profits and losses when incurred.

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognize it as asset impairment loss:

1. The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;
2. Estimate costs that will occur in order to transfer the relevant goods or services.

If the factors resulted in impairment in previous periods change later so that the aforesaid difference is higher than the carrying amount of the asset, the Company will reverse the impairment provision previously provided and include it in the current profit or loss. The carrying amount of the transferred asset shall not exceed the carrying amount of the asset on the reversal date presuming without the provision for impairment.

### (XXX) Government Grants

#### 1. Types

Government grants are monetary assets or non-monetary assets granted by the government to the Company at no consideration, and are classified into government grants related to assets and government grants related to revenue.

Government grants related to assets is obtained by the Company for the purposes of constructing or forming long-term assets in other ways including funds allocation for purchase of fixed assets or intangible assets, financial discount of special loans for fixed assets. Government grants related to revenue refer to the government grants other than those related to assets.

#### 2. Timing of recognition

Government grants are recognized when the Company can comply with the conditions attaching to them and the grants can be received.

### 3. Accounting treatment

Government grants related to assets should be presented as deferred income. Government grants are recognized in profit or loss on a systematic basis over the periods (recognized as other income when related to operating activities; and recognized as non-operating income when not related to operating activities);

Government grants relating to revenue that compensate the Company for related costs, expenses or losses in subsequent periods are recognized as deferred income and credited to profit or loss in the period in which the related costs, expenses or losses are recognized (those related to the Company's daily activities are included in other income; those unrelated to the Company's daily activities, included in non-operating income) or offset against related costs or losses; those used to compensate the Company for the related costs or losses incurred are directly included in the current profit or loss (those related to the Company's daily activities are included in other income; those unrelated to the Company's daily activities, included in non-operating income) or offset related costs or losses.

The Company receives the interest grants with policy reference and treats in different ways in accordance with the following situations:

- (1) If the financial authorities allocate the interest subsidies to the lending bank, and the lending bank provides the loan to the Company at the preferential interest rate according to relevant policies, the Company takes the actually received loan amount as the recorded value of the loan, and calculates the relevant borrowing costs based on the loan principal and the preferential interest rate.
- (2) If the financial authorities directly allocate the interest subsidies to the Company, the Company will offset the corresponding interest subsidies against the relevant borrowing costs.

#### (XXXI) Deferred Income Tax Assets and Liabilities

Income tax includes current income tax and deferred income tax. Except for income tax arising from business combinations and transactions or events that are directly included in owners' equity (including other comprehensive income), the Company records current income tax and deferred income tax in profit or loss of the current period.

Deferred income tax assets and deferred income tax liabilities are recognized based on the difference (temporary difference) between the tax basis of the assets and liabilities and their carrying amounts.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be reversed in the future period, deferred tax assets shall be recognized to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save as the exceptions, deferred income tax liabilities shall be recognized for the taxable temporary difference.

The exceptions for not recognition of deferred income tax assets and liabilities include:

- the initial recognition of the goodwill;
- other transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures when it is probable that the temporary differences will reverse in the foreseeable future and it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured under the tax laws at the tax rates applicable to the period in which the related assets are expected to be recovered or the related liabilities are settled.

At the balance sheet date, the Company reviews the carrying amount of deferred income tax assets. The carrying amount of deferred income tax assets is written off if it is probable that sufficient taxable income will not be available against which the benefits of the deferred income tax assets can be utilized in future periods. The amount written down is reversed when it is probable that sufficient taxable income will be available.

Current income tax assets and current income tax liabilities are presented on a net basis upon offsetting when there is a legal right to settle on a net basis and there is an intention to settle on a net basis or to acquire assets and settle liabilities simultaneously.

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented on net basis upon offsetting if they meet the following conditions:

- The taxpayer has a legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities, but in each future period in which significant deferred income tax assets and liabilities are reversed, the taxable entities involved intend to settle current income tax assets and liabilities on a net basis or acquire assets and settle liabilities simultaneously.

## (XXXII) Leases

Lease refers to a contract in which the lessor transfers the right to use the assets to the lessee for consideration within a certain period.

On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration, the contract is a lease or includes a lease.

If the contract includes multiple separate leases at the same time, the Company shall separate the contract and conduct accounting treatment for each separate lease. If the contract includes both lease and non-lease parts, the lessee and the lessor shall separate the lease and non-lease parts.

### 1. The Company as lessee

#### (1) Right-of-use assets

At the beginning of the lease term, the Company recognizes the right-of-use assets for leases other than short-term leases and low value asset leases. The right-of-use assets are initially measured at cost. This cost includes:

- The initial measurement amount of the lease liability;
- Amount of lease payment paid on or before the lease term, if there is lease incentive, the relevant amount of the enjoyed lease incentive shall be deducted;
- Initial direct expenses incurred by the Company;
- The estimated cost incurred by the Company to dismantle and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the status which agreed in the lease terms, excluding the costs attributable to the production of inventories.

The Company depreciates the right-of-use assets with reference to the relevant depreciation policies in Note III. (XVII) Fixed Assets. Where it is reasonably certain that ownership of the leased asset will be acquired at the end of the lease term, the Company depreciates the leased asset over its remaining useful life; Otherwise, the leased asset is depreciated over the shorter of the lease term and the remaining useful life of the leased asset.

The Company determines whether the right-of-use assets have been impaired in accordance with the principles described in Note III (XXI) Impairment of Long-term Assets and makes corresponding accounting treatment for the identified impairment losses.

(2) Lease liability

At the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and low value asset leases. Lease liabilities are initially measured at the present value of the unpaid lease payments. Lease payments include:

- 1) Fixed payment amount (including actual fixed payment amount), if there is lease incentive, deduct the relevant amount of lease incentive;
- 2) Variable lease payments depending on index or ratio;
- 3) The estimated amount to be paid according to the guarantee residual value provided by the company;
- 4) The exercise price of the purchase option, provided that the company reasonably determines that it will exercise the option;
- 5) The payment to be paid for the exercise of the option to terminate the lease, provided that the lease term reflects that the company will exercise the option to terminate the lease.

The Company adopts the implicit interest rate in lease as the discount rate, but if the interest rate implicit in lease cannot be reasonably determined, the incremental borrowing interest rate of the company shall be used as the discount rate.

The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and includes it in the current profit and loss or related asset cost.

The variable lease payments excluded from the measurement of lease liabilities shall be included in the current profit and loss or relevant asset costs when they are actually incurred.

After the commencement date of the lease term, in case of any of the following circumstances, the Company shall re-measure the lease liabilities, and adjust the corresponding right-of-use assets. If the carrying amount of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference is included in the current profit or loss.

- When there is a change in the outcome of the assessment or actual exercise of a purchase option, a renewal option or a termination option, the Company re-measures the lease liability at the present value of the revised lease payments and the revised discount rate;
- When there is a change in the amount of a fixed payment in substance, the amount expected to be payable for the remaining value of the guarantee, or the index or rate used to determine the amount of the lease payments, the Company re-measures the lease liability based on the present value of the revised lease payments and the original discount rate. However, where the change in lease payments arises from a change in floating interest rates, the present value is calculated using the revised discount rate.

(3) Short-term lease and low value asset lease

The Company chooses not to recognize the right-of-use assets or lease liabilities for short-term lease or low-value asset lease, and records the relevant lease payments into the current profit and loss or relevant asset costs according to the straight-line method in each period of the lease term. Short term lease refers to the lease with a lease term of no more than 12 months and no purchase option at the beginning of the lease term. Low value asset leasing refers to the leasing with lower value when the single leased asset is a new asset. If the Company subleases or expects to sublease the leased assets, the original lease is not a low value asset lease.

(4) Change of lease

If a lease changes and meets the following conditions at the same time, the Company will treat the lease change as a separate lease for accounting treatment:

- The lease change expands the lease scope by adding one or more right-of-use assets;
- The increased consideration is equivalent to the adjusted amount of individual prices which adjusted according to the conditions of the contract for the expansion of the lease scope.

If the lease change is not deemed as a separate lease, on the effective date of the lease change, the Company shall redistribute the consideration of the changed contract, re-determine the lease term, and re-measure the lease liability according to the present value of the changed lease payment and the revised discount rate.

If the lease scope is reduced or the lease period is shortened as a result of the lease change, the Company will reduce the carrying amount of the right-to-use assets accordingly, and include the related gains or losses related to partial or complete termination of the lease in the current profit and loss. If other lease changes lead to re-measurement of lease liabilities, the Company shall adjust the carrying amount of the right-to-use assets accordingly.

## 2. The Company as lessor

On the lease commencement date, the Company divides the lease into financial lease and operating lease. Financial leasing refers to the leasing that transfers almost all the risks and returns related to the ownership of the leased asset, regardless of whether the ownership is ultimately transferred or not. The term "operating lease" refers to a lease other than a financial lease. When the Company is the sub-lessee, the sublease is classified based on the right-to-use assets generated from the original lease contract.

(1) Accounting for operating lease

The lease amount received under operating leases are recognized as rental income according to the straight-line method in each period of the lease term. The Company capitalizes the initial direct expenses related to operating lease and amortizes them into the current profit and loss according to the same basis as the recognition of rental income during the lease term. The variable lease payments excluded from the lease receipts shall be included in the current profits and losses when they are actually incurred.

(2) Accounting for financial lease

On the lease commencement date, the Company recognizes the financial lease receivable and derecognizes the financial lease assets. The net investment in the lease is taken as the entry value of the financial lease receivable as the Company initially measures the financial lease receivable. The net investment in a lease is the sum of the present value of the unguaranteed residual value and future lease payments at the beginning of the lease term, discounted at the interest rate implicit in lease.

The Company calculates and recognizes the interest income of each period in the lease term according to the fixed periodic interest rate. The derecognition and impairment of financial lease receivables shall be accounted for in accordance with the requirements set out in the paragraph headed "(X) Financial Instruments" under Note III herein.

The variable lease payments excluded from the measurement of net investment in lease shall be included in the current profit and loss when they are actually incurred.

If the financial lease changes and meets the following conditions at the same time, the Company will treat the change as a separate lease for accounting treatment:

- The change expands the lease scope by increasing the right-to-use of one or more leased assets;
- The increased consideration is equivalent to the individual price of the expanded part of the lease scope adjusted according to the contract conditions.

If the change of financial lease is not accounted for as a separate lease, the Company will deal with the changed lease under the following circumstances:

- If the change takes effect on the lease commencement date, the lease will be classified as an operating lease, and the Company will treat it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the carrying amount of the leased assets;
- If the change takes effect on the commencement date of the lease, the lease will be classified as a financial lease, and the Company will carry out accounting treatment according to the policy on modifying or renegotiating a contract set out in the sub-section headed "(X) Financial Instruments" under Note III.

### 3. Sale and leaseback transaction

The Company assesses and determines whether the asset transfer in the sale and leaseback transaction is a sale according to the principles set out in the paragraphs headed "(XXVIII) Income" under Note III herein.

(1) The Company as lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use assets according to the carrying amount of the original assets regarding the right-of-use obtained by the leaseback, and only recognizes the relevant gains or losses for the right transferred to the lessor. If the asset transfer in the sale and leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred assets and recognize a financial liability whose amount equal to the transferred income at the same time. For the accounting treatment of financial liabilities, please refer to the paragraph headed "(X) Financial Instruments" under Note III herein.

(2) The Company as a lessor

If the asset transfer in the sale and leaseback transaction is considered as sales, the Company, as the lessor, shall record the asset purchase and the asset lease in accordance with the policy in the aforesaid "(2) The Company as the lessor". If the asset transfer in the sale and leaseback transaction is not considered as sales, the Company, as the lessor, shall not recognize the transferred asset, but recognize an equal amount in financial assets. For the accounting treatment of financial assets, please refer to the paragraph headed "(X) Financial Instruments" under Note III herein.

### (XXXIII) Discontinued Operations

Discontinued operations refer to the component meeting any of the following conditions that can be separately distinguished and that has been disposed by the Company or classified as held for sale by the Company:

- (1) the component represents a separate major business or a sole major business area;
- (2) the component is a part of the plan on intended disposal of an independent major business or a sole major business area; or
- (3) the component is a subsidiary acquired only for re-sale.

The profit and loss from continuing operation and the profit and loss from discontinuing operation are separately presented in the income statement. Operating gains and losses, such as impairment loss and reversal amount, and disposal gains and losses of discontinued operations are reported as profit and losses of discontinued operations. For the discontinued operation reported in the current period, the Company will present the information originally presented as profit and loss from continuing operation as profit and loss from discontinued operation for the comparable accounting period in the current financial statements.

### (XXXIV) Segment Reporting

The Company determines the operating segments based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting segments and discloses the segment information based on the operating segments.

Operating segment refers to the component parts of the Company that meet the following conditions at the same time: (1) the business unit can generate income and expenses in daily activities; (2) the management of the Company can regularly evaluate the operating results of the business unit to decide allocation of resources and evaluate its performance; (3) the Company can obtain the financial status, operating results and cash flow and other relevant accounting information. If two or more business segments have similar economic characteristics and meet certain conditions, they can be combined into one operating segment.

### (XXXV) Changes in Significant Accounting Policies and Accounting Estimates

#### 1. The change in significant accounting policies

There is no change in significant accounting policies for the reporting period.

#### 2. The change in significant accounting estimates

There is no change in significant accounting estimates for the Reporting Period.



## IV. TAXATION

### (I) Main types of taxes and corresponding rates

Tax type	Basis of tax calculation	Tax rate
Value-added Tax ("VAT")	Output VAT is calculated based on taxable sales revenue and service revenue calculated in accordance with tax laws and VAT payable shall be the difference between the output VAT and input VAT deductible in the same period	13%, 9%, 6%, 5%, 3%, 1%
Urban maintenance and construction tax	Levied on the basis of the actual VAT and consumption tax paid	7%, 5%
Enterprise income tax	Levied based on taxable income	25%, 20%, 15%, 16.5%

Companies subject to different income tax rates are disclosed as follows:

Name of the enterprise	Income tax rate
Nanjing Panda Electronic Manufacture Co., Ltd	15.00%
Nanjing Panda Communication Technology Co., Ltd	15.00%
Nanjing Huage Appliance and Plastic Industrial Co., Ltd	15.00%
Nanjing Panda Information Industry Co., Ltd	15.00%
Nanjing Panda Mechatronics Instrument Technology Co., Ltd	15.00%
Shenzhen Jinghua Information Technology Co., Ltd	15.00%
Nanjing Panda Electronic Equipment Co., Ltd	15.00%
Chengdu Panda Electronic Technology Co., Ltd.	15.00%
Shenzhen Jinghua Property Management Co., Ltd	20.00%
Parking lot of Shenzhen Jingwah Electronics Co., Ltd	20.00%
Jingwah Digital Technology Co., Ltd.	20.00%
Shenzhen Jinghua Media Technology Co., Ltd.	20.00%
Shenzhen Jingjia Property Management Co., Ltd.	20.00%
Galant Limited	16.50%
JWD Trading (HK) Co., Ltd	16.50%

## (II) Tax concessions

1. Nanjing Panda Electronic Manufacture Co., Ltd., a second-tier subsidiary of the Company, passed the re-assessment for high-tech enterprise recognition on 2nd December 2020, and obtained the High-tech Enterprise Certificate (certificate number GR202032007426) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years, commencing from 2nd December 2020 and ending on 2nd December 2023. During such period, Nanjing Panda Electronic Manufacture Co., Ltd. shall pay income tax at 15% of the taxable income.
2. Nanjing Panda Communications Technology Co., Ltd., a second-tier subsidiary of the Company, was re-identified as high-tech enterprise on 2nd December 2020, and obtained the High-tech Enterprise Certificate (certificate number GR202032006826) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years, commencing from 2nd December 2020 and ending on 2nd December 2023. During such period, Nanjing Panda Communications Technology Co., Ltd. shall pay income tax at 15% of the taxable income.
3. Nanjing Huage Appliance and Plastic Industrial Co., Ltd., a third-tier subsidiary of the Company, was re-identified as high-tech enterprise on 2nd December 2020, and obtained the High-tech Enterprise Certificate (certificate number GR202032006058) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years, commencing from 2nd December 2020 and ending on 2nd December 2023. During such period, Nanjing Huage Appliance and Plastic Industrial Co., Ltd. shall pay income tax at 15% of the taxable income.
4. Nanjing Panda Information Industry Co., Ltd., a second-tier subsidiary of the Company, was re-identified as high-tech enterprise on 28th November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201832002286) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years, commencing from 28th November 2018 and ending on 28th November 2021. During such period, Nanjing Panda Information Industry Co., Ltd. shall pay income tax at 15% of the taxable income.
5. Nanjing Panda Electromechanical Instrument Technology Co., Ltd., a third-tier subsidiary of the Company, was re-identified as high-tech enterprise on 28th November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201832002778) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years, commencing from 28th November 2018 and ending on 28th November 2021. During such period, Nanjing Panda Electromechanical Instrument Technology Co., Ltd. shall pay income tax at 15% of the taxable income.
6. Shenzhen Jinghua Information Technology Co., Ltd., a third-tier subsidiary of the Company, was re-identified as high-tech enterprise on 9th November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201844204258) jointly issued by Shenzhen Municipal Science and Technology Innovation Committee and other government bodies. The certificate is valid for 3 years, commencing from 9th November 2018 and ending on 9th November 2021. During such period, Shenzhen Jinghua Information Technology Co., Ltd. shall pay income tax at 15% of the taxable income.
7. Nanjing Panda Electronic Equipment Co., Ltd., a second-tier subsidiary of the Company, was re-identified as high-tech enterprise on 28th November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201832001770) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years, commencing from 28th November 2018 and ending on 28th November 2021. During such period, Nanjing Panda Electronic Equipment Co., Ltd. shall pay income tax at 15% of the taxable income.
8. Chengdu Panda Electronics Technology Co., Ltd., a second-tier subsidiary of the Company, satisfied the requirements for those enterprises qualified for preferential tax rate as stated in the Catalogue of Encouraged Industries in the Western Region implemented by the State Administration of Taxation, which stipulates that an enterprise, with its location in the western region, shall engage in a principal activity included in the State's encouraged industrial projects and record a revenue from such principal activity of more than 60% of its total revenue for the year of assessment. As such, Chengdu Panda Electronics Technology Co., Ltd. is entitled to the enterprise tax rate of 15% in accordance with the Announcement of the Ministry of Finance (MOF), the State Administration of Taxation (SAT) and the National Development and Reform Commission (NDRC) on Further Implementation of the Enterprise Income Tax Policy for Development of the Western Region (Announcement of MOF, SAT and NDRC [2020] No. 23).

9. Shenzhen Jingjia Property Management Co., Ltd., Shenzhen Jinghua Property Management Co., Ltd. and Parking lot of Shenzhen Jingwah Electronics Co., Ltd., Jingwah Digital Technology Co., Ltd., Shenzhen Jinghua Media Technology Co., Ltd. all being third-level subsidiaries of the Company, were recognized as low-profit small enterprises in the current period. According to the Enterprise Income Tax Law of the People's Republic of China and its implementing regulations, the Circular of the Ministry of Finance and the State Administration of Taxation on the Implementation of the Inclusive Tax Relief Policy for Small and Micro Enterprises (Cai Shui [2019] No. 13), the Announcement on Implementation of Preferential Policy on Income Tax for Small and Micro Enterprises and Self-Employed Individuals by the Ministry of Finance and the State Administration of Taxation (Announcement of MOF and SAT [2021] No. 12), from 1st January 2021 to 31st December 2022, for the low-profit small enterprises' annual taxable income which not exceeding RMB1 million, in addition to enterprise income tax calculated at the rate of 20% based on the amount of taxable income being reduced to 25% thereof, an exemption of half of the resulted tax payables shall be granted; and for the part of the annual taxable income exceeding RMB1 million but not more than RMB3 million, the enterprise income tax shall be calculated at the rate of 20% based on the amount of taxable income being reduced to 50% thereof.
10. The profits tax rate applicable for Galant Limited and JWD Trading (HK) Co., Ltd, both being subsidiaries of the Company registered in Hong Kong, is 16.5%.
11. According to Article 30 of the "Enterprise Income Tax Law" and Article 95 of the "Regulations for the Implementation of the Enterprise Income Tax Law" and other relevant policies, the actual amount of R&D expenses of enterprises that meet the preferential conditions of income tax deduction for R&D expenses for the financial year 2021 shall be deducted by 75%. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Policy of Pre-tax R&D Expenses Deduction (Cai Shui [2021] No.13), with effect from 1st January 2021, the proportion of R&D Expenses deduction for manufacturing enterprises has increased to 100%. For manufacturing enterprises that meet the preferential conditions of deduction of R&D expenses in calculation of income tax for the financial year 2021, the actual amount of R&D expenses shall enjoy 100% deduction according to the aforesaid regulations.
12. Nanjing Panda Xinxing Industrial Co., Ltd., a second-tier subsidiary of the Company, enjoys the preferential policy of 10% of the VAT deduction from 1st April 2019 to 31st December 2021 according to the Announcement on Deepening the VAT-reform-related Policies (Announcement of MOF, SAT and General Administration of Customs (GAC) [2019] No. 39). According to the Announcement on Defining the VAT Deduction Policy of the Life Service Industry (Announcement of MOF and SAT [2019] No. 87), from 1st October 2019 to 31st December 2021, the company enjoys the preferential policy of 15% of VAT deduction.
13. Nanjing Panda Electronic Technology Development Company Limited, a second-tier subsidiary of the Company, shall enjoy the preferential policy of 10% VAT deduction from 1st April 2019 to 31st December 2021 in accordance with the Announcement on Relevant Policies for Deepening VAT Reform (Announcement of MOF, SAT and GAC, [2019] No. 39);
14. Shenzhen Jinghua Property Management Co., Ltd., a third-tier subsidiary of the Company, shall enjoy the preferential policy of 10% of VAT deduction from 1st April 2019 to 31st December 2021 in accordance with the Announcement on Policies Related to Deepening the Reform of VAT (Announcement of MOF, SAT and GAC [2019] No. 39). According to the Announcement on Defining the VAT Deduction Policy of the Life Service Industry (Announcement of SAT and MOF [2019] No. 87), from 1st October 2019 to 31st December 2021, the company enjoys the preferential policy of 15% of VAT deduction.
15. The Parking Lot of Shenzhen Jingwah Electronics Co., Ltd. a third-tier subsidiary of the Company, shall enjoy the preferential policy of "six taxes and two fees" levied by Shenzhen taxation authorities on small-scale VAT taxpayers at a reduced rate of 50% in accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on the Implementation of Inclusive Tax Reduction Policies for Small and Micro Enterprises" (Cai Shui [2019] No. 13).
16. According to the Taxation on VAT Policies for Software Products (Cai Shui [2011] No. 100), if general VAT taxpayers sell self-developed software products or sell the imported software products after localization, after VAT has been collected at a tax rate of 13%, the refund-upon-collection policy shall be applied to the part of VAT payments in excess of 3%. A second-tier subsidiary of the Company, Nanjing Panda Communication Technology Co., Ltd. could enjoy this preferential policy.

## V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

### (I) Monetary funds

Items	Closing balance	Balance at the end of last year
Cash on hand	184,063.19	178,831.50
Bank deposits	1,120,871,591.35	1,148,873,976.08
Other monetary funds	213,686,075.04	166,674,020.39
	<hr/>	<hr/>
Total	<b>1,334,741,729.58</b>	1,315,726,827.97
	<hr/> <hr/>	<hr/> <hr/>
Including: Total amount deposited overseas	<b>20,040,033.71</b>	19,705,668.60
	<hr/> <hr/>	<hr/> <hr/>

Monetary funds which have restricted use due to mortgage, pledge or freeze and which are placed abroad and subject to remittance restriction are as follows:

Items	Closing balance	Balance at the end of last year
Deposits for bank acceptances	120,292,053.76	70,723,580.10
Deposits for performance bonds and letters of guarantee	89,012,516.19	95,863,960.21
L/C deposits	4,381,086.02	7.51
Funds in special government account	419.07	86,472.57
	<hr/>	<hr/>
Total	<b>213,686,075.04</b>	166,674,020.39
	<hr/> <hr/>	<hr/> <hr/>

## (II) Financial assets held for trading

Items	Closing balance	Balance at the end of last year
Financial assets measured at fair value through profit or loss	472,567,951.40	501,356,576.18
Including: Debt instrument investment		
Derivative financial assets	472,567,951.40	501,356,576.18
Total	472,567,951.40	501,356,576.18

*Note:* All of the held-for-trading financial assets of the Company at the end of the period are wealth management products.

## (III) Notes receivable

### 1. Notes receivable by type

Items	Closing balance	Balance at the end of last year
Bank acceptances	61,745,773.75	35,394,835.82
Trade acceptances		
Total	61,745,773.75	35,394,835.82

### 2. Notes receivable pledged by the Company at the end of the period

Items	Amount of the notes receivable pledged at the end of the period
Bank acceptances	35,000,000.00
Trade acceptances	
Total	35,000,000.00

*Note:* The notes are pledged as security deposits for bank acceptances.

3. At the end of the period, the Company has no notes receivable that are not endorsed or discounted and are not yet due at the balance sheet date

4. The Company has no notes receivable which are classified as accounts receivable due to issuer's default at the end of the period

**(IV) Accounts receivable****1. Accounts receivable shown by aging**

<b>Aging</b>	<b>Closing balance</b>	Balance at the end of last year
Within 1 year	<b>1,091,599,662.61</b>	986,730,944.25
Including: 0–6 months	<b>920,962,356.53</b>	852,957,752.19
7–12 months	<b>170,637,306.08</b>	133,773,192.06
1–2 years	<b>155,202,461.59</b>	129,760,955.02
2–3 years	<b>52,683,112.07</b>	60,317,987.51
3–4 years	<b>27,258,201.93</b>	13,312,642.33
4–5 years	<b>10,634,158.99</b>	8,466,952.45
Over 5 years	<b>21,350,989.80</b>	20,343,866.35
Subtotal	<b>1,358,728,586.99</b>	1,218,933,347.91
Less: bad debt provision	<b>53,253,164.23</b>	57,062,433.32
	<b>1,305,475,422.76</b>	<b>1,161,870,914.59</b>

**2. Accounts receivable disclosed by classification of bad debt provisions**

Type	Carrying amount		Closing balance			Carrying amount		Balance at the end of last year		
	Value	Percentage (%)	Value	Provision percentage (%)	Carrying value	Value	Percentage (%)	Value	Provision percentage (%)	Carrying value
Accounts receivable with bad debt provision on individual basis	32,924,236.73	2.42	27,405,578.21	83.24	5,518,661.52	62,246,501.20	5.11	31,024,845.33	49.84	31,221,655.87
Accounts receivable with bad debt provision on group basis	1,325,804,347.26	97.58	25,847,586.02	1.95	1,299,956,761.24	1,156,686,846.71	94.89	26,037,587.99	2.25	1,130,649,258.72
Including: ageing group	723,908,424.42	53.28	25,684,712.40	3.55	688,223,712.02	649,077,448.89	53.25	25,874,714.37	3.99	623,202,732.52
other groups	601,895,922.84	44.30	162,873.62	0.03	601,733,048.22	507,609,399.82	41.64	182,873.62	0.03	507,446,526.20
Total	<b>1,358,728,586.99</b>	<b>100.00</b>	<b>53,253,164.23</b>		<b>1,305,475,422.76</b>	<b>1,218,933,347.91</b>	<b>100.00</b>	<b>57,082,433.32</b>		<b>1,161,870,914.59</b>

Bad debt provision on an individual basis:

Name	Closing balance		Provision percentage (%)	Reasons for provision
	Carrying Amount	Bad debt provision		
Nanjing Yougete Communication Equipment Co., Ltd.	14,275,594.00	14,275,594.00	100.00	Expected partly not to be recovered
Jiangsu Zhongshi Environment Technology Co., Ltd.	6,500,000.00	6,500,000.00	100.00	Expected not to be recovered
Jiangsu Cable Network Development Co. Ltd. Sihong Branch	3,984,000.00	696,600.00	17.48	Expected partly not to be recovered
Information Department of Guangzhou Military Command	2,023,000.00	2,023,000.00	100.00	Expected not to be recovered
China Cable Television Network Co., Ltd. Hainan Branch	2,003,886.00	326,410.00	16.29	Expected partly not to be recovered
Zhejiang Bajun Plastic Industry Co., Ltd.	1,600,000.00	1,600,000.00	100.00	Expected not to be recovered
Beijing Zhonghua Original Technology Co., Ltd.	995,000.00	995,000.00	100.00	Expected not to be recovered
Bwton Technology Co., Ltd.	900,000.00	346,214.48	38.47	Expected partly not to be recovered
Lianyungang Yintai Real Estate Development Co., Ltd.	424,000.00	424,000.00	100.00	Expected not to be recovered
Subtotal of other petty amount	218,759.73	218,759.73	100.00	Expected not to be recovered
Total	<b>32,924,239.73</b>	<b>27,405,578.21</b>		

Bad debt provision on a group basis:

Provision by group: Aging group

Name	Closing balance		Provision percentage (%)
	Accounts receivable	Bad debt provision	
Within 1 year (inclusive)	587,715,590.79	5,750,740.93	0.98
Including: within 6 months	472,700,772.23		
7-12 months	115,014,818.56	5,750,740.93	5.00
1-2 years	100,719,649.01	10,071,964.90	10.00
2-3 years	22,505,980.53	3,375,897.08	15.00
3-4 years	7,895,450.61	2,368,635.18	30.00
4-5 years	1,908,558.35	954,279.18	50.00
Over 5 years	3,163,195.13	3,163,195.13	100.00
Total	<b>723,908,424.42</b>	<b>25,684,712.40</b>	

Items subject to provision on group basis : Other groups

Name	Accounts receivable	Closing balance	
		Bad debt provision	Provision percentage (%)
Related party group	<b>601,895,922.84</b>	<b>162,873.62</b>	<b>0.03</b>
Total	<b>601,895,922.84</b>	<b>162,873.62</b>	

### 3. Accrual, reversal and recovery of bad debts in the period

Type	Opening balance	Change during the period			Closing balance
		Accrual	Reversal or recovery	Transfer or written off	
Bad debt provision on a individual basis	31,024,845.33		3,619,267.12		<b>27,405,578.21</b>
Receivables with bad debt provision on a group basis (credit risk characteristics)	26,037,587.99	2,869,618.07	3,059,620.04		<b>25,847,586.02</b>
Including: Aging group	25,874,714.37	2,869,618.07	3,059,620.04		<b>25,684,712.40</b>
Related party group	162,873.62				<b>162,873.62</b>
Total	57,062,433.32	2,869,618.07	6,678,887.16		<b>53,253,164.23</b>

The significant amount of provision reversal or recovery of bad debts during the period:

Name of debtors	Amount reversed or recovered	Reason for bad debt provision and the rationality	Reason for reversal or recovery	Approach
Daifuku (SUZHOU) Cleanroom Automation Co., Ltd.	3,619,267.12	Individual basis	Debt collection	Cash settlement
Financial Audit and Payment Center of Jianhu County	362,673.30	Aging group basis	Debt collection	Cash settlement
Kunshan Guoxian Optoelectronic Co., Ltd.	347,164.05	Aging group basis	Debt collection	Cash settlement
Nanjing Runtai Commercial Management Group Co., Ltd.	300,000.00	Aging group basis	Debt collection	Cash settlement
Rosenberger Technology Co., Ltd.	298,350.00	Aging group basis	Debt collection	Cash settlement
Hebi Tianhai Electronic Information System Co., Ltd.	237,262.50	Aging group basis	Debt collection	Cash settlement
Jiangsu Aerospace Daway Technology Co., Ltd.	236,152.46	Aging group basis	Debt collection	Cash settlement
Zhangzhou Wanda Plaza Co., Ltd.	221,250.00	Aging group basis	Debt collection	Cash settlement
Nanjing Zijin (Jiangning) Technology Entrepreneurship Special Community Development Co., Ltd.	195,096.79	Aging group basis	Debt collection	Cash settlement
Nanjing City Vocational College	157,698.21	Aging group basis	Debt collection	Cash settlement
Sihong Treasury Payment Center	135,000.00	Aging group basis	Debt collection	Cash settlement
Zhenjiang Daqo Solar Energy Co., Ltd.	131,987.59	Aging group basis	Debt collection	Cash settlement
Tongliao Wanda Plaza Co., Ltd.	108,299.00	Aging group basis	Debt collection	Cash settlement
Subtotal of other petty amount	328,686.14	Aging group basis	Debt collection	Cash settlement
Total	6,678,887.16			



4. **There were no accounts receivable effectively written off in the period**
5. **Status of top five debtors in the closing balance of accounts receivable**

Name	Accounts receivable	Closing balance Percentage of total receivables (%)	Provision for bad debt
Nanjing BOE Display Technology Co., Ltd.	281,728,158.83	20.73	
Nanjing Panda Handa Technology Company Limited	138,992,275.02	10.23	
Chengdu CEC-Panda Display Technology Co., Ltd.	104,462,024.92	7.69	
Chengdu Rail Transit Group Co, Ltd.	101,813,937.34	7.49	1,812,399.41
Xuzhou Metro Line II Rail Transit Investment and Development Co., Ltd.	41,448,292.10	3.05	
Total	<u>668,444,688.21</u>	<u>49.19</u>	<u>1,812,399.41</u>

6. **During the Reporting Period, the Company had no derecognized accounts receivable due to the transfer of financial assets**
7. **During the Reporting Period, the Company had no assets or liabilities resulting from its continuing involvement in receivables transferred**
8. **Overdue receivables at the end of the period**

Items	Closing balance
Account not overdue or impaired	920,962,356.53
Overdue but not impaired amount – within 3 months	150,204,795.03
Overdue but not impaired amount – over 3 months	<u>234,390,437.61</u>
Total	<u>1,305,557,589.17</u>

(V) **Financing receivables**

1. **Breakdown of financing receivables**

Items	Closing balance	Balance at the end of last year
Notes receivable	<b>38,783,104.31</b>	144,969,078.62
Accounts receivable		
Total	<b>38,783,104.31</b>	144,969,078.62

2. **Changes of financing receivables and change in fair value in current period**

Items	Balance at the end of last year	Increase in current period	Derecognized in current period	Other changes	Closing balance	Accumulated loss allowance recognized in other comprehensive income
Notes receivable	144,969,078.62	<b>203,737,022.36</b>	<b>309,922,996.67</b>		<b>38,783,104.31</b>	
Accounts receivable						
Total	144,969,078.62	<b>203,737,022.36</b>	<b>309,922,996.67</b>		<b>38,783,104.31</b>	

(VI) **Prepayments**

1. **Prepayments by aging**

Aging	Closing balance		Balance at the end of last year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	<b>128,867,016.13</b>	<b>86.11</b>	92,283,338.96	84.15
1–2 years	<b>10,498,876.70</b>	<b>7.02</b>	10,334,117.20	9.42
2–3 years	<b>3,900,892.28</b>	<b>2.61</b>	2,660,380.67	2.43
Over 3 years	<b>6,388,078.70</b>	<b>4.27</b>	4,382,583.67	4.00
Total	<b>149,654,863.81</b>	<b>100.00</b>	109,660,420.50	100.00

Prepayments aged over one year with significant amounts amounted to RMB20,787,847.68, mainly consisted of advance payments for procurement of materials and goods. Such amount remained unsettled as obligations have not been fulfilled.

## 2. Top five debtors in terms of closing balance of prepayments

Debtor	Closing balance	Proportion in closing balance of total prepayments (%)
Shanghai Charmhope Information Technology Co., Ltd.	17,933,783.21	11.98
JOC International Technical Engineering Co., Ltd.	11,597,732.24	7.75
Shenzhen IP3-Technology Co., Ltd.	8,833,473.25	5.90
Shenzhen GoodStar Technology Co., Ltd.	6,345,796.00	4.24
Nanjing Panda Electronics Import & Export Co., Ltd	6,276,400.48	4.19
Total	50,987,185.18	34.06

## (VII) Other receivables

Items	Closing balance	Balance at end of last year
Interest receivable		
Dividend receivable		
Other receivables	51,022,838.15	50,074,829.20
Total	51,022,838.15	50,074,829.20

### 1. Other receivables

(1) Other receivables shown by aging

Aging	Closing balance	Balance at end of last year
Within 1 year (inclusive)	38,966,006.43	38,443,893.76
Including: 0-6 months	30,383,585.62	30,206,671.39
7-12 months	8,582,420.81	8,237,222.37
1-2 years	8,386,761.89	5,824,450.55
2-3 years	5,612,837.84	5,776,830.21
3-4 years	2,112,325.58	3,916,124.26
4-5 years	752,002.94	1,020,662.09
Over 5 years	11,643,490.49	11,385,953.10
Subtotal	67,473,425.17	66,367,913.97
Less: bad debt provision	16,450,587.02	16,293,084.77
Total	51,022,838.15	50,074,829.20

## (2) Other receivables disclosed by classification of bad debt provisions

Type	Closing balance					Balance at end of last year				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Value	Percentage (%)	Value	Provision percentage (%)		Value	Percentage (%)	Value	Provision percentage (%)	
Other receivables with bad-debt provision on individual basis	9,953,802.68	14.75	9,953,802.68	100.00		9,953,802.68	15.00	9,953,802.68	100.00	
Other receivables with bad debts provision on group basis	57,519,622.49	85.25	6,496,784.34	11.29	51,022,838.15	56,414,111.29	85.00	6,339,282.09	11.24	50,074,829.20
Including aging group	36,299,716.35	53.80	5,788,201.93	15.95	30,511,514.42	35,339,963.61	53.25	5,630,699.68	15.93	29,708,264.13
other groups	21,219,906.14	31.45	708,582.41	3.34	20,511,323.73	21,075,147.48	31.75	708,582.41	3.36	20,366,565.07
<b>Total</b>	<b>67,473,425.17</b>	<b>100.00</b>	<b>16,450,587.02</b>		<b>51,022,838.15</b>	<b>66,367,913.67</b>	<b>100.00</b>	<b>16,293,084.77</b>		<b>50,074,829.20</b>

## Individual provision for bad debt:

Name	Carrying amount	Closing balance		Reason
		Bad debt provision	Provision percentage (%)	
MCT Worldwide LLC	6,937,000.00	6,937,000.00	100.00	Expected not to be recovered
Chongqing Ruyang Communication Technology Co., Ltd.	1,600,000.00	1,600,000.00	100.00	Expected not to be recovered
Nanjing Panda Digital Technology Development Co., Ltd.	812,988.08	812,988.08	100.00	Expected not to be recovered
Nanjing HuiPai Communication Technology Co., Ltd	300,000.00	300,000.00	100.00	Expected not to be recovered
Japan Hugle Company	78,342.00	78,342.00	100.00	Expected not to be recovered
Nanjing Kuangshil Materials Co., Ltd.	74,300.00	74,300.00	100.00	Expected not to be recovered
Shanye (Shanghai) Trading Co., Ltd.	62,560.00	62,560.00	100.00	Expected not to be recovered
Subtotal of other petty amount	88,612.60	88,612.60	100.00	Expected not to be recovered
<b>Total</b>	<b>9,953,802.68</b>	<b>9,953,802.68</b>		

## Bad debt provision by group:

## Provision by group: Aging group basis

Name	Other receivables	Closing balance	
		Bad debt provision	Provision percentage (%)
Within 1 year (inclusive)	19,718,176.81	104,406.42	
Including: 0-6 months	17,630,048.36		
7-12 months	2,088,128.45	104,406.42	5.00
1-2 years	5,537,191.95	553,719.20	10.00
2-3 years	4,837,477.76	725,621.66	15.00
3-4 years	2,101,769.58	630,530.87	30.00
4-5 years	662,352.94	331,176.47	50.00
Over 5 years	3,442,747.31	3,442,747.31	100.00
<b>Total</b>	<b>36,299,716.35</b>	<b>5,788,201.93</b>	

Items subject to provision on group basis: Other groups

Name	Closing balance		Provision percentage (%)
	Other receivables	Bad debt provision	
Earnest money and security deposits	21,219,906.14	708,582.41	3.34
Total	<u>21,219,906.14</u>	<u>708,582.41</u>	

(3) Details of accrued bad debt provision

Bad debt provision	First stage	Second stage	Third stage	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit- impaired)	Lifetime expected credit loss (credit- impaired)	
Balance at the end of last year	6,339,282.09		9,953,802.68	16,293,084.77
Opening balance				
– transfer to second stage				
– transfer to third stage				
– transfer back to second stage				
– transfer back to first stage				
Accrued in the current period	157,502.25			157,502.25
Reversed in current period				
Transferred in the current period				
Written-off in the current period				
Other changes				
<b>Closing balance</b>	<u>6,496,784.34</u>		<u>9,953,802.68</u>	<u>16,450,587.02</u>

Changes in carrying amount of other receivables:

Carrying amount	First stage	Second stage	Third stage	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit- impaired)	Lifetime expected credit loss (credit- impaired)	
Balance at the end of last year	56,414,111.29		9,953,802.68	66,367,913.97
Opening balance				
- transfer to second stage				
- transfer to third stage				
- transfer back to second stage				
- transfer back to first stage				
Increase in the current period	1,105,511.20			1,105,511.20
Derecognized in the current period				
Other changes				
<b>Closing balance</b>	<b>57,519,622.49</b>		<b>9,953,802.68</b>	<b>67,473,425.17</b>

(4) Accrual, reversal and recovery of bad debts in the period

Type	Balance at the end of last year	Change during the period			Closing balance
		Accrual	Reversal or recovery	Transfer or written off	
Bad debt provision on individual basis	9,953,802.68				9,953,802.68
Other receivables with bad debt provision on group basis	6,339,282.09	157,502.25			6,496,784.34
Including: Aging group	5,630,699.68	157,502.25			5,788,201.93
Other groups	708,582.41				708,582.41
Total	16,293,084.77	157,502.25			16,450,587.02

- (5) There are no other receivables which are written off in the current period
- (6) Other receivables classified by nature

Nature	Carrying amount at the end of the period	Carrying amount at the end of last year
Earnest money and security deposits	53,087,879.62	55,008,952.42
Export tax refund	908,428.37	4,513,619.31
Others	13,477,117.18	6,845,342.24
	<u>67,473,425.17</u>	<u>66,367,913.97</u>
Total	<u>67,473,425.17</u>	<u>66,367,913.97</u>

- (7) Top five debtors in terms of closing balance of other receivables

Debtor	Nature	Closing balance	Aging	Proportion of total balance of other receivables at the end of the period (%)	Closing balance of provision for bad debts
MCT Worldwide LLC	Security deposit	6,937,000.00	Over 5 years	10.28	6,937,000.00
Speech Processing Solutions GmbH	Earnest money	5,269,342.07	Within 1 year	7.81	
Security deposits placed with China Merchants Bank for locking in exchange rates	Security deposit for locking in exchange rates	5,187,684.59	Within 1 year	7.69	
Project Headquarters of Shenzhen Metro Group Co., Ltd.	Security deposit	2,598,200.00	Within 1 year	3.85	
Nanjing Public Resources Trading Center	Security deposit	2,590,100.00	1-2 years	3.84	608,285.80
Total		<u>22,582,326.66</u>		<u>33.47</u>	<u>7,545,285.80</u>

## (VIII) Inventories

### 1. Inventories by category

Items	Carrying amount	Closing balance	Carrying value	Balance at the end of last year		
		Impairment provision for inventories/ costs of contract performance		Carrying amount	Impairment provision for inventories/ costs of contract performance	Carrying value
Raw materials	432,049,859.91	12,090,384.33	419,959,475.58	222,718,066.40	11,632,665.92	211,085,400.48
Contract performance cost	415,482,963.33	8,734,420.45	406,748,542.88	425,532,282.06	9,704,839.83	415,827,442.23
Stored commodities	162,540,259.19	18,108,970.01	144,431,289.18	124,635,500.91	17,158,906.71	107,476,594.20
Goods in process	69,205,900.82	9,582,314.99	59,623,585.83	62,715,056.37	9,584,808.43	53,130,247.94
Circulating materials	4,890,067.93	557,289.68	4,332,778.25	4,592,625.75	765,766.67	3,826,859.08
Total	<u>1,084,169,051.18</u>	<u>49,073,379.46</u>	<u>1,035,095,671.72</u>	<u>840,193,531.49</u>	<u>48,846,987.56</u>	<u>791,346,543.93</u>

### 2. Impairment provision for inventories and costs of contract performance

Items	Balance at the end of last year	Increase in current period		Decrease in current period		Closing balance
		Provision	Others	Reversal	Write-off	
Raw materials	11,632,665.92	857,612.35		399,893.94		12,090,384.33
Contract performance costs	9,704,839.83				970,419.38	8,734,420.45
Goods in stock	17,158,906.71	3,596,328.26		56,083.53	2,590,181.43	18,108,970.01
Goods in process	9,584,808.43			2,493.44		9,582,314.99
Circulating materials	765,766.67				208,476.99	557,289.68
Total	<u>48,846,987.56</u>	<u>4,453,940.61</u>		<u>458,470.91</u>	<u>3,769,077.80</u>	<u>49,073,379.46</u>

## (IX) Contract assets

### 1. Details of contract assets

Items	Carrying amount	Closing balance	Carrying value	Balance at the end of last year		
		Impairment provision		Carrying amount	Impairment provision	Carrying value
Modern digital cities	29,442,213.67		29,442,213.67	74,264,579.68		74,264,579.68
Industrial Internet and intelligent manufacturing				2,314,427.00	347,164.05	1,967,262.95
Total	<u>29,442,213.67</u>		<u>29,442,213.67</u>	<u>76,579,006.68</u>	<u>347,164.05</u>	<u>76,231,842.63</u>



**2. Amount of and reasons for significant changes in carrying value during the Reporting Period**

Items	Change in the amount	Reason of changes
Modern digital cities	-44,822,366.01	Transfer of contract assets recognized at the beginning of the year into account receivables
Industrial Internet and intelligent manufacturing	-2,314,427.00	Transfer of contract assets recognized at the beginning of the year into account receivables
Total	<u>-47,136,793.01</u>	

**3. Contract assets disclosed by provision classification of impairment losses**

Type	Carrying amount		Closing balance		Carrying value	Carrying amount		Balance at the end of last year		Carrying value
	Value	Percentage (%)	Value	Provision percentage (%)		Value	Percentage (%)	Value	Provision percentage (%)	
Provision for impairment on individual basis						2,314,427.00	3.02	347,164.05	15.00	1,967,282.95
Provision for impairment on group basis	<u>29,442,213.67</u>	<u>100.00</u>			<u>29,442,213.67</u>	<u>74,264,579.68</u>	<u>96.98</u>			<u>74,264,579.68</u>
Including: Aging group	<u>29,442,213.67</u>	<u>100.00</u>			<u>29,442,213.67</u>	<u>74,264,579.68</u>	<u>96.98</u>			<u>74,264,579.68</u>
Other groups										
Total	<u>29,442,213.67</u>	<u>100.00</u>			<u>29,442,213.67</u>	<u>76,579,006.68</u>	<u>100.00</u>	<u>347,164.05</u>		<u>76,231,842.63</u>

Provision for impairment by group:

Provision by group:

Name	Contract assets	Closing balance Provision for impairment	Provision percentage (%)
Aging group	<u>29,442,213.67</u>		
Total	<u>29,442,213.67</u>		

**4. Provision for impairment of contract assets in the current period**

Items	Balance at the end of last year	Provision in current period	Reversal in current period	Write-off in current period	Closing balance	Reasons
Industrial Internet and intelligent manufacturing	<u>347,164.05</u>		<u>347,164.05</u>			Transfer to accounts receivable
Total	<u>347,164.05</u>		<u>347,164.05</u>			Transfer to accounts receivable

(X) Other current assets

Items	Closing balance	Balance at the end of last year
VAT credit, input tax to be deducted and input tax to be certified	21,451,985.69	19,595,377.69
Enterprise Income Tax paid in advance	11,018,975.89	9,168,055.42
Total	32,470,961.58	28,763,433.11

(XI) Long-term equity investments

Investee	Balance at the end of last year	Additional investment	Reduced investment	Increase/decrease in the period					Closing balance	Balance of provision for impairment at the end of the period
				Investment gains or losses recognized under equity method	Adjustments to other comprehensive income	Changes in other equities	Cash dividends or profits declared to be paid	Provision for impairment		
<b>1. Associates</b>										
Nanjing Ericsson Panda Communication Co., Ltd.	228,677,780.33			18,729,997.68					247,607,778.01	
Beijing SE Potewo Mobile Communications Co., Ltd.	64,000,000.00								64,000,000.00	13,192,317.99
Shenzhen Jinghua Network Marketing Co., Ltd.	2,030,527.00			170,112.61					2,200,639.61	
Shenzhen Chebao Information Technology Co., Ltd.	274,575.51			23,379.45					297,954.96	
Subtotal	295,192,882.84			18,923,489.74					314,106,372.58	13,192,317.99
Total	295,192,882.84			18,923,489.74					314,106,372.58	13,192,317.99

(XII) Other equity instrument investments

1. Details of other equity instrument investments

Items	Closing balance	Opening balance
Jiangsu Research and Design Institute of Urban Rail Transit Co., Ltd	<u>4,608,894.92</u>	<u>4,074,939.80</u>
Total	<u><u>4,608,894.92</u></u>	<u><u>4,074,939.80</u></u>

2. Details of investment in equity instrument not held-for-trading

Items	Dividend income recognized in the current period	Accumulative gains	Aggregate losses	Amount transferred into retained earnings from other comprehensive income	Reasons for being designated to be measured at fair value through other comprehensive income	Reasons for amounts transferred to retained earnings from other comprehensive income
Jiangsu Research and Design Institute of Urban Rail Transit Co., Ltd		958,894.92			Investment in equity instrument not held-for-trading	
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

### (XIII) Investment properties

#### 1. Investment properties measured at cost

Items	Housing and buildings	Land use right	Construction in progress	Total
<b>1. Original carrying value</b>				
(1) Balance at the end of last year	311,436,022.31		311,436,022.31	
(2) Increase in the period – purchase from third parties – transfer from inventories\ fixed assets\ construction in progress				
(3) Decrease in the period –disposal –other transfer out	10,278.49			10,278.49
(4) Closing balance	<b>311,425,743.82</b>			<b>311,425,743.82</b>
<b>2. Accumulated depreciation and accumulated amortization</b>				
(1) Balance at the end of last year	76,427,842.51		76,427,842.51	
(2) Increase in current period –accrued or amortized –Transfer from fixed assets	4,107,912.50		4,107,912.50	
(3) Decrease in the period –disposal other transfer out	168,287.84			168,287.84
(4) Closing balance	<b>80,367,467.17</b>			<b>80,367,467.17</b>
<b>3. Impairment provision</b>				
(1) Balance at the end of last year				
(2) Increase in the period –accrued				
(3) Decrease in the period –disposal				
(4) Closing balance				
<b>4. Carrying value</b>				
(1) Carrying value at the end of the period	<b>231,058,276.65</b>			<b>231,058,276.65</b>
(2) Carrying value at the end of the last year	235,008,179.80			235,008,179.80

2. During the Reporting Period, there are no investment properties for which title certificate had not been obtained.

3. The investment properties of the Company are all located in mainland China for lease terms ranging from 0 to 10 years, all used for office purposes.

### (XIV) Fixed assets

#### 1. Fixed assets and disposal of fixed assets

Items	Closing balance	Balance at the end of last year
Fixed assets	<b>931,094,728.95</b>	964,663,766.78
Disposal of fixed assets	<b>114,309.60</b>	114,309.60
Total	<b>931,209,038.55</b>	964,778,076.38

## 2. Details of fixed assets

Items	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
<b>1. Original carrying value</b>						
(1) Balance at the end of last year	919,342,806.18	547,529,968.25	24,823,726.53	81,155,563.81	68,299,720.49	1,641,151,785.26
(2) Increase in the period	10,278.49	3,206,817.39	9,247.29	637,867.87	2,381,765.31	6,245,976.35
-acquired		3,206,817.39	9,247.29	637,867.87	2,381,765.31	6,235,697.86
-others	10,278.49					10,278.49
(3) Decrease in the period		8,387,003.91	477,693.50	106,334.36	14,748.63	8,985,780.40
-disposal or retired		8,387,003.91	477,693.50	106,334.36	14,748.63	8,985,780.40
<b>(4) Closing balance</b>	<b>919,353,084.67</b>	<b>542,349,781.73</b>	<b>24,355,280.32</b>	<b>81,687,697.32</b>	<b>70,666,737.17</b>	<b>1,638,411,981.21</b>
<b>2. Accumulated depreciation</b>						
(1) Balance at the end of last year	246,161,081.17	310,478,721.51	18,045,223.35	54,979,929.49	46,798,406.63	676,460,761.15
(2) Increase in the period	15,160,252.19	16,003,294.19	792,405.91	3,778,895.39	3,113,312.33	38,848,190.01
-accrued	14,391,984.35	16,003,294.19	792,405.91	3,778,895.39	3,113,312.33	38,679,872.17
-others	168,267.84					168,267.84
(3) Decrease in the period		7,521,541.10	387,454.13	95,919.80	14,011.20	8,018,926.23
-disposal or retired		7,521,541.10	387,454.13	95,919.80	14,011.20	8,018,926.23
<b>(4) Closing balance</b>	<b>261,321,333.36</b>	<b>318,958,474.60</b>	<b>18,450,175.13</b>	<b>58,682,305.08</b>	<b>49,897,706.76</b>	<b>707,289,994.93</b>
<b>3. Impairment provision</b>						
(1) Balance at the end of last year				27,257.33		27,257.33
(2) Increase in current period						
-accrued						
(3) Decrease in the period						
-disposal or retired						
<b>(4) Closing balance</b>				<b>27,257.33</b>		<b>27,257.33</b>
<b>4. Carrying value</b>						
(1) Carrying value at the end of the period	658,031,751.31	223,391,307.13	5,905,105.19	22,997,534.91	20,769,030.41	931,094,728.95
(2) Carrying value at the end of the last year	673,181,725.01	237,063,248.74	6,778,603.18	26,148,976.99	21,501,314.86	964,663,766.78

Note 1: The amount of depreciation provided for the period is RMB38,679,872.17 and recorded in profit and loss in accordance with beneficiaries;

## 3. There are no temporarily idle fixed assets in the Reporting Period

#### 4. Fixed assets leased out through operating leases

Items	Housing and buildings	Motor vehicles	Total
<b>1. Original carrying value</b>			
(1) Balance at the end of last year	52,264,464.44	4,146,656.32	56,411,120.76
(2) Increase in the period	393,728.86		393,728.86
–other increase	393,728.86		393,728.86
(3) Decrease in the period		310,034.58	310,034.58
–disposal or retired		310,034.58	310,034.58
–other decrease			
<b>(4) Closing balance</b>	<b>52,658,193.30</b>	<b>3,836,621.74</b>	<b>56,494,815.04</b>
<b>2. Accumulated depreciation</b>			
(1) Balance at the end of last year	36,882,662.00	3,315,063.79	40,197,725.79
(2) Increase in the period	1,140,210.98	90,595.06	1,230,806.04
–accrued	827,766.47	90,595.06	918,361.53
–other increase	312,444.51		312,444.51
(3) Decrease in the period		294,532.85	294,532.85
–disposal or retirement			
–other decrease		294,532.85	294,532.85
<b>(4) Closing balance</b>	<b>38,022,872.98</b>	<b>3,111,126.00</b>	<b>41,133,998.98</b>
<b>3. Impairment provision</b>			
(1) Balance at the end of last year			
(2) Increase in the period			
–accrued			
(3) Decrease in the period			
–disposal or retirement			
<b>(4) Closing balance</b>			
<b>4. Carrying value</b>			
<b>(1) Carrying value at the end of the period</b>	<b>14,635,320.32</b>	<b>725,495.74</b>	<b>15,360,816.06</b>
(2) Carrying value at the end of the last year	15,381,802.44	831,592.53	16,213,394.97

#### 5. Fixed assets with title certificates yet to be obtained

Items	Carrying value	Reasons for not having title certificates
Housing and building (Shenzhen Long Gang Jinghua Electronics Co., Ltd.)	12,633,532.15	Cooperative construction – The land is collectively – owned land from Shenzhen Longgang Liang'an Tian Economic Development Co., Ltd
Park construction	56,737,035.56	The application work is in progress
No.3 Workshop in Xingang industrial park	5,560,428.59	The application work is in progress

## 6. Other explanations

Service life of fixed assets located in Mainland China:

<b>Located in Mainland China</b>	<b>Closing balance</b>	Opening balance
Medium-term (10–50 years)	<b>658,031,751.31</b>	673,181,725.01
Short-term (within 10 years)	<b>273,062,977.64</b>	291,482,041.77
	<b>—————</b>	<b>—————</b>

## 7. Disposal of fixed assets

<b>Items</b>	<b>Closing balance</b>	Balance at the end of last year
Machinery and equipment	<b>114,309.60</b>	114,309.60
Total	<b>114,309.60</b>	114,309.60
	<b>—————</b>	<b>—————</b>

## (XV) Construction in progress

### 1. Construction in progress and construction material

<b>Items</b>	<b>Closing balance</b>	Balance at the end of last year
Construction in progress	<b>6,801,669.53</b>	7,346,214.86
Construction material	<b>—————</b>	<b>—————</b>
Total	<b>6,801,669.53</b>	7,346,214.86
	<b>—————</b>	<b>—————</b>

### 2. Status of construction in progress

<b>Items</b>	<b>Closing balance</b>		<b>Balance at the end of last year</b>			
	Carrying amount	Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
Panda Electromechanical						
Sheet Metal Workshop						
Phase II Transformation						
Project: Automatic Three-dimensional Storage	4,190,440.91		4,190,440.91	3,994,287.37		3,994,287.37
Renovation of Air Supply and Waste Gas Treatment System for Self-loop of Spraying Line	1,701,656.45		1,701,656.45			
Second Stage of SAP	764,150.93		764,150.93	3,206,506.25		3,206,506.25
Other sporadic projects	145,421.24		145,421.24	145,421.24		145,421.24
	<b>—————</b>	<b>—————</b>	<b>—————</b>	<b>—————</b>	<b>—————</b>	<b>—————</b>
Total	<b>6,801,669.53</b>		<b>6,801,669.53</b>	7,346,214.86		7,346,214.86

### 3. Changes in key projects under construction in the period

Project	Budget	Balance at the end of last year	Increase in current period	Amount transferred to		Closing investment to budget	Proportion of accumulated project investment to budget	Progress of construction	Accumulated amount of capitalised interest	Including: amount of capitalised interest in the period	Rate of capitalisation of interest in the period	Source of funding
				fixed assets in the period	Other decrease in the period							
							(%)	(%)				(%)
Panda Electromechanical Sheet Metal Workshop Phase II Transformation Project:												
Automatic Three-dimensional Storage	5,000,000.00	3,994,287.37	196,193.54			4,190,480.91	83.81	83.81				Self-financing
Renovation of Air Supply and Waste Gas Treatment System for Self-loop of Spraying Line	2,800,000.00		1,701,666.45			1,701,666.45	60.77	60.77				Self-financing
Second Stage of SAP	15,000,000.00	3,236,536.25	254,716.59			2,687,072.30	784,150.59	90.00	90.00			Self-financing
Other sporadic projects		145,421.24				145,421.24						Self-financing
<b>Total</b>		7,346,214.86	2,152,526.37			2,687,072.30	6,801,669.53					

Note: In the period, a decrease of RMB2,697,072.30 in other aspect of the second stage of SAP was transferred to intangible assets.

#### (XVI) Right-of-use assets

Items	Housing and buildings	Machinery and equipment	Total
<b>1. Original carrying value</b>			
(1) Balance at the end of last year	19,189,754.81	6,641,154.01	25,830,908.82
(2) Increase in the period			
– new lease			
– increase in mergers			
(3) Decrease in the period			
– transferred to fixed asset			
– disposal			
<b>(4) Closing balance</b>	<b>19,189,754.81</b>	<b>6,641,154.01</b>	<b>25,830,908.82</b>
<b>2. Accumulated depreciation</b>			
(1) Balance at the end of last year	5,667,188.75	6,641,154.01	12,308,342.76
(2) Increase in the period	2,486,028.00		2,486,028.00
– accrued	2,486,028.00		2,486,028.00
(3) Decrease in the period			
– transferred to fixed asset			
– disposal			
<b>(4) Closing balance</b>	<b>8,153,216.75</b>	<b>6,641,154.01</b>	<b>14,794,370.76</b>
<b>3. Impairment provision</b>			
(1) Balance at the end of last year			
(2) Increase in the period			
– accrued			
(3) Decrease in the period			
– transferred to fixed asset			
– disposal			
<b>(4) Closing balance</b>			
<b>4. Carrying value</b>			
<b>(1) Carrying value at the end of the period</b>	<b>11,036,538.06</b>		<b>11,036,538.06</b>
(2) Carrying value at the end of the last year	13,522,566.06		13,522,566.06



## (XVII) Intangible assets

### 1. Details of intangible assets

Items	Land use right	Trademark use rights	Computer software	Patents	Software copyright	Non-patented technology	Total
<b>1. Original carrying value</b>							
(1) Balance at the end of last year	105,196,904.12	158,340,000.00	24,419,554.14	730,105.00	9,768,026.49	83,901,214.20	382,355,803.95
(2) Increase in the period			4,014,683.01			86,725.56	4,101,408.67
-purchase			1,317,610.71			86,725.56	1,404,336.37
-others			2,697,072.30				2,697,072.30
(3) Decrease in the period							
-disposal							
<b>(4) Closing balance</b>	<b>105,196,904.12</b>	<b>158,340,000.00</b>	<b>28,434,237.15</b>	<b>730,105.00</b>	<b>9,768,026.49</b>	<b>83,987,939.86</b>	<b>386,457,212.62</b>
<b>2. Accumulated amortization</b>							
(1) Balance at the end of last year	19,023,086.86	158,340,000.00	12,361,600.39	69,185.16	3,607,134.08	31,010,828.45	224,411,836.94
(2) Increase in the period	1,401,211.95		1,109,295.57	35,744.87	473,785.10	5,852,534.38	8,872,581.87
-accrued	1,401,211.95		1,109,295.57	35,744.87	473,785.10	5,852,534.38	8,872,581.87
(3) Decrease in the period							
-disposal							
<b>(4) Closing balance</b>	<b>20,424,300.81</b>	<b>158,340,000.00</b>	<b>13,470,895.96</b>	<b>104,930.03</b>	<b>4,080,929.18</b>	<b>36,863,362.83</b>	<b>233,284,418.81</b>
<b>3. Impairment provision</b>							
(1) Balance at the end of last year							
(2) Increase in the period							
-accrued							
(3) Decrease in the period							
-disposal							
<b>(4) Closing balance</b>							
<b>4. Carrying value</b>							
<b>(1) Carrying value at the end of the period</b>	<b>84,772,603.31</b>		<b>14,963,341.19</b>	<b>625,174.97</b>	<b>5,687,097.31</b>	<b>47,124,577.03</b>	<b>153,172,793.81</b>
(2) Carrying value at the end of the last year	86,173,815.26		12,057,953.75	660,919.64	6,160,892.41	52,860,365.75	157,943,967.01

*Note:* Among the intangible assets at the end of the period, the intangible assets formed through internal research and development of the Company accounted for 22.90% of the balance of intangible assets. The amortization amount during the current period was RMB8,872,581.87, which was all included in the profit and loss in the current period.

### 2. During the Reporting Period, there was no land use right for which title certificate had not been obtained

### 3. Other explanations

All intangible assets of the Company are located in Mainland China with life span as follows:

Items	Closing balance	Opening balance
Long-term (not less than 50 years)	<b>51,333,426.80</b>	51,953,146.24
Short-term (Less than 50 years but not less than 5 years)	<b>101,839,367.01</b>	105,990,820.77

**(XVIII) Long-term deferred expenses**

Items	Balance at the end of last year	Increase in the period	Amortized in the period	Other reduction	Closing balance
Smart city exhibition hall project	3,293,294.05		420,420.52		2,872,873.53
Decoration project of equipment park	2,044,409.82		402,956.58		1,641,453.24
Decoration project of information software building	1,715,964.11	45,454.98	502,655.29		1,258,763.80
Decoration project of Jinghua dormitory building	1,601,086.70		304,413.30		1,296,673.40
Supporting Facilities for Electronic Equipment Industry Park (Phase 1)	1,361,203.57		140,814.16		1,220,389.41
Decoration of Xingang office area	68,594.36		24,905.08		43,689.28
Other sporadic projects	682,737.31	467,600.00	169,311.30		981,026.01
Total	10,767,289.92	513,054.98	1,965,476.23		9,314,868.67

**(XIX) Deferred income tax assets and deferred income tax liabilities****1. Deferred income tax assets not yet offset**

Items	Closing balance		Balance at the end of last year	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	76,553,854.54	11,502,519.64	76,452,317.78	11,487,878.74
Unrealised profit from intragroup transactions			1,313,300.39	298,830.04
Depreciation and amortization	2,882,296.45	432,934.08	1,917,600.21	287,640.03
Staff salaries payable	14,588,386.31	2,673,621.82	15,498,147.33	2,815,481.11
Accrued expenses	7,573,913.09	1,426,019.56	6,540,512.96	1,271,009.54
Total	101,598,450.39	16,035,095.10	101,721,878.67	16,160,839.46

**2. Deferred income tax liabilities not yet offset**

Items	Closing balance		Balance at the end of last year	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value of other equity instrument investment	958,894.92	239,723.74	424,939.80	106,234.96
Changes in fair value of financial assets held for trading	2,567,951.40	481,901.04	1,356,576.18	220,628.41
Depreciation of fixed assets				
Total	3,526,846.32	721,624.78	1,781,515.98	326,863.37

**(XX) Other non-current assets**

Items	Carrying amount	Closing balance		Balance at the end of last year		
		Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
Modern digital cities	<b>37,495,497.55</b>		<b>37,495,497.55</b>	70,335,404.70		70,335,404.70
Industrial Internet and intelligent manufacturing	<b>11,432,036.06</b>		<b>11,432,036.06</b>	11,432,036.06		11,432,036.06
Total	<b>48,927,533.61</b>		<b>48,927,533.61</b>	81,767,440.76		81,767,440.76

**(XXI) Notes payable**

Category	Closing balance	Balance at the end of last year
Bank acceptances	<b>230,767,880.67</b>	193,125,064.34
Trade acceptances		
Total	<b>230,767,880.67</b>	193,125,064.34

**(XXII) Accounts payable****1. List of accounts payable**

Items	Closing balance	Balance at the end of last year
Within 1 year (inclusive)	<b>1,478,492,120.46</b>	1,416,898,524.95
1-2 years (including 2 years)	<b>169,857,955.08</b>	91,482,176.96
2-3 years (including 3 years)	<b>41,004,544.08</b>	46,089,316.15
Over 3 years	<b>59,163,832.40</b>	43,701,197.18
Total	<b>1,748,518,452.02</b>	1,598,171,215.24

## 2. Significant account payables aged over 1 year

Items	Closing balance	Reasons for unsettled or carried forward
Beijing Andashang Technology Co., Ltd.	14,147,127.00	Not settled
Sankyo Co., Ltd.	11,160,325.20	Not settled
Nanjing Guochuang Mechatronics Co., Ltd.	10,169,075.50	Not settled
Suzhou RS Technology Co., Ltd.	8,232,408.86	Not settled
Nanjing Yingnuowei Information Technology Co., Ltd.	7,595,400.00	Not settled
Suzhou Golden Brain Intelligent System Engineering Co. Ltd.	6,606,065.99	Not settled
Jiangsu XCMG Information Technology Co., Ltd.	4,724,694.82	Not settled
GFG Banking Intelligent Technology Co., Ltd.	4,478,390.40	Not settled
Nanjing Komo Electronics Co., Ltd.	4,182,380.00	Not settled
Mitsubishi Electric Automation (China) Limited	3,801,769.00	Not settled
NIVEK Co., Ltd.	3,592,859.15	Not settled
Nanjing Longwei Construction Service Co., Ltd.	3,200,000.00	Not settled
Chengdu Guoheng Technology Engineering Co., Ltd.	3,187,241.38	Not settled
Jiangsu Yunsai Information Engineering Co., Ltd.	3,029,970.00	Not settled
Nanjing Hua Hao Buildings Technology Co., Ltd.	3,016,700.42	Not settled
Suzhou ZeTong Automation Equipment Co., LTD	3,008,849.56	Not settled
Nanjing Nuowake Machinery Co., Ltd.	2,920,353.98	Not settled
iFLYTEK Intelligent system Co., Ltd.	2,751,204.32	Not settled
Kunshan Judong Photoelectric Equipment Co., Ltd.	2,658,180.00	Not settled
Nanjing Panda Handa Technology Company Limited	2,573,186.60	Not settled
Jiangsu Hengxin Technology Co., Ltd.	2,511,896.07	Not settled
	<hr/>	
Total	<b>107,548,078.25</b>	

## 3. Classified by nature:

Items	Closing balance	Balance at the end of last year
Payment for goods	1,241,062,411.57	1,145,628,682.72
Construction costs	465,655,730.82	404,152,080.28
Costs for processing and maintenance	15,050,666.34	29,187,350.64
Costs for logistics and warehousing	3,644,988.67	4,586,753.71
Others	23,104,654.62	14,616,347.89
	<hr/>	<hr/>
Total	<b>1,748,518,452.02</b>	<b>1,598,171,215.24</b>

### (XXIII) Advance receipts from customers

#### 1. List of advances receipts from customers

Items	Closing balance	Balance at the end of last year
Service fees and others	<u>3,692,312.12</u>	<u>3,394,006.00</u>
Total	<u><u>3,692,312.12</u></u>	<u><u>3,394,006.00</u></u>

#### 2. During the Reporting Period, there are no significant advance receipts from customers aged over 1 year

### (XXIV) Contract Liabilities

#### 1. Details of contract liabilities

Items	Closing balance	Balance at the end of last year
Modern digital cities	<u>211,017,499.03</u>	<u>152,376,164.79</u>
Industrial Internet and intelligent manufacturing	<u>8,651,880.26</u>	<u>11,650,239.87</u>
Service-oriented electronic manufacturing	<u>2,847,311.96</u>	<u>19,494,385.79</u>
Total	<u><u>222,516,691.25</u></u>	<u><u>183,520,790.45</u></u>

#### 2. Significant changes in carrying value during the Reporting Period and the reasons therefor

Items	Amount of change	Reasons for change
Modern digital cities	<u>58,641,334.24</u>	Receipt of advance payment for contractual amount
Industrial Internet and intelligent manufacturing	<u>-2,998,359.61</u>	Contract liabilities at the beginning of the period was recognized as revenue in current period
Service-oriented electronic manufacturing	<u>-16,647,073.83</u>	Contract liabilities at the beginning of the period was recognized as revenue in current period
Total	<u><u>38,995,900.80</u></u>	

**(XXV) Staff remuneration payable****1. List of staff remuneration payable**

Items	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Short-term remuneration	30,616,580.15	<b>268,548,187.26</b>	<b>280,623,400.12</b>	<b>18,541,367.29</b>
Post-employment benefits - defined contribution plans	228,570.28	<b>29,047,817.12</b>	<b>29,057,983.04</b>	<b>218,404.36</b>
Termination benefits	6,560,295.19	<b>3,377,156.38</b>	<b>3,716,194.89</b>	<b>6,221,256.68</b>
Other benefits due within one year				
Total	<u>37,405,445.62</u>	<u><b>300,973,160.76</b></u>	<u><b>313,397,578.05</b></u>	<u><b>24,981,028.33</b></u>

**2. List of short-term remuneration**

Items	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
(1) Wages, bonuses, allowances and subsidies	28,542,050.18	<b>186,818,673.40</b>	<b>198,557,595.64</b>	<b>16,803,127.94</b>
(2) Employee welfare fee		<b>17,750,502.16</b>	<b>17,751,283.16</b>	<b>-781.00</b>
(3) Social insurance premiums	146,908.61	<b>13,018,711.30</b>	<b>13,020,463.77</b>	<b>145,156.14</b>
Including: medical insurance premiums	132,668.71	<b>11,264,985.98</b>	<b>11,269,343.33</b>	<b>128,311.36</b>
Work-related injury insurance premiums	2,124.29	<b>744,496.16</b>	<b>741,504.07</b>	<b>5,116.38</b>
Maternity insurance premiums	12,115.61	<b>1,009,229.16</b>	<b>1,009,616.37</b>	<b>11,728.40</b>
(4) Housing provident funds	831,807.86	<b>17,683,373.12</b>	<b>17,695,542.52</b>	<b>819,638.46</b>
(5) Trade union expenditures and staff training costs	456,172.18	<b>3,834,942.86</b>	<b>4,003,323.95</b>	<b>287,791.09</b>
(6) Labor cost	639,641.32	<b>27,841,903.34</b>	<b>27,995,110.00</b>	<b>486,434.66</b>
(7) Short-term profit-sharing plan		<b>1,600,081.08</b>	<b>1,600,081.08</b>	
Total	<u>30,616,580.15</u>	<u><b>268,548,187.26</b></u>	<u><b>280,623,400.12</b></u>	<u><b>18,541,367.29</b></u>

**3. Breakdown of defined contribution plans**

Items	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Basic pension insurance premium	211,350.41	<b>21,060,101.55</b>	<b>21,068,925.71</b>	<b>202,526.25</b>
Unemployment insurance premiums	7,339.79	<b>658,429.80</b>	<b>659,335.48</b>	<b>6,434.11</b>
Corporate annuity	9,880.08	<b>7,329,285.77</b>	<b>7,329,721.85</b>	<b>9,444.00</b>
Total	<u>228,570.28</u>	<u><b>29,047,817.12</b></u>	<u><b>29,057,983.04</b></u>	<u><b>218,404.36</b></u>

(XXVI) Taxes and surcharges payable

Item	Closing balance	Balance at the end of last year
VAT	12,164,610.93	13,986,888.22
Enterprise income tax	9,663,491.57	11,923,151.19
Property tax	1,623,098.22	2,204,879.81
Individual income tax	551,340.95	1,771,601.52
Land use tax	470,108.88	429,608.88
Urban maintenance and construction tax	115,972.91	153,171.22
Stamp tax	79,531.61	130,104.00
Educational surcharges	41,705.82	74,392.66
Local educational surcharges	15,124.19	35,060.42
Other taxes	18,024.84	50,087.76
	<hr/>	<hr/>
Total	24,743,009.92	30,758,945.68
	<hr/> <hr/>	<hr/> <hr/>

## (XXVII) Other payables

Items	Closing balance	Balance at the end of last year
Interest payable		
Dividend payable	28,624,440.02	4,940,890.66
Other payables	93,418,869.18	85,924,591.45
	<hr/>	<hr/>
Total	122,043,309.20	90,865,482.11
	<hr/> <hr/>	<hr/> <hr/>

### 1. Dividend payable

Items	Closing balance	Balance at the end of last year
Ordinary share dividends	28,624,440.02	4,940,890.66
	<hr/>	<hr/>
Total	28,624,440.02	4,940,890.66
	<hr/> <hr/>	<hr/> <hr/>

Dividend payable overdue for more than one year amounted to RMB4,448,298.27 which was dividend payable to minority shareholders by subsidiary.

### 2. Other payables

- (1) List of other payables by nature

Items	Closing balance	Balance at the end of last year
Earnest money and security deposits	49,117,280.82	42,264,554.68
Operation-related payables	24,795,024.67	23,037,760.05
Current account	14,196,145.05	14,893,942.40
Others	5,310,418.64	5,728,334.32
	<hr/>	<hr/>
Total	93,418,869.18	85,924,591.45
	<hr/> <hr/>	<hr/> <hr/>



(2) Significant other payables aged over 1 year

Items	Closing balance	Reasons for unsettled or carried forward
Panda Electronics Group Co., Ltd.	4,920,361.62	Current amounts
Sichuan Bohou Information Engineering Co., Ltd.	2,125,000.00	Security deposit yet to mature
Jiangsu XCMG Information Technology Co., Ltd.	1,400,000.00	Security deposit yet to mature
Xiaotang Technology (Shanghai) Co., Ltd.	1,270,000.00	Unsettled
Jiangsu Huimin Traffic Facility Co., Ltd.	1,063,198.17	Security deposit yet to mature
Total	<b>10,778,559.79</b>	

#### (XXVIII) Non-current liabilities due within one year

Items	Closing balance	Balance at the end of last year
Lease liabilities due within one year	9,423,044.91	8,170,178.10
Total	<b>9,423,044.91</b>	<b>8,170,178.10</b>

#### (XXIX) Other current liabilities

Items	Closing balance	Balance at the end of last year
Output tax to be paid	2,379,723.54	20,362,975.07
2017 Technical transformation special project of electronic information industry	30,000,000.00	30,000,000.00
Provincial emerging industry guiding funds	10,000,000.00	10,000,000.00
New model project grant	4,250,000.00	4,250,000.00
Research and development of DOFS- and IoT-based intelligent monitoring system for oil and gas pipelines	1,750,000.00	600,000.00
2020 provincial key research and development project funds	1,200,000.00	
East China Electronics New Display Product Green Supply Chain Establishment Project	1,000,000.00	1,000,000.00
Development and industrialization of the integrated platform of high-speed traffic management based on artificial intelligence	1,000,000.00	1,000,000.00
Automatic ticket selling and checking system of rail transit based on mobile payment	890,000.00	890,000.00
Internet AFC ticketing system	800,000.00	800,000.00
Nanjing Industry and Information technology special funds	800,000.00	
Provincial special funds for accelerating high-end equipment research and development	620,000.00	620,000.00
No. 1 Pass & Cloud-based turnstile equipped with intelligent face recognition technology	600,000.00	600,000.00
AFC System Regional Centre (ZLC)	300,000.00	300,000.00
Total	<b>55,589,723.54</b>	<b>70,422,975.07</b>

**(XXX) Lease liabilities**

Items	Closing balance	Balance at the end of last year
Lease payment	6,501,049.69	9,341,153.22
Less: Unrecognized financing cost	860,317.00	1,199,451.13
Total	<u>5,640,732.69</u>	<u>8,141,702.09</u>

**(XXXI) Long-term staff remuneration payable****1. List of long-term staff remuneration payable**

Items	Closing balance	Balance at the end of last year
1. Post-employment benefits – net liabilities of defined benefit plan		
2. Termination benefits	13,224,261.24	15,981,789.25
3. Other long-term employee benefits		
Total	<u>13,224,261.24</u>	<u>15,981,789.25</u>

**(XXXII) Deferred income**

Items	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance	Reason
Government grants	15,283,181.46	758,925.00	2,839,111.55	13,202,994.91	Appropriation
Total	<u>15,283,181.46</u>	<u>758,925.00</u>	<u>2,839,111.55</u>	<u>13,202,994.91</u>	

Projects entitled to government grants:

Project	Balance at the end of last year	New grants in the period	Amount included in the current profit or loss	Other changes	Closing balance	Related to assets/income
Research and development and industrialization of industrial robot and intelligent complete equipment with a high localization rate	6,383,177.12		444,376.08		5,938,801.04	Related to assets
Industrialization of auto-transplanting system for new flat-panel display factories	5,180,725.78		492,666.66		4,688,059.12	Related to assets
Nanjing industrial enterprise technology and equipment investment inclusive reward and compensation	1,015,200.00		162,400.00		852,800.00	Related to assets
Special fund for preschool education – average cost per student	2,704,078.56	758,925.00	1,739,668.81		1,723,334.75	Related to income
Total	<u>15,283,181.46</u>	<u>758,925.00</u>	<u>2,839,111.55</u>		<u>13,202,994.91</u>	

### (XXXIII) Share capital

Items	Balance at the end of last year	Changes during the period (increase (+), decrease (-))				Subtotal	Closing balance
		Issuance of new shares	Bonus issue	Capitalization of capital reserve	Others		
Total shares	913,838,529.00						913,838,529.00

### (XXXIV) Capital reserves

Items	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Capital premium (share premium)	1,450,743,806.12			1,450,743,806.12
Other capital reserves	19,947,994.01			19,947,994.01
Total	1,470,691,800.13			1,470,691,800.13

### (XXXV) Other comprehensive income

Items	Balance at the end of last year	Amount in the period					Amount attributable to the minority shareholders after tax	Closing balance
		Current amount before the income tax	Less: Included in other comprehensive income in the previous period and transferred into profit and loss in the current period	Less: Included in other comprehensive income in the previous period and transferred into retained earnings in the current period	Less: income tax expense	Amount attributable to the parent after tax		
1. Other comprehensive income that cannot be reclassified to profit or loss	318,704.84	533,955.12			133,488.78		719,171.18	
Including: changes in fair value of other equity instrument investment	318,704.84	533,955.12			133,488.78		719,171.18	
Other comprehensive income in total	318,704.84	533,955.12			133,488.78		719,171.18	

### (XXXVI) Special reserves

Items	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Work safety expenses		922,826.23	275,662.96	647,163.27
Total		922,826.23	275,662.96	647,163.27

### (XXXVII) Surplus reserves

Items	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	197,305,386.55			197,305,386.55
Discretionary surplus reserve	70,376,641.33			70,376,641.33
Total	267,682,027.88			267,682,027.88

### (XXXVIII) Undistributed profits

Items	Amount in the period	Amount in the last year
Balance before adjustment at the end of last year	856,899,656.12	804,605,994.12
Opening balance in total before adjustment (increase +, decrease -)		
Opening balance after adjustment	856,899,656.12	804,605,994.12
Add: net profit attributable to owners of the parent	18,273,010.95	77,318,175.74
Less: Appropriation of statutory surplus reserve		9,034,753.34
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Dividend payable on ordinary shares	23,759,801.75	15,992,174.26
Dividend on ordinary share converted to share capital		
Others	-629.64	-2,413.86
Closing balance	851,413,494.96	856,899,656.12

Other explanations: Others represents the dividends received in the current year that have not been claimed for a period of over 6 years.

## (XXXIX) Operating revenue and operating costs

### 1. Breakdown of operating revenue and operating costs

Items	Amount in the period		Amount in the corresponding period of last year	
	Revenue	Cost	Revenue	Cost
Principal businesses	<b>2,154,419,472.42</b>	<b>1,894,506,059.09</b>	1,696,495,362.41	1,469,416,892.70
Other businesses	<b>15,036,829.30</b>	<b>7,683,284.84</b>	17,659,651.95	4,112,184.23
Total	<b><u>2,169,456,301.72</u></b>	<b><u>1,902,189,343.93</u></b>	<u>1,714,155,014.36</u>	<u>1,473,529,076.93</u>

Details of operating revenue:

Items	Amount in the period	Amount in the corresponding period of last year
Modern digital cities	<b>1,062,644,270.21</b>	722,273,157.21
Service-oriented electronic manufacturing	<b>957,404,595.72</b>	849,523,668.65
Industrial Internet and intelligent manufacturing	<b>94,233,559.83</b>	87,810,213.74
Modern services and others	<b>55,173,875.96</b>	54,547,974.76
Total	<b><u>2,169,456,301.72</u></b>	<u>1,714,155,014.36</u>

### 2. Details of revenue arising from contracts:

Revenue for the period is disaggregated as follows:

Categories of contract	Modern digital cities	Service-oriented electronic manufacturing	Industrial Internet and intelligent manufacturing	Modern services and others	Elimination among segments	Total
Categorized by operating region:						
Nanjing	679,961,811.97	981,382,229.81	104,408,235.79	85,034,089.22	-108,608,635.75	1,742,177,731.04
Shenzhen	427,278,570.68					427,278,570.68
Total	<b><u>1,107,240,382.65</u></b>	<b><u>981,382,229.81</u></b>	<b><u>104,408,235.79</u></b>	<b><u>85,034,089.22</u></b>	<b><u>-108,608,635.75</u></b>	<b><u>2,169,456,301.72</u></b>
Categorized by transfer time of commodities:						
Recognized at a point in time	577,655,992.22	925,233,520.30	104,408,235.79	85,034,089.22	-104,407,273.97	1,587,924,563.56
Recognized over a certain period	529,584,390.43	56,148,709.51			-4,201,361.78	581,531,738.16
Total	<b><u>1,107,240,382.65</u></b>	<b><u>981,382,229.81</u></b>	<b><u>104,408,235.79</u></b>	<b><u>85,034,089.22</u></b>	<b><u>-108,608,635.75</u></b>	<b><u>2,169,456,301.72</u></b>

### 3. Description on performance obligation

The Company shall recognize revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service to a customer who obtains control of that asset. Whether performance obligations satisfied over time or at a point in time is based on the provisions stated in contracts and related law regulations. The Company satisfies a performance obligation if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits when the Company perform its obligations.
- (b) the customer gains control of an asset as the asset is created or enhanced by the Company in the course of performance.
- (c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

If the performance obligation is satisfied over time, the Company will recognize revenue via contract performance schedule, otherwise the Company satisfies the performance obligation at a point in time. Contract performance schedule is based on the value of the goods that have been transferred to the customer to determine the contract performance schedule.

### 4. Transaction price allocating to remaining performance obligations

	<b>Amount estimated to be recognized as revenue in the second half of 2021</b>
<b>Performance Obligation</b>	
Modern digital cities	<b>302,567,700.00</b>
Industrial Internet and intelligent manufacturing	<b>99,023,400.00</b>
	<hr/>
Total	<b>401,591,100.00</b>
	<hr/> <hr/>

### (XL) Taxes and surcharges

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Property tax	<b>4,248,808.94</b>	5,487,805.53
Urban maintenance and construction tax	<b>1,994,183.30</b>	2,958,612.81
Educational surcharges	<b>1,447,267.68</b>	2,118,320.69
Land use tax	<b>1,053,128.48</b>	1,053,129.10
Stamp tax	<b>1,218,069.71</b>	644,194.36
Others	<b>12,368.86</b>	76,404.32
	<hr/>	<hr/>
Total	<b>9,973,826.97</b>	12,338,466.81
	<hr/> <hr/>	<hr/> <hr/>

**(XLI) Selling expenses**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Salaries and benefits	<b>16,377,790.97</b>	13,259,286.72
Transportation and storage fee	<b>4,939,487.91</b>	6,289,773.12
Advertising and exhibition fee	<b>2,117,106.54</b>	1,137,297.23
Entertainment expenses	<b>933,134.76</b>	737,567.64
Travelling expenses	<b>991,962.11</b>	817,719.02
Loading and unloading fees	<b>716,838.00</b>	581,473.00
Office expenses	<b>234,957.72</b>	502,367.69
Others	<b>63,080.03</b>	843,870.26
	<hr/>	<hr/>
Total	<b>26,374,358.04</b>	24,169,354.68
	<hr/> <hr/>	<hr/> <hr/>

**(XLII) Administrative expenses**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Salaries and benefits	<b>78,054,100.55</b>	67,729,144.30
Depreciation and amortization	<b>9,518,482.81</b>	14,657,408.86
Labor expenses	<b>8,031,026.26</b>	5,287,986.68
Travelling expenses	<b>3,987,509.52</b>	4,717,821.74
Listing fees, auditing and consulting fees	<b>3,725,944.72</b>	5,016,964.33
Office expenses, telephone fee and conference fee	<b>3,452,858.45</b>	3,767,281.34
Lease expenses	<b>2,414,748.32</b>	3,696,666.50
Entertainment expenses	<b>1,741,929.65</b>	1,598,650.02
Repair charges	<b>1,627,680.15</b>	1,277,443.04
Transportation fee and vehicle-related expenses	<b>1,255,137.96</b>	1,351,736.99
Others	<b>4,944,186.51</b>	2,868,138.16
	<hr/>	<hr/>
Total	<b>118,753,604.90</b>	111,969,241.96
	<hr/> <hr/>	<hr/> <hr/>

### (XLIII) Research and development expenses

Items	Amount in the period	Amount in the corresponding period of last year
Labor costs	77,583,171.51	60,386,920.73
Materials, fuels and power	12,370,831.20	10,020,563.91
Depreciation and amortization	5,573,166.78	5,930,322.72
Test, inspection and maintenance and testing costs	2,084,347.27	697,452.22
Leasing management fee	1,430,684.66	1,119,550.22
Expenses for commissioned development	1,132,859.33	2,603,727.83
Travelling expenses	982,647.87	802,880.66
Others	1,705,414.39	1,168,697.14
Total	<b>102,863,123.01</b>	<b>82,730,115.43</b>

### (XLIV) Financial expenses

Items	Amount in the period	Amount in the corresponding period of last year
Interest expenses	339,134.13	682,708.34
Including: interest expenses of lease liabilities	339,134.13	248,755.59
Less: interest income	8,977,287.57	4,793,080.75
Exchange gain and loss	-4,783,765.99	3,120,162.28
Handling charges and others	1,304,618.82	1,887,872.60
Total	<b>-12,117,300.61</b>	<b>897,662.47</b>

### (XLV) Other income

Items	Amount in the period	Amount in the corresponding period of last year
Government grants	6,183,478.25	7,858,780.19
Input tax deduction	493,914.83	387,287.84
Handling fees for withholding individual income tax	149,623.29	244,504.36
Total	<b>6,827,016.37</b>	<b>8,490,572.39</b>



**Government grants recorded into other income:**

Item	Amount in the period	Amount in the corresponding period of last year	Related to assets/income
Special fund for preschool education – average cost per student	1,739,668.81	696,473.59	Related to income
Bonus funds to incentivize industrial enterprises scaling up above the minimum designated threshold in 2020	900,000.00		Related to income
High-speed SMT line technology transformation project for 5G products	778,000.00	1,240,000.00	Related to income
Industrialization of auto-transplanting system for new flat-panel display factories	492,666.66	442,082.52	Related to assets
Research and development and industrialization of industrial robot and intelligent complete equipment with a high localization rate	444,376.08	536,990.04	Related to assets
Grants from Shenzhen Science and Technology Innovation Committee	411,000.00	583,000.00	Related to income
Continuous production subsidies during the Spring Festival of 2021	400,000.00		Related to income
Training subsidies	377,700.00	5,700.00	Related to income
Refund of trade union expense	210,272.66		Related to income
Nanjing industrial enterprise technology and equipment investment inclusive reward and compensation	162,400.00	142,000.00	Related to assets
Subsidies for replacement of training with working practices	94,500.00		Related to income
Incentives for recruiting graduates by small and micro enterprises in the third quarter of 2020	60,000.00		Related to income
Reward and compensation for companies introducing technology in the category of technology transfer in 2020	35,000.00		Related to income
Handling fees for withholding, collecting and taxation on behalf of tax authorities	29,659.36		Related to assets
Government grants for technological transformation issued by Shenzhen municipal government	20,000.00		Related to income
Subsidies for electricity consumption of industrial and commercial companies in Shenzhen	19,734.68	80,023.13	Related to income
One-off employment subsidies for medium-, small and micro enterprises in the fourth quarter of 2020	4,000.00		Related to income
Reward for pandemic prevention	1,500.00		Related to income
Subsidies for employment information monitoring in 2020	1,000.00		Related to income
Subsidies for recruitment of college and university graduates	1,000.00		Related to income
One-off subsidies for costs of labour from Hubei	1,000.00		Related to income
Job stabilization subsidies		3,651,715.08	Related to income
Unemployment insurance premium refunds		399,231.03	Related to income
Special fund for business development		72,700.00	Related to income
Waste discharging subsidies		7,864.80	Related to income
Employment information monitoring award		1,000.00	Related to income
<b>Total</b>	<b>6,183,478.25</b>	<b>7,858,780.19</b>	

**(XLVI) Investment income**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Income from long-term equity investments under equity method	<b>18,923,489.74</b>	24,311,699.21
Investment income on disposal of financial assets held for trading	<b>5,659,074.29</b>	4,057,102.17
Discounted interest of financing receivables	<b>-163,944.48</b>	-646,644.67
Total	<b>24,418,619.55</b>	27,722,156.71

**(XLVII) Gains from changes in fair value**

<b>Source of gains from changes in fair value</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Financial assets held for trading	<b>1,211,375.22</b>	567,858.44
Including: Gains from changes in fair value from derivative financial instrument	<b>1,211,375.22</b>	654,981.73
Gains from changes in fair value of debt instrument investment	<b>-</b>	-87,123.29
Total	<b>1,211,375.22</b>	567,858.44

**(XLVIII) Credit impairment loss**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Bad debt losses of accounts receivable	<b>-3,809,269.09</b>	261,903.77
Bad debt losses of other receivables	<b>157,502.25</b>	13,656.45
Total	<b>-3,651,766.84</b>	275,560.22

**(XLIX) Assets impairment loss**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Inventory depreciation loss and impairment loss in contract performance cost	<b>3,995,469.70</b>	3,479,946.92
Losses from impairment of contract assets	<b>-347,164.05</b>	<b>-</b>
Losses from bad debt of advance to supplier	<b>569,445.00</b>	<b>-</b>
Losses from impairment of long-term equity investments	<b>-</b>	<b>-</b>
Total	<b>4,217,750.65</b>	3,479,946.92

**(L) Gain on disposal of assets**

Items	Amount in the period	Amount in the corresponding period of last year	Amount included in non-recurring profit or loss in the period
Gain on disposal of non-current assets (loss is represented by "-")	-652,003.85	126,613.83	-652,003.85
Including: Gain on disposal of fixed assets (loss is represented by "-")	-652,003.85	126,613.83	-652,003.85
Total	<b>-652,003.85</b>	126,613.83	-652,003.85

**(LI) Non-operating income**

Items	Amount in the period	Amount in the corresponding period of last year	Amount included in non-recurring profit or loss in the period
Amount with no payment is required	655,032.31	655,032.31	655,032.31
Government grants	36,800.00	169,008.85	36,800.00
Gains from damage and scrapping of non-current assets	118,557.73	92,229.27	118,557.73
Including: fixed assets	118,557.73	92,229.27	118,557.73
Others <sup>1</sup>	163,146.25	6,778,513.58	163,146.25
Total	<b>973,536.29</b>	7,039,751.70	973,536.29

Note 1: Amount of "Others" in the corresponding period of last year included tax rebate of RMB6,082,278.81, which is part of the taxes paid by the Company for the relocation compensation of Nanjing Panda Electromechanical Equipment Factory at No. 118 Haifu Lane, Baixia District, Nanjing, which was received by the Company in the current period and returned by the Nanjing Economic Development District Tax Bureau.

**Government grants recorded in non-operating income:**

Item	Amount in the period	Amount in the corresponding period of last year	Related to assets/income
One-off subsidy for poor laborers granted by employment service center of Longgang District, Shenzhen	30,000.00		Related to income
Outstanding project reward granted by the Association of Science and Technology in respect of the event of "Aspiration Pursue and Contribution Comparison"	5,000.00	10,000.00	Related to income
Subsidies on patent expense for the first batch of computer softwares in 2019	1,800.00		Related to income
Intellectual Property Performance Award of Xuanwu District Finance Bureau		40,000.00	Related to income
Subsidies for early retirement of aged cars in Shenzhen		25,500.00	Related to income
Special fund for intellectual property granted by the Finance Bureau		27,000.00	Related to income
Intellectual property reward/compensation granted by Nanjing Economic and Technological Development Zone		26,500.00	Related to income
Domestically authorized invention patent subsidies at municipal level in Nanjing		12,000.00	Related to income
Xuanwu District Science and Technology Bureau subsidies		12,000.00	Related to income
Vehicle scrapping subsidy		10,000.00	Related to income
Subsidies for intellectual property projects in 2019		4,500.00	Related to income
Provincial level patent-related incentives and subsidies in 2019		1,508.85	Related to income
Total	<b>36,800.00</b>	169,008.85	

**(LII) Non-operating expenses**

Items	Amount in the period	Amount in the corresponding period of last year	Amount included in non-recurring profit or loss in the period
Loss from damage and scrapping of non-current assets	<b>44,827.19</b>	8,846.89	44,827.19
Including: Fixed assets	<b>44,827.19</b>	8,846.89	44,827.19
Donation to external parties		352,000.00	
Others	<b>163,765.46</b>	160,371.23	163,765.46
Total	<b>208,592.65</b>	521,218.12	208,592.65

**(LIII) Income tax expenses****1. List of income tax expenses**

Items	Amount in the period	Amount in the corresponding period of last year
Current income tax	<b>14,511,754.95</b>	15,815,124.76
Deferred income tax	<b>373,529.18</b>	133,855.22
Total	<b>14,885,284.13</b>	15,948,979.98

**2. Reconciliation accounting profit to income tax expenses**

Items	Amount in the period
Total profit	<b>53,423,312.60</b>
Income tax expenses calculated at the statutory (or applicable) tax rate	<b>13,355,828.15</b>
Different tax rate of subsidiaries	<b>-4,126,808.84</b>
Adjustment on previous income tax	
Income not subject to tax	<b>-4,730,872.44</b>
Costs, expenses and losses not deductible for tax purposes	
Utilisation of the deductible losses related to deferred income tax assets unrecognized in previous periods	
Deductible temporary differences or deductible losses from deferred income tax assets unrecognized in the current period	<b>10,387,137.25</b>
Effect of additional deductible cost under tax law	
Income tax expenses	<b>14,885,284.13</b>

## (LIV) Earnings per share

### 1. Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to the ordinary shareholders of the parent by the weighted average number of ordinary shares issued by the Company:

Items	Amount in the period	Amount in the corresponding period of last year
Consolidated net profit attributable to ordinary shareholders of the parent	18,273,010.95	12,683,154.91
Weighted average number of ordinary shares issued by the Company	913,838,529.00	913,838,529.00
Basic earnings per share	0.0200	0.0139
Including: Basic earnings per share of continuing operations	0.0200	0.0139
Basic earnings per share of discontinued operations		

The weighted average number of ordinary shares is calculated as follows:

Items	Amount in the period	Amount in the corresponding period of last year
Number of ordinary shares issued at the beginning of the year	913,838,529.00	913,838,529.00
Add: weighted number of ordinary shares issued in the current period		
Less: weighted number of ordinary shares repurchased in the current period		
Weighted number of ordinary shares outstanding at the end of the year	913,838,529.00	913,838,529.00

### 2. Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit (diluted) attributable to the ordinary shareholders of the parent by the weighted average number (diluted) of the ordinary shares issued by the Company:

Items	Amount in the period	Amount in the corresponding period of last year
Consolidated net profit attributable to ordinary shareholders of the parent (diluted)	18,273,010.95	12,683,154.91
Weighted average number of ordinary shares issued by the Company (diluted)	913,838,529.00	913,838,529.00
Diluted earnings per share	0.0200	0.0139
Including: Diluted earnings per share from continuing operations	0.0200	0.0139
Diluted earnings per share from discontinued operations		

The weighted average number (diluted) of ordinary shares is calculated as follows:

Items	Amount in the period	Amount in the corresponding period of last year
Weighted average number of ordinary shares outstanding at the end of the year when calculating basic earnings per share	913,838,529.00	913,838,529.00
Effect of convertible bonds		
Impact of share options		
Weighted average number of ordinary shares at the end of the year (diluted)	913,838,529.00	913,838,529.00

(L.V) Items in cash flow statements

1. Cash receipts relating to other operating activities

Items	Amount in the period	Amount in the corresponding period of last year
Cash receipts from recovery of security deposits, earnest money and restricted funds	110,168,462.70	124,817,372.23
Government grants	4,140,091.70	7,650,247.25
Interest Income	8,977,287.57	4,793,080.75
Others	2,604,422.35	8,425,452.56
Total	<u>125,890,264.32</u>	<u>145,686,152.79</u>

2. Cash paid relating to other operating activities

Items	Amount in the period	Amount in the corresponding period of last year
Payment of security deposit, earnest money and restricted funds	155,744,562.42	128,995,149.74
Payment of expenses	50,509,121.77	46,867,684.03
Handling charges	1,304,618.82	1,887,872.60
Others	825,502.62	721,377.10
Total	<u>208,383,805.63</u>	<u>178,472,083.47</u>

3. Cash receipts related to other investment activities

Items	Amount in the period	Amount in the corresponding period of last year
Principal of wealth management products	910,000,000.00	690,000,000.00
L/C deposit		2,394,283.50
Total	<u>910,000,000.00</u>	<u>692,394,283.50</u>

4. Cash paid related to other investment activities

Items	Amount in the period	Amount in the corresponding period of last year
Principal of wealth management products	880,000,000.00	605,000,000.00
L/C deposit	4,381,086.02	2,394,283.50
Total	<u>884,381,086.02</u>	<u>607,394,283.50</u>

5. Cash receipts related to other financing activities

Items	Amount in the period	Amount in the corresponding period of last year
Cash received from notes discounted	11,836,055.52	43,570,096.40
Other financing		
Total	<u>11,836,055.52</u>	<u>43,570,096.40</u>

## 6. Cash paid related to other financing activities

Items	Amount in the period	Amount in the corresponding period of last year
Cash paid for lease liability	1,572,470.34	2,835,970.21
Total	1,572,470.34	2,835,970.21

## (LVI) Supplementary information of cash flow statements

### 1. Supplementary information of cash flow statements

Supplementary information	Amount in the period	Amount in the corresponding period of last year
<b>1. Reconciliation of net profit to cash flow of operating activities</b>		
Net profit	38,538,028.47	32,242,343.91
Add: Credit impairment loss	-3,651,766.84	275,560.22
Assets impairment loss	4,217,750.65	3,479,946.92
Depreciation of fixed assets and investment property	42,787,784.67	45,571,647.46
Depreciation of right-of-use assets	2,486,028.00	4,490,180.97
Amortisation of intangible assets	8,872,581.87	6,746,370.17
Amortisation of long-term deferred expenses	1,965,476.23	1,834,790.33
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by "-")	652,003.85	-126,613.83
Loss on scrapped fixed assets (gain is represented by "-")	-73,730.54	-83,382.38
Loss on change in fair value (gain is represented by "-")	-1,211,375.22	-567,858.44
Financial expenses (gain is represented by "-")	339,134.13	682,708.34
Investment loss (gain is represented by "-")	-24,418,619.55	-27,722,156.71
Decrease in deferred tax assets (increase is represented by "+")	125,744.36	133,855.22
Increase in deferred tax liabilities (decrease is represented by "-")	394,761.41	
Decrease in inventories (increase is represented by "-")	-243,975,519.69	57,112,648.01
Decrease in operating receivables (increase is represented by "+")	-56,974,286.14	83,119,832.55
Increase of operating payables (decrease is represented by "-")	184,491,867.03	-118,911,567.46
Others		
Net cash flows from operating activities	-45,434,137.31	88,278,305.28
<b>2. Significant investing and financing activities that do not involve cash receipts and payments</b>		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets held under finance leases		
<b>3. Net movement in cash and cash equivalents</b>		
Cash at the end of the period	1,121,055,654.54	999,290,766.63
Less: cash at the beginning of period	1,149,052,807.58	863,141,377.23
Add: cash equivalents at end of the period		
Less: cash equivalents at beginning of the period		
Net increase in cash and cash equivalents	-27,997,153.04	136,149,389.40

2. There is no net cash paid for acquisition of subsidiaries during the period

3. There is no net cash received from disposal of subsidiaries during the period

#### 4. Composition of cash and cash equivalents

Item	Closing balance	Balance at the end of last year
<b>1. Cash</b>	<b>1,121,055,654.54</b>	1,149,052,807.58
Including: Cash on hand	<b>184,063.19</b>	178,831.50
Bank deposit available for payment at any time	<b>1,120,871,591.35</b>	1,148,873,976.08
Other monetary funds available for payment at any time		
Deposits in central banks available for payment		
<b>2. Cash equivalents</b>		
Including: Bond investment due in three months		
<b>3. Cash and cash equivalents at the end of the period</b>	<b>1,121,055,654.54</b>	1,149,052,807.58
Including: Restricted cash and cash equivalents which are used by the parent or subsidiaries of the Group		
	<b>=====</b>	<b>=====</b>

#### (LVII) Assets with restricted ownership or use rights

Items	Carrying value at end of the period	Reason for restriction
Monetary funds	213,686,075.04	Acceptance, performance, letter of guarantee, letter of credit margin, government special account funds
Notes receivable	35,000,000.00	Guarantee provided for issuance of bank acceptances
	<b>=====</b>	
Total	<b>248,686,075.04</b>	
	<b>=====</b>	



### (LVIII) Monetary items in foreign currency

#### 1. Monetary items in foreign currency

Items	Balance in foreign currency at the end of the period	Exchange rate	Balance converted into RMB at the end of the period
Monetary funds			33,678,619.07
Including: USD	4,510,539.88	6.4601	29,138,538.68
EUR	43,626.08	7.6862	335,318.78
HKD	471,255.07	0.8321	392,131.34
JPY	65,253,479.00	0.0584	3,812,630.27
Accounts receivable			15,760,998.93
Including: USD	2,018,411.65	6.4601	13,039,141.10
EUR	191,899.45	7.6862	1,474,977.55
JPY	21,340,458.00	0.0584	1,246,880.28
Other receivables			5,456,114.19
Including: USD	844,032.78	6.4601	5,452,536.16
HKD	4,300.00	0.8321	3,578.03
Accounts payable			173,555,287.03
Including: USD	22,326,644.71	6.4601	144,232,357.49
JPY	501,864,338.00	0.0584	29,322,929.54
Other payables			3,564,895.92
Including: USD	551,824.39	6.4601	3,564,840.74

### (LIX) Government grants

#### 1. Government grants related to assets

Project	Amount	Closing balance	Items presented in the balance sheet	Amount included in current profit and loss or used to offset loss of relevant costs and expenses		Item included in current profit and loss or used to offset loss of relevant costs and expenses
				Amount in the period	Amount in the corresponding period of last year	
2017 Technical Transformation Special Project of Electronic Information Industry	30,000,000.00	<b>30,000,000.00</b>	Other current liabilities			
Provincial emerging industry guiding funds	10,000,000.00	<b>10,000,000.00</b>	Other current liabilities			
Allocation for new model project	4,250,000.00	<b>4,250,000.00</b>	Other current liabilities			
Provincial special funds for accelerating high-end equipment research and development	620,000.00	<b>620,000.00</b>	Other current liabilities			
Research and development and industrialization of industrial robot and intelligent complete equipment with a high localization rate	8,120,000.00	<b>5,938,801.04</b>	Deferred income	444,376.08	536,990.04	Other income
Industrialization of auto-transplanting system for new flat-panel display factories	30,000,000.00	<b>4,688,059.12</b>	Deferred income	492,666.66	442,082.52	Other income
Nanjing industrial enterprise technology and equipment investment inclusive reward and compensation	1,624,000.00	<b>852,800.00</b>	Deferred income	162,400.00	142,000.00	Other income

## 2. Government grants related to income

Project	Amount	Amount included in current profit and loss or used to offset loss of relevant costs and expenses		Item included in current profit and loss or used to offset loss of relevant costs and expenses
		Amount in the period	Amount in the corresponding period of last year	
Research and development of DOFS- and IoT-based intelligent monitoring system for oil and gas pipelines	1,750,000.00			
2020 provincial key research and development project funds	1,200,000.00			
East China Electronics New Display Product Green Supply Chain Establishment Project	1,000,000.00			
Development and industrialization of the integrated platform of high-speed traffic management based on artificial intelligence	1,000,000.00			
Automatic ticket selling and checking system of rail transit based on mobile payment	890,000.00			
Internet AFC ticketing system	800,000.00			
Nanjing Industry and Information technology special funds	800,000.00			
No. 1 Pass & Cloud-based turnstile equipped with intelligent face recognition technology	600,000.00			
AFC System Regional Centre (ZLC)	300,000.00			
Special fund for preschool education – average cost per student	1,739,668.81	1,739,668.81	696,473.59	Other income
Bonus funds to incentivize industrial enterprises scaling up above the minimum designated threshold in 2020	900,000.00	900,000.00		Other income
High-speed SMT line technology transformation project for 5G products	778,000.00	778,000.00	1,240,000.00	Other income
Industrialization of auto-transplanting system for new flat-panel display factories	492,666.66	492,666.66	442,082.52	Other income
Research and development and industrialization of industrial robot and intelligent complete equipment with a high localization rate	444,376.08	444,376.08	536,990.04	Other income
Grants from Shenzhen Science and Technology Innovation Committee	411,000.00	411,000.00	583,000.00	Other income
Continuous production subsidies during the Spring Festival of 2021	400,000.00	400,000.00		Other income
Training subsidies	377,700.00	377,700.00	5,700.00	Other income
Refund of trade union expense	210,272.66	210,272.66		Other income
Nanjing industrial enterprise technology and equipment investment inclusive reward and compensation	162,400.00	162,400.00	142,000.00	Other income
Subsidies for replacement of training with working practices	94,500.00	94,500.00		Other income

Project	Amount	Amount included in current profit and loss or used to offset loss of relevant costs and expenses		Item included in current profit and loss or used to offset loss of relevant costs and expenses
		Amount in the period	Amount in the corresponding period of last year	
Incentives for recruiting graduates by small and micro enterprises in the third quarter of 2020	60,000.00	60,000.00		Other income
Reward and compensation for companies introducing technology in the category of technology transfer in 2020	35,000.00	35,000.00		Other income
Handling fees for withholding, collecting and taxation on behalf of tax authorities	29,659.36	29,659.36		Other income
Government grants for technological transformation issued by Shenzhen municipal government	20,000.00	20,000.00		Other income
Subsidies for electricity consumption of industrial and commercial companies in Shenzhen	19,734.68	19,734.68	80,023.13	Other income
One-off employment subsidies for medium-, small and micro enterprises in the fourth quarter of 2020	4,000.00	4,000.00		Other income
Reward for pandemic prevention	1,500.00	1,500.00		Other income
Subsidies for employment information monitoring in 2020	1,000.00	1,000.00		Other income
Subsidies for recruitment of college and university graduates	1,000.00	1,000.00		Other income
One-off subsidies for costs of labour from Hubei	1,000.00	1,000.00		Other income
Job stabilization subsidies			3,651,715.08	Other income
Unemployment insurance premium refunds			399,231.03	Other income
Special fund for business development			72,700.00	Other income
Waste discharging subsidies			7,864.80	Other income
Employment information monitoring award			1,000.00	Other income
One-off subsidy for poor laborers granted by employment service center of Longgang District, Shenzhen	30,000.00	30,000.00		Non-operating income
Outstanding project reward granted by the Association of Science and Technology in respect of event of "Aspiration Pursue and Contribution Comparison"	5,000.00	5,000.00	10,000.00	Non-operating income
Subsidies on patent fees for the first batch of computer softwares in 2019	1,800.00	1,800.00		Non-operating income
Intellectual Property Performance Reward of Xuanwu District Finance Bureau			40,000.00	Non-operating income
Subsidies for early retirement of aged cars in Shenzhen			25,500.00	Non-operating income
Special fund for intellectual property granted by the Finance Bureau			27,000.00	Non-operating income
Intellectual property reward/compensation granted by Nanjing Economic and Technological Development Zone			26,500.00	Non-operating income

Project	Amount	Amount included in current profit and loss or used to offset loss of relevant costs and expenses		Item included in current profit and loss or used to offset loss of relevant costs and expenses
		Amount in the period	Amount in the corresponding period of last year	
Domestically authorized invention patent subsidies at municipal level in Nanjing			12,000.00	Non-operating income
Xuanwu District Science and Technology Bureau subsidies			12,000.00	Non-operating income
Vehicle scrapping subsidy			10,000.00	Non-operating income
Subsidies for intellectual property projects in 2019			4,500.00	Non-operating income
Provincial level patent-related incentives and subsidies in 2019			1,508.85	Non-operating income
	<u>          </u>	<u>          </u>	<u>          </u>	

## VI. CHANGES IN CONSOLIDATION SCOPE

### (I) Business combination not involving enterprises under common control

There was no business combination not involving enterprises under common control in the current period.

### (II) Business combination involving enterprises under common control

There was no business combination involving enterprises under common control in the current period.

### (III) Reverse purchase

There was no reverse purchase in the current period.

### (IV) Disposal of subsidiaries

There was no disposal of subsidiaries in the current period.

### (V) Other reasons that resulted in changes in the scope of consolidation

There were no other reasons that resulted in changes in the scope of consolidation in the current period.

## VII. INTERESTS IN OTHER ENTITIES

### (I) Interests in subsidiaries

#### 1. Structure of the Group

Name of subsidiaries	Principal region of business	Place of registration	Business nature	Proportion of shareholding (%)		Way of procurement
				Direct	Indirect	
Nanjing Panda Electronic Manufacture Co., Ltd <sup>1</sup>	Nanjing	Nanjing	Manufacturing	75.00	25.00	Establishment
Nanjing Panda Xinxing Industrial Co., Ltd.,	Nanjing	Nanjing	Service	100.00		Establishment
Nanjing Panda Electronic Equipment Co., Ltd	Nanjing	Nanjing	Service	100.00		Establishment
Galant Limited	Hong Kong	Hong Kong	Investment	100.00		Establishment
Nanjing Panda Information Industry Co., Ltd <sup>1</sup>	Nanjing	Nanjing	Manufacturing	82.00	18.00	Establishment
Nanjing Panda Communication Technology Co., Ltd	Nanjing	Nanjing	Manufacturing	100.00		Business combination under common control
Nanjing Panda Electronic Technology Development Company	Nanjing	Nanjing	Manufacturing	100.00		Establishment
Chengdu Panda Electronic Technology Co., Ltd.	Chengdu	Chengdu	Manufacturing	100.00		Establishment
Chengdu Panda Electronics Manufacturing Co., Ltd <sup>3</sup>	Chengdu	Chengdu	Manufacturing	100.00		Establishment
Shenzhen Jingwah Electronics Co., Ltd. <sup>2</sup>	Shenzhen	Shenzhen	Service	43.34		Business combination under common control

Note 1: The registered capital of Nanjing Panda Electronic Manufacture Co., Ltd and Nanjing Panda Information Industry Co., Ltd is denominated in US Dollars.

Note 2: Shenzhen Jingwah Electronics Co., Ltd. is a company limited by shares (unlisted), while other companies abovementioned are all companies with limited liability.

Note 3: Chengdu Panda Electronics Manufacturing Co., Ltd had no paid-up capital.

## 2. Significant non-wholly-owned subsidiaries

Name of subsidiaries	Proportion of minority shareholdings	Profit or loss attributable to minority interests in the current period	Dividend declared to be distributed to minority interests in the current period	Balance of minority interests at the end of period
Shenzhen Jingwah Electronics Co., Ltd.	56.66%	20,265,017.52		257,214,360.21

Explanation that the shareholding ratio of the minority shareholders of the subsidiary is different from the voting ratio:

*Note:* Among the 7 members of the board of directors of Shenzhen Jingwah Electronics Co., Ltd., the Company recommended 4 directors, so the Company holds 57.14% of the voting rights.

## 3. Key financial information of significant non-wholly-owned subsidiaries

Name of subsidiaries	Current assets	Closing balance			Total liabilities	
		Non-current assets	Total assets	Current liabilities		
Shenzhen Jingwah Electronics Co., Ltd.	567,459,303.58	39,616,251.90	607,075,555.48	184,163,612.52	7,428,992.20	191,592,604.72

Name of subsidiaries	Balance at the beginning of the year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen Jingwah Electronics Co., Ltd.	505,421,254.46	42,707,894.80	548,129,149.26	159,931,607.59	6,008,816.96	165,940,424.55

Name of subsidiaries	Amount in the period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen Jingwah Electronics Co., Ltd.	427,278,570.68	33,294,226.05	33,294,226.05	8,458,435.58

Name of subsidiaries	Amount in the corresponding period last year			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen Jingwah Electronics Co., Ltd.	256,691,937.65	30,927,363.19	30,927,363.19	33,431,468.13

(II) Interests in joint arrangements or associates

1. Major financial information of material associates

Items	Nanjing Ericsson Panda Communication Co., Ltd.	
	Balance at the end of the period/ Amount in the period	Balance at the end of last year/ Amount in the corresponding period of last year
Current assets	2,215,590,604.51	1,678,560,903.03
Non-current assets	1,734,786,088.62	1,738,444,123.47
Total assets	<b>3,950,376,693.13</b>	3,417,005,026.50
Current liabilities	3,033,310,848.65	2,569,309,543.78
Non-current liabilities		
Total liabilities	<b>3,033,310,848.65</b>	2,569,309,543.78
Minority interest		
Shareholders' equity attributable to the parent	917,065,844.48	847,695,482.72
Proportionate share in net assets as per shareholding ratio	247,607,778.01	228,877,780.33
Adjustments		
–Goodwill		
–Unrealized profit from internal transactions		
–Others		
Carrying value of equity investments in associates	247,607,778.01	228,877,780.33
Fair value of equity investments in associates with quoted price		
Operating income	3,379,216,957.90	4,620,635,144.57
Net profit	69,370,361.76	90,001,497.80
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	69,370,361.76	90,001,497.80
Dividend received from associates in the period		

## 2. Combined financial information of immaterial joint ventures and associates

	<b>Balance at the end of the period/ Amount in the period</b>	Balance at the end of last year/ Amount in the corresponding period of last year
Associates:		
Total carrying value of investment	<b>66,498,594.57</b>	66,305,102.51
Totals calculated as per shareholding ratio in respect of the following items		
-Net profit	<b>503,213.03</b>	28,218.60
-Other comprehensive income		
-Total comprehensive income	<b>503,213.03</b>	28,218.60
	<b>=====</b>	<b>=====</b>

## VIII. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company faces various financial risks in the course of operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risk). The above financial risks and the corresponding risk management policies adopted by the Company to mitigate these risks are described below:

The Company's Board of Directors is fully responsible for, and ultimately responsible for, the determination of risk management objectives and policies. The Company's internal auditors also audit risk management policies and procedures and report their findings to the Audit Committee.

The overall goal of the Company's risk management is to develop risk management policies that reduce risks as much as possible without unduly affecting the Company's competitiveness and resilience.

### (I) Credit risks

Credit risk refers to the risk of financial loss to the Company due to the failure of the counterparty to fulfill its contractual obligations.

The Company's credit risk mainly arose from in the monetary funds, notes receivable, accounts receivable, financing receivables, other receivables, debt investments, other debt investments and financial guarantee contract, and debt instrument investment at fair value through profit or loss and derivative financial assets that are not included in scope subject to impairment evaluation. At the balance sheet date, the carrying value of the Company's financial assets represents its maximum credit risk exposure.

The Company's monetary funds are mainly bank deposits deposited in state-owned banks with good reputation and high credit rating and other large and medium-sized listed banks. The Company believes that there is no significant credit risk and there will almost be no significant losses caused by bank default.

In addition, with respect to notes receivable, accounts receivable, financing receivables and other receivables, the Company has policies in place to control credit risk exposure. The Company evaluates customer's credit qualification and sets up the corresponding credit term based on customers' financial position, the possibility of obtaining guarantees from third parties, credit history and other factors such as prevailing market conditions. The Company will regularly monitor the credit records of customers. For customers with poor credit records, the Company will remind payment in writing, shorten the credit term or cancel the credit term to ensure that the overall credit risk of the Company is within control.

### (II) Liquidity risk

Liquidity risk refers to the risk of capital shortage when an enterprise fulfills its obligation to settle in cash or delivering other financial assets.

It is the Company's policy to ensure that it has sufficient cash to meet maturing debts. Liquidity risk is centrally controlled by the finance department of the company. By monitoring cash balances and rolling projections of cash flows over the next 12 months, the finance department ensures that the company has sufficient funds to repay its debts under all reasonable projections. At the same time, the finance department continuously monitors the Company's compliance with provision under borrowing agreements and its corporate commitments in response to sufficient funds available from major financial institutions so as to meet its short- and long-term funding needs.



Set out below is the Company's various financial liabilities by maturity date in terms of undiscounted contractual cash flows:

Items	Immediate repayment	Closing balance				Total
		Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term borrowings						
Notes payables		230,767,880.67				230,767,880.67
Accounts payable		1,748,518,452.02				1,748,518,452.02
Contract liabilities		222,516,691.25				222,516,691.25
Other payables		122,043,309.20				122,043,309.20
		<hr/>				
Total		<b>2,323,846,333.14</b>				<b>2,323,846,333.14</b>
		<hr/> <hr/>				<hr/> <hr/>
Items	Immediate repayment	Balance at the end of last year				Total
		Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term borrowings						
Notes payable		193,125,064.34				193,125,064.34
Accounts payable		1,598,171,215.24				1,598,171,215.24
Contract liabilities		183,520,790.45				183,520,790.45
Other payables		90,865,482.11				90,865,482.11
		<hr/>				<hr/>
Total		<b>2,065,682,552.14</b>				<b>2,065,682,552.14</b>
		<hr/> <hr/>				<hr/> <hr/>

### (III) Market risks

The market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to market price changes, including exchange rate risk, interest rate risk and other price risks.

#### 1. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates.

Interest-bearing financial instruments with fixed and floating interest rates expose the Company to fair value interest rate risk and cash flow interest rate risk respectively. The Company determines the ratio of fixed and floating rate instruments based on market conditions and maintains an appropriate combination of fixed and floating interest rate instruments through regular review and monitoring. When necessary, the Company will use interest rate swaps to hedge interest rate risk.

## 2. Exchange rate risk

Exchange rate risk refers to the risk that the fair value of a financial instrument or future cash flows will fluctuate due to changes in foreign exchange rates.

As far as possible, the Company matches income and expenditures of foreign currency to reduce exchange rate risk. In addition, the Company may enter into forward foreign exchange contracts or currency swap contracts to hedging the exchange rate risk. During the current period and the corresponding period of last year, the Company did not enter into any forward foreign exchange contracts or currency swap contracts.

The exchange rate risks faced by the Company mainly come from financial assets and financial liabilities denominated in US dollars and Japanese Yen. The amounts of financial assets and financial liabilities dominated in foreign currency upon conversion into RMB are listed as follows:

Items	Closing balance			Balance at the end of last year		
	USD	Other foreign currency	Total	USD	Other foreign currency	Total
Monetary funds	29,138,538.68	4,540,080.39	33,678,619.07	58,608,439.43	5,128,410.13	63,736,849.56
Accounts receivable	13,039,141.10	2,721,857.83	15,760,998.93	29,496,668.21	3,663,604.73	33,160,272.94
Other receivables	5,452,536.16	3,578.03	5,456,114.19	7,744,095.70	3,618.88	7,747,714.58
Subtotal	<u>47,630,215.94</u>	<u>7,265,516.25</u>	<u>54,895,732.19</u>	<u>95,849,203.34</u>	<u>8,795,633.74</u>	<u>104,644,837.08</u>
Accounts payable	144,232,357.49	29,322,929.54	173,555,287.03	95,270,802.41	63,372,733.50	158,643,535.91
Other payables	3,564,840.74		3,564,840.74	3,171,434.82	6,892.70	3,178,327.52
Subtotal	<u>147,797,198.23</u>	<u>29,322,929.54</u>	<u>177,120,127.77</u>	<u>98,442,237.23</u>	<u>63,379,626.20</u>	<u>161,821,863.43</u>

Effects of movement in exchange rate are as follows:

Items	Increase/(decrease) in exchange rate	Closing balance		Balance at the end of last year		
		Increase/(decrease) in total profit	Increase/(decrease) in shareholders' equity	Increase/(decrease) in exchange rate	Increase/(decrease) in total profit	Increase/(decrease) in shareholders' equity
Depreciation of RMB against USD	5%	-5,008,349.11	-5,008,349.11	5%	-129,651.69	-129,651.69
Appreciation of RMB against USD	5%	5,008,349.11	5,008,349.11	5%	129,651.69	129,651.69
Depreciation of RMB against JPY	5%	-1,213,170.95	-1,213,170.95	5%	-2,894,785.51	-2,894,785.51
Appreciation of RMB against JPY	5%	1,213,170.95	1,213,170.95	5%	2,894,785.51	2,894,785.51

## 3. Other price risks

Other price risks refer to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to market price changes other than exchange rate and interest rate risks.

The Company's other price risks mainly arise from various equity instrument investments, and there are risks of price changes of equity instruments.

## IX. FAIR VALUE DISCLOSURE

Inputs used in fair value measurement are divided into three levels:

Level 1 inputs refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.

Level 2 inputs refer to inputs that are directly or indirectly observable for the asset or liability other than Level 1 inputs.

Level 3 inputs refer to unobservable inputs of the relevant assets or liabilities.

The level of the measurement result of fair value shall be subject to the lowest level which the input that is of great significance to the measurement of fair value as a whole.

### (I) Fair value of assets and liabilities at the end of the period measured at fair value

Items	Level 1 Fair value measurement	Fair value as at end of the period		Total
		Level 2 Fair value measurement	Level 3 Fair value measurement	
1. Fair value measurement on a recurring basis				
◆ Financial assets held for trading			472,567,951.40	472,567,951.40
1. Financial assets at fair value through profit or loss			472,567,951.40	472,567,951.40
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets			472,567,951.40	472,567,951.40
(4) Others				
◆ Financing receivables			38,783,104.31	38,783,104.31
◆ Other equity instrument investment			4,608,894.92	4,608,894.92
Total assets measured at fair value on a recurring basis				

### (II) Valuation techniques adopted and qualitative & quantitative information of key parameters for recurring and non-recurring fair value measurements categorized within Level 3

- The Company's financial assets held for trading measured at the third level of fair value are bank wealth investment products. At the end of the period, the fair value is adjusted according to the expected return rate or performance benchmark interest rate of financial products.
- The Company's financing receivables measured at the third level of fair are notes receivables with the intention of endorsement, and the remaining maturity is short with the carrying value equaled to its fair value.
- The Company's other equity instruments investment measured at the third level of fair value is 7.30% equity of Jiangsu Research and Design Institute of Urban Rail Transit Co., Ltd, which is a non-listed company and its fair value is determined using the net asset basis method as of the balance sheet date.

**(III) Adjustment between the carrying value of opening and closing balance, and sensitivity analysis of unobservable parameters for recurring fair value measurements categorized within Level 3**

**1. Adjustment in respect of recurring fair value measurements categorized within Level 3**

Items	Balance at the end of last year	Transfers		Amount recorded in profits and losses	Gains (losses)	Purchase, issue, sale and settlement				Closing balance	Unrealised gains or change recorded in profit or loss for assets held at the end of the Reporting Period
		into level 3	Transfers out of level 3		recognized in the period	Amount recorded in other comprehensive income	Purchase	Issue	Sale		
◆ Financial assets held for trading	501,356,576.18			5,659,074.29		880,000,000.00		938,788,624.78		472,587,851.40	1,211,375.22
Financial assets at fair value through profit or loss	501,356,576.18			5,659,074.29		880,000,000.00		938,788,624.78		472,587,851.40	1,211,375.22
- Debt instrument investment											
- Equity instrument investment											
- Derivative financial assets	501,356,576.18			5,659,074.29		880,000,000.00		938,788,624.78		472,587,851.40	1,211,375.22
- Others											
◆ Financing receivables	144,989,076.62	203,737,022.36	309,922,986.67							38,783,104.51	
◆ Other equity instrument investment	4,074,939.80				533,855.12					4,608,894.92	
<b>Total</b>	<b>650,400,594.60</b>										
Including: profit or loss related to financial assets				5,659,074.29							1,211,375.22
Profit or loss related to non-financial assets											

**X. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS**

**(I) The parent of the Company**

Name of parent	Place of registration	Business nature	Registered Capital	Shareholding in the Company (%)	Voting rights in the Company (%)
Panda Electronics Group Co., Ltd.	Nanjing	Manufacturing	RMB1,632,970,000	23.05	55.56

*Note 1.* As at 30 June 2021, the total number of shares held by China Electronics Corporation represented 29.98% of the total share capital of the Company. Specifically, it held 22,120,611 A shares and 13,768,000 H shares of the Company through its non-wholly owned subsidiary, Nanjing Electronics Information Industrial Corporation which held such shares through asset management plans, representing 3.93% of the total share capital of the Company; held 210,661,444 A shares of the Company through Panda Electronics Group Co., Ltd., a wholly-owned subsidiary of Nanjing Electronics Information Industrial Corporation, representing 23.05% of the total share capital of the Company; and held 27,414,000 H shares of the Company through its overseas wholly-owned subsidiary CEIEC (H.K.) Limited, representing 3.00% of the total share capital of the Company. China Electronics Corporation, whose registered office is in Beijing, is the ultimate controller of the Company.

*Note 2.* The percentage of voting rights held by the parent in the Company is higher than the proportion of its shareholding in the Company, which is due to the fact that five out of the nine Directors of the Company were nominated by the parent.

## (II) Subsidiaries of the Company

For details of the subsidiaries of the Company, please refer to the part headed “VII. Interests in Other Entities” herein.

## (III) Joint ventures and associates of the Company

For details of the Company’s major joint ventures and associates, please refer to the part headed “VII. Interests in Other Entities” herein

Other joint ventures or associates that had related party transactions with the Company in the current period or had outstanding balances with the Company resulted from related party transactions in previous periods are as follows:

<b>Join venture/associate</b>	<b>Relationship with the Company</b>
Nanjing Ericsson Panda Communication Co., Ltd.	Associate of the Company
Beijing SE Putian Mobile Communications Co., Ltd.	Associate of the Company
Shenzhen Chebao Information Technology Co., Ltd	Associate of the Company’s subsidiary
Shenzhen Jinghua Network Marketing Co., Ltd.	Associate of the Company’s subsidiary

## (IV) Other related parties

<b>Name</b>	<b>Relationship with the Company</b>
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary of the parent
Nanjing Panda Electronics Import and Export Co., Ltd.	Subsidiary of the parent
Nanjing Panda Investment Development Co., Ltd.	Subsidiary of the parent
Nanjing Panda Transport Co., Ltd.	Subsidiary of the parent
Nanjing Zhenhua Packing Material Factory	Subsidiary of the parent
Nanjing CEC-Panda Home Appliances Co., Ltd.	Subsidiary of the parent
FAIRWIT HONGKONG CO., LIMITED	Subsidiary of the parent
Nanjing Panda Dasheng Electronics Technology Co., Ltd.	Subsidiary of the parent
Nanjing Panda Technology Park Development Company Limited	Subsidiary of the parent
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary of the parent
Nanjing Electronics Information Industrial Corporation	Shareholder of the Company
Caihong Group Co., Ltd	Ultimately controlled by the same party
Feisheng (Shanghai) Electronic Technology Co., Ltd.	Ultimately controlled by the same party
TPV Technology Co., Ltd.	Ultimately controlled by the same party
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Ultimately controlled by the same party
Guizhou Zhenhua Yilong New Materials Co., Ltd.	Ultimately controlled by the same party
Nanjing Huadong Electronics Group Co., Ltd.	Ultimately controlled by the same party
Nanjing China Electronics Panda Crystal Technology Co., Ltd	Ultimately controlled by the same party
Nanjing CEC Panda Modern Service Industry Co., Ltd.	Ultimately controlled by the same party
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing CEC Panda LCD Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing CEC Panda Lighting Co., Ltd.	Ultimately controlled by the same party
Shenzhen SED Wireless Communication Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen China Electronics Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd.	Ultimately controlled by the same party

Name	Relationship with the Company
Shenzhen China Electronics Investment Co., Ltd.	Ultimately controlled by the same party
Wuhan Zhongyuan Communication Co., Ltd.	Ultimately controlled by the same party
Xianyang CE Caihong Group Holdings Co., Ltd.	Ultimately controlled by the same party
Panda Technology (Beijing) Co., Ltd.	Ultimately controlled by the same party
CEC Industrial Internet Co., Ltd.	Ultimately controlled by the same party
China Electronics Industry Development Co., Ltd.	Ultimately controlled by the same party
China Electronics Import and Export Co., Ltd.	Ultimately controlled by the same party
China Electronics Equipment International Co., Ltd.	Ultimately controlled by the same party
China Electronics Materials Suzhe Company	Ultimately controlled by the same party
China Greatwall Technology Group Co., Ltd.	Ultimately controlled by the same party
China Zhenhua Group Yunke Electronics Co., Ltd.	Ultimately controlled by the same party
Gansu Changfeng Electronic Technology Co., Ltd.	Ultimately controlled by the same party
Guizhou Zhenhua Qunying Electrical Appliance Co., Ltd.	Ultimately controlled by the same party
Nanjing IRICO New Energy Co., Ltd.	Ultimately controlled by the same party
Nanjing Panda Jinling Hotel Co., Ltd.	Ultimately controlled by the same party
Nanjing China Electronics Panda Trade Development Co., Ltd.	Ultimately controlled by the same party
Nanjing CEC Panda Real Estate Co., Ltd.	Ultimately controlled by the same party
Shanghai Panda Huning Electronic Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen China Electronics International Information Technology Co., Ltd.	Ultimately controlled by the same party
Wuhan Zhongyuan Electronics Group Co., Ltd.	Ultimately controlled by the same party
Xianyang Caihong Intelligent Equipment Co., Ltd.	Ultimately controlled by the same party
China Electronics Finance Co., Ltd.	Ultimately controlled by the same party
Chengdu China Electronics Panda Display Technology Co., Ltd.	Other related parties
Nanjing BOE Display Technology Co., Ltd.	Other related parties
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Other related parties
IRICO (Hefei) LCD Glass Co., Ltd.	Other related parties
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Other related parties
Nanjing LG-Panda Appliances Co., Ltd.	Other related parties
Nanjing Panda Medical Services Co., Ltd.	Other related parties

(V) **Related-party transactions**

**1. Related-party transactions in relation to purchase or sale of goods, rendering or receipt of services**

Purchase of goods/receiving of service

<b>Related party</b>	<b>Type of transaction</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
China Electronics Equipment International Co., Ltd.	Purchase of goods	<b>19,192,301.57</b>	8,919,393.47
Feisheng (Shanghai) Electronic Technology Co., Ltd.	Purchase of goods	<b>3,322,355.35</b>	
Nanjing IRICO New Energy Co., Ltd.	Purchase of goods	<b>1,307,960.88</b>	
Nanjing Zhenhua Packing Material Factory	Purchase of goods	<b>1,306,087.17</b>	881,588.37
Nanjing CEC Panda LCD Technology Co., Ltd.	Purchase of goods	<b>349,734.40</b>	467,971.29
Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd.	Purchase of goods	<b>207,079.65</b>	
Shenzhen China Electronics Investment Co., Ltd.	Purchase of goods	<b>60,242.12</b>	400,653.11
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Purchase of goods	<b>50,442.48</b>	13,815.93
Nanjing China Electronics Panda Crystal Technology Co., Ltd	Purchase of goods	<b>32,035.40</b>	2,547.12
China Zhenhua Group Yunke Electronics Co., Ltd.	Purchase of goods	<b>6,902.65</b>	
China Electronics Import and Export Co., Ltd.	Purchase of goods	<b>5,506.60</b>	213,628.77
Nanjing Panda Handa Technology Co., Ltd.	Purchase of goods	<b>850.00</b>	4,942.48
Nanjing CEC-Panda Home Appliances Co., Ltd.	Purchase of goods	<b>566.37</b>	41,846.90
Nanjing BOE Display Technology Co., Ltd.	Purchase of goods		1,741,653.47
Shanghai Panda Huning Electronic Technology Co., Ltd.	Purchase of goods		753,103.45
Chengdu China Electronics Panda Display Technology Co., Ltd.	Purchase of goods		50,156.05
Guizhou Zhenhua Qunying Electrical Appliance Co., Ltd.	Purchase of goods		20,176.99
Nanjing Panda Dasheng Electronics Technology Co., Ltd.	Purchase of goods		64,152.09
Nanjing Panda Electronics Import and Export Co., Ltd.	Purchase of goods		43,081.30

<b>Related party</b>	<b>Type of transaction</b>	<b>Amount for the current period</b>	Amount for the previous period
Nanjing Panda Transport Co., Ltd.	Receipt of services	<b>2,996,391.19</b>	2,300,750.25
Nanjing CEC-Panda Home Appliances Co., Ltd.	Receipt of services	<b>2,681,415.93</b>	
Panda Electronics Group Co., Ltd.	Receipt of services	<b>1,049,650.00</b>	
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Receipt of services	<b>785,622.48</b>	968,524.00
Nanjing Panda Medical Services Co., Ltd.	Receipt of services	<b>400,561.43</b>	70,605.00
China Electronics Import and Export Co., Ltd.	Receipt of services	<b>239,662.77</b>	
Nanjing CEC Panda LCD Technology Co., Ltd.	Receipt of services	<b>158,322.12</b>	322,376.11
China Electronics Industry Development Co., Ltd.	Receipt of services	<b>48,100.27</b>	
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Receipt of services	<b>43,096.74</b>	
Nanjing Panda Handa Technology Co., Ltd.	Receipt of services	<b>34,783.02</b>	35,625.28
Sales of goods/rendering of services			
<b>Related party</b>	<b>Type of transaction</b>	<b>Amount for the current period</b>	Amount for the previous period
Nanjing BOE Display Technology Co., Ltd.	Sale of goods	<b>346,071,806.23</b>	334,137,651.84
Chengdu China Electronics Panda Display Technology Co., Ltd.	Sale of goods	<b>267,966,993.95</b>	257,590,961.42
Nanjing Panda Handa Technology Co., Ltd.	Sale of goods	<b>106,756,809.26</b>	35,329,449.86
Nanjing CEC Panda LCD Technology Co., Ltd.	Sale of goods	<b>67,491,763.70</b>	75,189,242.48
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Sale of goods	<b>19,881,720.67</b>	
IRICO (Hefei) LCD Glass Co., Ltd.	Sale of goods	<b>12,980,530.95</b>	
Shenzhen Jinghua Network Marketing Co., Ltd.	Sale of goods	<b>6,001,127.43</b>	7,527,124.87
Nanjing Ericsson Panda Communication Co., Ltd.	Sale of goods	<b>4,785,403.61</b>	1,861,716.01
Feisheng (Shanghai) Electronic Technology Co., Ltd.	Sale of goods	<b>2,821,194.00</b>	4,602,135.82
FAIRWIT HONGKONG CO., LIMITED	Sale of goods	<b>2,181,521.22</b>	995,899.38
China Greatwall Technology Group Co., Ltd.	Sale of goods	<b>1,550,852.72</b>	1,149,645.95
Shenzhen SED Wireless Communication Technology Co., Ltd.	Sale of goods	<b>1,203,539.82</b>	
CEC Industrial Internet Co., Ltd.	Sale of goods	<b>1,089,047.49</b>	
Nanjing Panda Electronics Import and Export Co., Ltd.	Sale of goods	<b>618,355.15</b>	5,395,950.37
Wuhan Zhongyuan Communication Co., Ltd.	Sale of goods	<b>194,690.27</b>	
Panda Technology (Beijing) Co., Ltd.	Sale of goods	<b>68,998.23</b>	
Shenzhen China Electronics Technology Co., Ltd.	Sale of goods	<b>54,813.62</b>	38,746.06
Nanjing Panda Transport Co., Ltd.	Sale of goods	<b>46,016.50</b>	40,597.40
Nanjing CEC-Panda Home Appliances Co., Ltd.	Sale of goods	<b>21,125.21</b>	1,266,193.82
China Electronics Materials Suzhe Company	Sale of goods		369,992.45
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Sale of goods		217,685.04
Nanjing Electronics Information Industrial Corporation	Sale of goods		187,807.55



<b>Related party</b>	<b>Type of transaction</b>	<b>Amount for the current period</b>	<b>Amount for the previous period</b>
Wuhan Zhongyuan Electronics Group Co., Ltd.	Sale of goods		106,194.69
TPV Technology Co., Ltd.	Sale of goods		48,934.04
Nanjing Panda Investment Development Co., Ltd.	Sale of goods		5,820.75
Nanjing CEC Panda Modern Service Industry Co., Ltd.	Sale of goods		4,650.94
Nanjing China Electronics Panda Trade Development Co., Ltd.	Sale of goods		2,858.49
Panda Electronics Group Co., Ltd.	Sale of goods		2,728.66
Nanjing Panda Investment Development Co., Ltd.	Rendering of services	<b>14,211,988.52</b>	1,057,407.16
Nanjing BOE Display Technology Co., Ltd.	Rendering of services	<b>9,973,535.19</b>	
Nanjing CEC Panda LCD Technology Co., Ltd.	Rendering of services	<b>7,768,644.36</b>	7,264.95
Nanjing Panda Handa Technology Co., Ltd.	Rendering of services	<b>5,517,952.80</b>	2,360,932.60
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Rendering of services	<b>2,465,537.51</b>	14,766,392.39
Nanjing CEC Panda Lighting Co., Ltd.	Rendering of services	<b>1,051,109.56</b>	375,556.80
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Rendering of services	<b>710,682.56</b>	722,140.30
Nanjing Ericsson Panda Communication Co., Ltd.	Rendering of services	<b>507,140.12</b>	701,164.11
China Electronics Materials Suzhe Company	Rendering of services	<b>435,056.59</b>	
Nanjing Panda Transport Co., Ltd.	Rendering of services	<b>288,500.94</b>	
Nanjing Electronics Information Industrial Corporation	Rendering of services	<b>242,145.30</b>	
Nanjing CEC-Panda Home Appliances Co., Ltd.	Rendering of services	<b>133,008.04</b>	141,431.43
Panda Electronics Group Co., Ltd.	Rendering of services	<b>115,044.25</b>	2,274,940.79
TPV Technology Co., Ltd.	Rendering of services	<b>62,099.63</b>	
Nanjing Panda Electronics Import and Export Co., Ltd.	Rendering of services	<b>36,839.03</b>	34,357.94
Nanjing CEC Panda Modern Service Industry Co., Ltd.	Rendering of services	<b>14,711.34</b>	
Shenzhen Jinghua Network Marketing Co., Ltd.	Rendering of services	<b>4,285.64</b>	2,249.01
Shenzhen Chebao Information Technology Co., Ltd.	Rendering of services	<b>4,096.04</b>	
Nanjing Panda Medical Services Co., Ltd.	Rendering of services	<b>2,628.31</b>	
Nanjing China Electronics Panda Trade Development Co., Ltd.	Rendering of services	<b>339.62</b>	
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Rendering of services		1,746,750.49
Chengdu China Electronics Panda Display Technology Co., Ltd.	Rendering of services		721,698.09

## 2. Leases with related parties

The Company as lessor:

Lessee	Types of leased assets	Rental income recognized for the current period	Rental income recognized for the previous period
Nanjing Panda Transport Co., Ltd.	Premises	595,266.06	593,405.02
Nanjing CEC-Panda Home Appliances Co., Ltd.	Premises	340,122.96	334,211.04
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Premises	159,314.29	273,805.71
Nanjing Panda Electronics Import and Export Co., Ltd.	Premises	123,655.02	123,655.02
Nanjing Panda Handa Technology Co., Ltd.	Premises	78,715.60	78,715.60
Shenzhen Jinghua Network Marketing Co., Ltd.	Premises	25,600.00	11,600.00
Nanjing Panda Transport Co., Ltd.	Motor vehicles	63,837.58	123,565.52

## 3. Related-party guarantees

The Company as guarantor:

Secured party	Guarantee amount	Start date	Expiry date	Whether the guarantee has been discharged
Nanjing Panda Electronic Manufacture Co., Ltd. <sup>1</sup>	60,000,000.00	2019-12-6	2022-12-5	No
Nanjing Panda Electronic Manufacture Co., Ltd. <sup>2</sup>	60,000,000.00	2020-5-14	2024-5-13	No
Nanjing Huage Appliance and Plastic Industrial Co., Ltd. <sup>3</sup>	50,000,000.00	2021-1-19	2024-1-19	No
Nanjing Panda Electromechanical Manufacturing Co., Ltd. <sup>4</sup>	15,000,000.00	2021-2-7	2024-1-12	No
Nanjing Panda Information Industry Co., Ltd. <sup>5</sup>	200,000,000.00	2021-5-17	2024-2-10	No
Nanjing Panda Information Industry Co., Ltd. <sup>6</sup>	50,000,000.00	2020-5-12	2024-5-11	No
Nanjing Panda Electronic Equipment Co., Ltd. <sup>7</sup>	150,000,000.00	2019-11-20	2022-9-16	No
Nanjing Panda Electronic Equipment Co., Ltd. <sup>8</sup>	100,000,000.00	2021-1-19	2024-1-19	No
Chengdu Panda Electronic Technology Co., Ltd. <sup>9</sup>	55,000,000.00	2020-10-20	2023-10-19	No

*Note 1:* The Company has provided the maximum amount guarantee for the comprehensive credit facilities of RMB60,000,000.00 granted to its second-tier subsidiary Nanjing Panda Electronic Manufacture Co., Ltd. by Industrial Bank Co., Ltd. Nanjing Branch. The credit facilities shall be available from 6 December 2019 to 5 December 2020, while the guarantee, for which no counter-guarantee has been provided, shall be effective for two years for each credit facility from the expiry date of the performance period for the obligations under such credit facilities. As at 30 June 2021, Nanjing Panda Electronic Manufacture Co., Ltd. had utilized a total of RMB10,007,382.75 of the credit facilities, of which the amount of bank acceptances guaranteed by the Company for the second-tier subsidiary amounted to RMB10,007,382.75.

- Note 2:* The Company provided the maximum irrevocable guarantee for the comprehensive credit facilities of RMB60,000,000.00 granted to its second-tier subsidiary Nanjing Panda Electronic Manufacture Co., Ltd. by China Merchants Bank Co., Ltd., Nanjing Branch. The credit facilities shall be available from 14 May 2020 to 13 May 2021, while the guarantee, for which no counter-guarantee has been provided, shall be effective for a term from the effective date of the guarantee agreement to the maturity date of each drawdown of the credit facilities plus another three years. As at 30 June 2021, Nanjing Panda Electronic Manufacture Co., Ltd. had utilized RMB10,800,000.00 of the credit facilities, of which the amount of bank acceptances guaranteed by the Company for the second-tier subsidiary amounted to RMB10,800,000.00.
- Note 3:* The Company has provided the maximum amount guarantee for the comprehensive credit facilities of RMB50,000,000.00 granted to its third-tier subsidiary Nanjing Huage Appliance and Plastic Industrial Co., Ltd. by China Electronics Finance Co., Ltd. The credit facilities shall be available from 19 January 2021 to 19 January 2022, while the guarantee, for which no counter-guarantee has been provided, shall be effective for two years for each credit facility from the expiry date of the performance period of obligations under such credit facility agreement entered into under the Comprehensive Credit Granting Agreement. As at 30 June 2021, Nanjing Huage Appliance and Plastic Industrial Co., Ltd. had utilized RMB15,298,403.16 of the credit facilities, of which the amount of bank acceptances guaranteed by the Company for the third-tier subsidiary amounted to RMB15,298,403.16.
- Note 4:* The Company has provided the maximum amount guarantee for the comprehensive credit facilities of RMB15,000,000.00 granted to its third-tier subsidiary Nanjing Panda Electromechanical Manufacturing Co., Ltd. by Industrial Bank Co., Ltd. Nanjing Branch. The credit facilities shall be available from 7 February 2021 to 12 January 2022, while the guarantee, for which no counter-guarantee has been provided, shall be effective for two years for each credit facility from the expiry date of the performance period for the obligations under such credit facilities. As at 30 June 2021, Nanjing Panda Electromechanical Manufacturing Co., Ltd. had utilized a total of RMB5,280,000.00 of the credit facilities, of which the amount of bank acceptances guaranteed by the Company for the third-tier subsidiary amounted to RMB5,280,000.00.
- Note 5:* The Company has provided the maximum amount guarantee for the comprehensive credit facilities of RMB200,000,000.00 granted to its second-tier subsidiary Nanjing Panda Information Industry Co., Ltd. by Shanghai Pudong Development Bank Co., Ltd. Nanjing Branch. The credit facilities shall be available from 17 May 2021 to 10 February 2022, while the guarantee, for which no counter-guarantee has been provided, shall be effective from the expiry date of the performance period for the obligations under each credit facility agreement until the second anniversary of such expiry date. As at 30 June 2021, Nanjing Panda Information Industry Co., Ltd. had utilized a total of RMB59,331,068.72 of the credit facilities, of which the amount of performance bonds guaranteed by the Company for the second-tier subsidiary amounted to RMB59,331,068.72.
- Note 6:* The Company provided the maximum irrevocable guarantee for the comprehensive credit facilities of RMB50,000,000.00 granted to its second-tier subsidiary Nanjing Panda Information Industry Co., Ltd. by China Merchants Bank Co., Ltd., Nanjing Branch. The credit facilities shall be available from 12 May 2020 to 11 May 2021, while the guarantee, for which no counter-guarantee has been provided, shall be effective from the effective date of the guarantee agreement to the maturity date of each drawdown under the credit facilities plus another three years. As at 30 June 2021, Nanjing Panda Information Industry Co., Ltd. had utilized RMB35,027,832.45 of the credit facilities, of which the amount of performance bonds guaranteed by the Company for the second-tier subsidiary amounted to RMB35,027,832.45.
- Note 7:* The Company has provided the maximum amount guarantee for the comprehensive credit facilities of RMB150,000,000.00 granted to its second-tier subsidiary Nanjing Panda Electronic Equipment Co., Ltd. by Nanjing Central Road Sub-branch of Industrial Bank Co., Ltd. The credit facilities shall be available from 20 November 2019 to 19 September 2020, while the guarantee, for which no counter-guarantee has been provided, shall be effective for two years for each credit facility from the expiry date of the performance period for the obligations under such credit facility. As at 31 December 2020, Nanjing Panda Electronic Equipment Co., Ltd. had utilized a total of RMB2,934,275.40 of the credit facilities, of which the amount of performance bonds guaranteed by the Company for the second-tier subsidiary amounted to RMB2,934,275.40.

*Note 8:* The Company has provided the maximum amount guarantee for the comprehensive credit facilities of RMB100,000,000.00 granted to its second-tier subsidiary Nanjing Panda Electronic Equipment Co., Ltd. by China Electronics Finance Co., Ltd. The credit facilities shall be available from 19 January 2021 to 19 January 2022, while the guarantee, for which no counter-guarantee has been provided, shall be effective for two years for each credit facility from the expiry date of the performance period of obligations under the agreement of such credit facility entered into under the Comprehensive Credit Granting Agreement. As at 30 June 2021, Nanjing Panda Electronic Equipment Co., Ltd. had utilized RMB6,821,616.11 of the credit facilities, of which the amount of performance bonds and bank acceptances guaranteed by the Company for the second-tier subsidiary amounted to RMB4,721,616.11 and RMB2,100,000.00, respectively.

*Note 9:* The Company has provided the maximum amount guarantee for the comprehensive credit facilities of RMB55,000,000.00 granted to its second-tier subsidiary Chengdu Panda Electronic Technology Co., Ltd. by Nanjing Central Road Sub-branch of Industrial Bank Co., Ltd. The credit facilities shall be available from 20 October 2020 to 19 October 2021, while the guarantee, for which no counter-guarantee has been provided, shall be effective for two years for each specific credit facility agreement from the expiry date of the performance period for the obligations under such agreement. As at 30 June 2021, Chengdu Panda Electronic Technology Co., Ltd. had utilized a total of RMB42,992,909.40 of the credit facilities, of which the amount of bank acceptances guaranteed by the Company for the second-tier subsidiary amounted to RMB42,992,909.40.

To sum up, as at 30 June 2021, the aggregate amount of guarantees provided by the Company for its subsidiaries was RMB188,493,487.99, including RMB86,478,695.31 for bank acceptances and RMB102,014,792.68 for performance bonds (30 June 2020: the aggregate amount of guarantees provided by the Company for its subsidiaries was RMB268,900,573.34, including RMB106,182,278.06 for bank acceptances, RMB156,943,031.03 for performance bonds, and RMB5,775,264.25 for letters of credit).

#### 4. Other related-party transactions

Related party	Type of transaction	Current period	Previous period
China Electronics Finance Co., Ltd. <sup>1</sup>	Receipt of interest	<b>3,495,810.37</b>	2,092,948.87
China Electronics Finance Co., Ltd. <sup>1</sup>	Payment of interest		682,708.34
	Payment of discount charges		
China Electronics Finance Co., Ltd. <sup>1</sup>		<b>163,944.48</b>	646,644.67

*Note 1:* The Company renewed the Financial Services Agreement (the "Services Agreement") with China Electronics Finance Co., Ltd. ("Financial Company") in 2018. According to the Services Agreement, Financial Company shall provide the Company with financial services, including but not limited to financial and financing consultancy, guarantee trust and other relevant consulting and agency services and guarantee, acceptance of bills, discounting and deposit services for a term of three years from the effective date of the Service Agreement, with the cap for the comprehensive credit facilities of RMB600 million and the cap for the fund settlement of RMB500 million, subject to applicable national laws and regulations and the operational rules of financial institutions. The Services Agreement was considered and approved at the 2018 first extraordinary general meeting of the Company held on 28 December 2018.

As at 30 June 2021, the loan balance and deposit balance of the Company with Financial Company were RMB0 and RMB497,596,096.78, respectively. For the current period, cash received by the Company from discounted notes was RMB11,836,055.52, and discount charges paid by the Company was RMB163,944.48. As at 30 June 2021, a total of RMB22,120,019.27 under the credit facilities granted by Financial Company had been used for issuing bank acceptances and performance bonds. As at 30 June 2021, the Company's discounted but not derecognized amount at Financial Company was RMB0.00.

**(VI) Amounts due to or from related parties****1. Amounts due from related parties**

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Nanjing BOE Display Technology Co., Ltd.	<b>281,728,158.83</b>		177,293,847.85	
	Nanjing Panda Handa Technology Co., Ltd.	<b>138,992,275.02</b>		119,573,772.70	
	Chengdu China Electronics Panda Display Technology Co., Ltd.	<b>104,462,024.92</b>		82,528,149.83	
	Nanjing CEC Panda LCD Technology Co., Ltd.	<b>30,938,379.80</b>		42,146,508.70	
	Caihong Group Co., Ltd.	<b>15,298,000.05</b>		21,016,138.01	
	Xianyang Caihong Optoelectronics Technology Co., Ltd.	<b>9,334,511.76</b>		3,371,014.59	
	IRICO (Hefei) LCD Glass Co., Ltd.	<b>6,127,600.00</b>		5,097,600.00	
	Gansu Changfeng Electronic Technology Co., Ltd.	<b>5,244,620.00</b>		12,128,560.00	
	Nanjing Ericsson Panda Communication Co., Ltd.	<b>4,184,250.58</b>		1,733,757.57	
	Nanjing Panda Electronics Import and Export Co., Ltd.	<b>2,191,770.40</b>		3,195,810.13	
	Nanjing Panda Investment Development Co., Ltd.	<b>1,346,500.20</b>		25,161,409.00	
	Xianyang CE Caihong Group Holdings Co., Ltd.	<b>873,162.40</b>		3,027,302.79	
	China Greatwall Technology Group Co., Ltd.	<b>528,685.94</b>		678,895.76	
	Panda Electronics Group Co., Ltd.	<b>182,883.72</b>	<b>146,659.19</b>	613,950.87	146,659.19
	Nanjing CEC Panda Real Estate Co., Ltd.	<b>158,803.63</b>	<b>15,880.36</b>	158,803.63	15,880.36
	Nanjing CEC Panda LCD Materials Technology Co., Ltd.	<b>128,072.06</b>		10,047.01	
	China Electronics Materials Suzhe Company	<b>86,345.00</b>			
	Nanjing Electronics Information Industrial Corporation	<b>41,159.00</b>			
	Nanjing CEC-Panda Home Appliances Co., Ltd.	<b>15,606.24</b>		36,490.30	
	TPV Technology Co., Ltd.	<b>15,033.50</b>			
	Shenzhen China Electronics Technology Co., Ltd.	<b>8,532.32</b>		24,957.70	
	CEC Industrial Internet Co., Ltd.	<b>4,335.36</b>		1,894,652.25	
	Nanjing CEC Panda Modern Service Industry Co., Ltd.	<b>2,625.00</b>		1,827.00	
	Nanjing Panda Jining Hotel Co., Ltd.	<b>2,227.10</b>	<b>334.07</b>	2,227.10	334.07
	Nanjing China Electronics Panda Trade Development Co., Ltd.	<b>360.00</b>			
	Liyang Panda Cuizhuyuan Hotel Co., Ltd.	<b>0.01</b>		2,247,653.27	
	Shenzhen Jinghua Network Marketing Co., Ltd.			3,100,000.00	
Guizhou Zhenhua Yilong New Materials Co., Ltd.			2,000,000.00		
Feisheng (Shanghai) Electronic Technology Co., Ltd.			433,997.97		
Nanjing Panda Transport Co., Ltd.			106,999.99		
Wuhan Zhongyuan Communication Co., Ltd.			24,000.00		
Nanjing IRICO New Energy Co., Ltd.			1,025.80		

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Contract assets	Nanjing CEC Panda LCD Technology Co., Ltd.	<b>1,404,000.90</b>			
Other non-current assets	Nanjing Panda Investment Development Co., Ltd.	<b>7,503,349.19</b>		7,503,349.19	
	Guizhou Zhenhua Yilong New Materials Co., Ltd.	<b>5,981,923.88</b>		5,981,923.88	
	Caihong Group Co., Ltd.	<b>2,431,078.00</b>		2,431,078.00	
	Xianyang CE Caihong Group Holdings Co., Ltd.	<b>1,623,034.18</b>		1,623,034.18	
	IRICO (Hefei) LCD Glass Co., Ltd.	<b>1,396,000.00</b>		1,396,000.00	
	Liyang Panda Cuizhuyuan Hotel Co., Ltd.	<b>873,375.25</b>		873,375.25	
Notes receivable	Nanjing Panda Handa Technology Co., Ltd.	<b>54,587,761.38</b>		19,300,000.00	
Financing receivables	Nanjing Panda Handa Technology Co., Ltd.	<b>3,576,000.00</b>		4,200,000.00	
	IRICO (Hefei) LCD Glass Co., Ltd.	<b>1,054,947.57</b>		4,000,000.00	
	Chengdu China Electronics Panda Display Technology Co., Ltd.			84,353,298.80	
	Nanjing BOE Display Technology Co., Ltd.			10,000,000.00	
	Xianyang Caihong Optoelectronics Technology Co., Ltd.			5,000,000.00	
	China Greatwall Technology Group Co., Ltd.			213,414.67	
Prepayments	Nanjing Panda Electronics Import and Export Co., Ltd.	<b>6,276,400.48</b>		5,778,674.92	
	Nanjing CEC-Panda Home Appliances Co., Ltd.	<b>1,634,726.36</b>		1,208,785.04	
	Nanjing Panda Handa Technology Co., Ltd.	<b>316,800.00</b>			
	China Electronics Import and Export Co., Ltd.	<b>47,140.80</b>		239,021.69	
	Nanjing CEC Panda LCD Technology Co., Ltd.	<b>15,000.00</b>		15,000.00	
	Chengdu China Electronics Panda Display Technology Co., Ltd.	<b>2,600.00</b>		2,600.00	

## 2. Amounts due to related parties

Item	Related party	Closing balance	Opening balance
Accounts payable	China Electronics Equipment International Co., Ltd.	<b>11,761,075.24</b>	5,552,363.67
	Nanjing CEC-Panda Home Appliances Co., Ltd.	<b>3,177,600.40</b>	4,427,600.40
	Panda Electronics Group Co., Ltd.	<b>3,558,714.49</b>	3,558,714.49
	Nanjing Panda Handa Technology Co., Ltd.	<b>2,573,186.60</b>	88,638.00
	Nanjing Zhenhua Packing Material Factory	<b>1,187,306.04</b>	1,338,178.33
	Nanjing Panda Transport Co., Ltd.	<b>1,141,254.45</b>	935,523.55
	Xianyang CE Caihong Group Holdings Co., Ltd.	<b>1,120,000.00</b>	1,600,000.00
	Nanjing Panda Dasheng Electronics Technology Co., Ltd.	<b>244,630.40</b>	106,758.00
	Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd.	<b>234,000.00</b>	
	Shanghai Panda Huning Electronic Technology Co., Ltd.	<b>122,520.69</b>	122,520.69
	Guizhou Zhenhua Qunying Electrical Appliance Co., Ltd.	<b>37,150.00</b>	37,150.00
	Nanjing China Electronics Panda Crystal Technology Co., Ltd.	<b>21,918.53</b>	380.78
	Guizhou Zhenhua Hualian Electronics Co., Ltd.	<b>5,809.42</b>	18,048.00
	Xianyang Caihong Intelligent Equipment Co., Ltd.		390,000.00
	China Zhenhua Group Yunke Electronics Co., Ltd.		154,704.95
	Caihong Group Co., Ltd.		80,000.00
Notes payable	Nanjing CEC-Panda Home Appliances Co., Ltd.	<b>4,280,000.00</b>	
	Nanjing Zhenhua Packing Material Factory	<b>1,160,166.93</b>	120,426.60
	Guizhou Zhenhua Hualian Electronics Co., Ltd.		157,719.00
Other payables	Panda Electronics Group Co., Ltd.	<b>4,920,361.62</b>	6,898,220.06
	Nanjing Panda Transport Co., Ltd.	<b>898,458.97</b>	898,458.97
	China Electronics Import and Export Co., Ltd.	<b>195,539.62</b>	195,539.62
	Shanghai Panda Huning Electronic Technology Co., Ltd.	<b>22,907.00</b>	22,907.00
	Nanjing Panda Technology Park Development Company Limited	<b>20,000.00</b>	20,000.00
	Nanjing Panda Medical Services Co., Ltd.	<b>2,114.00</b>	2,114.00
	Liyang Panda Cuizhuyuan Hotel Co., Ltd.		7,022.00
Contract liabilities	Nanjing Electronics Information Industrial Corporation	<b>2,971,698.11</b>	
	Nanjing CEC Panda LCD Technology Co., Ltd.	<b>311,301.42</b>	
	Xianyang Caihong Optoelectronics Technology Co., Ltd.		3,613,764.41
	FAIRWIT HONGKONG CO., LIMITED		478,862.41
	Nanjing Panda Electronics Import and Export Co., Ltd.		6,039.83

### (VII) Related-party commitments

There were no significant related-party commitments made during the period.

## XI. SHARE-BASED PAYMENTS

There was no share-based payment during the period.

## XII. COMMITMENTS AND CONTINGENCIES

### (I) Significant commitments

#### 1. Significant commitments effective at balance sheet date

For details of unconfirmed commitments related to related parties, please refer to relevant part under Note X "Related Parties and Related-Party Transactions"; and for details of the commitments relating to leases, please refer to the paragraph head "(III) Leases" under Note XV herein.

As at the balance sheet date, the Company had capital commitments contracted but not provided for in the balance sheet as follows:

Item	Closing balance	Opening balance
Machinery and equipment	5,558,920.63	1,934,705.00
Intangible assets/software	90,000.00	1,197,300.00
Total	5,648,920.63	3,132,005.00

### (II) Contingencies

There were no significant contingencies during the period.

## XIII. EVENTS AFTER THE BALANCE SHEET DATE

### (I) No significant non-adjusted events after the balance sheet date for the period

### (II) Sales return

There is no significant sales return after the balance sheet date.

### (III) Notes to other events after the balance sheet date

#### 1. Provision of guarantees for subsidiaries

On 17 August 2021, the Company provided guarantee for the financing of RMB40 million from Industrial Bank Co., Ltd. to Nanjing Panda Electronic Equipment Co., Ltd., a second-tier subsidiary of the Company, valid until 10 June 2022, with no counter-guarantee for this guarantee. As of 24 August 2021, the balance of the guarantee provided by the Company for Nanjing Panda Electronic Equipment Co., Ltd. was RMB2,738,800, which was within the limit approved by the general meeting of shareholders.

On 18 August 2021, the Company provided guarantee for the financing of RMB88 million from Bank of Chengdu Co., Ltd. to Chengdu Panda Electronics Technology Co., Ltd., a second-tier subsidiary of the Company, valid until 17 August 2022, with no counter-guarantee for this guarantee. As of 24 August 2021, the actual balance of the guarantee provided by the Company for Chengdu Panda Electronics Technology Co., Ltd. is RMB49,788,000, which is within the limit approved by the general meeting of shareholders.



## 2. Pledge of shares by shareholders

Panda Electronics Group Co., Ltd., the controlling shareholder of the Company, pledged 105,091,430 shares of the Company, accounting for 49.89% of the total shares of the Company it held and 11.50% of the total share capital of the Company.

On 2 August 2021, the Company received a notice from Panda Electronics Group Co., Ltd. (hereinafter referred to as "PEGL"), stating that it pledged some of the shares of the Company it held. The particulars of the share pledge are as follows: In respect of the guarantees provided by China Electronics Corporation for Nanjing Electronics Information Industrial Corporation, PEGL provided counter-guarantee on equity pledge to China Electronics Corporation with part of shares of the Company it held. 105,091,430 shares were pledged this time, accounting for 49.89% of the total shares of the Company it held and 11.50% of the total share capital of the Company. The pledge period is from 30 July 2021 to 14 December 2023.

## 3. Entrusted wealth management with temporarily idle self-owned fund

According to the resolution concerning the Use of Temporarily Idle Fund for Cash Management as considered and approved at the extraordinary meeting of the ninth session of the Board of the Company, the Company conducted entrusted wealth management with temporarily idle fund, particular of which are as follows:

No.	Name of entrusting party	Name of the trustee	Product type	Product name	Amount	Commencement	Maturity	Expected	Expected	Term of	Nature of product	Structured	Reference	Whether to
						date/establishment							date	annual
					(RMB'000)	date/effective date	date	return rate	return	product			for annual	a related
					(RMB'000)				(RMB'000)				return rate	transaction
1	Shenzhen Jingwah Electronics Co., Ltd.	China Merchants Bank Co., Ltd.	Wealth management product of bank	Structured deposit product for companies	5,000.00	2021-7-12	2021-10-12	1.50%	13.17	92 days	Principal-guaranteed with floating yield	N/A	N/A	No
2	Shenzhen Jingwah Electronics Co., Ltd.	Industrial and Commercial Bank of China limited	Wealth management product of bank	Structured deposit product for companies	5,000.00	2021-7-14	2022-1-14	1.65%	42.17	184 days	Principal-guaranteed with floating yield	N/A	N/A	No
3	Nanjing Panda Electronic Equipment Co., Ltd <sup>1</sup>	China Everbright Bank Company Limited	Wealth management product of bank	Structured deposit product for companies	3,000.00	2021-7-16	2022-8-16	1.00%	2.58	30 days	Principal-guaranteed with floating yield	N/A	N/A	No
								3.75%	9.69					
								3.65%	9.81					
4	Nanjing Panda Electronic Equipment Co., Ltd	China Everbright Bank Company Limited	Wealth management product of bank	Structured deposit product for companies	5,000.00	2021-7-16	2021-10-16	1.00%	12.78	92 days	Principal-guaranteed with floating yield	N/A	N/A	No
								3.75%	47.92					
								3.65%	48.19					
5	Nanjing Panda Electronic Manufacture Co., Ltd	China Everbright Bank Company Limited	Wealth management product of bank	Structured deposit product for companies	5,000.00	2021-7-16	2021-10-16	1.00%	12.78	92 days	Principal-guaranteed with floating yield	N/A	N/A	No
								3.75%	47.92					
								3.65%	48.19					
6	Nanjing Panda Information Industry Co., Ltd	China Everbright Bank Company Limited	Wealth management product of bank	Structured deposit product for companies	5,000.00	2021-7-23	2021-10-23	1.00%	12.78	92 days	Principal-guaranteed with floating yield	N/A	N/A	No
								3.75%	47.92					
								3.65%	48.19					
7	Nanjing Panda Communication Technology Co., Ltd	China Everbright Bank Company Limited	Wealth management product of bank	Structured deposit product for companies	2,500.00	2021-7-23	2021-10-23	1.00%	6.39	92 days	Principal-guaranteed with floating yield	N/A	N/A	No
								3.75%	23.96					
								3.65%	24.60					
8	Nanjing Panda Electronic Equipment Co., Ltd	China Everbright Bank Company Limited	Wealth management product of bank	Structured deposit product for companies	3,000.00	2021-8-20	2021-11-20	1.00%	7.50	90 days	Principal-guaranteed with floating yield	N/A	N/A	No
								3.60%	27.00					
								3.70%	27.75					
Total					33,500.00									

Note 1: The actual annual return rate upon maturity of this wealth management product is 3.75%, and the actual return amount is RMB93,750.00.

As of 24 August 2021, the Company has no other discloseable events after the balance sheet date.

## XIV. CAPITAL MANAGEMENT

The main objectives of the Company's capital management are:

- Ensuring the Company's abilities of going concern, so as to provide continuing returns to shareholders and other stakeholders.
- Pricing the products and services according to the risk level, so as to provide sufficient returns to shareholders.

The Company set a capital that is proportional to the risk. The capital structure is managed and adjusted according to the change of economic environment and the risk characteristics of the target assets. In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders and the capital returned to shareholders, issue new shares or sell assets to reduce liabilities.

The Company monitors its capital based on the adjusted liabilities/capital ratio.

The Company's adjusted liabilities/capital ratio at the balance sheet date is as follows:

	<b>Closing balance</b>	Opening balance
Total liabilities	<b>2,475,065,065.58</b>	2,255,567,638.78
Less: Cash and cash equivalent	<b>1,121,055,654.54</b>	1,149,052,807.58
Adjusted net liabilities	<b>1,354,009,411.04</b>	1,106,514,831.20
Owners' equity	<b>3,762,206,546.63</b>	3,746,380,060.66
Adjusted capital	<b>3,762,206,546.63</b>	3,746,380,060.66
Adjusted liabilities/capital ratio	<b>36.00%</b>	29.54%

## XV. OTHER SIGNIFICANT EVENTS

### (I) Accounting error correction of previous period

There is no accounting error correction of previous period in the Reporting Period.

### (II) Annuity plan

Apart from basic pension insurance, the Company established an enterprise annuity plan based on the relevant policies of the national annuity system. The annuity plan is applicable to the officially employed in-service employees and the employees who have worked for the Company for over one year. The annuity plan adopts a defined mode. The Company pays annuity for employees based on total salary of the previous year. The contribution ratio is temporarily set at 5%, and the personal contribution ratio is temporarily set at 1%. The corresponding expenditure is included in profit and loss.

In addition to the basic social pension insurance, Shenzhen Jingwah Electronics Co., Ltd., a second-tier subsidiary of the Company, establishes an enterprise annuity plan according to the relevant policies of the national enterprise annuity system, which is applicable to the officially employed in-service employees with Shenzhen household registration and the employees assigned by shareholders. The annuity plan adopts the mode of fixed contribution, and the withdrawal proportion of the current period is determined according to the economic benefits of the previous period. Fixed contributions are made for the applicable employees every month according to their rank. The maximum amount shall not exceed 15% of the total wages of the employees participating in the enterprise annuity, which shall be fully borne by Shenzhen Jingwah, and the corresponding expenses shall be recorded in the profit and loss of the current period.

Apart from the above, the Company and its subsidiaries makes no major social security commitments to their employees.

### (III) Lease

#### 1. The Company as lessee

Item	Amount for the period	Amount for the previous period
Interest expense on lease liabilities	339,134.13	682,708.34
Simplified short term lease expense included in current profit and loss	3,632,757.90	4,006,140.12
Simplified lease expenses of low value assets (excluding short-term lease expenses of low value assets) included in the current profit and loss		
Variable lease payments not included in lease liabilities Including: portion arising from sale and leaseback transactions		
Income from sublease of right-of-use assets		
Total cash outflow related to lease	5,386,866.14	4,254,895.71
Related gain and loss generated from sale and leaseback transactions		
Cash inflow generated from sale and leaseback transactions		
Cash outflow generated from sale and leaseback transactions		

The Company's future potential cash outflow not included in lease liabilities mainly comes from the leases which have been committed by the lessor but not yet commenced.

The expected cash outflow in the future from the leases which have been committed by the Company but not yet commenced is as follows:

Remaining leasing term	Undiscounted lease payment
Within one year	9,737,114.76
1-2 years	4,108,545.98
2-3 years	2,643,966.00
Over 3 years	
Total	16,489,626.74

## 2. The Company as lessor

### (1) Operating lease

	<b>Amount for the period</b>	Amount for the previous period
Operating lease income	<b>53,309,431.16</b>	31,880,031.03
Including: Income related to variable lease payments not included in lease receipts	<b>53,309,431.16</b>	31,880,031.03

The undiscounted lease receipts to be received after the balance sheet date are as follows:

<b>Remaining lease term</b>	<b>Undiscounted lease receipts</b>
Within 1 year	85,168,493.20
1-2 years	66,580,734.00
2-3 years	37,648,708.00
3-4 years	29,867,925.00
4-5 years	29,867,925.00
Over 5 years	159,172,897.00
Total	<b>408,306,682.20</b>

## (VI) Segment Information

### 1. The basis of determination and accounting policy for segment information

The Company established 4 reportable segments on the basis of the internal organizational structure, management requirement and internal report system, namely, modern digital cities, service-oriented electronic manufacturing, industrial internet and intelligent manufacturing, modern services and others. Each segment provides different products and service, or engages in business operations from different areas. Due to the different demands of each segment for different technology and marketing strategy, the Company's management monitor the different segments in respect of their business activities separately, and evaluate the operating results on a regular basis in order to allocate resources and evaluate its performance.

The transfer price between different segments is based on the actual transaction price, and the costs which shall be jointly assumed by each segment are allocated in proportion. Assets are allocated in accordance with business operations of various segments and the location where such assets are situated. Segment liabilities include the liabilities incurred for business activities of a segment which shall be assumed on its own. If the costs related to a joint liability involving certain operating segments, the liability and relevant costs would be allocated to such segments in proportion.

Non-current assets are classified according to the areas where the assets belong. All the non-current assets of the Company are located in Mainland China.

## 2. Financial information of the reporting segments

Item	Service oriented			Industrial internet and intelligent manufacturing	Modern services and others	Undistributed	Elimination among segments	Total
	Modern digital cities	electronic manufacturing						
Trade income from third party	1,062,644,270.21	857,404,595.72		94,233,559.83	55,173,875.96			2,169,456,301.72
Trade income between segments	44,596,112.44	23,977,634.09		10,174,675.96	29,860,213.26		-108,608,635.75	
Investment income from associated enterprises and joint ventures	193,492.06					18,729,997.68		18,923,489.74
Assets impairment loss	-77,050.93	4,641,965.63		-347,164.05				4,217,750.65
Credit impairment loss	-78,810.51	-26,573.17		-3,619,267.12		72,883.96		-3,651,766.84
Depreciation and amortization expense	10,524,952.28	15,012,509.92		9,912,206.33	10,773,179.00	9,889,023.24		56,111,870.77
Total profit (total loss)	56,009,376.22	44,344,652.92		-35,197,412.59	-6,007,193.51	34,709,616.20	-40,435,726.64	53,423,312.60
Income tax expense	6,232,141.22	7,829,907.44			609,086.64	-16,243.05	230,391.88	14,885,284.13
Net profit (net loss)	49,777,235.00	36,514,745.48		-35,197,412.59	-6,616,280.15	34,725,859.25	-40,666,118.52	38,538,028.47
Total assets	2,492,416,410.45	1,736,025,614.84		583,099,251.71	811,274,597.37	2,996,556,602.05	-2,382,100,864.21	6,237,271,612.21
Total liabilities	1,411,284,243.40	1,099,889,777.63		356,329,882.32	147,145,251.11	157,372,165.52	-696,966,254.40	2,475,065,065.58
Other non-cash expense than depreciation and amortization expense								
Long term equity investment in associated enterprises and joint ventures	2,498,594.57					311,607,778.01		314,106,372.58
Increase in other non-current assets other than long-term equity investment	-41,547,077.85	-8,655,743.26		-10,343,735.24	-10,023,349.01	-9,558,467.79	923,568.00	-79,204,805.15

## VII. NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

### (I) Accounts receivable

#### 1. Accounts receivable disclosed by aging

Aging	Closing balance	Balance at the end of last year
Within 1 year(inclusive)	<b>94,142,104.58</b>	93,367,582.20
Including: 0-6 months	<b>42,023,953.12</b>	83,952,106.75
7-12 months	<b>52,118,151.46</b>	9,415,475.45
1-2 years	<b>7,526,728.03</b>	1,402,214.71
2-3 years	<b>1,398,547.01</b>	4,464,473.67
3-4 years	<b>3,827,976.65</b>	3,654,000.00
4-5 years	<b>1,234,309.96</b>	1,158,948.96
Over 5 years	<b>1,066,890.00</b>	1,066,890.00
Subtotal	<b>109,196,556.23</b>	105,114,109.54
Less: Provision for bad debt	<b>3,604,627.18</b>	3,522,460.77
Total	<b>105,591,929.05</b>	101,591,648.77

## 2. Accounts receivable disclosed by provision method of bad debt

Type	Closing balance					Balance at the end of last year				
	Book balance		Provision for bad debt			Book balance		Provision for bad debt		
	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying Amount	Amount	Percentage (%)	Amount	Provision percentage (%)	Carrying Amount
Provision for bad debts on individual basis	5,987,886.00	5.48	1,023,010.00	17.08	4,964,876.00	6,981,700.00	6.64	1,023,010.00	14.65	5,958,690.00
Provision for bad debts on group basis	103,208,670.23	94.52	2,581,617.18	2.50	100,627,053.05	98,132,409.54	93.36	2,499,450.77	2.55	95,632,958.77
Including: aging group	43,011,923.69	38.39	2,581,617.18	6.00	40,430,306.51	33,319,878.93	31.70	2,499,450.77	7.50	30,820,428.16
Other groups	60,196,746.54	55.13			60,196,746.54	64,812,530.61	61.66			64,812,530.61
<b>Total</b>	<b>109,196,556.23</b>	<b>100.00</b>	<b>3,604,627.18</b>		<b>105,591,929.05</b>	<b>105,114,109.54</b>	<b>100.00</b>	<b>3,522,460.77</b>		<b>101,591,648.77</b>

Provision for bad debt on individual basis

Name	Book balance	Closing balance		Reasons for provision
		Provision for bad debt	Provision percentage (%)	
Jiangsu Cable Network Development Co., Ltd. Sihong Branch	3,984,000.00	696,600.00	17.48	Expected partly not to be recovered
China Cable TV Network Co., Ltd. Hainan Branch	2,003,886.00	326,410.00	16.29	Expected partly not to be recovered
<b>Total</b>	<b>5,987,886.00</b>	<b>1,023,010.00</b>		

Provision for bad debt on group basis :

Items subject to provision on group basis: Aging group

<b>Name</b>	<b>Accounts receivable</b>	<b>Closing balance Provision for bad debt</b>	<b>Provision percentage (%)</b>
Within 1 year(inclusive)	37,769,302.83	450,141.00	1.19
Including: within 6 months	28,766,482.82		
7-12 months	9,002,820.01	450,141.00	5.00
1-2 years	1,243,554.53	124,355.45	10.00
2-3 years	1,241,894.36	186,284.15	15.00
3-4 years	455,972.01	136,791.60	30.00
4-5 years	1,234,309.96	617,154.98	50.00
Over 5 years	1,066,890.00	1,066,890.00	100.00
Total	<u>43,011,923.69</u>	<u>2,581,617.18</u>	

Items subject to provision on group basis: Other groups

<b>Name</b>	<b>Accounts receivable</b>	<b>Closing balance Provision for bad debt</b>	<b>Provision percentage (%)</b>
Related party group	<u>60,196,746.54</u>		
Total	<u>60,196,746.54</u>		

### 3. Provision, reversal and recovery of provision for bad debts in the period

Type	Balance at the end of last year	Change during the period			Closing balance
		Provision	Reversal or recovery	Transfer or written off	
Provision for bad debt identified on individual basis	1,023,010.00				1,023,010.00
Receivables with provision for bad debts based on credit risk characteristics	2,499,450.77	82,166.41			2,581,617.18
Including: Aging group	2,499,450.77	82,166.41			2,581,617.18
Total	3,522,460.77	82,166.41			3,604,627.18

### 4. There were no accounts receivable effectively written off in the period

### 5. Status of top five debtors in the closing balance of accounts receivable

Name	Accounts receivable	Closing balance Percentage of total receivables (%)	Provision for bad debt
Nanjing Panda Handa Technology Company Limited	29,213,675.33	26.75	
Nanjing Panda Information Industry Co., Ltd	19,117,231.02	17.51	
Sony Mobile Communications (China) Co., Ltd.	17,075,200.00	15.64	206,240.00
Nanjing Gusheng Corporation Management Co., Ltd.	14,139,147.70	12.95	
Nanjing Panda Electronic Equipment Co., Ltd	11,849,240.60	10.85	
Total	91,394,494.65	83.70	206,240.00

## (II) Financing receivables

### 1. Particulars of financing receivables

Item	Closing balance	Balance at the end of last year
Notes receivable	10,985,674.00	13,415,674.00
Accounts receivable		
Total	10,985,674.00	13,415,674.00



## 2. Changes of financing receivables and fair value in the current period

Item	Balance at the end of last year	Increase in the period	Derecognition in the period	Other changes	Closing balance	Accumulated loss provisions recognized in other comprehensive income
Notes receivable	13,415,674.00	21,171,838.64	23,601,838.64		10,985,674.00	
Accounts receivable						
Total	13,415,674.00	21,171,838.64	23,601,838.64		10,985,674.00	

### (III) Other receivables

Item	Closing balance	Balance at the end of last year
Interest receivable		
Dividend receivable	40,000,000.00	
Other receivables	360,769,238.16	376,035,744.51
Total	400,769,238.16	376,035,744.51

#### 1. Other receivables

(1) Other receivable disclosed by aging

Aging	Closing balance	Balance at the end of last year
Within 1 year(inclusive)	7,840,412.43	62,374,700.49
Including: Within 6 months	7,823,625.91	2,374,700.49
7-12 months	16,786.52	60,000,000.00
1-2 years	110,018,000.00	70,100,387.00
2-3 years	868,375.08	817,988.08
3-4 years		410,591.45
4-5 years	410,591.45	31,539,900.00
Over 5 years	242,682,643.01	211,758,343.01
Subtotal	361,820,021.97	377,001,910.03
Less: Provision for bad debt	1,050,783.81	966,165.52
Total	360,769,238.16	376,035,744.51

## (2) Other receivable disclosed by provision method for bad debts

Type	Book balance		Closing balance			Book balance		Balance at the end of last year		
	Amount	Percentage (%)	Provision for bad debt		Carrying amount	Amount	Percentage (%)	Provision for bad debt		Carrying amount
			Amount	Provision percentage (%)				Amount	Provision percentage (%)	
Provision for bad debt on individual basis	812,988.08	0.22	812,988.08	100.00	0.00	812,988.08	0.22	812,988.08	100.00	
Provision for bad debt on group basis	361,007,033.89	99.78	237,795.73	0.07	360,769,238.16	376,186,921.95	99.78	153,177.44	0.08	376,035,744.51
Including: Aging group	1,009,033.74	0.28	237,795.73	23.57	771,238.01	646,510.54	0.17	153,177.44	38.06	493,333.10
Other groups	359,998,000.15	99.50			359,998,000.15	375,542,411.41	99.61			375,542,411.41
Total	361,820,021.97	100.00	1,050,783.81		360,769,238.16	377,001,910.03	100.00	966,165.52		376,035,744.51

## Provision for bad debt on individual basis:

Name	Book balance	Closing balance		Reasons for provision
		Provision for bad debt	Provision percentage (%)	
Nanjing Panda Digital Technology Development Co., Ltd	812,988.08	812,988.08	100.00	Not expected to be recovered
Total	812,988.08	812,988.08		

## Provision for bad debts on group basis:

Items subject to provision on group basis: Aging group

<b>Name</b>	<b>Other receivables</b>	<b>Closing balance Provision for bad debt</b>	<b>Provision percentage (%)</b>
Within 1 year(inclusive)	<b>523,442.29</b>		
Including: Within 6 months	<b>523,442.29</b>		
7-12 months			
1-2 years			
2-3 years	<b>50,000.00</b>	<b>7,500.00</b>	<b>15.00</b>
3-4 years			
4-5 years	<b>410,591.45</b>	<b>205,295.73</b>	<b>50.00</b>
Over 5 years	<b>25,000.00</b>	<b>25,000.00</b>	<b>100.00</b>
Total	<b>1,009,033.74</b>	<b>237,795.73</b>	

Items subject to provision on group basis: Other groups

<b>Name</b>	<b>Other receivables</b>	<b>Closing balance Provision for bad debt</b>	<b>Provision percentage (%)</b>
Related party group	<b>359,972,833.15</b>		
Earnest money and security deposit group	<b>25,167.00</b>		
Total	<b>359,998,000.15</b>		

## (3) Provisions for bad debt

	First stage Expected credit loss in the next 12 months	Second stage Lifetime expected credit loss (credit not impaired)	Third stage Lifetime expected credit loss (credit impaired)	Total
Balance at the end of last year	153,177.44		812,988.08	966,165.52
In the period, the balance at the end of last year				
- transfer to second stage				
- transfer to third stage				
- reverse to second stage				
- reverse to first stage				
Provision in the period	84,618.29			84,618.29
Reversal in the period				
Transfer in the period				
Written-off in the period				
Other changes				
Closing balance	237,795.73		812,988.08	1,050,783.81

## Changes in book balance of other receivables :

	First stage Expected credit loss in the next 12 months	Second stage Lifetime expected credit loss (credit not impaired)	Third stage Lifetime expected credit loss (credit impaired)	Total
Balance at the end of last year	376,188,921.95		812,988.08	377,001,910.03
In the period, balance at the end of last year				
- transfer to second stage				
- transfer to third stage				
- reverse to second stage				
- reverse to first stage				
Increase in the period				
Derecognition in the period	15,181,888.06			15,181,888.06
Other changes				
Closing balance	361,007,033.89		812,988.08	361,820,021.97

(4) Provision, reversal and recovery of bad debts in the period

Type	Balance at the end of last year	Change during the period			Closing balance
		Accrual	Reversal or recovery	Transfer or written off	
Provision for bad debt on individual basis	812,988.08				812,988.08
Provision for bad debt on group basis	153,177.44	84,618.29			237,795.73
Including: Aging group	153,177.44	84,618.29			237,795.73
Other groups					
Total	966,165.52	84,618.29			1,050,783.81

(5) There were no accounts receivable effectively written off in the period

(6) Other receivables classified by nature

Nature of receivables	Book balance at the end of the period	Book balance at the end of the previous year
Current accounts	360,423,282.85	375,386,013.84
Security deposit	25,167.00	231,397.57
Others	1,371,572.12	1,384,498.62
Total	361,820,021.97	377,001,910.03

(7) Status of top five debtors in the closing balance of other receivable

Name	Nature of receivables	Closing balance	Aging	As a percentage of total balance of other receivables as at the end of the period (%)	Closing balance of provision for bad debt
Chengdu Panda Electronics Technology Co., Ltd.	Current accounts	111,055,849.32	0-2 years	30.69	
Nanjing Panda Electronic Equipment Co., Ltd.	Current accounts	119,979,546.35	Over 5 years	33.16	
GALANT LIMITED	Current accounts	61,370,950.00	Over 5 years	16.96	
Nanjing Panda Electronics Science & Technology Development Co., Ltd.	Current accounts	54,729,600.00	4-5 years	15.13	
Nanjing Panda Electromechanical Manufacturing Co., Ltd.	Rent for property	5,243,414.60	Over 5 years	1.45	
Total		352,379,360.27		97.39	

**(IV) Long-term equity investments**

Item	Closing balance			Balance at the end of last year		
	Book balance	Provision for impairment	Carrying Amount	Book balance	Provision for impairment	Carrying Amount
Investment in subsidiaries	1,435,785,546.36		1,435,785,546.36	1,435,785,546.36		1,435,785,546.36
Investment in associates and joint ventures	324,800,096.00	13,192,317.99	311,607,778.01	306,070,098.32	13,192,317.99	292,877,780.33
<b>Total</b>	<b>1,760,585,642.36</b>	<b>13,192,317.99</b>	<b>1,747,393,324.37</b>	<b>1,741,855,644.68</b>	<b>13,192,317.99</b>	<b>1,728,663,326.69</b>

**1. Investments in subsidiaries**

Investee	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance	Provision for impairment made in the period	Closing balance of provision for impairment
Nanjing Panda Electronics Science & Technology Development Co., Ltd.	700,000,000.00			700,000,000.00		
Nanjing Panda Electronic Equipment Co., Ltd	190,000,000.00			190,000,000.00		
Nanjing Panda Information Industry Co., Ltd	176,736,513.98			176,736,513.98		
Shenzhen Jingwah Electronics Co., Ltd.	119,241,304.00			119,241,304.00		
Nanjing Panda Electronic Manufacture Co., Ltd	111,221,994.10			111,221,994.10		
Nanjing Panda Communication Technology Co., Ltd	98,585,734.28			98,585,734.28		
Nanjing Panda Xinxing Industrial Co., Ltd.	20,000,000.00			20,000,000.00		
Chengdu Panda Electronics Technology Co., Ltd.	20,000,000.00			20,000,000.00		
<b>Total</b>	<b>1,435,785,546.36</b>			<b>1,435,785,546.36</b>		

**2. Investment in associates and joint ventures**

Investee	Balance at the end of last year	Investments increased	Investments decreased	Changes in the period					Closing balance	Closing balance of provision for impairment	
				Investment income or loss recognized under equity method	Adjustments in other comprehensive income	Other changes in equity	Dividends or profits declared to be paid	Provision for impairment			Others
1. Associates											
Nanjing Ericsson Panda Communication Co., Ltd.	228,877,780.33			18,729,997.68						247,607,778.01	
Beijing SE Putian Mobile Communications Co., Ltd	64,000,000.00									64,000,000.00	13,192,317.99
<b>Subtotal</b>	<b>292,877,780.33</b>			<b>18,729,997.68</b>						<b>311,607,778.01</b>	<b>13,192,317.99</b>
<b>Total</b>	<b>292,877,780.33</b>			<b>18,729,997.68</b>						<b>311,607,778.01</b>	<b>13,192,317.99</b>

(V) **Operating income and operating cost**

**1. Operating income and operating cost**

Items	Amount for the period		Amount for the previous period	
	Income	Cost	Income	Cost
Principal business	<b>36,933,687.70</b>	<b>23,131,248.28</b>	21,948,130.31	15,153,546.32
Other businesses	<b>19,410,655.80</b>	<b>7,547,598.96</b>	18,496,430.72	3,999,728.09
Total	<b>56,344,343.50</b>	<b>30,678,847.24</b>	40,444,561.03	19,153,274.41

(VI) **Investment income**

Items	Amount for the period	Amount for the previous period
Investment income from long-term equity investments under cost method	<b>40,000,000.00</b>	
Investment income from long-term equity investments under equity method	<b>18,729,997.68</b>	24,300,404.41
Investment income from disposal of held-for-trading financial assets	<b>1,541,705.98</b>	1,460,298.75
Investment income from disposal of long-term equity investment	<b>-163,944.48</b>	
Total	<b>60,107,759.18</b>	25,760,703.16

## XVII. SUPPLEMENTARY INFORMATION

### (I) Breakdown of extraordinary profit and loss for the period

Items	Amount	Note
Gain or loss on disposal of non-current assets	-578,273.31	
Tax refund or exemption with unauthorized approval or no formal approval document		
Government grants included in current profit or loss (excluding those government grants that are closely related to the Group's business and are received at fixed amounts or at fixed percentage based on unified standards promulgated by government)	4,480,609.44	
Capital use fee received from non-financial enterprises included in profit or loss for the period		
Gain on the difference between investment cost of acquiring subsidiaries, associates and joint ventures and the share of the fair value of the investee's identifiable net assets, where investment cost is less than the share of the fair value		
Gains or losses on exchange of non-monetary assets		
Gains or losses on entrusted investment or management of assets		
Provision for impairment of assets due to force majeure such as natural disasters		
Gains or losses on debt restructuring		
Expenses for reorganization such as expenditure for staffing and integration expenses, etc.		
Gains or losses on the excess beyond fair value in the transaction with unfair price		
Net gains or losses of subsidiaries for the period from combination of enterprises under common control from the beginning of the period till the date of combination,		
Gains or losses on contingencies that is not related with the normal operation of the Company		
Gain or loss on changes in fair values of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities (excluding the valid hedging of the Company in its ordinary course of business), as well as investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments	6,870,449.51	
Reversal of impairment provisions for receivables and contract assets subject to individual impairment test	3,966,431.17	
Gain or loss from external entrusted loans		
Gain or loss on changes in fair value in the investment property that are subsequently measured at fair value		
Effects of one-off adjustments as required by taxation and accounting laws and regulations on the gains or losses for current period		
Trustee fee income from entrusted operations		
Other non-operating income and expenses other than the aforementioned items	654,413.10	
Other items of gain or loss falling within the definition of extraordinary profit and loss		
	<hr/>	<hr/>
Subtotal	15,393,629.91	
	<hr/>	<hr/>
Effect of income tax	2,755,804.18	
Effect of minority interests (after tax)	377,787.15	
	<hr/>	<hr/>
Total	12,260,038.58	
	<hr/> <hr/>	<hr/> <hr/>



(II) **Return on net assets and earnings per share:**

<b>Profit for the Reporting Period</b>	<b>Weighted average return on net assets (%)</b>	<b>Earnings per share (RMB)</b>	
		<b>Basic</b>	<b>Diluted</b>
Net profit attributable to holders of ordinary shares of the Company	0.52	0.0200	0.0200
Net profit attributable to holders of ordinary shares of the Company after deducting extraordinary profit and loss	0.17	0.0066	0.0066

**Nanjing Panda Electronics Company Limited**

*Chairman: Zhou Guixiang*

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