

# **PANDA** Electronics

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Nanjing Panda Electronics Company Limited

# 2022

## Interim Report

(H Share Stock Code: 0 5 5 3)

(A Share Stock Code: 600775)

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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 eleventh meeting of the tenth session of the Board of the Company held on 30 August 2022.
3. The interim financial report of the Company is unaudited.
4. Mr. Hu Huichun, 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 2022.
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 in the Company.
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
NEIIC	Nanjing Electronics Information Industrial Corporation (南京中电熊猫信息产业集团有限公司)
NEIIC 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
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	Nanjing Panda Communications Technology Co., Ltd. (南京熊猫通信科技有限公司)
Chengdu Electronic Technology	Chengdu Panda Electronic Technology Co., Ltd. (成都熊猫电子科技有限公司)
Huage Plastic	Nanjing Huage Appliance and Plastic Industrial Co., Ltd. (南京华格电汽塑业有限公司)
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	南京熊猫电子股份有限公司
Abbreviation of the Chinese name	南京熊猫
English name of the Company	Nanjing Panda Electronics Company Limited
Abbreviation of the English name	NPEC
Legal representative of the Company	Hu Huichun (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	7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Changes in the registered address of the Company	The registered address was changed to Room 1701, 301 Zhongshan East Road, Xuanwu District, Nanjing, Jiangsu Province, the People's Republic of China in 2019; the registered address was changed to 7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China in 2021
Office address	7 Jingtian Road, Nanjing, Jiangsu Province, 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 before change
		Stock abbreviation	Stock code	
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 2022)	Corresponding period of last year (January-June 2021)	Change from corresponding period of last year (%)
Operating income	2,033,290,915.24	2,169,456,301.72	-6.28
Net profit attributable to shareholders of the Company	12,000,168.67	18,273,010.95	-34.33
Net profit attributable to shareholders of the Company after deducting extraordinary profit and loss	956,526.34	6,012,972.37	-84.09
Net cash flow from operating activities	93,063,171.19	-45,434,137.31	N/A
	<b>At the end of the Reporting Period (30 June 2022)</b>	At the end of last year (31 December 2021)	Change from the end of last year (%)
Net assets attributable to shareholders of the Company	3,526,504,469.53	3,527,207,782.36	-0.02
Total assets	5,946,405,686.70	6,057,982,752.18	-1.84

### (II) Key financial indicators

Unit: Yuan Currency: RMB

Key financial indicators	Reporting Period (January-June 2022)	Corresponding period of last year (January-June 2021)	Change from corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.0131	0.0200	-34.33
Diluted earnings per share (RMB/share)	0.0131	0.0200	-34.33
Basic earnings per share after extraordinary items (RMB/share)	0.0010	0.0066	-84.09
Weighted average return on net assets (%)	0.34	0.52	Decreased by 0.18 percentage point
Weighted average return on net assets after extraordinary items (%)	0.03	0.17	Decreased by 0.13 percentage point

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

The decreases in net profit attributable to shareholders of the Company and net profit attributable to shareholders of the Company after deducting extraordinary profit and loss were mainly due to the combined effect of the COVID-19 pandemic and the increase in the price of certain raw materials in the supply chain, which resulted in a year-on-year decrease in the gross profit of the Company's green service-oriented electronic manufacturing service during the Reporting Period. In addition, the Company actively fulfilled its corporate social responsibility by granting partial rent reductions to tenants of small and micro enterprises and individual industrial and commercial businesses engaged in production and operation activities, resulting in a year-on-year decrease in profit from leasing business during the Reporting Period.

## 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	778,238.44
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)	9,257,373.85
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	3,130,069.65
Reversal of impairment provisions for accounts receivable and contract assets subject to individual impairment test	343,264.80
Other non-operating income and expenses other than the aforesaid items	139,533.26
Effect on minority interests	682,922.93
Less: Effect on income tax	1,921,914.74
	<hr/>
Total	11,043,642.33
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## 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 takes smart transportation and safe city, industrial Internet and intelligent manufacturing, and green and service-oriented electronic manufacturing as its three main businesses.

In the field of smart transportation and safe city, the Company takes the construction of a modern digital city as its leading direction, comprehensively uses new-generation information technologies such as big data, cloud computing, Internet of Things, 5G, artificial intelligence, etc., focuses on the development of smart transportation and safe city business clusters, and further expands smart urban rail, safe city communications, digital park, urban emergency equipment and other businesses.

In the field of industrial Internet and intelligent manufacturing, it deepens the application of 5G and edge computing technology, promote cloud-side collaboration, enhance the informationization level of intelligent manufacturing, build an intelligent manufacturing information technology system, promote the integration of operation management system and manufacturing execution system, provides intelligent manufacturing core equipment and intelligent factory overall solutions based on industrial Internet for the manufacturing industry, provides overall planning for enterprises to realize digital transformation, reshapes the core competitiveness of manufacturing enterprises, and realizes sustained innovation and growth.

In the field of green and service-oriented electronic manufacturing, through intelligent, flexible and lean management, it provides domestic and foreign brand manufacturers with complete manufacturing services, such as R&D, process design, procurement management, manufacturing and warehousing of consumer electronics, new display module components, white goods components, automotive electronics, communication equipment and other electronic products. At the same time, based on scientific and technological innovation, through green operation management, green supply chain management, and green digital empowerment, it helps achieve the carbon peaking and carbon neutrality goals.

## (II) Operating model

Guided by market and customer demands, the Company enhances its core competitiveness through innovation on technological R&D model, business model innovation, incentive model innovation and talent training model innovation, and consolidates its development foundation by overall lean management to build a new pattern of innovation and development during the "14th Five-Year Plan".

The Company organizes R&D and production according to market and customer needs, and realizes the delivery of product and system overall solutions and system engineering projects. It always adheres to the R&D model of independent research and development and independent innovation, closely follows the technological development trend, and conducts R&D on new projects to ensure its continuous innovation ability and industry advancement. Meanwhile, it actively responds to the needs of customers and continuously carries out technical update iteration. Through providing integrated services to customer, the Company continuously strengthens the depth and breadth of cooperation with customers, creates more value for them and ultimately achieves development for both the Company and customers.

## (III) Industry overview

In the first half of the year, the added value of the electronic information manufacturing industry in our country grew rapidly, the corporate revenue continued to increase, and the investment remained a relatively rapid growth. The added value of the electronic information manufacturing industry above designated size increased by 10.2% year on year, the corporate revenue increased by 7.7% year on year basis, and the total profit decreased by 6.6% year on year and fixed asset investment increased by 19.9% year on year.

Due to the spread of pandemic in different spots in the country in the first half of the year, the domestic and foreign economic environment became complicated and volatile, bringing adverse impact on the market exploration and control of product prices of the Company. The Company actively responded to the external changes and challenges while facing difficulties. Through strengthening the refined management of supply chain, the Company adjusted the layout of supply chain, continued to expand supply channels, and reserved core raw material based on market. Meanwhile, the Company continued to research, develop and innovate, and further improved the industry structure and research ability, achieving new results.

### 1. Smart transportation and safe city

As Premier Li Keqiang clearly pointed out in the government work report in March 2022, China will promote the development of the digital economy; strengthen the overall layout of digital China construction; build digital information infrastructure, promote the largescale application of 5G, promote industrial digital transformation, develop smart cities and digital rural areas. The "14th Five-Year Plan for Digital Economy Development" issued by the State Council deployed for the digital economic development of our country: to optimize and upgrade digital infrastructure, fully utilize the key function of data, promote the transformation of industrial digitalization, accelerate the industrialization of digital technologies, raise the level of digital public services, enhance digital economic governance system, strengthen digital economic safety system, and develop international digital economic cooperation. The construction of China's digital city is a powerful support for accelerating the formation of a new dual-circulation development pattern, and has become an important part of China's digital economy construction, involving smart transportation, smart travel, and safe cities.

#### (1) Smart Transportation

In May 2022, the Transportation Department of Anhui Province issued the Three-Year Action Plan (2022–2024) for digital transportation development, which is dedicated to forming the "innovation chain + industrial chain + application domain + digital safety" development system of Jiangsu digital transportation around the main line of "research and development – application – industry" by taking digital "innovation chain" as motivation, taking "industrial chain" as an important starting point, and taking the construction of digital transportation application domain including "infrastructure, transportation service, industry governance" as the key. The Company successively won the bids for rail transit projects in multiple key cities, including Auto Fare Collection (AFC) system procurement project of Suzhou Rail Transit Line 7 project, communication project of Wuxi Metro Line S1, AFC project of Xuzhou Metro Line 3, and BRT ticket system in a city in the Republic of Senegal. The Company adhered to customer-oriented approach, continued to raise the technical level for resolution of smart urban rail and the ability of projects implementation, and always rank the top in the industry and the market of urban rail business area.

(2) *Safe City*

The "14th Five-Year Plan" clearly states the needs to build a higher level of "Safe China", and emphasize the importance of utilization of intelligent methods in city governance. In the promotion of top-level policy, the construction of Safe China continued to be deepened, promote the intelligent and refined management change in city management from traditional way of relying on huge amount of manpower to relying on artificial intelligence and big data, and press ahead with the implementation of construction of digital city. According to the forecast of AskCI Consulting, as safe cities gradually move towards smart cities, the market scale of safe cities in China will exhibit a rapid growth trend, and the overall market growth rate will remain high. It is estimated that by 2025, the total market size of safe cities in China will exceed RMB698 billion. In the field of digital parks, the "14th Five-Year Plan for Digital Economy Development" issued by the State Council clearly proposes the necessity of promoting "the digital transformation of industrial parks and industrial clusters". In the future, digital parks will focus on the needs of the government, operators, enterprises and people, and with the in-depth penetration of the new generation of information technology, each of them will become an organic complex of "ecology + production + life + growth". In May 2022, nine ministries, including Ministry of Civil Affairs and Ministry of Industry and Information Technology, issued the "Opinions on Further Promoting the Construction of Intelligent Communities", proposing that by 2025, a smart communities service platform with grid-based management, refined services, information technology support, and open sharing will have been basically built, a new digital community featuring smart sharing and harmonious co-governance will have been initially built, and the level of community governance and service intelligence will have been remarkable. The Company actively promoted different projects of safe city business, including satellite communication terminal, digital park system project, digital city intelligence terminal products and power products, and the market expansion results are significant.

2. Industrial Internet and intelligent manufacturing

Manufacturing is the foundation of our country, and is the most widely distributed business in our country, where manufacturing is distributed in every province in the country. During the "14th Five-Year Plan", in order to promote the intelligent transformation and upgrade in local manufacturing, provincial and municipal government launched relevant supportive policy based on their own situation. Eight ministries, including Ministry of Industry and Information Technology, issued the "14th Five-Year Plan for Intelligent Manufacturing Development", proposing to promote intelligent manufacturing during the "14th Five-Year Plan" and a considerably long period in the future, by establishing manufacturing nature, gripping on intelligent characteristics, regarding craftsmanship and equipment as the core and data as the base, and relying on manufacturing of carriers including units, workshops, factories and supply chains, to build intelligent manufacturing system that mix virtual and reality, drive knowledge, dynamic optimize and is safe, effective, green and low carbon and to push digital transformation, network collaboration and intelligent reform in manufacturing. The Company continued to improve the technology capability of intelligent reform and digital transformation. In the first half of the year, the Company won the bid for multiple intelligent manufacturing projects, including new materials and new energy, which consolidated the position of the Company in intelligent manufacturing area and expanded the influence of the Company in the industry.

3. Green service-oriented electronic manufacturing

In the first half of 2022, due to the reduced impact of the pandemic, the gradual recovery in logistics and stimulus policy, electronic manufacturing industry remained a relatively rapid growth trend, which significantly enhance the overall industry, becoming the pillar of the growth of the industrial economy. As the booming 5G and new energy in our country have continued to bring development momentum to electronic manufacturing industry, there will be a new round of growth cycle in the second half of the year. In the past two years, facing the complex international economic and trade situation, the external pressure and endogenous driving force for the transformation of China's electronic information manufacturing industry have been continuously strengthened. The industrial development has ushered in a new stage of "substantive breakthrough from the value link to the high-value link through attaching importance to R&D".

In the field of electronic manufacturing services, the Company focused on its main business and actively responded to market changes. While stabilizing its principal businesses, the Company continued to expand into the fields of white goods and automotive electronics, and made new achievements in new fields, further optimizing its customer structure, and actively promoting its high-quality development.



## II. Analysis of core competitiveness during the Reporting Period

1. The Company seizes the opportunities of digital economy, new generation information technology and green development, and takes the market as the guide to continuously improve the scientific and technological innovation system and the transformation mechanism of scientific and technological achievements, improve the quality of scientific research platform construction and the ability of independent innovation, and effectively support the continuous development of core competitiveness. The Digital Industry Research Institute of the Company was mainly responsible for the research in the digital technology general projects, core technology and key technology research topics and research projects in the first half of the year. The Institute centralized and united management of all research plans, all research institutes and different researchers of the Company, and created conditions for the rapid improvement in industrial core competitiveness; in terms of government-recognized technology innovation and scientific research platform institutions, the municipal-level technology center of Panda communication enterprise has been registered to request for promoting to provincial level, and the Company has 11 scientific and technological institutions recognized by the government at or above the municipal level currently; 6 major industrial companies under the Company maintained the qualification of high-tech enterprises.
2. The Company has increased investment in scientific and technological research and development, with more than 5% of its total investment in scientific and technological development in the first half of the year, continuously improved independent innovation capabilities and integrated innovation capabilities, closely followed market development trends to seize opportunities and establish brands; strengthened in-depth cooperation with universities and colleges, promoted the transformation and implementation of scientific and technological achievements in a market-oriented manner, and improved the cultivation of long-term technical capabilities in joint innovation with universities and research institutes; promoted product structure adjustment, formed innovation synergy to further establish and improve mechanism and system of technological innovation, and stimulate enterprise innovation and creativity.

The Company actively organized the application for scientific research and industrialized funds from the government at all levels to support the projects. In the first half of the year, the "R&D Project of Key Technology in Digital Twin Emergency Alert System Focusing on Fiber Optical Accurate Monitoring" of the Digital Industry Research Institute of the Company and the "Collective Research Project of Multimode Human-Computer Interaction System based on Brain-Computer Interface Technology" of Electronic Manufacture Company were approved as the key research plans at Jiangsu province (forward-looking and key core technology of the industry). Information Industry Company and Communications Technology Company acquired Nanjing industry and information specialized and new enterprises support fund in 2022, and Communications Technology Company acquired government support fund for enterprises above designated size in the treasury in 2022.

3. The Company has constantly improved its scientific research capabilities, and its scientific and technological innovation achievements continue to emerge. The technical reform of the NDRC by the Company and the strategic emerging industry project in Jiangsu have been accepted and approved; the Company joined the colleges and partners to actively register for different awards at provincial level; the different businesses of the Company actively registered for being specialized and new, technologically advanced little giant enterprises and enterprises leading an individual field in all government levels. Information Industry Company and Communications Technology Company were accepted as provincial level enterprises in treasury.
4. The Company has made rapid breakthroughs in the creation and application of intellectual property rights, and the patent pool has been constantly expanded and improved. In the first half of 2022, the Company made 12 patent applications which have been accepted by the state, including 4 invention patents; had 30 patents authorized by the state, including 8 invention patents; and obtained 11 software copyrights. As of the end of June 2022, the Company had 546 valid patents, including 166 invention patents; the Company had 178 valid software copyrights. In the first half of the year, 2 registered trademark certificates renewed upon maturity. As of the end of June 2022, the Company had 160 valid registered trademark certificates.
5. The Company places high importance on the quality of products and projects, and always adheres to the philosophy of "quality for survival", firmly established the consciousness of quality foremost among its staff. The Company has passed ISO9001 quality management system, ISO14001 environmental management system and ISO45001 occupational health and safety management system certification, and continues to improve such systems. The Company has established a complete after-sales service system, and has successfully passed the five-star product certification of after-sales service. In addition, its subsidiaries have also passed the information security management system certification, information technology service management system certification, level 5 model certification of CMMI5 software capability maturity, information system construction and service capability evaluation CS4 level (excellent level), IATF16949 automotive industry quality management system certification, etc.

### III. MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2022, the Company's overall operating results declined in the face of a complex situation in which risks and challenges increased significantly in various areas, mainly due to the combined effect of the COVID-19 pandemic and the increase in the price of certain raw materials in the supply chain, which resulted in a year-on-year decrease in the gross profit of the Company's green service-oriented electronic manufacturing service during the Reporting Period. In addition, the Company actively fulfilled its corporate social responsibility, reduced and exempted part of the rent for the tenants of small and micro enterprises and individual industrial and commercial businesses engaged in production and operation activities, resulting in a year-on-year decrease in profit from leasing business during the Reporting Period.

The Company established a sound organizational system, strengthened quality and efficiency, and practically prevented risks by continuously focusing on key reform tasks, promoting special work on the governance of loss-making enterprises and digital transformation, optimizing the talent structure, increasing research and development efforts, systematically promoting the establishment of a "five-in-one" risk control system, including risks, rule of law, compliance, internal control and accountability to promote the sustainable development of the Company. During the Reporting Period, the Company recorded revenue of RMB2,033,290,900, total profit of RMB333.8662 million and net profit attributable to the parent company of RMB12.0002 million.

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>2,033,290,915.24</b>	2,169,456,301.72	-6.28
Operating costs	<b>1,783,237,901.63</b>	1,907,128,831.84	-6.50
Cost of sales	<b>19,195,793.89</b>	21,434,870.13	-10.45
Administrative expenses	<b>116,077,148.70</b>	118,753,604.90	-2.25
Financial expenses	<b>936,528.15</b>	-12,117,300.61	N/A
R&D expenses	<b>114,297,434.42</b>	102,863,123.01	11.12
Net cash flows from operating activities	<b>93,063,171.19</b>	-45,434,137.31	N/A
Net cash flows from investing activities	<b>35,919,510.23</b>	7,541,552.32	376.29
Net cash flows from financing activities	<b>-32,148,271.49</b>	10,263,585.18	-413.23
Other gains	<b>11,160,362.03</b>	6,827,016.37	63.47
Investment income	<b>43,958,109.96</b>	24,418,619.55	80.02
Gain from change in fair value	<b>-1,483,336.59</b>	1,211,375.22	-222.45
Credit impairment losses	<b>-1,560,256.71</b>	3,651,766.84	-142.73
Asset impairment loss	<b>-8,169,906.19</b>	-4,217,750.65	N/A
Gains on disposal of assets	<b>120,045.79</b>	-652,003.85	N/A
Non-operating expenses	<b>144,390.35</b>	208,592.65	-30.78
Income tax expense	<b>8,598,947.17</b>	14,885,284.13	-42.23

Reasons for change:

- (1) Reasons for the change in operating income: mainly due to the impact of the project progress as certain smart city and safe city businesses did not meet the recognition criteria, resulting in a year-on-year decrease in income costs;
- (2) Reasons for the change in operating costs: mainly due to the impact of the project progress as certain smart city and safe city businesses did not meet the recognition criteria, resulting in a year-on-year decrease in income costs;
- (3) Reasons for the change in cost of sales: mainly due to the year-on-year decrease in advertising and exhibition expenses;
- (4) Reasons for the change in administrative expenses: mainly due to the year-on-year decrease in labor costs and travel expenses;
- (5) Reasons for the change in financial expenses: mainly due to the fluctuation of RMB exchange rate as the exchange gains and losses were transferred from the exchange gains in the same period of the previous year to the exchange losses during the period;
- (6) Reasons for the change in R&D expenses: mainly due to the year-on-year increase in labor costs of R&D staff;
- (7) Reasons for the change in net cash flows from operating activities: mainly due to the decrease in cash paid for purchasing goods and receiving labor services during the period;
- (8) Reasons for the change in net cash flows from investing activities: mainly due to the dividend received from an associate during the period;
- (9) Reasons for the change in net cash flows from financing activities: mainly due to the payment of dividends to some minority shareholders during the period;
- (10) Reasons for the change in other income: mainly due to the increase in government grants related to operations during the period;
- (11) Reasons for the change in investment income: mainly due to the increase in income from investment in associates during the period;
- (12) Reasons for the change in gain from change in fair value: mainly due to the reversal of gains and losses on fair value changes recognized on outstanding financial products at the end of the previous year;
- (13) Reasons for the change in credit impairment losses: mainly due to the reversal of part of the bad debt provision for accounts receivable in the previous period;
- (14) Reasons for the change in asset impairment losses: mainly due to the increase in provision for decline in value of inventories during the period;
- (15) Reasons for the change in gains on disposal of assets: mainly due to the increase in gain on disposal of non-current assets during the period;
- (16) Reasons for the change in non-operating expenses: mainly due to the decrease in loss on retirement of non-current assets during the period;
- (17) Reasons for the change in income tax expense: mainly due to the decrease in income tax expense during the 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
						(%)	
Contract assets	23,319,633.36	0.39	117,037,111.93	1.93	-80.08		Mainly due to the transfer of contract assets recognized at the beginning of the year to accounts receivable
Construction in progress	5,236,534.77	0.09	1,662,327.51	0.03	215.01		Mainly due to some projects under construction during the period that have not been transferred to fixed assets
Bills receivable	41,284,672.69	0.69	59,789,784.39	0.99	-30.95		Mainly due to the decrease in sales of goods settled by bills in the period
Prepayments	78,777,653.10	1.32	58,199,200.40	0.96	35.36		Mainly due to the increase in prepayments paid for purchases during the period
Non-current assets due within one year	4,770,671.40	0.08	12,892,936.65	0.21	-63.00		Mainly due to the expiration of the warranty period of some projects
Lease liabilities	2,410,358.52	0.04	3,586,641.07	0.06	-32.80		Mainly due to the payment of rent as scheduled during the period
Salaries payable	21,889,220.52	0.37	42,787,188.00	0.71	-48.84		Mainly due to the payment of salaries, bonuses and salary expenses during the period
Other payables	145,067,167.71	2.44	99,479,790.95	1.64	45.83		Mainly due to the provision of dividends payable to shareholders during the period
Non-current assets due within one year	4,071,912.81	0.07	9,076,593.15	0.15	-55.14		Mainly due to the corresponding lease payments and decreased lease liabilities due within one year during the period
Other current liabilities	23,337,237.02	0.39	38,938,492.63	0.64	-40.07		Mainly due to the decrease in sales tax to be carried forward at the end of the period
Deferred income tax liabilities	122,023.97	0.00	396,709.26	0.01	-69.24		Mainly due to the deferred income tax liabilities arising from changes in fair value of financial assets held for trading
Other consolidated income	-156,518.13	N/A	-73,601.84	N/A	N/A		Mainly due to the changes in fair value of investments in other equity instruments included in other consolidated income for the period
Special reserves	173,174.20	0.00		N/A	N/A		Mainly due to the provision for unused production safety costs

2. Overseas assets

(1) Asset size

Including: Overseas assets in the amount of RMB120,262,255.17, accounting for 2.02% 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	91,083,557.92	Security deposits for performance bonds, letters of guarantee, bank acceptances and lock exchange
Notes receivables	29,151,500.43	Deposits of bank acceptance issued at notes pool
Total	<u>120,235,058.35</u>	

4. Other explanations: N/A

(IV) Analysis of investments

1. Overall analysis of equity investment

In the first half of 2022, 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	20,272,279.95	20,364,587.65	92,307.70	
Financial assets held for trading	472,241,399.61	490,758,063.02	18,516,663.41	-1,483,336.59
Investments in other equity instruments	3,551,864.21	3,441,309.15	-110,555.06	
Total	<u>496,065,543.77</u>	<u>514,563,959.82</u>	<u>18,498,416.05</u>	<u>-1,483,336.59</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 2022, the Company intensively developed its three major business areas and strived to expand its presence. 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	Registered capital	30 June 2022		January to June 2022		
			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%	53,470	14,965	12,634	-3,507
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%	141,220	49,485	44,487	1,917
Electronic Manufacture Company	EMS services	USD2,000	75%	90,980	50,623	68,695	1,599
Communications Technology Company	Manufacturing and sales of mobile communication, digital communication and network communication systems and products	10,000.00	100%	28,930	17,650	5,847	675
Nanjing Panda Xinxing Industrial Co., Ltd.	Property and catering services	2,000.00	100%	6,274	4,404	5,019	34
Nanjing Panda Electronic Technology Development Company Limited	Manufacturing of general purpose equipment, software development, and property management	70,000.00	100%	57,025	56,564	758	-909
Shenzhen Jingwah Electronics Co., Ltd.	Research and development, manufacturing and sales of communication equipment and digital products	11,507.00	43.34%	54,990	37,525	38,866	2,175
Chengdu Panda Electronic Technology Co., Ltd.	Electronic manufacturing services	2,000.00	100%	38,616	7,605	27,786	813

### 2. Information of major investee companies (January to June 2022)

#### (1) Nanjing Ericsson Panda Communication Co., Ltd.

Unit: 0'000 Currency: RMB

Name of 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)	252,047.89	3,992.16	27.00%	1,077.88

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 2022 amounted to RMB2,520,478,900, representing a period-on-period decrease of 25.41%; net profit amounted to RMB39,921,600, representing a period-on-period decrease of 42.45%. Reason(s) for changes in the main indicators: operating income and net profit decreased period on period as the domestic 5G centralized purchase and domestic sales were affected.

(2) Nanjing LG Panda Appliances Co., Ltd.

Unit: 0'000 Currency: RMB

Invested company	Operating income	Net profit	Shareholding of the Company	Investment Income received by the Company
Nanjing LG Panda Appliances Co., Ltd. (LG Panda Appliances)	299,025.14	11,812.26	30%	2,657.65

LG Panda Appliances was established on 21 December 1995 with a registered capital of USD35.70 million. The first extraordinary general meeting for 2021 held by the Company on 8 December 2021 considered and approved the completion of the acquisition of 30% equity interests of LG Panda Appliances. The current shareholding of LG Panda Appliances is: LG Electronics Co., Ltd. holds 50%, the Company holds 30%, and LG Electronics (China) Co., Ltd. holds 20%. LG Panda Appliances is mainly engaged in the development and production of fully automatic washing machines and related parts. It is currently the largest washing machine production base other than LGE's local company in Korea.

From January to June 2022, the operating income of LG Panda Appliances amounted to RMB2,990,251,400, representing a period-on-period increase of 4.06%; net profit amounted to RMB118,122,600, representing a period-on-period increase of 23.98%. Reason(s) for changes in the main indicators: operating income and net profit increased period on period as the product price was increased.

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

### V. Other Disclosures

#### (i) Potential Risks

##### 1. Market risks

Due to the comprehensively intensified geopolitical conflicts, continued risk of global supply chain, high energy price and spread of pandemic in the country and other uncertainties, the growth of demand from terminal market of consumer electronics slowed down. There was fierce competition in the industry and the Company will face certain challenges in the market competition. In order to respond to the market risks, the Company will, on the one hand, strengthen the three principal businesses, optimize the resources allocation, enhance research and development, and promote digital transformation, while striving to develop segmented markets, expand upstream and downstream of supply chain and explore business growth. Meanwhile, the Company will promote system reform, energize innovation and continued to increase competitiveness.

##### 2. Currency risks

Due to the complicated global financial environment and the adjustment to the monetary policy by Federal Reserve, the uncertainties in the volatile US dollar index and the RMB exchange rate increased, resulting that the Company was exposed to exchange rate risk, bringing certain impact on the operating results of the Company. The Company will follow and pay attention to the change in the international market environment, reasonably predict and use the trend of currency and flexibly use the international trade settlement to effectively execute different currency risk management procedures and policy, in order to avoid, prevent and solve currency fluctuation risk in a timely manner.

**(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 2022, the Company's gearing ratio (the ratio of total liabilities to total assets) was 36.72%; current liabilities amounted to RMB2,130 million; liquidity ratio was 1.86; quick ratio was 1.42; bank deposits and cash amounted to RMB946 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 20 June 2022, the one-year loan prime rate (LPR) was 3.7%, and the over-five-year LPR was 4.45%; as of 22 August 2022, the one-year LPR was 3.65%, and the over-five-year LPR was 4.30%.

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

The Company and Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company so as to achieve effective accountability.

During the Reporting Period, the Company has been in compliance with the code provisions stated in the CG Code contained in Appendix 14 of the Listing Rules. Except for the deviation from code provision C.2.1 of the CG Code, since the listing date and during the period ending as at the date of this interim report, the corporate governance of the Company has been in compliance with the CG Code.

The general manager of the Company resigned on 2 June 2022. Based on the actual needs of the corporate operating structure of the Company, under the supervision of the other current members of the Board, Mr. Zhou Guixiang concurrently held the positions of the chairman of the Board and the general manager. A new general manager was appointed on 24 June 2022.

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 2021 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 30 March 2022 to review the 2021 financial report of the Company and the summary report on audit work in 2021 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 2022 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 2022, 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
2022 first extraordinary general meeting	16 March 2022	www.sse.com.cn	17 March 2022	A total of 1 resolution were considered and passed at the meeting, and no resolution was vetoed
2021 annual general meeting	29 June 2022	www.sse.com.cn	30 June 2022	A total of 17 resolutions were considered and passed at the meeting, and no resolution was vetoed

Description of general meeting:

- The 2022 first extraordinary general meeting of the Company was held on 16 March 2022, at which the resolutions that the ordinary related transactions with Chengdu Display Technology for 2022 were considered and approved. A total of 1 resolution was considered and approved at the meeting, and no resolution was vetoed. For details, please refer to the relevant announcements of the Company published in China Securities Journal, Shanghai Securities News and on the website of the Shanghai Stock Exchange on 17 March 2022.
- The 2021 annual general meeting of the Company was held on 29 June 2022, at which the following resolutions were considered and approved: the work report of the Board for the year 2021, the work report of the supervisory committee of the Company for the year 2021, the final financial report of the Company for the year 2021, the financial budget report of the Company for the year 2022, the profit appropriation plan of the Company for the year 2021, the appointment of auditors for the year 2022, the 2021 annual report of the Company and its summary, the report of the independent Directors of the Company for the year 2021, the purchase of liability insurance for Directors for the year 2022, the Shareholders' Return Plan (2022–2024), the resolution on expansion of business scope of the Company and amendments to the Articles of Association and the provision of guarantee for certain subsidiaries. A total of 17 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 2022.

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

Name	Position	Reasons for changes
Xia Dechuan	Vice Chairman and Executive Director	Elected
Hu Huichun	General Manager	Appointed
Lu Bin	Deputy General Manager	Appointed
Li Renzhi	Former Vice Chairman and Executive Director	Retired
Xia Dechuan	Former General Manager	Retired

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

1. On 30 May 2022, the Company's Vice Chairman Mr. Li Renzhi resigned from his position as Vice Chairman of the tenth session of the Board due to work adjustment, upon which he would continue to act as a Director of the Company and member of related special committees of the Board.
2. On 30 May 2022, the Company held the eighth meeting of the tenth session of the Board, at which Mr. Xia Dechuan was elected as the Vice Chairman of the tenth session of the Board.
3. On 2 June 2022, the Company's Vice Chairman and General Manager Mr. Xia Dechuan resigned from his position as General Manager due to work adjustment, upon which he would continue to act as Vice Chairman of the Company and member of related special committees of the Board.
4. On 24 June 2022, the Company held the ninth meeting of the tenth session of the Board, at which Mr. Hu Huichun was appointed as General Manager of the Company for a term in line with the tenth session of the Board.
5. On 24 June 2022, the Company held the ninth meeting of the tenth session of the Board, at which Mr. Lu Bin was appointed as Deputy General Manager for a term in line with the tenth session of the Board.
6. On 22 July 2022, the Company's Director Mr. Li Renzhi resigned from his position as a Director of the tenth session of the Board and member of related special committees of the Board due to work adjustment.
7. On 25 August 2022, the Company held the tenth meeting of the tenth session of the Board, at which Mr. Hu Huichun was nominated as the candidate of Executive Director of the tenth session of the Board.

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 31 May 2022, 3 June 2022, 25 June 2022, 23 July 2022 and 26 August 2022, and on the Hong Kong Stock Exchange on 30 May 2022, 2 June 2022, 24 June 2022, 22 July 2022 and 25 August 2022.

## 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 2022.

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

The resolution in relation to the profit distribution plan for the year 2021 was considered and approved at the sixth meeting of the tenth session of the Board and the 2021 annual general meeting of the Company, pursuant to which, a cash dividend of RMB0.14 (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 2021, with the total cash dividend distributed amounting to RMB12,793,739.41, 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 31 March 2022, 30 June 2022 and 8 July 2022.

## 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 $\leq$ 500mg/L, ammonia nitrogen $\leq$ 35mg/L, suspended matter $\leq$ 400mg/L, and petroleum $\leq$ 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. The actually measured average values were 119mg/L for COD, 0.655mg/L for ammonia nitrogen, 7mg/L for suspended matter, petroleum was not detected and 2.41mg/L for total nitrogen, and it had no excessive emission.

Seven exhaust gas outlets in Blocks 5# and 4# Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently emitted toluene, xylene and non-methane hydrocarbon in compliance with the Table 1 limitation under the Emission Standards for Air Pollutants (《大氣污染物綜合排放標準》) (DB32/4041-2021) (toluene $\leq$ 10mg/m<sup>3</sup>, xylene $\leq$ 10mg/m<sup>3</sup>, nonmethane hydrocarbon $\leq$ 60mg/m<sup>3</sup>, 200mg/m<sup>3</sup> for sulfur dioxide, 100mg/m<sup>3</sup> for nitrogen oxide and 20mg/m<sup>3</sup> for particulate matter) of Jiangsu province. With the approved pollutant emission of 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. The actually measured average values were: FQ-01 (paint coating): 4.66mg/m<sup>3</sup> for total non-methane hydrocarbons, 6.2mg/m<sup>3</sup> for particulate matter, and the rest were not detected; FQ-02 (paint coating): 32.8mg/m<sup>3</sup> for total non-methane hydrocarbons, 1.7mg/m<sup>3</sup> for particulate matter, and the rest were not detected; FQ-03 (wastewater room): 7.46mg/m<sup>3</sup> for total non-methane hydrocarbons, hydrogen sulphide was not detected; FQ-04 (hazardous waste storage): 4.98mg/m<sup>3</sup> for total non-methane hydrocarbons; and FQ-05 (precision injection workshop): 2.1mg/m<sup>3</sup> for total non-methane hydrocarbons; FQ-06 (regular injection workshop): 4.24mg/m<sup>3</sup> for total non-methane hydrocarbons, FQ-07 (extrusion workshop) 0.86mg/m<sup>3</sup> for total non-methane hydrocarbons, and no emission exceeded the standard.

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

Exhaust gas treatment devices: 7 sets in total, the processing method is as follows:

01: The exhaust gas from the automatic paint coating production lines on the third floor of Block 5# Plant is treated by way of regenerative combustion;

02: 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 two outlets mentioned above have been installed with online monitoring equipment and connected with the Municipal Environmental Protection Bureau and the Environmental Protection Bureau of Development Zone;

03: The waste gas treatment device in the wastewater room is alkaline water washing + activated carbon adsorption;

04: The waste gas of the hazardous waste storage is disposed of by activated carbon adsorption;

05: The precision injection workshop in Northern Building of Block 4# Plant adopts the form of centralized air supply for waste gas collection, and the tail end adopts the form of dry filter + secondary activated carbon adsorption for disposal;

06: The regular injection workshop in Southern Building of Block 4# Plant adopts installing gas collecting hoods at the side of machines, and the tail end adopts the form of secondary activated carbon adsorption for disposal;

07: The extrusion workshop on the first floor of Block 5# Plant adopts installing gas collecting hoods at the side of machines, and the tail end adopts the form of secondary activated carbon adsorption for disposal.

Wastewater treatment devices: 1 set, using A/O treatment method. The treated production wastewater is recycled to the spray booth through the 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 time for EIA approval: Ning Huan Biao Fu [2012] No. 006, 8 February 2012; acceptance time 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 time 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 emergency environmental incidents

Academy of Environmental Planning & Designing Co., Ltd. Nanjing University 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 320113-2021-015-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 basic principles of “energy conservation and emission and pollution reduction for protecting the earth environment” as always, 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 consolidating the environmental protection management system and empowering the green development of the Company.

In response to the market requirement, we consider our management basis and existing technical characteristics in our capacity planning, identify the environmental factors related to production, R&D, service, office work and other activities involved in production and operation processes, and formulate targeted management plans. In addition, we have developed the Identification and Evaluation Procedures of Environmental Factors and Identification and Evaluation Procedures of Hazards Sources to identify and document important environmental factors and medium or higher sources of hazards during business operation. Then we can inform departments and functions at all levels timely and accurately. In line with the requirements of the newly revised national standards for the quality and environmental management system, seven companies have updated their quality, environment, occupational health and safety system manuals, procedure documents, operation regulations and other documents, and passed internal and external audits.

To realize green offices, we actively promote paper saving, paperless office, electricity saving, and water saving, etc. We advocate double-sided printing, improve the OA office system, and use electronic communication methods such as email to further realize online working and file transmission, thus cutting down on paper use. Slogans are also put up to remind employees to timely turn off facilities such as air conditioners, computers, and drinking fountains in the office area, reducing the resource consumption. In terms of green lighting, we turn off unnecessary lighting and prevent long standby of lights and electrical appliance to reduce energy waste.

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

To fully implement the new development concept, we focus on improving energy efficiency and aim for higher sustainable development potential of the Company. We strive to reduce the carbon footprint in the process of production and operation, minimize our negative impact on the environment, and contribute our share to addressing global climate change by developing green products and strengthening waste management.

The Company has decomposed the overall environmental goals to department-level ones. While conducting daily monitoring of these goals, we continuously improve the environmental management system, track the implementation of environmental goals on a regular basis, and timely adjust the annual work plan. We take practical actions to help achieve the goals of "carbon peaking" and "carbon neutrality" and strive to achieve the environmental goals set for the "14th Five-Year Plan". Making full use of R&D and innovation advantages, we have incorporated the philosophy of environmental protection into production, operation and other links through green corporate operation, green supply chain management and green digital empowerment. Specifically, we will manage to reduce greenhouse gas emissions, enhance waste management, and improve the efficiency of energy and water resources utilization. Through green office and environmental activities, we endeavor to reduce carbon footprints.

The Company attaches importance to climate change and has carried out a series of work to actively respond to climate change and greenhouse gas emissions. We divide greenhouse gas emissions into two scopes for the sake of calculation. The Scope I emissions are direct emissions from company-owned and controlled resources, including emissions from natural gas, diesel and gasoline, etc.; the Scope II emissions are indirect emissions associated with the purchase of electricity. For some polluting exhaust gases, we dispose of them by establishing gas incineration devices.

## 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

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	CEC	<p>Upon completion of the acquisition, CEC undertook to take the following measures to standardize potential connected transactions:</p> <p>(1) try to avoid or reduce connected transactions with the Company and its subsidiaries;</p> <p>(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;</p> <p>(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.</p>	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	<p>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.</p>	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	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 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	<p>(1) As long as PEGL is a shareholder of the Company, PEGL and its subsidiaries shall try to reduce and standardize connected transactions with the Company.</p> <p>(2) As for the connected transactions that cannot be avoided, PEGL shall enter into agreements with the Company in compliance and in accordance with relevant laws, regulations, regulatory documents and the articles of association of the Company, 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.</p>	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	Other undertakings	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 sixth meeting of the tenth session of the Board, the resolution in relation to the Appointment of the Auditors for 2022 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 2022 and that its remuneration be determined within the limit of RMB2.48 million and it was agreed that the same be submitted to the 2021 annual general meeting of the Company for shareholders' consideration.

The 2021 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 2022, 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 31 March 2022 and 30 June 2022.

**(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)	Provisions		Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
					Amount subject to the litigation (arbitration)	and relevant amount of the litigation (arbitration)		
Nanjing Panda Information Industry Co., Ltd.	Hangzhou Guoxin Vision Technology Co., Ltd.	Ni	Litigation	In January 2018, Information Industry Company and Hangzhou Guoxin Vision Technology Co., Ltd. entered into "3256 (Village to Village Special Type) Purchase and Sales Contract". However, Hangzhou Guoxin 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.	1,463.04	N/A	On 20 August 2021, the Court of Qixia District issued the [2019] Su 0113 No. 4677 Civil Judgment, which ruled that the contract between the parties was terminated and Hangzhou Guoxin should return RMB1,827,361.68 to Panda Information and compensate for the loss of RMB2,271,184.8; other claims were dismissed; on 3 September, Panda Information filed an appeal with the Nanjing Intermediate People's Court and paid the appeal fee in advance. On 17 May 2022, the Nanjing Intermediate People's Court organized the first court session. We are currently pending the second court session or judgement.	

Plaintiff (applicant)	Defendant (respondent)	Party with joint liability	Category of the litigation and arbitration	Basic information on the litigation (arbitration)	Provisions		Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
					Amount subject to the litigation (arbitration)	and relevant amount of the litigation (arbitration)		
Nanjing Panda Electronics Co., Ltd.	Jiangsu Golden Cat Robot Technology Co., Ltd.	Nil	Litigation	Nanjing Panda Electronics Co., Ltd. and Jiangsu Golden Cat Robot Technology Co., Ltd. successively signed four purchase and sales contracts from July 2017 to November 2018, and as of 19 September 2020, there was still an outstanding payment of RMB22,993,200. Nanjing Panda Electronics Co., Ltd. requested for repayment repeatedly but failed, and therefore filed a lawsuit to the Court of Qixia District.	2,299.32	Nil	The People's Court of Nanjing Qixia District held a hearing on 26 May 2022; on 13 July, both parties had a court inquiry conversation at the Court of Qixia District. Both parties submitted additional evidence and are currently pending the court to notify the next hearing time, while communicating with Jiangsu Golden Cat for settlement matters.	
Nanjing Panda Information Industry Co., Ltd.	Xuzhou Suning Property Co., Ltd.	Nil	Litigation	On 18 June 2012, Panda Information won the bid for the "Xuzhou Suning Plaza Building Automatic Control System Project" and subsequently signed the "Building Automatic Control System Contract" with "Xuzhou Suning Real Estate Co., Ltd.", at the tentatively agreed total contractual amount of RMB23,637,015.5. On 6 December 2018, the second audited amount of the project was RMB21,770,000 through the receipt of acceptance report, and in December 2020, the warranty period of the project expired and the "Project Warranty Period Completion Report" was received. As of the end of July 2021, invoices equivalent to the audited amount have been issued to the contractor, and the contractor still has outstanding amount of RMB6,611,197.07 unpaid for the work.	661.12	Nil	On 30 May 2022, Panda Information filed a lawsuit with the Court of Xuzhou Gulou District, and was later informed that Suning-related cases were transferred to the centralized jurisdiction of the Nanjing Municipal Central Court. In early June, the online application for filing materials were received, case number (2022) Su 01 No. 2044 Civil Judgment, and currently pending the court to schedule a hearing.	

**(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

**Overview**

Chengdu Electronic Technology, a wholly-owned subsidiary of the Company, sells materials and components and provides subcontracting services to Chengdu Display Technology for an annual amount not exceeding RMB700,000,000 (inclusive), approving the 2022 Related Party Transaction Agreement signed between Chengdu Electronic Technology and Chengdu Display Technology.

**Search index**

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 19 February and 17 March 2022.

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

At the extraordinary meeting of the tenth session of the Board held on 15 November 2021, 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 be 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 be 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 2021 second extraordinary general meeting of the Company on 28 December 2021. 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 16 November 2021 and 29 December 2021, and the H shares circular dispatched on 13 December 2021.

At the sixth meeting of the tenth session of the Board and eleventh meeting of the tenth session of the Board held on 30 March 2022 and 30 August 2022, respectively, the Risk Assessment Reports of China Electronics Financial Co., Ltd. were 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 2021 and 30 June 2022. For details, please refer to the relevant announcements of the Company published on the websites of Shanghai Stock Exchange on 31 March 2022 and 31 August 2022.

As at 30 June 2022, the comprehensive credit balance (loans, guarantee and other credit financing services) provided by Financial Company to the Group was RMB4,898,168.33 and the fund settlement balance (deposit services) of the Group with Financial Company was RMB499,810,304.66. As at 29 August 2022, the comprehensive credit balance (loans, guarantee and other credit financing services) provided by Financial Company to the Group was RMB1,704,194.15 and the fund settlement balance (deposit services) of the Group with Financial Company was RMB150,321,445.88. 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 (%)		Reason for the difference between trading price and market price
							Settlement method of the connected transaction	Market price	
CEC Defense Technology Co., Ltd	Subsidiary owned by shareholders	Purchase of goods				6,630,220.36	0.53		
China Electronic Equipment International Co.	Subsidiary owned by shareholders	Purchase of goods				6,646,908.05	0.52		
Sherchen Sanda Wireless Communication Technology Co.	Subsidiary owned by shareholders	Purchase of goods				1,521,196.44	0.09		
Nanjing Rainbow New Energy Co.	Subsidiary owned by shareholders	Purchase of goods				1,455,750.11	0.09		
TPV Audio Visual Technology (Shenzhen) Co.	Subsidiary owned by shareholders	Purchase of goods				639,991.00	0.05		
Nanjing Zhenhua Packaging Material Factory	Subsidiary owned by shareholders	Purchase of goods				628,902.33	0.04		
Sherchen Jinghua Intelligent Technology Co.	Other related parties	Purchase of goods				507,194.25	0.03		
Nanjing Huidong Electronics Group Co.	Subsidiary owned by shareholders	Purchase of goods				313,435.75	0.02		
Nanjing Panda Dashing Electronic Technology Co.	Subsidiary owned by shareholders	Purchase of goods				267,350.70	0.02		
Nanjing Zhongdian Panda Crystal Technology Co.	Subsidiary owned by shareholders	Purchase of goods				21,378.98	0.00		
Guizhou Zhenhua Hualian Electronics Co.	Subsidiary owned by shareholders	Purchase of goods				19,106.19	0.00		
Shenzhen Zhongdian Investment Co.	Subsidiary owned by shareholders	Purchase of goods				10,678.42	0.00		
Panda Electronics Group Co. Ltd	Controlling shareholder	Purchase of goods				7,347.07	0.00		
Nanjing Zhongdian Panda Home Appliance Co.	Subsidiary owned by shareholders	Purchase of goods				1,946.90	0.00		
Nanjing Panda Transport Co.	Subsidiary owned by shareholders	Receiving Labour				3,216,529.65	0.19		
Shenzhen Chebao Information Technology Co.	Associate	Receiving Labour				576,869.11	0.03		
Shenzhen Jinghua Electronics Co., Ltd.	Other related parties	Receiving Labour				507,194.25	0.03		
Zhongdian Defense Technology Co., Ltd	Subsidiary owned by shareholders	Receiving Labour				188,921.71	0.01		
Panda Electronics Group Co. Ltd.	Controlling shareholder	Receiving Labour				147,170.24	0.01		
Nanjing Panda Medical Services Co.	Other related parties	Receiving Labour				55,440.00	0.00		
Liyang Panda Cuihuiyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Receiving Labour				5,058.94	0.00		
Chengdu China Electronic Panda Display Technology Co., Ltd.	Other related parties	Sale of goods				275,849,415.52	15.62		
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				64,354,099.60	3.64		
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				63,784,093.88	3.61		
Guizhou Zhenhua Yitong New Materials Co.	Subsidiary owned by shareholders	Sale of goods				48,138,053.23	2.73		
Rainbow (Hete) LCD Glass Co.	Other related parties	Sale of goods				26,619,469.12	1.51		
Beijing Zhongsoft Wanwei Network Technology Co.	Subsidiary owned by shareholders	Sale of goods				13,055,392.82	0.74		
Nanjing Ericsson Panda Communication Co.	Associate	Sale of goods				8,018,625.90	0.45		
Shenzhen Jinghua Network Marketing Co.	Associate	Sale of goods				2,899,348.67	0.16		
CEC Industrial Internet Co.	Subsidiary owned by shareholders	Sale of goods				1,226,004.37	0.07		
Great Wall Power Technology Co.	Subsidiary owned by shareholders	Sale of goods				1,006,465.74	0.06		
Zhongdian Wangchen Technology Co.	Subsidiary owned by shareholders	Sale of goods				409,015.49	0.02		
Nanjing Zhongdian Panda Information Industry Group Co.	Indirect controlling shareholder	Sale of goods				394,769.80	0.02		
Nanjing Panda Dashing Electronics Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				361,805.31	0.02		
Wuhan Zhongyuan Communications Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				215,929.21	0.01		
Nanjing Panda Electronic Import and Export Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				134,081.96	0.01		
Panda Electronics Group Co., Ltd.	Controlling shareholder	Sale of goods				132,055.66	0.01		
Nanjing Panda Transport Co. Ltd.	Subsidiary owned by shareholders	Sale of goods				120,002.98	0.01		
Shenzhen China Electronics Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				65,327.30	0.00		
Nanjing China Electronics Panda Magnetic Technology Co., Ltd	Subsidiary owned by shareholders	Sale of goods				37,918.87	0.00		
Nanjing Zhongdian Real Estate Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				14,526.90	0.00		
Nanjing Panda Technology Park Development Company Limited	Subsidiary owned by shareholders	Sale of goods				13,326.55	0.00		
Nanjing Zhongdian Panda Home Appliance Co.	Subsidiary owned by shareholders	Sale of goods				11,152.62	0.00		
Nanjing Panda Investment Development Co.	Subsidiary owned by shareholders	Sale of goods				7,235.85	0.00		
Xianyang Gaozhong Optoelectronics Technology Co. Ltd.	Subsidiary owned by shareholders	Sale of goods				7,000.00	0.00		

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market price	Reason for the difference between trading price and market price
Nanjing Zhongdian Panda Modern Service Industry Co.	Subsidiary owned by shareholders	Sale of goods				3,474.53		0.00		
Nanjing Panda Medical Services Co.	Other related parties	Sale of goods				3,071.70		0.00		
TPV Technology Co. Ltd	Subsidiary owned by shareholders	Sale of goods				1,586.42		0.00		
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Supply of labour				14,213,963.15		6.32		
Nanjing Panda Investment Development Co.	Subsidiary owned by shareholders	Supply of labour				3,748,637.46		1.67		
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Supply of labour				1,956,410.67		0.67		
Panda Electronics Group Co., Ltd.	Controlling shareholder	Supply of labour				1,075,129.37		0.48		
CEC Industrial Internet Co. Ltd.	Subsidiary owned by shareholders	Supply of labour				676,963.98		0.30		
Nanjing CEC Panda LCD Material Technology Co., Ltd.	Subsidiary owned by shareholders	Supply of labour				637,234.27		0.28		
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Supply of labour				155,210.34		0.07		
Xianyang Caihong Optoelectronics Technology Co. Ltd.	Subsidiary owned by shareholders	Supply of labour				145,412.07		0.06		
Nanjing Zhongdian Panda Home Appliance Co.	Subsidiary owned by shareholders	Supply of labour				140,084.61		0.06		
Nanjing Ericsson Panda Communication Co.	Associate	Supply of labour				126,200.00		0.06		
Nanjing Zhongdian Panda Information Industry Group Co.	Indirect controlling shareholder	Supply of labour				69,400.00		0.03		
Chengdu Zhongdian Panda Display Technology Co.	Subsidiary owned by shareholders	Supply of labour				66,840.60		0.03		
Nanjing Panda Electronics Import & Export Co.	Subsidiary owned by shareholders	Supply of labour				45,467.28		0.02		
Nanjing Rainbow New Energy Co.	Subsidiary owned by shareholders	Supply of labour				28,301.89		0.01		
Shenzhen Chetiao Information Technology Co.	Associate	Supply of labour				4,113.90		0.00		
Shenzhen Jinghua Network Marketing Co.	Associate	Supply of labour				3,929.79		0.00		
Nanjing Panda Transport Co.	Subsidiary owned by shareholders	Leasing of assets				596,328.44		1.45		
Nanjing Zhongdian Panda Home Appliance Co.	Subsidiary owned by shareholders	Leasing of assets				317,716.51		0.77		
Shenzhen Jinghua Intelligent Technology Co.	Other related parties	Leasing of assets				157,447.32		0.38		
Nanjing Panda Electronics Import & Export Co.	Subsidiary owned by shareholders	Leasing of assets				137,922.93		0.34		
Shenzhen Chetiao Information Technology Co.	Associate	Leasing of assets				27,107.14		0.07		
Shenzhen Jinghua Network Marketing Co.	Associate	Leasing of assets				25,300.00		0.06		
Total			/	/		559,009,042.57				

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), NEIIC Group and CEC Home Appliances (the continuing connected transactions which were conducted in the usual course of business and on normal commercial terms) were considered and approved at the extraordinary meeting of the tenth session of the Board of the Company and were approved by independent shareholders at the second extraordinary general meeting of 2021, 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 the Shanghai Stock Exchange respectively on 16 November and 29 December 2021 and H share circular dispatched on 13 December 2021. Each connected transaction was confirmed by the independent non-executive Directors that it did not exceed the approved annual caps.

These continuing connected transactions were conducive to the stability of the Group's production and operation. In addition, the terms of these continuing connected transactions were fair and reasonable with fair pricing and had performed approval procedures in accordance with relevant requirements and these continuing connected transactions were conducted in the usual course of business and on normal commercial terms, were in the benefit of the Company and the shareholders as a whole and did not affect the Company's independence. For details of the continuing connected transactions between the Group and CEC Group (including Financial Company), NEIIC 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 2022 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
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder				6,670,000.00		6,670,000.00
Panda Electronics Group Co., Ltd.	Controlling shareholder				5,395,731.47	-1,613,436.03	3,782,295.44
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders				840,988.60	-820,759.85	20,228.75
China Electronics Import and Export Co., Ltd.	Subsidiary owned by shareholders				195,539.62		195,539.62
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders				22,907.00		22,907.00
CEC Defense Technology Co., Ltd	Subsidiary owned by shareholders					170,714.16	170,714.16
Nanjing Panda Technology Park Development Co.	Subsidiary owned by shareholders				20,000.00		20,000.00
Nanjing Zhongdian Panda Real Estate Co.	Subsidiary owned by shareholders				5,000.00		5,000.00
Nanjing Panda Medical Services Co.	Others				2,114.00	-2,114.00	
Total					13,152,280.69	-2,265,696.72	10,886,684.97
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
					Total amount of deposit in the current period	Total amount of withdrawal in the current period	
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	500,000,000.00	0.42%-2%	496,800,654.26	2,139,980,972.69	2,136,971,322.29	499,810,304.66
Total	/	/	/	496,800,654.26	2,139,980,972.69	2,136,971,322.29	499,810,304.66

2. Loan services: N/A
3. Credit granting or other financial services

Unit: Yuan Currency: RMB

Connected parties	Connected relationship	Type of services	Total	Total
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	Issuing bank acceptances and performance bonds	600,000,000.00	4,898,168.33

Note: The actual amounts of bank acceptances and performance bonds were RMB3,193,974.18 and RMB1,704,194.15, respectively.

4. Other explanations: N/A

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

### XI. Material Contracts and Performance Thereof

1. Matters relating to trust, contract and lease

- (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. (南京国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 29,544.66 square meters	The net value of the leased assets at the end of June 2022 was RMB208,190,000. The total guaranteed rent is RMB286,216,800.	1 December 2020	30 September 2031	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 spaces) is in excess of RMB110,230,000, the lessee shall pay 10.65% of the excess to the Company as the turnover rent. The rent for the first half of 2022 is RMB9,001,000.	Lease agreement	The expected effect on the Company's profit or loss in the first half of 2022 amounts to RMB5,421,200.	No	No

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.

## 2. Material guarantees discharged and outstanding during the Reporting Period

Unit: Yuan Currency: RMB

Guarantor	Relationship between guarantor and the Company	Secured party	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
			Guaranteed amount	Effective date of guarantee (agreement execution date)	Commencement date	Expiry date	Type of guarantee						
Guarantees made by the Company (excluding those provided for subsidiaries)													
Total amount of guarantees during the Reporting Period (excluding those 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	
Guarantees provided by the Company for its subsidiaries													
Total amount of guarantees provided for subsidiaries during the Reporting Period												675,000,000.00	
Total balance of the amount of guarantees provided for subsidiaries at the end of the Reporting Period (B)												113,719,486.21	
Total amount of guarantees made by the Company (including those provided for subsidiaries)													
Total amount of guarantees (A+B)												113,719,486.21	
Percentage of total guarantee amount in net assets of the Company (%)												3.22%	
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)												60,217,712.22	
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)												60,217,712.22	
Statement on the contingent joint and several liability in connection with unexpired guarantee												N/A	
Description of the guarantees												N/A	

Except for Chengdu Panda Electronic Technology Co., Ltd. and Nanjing Panda Electromechanical Manufacturing Co., Ltd., the gearing ratio of the above subsidiaries receiving guarantees was below 70%. The Company did not provide any guarantee to any independent third parties other than its subsidiaries, nor to its controlling shareholder, de facto controller or their connected parties. For details about the guarantees provided by the Company to its subsidiaries, please refer to "Related-party guarantees" in notes to the financial statements of 2022.

At the 2020 annual general meeting of the Company held on 29 June 2021, 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.

At the 2021 annual general meeting of the Company held on 29 June 2022, it was approved that the Company could provide guarantees for an aggregate financing amount of no more than RMB472,000,000 for the relevant subsidiaries, during the period from the date immediately after the conclusion of the 2021 annual general meeting to the date of the 2022 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 to any independent third parties nor to 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 related subsidiaries is conducive to promoting their business expansion and undertaking various engineering projects, and in the interests of the Company and the shareholders as a whole. The guaranteed amounts match their production and operation and capital requirements. And thereby the Company is agreed to provide guarantees for the financing of related subsidiaries. The Company is required to carefully study the external guarantee requirements for listed companies 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.

**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	39,440 shareholders (including 39,412 A shareholders and 28 H shareholders)
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**(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	Shareholdings of top ten shareholders					Type of shareholders
	Increase/decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage of shareholding (%)	Number of shares held subject to trading moratorium	Pledged or frozen Status of shares	
HKSCC (Nominees) Limited	-1,326,067	242,729,916	26.56	0	Unknown	Overseas legal person
Panda Electronics Group Co., Ltd.	0	210,661,444	23.05	0	Pledged	105,091,430 State-owned legal person
China Huarong Assets Management Co., Ltd.	-3,182,763	52,155,524	5.71	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.	-1,277,188	20,443,753	2.24	0	Unknown	State-owned legal person
Lu Ping (呂平)	5,180,800	9,398,800	1.03	0	Unknown	Domestic natural person
Lin Jiatuan (林加團)	477,200	6,150,292	0.67	0	Unknown	Domestic natural person
Zhang Desheng (張德勝)	-241,000	5,025,582	0.55	0	Unknown	Domestic natural person
Chen Linfa (陳林法)	439,200	3,294,600	0.36	0	Unknown	Domestic natural person
Li Rong (李蓉)	457,700	3,143,559	0.34	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	
	Number	Class	Class	Number
HKSCC (Nominees) Limited	242,729,916	Overseas listed foreign shares	RMB ordinary shares	241,663,450
			RMB ordinary shares	1,066,466
Panda Electronic Group Co., Ltd	210,661,444	RMB ordinary shares		210,661,444
China Huarong Assets Management Co., Ltd.	52,155,524	RMB ordinary shares		52,155,524
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.	20,443,753	RMB ordinary shares		20,443,753
Lu Ping (呂平)	9,398,800	RMB ordinary shares		9,398,800
Lin Jiatuan (林加團)	6,150,292	RMB ordinary shares		6,150,292
Zhang Desheng (張德勝)	5,025,582	RMB ordinary shares		5,025,582
Chen Linfa (陳林法)	3,294,600	RMB ordinary shares		3,294,600
Li Rong (李蓉)	3,143,559	RMB ordinary shares		3,143,559

Description of special repurchase accounts among top ten shareholders of the Company:

N/A

Explanation on the aforesaid shareholders entrusting voting rights, being entrusted with voting rights, and waiving voting rights

N/A

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

NEIIC holds 100% equity interests of PEGGL, 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 PEGGL, 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:*

1. As at the end of the Reporting Period, HKSCC (Nominees) Limited held 242,729,916 shares (including 241,663,450 H shares and 1,066,466 A shares) of the Company on behalf of a number of clients, representing 26.56% 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.
2. 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.

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

**(IV) Other explanations**

1. On 24 September 2021, the Company received a document from China Huarong regarding its plan to reduce its shareholding in the Company. During the Reporting Period, China Huarong reduced its holdings of 3,182,763 A shares of the Company; during the term for shareholding reduction as set out in the plan, China Huarong reduced its holdings of 12,316,367 A shares of the Company in aggregate. 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 25 September 2021 and 29 December 2021, 23 April and 26 April 2022.
2. On 25 April 2022, 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. 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 26 April and 20 August 2022.

**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 2022, 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: N/A**

#### **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.

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

As at 30 June 2022, so far as the Directors, Supervisors and senior management staff of the Company were aware, and having made all reasonable enquiries, interests or short positions in shares and underlying shares of the Company held by substantial shareholders (exclusive of Directors, Supervisors and senior management staff of the Company) which were required to be recorded in the register pursuant to section 336 of the Securities and Futures Ordinance ("SFO") of the Hong Kong Stock Exchange were as follows: (1) PEGL held 210,661,444 domestic shares, accounting for approximately 31.36% of domestic shares in issue and approximately 23.05% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (2) NEIIC 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 interest which was held in the capacity of beneficial owner. NEIIC held 100% equity interests in PEGL and in total held 246,550,055 shares in the Company which was held in the capacity of controlled corporation and beneficial owner, 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 interest which was held in the capacity of beneficial owner. (4) CEC held 79.24% equity interests in NEIIC and 100% equity interests in CEIEC (H.K.) Limited. NEIIC held 100% equity interests in PEGL, and CEC held 273,964,055 shares in the Company in total which was held in the capacity of controlled corporation, accounting for approximately 29.98% of the total shares in issue. (5) China Huarong held 52,155,524 domestic shares, accounting for approximately 7.76% of domestic shares in issue and approximately 5.71% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (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 interest which was 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 is corporate interest which was held in the capacity of controlled corporation.

Pursuant to Section 336 of the SFO, the 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 substantial Shareholders' latest shareholding in the Company may be different to the shareholding 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 2022.

### **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**

1. The 2022 interim financial report is unaudited.
2. Financial statements and accompanying notes (prepared in accordance with PRC Accounting Standards)

## SECTION X FINANCIAL REPORT

I. The 2022 interim financial report is unaudited.

### Consolidated Balance Sheet

As at 30<sup>th</sup> June 2022

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Asset	Closing balance	Opening balance
<b>Current assets:</b>		
Monetary funds	<b>1,037,128,622.44</b>	963,218,477.01
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>490,758,063.02</b>	472,241,399.61
Derivative financial assets		
Notes receivable	<b>41,284,672.69</b>	59,789,784.39
Accounts receivable	<b>1,224,911,814.77</b>	1,150,920,743.65
Financing receivables	<b>20,364,587.65</b>	20,272,279.95
Advance to suppliers	<b>78,777,653.10</b>	58,199,200.40
Premium receivables		
Reinsurance receivables		
Reinsurance contract reserve receivable		
Other receivables	<b>41,138,726.88</b>	41,962,947.68
Financial assets held under resale agreements		
Inventories	<b>875,411,659.85</b>	975,417,660.38
Contract assets	<b>23,319,633.36</b>	117,037,111.93
Held-for-sale assets		
Non-current assets due within one year	<b>4,770,671.40</b>	12,892,936.65
Other current assets	<b>133,681,083.23</b>	139,370,084.35
<b>Total current assets</b>	<b>3,971,547,188.39</b>	4,011,322,626.00

**Consolidated Balance Sheet (Continued)**As at 30<sup>th</sup> June 2022

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>679,849,590.03</b>	702,575,641.90
Other equity instruments investments	<b>3,441,309.15</b>	3,551,864.21
Other non-current financial assets		
Investment properties	<b>219,505,929.17</b>	225,438,906.53
Fixed assets	<b>888,821,175.83</b>	921,295,490.47
Construction in progress	<b>5,236,534.77</b>	1,662,327.51
Biological assets for production		
Fuel assets		
Right-of-use assets	<b>6,304,999.59</b>	8,982,713.77
Intangible assets	<b>141,362,274.15</b>	150,967,594.98
Development expenses		
Goodwill		
Long-term expenses to be amortised	<b>9,170,947.15</b>	10,927,742.76
Deferred income tax assets	<b>16,778,586.15</b>	17,020,460.54
Other non-current assets	<b>4,387,152.32</b>	4,237,383.51
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>1,974,858,498.31</b>	2,046,660,126.18
	<hr/>	<hr/>
<b>Total assets</b>	<b>5,946,405,686.70</b>	6,057,982,752.18
	<hr/> <hr/>	<hr/> <hr/>

**Consolidated Balance Sheet (Continued)**As at 30<sup>th</sup> June 2022

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 and loss		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	<b>161,274,362.63</b>	214,817,174.59
Accounts payable	<b>1,625,278,288.38</b>	1,607,660,654.09
Advance receipts from customers	<b>376,467.68</b>	461,253.51
Contract liabilities	<b>119,898,930.76</b>	153,089,473.09
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Staff salaries payable	<b>21,889,220.52</b>	42,787,188.00
Taxes payable	<b>28,771,495.48</b>	28,572,004.43
Other payables	<b>145,067,187.71</b>	99,479,790.95
Reinsurance payable		
Insurance contract reserves		
Security trading of agency		
Securities underwriting		
Liabilities held for sale		
Non-current liabilities due within one year	<b>4,071,912.81</b>	9,076,593.15
Other current liabilities	<b>23,337,237.02</b>	38,938,492.63
<b>Total current liabilities</b>	<b>2,129,965,102.99</b>	2,194,882,624.44

**Consolidated Balance Sheet (Continued)**As at 30<sup>th</sup> June 2022

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>2,410,358.52</b>	3,586,641.07
Long-term payables		
Long-term staff salaries payables	<b>9,836,844.73</b>	11,837,677.44
Estimated liabilities		
Deferred income	<b>41,302,681.07</b>	44,917,830.69
Deferred income tax liabilities	<b>122,023.97</b>	396,709.26
Other non-current liabilities		
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>53,671,908.29</b>	60,738,858.46
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>2,183,637,011.28</b>	2,255,621,482.90
	<hr/> <hr/>	<hr/> <hr/>



**Consolidated Balance Sheet (Continued)**As at 30<sup>th</sup> June 2022

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>-156,518.13</b>	-73,601.84
Special reserve	<b>173,174.20</b>	
Surplus reserve	<b>276,018,152.13</b>	276,018,152.13
General risk reserve		
Undistributed profits	<b>865,939,332.20</b>	866,732,902.94
	<hr/>	<hr/>
<b>Subtotal of equity attributable to the shareholders of the parent company</b>	<b>3,526,504,469.53</b>	3,527,207,782.36
	<hr/>	<hr/>
<b>Minority interests</b>	<b>236,264,205.89</b>	275,153,486.92
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>3,762,768,675.42</b>	3,802,361,269.28
	<hr/>	<hr/>
<b>Total liabilities and shareholders' equity</b>	<b>5,946,405,686.70</b>	6,057,982,752.18
	<hr/> <hr/>	<hr/> <hr/>

Legal Representative:  
**Hu Huichun**

Chief Accountant:  
**Hu Dali**

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

## Consolidated Income Statement

January – June 2022

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>2,033,290,915.24</b>	2,169,456,301.72
Including: Operating income	<b>2,033,290,915.24</b>	2,169,456,301.72
Interest income		
Premiums earned		
Fee and commission income		
<b>2. Total operating cost</b>	<b>2,044,277,446.23</b>	2,148,036,956.24
Including: Operating costs	<b>1,783,237,901.63</b>	1,907,128,831.84
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>10,532,639.44</b>	9,973,826.97
Selling expenses	<b>19,195,793.89</b>	21,434,870.13
Administrative expenses	<b>116,077,148.70</b>	118,753,604.90
R&D costs	<b>114,297,434.42</b>	102,863,123.01
Financial expenses	<b>936,528.15</b>	-12,117,300.61
Including: Interest expense	<b>209,404.12</b>	339,134.13
Interest income	<b>7,982,407.86</b>	8,977,287.57
Add: Other gains	<b>11,160,362.03</b>	6,827,016.37
Investment income (losses are represented by "-")	<b>43,958,109.96</b>	24,418,619.55
Including: Investment income from associates and joint ventures	<b>37,273,948.13</b>	18,923,489.74
Income on hedging the net exposure (losses are represented by "-")		
Gains arising from changes in fair value (losses are represented by "-")	<b>-1,483,336.59</b>	1,211,375.22
Credit impairment loss (losses are represented by "-")	<b>-1,560,256.71</b>	3,651,766.84
Asset impairment loss (losses are represented by "-")	<b>-8,169,906.19</b>	-4,217,750.65
Gains on disposal of assets (losses are represented by "-")	<b>120,045.79</b>	-652,003.85
Exchange gain (losses are represented by "-")		
<b>3. Operating profit (losses are represented by "-")</b>	<b>33,038,487.30</b>	52,658,368.96
Add: Non-operating income	<b>972,116.26</b>	973,536.29
Less: Non-operating expenses	<b>144,390.35</b>	208,592.65

**Consolidated Income Statement (Continued)**

January – June 2022

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>33,866,213.21</b>	53,423,312.60
Less: Income tax expense	<b>8,598,947.17</b>	14,885,284.13
<b>5. Net profit (net losses are represented by "-")</b>	<b>25,267,266.04</b>	38,538,028.47
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by "-")	<b>25,267,266.04</b>	38,538,028.47
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>12,000,168.67</b>	18,273,010.95
2. Minority interests	<b>13,267,097.37</b>	20,265,017.52
<b>6. Net other comprehensive income after tax</b>	<b>-82,916.29</b>	400,466.34
Net other comprehensive income after tax attributable to the shareholders of the parent company	<b>-82,916.29</b>	400,466.34
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	<b>-82,916.29</b>	400,466.34
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>-82,916.29</b>	400,466.34
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>25,184,349.75</b>	38,938,494.81
Total comprehensive income attributable to the equity holders of the parent company	<b>11,917,252.38</b>	18,673,477.29
Total comprehensive income attributable to minority shareholders	<b>13,267,097.37</b>	20,265,017.52
<b>8. Earnings per share:</b>		
(1) Basic earnings per share (RMB/share)	<b>0.0131</b>	0.0200
(2) Diluted earnings per share (RMB/share)	<b>0.0131</b>	0.0200

Legal Representative:  
**Hu Huichun**

Chief Accountant:  
**Hu Dali**

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

## Consolidated Statement of Changes in Shareholders' Equity

January – June 2022

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the Period												
	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	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total shareholders' equity
<b>I. Balance at the end of prior year</b>	913,333,320.00	-	-	-	1,470,691,001.13	-	-73,601.84	-	276,016,122.13	-	666,732,302.94	-	3,802,361,263.28
<b>Add: Changes in accounting policies</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Error correction of previous period	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination involving entities under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at the beginning of current year</b>	913,333,320.00	-	-	-	1,470,691,001.13	-	-73,601.84	-	276,016,122.13	-	666,732,302.94	-	3,802,361,263.28
<b>III. Changes of current year (Increases are represented by "+")</b>	-	-	-	-	-	-	-82,516.29	173,714.20	-	-	-193,570.74	-38,892,261.00	-59,522,930.66
(I) Total comprehensive income	-	-	-	-	-	-	-82,516.29	-	-	-	12,000,168.67	13,267,049.37	25,184,948.75
(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	-	-	-	-	-	-	-	-	-	-	-12,783,739.41	-	-64,953,117.81
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Appropriation of profit to shareholders	-	-	-	-	-	-	-	-	-	-	-12,783,739.41	-	-64,953,117.81
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal transfers within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve to other losses	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Change in defined benefit plan carried over to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried over to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Appropriation and application of special reserve	-	-	-	-	-	-	-	173,714.20	-	-	-	-	173,714.20
1. Appropriation of special reserve in the period	-	-	-	-	-	-	-	173,714.20	-	-	-	-	173,714.20
2. Application of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	87,938.51	-	-	-	-	87,938.51
<b>IV. Balance at the end of the year</b>	913,333,320.00	-	-	-	1,470,691,001.13	-	-156,118.13	173,714.20	276,016,122.13	-	666,833,322.20	236,294,205.89	3,762,766,754.42

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

January – June 2022

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the corresponding period of last year												
	Other equity instrument					Equity attributable to the shareholders of parent company					Total shareholders' equity		
	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
<b>I. Balance at the end of prior year</b>	919,898,920.00	-	-	1,470,691,800.13	-	1,470,691,800.13	918,704.84	-	267,692,027.88	-	866,889,656.12	286,949,342.69	3,146,380,160.66
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Erroneous correction of previous period	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination involving entities under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at the beginning of current year</b>	919,898,920.00	-	-	1,470,691,800.13	-	1,470,691,800.13	918,704.84	-	267,692,027.88	-	866,889,656.12	286,949,342.69	3,146,380,160.66
<b>III. Changes of current year (Increases are represented by "+")</b>													
(I) Total comprehensive income	-	-	-	-	-	-	400,466.34	647,163.27	-	-	-5,486,161.16	202,650,071.32	15,828,465.97
(II) Share capital contributed or withdrawn by shareholders	-	-	-	-	-	-	400,466.34	-	-	-	18,279,000.36	202,650,071.32	38,936,494.61
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	-	-	-	-	-	-	-	-	-	-	-33,759,172.11	-	-20,759,172.11
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 cover losses	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Carry-over charges arising from remeasurement of net liabilities or net assets under defined benefit plan	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Appropriation and application of special reserve	-	-	-	-	-	-	-	647,163.27	-	-	-	-	647,163.27
1. Appropriation of special reserve in the period	-	-	-	-	-	-	-	647,163.27	-	-	-	-	647,163.27
2. Application of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	275,169,296	-	-	-	-	275,169,296
<b>IV. Balance at the end of the year</b>	919,898,920.00	-	-	1,470,691,800.13	-	1,470,691,800.13	719,171.18	647,163.27	267,692,027.88	-	851,143,644.96	287,214,882.71	3,382,246,646.63

Legal Representative:  
**Hu Huichun**

Chief Accountant:  
**Hu Dali**

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

## Consolidated Cash Flow Statement

January – June 2022

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>2,219,145,838.54</b>	2,371,804,297.88
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>27,439,959.03</b>	32,013,024.29
Cash received relating to other operating activities	<b>153,106,543.93</b>	125,890,264.32
<b>Sub-total of cash inflows from operating activities</b>	<b>2,399,692,341.50</b>	2,529,707,586.49
Cash paid on purchase of goods and services received	<b>1,738,728,564.01</b>	2,070,447,777.91
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>343,210,495.88</b>	229,020,147.96
Cash paid for all types of taxes	<b>64,955,659.45</b>	67,289,992.30
Cash paid relating to other operating activities	<b>159,734,450.97</b>	208,383,805.63
<b>Sub-total of cash outflows from operating activities</b>	<b>2,306,629,170.31</b>	2,575,141,723.80
<b>Net cash flows generated from operating activities</b>	<b>93,063,171.19</b>	-45,434,137.31

**Consolidated Cash Flow Statement (Continued)**

January – June 2022

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>67,071,091.21</b>	5,998,618.74
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	<b>1,830,151.34</b>	214,565.00
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	<b>680,000,000.00</b>	910,000,000.00
<b>Sub-total of cash inflows from investing activities</b>	<b>748,901,242.55</b>	916,213,183.74
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		
Cash paid for investments	<b>12,981,732.32</b>	24,290,545.40
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	<b>700,000,000.00</b>	884,381,086.02
<b>Sub-total of cash outflows from investing activities</b>	<b>712,981,732.32</b>	908,671,631.42
<b>Net cash flows generated from investing activities</b>	<b>35,919,510.23</b>	7,541,552.32

**Consolidated Cash Flow Statement (Continued)**

January – June 2022

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
<b>Sub-total of cash inflows from financing activities</b>		<b>11,836,055.52</b>
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interests expenses	<b>25,810,923.64</b>	
Including: dividend and profit paid to minority shareholders by subsidiaries	<b>25,810,923.64</b>	
Cash paid on other financing activities	<b>6,337,347.85</b>	1,572,470.34
<b>Sub-total of cash outflows from financing activities</b>	<b>32,148,271.49</b>	<b>1,572,470.34</b>
<b>Net cash flows generated from financing activities</b>	<b>-32,148,271.49</b>	<b>10,263,585.18</b>
<b>4. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>977,150.93</b>	-368,153.23
<b>5. Net increase in cash and cash equivalents</b>	<b>97,811,560.86</b>	-27,997,153.04
Add: balance of cash and cash equivalents at the beginning of the period	<b>848,233,503.66</b>	1,149,052,807.58
<b>6. Balance of cash and cash equivalents at the end of the period</b>	<b>946,045,064.52</b>	1,121,055,654.54

Legal Representative:  
Hu Huichun

Chief Accountant:  
Hu Dali

Head of the Accounting  
Department:  
Liu Xianfang



## Balance Sheet

As at 30<sup>th</sup> June 2022

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>52,607,061.04</b>	39,216,173.73
Financial assets measured at fair value through profit and loss		
Financial assets held for trading	<b>110,022,241.10</b>	150,014,383.56
Derivative financial assets		
Notes receivables	<b>4,100,000.00</b>	2,638,210.00
Accounts receivable	<b>101,606,521.75</b>	101,272,967.72
Financing receivables		
Prepayments	<b>4,752,819.41</b>	9,386,848.03
Other receivables	<b>249,204,334.62</b>	216,727,244.80
Inventories	<b>52,558,998.55</b>	40,103,355.09
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets		32,241.15
<b>Total current assets</b>	<b>574,851,976.47</b>	559,391,424.08
<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>2,113,701,872.80</b>	2,136,346,559.46
Other equity instruments investments	<b>3,441,309.15</b>	3,551,864.21
Other non-current financial assets		
Investment properties	<b>344,586,747.84</b>	351,618,473.50
Fixed assets	<b>70,119,392.42</b>	72,878,467.62
Construction in progress	<b>6,075,345.93</b>	1,229,570.87
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	<b>12,949,164.05</b>	13,518,024.69
Development expenses		
Goodwill		
Long-term expenses to be amortised	<b>4,973,928.52</b>	5,733,798.58
Deferred income tax assets	<b>52,172.72</b>	24,533.95
Other non-current assets		
<b>Total non-current assets</b>	<b>2,555,899,933.43</b>	2,584,901,292.88
<b>Total assets</b>	<b>3,130,751,909.90</b>	3,144,292,716.96

**Balance Sheet (Continued)**As at 30<sup>th</sup> June 2022

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>14,805,217.28</b>	17,724,476.13
Accounts payable	<b>53,822,286.93</b>	43,620,736.29
Advance receipts from customers	<b>371,545.68</b>	353,853.03
Contract liabilities	<b>1,441,796.48</b>	2,907,435.18
Staff salaries payable	<b>1,502,774.60</b>	1,581,358.40
Taxes payable	<b>10,200,165.52</b>	9,935,276.08
Other payables	<b>111,063,037.34</b>	217,265,134.58
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	<b>2,287,433.53</b>	1,977,966.57
<b>Total current liabilities</b>	<b>195,494,257.36</b>	295,366,236.26
<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>1,443,967.08</b>	1,730,963.79
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	<b>5,560.28</b>	3,595.89
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>1,449,527.36</b>	1,734,559.68
<b>Total liabilities</b>	<b>196,943,784.72</b>	297,100,795.94
<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>-156,518.13</b>	-73,601.84
Special reserve		
Surplus reserve	<b>276,018,152.13</b>	276,018,152.13
Undistributed profits	<b>309,237,127.90</b>	222,538,007.45
<b>Total shareholders' equity</b>	<b>2,933,808,125.18</b>	2,847,191,921.02
<b>Total liabilities and shareholders' equity</b>	<b>3,130,751,909.90</b>	3,144,292,716.96

Legal Representative:  
**Hu Huichun**

Chief Accountant:  
**Hu Dali**

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

**Income Statement**  
January – June 2022

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>61,037,754.88</b>	56,344,343.50
Less: Operating costs	<b>38,296,670.41</b>	30,743,369.84
Business taxes and surcharge	<b>2,173,507.10</b>	2,912,004.66
Selling expenses	<b>2,901,671.52</b>	2,630,746.96
Administrative expenses	<b>47,063,438.60</b>	48,261,335.11
R&D costs	<b>15,338,398.62</b>	11,367,927.71
Financial expenses	<b>-3,794,397.03</b>	-3,926,151.22
Including: Interest expense		
Interest income	<b>216,335.52</b>	1,915,403.92
Add: Other gains	<b>80,186.39</b>	706,187.16
Investment income (losses are represented by "-")	<b>140,283,123.62</b>	60,107,759.18
Including: Investment income of associates and joint ventures	<b>37,355,313.34</b>	18,729,997.68
Income on hedging the net exposure (losses are represented by "-")		
Income from change in fair value (losses are represented by "-")	<b>7,857.54</b>	-63,100.08
Credit impairment loss	<b>-24,392.00</b>	-166,784.70
Assets impairment loss		
Gains on disposal of assets (losses are represented by "-")		
<b>2. Operating profit (losses are represented by "-")</b>	<b>99,405,241.21</b>	24,939,172.00
Add: Non-operating income	<b>89,583.04</b>	19,277.73
Less: Non-operating expenses		2,156.54
<b>3. Total profit (total losses are represented by "-")</b>	<b>99,494,824.25</b>	24,956,293.19
Less: Income tax expense	<b>1,964.39</b>	-16,243.05
<b>4. Net profit (net losses are represented by "-")</b>	<b>99,492,859.86</b>	24,972,536.24
(1) Net profit for going concern (net losses are represented by "-")	<b>99,492,859.86</b>	24,972,536.24
(2) Net profit for discontinued operation (net losses are represented by "-")		

## Income Statement (Continued)

January – June 2022

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>-82,916.29</b>	400,466.34
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	<b>-82,916.29</b>	400,466.34
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>-82,916.29</b>	400,466.34
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>99,409,943.57</b>	25,373,002.58
<b>7. Earnings per share:</b>		
(1) Basic earnings per share		
(2) Diluted earnings per share		

**Statement of Changes in Shareholders' Equity**

January – June 2022

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
<b>I. Balance at the end of prior year</b>	910,328,529.00	-	-	-	1,434,870,834.28	-	-73,600.84	276,016,152.13	-	222,530,007.45	2,847,191,192.102
Add: Changes in accounting policies											
Error correction of previous period											
Others											
<b>II. Balance at the beginning of current year</b>	910,328,529.00	-	-	-	1,434,870,834.28	-	-73,600.84	276,016,152.13	-	222,530,007.45	2,847,191,192.102
<b>III. Changes of current year (Increases or decreases are represented by "+")</b>											
(I) Total comprehensive income											
1. Share capital contributed or withdrawn by shareholders											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in shareholders' equity											
4. Others											
(II) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of general risk reserve											
3. Appropriation of profit to shareholders											
4. Others											
(III) Internal transfer 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 implied benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(IV) Appropriation and application of special reserve											
1. Appropriation of special reserve in the period											
2. Application of special reserve in the period											
(V) Others											
<b>IV. Balance at the end of the year</b>	910,328,529.00	-	-	-	1,434,870,834.28	-	-155,518.13	276,016,152.13	-	319,267,172.90	2,932,808,125.18

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

January – June 2022

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for corresponding period of last year											
	Share capital	Preference shares	Residual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total shareholders' equity
<b>I. Balance at the end of prior year</b>	913,336,529.00	-	-	-	1,434,870,834.28	-	318,704.84	-	267,682,027.88	-	171,272,061.26	2,787,892,157.28
Adj. Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Erroneous correction of previous period	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Balance at the beginning of current year</b>	913,336,529.00	-	-	-	1,434,870,834.28	-	318,704.84	-	267,682,027.88	-	171,272,061.26	2,787,892,157.28
<b>III. Changes of current year (decreases are represented by "-")</b>												
(I) Total comprehensive income	-	-	-	-	-	-	400,466.34	-	-	-	1,213,384.19	1,613,850.47
(II) Share capital contributed by shareholders	-	-	-	-	-	-	400,466.34	-	-	-	24,972,536.24	25,373,002.58
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	-	-	-	-	-	-	-	-	-	-	-20,759,172.11	-20,759,172.11
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Appropriation of profit to shareholders	-	-	-	-	-	-	-	-	-	-	-23,759,801.75	-23,759,801.75
4. Others	-	-	-	-	-	-	-	-	-	-	629.84	629.84
(IV) Internal transfer over with shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve to other losses	-	-	-	-	-	-	-	-	-	-	-	-
4. Change in liquidation 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>	913,336,529.00	-	-	-	1,434,870,834.28	-	719,171.18	-	267,682,027.88	-	172,485,426.41	2,789,392,987.75

Legal Representative:  
Hu Huichun

Chief Accountant:  
Hu Dai

Head of the Accounting Department:  
Liu Xianfang

## Cash Flow Statement

January – June 2022

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	53,640,146.21	34,825,380.75
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	86,695,521.37	67,674,690.11
<b>Sub-total of cash inflows from operating activities</b>	<b>140,335,667.58</b>	<b>102,500,070.86</b>
Cash paid on purchase of goods and services received	31,251,911.53	24,730,561.60
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	52,757,389.29	53,604,168.10
Cash paid for all types of taxes	3,480,258.47	5,695,518.07
Cash paid relating to other operating activities	219,905,290.07	51,748,793.22
<b>Sub-total of cash outflows from operating activities</b>	<b>307,394,849.36</b>	<b>135,779,040.99</b>
<b>Net cash flows generated from operating activities</b>	<b>-167,059,181.78</b>	<b>-33,278,970.13</b>
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal of investments		
Cash received from return on investments	143,001,772.87	1,634,208.34
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	100,800.00	29,700.00
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	150,000,000.00	210,000,000.00
<b>Sub-total of cash inflows from investing activities</b>	<b>293,102,572.87</b>	<b>211,663,908.34</b>

**Cash Flow Statement (Continued)**  
January–June 2022

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	4,630,643.50	1,235,829.55
Cash paid for investments		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	<u>110,000,000.00</u>	<u>220,000,000.00</u>
<b>Sub-total of cash outflows from investing activities</b>	<u>114,630,643.50</u>	<u>221,235,829.55</u>
<b>Net cash flows generated from investing activities</b>	<u>178,471,929.37</u>	<u>-9,571,921.21</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		11,836,055.52
<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>11,836,055.52</u>
<b>4. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>265.94</b>	-55.01
<b>5. Net increase in cash and cash equivalents</b>	<b>11,413,013.53</b>	-31,014,890.83
Add: balance of cash and cash equivalents at the beginning of the period	<u>33,601,208.20</u>	<u>178,878,717.22</u>
<b>6. Balance of cash and cash equivalents at the end of the period</b>	<u>45,014,221.73</u>	<u>147,863,826.39</u>

Legal Representative:  
**Hu Huichun**

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 2022

(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 nonmetallic 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).

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 "NEIIC").

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 NEIIC, 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 NEIIC, 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 NEIIC 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 NEIIC, 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; NEIIC 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 NEIIC, shall not be transferred within 12 months since the date of completion of issuance. On 30 June 2014, except for NEIIC, 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 are 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.

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.

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. In 2021, China Huarong Asset Management Co., Ltd. has reduced its holdings of 9,133,604 A shares, accounting for 1% of the total share capital of the Company. From 28 February 2022 to 7 March 2022, China Huarong Asset Management Co., Ltd. has reduced its holdings of 3,182,763 A shares, accounting for 0.35% of the total share capital of the Company. As at 30 June 2022, China Huarong Asset Management Co., Ltd. held 52,155,524 A shares of the Company, accounting for 5.71% of the total share capital of the Company.

As at 30 June 2022, the Company had an aggregate of 913,838,529 shares in issue, with a registered capital of RMB913,838,529. 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.

The parent of the Company is Panda Electronics Group Co., Ltd.. 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 transportation and safe city projects, Industrial Internet and smart manufacturing and installation, and sales of products of green service-oriented electronics manufacturing, etc.. The operating period is from 5 October 1996 to an unspecified date.

The registered address of the Company is No. 7, Jingtian Road, Nanjing Economic and Technological Development Zone. The legal representative is Hu Huichun.

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 nonmetallic 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). General items: import and export of technologies; import and export of goods (Except for the activities that subject to approval in accordance with the law, the business activities shall be carried out autonomously according to the law with the business license).

The financial statements were approved by all Directors (the Board of Directors) of the Company for publication on 30 August 2022.

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

The consolidation scope of the Company's consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all subsidiaries. Subsidiaries refer to enterprises or entities controlled by the Company. Refer to "6. Changes in consolidated scope" and "7. Interests in other subjects" in this note for the scope and changes of consolidated financial statements in this period.

## **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. In addition, the financial statements comply with the applicable disclosure provisions of the Securities listing rules issued by the Stock Exchange of Hong Kong Limited and with the applicable disclosure provisions of the Hong Kong Companies Ordinance.

### **(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 2022 as well as the operating results and cash flows of the Company and the Group for the first half of 2022.

### **(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.

The Company's investment in joint ventures is accounted by the equity method. Refer to "III. (XV) long-term equity investment" in this note for details.

## **(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, 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 of identifying the portfolio

The portfolio of notes	Considering the credit rating of the acceptance bank or the acceptor as the credit risk characteristic of portfolios
The portfolio of aging	Considering the aging of receivables as the credit risk characteristic of portfolios.
The portfolio of related parties	Considering the trading relationship of receivables as the credit risk characteristics of portfolios
The portfolio of earned money, security deposit, employee reserve fund	Considering the nature of accounts receivable as the credit risk characteristic of portfolios

#### The method of accruing bad debt provision

The portfolio of notes	Other method
The portfolio of aging	Accruing bad debt provision based on aging
The portfolio of related parties	Other method
The portfolio of earned money, security deposit, employee reserve fund	Other method

The Company combines the portfolio of accounts receivables with similar credit risk characteristics and estimates the proportion of accruing bad debt provision based on all reasonable and evidenced information, including forward-looking information:

Aging	Proportion of provision for bad debt (%)
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 portfolio, other methods are used to accrual provision for bad debts:

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

## **2. Receivables financing**

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 weighted average 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's 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).

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.

The Company adopts the cost model to measure the existing investment real estate. For the investment real estate measured according to the cost model – buildings for rent, the same depreciation policy as the Company's fixed assets is adopted, and the land use right for rent is implemented according to the same amortization policy as intangible assets.

#### **(XVII) Fixed Assets**

##### **1. Recognition conditions and initial measurement 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 impact of expected disposal costs).

The subsequent expenditures related to the fixed assets shall be included in the cost of the fixed assets when the related economic benefits are likely to flow in and the cost can be measured reliably. For the replaced part, the recognition of its carrying value shall be terminated; All other subsequent expenditures are recorded into current profit and 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)	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
<hr/>				
Operating leased fixed assets:				
Housing and building	Straight line method	20–30	5	3.17–4.75
	<hr/>	<hr/>	<hr/>	<hr/>

## 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 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 analyse and judge 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	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 Company;
- (2) it is probable that an outflow of economic benefits from the Company 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. Accounting policies adopted for revenue recognition and measurement

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. Revenue measurement principle

- (1) The Company measures the income according to the transaction price apportioned to each individual performance obligation. The transaction price refers to the amount of consideration that the Company is expected to be entitled to receive due to the transfer of goods or services to customers, excluding the amount collected on behalf of a third party and the amount expected to be returned to customers.
- (2) If there is a variable consideration in the contract, the Company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the amount that the accumulated recognized income is unlikely to be significantly reversed when the relevant uncertainty is eliminated.
- (3) If there is a significant financing component in the contract, the Company shall determine the transaction price according to the payable amount assumed to be paid in cash when the customer obtains the control over the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. On the commencement date of the contract, if the Company expects that the interval between the customer's acquisition of control over the goods or services and the customer's payment of the price is no more than one year, the major financing components in the contract will not be considered.
- (4) If the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation on the contract commencement date according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation.

## 3. Specific methods of revenue recognition

- (1) Revenue recognition at a point in time

The sales of the Company in safe city products, intelligent manufacturing core components and green service electronic manufacturing products and etc. are the performance obligations to be performed at a point in time. The revenue recognition of domestic products shall meet the following conditions: the Company has delivered the products to the customers according to the contract; the control of the goods has been transferred; the payment for goods has been recovered or the collection certificate has been obtained; and the relevant economic benefits are likely to flow in; the main risks and rewards of the ownership of the goods have been transferred; and the legal ownership 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.

- (2) Revenue recognized according to performance progress

The Company provides intelligent transportation integration, intelligent factory and system engineering installation and other services. Since the customer can control the goods or services under construction during the performance of the contract while the Company performs the contract, and the Company has the right to charge for the performance part that has been completed during the whole contract period, the Company regards it as the performance obligation to be performed over time, and recognizes the income according to the performance progress, unless the performance progress cannot be reasonably determined. The Company shall determine the performance progress of providing services according to the output method. If the cost incurred by the Company is expected to be compensated when the performance progress cannot be reasonably determined, the revenue shall be recognized according to the amount of the cost incurred until the performance schedule can be reasonably determined.

- (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 "(XXII) 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.
- 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 adopts straight-line method to accrue the depreciation of the right to use assets. If the ownership of the leased assets can be reasonably determined upon expiration of the lease term, the Company shall deduct depreciation over the remaining useful life of the leased assets. Otherwise, depreciation of the leased asset shall be accrued in the shorter period between the lease period and the remaining useful life of the leased asset.

The Company shall determine whether the impairment of the right to use assets has occurred according to the principles stated in "III. (XXI) Impairment of Long-term Assets" in this Note, and shall conduct accounting treatment for the recognized 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:

- Fixed payment amount (including actual fixed payment amount), if there is lease incentive, deduct the relevant amount of lease incentive;
- Variable lease payments depending on index or ratio;
- The estimated amount to be paid according to the guarantee residual value provided by the Company;
- The exercise price of the purchase option, provided that the company reasonably determines that it will exercise the option;
- 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 the Company's evaluation results of purchase options, lease renewal options, or lease termination options change, or the actual exercise of lease renewal options or lease termination options is inconsistent with the original evaluation results, the Company remeasures the lease liabilities according to the present value calculated by the revised lease payment and the revised discount rate;
- When the actual fixed payment amount changes, the expected payable amount of the guarantee residual value changes, or the index or ratio used to determine the lease payment amount changes, the Company remeasures the lease liability according to the changed lease payment amount and the present value calculated by the original discount rate. However, if the change of lease payment derives from the change of floating interest rate, the revised discount rate shall be used to calculate the present value.

(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.

(5) Rent concessions related to the COVID-19 epidemic

For rent concessions such as rent reduction and exemption and deferred payment for the existing lease contracts directly caused by the COVID-19 epidemic, and if the following conditions are met at the same time, the Company will not evaluate whether there is any lease change or reassess the lease classification for all lease options by adopting simplified methods:

- Where the lease consideration after concession is reduced or basically unchanged compared with that before concession, among them, the lease consideration is not discounted or discounted at the discount rate before concession;
- Where the concession is only for the payable lease payment before 30 June 2022, the increase of the payable lease payment after 30 June 2022 will not affect the meeting of this condition, and the decrease of the payable lease payment after 30 June 2022 will not meet this condition;
- Considering both qualitative and quantitative factors, it is determined that other terms and conditions of the lease have not changed significantly.

For the adoption of simplified methods of rent concession related to the COVID-19 epidemic, the Company will not evaluate whether the lease change has occurred, it will continue to calculate the interest expense of the lease liabilities according to the same discount rate as before the concession and include it in the current profit or loss, and continue to accrue the depreciation for the right-to-use assets according to the same method as before the concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as variable lease payments. When the original rent payment obligation is relieved by reaching a concession agreement, the undiscounted amount or the discounted amount at the discount rate before the concession is used to offset the cost or expenses of related assets, and the lease liabilities will be adjusted accordingly; if the rent payment is delayed, the Company will offset the lease liabilities recognized in the previous period at the time of actual payment.

For short-term lease and low-value asset lease, the Company continues to include the rent in the original contract in the costs or expenses of related assets according to the method consistent with that before concession. In case of any rent reduction or exemption, the Company will treat the reduced rent as variable lease payments to offset the costs or expenses of related assets during the reduction or exemption period; In case of any deferred payment of rent, the Company will recognize the payable rent as payables during the original payment period, and offset the payables recognized in the previous period at the time of actual payment.

## 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. In case of any change in the operating lease, the Company will make the accounting treatment for it as a new lease from the effective date of the change, and the amount received in advance or lease receivables before the change will be regarded as the receivables from the new lease.



(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 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;
- (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) Safety Production Cost**

In accordance with the relevant provisions of the Notice on printing and distributing the measures for the administration of the withdrawal and use of work safety expenses of enterprises (Cai Qi [2012] No. 16) issued by the Ministry of Finance and the General Administration of work safety, the company withdraws work safety expenses according to the income percentage specified by the industry.

Production safety expenses shall be included in the cost of relevant products or current profits and losses when withdrawn, and shall be included in the "special reserve" account.

When the withdrawn work safety fee is used within the specified scope, if it belongs to expense expenditure, it shall be directly offset against the special reserve; If fixed assets are formed, the expenses incurred are collected through the "construction in progress" subject, and are recognized as fixed assets when the safety project is completed and reaches the expected usable state; At the same time, the special reserve shall be offset according to the cost of forming fixed assets, and the accumulated depreciation of the same amount shall be recognized. The fixed assets will not be depreciated in future periods.

### **(XXXV) 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.

### **(XXXVI) Main Accounting Estimates and Judgments**

Estimates and judgments are assessed based on past experience and other factors (including reasonable predictions of future events in relevant circumstances). Estimates were continuously assessed and were based on historical experience and other factors, including expectations of future events that were considered to be justified in this context. Estimates and assumptions of a significant adjustment risk for the carrying amount of assets and liabilities in the next year are as follows:

## **1. Estimated service life and net residual value of fixed assets**

The management of the Company confirms the estimated service life, net residual value and related depreciation costs based on the historical experience of the actual service life of the buildings, machinery and equipment with similar properties or functions. Management will adjust depreciation costs when previously estimated useful life is different or obsolete or sold technically obsolete or nonstrategic assets. The actual economic life may differ from the expected useful life, and the actual net residual value may also differ from the expected one. Regular inspection of depreciable life, estimated net residual value may cause changes and changes in depreciation costs for future periods.

## **2. Net realizable value of the inventory**

The net realizable value of the inventory is equal to the estimated selling price in the daily business activities minus the estimated cost to occur at completion, the estimated sales expenses, and related taxes and fees. The estimate is based on current market conditions and historical experience of producing and selling products of the same nature, which may change significantly by technological innovation, and the competitors' behavior in response to serious industry cycles. Management will reassess the estimate on the balance sheet date.

## **3. Current period and deferred income tax**

The Company shall pay income tax in different jurisdictions and make significant judgments on the provision of income tax in each jurisdiction. In daily operations, the final determined tax involved in some transactions and calculations is uncertain. Considering the long-term nature and complexity of existing provisions, there will be differences between actual results and assumptions, and relevant assumptions will change in the future, thus affecting the determination of current income tax and deferred income tax.

When the management believes that it is likely to deduct sufficient temporary difference or income tax loss in the future, the deferred income tax assets related to the temporary difference or income tax loss are recognized. When the expected result is different from that before, the difference will affect the recognition of deferred income tax assets and current income tax expenses, which are included in the current period of the estimated change.

## **4. Impairment of financial assets**

The provisions for impairment of financial assets are calculated based on assumptions about the risk of default and expected loss rates. The Group makes assumptions and selects the calculated input values against the past account ages, existing market conditions and forward-looking estimates at the end of each reporting period. Note III. (X) and Note III. (XI) disclose information related to all key assumptions.

## **5. Impairment of non-financial assets**

The management of the Company needs to make a judgment on the asset impairment on the balance sheet date, especially when evaluating long-term assets, including fixed assets, projects under construction, intangible assets, etc. The recoverable amount is the higher value between the fair value of the asset minus the disposal expense and the present value of the expected future cash flow. The revaluation recoverable amount can be adjusted at each impairment test. Note III. (XXI) disclose the relevant information.

### **(XXXVII) 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% for domestic sales of ordinary goods, utilities, etc., 9% for domestic provision of engineering services and leasing services, 6% for domestic provision of technical services, property services, etc., 5% for simple tax calculation of leasing services, 3% for simple tax calculation of some other services, and 1% for small-scale taxpayers
Urban maintenance and construction tax	Levied on the basis of the actual VAT paid	7%
Enterprise income tax	Levied based on taxable income	25%, 20%, 16.50%, 15%
Education surcharge	Levied on the basis of the actual VAT paid	3%
Local education surcharges	Levied on the basis of the actual VAT paid	2%

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%
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 2 December 2020, and obtained the High-tech Enterprise Certificate (certificate number GR202032007426) issued by Jiangsu Provincial Science and Technology Department. The certificate is valid for 3 years. During such period, Nanjing Panda Electronic Manufacture Co., Ltd. shall pay enterprise 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 2 December 2020, and obtained the High-tech Enterprise Certificate (certificate number GR202032006826) issued by Jiangsu Provincial Science and Technology Department. The certificate is valid for 3 years. During such period, Nanjing Panda Communications Technology Co., Ltd. shall pay enterprise 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 2 December 2020, and obtained the High-tech Enterprise Certificate (certificate number GR202032006058) issued by Jiangsu Provincial Science and Technology Department. The certificate is valid for 3 years. During such period, Nanjing Huage Appliance and Plastic Industrial Co., Ltd. shall pay enterprise 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 30 November 2021, and obtained the High-tech Enterprise Certificate (certificate number GR202132006189) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years. During such period, Nanjing Panda Information Industry Co., Ltd. shall pay enterprise 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 30 November 2021, and obtained the High-tech Enterprise Certificate (certificate number GR202132007415) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years. During such period, Nanjing Panda Electromechanical Instrument Technology Co., Ltd. shall pay enterprise 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 23 December 2021, and obtained the High-tech Enterprise Certificate (certificate number GR202144202917) jointly issued by Shenzhen Municipal Science and Technology Innovation Committee and other government bodies. The certificate is valid for 3 years. During such period, Shenzhen Jinghua Information Technology Co., Ltd. shall pay enterprise 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 30 November 2021, and obtained the High-tech Enterprise Certificate (certificate number GR202132008673) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years. During such period, Nanjing Panda Electronic Equipment Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
8. Chengdu Panda Electronic Technology Co., Ltd., a secondary subsidiary of the company, complies with the reply of the State Administration of Taxation on the implementation of the catalogue of encouraged industries in the western region on enterprise income tax. For enterprises located in the western region, mainly engaged in encouraged industrial projects stipulated by the state, and whose main business income in the current year exceeds 60% of the total income of the enterprise, the enterprise shall apply by itself without the examination and confirmation of the tax authority, but retain the relevant documents for future reference., Chengdu Panda Electronic Technology Co., Ltd. shall pay enterprise income tax at a reduced rate of 15%.

9. The company's third-level subsidiaries Shenzhen Jingjia Property Management Co., Ltd., Shenzhen Jinghua Property Management Co., Ltd, Jingwah Digital Technology Co., Ltd., Shenzhen Jinghua Media Technology Co., Ltd. were identified as a small and micro-profit enterprises. According to the provisions of articles 1 and 2 of the announcement of the Ministry of Finance and the State Administration of Taxation on the implementation of preferential income tax policies for small and micro-profit enterprises and individual industrial and commercial households (Announcement of MOF and SAT [2021] No. 12) and the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement of MOF and SAT [2022] No. 13) 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 25% thereof.
10. The profits tax rate of second-tier subsidiary Galant Limited and forth-tier subsidiary JWD Trading (HK) Co., Ltd registered in Hong Kong is 16.5%.
11. According to the announcement of the Ministry of Finance and the State Administration of Taxation on "Further Improving the Policy of Pre-Tax Addition and Deduction of R&D Expenses" (Announcement of MOF and SAT [2021] No. 13), if the R&D expenses actually incurred in the R&D activities of manufacturing enterprises do not form intangible assets and are included in the current profit and loss, additional deduction as 100% of the actual amount shall be deducted from taxable income, since 1 January 2021; If intangible assets are formed, intangible assets shall be amortized before tax according to 200% of the cost, since 1 January 2021. The secondary subsidiaries of the company include Nanjing Panda Electronic Equipment Co., Ltd., Nanjing Panda Information Industry Co., Ltd., Nanjing Panda Electronic Manufacturing Co., Ltd., Nanjing Panda Communication Technology Co., Ltd., Chengdu Panda Electronic Technology Co., Ltd., and the tertiary subsidiaries of the company include Nanjing Panda electromechanical instrument technology Co., Ltd., Nanjing Huage electric automobile and plastic industry Co., Ltd. and Shenzhen Jinghua Information Technology Co., Ltd. enjoys the tax preference of additional deduction as 100% of the actual amount of R&D expenses before tax.
12. Nanjing Panda Xinxing Industrial Co., Ltd., a second-level subsidiary of the Company, enjoys the preferential policy of 15% of the VAT deduction from 1 January 2022 to 30 June 2022 according to the Announcement on Value-Added Tax Policies Relating to the Relief and Development of Difficult Industries in the Service Sector (Announcement of MOF and SAT [2022] No. 11).
13. Shenzhen Jinghua Property Management Co., Ltd, a third-level subsidiary of the Company, shall enjoy the preferential policy of 15% VAT deduction from 1 January 2022 to 30 June 2022 according to the Announcement on Value-Added Tax Policies Relating to the Relief and Development of Difficult Industries in the Service Sector (Announcement of MOF and SAT [2022] No. 11).
14. The Parking lot of Shenzhen Jinghua Electronic Co., Ltd, a third level subsidiary of the company, enjoys the preferential policy for small-scale VAT taxpayers, "six taxes and two fees" reduced by 50% according to the "Announcement on Further Implementation of the Policy of Reducing and Waiving 'six Local Taxes and Two Fees' for Small and Micro Businesses" (Cai Shui [2022] No.10).
15. According to "Taxation on Value-added Tax Policies for Software Products" (Cai Shui [2011] No. 100), if general VAT taxpayers sell self-developed and produced 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 actual VAT burden in excess of 3%. A second-level 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	63,450.68	91,821.05
Bank deposits	945,981,613.84	848,141,682.61
Including: deposit in finance company	499,810,304.66	496,800,654.26
Other monetary funds	91,083,557.92	114,984,973.35
Total	<b>1,037,128,622.44</b>	963,218,477.01
Including: total amount of deposits abroad	<b>17,486,001.29</b>	28,960,389.37

The monetary funds which were limited to use by mortgage, pledge, and frozen are as following:

Item	Closing balance	Balance at the end of last year
Deposits for bank acceptances	47,939,761.07	64,025,998.14
Guarantee for performance and letter of guarantee	37,521,457.87	47,948,271.68
Foreign exchange lock deposit	5,622,338.98	3,010,703.53
Total	<b>91,083,557.92</b>	114,984,973.35

### (II) Trading financial assets

Items	Closing balance	Balance at the end of last year
Financial assets measured at fair value through the current profit or loss	490,758,063.02	472,241,399.61
Including: Debt instrument investment	490,758,063.02	472,241,399.61
Financial derivative		
Total	<b>490,758,063.02</b>	472,241,399.61

### (III) Notes receivable

#### 1. Classification of notes receivable

Items	Closing balance	Balance at the end of last year
Bank acceptance bills	33,300,360.82	45,338,342.31
Commercial acceptance bills	7,984,311.87	14,451,442.08
Total	41,284,672.69	59,789,784.39

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

Items	Amount of the notes receivable pledged at the end of the period
Bank acceptance bills	29,151,500.43
Commercial acceptance bills	
Total	29,151,500.43

Note: The bill pledged is a guarantee for the issuance of a bank acceptance bill to the bill pool.

#### 3. Notes receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills		
Commercial acceptance bills		8,524,687.19
Total		8,524,687.19

#### 4. There is no notes receivable turning into accounts receivable due to issuer's default at the year end.



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

Aging	Closing balance	Balance at the end of last year
Within 1 year	<b>1,027,903,492.77</b>	963,053,846.96
Including: 0-6 months	<b>790,901,307.60</b>	824,920,636.97
7-12 months	<b>237,002,185.17</b>	138,133,209.99
1-2 years	<b>149,277,576.01</b>	137,185,027.25
2-3 years	<b>61,256,613.39</b>	60,714,351.08
3-4 years	<b>17,513,968.41</b>	20,708,222.28
4-5 years	<b>7,858,925.53</b>	7,666,847.23
Over 5 years	<b>13,600,152.49</b>	12,874,370.77
Subtotal	<b>1,277,410,728.60</b>	1,202,202,665.57
Less: bad debt provision	<b>52,498,913.83</b>	51,281,921.92
	<b>1,224,911,814.77</b>	1,150,920,743.65

Note: the aging of the accounts receivable is disclosed according to the aging of the entry.

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

Type	Book balance		Closing balance		Book value	Book balance		Balance at the end of last year		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debt on individual basis	16,507,210.47	1.29	13,684,844.83	82.90	2,822,365.64	17,646,054.83	1.47	14,028,109.63	79.50	3,617,945.20
Provision for bad debts on group basis	1,260,903,516.13	98.71	38,814,068.00	3.08	1,222,089,449.13	1,184,556,610.74	98.53	37,253,812.29	3.14	1,147,302,798.45
Including:										
Aging group	846,115,788.29	66.24	38,797,854.57	4.59	807,317,913.72	853,191,303.78	70.97	37,237,587.86	4.36	815,953,705.92
Other portfolios	414,787,748.84	32.47	16,214.43		414,771,535.41	331,365,306.96	27.56	16,214.43		331,349,092.53
Total	<b>1,277,410,728.60</b>	<b>100.00</b>	<b>52,498,913.83</b>		<b>1,224,911,814.77</b>	<b>1,202,202,665.57</b>	<b>100.00</b>	<b>51,281,921.92</b>		<b>1,150,920,743.65</b>

Provision for bad debt on individual basis

Debtors	Book balance	Closing balance		Reasons
		Provision for bad debts	Proportion of provision (%)	
Jiangsu Zhongshi Environmental Technology Co., Ltd	6,500,000.00	6,500,000.00	100.00	Not expected to be recovered
Jiangsu cable network development Co., Ltd. Sihong branch	3,584,000.00	1,570,500.00	43.82	Expected part of it cannot be recovered
Information Technology Department of a military command	2,023,000.00	2,023,000.00	100.00	Not expected to be recovered
Zhejiang Bajun Plastic Industry Co., Ltd	1,600,000.00	1,600,000.00	100.00	Not expected to be recovered
Beijing Zhonghua original technology Co., Ltd	995,000.00	995,000.00	100.00	Not expected to be recovered
Baweitong Technology Co., Ltd	907,879.74	99,014.10	10.91	Expected part of it cannot be recovered
Lianyungang Yintai Real Estate Development Co., Ltd	424,000.00	424,000.00	100.00	Not expected to be recovered
China cable television network Co., Ltd. Hainan Branch	256,176.00	256,176.00	100.00	Not expected to be recovered
Sichuan Dongfang Ruicheng Technology Co., Ltd	99,003.25	99,003.25	100.00	Not expected to be recovered
Huaibei Tianli Materials Co., Ltd	66,582.39	66,582.39	100.00	Not expected to be recovered
Subtotal of other petty amount	51,569.09	51,569.09	100.00	Not expected to be recovered
Total	<u>16,507,210.47</u>	<u>13,684,844.83</u>		

Provision for bad debts on group basis:

Portfolio accrual items: Ageing portfolio

Aging	Accounts receivable	Closing balance		Proportion of provision (%)
		Provision for bad debts		
Within 1 year (including 1 year)	622,487,531.89			
Including: 0-6 months	497,281,843.91			
7-12 months	127,205,687.98	6,360,284.39		5.00
1-2 years	143,140,199.68	14,314,019.97		10.00
2-3 years	55,852,896.17	8,377,934.43		15.00
3-4 years	16,582,244.74	4,974,673.42		30.00
4-5 years	2,563,906.90	1,281,953.45		50.00
Over 5 years	3,488,988.91	3,488,988.91		100.00
Total	<u>846,115,768.29</u>	<u>38,797,854.57</u>		

Portfolio accrual items: Other portfolios

The name of portfolio	Accounts receivable	Closing balance	Proportion of provision (%)
		Provision for bad debts	
The portfolio of related parties	414,787,749.84	16,214.43	
Total	<u>414,787,749.84</u>	<u>16,214.43</u>	

### 3. Provision, transfer and recovery of bad debts in the period

Type	Balance at the end of last year	Changes during the period			Closing balance
		Provision for bad debt incurred in current period	Provision for bad debt reversed or received	Written off	
Provision for bad debt on individual basis	14,028,109.63		343,264.80		13,684,844.83
Provision for bad debts on group basis	37,253,812.29	5,338,450.52	3,778,193.81		38,814,069.00
Including: Aging group	37,237,597.86	5,338,450.52	3,778,193.81		38,797,854.57
Other portfolios	16,214.43				16,214.43
Total	<u>51,281,921.92</u>	<u>5,338,450.52</u>	<u>4,121,458.61</u>		<u>52,498,913.83</u>

The significant amount of provision reversal and recovery of bad debts:

Name of debtors	Amount reversed or recovered	Reason for bad debt provision and the rationality	Reason for reversal or recovery	Approach
Nanjing Pukou New City Development and Construction Co., Ltd.	1,405,275.37	Aging portfolio	Debt collection	Cash and Bank
Nanjing Construction Engineering Group Co., Ltd. Olympic Sports Park Project Management Department	843,575.87	Aging portfolio	Debt collection	Cash and Bank
Nanjing Runtai Commercial Management Group Co., Ltd.	357,272.84	Aging portfolio	Debt collection	Cash and Bank
China cable television network Co., Ltd. Hainan Branch	343,264.80	Single item	Debt collection	Cash and Bank
Anhui Radio & TV Wireless Media Co., Ltd.	180,498.00	Aging portfolio	Debt collection	Cash and Bank
Nanjing Daming Industrial Development Co., Ltd	150,000.00	Aging portfolio	Debt collection	Cash and Bank
Nanjing Rail Transit Systems Co., Ltd	144,479.01	Aging portfolio	Debt collection	Cash and Bank
Lai'an Jinpeng innovation and Innovation Industrial Park Management Co., Ltd	117,581.85	Aging portfolio	Debt collection	Cash and Bank
Quantum Intelligent Control (Shenzhen) Technology Co., Ltd.	100,848.00	Aging portfolio	Debt collection	Cash and Bank
Nanjing Future Technology City Economic Development Co., Ltd	100,221.22	Aging portfolio	Debt collection	Cash and Bank
Shanghai Jiaya Technology Co., Ltd.	75,279.92	Aging portfolio	Debt collection	Cash and Bank
Nanjing Smart New City Engineering Management Co., Ltd.	53,527.27	Aging portfolio	Debt collection	Cash and Bank
emz-Hanauer GmbH & Co. KGaA	30,861.83	Aging portfolio	Debt collection	Cash and Bank
Shenyang Emergency Center	27,955.86	Aging portfolio	Debt collection	Cash and Bank
Fuzhou Wanda Commercial Property Management Co., Ltd. Cangshan Branch	27,000.00	Aging portfolio	Debt collection	Cash and Bank
Anhui Science and Technology University	21,900.00	Aging portfolio	Debt collection	Cash and Bank
Nanjing Aoti Construction Development Co., Ltd.	13,013.87	Aging portfolio	Debt collection	Cash and Bank
Hefei New City Wuyue Real Estate Development Co., Ltd.	10,708.16	Aging portfolio	Debt collection	Cash and Bank
Others	118,194.74	Aging portfolio	Debt collection	Cash and Bank
Total	<u>4,121,458.61</u>			

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

Debtor	Accounts receivable	Closing balance Proportion in total accounts receivable (%)	Provision for bad debts
Chengdu Cec Panda Display Technology Co., Ltd.	164,372,508.15	12.87	
CEC Defense Technology Co Ltd	156,836,525.94	12.28	
Jiangsu Ningju Rail Transit Co., Ltd.	78,320,750.82	6.13	3,916,037.54
Nanjing Metro Group Co., Ltd.	77,482,200.74	6.07	
Chengdu Rail Transit Group Co, Ltd.	56,088,114.31	4.39	3,536,876.90
Total	<u>533,100,099.96</u>	<u>41.74</u>	<u>7,452,914.44</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

Item	Closing balance
Accounts receivable not overdue and not impaired	912,069,593.75
Accounts receivable overdue and not impaired – within 3 months	91,710,699.58
Accounts receivable overdue and not impaired – over 3 months	221,131,521.43
Total	<u>1,224,911,814.77</u>

## (V) Receivables financing

### (1) Details of receivables financing

Item	Closing balance	Balance at the end of last year
Notes receivable	20,364,587.65	20,272,279.95
Accounts receivable		–
Total	<u>20,364,587.65</u>	<u>20,272,279.95</u>

### (2) Changes of receivables financing and fair value in current period

Item	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
Bank acceptance bills	20,272,279.95	20,490,824.18	23,517,998.23		17,245,105.9	
Commercial acceptance bills		3,119,481.75			3,119,481.75	
Total	<u>20,272,279.95</u>	<u>23,610,305.93</u>	<u>23,517,998.23</u>		<u>20,364,587.65</u>	

## (VI) Prepayments

### (1) Prepayments by aging

Aging	Closing balance		Balance at the end of last year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	59,239,460.77	75.21	42,818,993.53	73.57
1–2 years	8,133,018.92	10.32	8,497,444.33	14.60
2–3 years	6,494,398.37	8.24	3,934,292.28	6.76
Over 3 years	4,910,775.04	6.23	2,948,470.26	5.07
Total	<u>78,777,653.10</u>	<u>100.00</u>	<u>58,199,200.40</u>	<u>100.00</u>

Note: The aging of the prepayment is disclosed according to the aging of the recording transaction date.

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

Debtor	Closing balance	Proportion in total advances to suppliers (%)
Nanjing Hasin Electromechanical Technology Co., Ltd.	9,360,000.00	11.88
Joc International Technical Engineering Co., Ltd.	8,731,498.30	11.08
China Railway Signal & Communication Shanghai Engineering Bureau Group Ltd.	5,445,968.19	6.91
Shenzhen Mingxinyue Technology Co., Ltd.	4,425,647.89	5.62
Nanjing Keyong Technology Co., Ltd.	2,987,897.99	3.79
Total	30,951,012.37	39.28

## (VII) Other receivables

Item	Closing balance	Balance at the end of last year
Interest receivable		
Dividend receivable		
Other receivables	41,138,726.88	41,962,947.68
Total	41,138,726.88	41,962,947.68

### (1) Other receivables

(1) Other receivables shown by aging

Aging	Closing balance	Balance at the end of last year
Within 1 year (including 1 year)	19,245,784.83	20,796,890.38
Including: 0-6 months	14,584,782.07	16,634,257.04
7-12 months	4,661,002.76	4,162,633.34
1-2 years	14,236,494.80	16,357,075.66
2-3 years	6,002,104.05	3,958,635.24
3-4 years	3,716,041.82	2,692,438.06
4-5 years	2,853,669.45	3,150,229.13
Over 5 years	9,590,795.87	9,170,578.35
Subtotal	55,644,890.82	56,125,846.82
Less: bad debt provision	14,506,163.94	14,162,899.14
Total	41,138,726.88	41,962,947.68

Note: the aging of other receivables shall be disclosed according to the aging on the entry date.

## (2) Disclosure by bad debt accrual method

Type	Closing balance					Balance at the end of last year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Book Value	Amount	Proportion (%)	Amount	Proportion (%)	Book Value
Provision for bad debt on individual basis	14,037,666.76	25.23	9,938,500.28	70.80	4,099,166.48	14,037,666.76	25.01	9,938,500.28	70.80	4,099,166.48
Provision for bad debts on group basis	41,607,224.06	74.77	4,567,663.66	10.98	37,039,560.40	42,088,180.06	74.99	4,224,388.86	10.04	37,863,791.20
Including:										
Aging group	24,630,469.67	44.26	3,895,826.80	15.82	20,734,642.87	15,373,921.37	27.39	3,552,562.00	23.11	11,821,359.37
Other portfolios	16,976,754.39	30.51	671,836.86	3.96	16,304,917.53	26,714,258.69	47.60	671,836.86	2.51	26,042,421.83
<b>Total</b>	<b>55,644,890.82</b>	<b>100</b>	<b>14,506,163.94</b>		<b>41,138,726.88</b>	<b>56,125,846.82</b>	<b>100.00</b>	<b>14,162,889.14</b>		<b>41,982,947.68</b>

Provision for bad debt on individual basis:

Debtors	Book balance	Provision for bad debts	Closing balance	
			Proportion of provision (%)	Reasons
MCT Worldwide LLC	6,937,000.00	6,937,000.00	100.00	Not expected to be recovered
Hangzhou Guoxin Vision Technology Co., Ltd.	4,308,233.68	209,067.20	4.85	Expected part of it cannot be recovered
Chongqing Ruyang Communication Technology Co., Ltd.	1,400,000.00	1,400,000.00	100.00	Not expected to be recovered
Nanjing Panda Digital Technology Development Co., Ltd.	812,988.08	812,988.08	100.00	Not expected to be recovered
Suzhou Sijing Environmental Engineering Co., Ltd.	569,445.00	569,445.00	100.00	Not expected to be recovered
Other minor summary	10,000.00	10,000.00	100.00	Not expected to be recovered
<b>Total</b>	<b>14,037,666.76</b>	<b>9,938,500.28</b>		

Provision for bad debts on group basis:

Portfolio accrual items: Ageing portfolio

Ageing	Other receivable	Closing balance	
		Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	14,483,910.42		
Including: 0-6 months	12,938,911.57		
7-12 months	1,544,998.85	77,249.94	5.00
1-2 years	2,001,739.85	200,173.98	10.00
2-3 years	3,047,425.98	457,113.90	15.00
3-4 years	1,836,949.60	551,084.88	30.00
4-5 years	1,300,479.45	650,239.73	50.00
Over 5 years	1,959,964.37	1,959,964.37	100.00
<b>Total</b>	<b>24,630,469.67</b>	<b>3,895,826.80</b>	

Portfolio accrual items: Other portfolios

The name of portfolio	Other receivable	Closing balance	Proportion of provision (%)
		Provision for bad debts	
Portfolio of deposit, security deposit and reserve fund	<b>16,976,754.39</b>	<b>671,836.86</b>	<b>3.96</b>
Total	<b>16,976,754.39</b>	<b>671,836.86</b>	

(3) Details of accrued bad debt provision

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 years	Expected credit loss over the duration (no credit impairment)	Expected credit loss over the duration (credit impairment occurred)	
Balance at the end of last year	4,224,398.86		9,938,500.28	14,162,899.14
Opening balance				
- transfer to second stage				
- transfer to third stage				
- transfer back second stage				
- transfer back first stage				
Accrued in current period	464,518.68			464,518.68
Reversal in current period	121,253.88			121,253.88
Transfer in current period				
Written-off in current period				
Other changes				
Closing balance	<b>4,567,663.66</b>		<b>9,938,500.28</b>	<b>14,506,163.94</b>

Changes in carrying amount of other receivables:

Book balance	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 years	Expected credit loss over the duration (no credit impairment)	Expected credit loss over the duration (credit impairment occurred)	
Balance at the end of last year	42,088,180.06		14,037,666.76	56,125,846.82
Opening balance				
- transfer to second stage				
- transfer to third stage				
- transfer back second stage				
- transfer back first stage				
Increase in current period	15,349,054.05			15,349,054.05
Current termination recognition	15,830,010.05			15,830,010.05
Other changes				
Closing balance	<b>41,607,224.06</b>		<b>14,037,666.76</b>	<b>55,644,890.82</b>



## (4) Bad debt provision, reversal and recovery in the current period

Type	Changes during the period				Closing balance
	Balance at the end of last year	Provision for bad debt incurred in current period	Provision for bad debt reversed or received	Transfer or Written off	
Provision for bad debt on individual basis	9,938,500.28				9,938,500.28
Provision for bad debts on group basis	4,224,398.86	464,518.68	121,253.88		4,567,663.66
Including: Aging group	3,552,662.00	464,518.68	121,253.88		3,895,826.80
Other portfolios	671,836.86				671,836.86
<b>Total</b>	<b>14,162,899.14</b>	<b>464,518.68</b>	<b>121,253.88</b>		<b>14,506,163.94</b>

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

Name of debtors	Reason for bad			Approach
	Amount reversed or recovered	debt provision and the rationality	Reason for reversal or recovery	
Urumqi Water Engineering Co., Ltd.	50,500.00	Aging portfolio	Debt collection	Cash and Bank
Non-tax Revenue Financial Account of Jiangdu District, Yangzhou City	40,000.00	Aging portfolio	Debt collection	Cash and Bank
China Nuclear Industry 24 Construction Co., Ltd.	25,000.00	Aging portfolio	Debt collection	Cash and Bank
Foshan Wanda Plaza Commercial Property Management Co., Ltd.	3,000.00	Aging portfolio	Debt collection	Cash and Bank
Guangzhou Wanda Plaza Commercial Property Management Co., Ltd.	1,685.40	Aging portfolio	Debt collection	Cash and Bank
Haikou Wanda Plaza Commercial Management Co., Ltd.	1,068.48	Aging portfolio	Debt collection	Cash and Bank
<b>Total</b>	<b>121,253.88</b>			

- (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
Deposit, security deposit	41,310,067.27	46,019,877.07
Export tax refund	943,618.46	2,153,118.21
Others	13,391,205.09	7,952,851.54
	<u>55,644,890.82</u>	<u>56,125,846.82</u>
Total	<u>55,644,890.82</u>	<u>56,125,846.82</u>

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

Debtor	Nature of fund	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	Deposit	6,937,000.00	More than 5 years	12.47	6,937,000.00
Hangzhou Guoxin Vision Technology Co., Ltd.	Payment for goods	4,308,233.68	1-2 years	7.74	209,067.20
Nantong Urban Rail Transit Co., Ltd.	Security deposit	3,400,000.00	1-3 years	6.11	60,000.00
Nanjing Metro Operation Co., Ltd.	Security deposit	2,871,316.26	0-4 years	5.16	198,991.04
Xuzhou Public Resources Trading Center	Security deposit	1,940,000.00	0-4 years	3.49	105,000.00
		<u>19,456,549.94</u>		<u>34.97</u>	<u>7,510,058.24</u>
Total		<u>19,456,549.94</u>		<u>34.97</u>	<u>7,510,058.24</u>

## (VIII) Inventories

### 1. Classification of inventories

Items	Carrying amount	Closing balance		Balance at the end of last year		
		Impairment provision for inventories/ costs of contract performance	Carrying value	Carrying amount	Impairment provision for inventories/ costs of contract performance	Carrying value
Raw materials	349,765,848.06	22,510,076.78	327,255,771.28	348,934,448.96	15,212,128.73	333,722,320.23
Circulating materials	1,451,718.90	116,206.39	1,335,512.51	1,211,113.63	116,206.39	1,094,907.24
Goods in progress	145,968,563.01	11,594,460.32	134,374,102.69	132,167,301.94	11,577,864.56	120,589,437.38
Stored commodities	143,213,336.33	18,148,724.36	125,064,611.97	138,257,857.53	24,180,415.15	114,077,442.38
Delivered commodities	81,877,368.02	6,222,134.14	75,655,233.88	138,307,290.63	7,960,884.57	130,346,406.06
Contract performance cost	213,183,213.71	1,456,786.19	211,726,427.52	277,043,933.28	1,456,786.19	275,587,147.09
Total	935,460,048.03	60,048,388.18	875,411,659.85	1,035,921,945.97	60,504,285.59	975,417,660.38

### 2. Provision for impairment loss of inventory and contract performance cost

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	15,212,128.73	9,207,234.47		1,909,286.42		22,510,076.78
Circulating materials	116,206.39					116,206.39
Goods in progress	11,577,864.56	29,005.28		12,409.52		11,594,460.32
Stored commodities	24,180,415.15	2,885,325.00		291,212.19	8,625,803.60	18,148,724.36
Delivered commodities	7,960,884.57	10,495.00		1,749,245.43		6,222,134.14
Contract performance cost	1,456,786.19					1,456,786.19
Total	60,504,285.59	12,132,059.75		3,962,153.56	8,625,803.60	60,048,388.18

## (IX) Contract assets

### 1. Details of Contract assets

Items	Carrying amount	Closing balance		Balance at the end of last year		
		Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
Intelligent Transportation System and Safe City	23,319,633.36		23,319,633.36	116,803,704.30		116,803,704.30
Industrial Network and Intelligent Manufacturing				233,407.63		233,407.63
Total	23,319,633.36		23,319,633.36	117,037,111.93		117,037,111.93

## 2. Significant changes in book value during the reporting period and reasons

Items	Amount of change	Reason of change
Intelligent Transportation System and Safe City	-93,484,070.94	Receivables transferred from contract assets confirmed at the beginning of the year
Industrial Network and Intelligent Manufacturing	-233,407.63	Receivables transferred from contract assets confirmed at the beginning of the year
Total	<u>-93,717,478.57</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
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts by single item										
Provision for bad debts by portfolio	<b>23,319,633.36</b>	100.00			<b>23,319,633.36</b>	117,037,111.93	100.00			117,037,111.93
Including: aging portfolio	<b>23,319,633.36</b>	100.00			<b>23,319,633.36</b>	117,037,111.93	100.00			117,037,111.93
Total	<b>23,319,633.36</b>	100.00			<b>23,319,633.36</b>	117,037,111.93	100.00			117,037,111.93

### (X) Non-current Asset Matured within One-Year

Item	Closing balance	Balance at the end of last year
Warranty payment	<b>4,770,671.40</b>	12,892,936.65
Total	<b>4,770,671.40</b>	12,892,936.65

### (XI) Other current assets

Item	Closing balance	Balance at the end of last year
large-denomination certificates of deposit	<b>120,000,000.00</b>	120,000,000.00
Enterprise income tax paid in advance	<b>2,354,918.45</b>	10,027,032.80
VAT allowance, input tax to be credited and input tax to be certified	<b>11,326,164.78</b>	9,343,051.55
Total	<b>133,681,083.23</b>	139,370,084.35

## (XII) Long-term equity investments

Investee	Balance at the end of last year	Additional investment	Reduced investment	Investment gains or losses recognized under the equity method	Increase/decrease in the period			Provision for impairment	Others	Closing balance	Balance of provision for impairment at the end of the period
					Adjustments to other comprehensive income	Changes in other equities	Cash dividends or profits declared to be paid				
<b>I. Associates</b>											
Nanjing Ericsson Panda Communications Co., Ltd.	199,768,457.67			10,778,834.65						210,547,292.32	
Beijing Se Potevio Mobile Communications Co., Ltd.	64,000,000.00									64,000,000.00	13,192,317.99
Nanjing Lg Panda Appliances Co., Ltd.	436,792,555.43			26,576,478.69			60,000,000.00			403,369,034.12	
Shenzhen Jinghua Network Marketing Co., Ltd.	1,713,829.88			-83,868.74						1,629,940.14	
Shenzhen Chetbao Information Technology Co., Ltd.	300,798.92			2,524.53						303,323.45	
Subtotal	702,575,641.90			37,273,948.13			60,000,000.00			679,849,590.03	13,192,317.99
Total	702,575,641.90			37,273,948.13			60,000,000.00			679,849,590.03	13,192,317.99

## (XIII) Other equity instrument investments

### 1. Details of other equity instrument investments

Item	Closing balance	Balance at the end of last year
Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd.	3,441,309.15	3,551,864.21
Total	3,441,309.15	3,551,864.21

### 2. Details of non-trading equity instrument investments

Item	The dividend recognized in current period	Accumulated profits	Accumulated losses	The amount of other comprehensive income transferred into retained earning	The reason targeting	The reason of other comprehensive income transferred into retained earning
					as financial assets at fair value through comprehensive income	
Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd.				208,690.85	Non-trading equity instrument investment	

(XIV) Investment property

1. Investment properties measured by cost

Items	Housing and buildings	Total
<b>1. Original carrying value</b>		
(1) Balance at the end of last year	309,158,446.55	309,158,446.55
(2) Increase in the period		
– purchase from third parties		
– transferred from inventories/ fixed assets\ construction in progress		
– increase in mergers		
(3) Decrease in the period	2,885,651.08	2,885,651.08
– disposal		
– transferred into fixed assets	2,885,651.08	2,885,651.08
<b>(4) Closing balance</b>	<b>306,272,795.47</b>	<b>306,272,795.47</b>
<b>2. Accumulated depreciation and accumulated amortization</b>		
(1) Balance at the end of last year	83,719,540.02	83,719,540.02
(2) Increase in the period	4,032,716.72	4,032,716.72
– accrued or amortized	4,032,716.72	4,032,716.72
(3) Decrease in the period	985,390.44	985,390.44
– disposal		
– transferred into fixed assets	985,390.44	985,390.44
<b>(4) Closing balance</b>	<b>86,766,866.30</b>	<b>86,766,866.30</b>
<b>3. Provision for impairment</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 period</b>	<b>219,505,929.17</b>	<b>219,505,929.17</b>
(2) Carrying value at the end of last year	225,438,906.53	225,438,906.53

(XV) Fixed assets

1. Fixed assets and disposal of fixed assets

Item	Closing balance	Balance at the end of last year
Fixed assets	888,706,866.23	921,181,180.87
Disposal of fixed assets	114,309.60	114,309.60
Total	888,821,175.83	921,295,490.47

## 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	919,025,906.82	563,091,185.71	23,817,296.22	84,732,720.19	74,049,374.62	1,664,736,493.56
(2) Increase in the period	2,865,651.08	3,262,672.93		1,049,195.56	1,162,454.42	8,300,174.29
- acquired		2,167,230.67		770,434.81	542,839.57	3,480,505.05
- transferred from construction in progress		1,095,642.06		278,761.05	619,615.05	1,994,018.16
- reversal of investment property	2,865,651.08					2,865,651.08
- others [1]						
(3) Decrease in the period		12,555,194.97	100,361.30	1,782,546.01	3,554,572.28	17,972,674.56
- disposal or retired		12,555,194.97	100,361.30	1,782,546.01	3,554,572.28	17,972,674.56
- transferred to construction in progress						
- transferred to investment property						
- others [1]						
<b>(4) Closing balance</b>	<b>921,911,557.90</b>	<b>553,798,663.67</b>	<b>23,716,934.92</b>	<b>84,039,370.04</b>	<b>71,657,256.76</b>	<b>1,655,123,893.29</b>
<b>2. Accumulated depreciation</b>						
(1) Balance at the end of last year	276,881,258.22	333,471,043.36	18,532,278.48	61,913,286.44	52,736,074.99	743,633,941.49
(2) Increase in the period	15,895,142.88	16,683,352.67	646,140.67	3,731,749.38	3,125,839.64	40,182,225.64
- accrued	15,009,732.44	16,683,352.67	646,140.67	3,731,749.38	3,125,839.64	39,196,835.20
- increase in mergers						
- reversal of investment property	965,390.44					965,390.44
(3) Decrease in the period		12,111,797.67	60,081.98	1,701,328.72	3,447,202.90	17,330,411.27
- disposal or retired		12,111,797.67	60,081.98	1,701,328.72	3,447,202.90	17,330,411.27
- transferred to construction in progress						0.00
<b>(4) Closing balance</b>	<b>292,676,401.10</b>	<b>338,042,598.56</b>	<b>18,118,337.37</b>	<b>63,943,707.10</b>	<b>52,414,711.73</b>	<b>766,965,755.66</b>
<b>3. Provision for impairment</b>						
(1) Balance at the end of last year				21,361.20		21,361.20
(2) Increase in the period						
- accrued						
(3) Decrease in the period						
- disposal or retired						
<b>(4) Closing balance</b>				<b>21,361.20</b>		<b>21,361.20</b>
<b>4. Carrying value</b>						
(1) Carrying value at the end of period	629,035,156.80	215,756,265.11	4,598,597.55	20,074,301.74	19,242,545.03	888,706,866.23
(2) Carrying value at the end of last year	642,144,648.60	229,620,142.35	5,285,017.74	22,818,072.55	21,313,299.63	921,181,190.87

## 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	52,685,840.26	3,942,012.39	56,627,852.65
(2) Increase in the period	857,514.71		857,514.71
– purchase			
– others	857,514.71		857,514.71
(3) Decrease in the period			
– disposal or scrapping			
– converted to self-use			
<b>(4) Closing balance</b>	<b>53,543,354.97</b>	<b>3,942,012.39</b>	<b>57,485,367.36</b>
<b>2. Accumulated depreciation</b>			
(1) Balance at the end of last year	41,719,798.69	3,277,743.84	44,997,542.53
(2) Increase in the period	137,287.17	92,042.09	229,329.26
– accrued	137,287.17	92,042.09	229,329.26
(3) Decrease in the period			
– disposal or scrapping			
– converted to self-use			
<b>(4) Closing balance</b>	<b>41,857,085.86</b>	<b>3,369,785.93</b>	<b>45,226,871.79</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 scrapping			
<b>(4) Closing balance</b>			
<b>4. Carrying value</b>			
<b>(1) Carrying value at the end of the period</b>	<b>11,686,269.11</b>	<b>572,226.46</b>	<b>12,258,495.57</b>
(2) Carrying value at the end of the last year	10,966,041.57	664,268.55	11,630,310.12

#### 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.)	10,681,782.31	Cooperative construction – The land is collectively-owned land from Shenzhen Longgang Liang'an Tian Economic Development Co., Ltd.
No.3 Workshop in Xingang industrial park	5,285,854.26	The application work is in progress
Chengdu park plant	53,835,276.00	The application work is in progress



## 6. Other explanations

Service life of fixed assets located in Mainland China:

Located in Mainland China	Closing balance	Opening balance
Medium-term (10–50 years)	<b>629,035,156.80</b>	642,144,648.60
Short-term (within 10 years)	<b>259,671,709.43</b>	279,036,532.27

## 7. Disposal of fixed assets

Items	Closing balance	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

## (XVI) Construction in progress

### 1. Construction in progress and construction material

Items	Closing balance	Balance at the end of last year
Construction in progress	<b>5,236,534.77</b>	1,662,327.51
Construction material		
Total	<b>5,236,534.77</b>	1,662,327.51

### 2. Status of construction in progress

Items	Carrying amount	Closing balance		Balance at the end of last year		
		Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
SAP Phase II Implementation	<b>877,358.48</b>		<b>877,358.48</b>	877,358.48		877,358.48
New project of No. 8 apartment in Xingang industrial park	<b>2,318,315.91</b>		<b>2,318,315.91</b>			
Renovation of fire control and alarm system in Xingang industrial park	<b>1,571,922.30</b>		<b>1,571,922.30</b>			
Other sporadic projects	<b>468,938.08</b>		<b>468,938.08</b>	784,969.03		784,969.03
Total	<b>5,236,534.77</b>		<b>5,236,534.77</b>	1,662,327.51		1,662,327.51

### 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	Other decrease in the period	Closing balance	Proportion of accumulated project	Progress of construction	Accumulated amount of capitalised interest	Including: capitalised amount of interest in the period	Rate of capitalisation of interest in the period	Source of funding
				to fixed assets in the period			(%)					
SAP Phase II Implementation	15,000,000.00	877,358.48				877,358.48	65.06	65.06				Self-financing
New project of apartment No. 6 in Xingang Park	4,076,000.00		2,316,315.91			2,316,315.91	74.58	74.58				Self-financing
Renovation of fire control and alarm system in Xingang Park	2,900,000.00		1,571,922.30			1,571,922.30	71.60	71.60				Self-financing
Other sporadic projects		784,969.03	1,677,987.21	1,994,016.16		466,938.08						Self-financing
<b>Total</b>		1,662,327.51	5,568,225.42	1,994,016.16		5,236,534.77						

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

Items	Housing and buildings	Total
<b>1. Original carrying value</b>		
(1) Balance at the end of last year	20,052,206.74	20,052,206.74
(2) Increase in the period		
– new lease		
– increase in mergers		
– revaluation adjustment		
(3) Decrease in the period		
– transferred to fixed asset		
– disposal		
– other transfer-out (Note)		
<b>(4) Closing balance</b>	<b>20,052,206.74</b>	<b>20,052,206.74</b>
<b>2. Accumulated depreciation</b>		
(1) Balance at the end of last year	11,069,492.97	11,069,492.97
(2) Increase in the period	2,677,714.18	2,677,714.18
– accrued	2,677,714.18	2,677,714.18
(3) Decrease in the period		
– transferred to fixed asset		
– disposal		
– other transfer-out (Note)		
<b>(4) Closing balance</b>	<b>13,747,207.15</b>	<b>13,747,207.15</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>6,304,999.59</b>	<b>6,304,999.59</b>
(2) Carrying value at the end of the last year	8,982,713.77	8,982,713.77

## (XVIII) Intangible asset

### 1. Details of intangible assets

Items	Land use rights	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	28,661,595.94	730,105.00	9,768,026.49	90,865,944.22	393,592,575.77
(2) Increase in the period							
-acquired							
-internal research and development							
-transferred from construction in progress							
(3) Decrease in the period							
-disposal							
<b>(4) Closing balance</b>	<b>105,196,904.12</b>	<b>158,340,000.00</b>	<b>28,661,595.94</b>	<b>730,105.00</b>	<b>9,768,026.49</b>	<b>90,865,944.22</b>	<b>393,592,575.77</b>
<b>2. Accumulated amortization</b>							
(1) Balance at the end of last year	21,825,512.75	158,340,000.00	14,933,247.28	140,548.66	4,554,724.28	42,800,947.82	242,594,980.79
(2) Increase in the period	1,401,211.95		1,230,835.84	35,248.40	473,795.10	6,464,229.54	9,605,320.83
-acquired	1,401,211.95		1,230,835.84	35,248.40	473,795.10	6,464,229.54	9,605,320.83
(3) Decrease in the period							
-disposal							
<b>(4) Closing balance</b>	<b>23,226,724.70</b>	<b>158,340,000.00</b>	<b>16,164,083.12</b>	<b>175,797.06</b>	<b>5,028,519.38</b>	<b>49,265,177.36</b>	<b>252,200,301.62</b>
<b>3. Impairment provision</b>							
1) Balance at the end of last year							
2) Increase in the period							
-acquired							
(3) Decrease in the period							
-disposal							
<b>(4) Closing balance</b>							
<b>4. Carrying value</b>							
(1) Carrying value at the end of the period	<b>81,970,179.42</b>		<b>12,497,512.82</b>	<b>554,307.94</b>	<b>4,739,507.11</b>	<b>41,600,766.86</b>	<b>141,362,274.15</b>
(2) Carrying value at the end of the last year	83,371,391.37		13,728,348.66	589,556.34	5,213,302.21	48,064,996.40	150,967,594.98

Among the intangible assets at the end of the period, the intangible assets formed through internal research and development of the Company accounted for 24.24% of the balance of intangible assets.

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

### 3. Other explanations

Items	Closing balance	Opening balance
Long-term (not less than 50 years)	<b>50,093,987.92</b>	50,713,707.36
Short-term (Less than 50 years but not less than 5 years)	<b>91,268,286.23</b>	100,253,887.62

**(XIX) 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	2,452,453.02		420,420.52		2,032,032.50
Decoration project of equipment park	1,238,496.66		402,956.57		835,540.09
Decoration project of information software building	1,241,256.42		512,376.33		728,880.09
Decoration project of Jingwah dormitory building	992,260.10		304,413.30		687,846.80
Supporting Facilities for Electronic Equipment Industry Park (Phase 1)	1,079,575.25		140,814.16		938,761.09
Other sporadic projects	937,275.31	581,444.50	231,477.62		1,287,242.19
Decoration of Xingang office area	2,986,426.00		325,781.61		2,660,644.39
Total	10,927,742.76	581,444.50	2,338,240.11		9,170,947.15

**(XX) 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	70,323,838.28	10,555,610.50	63,209,666.01	9,488,484.65
Unrealised profit from intragroup transactions			4,293,524.44	727,419.11
Depreciation and amortization	7,428,701.18	1,114,305.18	4,156,058.98	623,408.85
Staff salaries payable	8,231,838.73	1,607,287.62	9,584,037.34	1,816,822.22
Accrued expenses	5,079,550.03	589,635.33	5,079,550.03	589,635.33
Deductible loss	18,433,452.18	2,859,574.80	24,001,042.89	3,600,156.43
Changes in fair value of other equity instrument investment	208,690.85	52,172.72	98,135.79	24,533.95
Other current liabilities			1,000,000.00	150,000.00
Total	109,706,071.25	16,778,586.15	111,422,015.48	17,020,460.54

**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 financial assets held for trading	758,063.02	122,023.97	2,241,399.61	396,709.26
Changes in fair value of other equity instrument investment				
Total	758,063.02	122,023.97	2,241,399.61	396,709.26

**(XXI) 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
Quality guarantee deposit for more than one year	<b>4,387,152.32</b>		<b>4,387,152.32</b>	4,237,383.51		4,237,383.51
Total	<b>4,387,152.32</b>		<b>4,387,152.32</b>	4,237,383.51		4,237,383.51

**(XXII) Notes payable**

Category	Closing balance	Balance at the end of last year
Bank acceptances	<b>161,274,362.63</b>	214,817,174.59
Trade acceptances		
Total	<b>161,274,362.63</b>	214,817,174.59

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

Ageing	Closing balance	Balance at the end of last year
Within 1 year	<b>1,383,885,227.56</b>	1,304,678,337.31
1-2 years	<b>160,909,674.14</b>	223,319,706.48
2-3 years	<b>40,319,345.32</b>	34,203,539.57
Over 3 years	<b>40,164,041.36</b>	45,459,070.73
Total	<b>1,625,278,288.38</b>	1,607,660,654.09

*Note:* The ageing of the accounts payable is disclosed based on the ageing at the entry date.

## 2. Significant account payables aged over 1 year

Items	Closing balance	Reasons for unsettled or carried forward
Nanjing Ke'an Electronic Co., Ltd.	11,498,411.04	Not settled
Suzhou RS Technology Co., Ltd.	9,210,929.87	Not settled
Beijing Addsun Technology Co., Ltd.	7,704,315.30	Not settled
Nanjing Sun Asia Electronics Co., Ltd.	7,374,809.55	Not settled
Nanjing Youzhijie Technology Information Co., Ltd.	7,050,000.00	Not settled
XCMG Hanyun Technology Co., Ltd. (formerly known as Jiangsu XCMG Information Technology Co., Ltd.)	7,047,872.28	Not settled
GFG Banking Intelligent Technology Co., Ltd.	6,841,651.90	Not settled
Motorola Solutions (China) Co., Ltd.	5,702,658.71	Not settled
Jiangsu Yunsai Information Engineering Co., Ltd.	5,219,854.74	Not settled
Guangzhou Victel Technology Co., Ltd.	4,310,258.15	Not settled
Jiangsu Gaocheng Electronic Technology Co., Ltd.	4,183,420.67	Not settled
Jiangsu Zhengjie Construction Labor Service Co., Ltd.	4,103,378.81	Not settled
NIVEK Co., Ltd.	3,748,293.73	Not settled
CRSC Communication & Information Corporation Shanghai Co., Ltd.	3,399,463.87	Not settled
Nanjing Longwei Construction Service Co., Ltd.	3,200,000.00	Not settled
Mitsubishi Electric Automation (China) Limited	3,199,000.00	Not settled
Jiangsu Chuangwensi Intelligent Technology Co., Ltd	3,185,587.20	Not settled
Suzhou ZeTong Automation Equipment Co., LTD	3,008,849.56	Not settled
Nanjing Cloud Rail Information Technology Co., Ltd.	2,940,031.20	Not settled
Nanjing Yingnuowei Information Technology Co., Ltd	2,926,890.00	Not settled
Total	<b>105,855,676.58</b>	

## 3. Classified by nature:

Items	Closing balance	Balance at the end of last year
Payment for goods	1,113,795,409.61	1,099,393,184.48
Construction costs	464,537,146.93	471,939,918.62
Costs for processing and maintenance	21,879,803.21	18,877,335.93
Costs for logistics and warehousing	3,689,427.71	3,282,621.58
Others	21,376,500.92	14,167,593.48
Total	<b>1,625,278,288.38</b>	1,607,660,654.09

#### (XXIV) Advance receipts from customers

##### List of advances receipts from customers

Items	Closing balance	Balance at the end of last year
Service fees and others	<u>376,467.68</u>	<u>461,253.51</u>
Total	<u><b>376,467.68</b></u>	<u><b>461,253.51</b></u>

1. During the Reporting Period, there were no significant advance receipts aged more than one year.

#### (XXV) Contract Liabilities

##### 1. Details of contract liabilities

Items	Closing balance	Balance at the end of last year
Intelligent transportation system and safe city	<b>102,071,338.16</b>	101,824,364.70
Green service-oriented electronic manufacturing	<b>10,875,386.23</b>	38,911,798.89
Industrial Internet and intelligent manufacturing	<u><b>6,952,206.37</b></u>	<u>12,353,309.50</u>
Total	<u><b>119,898,930.76</b></u>	<u>153,089,473.09</u>

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

Items	Amount of change	Reasons for change
Intelligent transportation system and safe city	<b>246,973.46</b>	Increase due to receipt of cash
Green service-oriented electronic manufacturing	<b>-28,036,412.66</b>	Revenue recognised at the amount in the carrying amount of contract liabilities at the beginning of the year
Industrial Internet and intelligent manufacturing	<b>-5,401,103.13</b>	Revenue recognised at the amount in the carrying amount of contract liabilities at the beginning of the year
Total	<u><b>-33,190,542.33</b></u>	

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

<b>Items</b>	<b>Balance at the end of last year</b>	<b>Increase in the period</b>	<b>Decrease in the period</b>	<b>Closing balance</b>
Short-term remuneration	36,405,330.72	<b>276,997,194.87</b>	<b>297,134,312.42</b>	<b>16,268,213.17</b>
Post-employment benefits – defined contribution plans	272,115.03	<b>32,368,305.39</b>	<b>32,344,822.94</b>	<b>295,597.48</b>
Termination benefits	6,109,742.25	<b>4,901,791.32</b>	<b>5,686,123.70</b>	<b>5,325,409.87</b>
Other benefits due within one year				
<b>Total</b>	<b>42,787,188.00</b>	<b>314,267,291.58</b>	<b>335,165,259.06</b>	<b>21,889,220.52</b>

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

<b>Items</b>	<b>Balance at the end of last year</b>	<b>Increase in the period</b>	<b>Decrease in the period</b>	<b>Closing balance</b>
1. Wages, bonuses, allowances and subsidies	33,712,155.09	<b>191,233,893.86</b>	<b>210,573,867.27</b>	<b>14,372,181.68</b>
2. Employee welfare fee		<b>17,128,432.39</b>	<b>17,128,432.39</b>	
3. Social insurance premiums	137,509.96	<b>13,611,404.92</b>	<b>13,620,096.04</b>	<b>128,818.84</b>
Including: medical insurance premiums	121,287.55	<b>11,608,391.19</b>	<b>11,618,740.87</b>	<b>110,937.87</b>
Work-related injury insurance premiums	5,444.64	<b>859,468.88</b>	<b>858,827.10</b>	<b>6,086.42</b>
Maternity insurance premiums	10,777.77	<b>1,143,544.85</b>	<b>1,142,528.07</b>	<b>11,794.55</b>
Others				
4. Housing provident funds	812,248.86	<b>21,713,785.70</b>	<b>21,742,216.70</b>	<b>783,817.86</b>
5. Trade union expenditures and staff training costs	248,380.84	<b>4,090,477.86</b>	<b>4,224,255.77</b>	<b>114,602.93</b>
6. Short-term paid absence				
7. Short-term profit-sharing plan		<b>370,070.00</b>		<b>370,070.00</b>
8. Non-monetary benefits				
9. Labor cost	1,495,035.97	<b>28,849,130.14</b>	<b>29,845,444.25</b>	<b>498,721.86</b>
<b>Total</b>	<b>36,405,330.72</b>	<b>276,997,194.87</b>	<b>297,134,312.42</b>	<b>16,268,213.17</b>



### 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	215,551.21	24,076,934.43	24,054,159.34	238,326.30
Unemployment insurance premiums	6,735.74	747,978.45	747,271.09	7,443.10
Corporate annuity	49,828.08	7,543,392.51	7,543,392.51	49,828.08
Total	272,115.03	32,368,305.39	32,344,822.94	295,597.48

### (XXVII) Taxes and surcharges payable

Taxes and surcharges items	Closing balance	Balance at the end of last year
VAT	18,170,059.66	14,837,824.99
Enterprise income tax	5,218,144.79	9,046,264.84
Property tax	2,109,635.55	1,901,013.36
Individual income tax	1,803,162.90	1,119,841.86
Urban maintenance and construction tax	549,897.50	670,789.47
Land use tax	429,609.80	429,608.88
Educational surcharges	392,890.66	479,179.02
Stamp tax	50,943.53	67,206.79
Others	47,151.09	20,275.22
Total	28,771,495.48	28,572,004.43

### (XXVIII) Other payables

Items	Closing balance	Balance at the end of last year
Interest payable	42,777,961.40	4,887,319.78
Dividend payable	102,289,226.31	94,592,471.17
Other payables		
Total	145,067,187.71	99,479,790.95

### 1. Dividend payable

Items	Closing balance	Balance at the end of last year
Ordinary share dividends	42,777,961.40	4,887,319.78
Total	42,777,961.40	4,887,319.78

## 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	22,690,122.21	38,287,360.22
Operation-related payables	19,724,693.26	28,873,424.36
Current account	52,536,466.91	22,414,889.79
Others	7,337,943.93	5,016,796.80
	<b>102,289,226.31</b>	<b>94,592,471.17</b>

(2) Significant other payables aged over 1 year

Items	Closing balance	Reasons for unsettled or carried forward
Shanghai Qiangdong Electronic Technology Co., Ltd.	4,448,431.70	Current amounts
Nanjing Changxin Technology Co., Ltd.	4,266,835.10	Current amounts
Nanjing Guochuang Mechatronics Co., Ltd.	4,068,753.57	Current amounts
Shenzhen Kingkey Baina Business Management Co., Ltd	3,848,094.00	Security deposit yet to mature
Panda Electronics Group Co., Ltd.	3,782,295.44	Current amounts
Jiangsu Tafeng Information Technology Co., Ltd.	3,000,000.00	Current amounts
Nanjing Hongquan Electronic Technology Co., Ltd.	2,923,330.02	Current amounts
Sichuan Bohou Information Engineering Co., Ltd.	2,125,000.00	Security deposit yet to mature
	<b>28,462,739.83</b>	

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

Items	Closing balance	Balance at the end of last year
Lease liabilities due within one year	4,071,912.81	9,076,593.15
Total	<b>4,071,912.81</b>	<b>9,076,593.15</b>

**(XXX) Other current liabilities**

<b>Items</b>	<b>Closing balance</b>	Balance at the end of last year
Output tax to be paid	<b>3,447,237.02</b>	14,357,784.91
Acceptance bills not derecognised	<b>2,100,000.00</b>	7,630,707.72
Provincial emerging industry guiding funds	<b>10,000,000.00</b>	10,000,000.00
Research and development of key technologies for special polymer materials and products for 5G communications	<b>1,200,000.00</b>	1,200,000.00
Research on the application of new electronic identification technology in the transportation industry	<b>1,045,000.00</b>	715,000.00
Development and industrialization of the integrated platform of high-speed traffic management based on artificial intelligence	<b>1,000,000.00</b>	1,000,000.00
East China Electronics New Display Product Green Supply Chain Construction Project	<b>1,000,000.00</b>	1,000,000.00
Internet AFC ticketing system	<b>800,000.00</b>	800,000.00
No. 1 Pass & Cloud-based turnstile equipped with intelligent face recognition technology	<b>600,000.00</b>	600,000.00
Development of an intelligent monitoring system for oil and gas pipelines based on distributed optical fiber sensing and the Internet of Things	<b>600,000.00</b>	600,000.00
Project of IoT-oriented Coverage Expansion and Collaborative Networking Technology	<b>510,000.00</b>	
Research and development of key technologies for new edge network collaborative control equipment	<b>435,000.00</b>	435,000.00
AFC System Regional Centre (ZLC)	<b>300,000.00</b>	300,000.00
Enterprise Patent Navigation Project for New Generation Information Technology Patents	<b>300,000.00</b>	300,000.00
	<b>23,337,237.02</b>	38,938,492.63

**(XXXI) Lease liabilities**

<b>Items</b>	<b>Closing balance</b>	Balance at the end of last year
Lease payment	<b>6,482,271.33</b>	12,663,234.22
Including: Unrecognized financing cost	<b>268,949.09</b>	485,834.05
Less: reclassified to non-current liabilities due within one year	<b>4,071,912.81</b>	9,076,593.15
	<b>2,410,358.52</b>	3,586,641.07

### (XXXII) 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	9,836,844.73	11,837,677.44
3. Other long-term employee benefits		
Total	<u>9,836,844.73</u>	<u>11,837,677.44</u>

### (XXXIII) Deferred income

Items	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance	Reason
Government grants	44,917,830.69	1,047,550.00	4,662,699.62	41,302,681.07	Appropriation
Total	<u>44,917,830.69</u>	<u>1,047,550.00</u>	<u>4,662,699.62</u>	<u>41,302,681.07</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		Closing balance	Related to assets/income
				Other changes		
Industrialization of auto-transplanting system for new flat-panel display factories	4,135,392.47		492,666.66		3,702,725.81	Related to assets
Research and development and industrialization of industrial robot and intelligent complete equipment with a high localization rate	5,494,424.98		444,376.07		5,050,048.91	Related to assets
Provincial special funds for accelerating high-end equipment research and development	790,391.65		54,804.18		735,587.47	Related to assets
2017 Technical transformation special project of electronic information industry	29,054,057.09		1,691,685.82		27,162,171.27	Related to assets
New model project grant	3,107,142.86		214,285.71		2,892,857.15	Related to assets
Nanjing industrial enterprise technology and equipment investment inclusive reward and compensation	690,400.00		162,400.00		528,000.00	Related to assets
Special fund for preschool education – average cost per student	1,586,021.64	1,047,550.00	1,402,281.18		1,231,290.46	Related to income
Total	<u>44,917,830.69</u>	<u>1,047,550.00</u>	<u>4,662,699.62</u>		<u>41,302,681.07</u>	

### (XXXIV) 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	

### (XXXV) 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

### (XXXVI) Other comprehensive income

Items	Balance at the end of last year	Current amount before the income tax	Amount in the period				Amount attributable to the minority shareholders after tax	Closing balance
			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	-73,601.84	-110,555.06			-27,638.77	-82,916.29		-156,518.13
Including: changes in fair value of other equity instrument investment	-73,601.84	-110,555.06			-27,638.77	-82,916.29		-156,518.13
Other comprehensive income in total	-73,601.84	-110,555.06			-27,638.77	-82,916.29		-156,518.13

### (XXXVII) Special reserves

Items	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Work safety expenses		1,053,033.71	879,859.51	173,174.20
Total		1,053,033.71	879,859.51	173,174.20

### (XXXVIII) Surplus reserves

Items	Balance at the end of last year	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	205,641,510.80			205,641,510.80
Discretionary surplus reserve	70,376,641.33			70,376,641.33
Total	276,018,152.13			276,018,152.13

### (XXXIX) Undistributed profits

Items	Amount	
	in the period	in the last year
Balance before adjustment at the end of last year	866,732,902.94	856,899,656.12
Opening balance in total before adjustment (increase +, decrease -)		
Opening balance after adjustment	866,732,902.94	856,899,656.12
Add: net profit attributable to owners of the parent	12,000,168.67	41,928,543.18
Less: Appropriation of statutory surplus reserve		8,336,124.25
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Dividend payable on ordinary shares <sup>[1]</sup>	12,793,739.41	23,759,801.75
Dividend on ordinary share converted to share capital		
Others <sup>[2]</sup>		-629.64
Closing undistributed profits	<b>865,939,332.20</b>	<b>866,732,902.94</b>

#### Notes:

- [1] According to the 2021 profit distribution plan approved by the 6th meeting of the tenth session of the Board of Directors and the 2021 annual general meeting of shareholders, the distribution based on the Company's total share capital of 913,838,529.00 shares, and a cash dividend of RMB0.14 (tax included) will be distributed for every 10 shares, a total of RMB12,793,739.41.
- [2] Others represents the dividends received in the last year that have not been claimed for a period of over 6 years.

### (XL) 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	2,020,978,306.55	1,773,262,772.44	2,154,419,472.42	1,899,445,547.00
Other businesses	12,312,608.69	9,975,129.19	15,036,829.30	7,683,284.84
Total	<b>2,033,290,915.24</b>	<b>1,783,237,901.63</b>	<b>2,169,456,301.72</b>	<b>1,907,128,831.84</b>

Details of operating revenue:

Items	Amount in the period		Amount in the corresponding period of last year
	Revenue	Cost	Revenue
Intelligent transportation system and safe city	634,950,107.64		1,006,371,261.97
Green service-oriented electronic manufacturing	1,269,906,170.51		1,055,311,890.99
Industrial Internet and intelligent manufacturing	116,795,042.26		94,233,559.83
Others	11,639,594.83		13,539,588.93
Total	<b>2,033,290,915.24</b>		<b>2,169,456,301.72</b>

## 2. Details of revenue arising from contracts:

Revenue for the period is disaggregated as follows:

Categories of contract	Intelligent transportation system and safe city	Green service-oriented electronic manufacturing	Industrial Internet and intelligent manufacturing	Others	Elimination among segments	Total
Categorised by operating region:						
Nanjing	620,699,778.41	697,942,658.56	126,336,082.68	24,190,165.88	-102,027,630.01	1,367,141,255.52
Shenzhen	77,594,089.80	311,064,647.74				388,658,737.54
Chengdu		277,861,674.18			-370,752.00	277,490,922.18
Total	<u>698,293,868.21</u>	<u>1,286,869,180.48</u>	<u>126,336,082.68</u>	<u>24,190,165.88</u>	<u>-102,398,382.01</u>	<u>2,033,290,915.24</u>
Categorized by transfer time of commodities:						
Recognized at a point in time	266,181,500.73	1,286,869,180.48	32,916,204.94	24,190,165.88	-96,519,658.29	1,513,637,393.74
Recognized over a certain period	432,112,367.48		93,419,877.74		-5,878,723.72	519,653,521.50
Total	<u>698,293,868.21</u>	<u>1,286,869,180.48</u>	<u>126,336,082.68</u>	<u>24,190,165.88</u>	<u>-102,398,382.01</u>	<u>2,033,290,915.24</u>

## 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:

- the customer simultaneously receives and consumes the economic benefits when the Company perform its obligations.
- the customer gains control of an asset as the asset is created or enhanced by the Company in the course of 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.

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

As of 30 June 2022, the transaction price corresponding to the performance obligations that have been signed but have not been performed or have not yet been performed is RMB1,246,312,363.57, and revenue is expected to be recognized between the second half of 2022 and 2026.

**(XLI) Taxes and surcharges**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Property tax	<b>3,813,708.81</b>	4,248,808.94
Urban maintenance and construction tax	<b>2,839,372.39</b>	1,994,183.30
Educational surcharges	<b>2,032,901.08</b>	1,447,267.68
Land use tax	<b>1,053,705.15</b>	1,053,128.48
Stamp tax	<b>781,606.64</b>	1,218,069.71
Others	<b>11,345.37</b>	12,368.86
	<hr/>	<hr/>
Total	<b>10,532,639.44</b>	9,973,826.97
	<hr/> <hr/>	<hr/> <hr/>

**(XLII) Selling expenses**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Salary and welfare of sales staff	<b>15,462,791.69</b>	16,377,790.97
Advertising and exhibition fee	<b>906,082.11</b>	2,117,106.54
Entertainment expenses	<b>847,264.86</b>	991,962.11
Loading and unloading fees	<b>721,224.63</b>	716,838.00
Travelling expenses	<b>461,981.31</b>	933,134.76
Office expenses	<b>352,117.30</b>	234,957.72
Others	<b>444,331.99</b>	63,080.03
	<hr/>	<hr/>
Total	<b>19,195,793.89</b>	21,434,870.13
	<hr/> <hr/>	<hr/> <hr/>

**(XLIII) Administrative expenses**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Salaries and benefits	<b>83,554,311.86</b>	78,054,100.55
Depreciation and amortization	<b>10,208,826.32</b>	9,518,482.81
Listing fees, intermediary fees such as attorney and consulting fees	<b>5,558,956.87</b>	3,725,944.72
Labor expenses	<b>3,666,714.80</b>	8,031,026.26
Office expenses, telephone fee and conference fee	<b>2,353,711.59</b>	3,452,858.45
Repair charges	<b>2,177,565.31</b>	1,627,680.15
Entertainment expenses	<b>2,007,702.53</b>	1,741,929.65
Lease expenses	<b>1,465,349.80</b>	2,414,748.32
Travelling expenses	<b>1,257,889.15</b>	3,987,509.52
Transportation fee and vehicle-related expenses	<b>908,474.11</b>	1,255,137.96
Others	<b>2,917,646.36</b>	4,944,186.51
	<hr/>	<hr/>
Total	<b>116,077,148.70</b>	118,753,604.90
	<hr/> <hr/>	<hr/> <hr/>



#### (XLIV) Research and development expenses

Items	Amount in the period	Amount in the corresponding period of last year
Labor costs	85,030,935.57	77,583,171.51
Materials, fuels and power	14,021,372.05	12,370,831.20
Depreciation and amortization	6,434,138.63	5,573,166.78
Expenses for commissioned development	3,422,706.95	1,132,859.33
Leasing management fee	1,496,632.78	1,430,684.66
Test, inspection and maintenance costs	1,478,792.99	2,084,347.27
Travelling expenses	1,450,147.40	982,647.87
Others	962,708.05	1,705,414.39
Total	<b>114,297,434.42</b>	102,863,123.01

#### (XLV) Financial expenses

Items	Amount in the period	Amount in the corresponding period of last year
Interest expenses	209,404.12	339,134.13
Including: interest expenses of lease liabilities	209,404.12	339,134.13
Less: interest income	7,982,407.86	8,977,287.57
Exchange gain and loss	7,853,500.23	-4,783,765.99
Handling charges and others	856,031.66	1,304,618.82
Total	<b>936,528.15</b>	-12,117,300.61

#### (XLVI) Other income

Items	Amount in the period	Amount in the corresponding period of last year
Government grants	10,630,330.48	6,183,478.25
Input tax deduction	394,980.55	493,914.83
Handling fees for withholding individual income tax	135,051.00	149,623.29
Total	<b>11,160,362.03</b>	6,827,016.37

## 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 reconstruction of national industrial base and high-quality development of manufacturing industry in 2021	3,500,000.00		Related to income
2017 Technical transformation special project of electronic information industry	1,891,885.82		Related to assets
Special fund for preschool education – average cost per student	1,402,281.18	1,739,668.81	Related to income
Special fund for Nanjing's industrial and information technology development in 2022	1,075,000.00		Related to income
Industrialization of auto-transplanting system for new flat-panel display factories	492,666.66	492,666.66	Related to assets
Research and development and industrialization of industrial robot and intelligent complete equipment with a high localization rate	444,376.07	444,376.08	Related to assets
Municipal-level award for advanced and new technology enterprise accreditation	300,000.00		Related to income
New model project grant	214,285.71		Related to assets
Grants from Shenzhen Science and Technology Innovation Committee	200,000.00	411,000.00	Related to income
Social security allowance	196,201.08		Related to income
Nanjing industrial enterprise technology and equipment investment inclusive reward and compensation	162,400.00	162,400.00	Related to assets
Job stabilization subsidies	135,726.45		Related to income
Refund of trade union expense	130,688.14	210,272.66	Related to income
Special award for little giant	125,000.00		Related to income
First batch of one-off stay training grants in 2022	115,875.00		Related to income
Bonus funds to incentivize industrial enterprises	75,000.00	900,000.00	Related to income
Provincial special funds for accelerating high-end equipment research and development	54,804.18		Related to assets
Social security subsidies for recruitment of college and university graduates	54,000.00	61,000.00	Related to income
Receipt of subsidies from Pinghu Street Public Affairs Center, Longgang District, Shenzhen	40,000.00		Related to income
Training subsidies	13,000.00	377,700.00	Related to income
"Six taxes and two fees" exemption for SME	3,079.44		Related to income
Deduction for half of stamp tax	3,060.75		Related to income
Subsidies for employment information monitoring	1,000.00	1,000.00	Related to income
High-speed SMT line technology transformation project for 5G products		778,000.00	Related to income
Continuous production subsidies during the Spring Festival of 2021		400,000.00	Related to income
Subsidies for replacement of training with working practices		94,500.00	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 income
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	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
One-off subsidies for costs of labour from Hubei		1,000.00	Related to income
<b>Total</b>	<b>10,630,330.48</b>	<b>6,183,478.25</b>	

**(XLVII) Investment income**

Items	Amount in the period	Amount in the corresponding period of last year
Income from long-term equity investments under equity method	37,273,948.13	18,923,489.74
Investment income on disposal of financial assets held for trading	4,613,406.24	5,659,074.29
Investment income from large-denomination certificates of deposit	2,070,755.59	
Discounted interest of financing receivables		-163,944.48
	<hr/>	<hr/>
Total	<b>43,958,109.96</b>	24,418,619.55
	<hr/> <hr/>	<hr/> <hr/>

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

Source of gains from changes in fair value	Amount in the period	Amount in the corresponding period of last year
Financial assets held for trading	-1,483,336.59	1,211,375.22
Including: Gains from changes in fair value from derivative financial instrument	-1,483,336.59	1,211,375.22
Gains from changes in fair value of debt instrument investment		
	<hr/>	<hr/>
Total	<b>-1,483,336.59</b>	1,211,375.22
	<hr/> <hr/>	<hr/> <hr/>

**(XLIX) Credit impairment loss**

Items	Amount in the period	Amount in the corresponding period of last year
Bad debt losses of accounts receivable	1,216,991.91	-3,809,269.09
Bad debt losses of other receivables	343,264.80	157,502.25
	<hr/>	<hr/>
Total	<b>1,560,256.71</b>	-3,651,766.84
	<hr/> <hr/>	<hr/> <hr/>

**(L) Assets impairment loss**

Items	Amount in the period	Amount in the corresponding period of last year
Inventory depreciation loss and impairment loss in contract performance cost	8,169,906.19	3,995,469.70
Losses from impairment of contract assets		-347,164.05
Losses from bad debt of advance to supplier		569,445.00
	<hr/>	<hr/>
Total	<b>8,169,906.19</b>	4,217,750.65
	<hr/> <hr/>	<hr/> <hr/>

**(L.I) Gains 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
Gains on disposal of non-current assets (loss is represented by "-")	120,045.79	-652,003.85	120,045.79
Including: Gains on disposal of fixed assets (loss is represented by "-")	120,045.79	-652,003.85	120,045.79
Total	120,045.79	-652,003.85	120,045.79

**(L.II) 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
Gains from damage and scrapping of non-current assets	675,347.56	118,557.73	675,347.56
Including: gains from damage and scrapping of fixed assets	675,347.56	118,557.73	675,347.56
Amount with no payment required	94,956.93	655,032.31	94,956.93
Government grants	30,000.00	36,800.00	30,000.00
Others	171,811.77	163,146.25	171,811.77
Total	972,116.26	973,536.29	972,116.26

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

Item	Amount in the period	Amount in the corresponding period of last year	Related to assets/income
Pandemic prevention and disinfection subsidy	15,000.00		Related to income
Pandemic prevention supplies support	10,000.00		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	5,000.00	Related to income
One-off subsidy for poor laborers granted by employment service center of Longgang District, Shenzhen		30,000.00	Related to income
Subsidies on patent expense for the first batch of computer softwares in 2019		1,800.00	Related to income
Total	30,000.00	36,800.00	

**(LIII) 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	17,154.91	44,827.19	17,154.91
Including: Loss from damage and scrapping of fixed assets	17,154.91	44,827.19	17,154.91
Others	127,235.44	163,765.46	127,235.44
Total	<b>144,390.35</b>	208,592.65	<b>144,390.35</b>

**(LIV) 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	8,604,119.30	14,511,754.95
Deferred income tax	-5,172.13	373,529.18
Total	<b>8,598,947.17</b>	14,885,284.13

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

Items	Amount in the period
Total profit	33,866,213.21
Income tax expenses calculated at the statutory (or applicable) tax rate	8,466,553.30
Different tax rate of subsidiaries	-2,975,863.37
Adjustment on previous income tax	484,071.33
Income not subject to tax	-9,318,487.03
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	11,942,672.94
Effect of additional deductible cost under tax law	
Income tax expenses	<b>8,598,947.17</b>

## (L.V) 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	12,000,168.67	18,273,010.95
Weighted average number of ordinary shares issued by the Company	913,838,529.00	913,838,529.00
Basic earnings per share	0.0131	0.0200
Including: Basic earnings per share of continuing operations	0.0131	0.0200
Basic earnings per share of discontinued operations		

### 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)	12,000,168.67	18,273,010.95
Weighted average number of ordinary shares issued by the Company (diluted)	913,838,529.00	913,838,529.00
Diluted earnings per share	0.0131	0.0200
Including: Diluted earnings per share from continuing operations	0.0131	0.0200
Diluted earnings per share from discontinued operations		

## (L.VI) 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	136,025,755.36	110,168,462.70
Government grants	7,555,180.86	4,140,091.70
Interest Income	7,982,407.86	8,977,287.57
Others	1,543,199.85	2,604,422.35
Total	153,106,543.93	125,890,264.32

**2. Cash paid relating to other operating activities**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Payment of security deposit, earnest money and restricted funds	<b>109,812,705.07</b>	155,744,562.42
Payment of expenses	<b>48,077,624.65</b>	50,509,121.77
Handling charges	<b>856,031.66</b>	1,304,618.82
Others	<b>988,089.59</b>	825,502.62
Total	<b><u>159,734,450.97</u></b>	<u>208,383,805.63</u>

**3. Cash receipts related to other investment activities**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Principal of wealth management products	<b>680,000,000.00</b>	910,000,000.00
Total	<b><u>680,000,000.00</u></b>	<u>910,000,000.00</u>

**4. Cash paid related to other investment activities**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Principal of wealth management products	<b>700,000,000.00</b>	880,000,000.00
L/C deposit	<b>700,000,000.00</b>	4,381,086.02
Total	<b><u>700,000,000.00</u></b>	<u>884,381,086.02</u>

**5. Cash receipts related to other financing activities**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Cash received from notes discounted	<b>11,836,055.52</b>	11,836,055.52
Total	<b><u>11,836,055.52</u></b>	<u>11,836,055.52</u>

**6. Cash paid related to other financing activities**

<b>Items</b>	<b>Amount in the period</b>	Amount in the corresponding period of last year
Cash paid for lease liability	<b>6,337,347.85</b>	1,572,470.34
Total	<b><u>6,337,347.85</u></b>	<u>1,572,470.34</u>

(L.VII) 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	<b>25,267,266.04</b>	38,538,028.47
Add: Credit impairment loss	<b>-1,560,256.71</b>	-3,651,766.84
Assets impairment loss	<b>-8,169,906.19</b>	4,217,750.65
Depreciation of fixed assets and investment property	<b>43,229,551.92</b>	42,787,784.67
Depreciation of right-of-use assets	<b>2,677,714.18</b>	2,486,028.00
Amortisation of intangible assets	<b>9,605,320.83</b>	8,872,581.87
Amortisation of long-term deferred expenses	<b>2,338,240.11</b>	1,965,476.23
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain is represented by "-")	<b>-120,045.79</b>	652,003.85
Loss on scrapped fixed assets (gain is represented by "-")	<b>-658,192.65</b>	-73,730.54
Loss on change in fair value (gain is represented by "-")	<b>1,483,336.59</b>	-1,211,375.22
Financial expenses (gain is represented by "-")	<b>209,404.12</b>	339,134.13
Investment loss (gain is represented by "-")	<b>-43,958,109.96</b>	-24,418,619.55
Decrease in deferred tax assets (increase is represented by "-")	<b>241,874.39</b>	125,744.36
Increase in deferred tax liabilities (decrease is represented by "-")	<b>-274,685.29</b>	394,761.41
Decrease in inventories (increase is represented by "-")	<b>100,461,897.94</b>	-243,975,519.69
Decrease in operating receivables (increase is represented by "-")	<b>26,507,244.80</b>	-56,974,286.14
Increase of operating payables (decrease is represented by "-")	<b>-64,217,483.14</b>	184,491,867.03
Others		
Net cash flows from operating activities	<b>93,063,171.19</b>	-45,434,137.31
<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	<b>946,045,064.52</b>	1,121,055,654.54
Less: cash at the beginning of period	<b>848,233,503.66</b>	1,149,052,807.58
Add: cash equivalents at end of the period		
Less: cash equivalents at beginning of the period		
Net increase in cash and cash equivalents	<b>97,811,560.86</b>	-27,997,153.04



## 2. Composition of cash and cash equivalents

Items	Closing balance	Balance at the end of last year
<b>I. Cash</b>	<b>946,045,064.52</b>	848,233,503.66
Including: Cash on hand	63,450.68	91,821.05
Bank deposit available for payment at any time	<b>945,981,613.84</b>	848,141,682.61
Other monetary funds available for payment at any time		
Deposits in central banks available for payment		
<b>II. Cash equivalents</b>		
Including: Bond investment due in three months		
<b>III. Cash and cash equivalents at the end of the period</b>	<b>946,045,064.52</b>	848,233,503.66
Including: Restricted cash and cash equivalents which are used by the parent or subsidiaries of the Group		

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

Items	Carrying value at end of the period	Reason for restriction
Monetary funds	91,083,557.92	Performance, letter of guarantee, acceptance, letter of credit margin, government special account funds
Notes receivable	29,151,500.43	Guarantee provided for issuance of bank acceptances
Total	<u>120,235,058.35</u>	

### (LIX) 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			
Including: USD	5,691,979.70	6.7114	38,201,152.56
EUR	348,747.82	7.0084	2,444,164.22
HKD	367,210.05	0.8552	314,038.03
JPY	72,285,747.00	0.0491	3,551,832.46
Accounts receivable			
Including: USD	915,025.08	6.7114	6,141,099.32
EUR	5,101.68	7.0084	35,754.61
JPY	14,282,827.00	0.0491	701,800.99
Other receivables			
Including: HKD	4,300.00	0.8552	3,677.36
Accounts payable			
Including: USD	21,407,822.31	6.7114	143,676,458.65
JPY	144,203,550.00	0.0491	7,085,585.63
Prepaid accounts			
Including: USD	26,474.55	6.7114	177,681.29
Other payables			
Including: USD	328,705.50	6.7114	2,206,074.09

(LX) 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	
Provincial emerging industry guiding funds	10,000,000.00	<b>10,000,000.00</b>	Other current liabilities			
Provincial special funds for accelerating high-end equipment research and development	900,000.00	<b>735,587.47</b>	Deferred income	54,804.18		Other income
2017 Technical Transformation Special Project of Electronic Information Industry	30,000,000.00	<b>27,162,171.27</b>	Deferred income	1,891,885.82		Other income
Allocation for new model project	3,500,000.00	<b>2,892,857.15</b>	Deferred income	214,285.71		Other income
Research and development and industrialization of industrial robot and intelligent complete equipment with a high localization rate	8,120,000.00	<b>5,050,048.91</b>	Deferred income	444,376.07	444,376.08	Other income
Industrialization of autotransplanting system for new flat-panel display factories	30,000,000.00	<b>3,702,725.81</b>	Deferred income	492,666.66	492,666.66	Other income
Nanjing industrial enterprise technology and equipment investment inclusive reward and compensation	1,624,000.00	<b>528,000.00</b>	Deferred income	162,400.00	162,400.00	Other income
	<b>=====</b>	<b>=====</b>		<b>=====</b>	<b>=====</b>	

## 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 key technologies for special polymer materials and products for 5G communications	1,200,000.00				
Development and industrialization of the integrated platform of high-speed traffic management based on artificial intelligence	1,000,000.00				
Research on the application of new electronic identification technology in the transportation industry	1,045,000.00				
East China Electronics New Display Product Green Supply Chain Construction Project	1,000,000.00				
Internet AFC ticketing system	800,000.00				
No. 1 Pass & Cloud-based turnstile equipped with intelligent face recognition technology	600,000.00				
Research and development of DOFS- and IoT-based intelligent monitoring system for oil and gas pipelines	600,000.00				
Project of IoT-oriented Coverage Expansion and Collaborative Networking Technology	510,000.00				
Research and development of key technologies for new edge network collaborative control equipment	435,000.00				
AFC System Regional Centre (ZLC)	300,000.00				
Enterprise Patent Navigation Project for New Generation Information Technology Patents	300,000.00				
Special fund for the reconstruction of national industrial base and high-quality development of manufacturing industry in 2021	3,500,000.00	3,500,000.00			
Special fund for preschool education – average cost per student	1,402,281.18	1,402,281.18	1,739,668.81		Other income
Special fund for Nanjing's industrial and information technology development in 2022	1,075,000.00	1,075,000.00			Other income
Municipal-level award for advanced and new technology enterprise accreditation	300,000.00	300,000.00			Other income
Grants from Shenzhen Science and Technology Innovation Committee	200,000.00	200,000.00	411,000.00		Other income
Social security allowance	196,201.08	196,201.08			Other income
Job stabilization subsidies	135,726.45	135,726.45			Other income
Refund of trade union expense	130,688.14	130,688.14	210,272.66		Other income
Special award for little giant	125,000.00	125,000.00			Other income
First batch of one-off stay training grants in 2022	115,875.00	115,875.00			Other income
Bonus funds to incentivize industrial enterprises	75,000.00	75,000.00	900,000.00		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	
Social security subsidies for recruitment of college and university graduates	54,000.00	54,000.00	61,000.00	Other income
Receipt of subsidies from Pinghu Street Public Affairs Center, Longgang District, Shenzhen	40,000.00	40,000.00		Other income
Training subsidies	13,000.00	13,000.00	377,700.00	Other income
"Six taxes and two fees" exemption for SME	3,079.44	3,079.44		Other income
Deduction for half of stamp tax halved	3,060.75	3,060.75		Other income
Subsidies for employment information monitoring	1,000.00	1,000.00	1,000.00	Other income
High-speed SMT line technology transformation project for 5G products			778,000.00	Other income
Continuous production subsidies during the Spring Festival of 2021			400,000.00	Other income
Subsidies for replacement of training with working practices			94,500.00	Other income
Reward and compensation for companies introducing technology in the category of technology transfer in 2020			35,000.00	Other income
Handling fees for withholding, collecting and taxation on behalf of tax authorities			29,659.36	Other income
Government grants for technological transformation issued by Shenzhen municipal government			20,000.00	Other income
Subsidies for electricity consumption of industrial and commercial companies in Shenzhen			19,734.68	Other income
One-off employment subsidies for medium-, small and micro enterprises in the fourth quarter of 2020			4,000.00	Other income
Reward for pandemic prevention			1,500.00	Other income
One-off subsidies for costs of labour from Hubei			1,000.00	Other income
Epidemic prevention and disinfection subsidy	15,000.00	15,000.00		Non-operating Income
Epidemic prevention supplies support	10,000.00	10,000.00		Non-operating 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	5,000.00	5,000.00	Non-operating Income
One-off subsidy for poor laborers granted by employment service center of Longgang District, Shenzhen			30,000.00	Non-operating Income
Subsidies on patent expense for the first batch of computer softwares in 2019			1,800.00	Non-operating Income

(LXI) Lease

1. As a tenant

Items	Amount in the period	Amount in the corresponding period of last year
Interest expense on lease liabilities	209,404.12	339,134.13
Short-term lease payments with simplified treatment charged to the cost of the related asset or to current profit or loss	160,664.67	3,632,757.90
Simplified Lease charges for low-value assets (short-term lease charges for low-value assets excluded) included in the cost of the relevant asset or in the current profit or loss		
Variable lease payments not included in the measurement of the lease liability that are charged to the cost of the related asset or to current profit or loss		
Including: Portion arising from sale-and-leaseback transactions		
Income from subletting of right-to-use assets		
Total cash outflows relating to leases	6,506,045.75	5,386,866.14
Sale-and-leaseback transactions generated gains and losses		
Cash inflow from sale-and-leaseback transactions		
Cash outflow from sale-and-leaseback transactions		

2. As a lessor

(1) Operating lease

	Amount in the period	Amount in the corresponding period of last year
Operating lease income	41,309,714.36	53,309,431.16
Including: Income relating to variable lease payments not charged to lease payments		

The amount of undiscounted lease receipts to be received after the balance sheet date is as follows:

Remaining lease period	Undiscounted lease payments
Less than 1 year	97,206,067.40
1 to 2 years	45,132,838.00
2 to 3 years	29,867,925.00
3 to 4 years	29,867,925.00
4 to 5 years	29,867,925.00
5 years above	129,304,972.00
Total	361,247,652.40

3. Effect of implementing “Regulations on Accounting Treatment for Rent Concessions in relation to Covid-19” and “Notice of Adjustment to the Scope of Application of the ‘Regulations on Accounting Treatment for Rent Concessions in relation to Covid-19’”

For rent concessions such as rent reductions and deferred rent payments that meet the conditions directly arising from Covid-19, the Company has elected to adopt the simplified method of accounting for rent concessions in accordance with the “Regulations on Accounting Treatment for Rent Concessions in relation to Covid-19”. The Company, as the lessor, adopted the above simplified method to process the relevant rental concessions to write down operating revenue for the current period by a total of RMB13,517,846.97.

## **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

Unit: RMB'000

Name of subsidiaries	Principal region of business	Place of registration	Business nature	Registered Capital	Proportion of shareholding (%)			Way of procurement
					Direct	Indirect		
Nanjing Panda Electronic Manufacture Co., Ltd [1]	Nanjing	Nanjing	Manufacturing	2,000.00	75.00	25.00	Establishment	
Nanjing Panda Xinxing Industrial Co., Ltd	Nanjing	Nanjing	Service	2,000.00	100.00		Establishment	
Nanjing Panda Electronic Equipment Co., Ltd	Nanjing	Nanjing	Manufacturing	19,000.00	100.00		Establishment	
Jiaheng Xingye Limited [2]	Hong Kong	Hong Kong	Investment	HKD1 100.00			Establishment	
Nanjing Panda Information Industry Co., Ltd [1]	Nanjing	Nanjing	Manufacturing	3,194.64	82.00	18.00	Establishment	
Nanjing Panda Communication Technology Co., Ltd	Nanjing	Nanjing	Manufacturing	10,000.00	100.00		Business combination under common control	
Nanjing Panda Electronic Technology Development Company	Nanjing	Nanjing	Manufacturing	70,000.00	100.00		Establishment	
Chengdu Panda Electronic Technology Co., Ltd.	Chengdu	Chengdu	Manufacturing	2,000.00	100.00		Establishment	
Nanjing Panda Electromechanical Instrument Technology Co., Ltd.	Nanjing	Nanjing	Manufacturing	1,000.00		100.00	Establishment	
Nanjing Panda Electromechanical Manufacturing Co., Ltd.	Nanjing	Nanjing	Manufacturing	3,500.00		100.00	Business combination under common control	
Nanjing Huag Electric & Plastic Co., Ltd.	Nanjing	Nanjing	Manufacturing	6,000.00		100.00	Business combination under common control	
Shenzhen Jingwah Electronics Co., Ltd. [3]	Shenzhen	Shenzhen	Service	11,507.00	43.34		Business combination under common control	
Shenzhen Jingwah Property Management Company Limited [4]	Shenzhen	Shenzhen	Service	100.00		43.34	Establishment	
Shenzhen Jingjia Property Management Company Limited [4]	Shenzhen	Shenzhen	Service	100.00		43.34	Establishment	
Shenzhen Jingwah Information Technology Company Limited [4]	Shenzhen	Shenzhen	Manufacturing	2,000.00		26.87	Establishment	
Shenzhen Jingwah Digital Technology Company Limited [4]	Shenzhen	Shenzhen	Manufacturing	500.00		26.87	Establishment	
Hong Kong CLP Jing Hua Trading Company [1][2][5]	Shenzhen	Shenzhen	Manufacturing	10.00		26.87	Establishment	
Shenzhen Jingwah Multimedia Technology Company Limited [4]	Shenzhen	Shenzhen	Manufacturing	500.00		43.34	Establishment	
Shenzhen Jingyu Electronics Co., Ltd. [5]	Shenzhen	Shenzhen	Manufacturing	931.41		43.34	Establishment	
Shenzhen Longgang Jingwah Electronics Co., Ltd. [4]	Shenzhen	Shenzhen	Service	350.00		39.01	Establishment	

#### Notes:

- [1] The registered capital of Nanjing Panda Electronic Manufacture Co., Ltd, Nanjing Panda Information Industry Co., Ltd and Hong Kong CLP Jing Hua Trading Company is denominated in US Dollars.
- [2] Jiaheng Xingye Limited has not yet made actual capital contribution and its registered capital is in Hong Kong dollars.
- [3] Shenzhen Jingwah Electronics Co., Ltd. is a company limited by shares (unlisted), while other companies above mentioned are all companies with limited liability.
- [4] This part of the company is held by Shenzhen Jingwah Electronics Co. There are 7 members of the Board of Directors in Shenzhen Jingwah Electronics Co., Ltd, the Company recommended 4 directors, so the Company holds 57.14% of the voting rights.

## 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%	13,267,097.37	52,156,378.40	236,264,205.89

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

*Note:* There are 7 members of the Board of Directors in 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	Non-current assets	Closing balance		Total liabilities	Total liabilities
			Total assets	Current liabilities		
Shenzhen Jingwah Electronics Co., Ltd.	517,447,934.39	32,490,485.09	549,938,419.48	170,802,647.50	3,884,024.55	174,686,672.05

Name of subsidiaries	Current assets	Non-current assets	Balance at the end of last year		Total liabilities	
			Total assets	Current liabilities		
Shenzhen Jingwah Electronics Co., Ltd.	570,709,159.75	35,052,777.50	605,761,937.25	157,368,809.07	2,832,515.37	160,201,324.44

Name of subsidiaries	Operating income	Net profit	Amount in the period	
			Total comprehensive income	Cash flow from operating activities
Shenzhen Jingwah Electronics Co., Ltd.	388,658,737.54	21,745,181.02	21,745,181.02	19,549,770.79

Name of subsidiaries	Operating income	Net profit	Amount in the corresponding period last year	
			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



## (II) Interests in joint arrangements or associates

### 1. Material associates

Unit: USD'000

Name of associated company	Main Place of business	Place of registration	Business nature	Proportion of shareholding (%)		Accounting for investments in associates	Strategic to the Company's activities
				Registered Capital	Direct Indirect		
Nanjing Lejin Panda Electric Co., Ltd.	Nanjing	Nanjing	Electrical machinery and equipment manufacturing	3,570.00	30.00	Equity method	Yes
Nanjing Ericsson Panda Communication Co., Ltd.	Nanjing	Nanjing	Computer, communications, and other electronic equipment manufacturing	2,090.00	27.00	Equity method	Yes

### 2. Major financial information of material associates

	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
	Nanjing Lejin Panda Electric Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd.
Current assets	1,979,134,914.35	1,803,006,581.01	1,831,703,741.83
Non-current assets	640,871,185.38	1,776,429,975.05	1,746,067,527.43
Total assets	2,620,006,099.73	3,579,436,556.06	3,577,771,269.26
Current liabilities	1,627,601,878.20	2,799,631,769.65	2,837,888,092.67
Non-current liabilities	5,785,342.51		
Total liabilities	1,633,387,220.71	2,799,631,769.65	2,837,888,092.67
Minority interest			
Shareholders' equity attributable to the parent	986,618,879.02	779,804,786.41	739,883,176.59
Proportionate share in net assets as per shareholding ratio	295,985,663.71	210,547,292.32	199,768,457.67
Adjustments [1]	107,383,370.41		
Carrying value of equity investments in associates	403,369,034.12	210,547,292.32	199,768,457.67
Fair value of equity investments in associates with quoted price			
Operating income	2,990,251,436.64	2,520,478,860.73	3,379,216,957.90
Net profit	118,122,602.00	39,921,609.82	69,370,361.76
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income	118,122,602.00	39,921,609.82	69,370,361.76
Dividend received from associates in the period	60,000,000.00		

Note:

[1] The adjustment is the amount by which the initial cost of investment is greater than the share of the fair value of the identifiable net assets of the investee at the time of investment.

### 3. 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>65,933,263.59</b>	66,014,628.79
Totals calculated as per shareholding ratio in respect of the following items		
– Net profit	<b>-201,309.25</b>	503,213.03
– Other comprehensive income		
– Total comprehensive income	<b>-201,309.25</b>	503,213.03

## 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 faces various financial risks in the course of operation: credit risk, market risk and liquidity risk. 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	Closing balance					Total
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term borrowings						
Notes payables		161,274,362.63				161,274,362.63
Accounts payable		1,625,278,288.38				1,625,278,288.38
Other payables		145,067,187.71				145,067,187.71
Non-current liabilities maturing within one year		4,107,163.54				4,107,163.54
Lease liabilities			2,550,456.88	93,600.00		2,644,056.88
Total		1,935,727,002.26	2,550,456.88	93,600.00		1,938,371,059.14
Items	Balance at the end of last year					Total
	Immediate repayment	Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term borrowings						
Notes payable		214,817,174.59				214,817,174.59
Accounts payable		1,607,660,654.09				1,607,660,654.09
Other payables		99,479,790.95				99,479,790.95
Non-current liabilities maturing within one year		9,088,164.51				9,088,164.51
Lease liabilities			2,604,386.19	1,456,517.57		4,060,903.76
Total		1,931,045,784.14	2,604,386.19	1,456,517.57		1,935,106,687.90

## (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.

The Company continuously monitors foreign currency transactions and the size of its foreign currency assets and liabilities to minimize its exposure to foreign exchange risk. In addition, the Company may enter forward foreign exchange contracts or currency swaps for the purpose of hedging its exposure to exchange rate risk. During the current period, Shenzhen Jinghua Information Technology Company Limited, a third-tier subsidiary of the Company, entered into forward foreign exchange contracts for the purpose of locking in the US dollar exchange rate, but fundamentally, the Company is still exposed to the risk of US dollar exchange rate.

The exchange rate risks faced by the Company mainly come from financial assets and financial liabilities denominated in US dollars. 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	38,201,152.56	6,310,034.71	44,511,187.27	70,483,505.74	6,029,337.42	76,512,843.16
Accounts receivable	6,141,099.32	737,555.60	6,878,654.92	11,141,770.82	1,656,516.81	12,798,287.63
Other receivables		3,677.36	3,677.36			
Subtotal	<u>44,342,251.88</u>	<u>7,051,267.67</u>	<u>51,393,519.55</u>	<u>81,625,276.56</u>	<u>7,685,854.23</u>	<u>89,311,130.79</u>
Accounts payable	143,676,458.65	7,085,585.63	150,762,044.28	133,944,577.95	12,641,257.87	146,585,835.82
Advances from customers	177,681.29		177,681.29			
Other payables	2,206,074.09		2,206,074.09			
Subtotal	<u>146,060,214.03</u>	<u>7,085,585.63</u>	<u>153,145,799.66</u>	<u>133,944,577.95</u>	<u>12,641,257.87</u>	<u>146,585,835.82</u>

Effects of movement in exchange rate are as follows:

Items	Closing balance			Balance at the end of last year		
	Increase/(decrease) in exchange rate	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%	-5,085,898.11	-5,085,898.11	5%	-2,615,965.07	-2,615,965.07
Appreciation of RMB against USD	5%	5,085,898.11	5,085,898.11	5%	2,615,965.07	2,615,965.07
Depreciation of RMB against JPY	5%	-141,597.61	-141,597.61	5%	-392,260.32	-392,260.32
Appreciation of RMB against JPY	5%	141,597.61	141,597.61	5%	392,260.32	392,260.32

## 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	Fair value as at end of the period			Total
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	
1. Fair value measurement on a recurring basis				
◆ Financial assets held for trading			490,758,063.02	490,758,063.02
1. Financial assets at fair value through profit or loss			490,758,063.02	490,758,063.02
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets			490,758,063.02	490,758,063.02
(4) Others				
2. Financial assets designated as at fair value through profit or loss				
(1) Debt instrument investment				
(2) Others				
◆ Receivable financing			20,364,587.65	20,364,587.65
◆ Other debt investments				
◆ Investments in other equity instruments			3,441,309.15	3,441,309.15
◆ Other non-current financial assets				
<b>Total assets measured at fair value on an ongoing basis</b>			<b>514,563,959.82</b>	<b>514,563,959.82</b>

**(II) Valuation techniques adopted and qualitative & quantitative information of key parameters for recurring and non-recurring fair value measurements categorized within Level 3**

1. 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 (1.1%-3.69%) or performance benchmark interest rate of financial products.
2. 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.
3. 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., 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 into level 3	Transfers out of level 3	Gains (losses) recognized in the period		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
				Amount recorded in profits and losses	Amount recorded in other comprehensive income	Purchase	Issue	Sale	Settlement		
◆Financial assets held for trading	472,241,399.61			4,613,406.24		700,000,000.00		681,483,336.59		490,758,063.02	-1,483,336.59
Financial assets at fair value through profit or loss	472,241,399.61			4,613,406.24		700,000,000.00		681,483,336.59		490,758,063.02	-1,483,336.59
-Debt instrument investment											
-Equity instrument investment											
-Derivative financial assets	472,241,399.61			4,613,406.24		700,000,000.00		681,483,336.59		490,758,063.02	-1,483,336.59
-Others											
Financial assets designated as at fair value through profit or loss											
-Debt instrument investment											
-Others											
◆Financing receivables	20,272,278.95					23,610,305.93		23,517,988.23		20,884,587.65	
◆Other debt investments											
◆Other equity instrument investment	3,551,864.21				-110,555.06					3,441,309.15	
<b>Total</b>	<b>496,065,543.77</b>			<b>4,613,406.24</b>	<b>-110,555.06</b>	<b>726,610,305.93</b>		<b>705,001,324.82</b>		<b>514,563,650.69</b>	<b>-1,483,336.59</b>
Including: profit or loss related to financial assets				4,613,406.24							-1,483,336.59
Profit or loss related to nonfinancial assets											

## X. RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

### (I) The parent of the Company

The parent of the Company	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

Notes:

[1] As of 30 June 2022, 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, China, remains the ultimate controller of the Company.

[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:

Name of joint ventures or associates	Relationship with the Company
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
Nanjing Lejin Panda Electric Co., Ltd.	Associate of the Company





(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>
CEC Defense Technology Co., Ltd.	Purchase of goods	<b>8,830,220.36</b>	850.00
China Electronic Equipment International Co., Ltd.	Purchase of goods	<b>8,646,908.05</b>	19,192,301.57
Shenzhen Sandar Wireless Communication Technology Co., Ltd.	Purchase of goods	<b>1,521,196.44</b>	
Nanjing Rainbow New Energy Co., Ltd.	Purchase of goods	<b>1,455,750.11</b>	1,307,960.88
TPV Audio-Visual Technology (Shenzhen) Co., Ltd.	Purchase of goods	<b>839,991.00</b>	
Nanjing Zhenhua Packaging Material Factory	Purchase of goods	<b>628,902.33</b>	1,306,087.17
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Purchase of goods	<b>507,194.25</b>	
Nanjing Huadong Electronics Group Co., Ltd.	Purchase of goods	<b>313,435.75</b>	
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Purchase of goods	<b>267,350.70</b>	
Nanjing Zhongdian Panda Crystal Technology Co., Ltd.	Purchase of goods	<b>21,378.98</b>	32,035.40
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Purchase of goods	<b>19,106.19</b>	50,442.48
Shenzhen China Electronics Investment Company	Purchase of goods	<b>10,678.42</b>	60,242.12
Panda Electronics Group Co., Ltd.	Purchase of goods	<b>7,347.07</b>	
Nanjing Zhongdian Panda Home Appliance Co., Ltd.	Purchase of goods	<b>1,946.90</b>	566.37
Feisheng (Shanghai) Electronic Technology Co., Ltd.	Purchase of goods		3,322,355.35
Nanjing Zhongdian Panda Liquid Crystal Display Technology Co., Ltd.	Purchase of goods		349,734.40
Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd., Ltd	Purchase of goods		207,079.65
China Zhenhua Group Yunke Electronics Co., Ltd.	Purchase of goods		6,902.65
China Electronics Import and Export Co., Ltd., Ltd.	Purchase of goods		5,506.60
Nanjing Panda Transport Co., Ltd.	Receiving Labour	<b>3,216,529.85</b>	2,996,391.19
Shenzhen Chebao Information Technology Co., Ltd.	Receiving Labour	<b>576,889.11</b>	
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Receiving Labour	<b>507,194.25</b>	785,622.48
CEC Defense Technology Co Ltd	Receiving Labour	<b>188,921.71</b>	34,783.02
Panda Electronics Group Co., Ltd.	Receiving Labour	<b>147,170.24</b>	1,049,650.00
Nanjing Panda Medical Services Co., Ltd.	Receiving Labour	<b>55,440.00</b>	400,561.43
Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.	Receiving Labour	<b>5,058.94</b>	43,096.74
Nanjing Zhongdian Panda Home Appliance Co., Ltd.	Receiving Labour		2,681,415.93
China Electronics Import and Export Co., Ltd.	Receiving Labour		239,662.77
Nanjing Zhongdian Panda Liquid Crystal Display Technology Co., Ltd.	Receiving Labour		158,322.12
China Electronics Industry Development Co., Ltd.	Receiving Labour		48,100.27

## 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
Chengdu Zhongdian Panda Display Technology Co., Ltd.	Sale of goods	<b>275,849,415.52</b>	267,966,993.95
Nanjing Zhongdian Panda Liquid Crystal Display Technology Co., Ltd.	Sale of goods	<b>64,354,099.60</b>	67,491,763.70
CEC Defense Technology Co., Ltd.	Sale of goods	<b>63,784,093.88</b>	106,756,809.26
Guizhou Zhenhua Yilong New Materials Co., Ltd.	Sale of goods	<b>48,138,053.23</b>	
Rainbow (Hefei) LCD Glass Co., Ltd.	Sale of goods	<b>26,619,469.12</b>	12,980,530.95
Beijing Zhongsoft Wanwei Network Technology Co., Ltd.	Sale of goods	<b>13,055,392.82</b>	
Nanjing Ericsson Panda Communication Co., Ltd.	Sale of goods	<b>8,018,625.90</b>	4,785,403.61
Shenzhen Jinghua Network Marketing Co., Ltd.	Sale of goods	<b>2,899,348.67</b>	6,001,127.43
CEC Industrial Internet Co., Ltd.	Sale of goods	<b>1,226,004.37</b>	1,089,047.49
Great Wall Power Technology Co., Ltd.	Sale of goods	<b>1,006,485.74</b>	
CEC Wangchen Technology Co., Ltd.	Sale of goods	<b>409,015.49</b>	
Nanjing Zhongdian Panda Information Industry Group Co., Ltd.	Sale of goods	<b>394,769.80</b>	
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Sale of goods	<b>361,805.31</b>	
Wuhan Zhongyuan Communications Co., Ltd., Ltd.	Sale of goods	<b>215,929.21</b>	194,690.27
Nanjing Panda Electronics Import & Export Co., Ltd.	Sale of goods	<b>134,081.96</b>	618,355.15
Panda Electronics Group Co., Ltd.	Sale of goods	<b>132,055.66</b>	
Nanjing Panda Transport Co., Ltd.	Sale of goods	<b>120,002.98</b>	46,016.50
Shenzhen Zhongdian Power Technology Co., Ltd.	Sale of goods	<b>65,327.30</b>	54,813.62
Nanjing CEC Panda Magnetic & Electronics Technology Co., Ltd.	Sale of goods	<b>37,918.87</b>	
Nanjing Zhongdian Panda Real Estate Co., Ltd.	Sale of goods	<b>14,526.90</b>	
Nanjing Panda Technology Park Development Co., Ltd.	Sale of goods	<b>13,326.55</b>	
Nanjing Zhongdian Panda Home Appliance Co., Ltd.	Sale of goods	<b>11,152.62</b>	21,125.21
Nanjing Panda Investment Development Co., Ltd.	Sale of goods	<b>7,235.85</b>	
Xianyang Rainbow Optoelectronics Technology Co., Ltd.	Sale of goods	<b>7,000.00</b>	19,881,720.67
Nanjing Zhongdian Panda Modern Service Industry Co., Ltd.	Sale of goods	<b>3,474.53</b>	
Nanjing Panda Medical Services Co., Ltd.	Sale of goods	<b>3,071.70</b>	
TPV Electronic Technology Co., Ltd.	Sale of goods	<b>1,586.42</b>	
Panda Technology (Beijing) Co., Ltd.	Sale of goods		68,998.23
Shenzhen Sandar Wireless Communication Technology Co., Ltd.	Sale of goods		1,203,539.82
Feisheng (Shanghai) Electronic Technology Co., Ltd.	Sale of goods		2,821,194.00
Ji Cheng Xing Ye (Hong Kong) Co., Ltd.	Sale of goods		2,181,521.22
China Great Wall Technology Group Co., Ltd.	Sale of goods		1,550,852.72
CEC Defense Technology Co., Ltd.	Supply of labour	<b>14,213,963.15</b>	5,517,952.80

<b>Related party</b>	<b>Type of transaction</b>	<b>Amount for the current period</b>	Amount for the previous period
Nanjing Panda Investment Development Co., Ltd	Supply of labour	<b>3,748,637.46</b>	14,211,988.52
Nanjing Zhongdian Panda Liquid Crystal Display Technology Co., Ltd.	Supply of labour	<b>1,956,410.87</b>	7,768,644.36
Panda Electronics Group Co., Ltd.	Supply of labour	<b>1,075,129.37</b>	115,044.25
CEC Industrial Internet Co., Ltd.	Supply of labour	<b>676,963.98</b>	
Nanjing Zhongdian Panda Liquid Crystal Material Technology Co., Ltd.	Supply of labour	<b>637,294.27</b>	710,682.56
Nanjing Panda Transport Co., Ltd.	Supply of labour	<b>155,210.34</b>	288,500.94
Xianyang Rainbow Optoelectronics Technology Co., Ltd.	Supply of labour	<b>145,412.07</b>	2,465,537.51
Nanjing Zhongdian Panda Home Appliance Co., Ltd.	Supply of labour	<b>140,064.61</b>	133,008.04
Nanjing Ericsson Panda Communication Co., Ltd.	Supply of labour	<b>126,200.00</b>	507,140.12
Nanjing Zhongdian Panda Information Industry Group Co., Ltd.	Supply of labour	<b>69,400.00</b>	242,145.30
Chengdu Zhongdian Panda Display Technology Co., Ltd.	Supply of labour	<b>68,840.60</b>	
Nanjing Panda Electronics Import & Export Co., Ltd.	Supply of labour	<b>45,467.28</b>	36,839.03
Nanjing Rainbow New Energy Co., Ltd.	Supply of labour	<b>28,301.89</b>	
Shenzhen Chebao Information Technology Co., Ltd.	Supply of labour	<b>4,113.90</b>	4,096.04
Shenzhen Jinghua Network Marketing Co., Ltd.	Supply of labour	<b>3,929.79</b>	4,285.64
Nanjing Zhongdian Panda Lighting Co., Ltd.	Supply of labour		1,051,109.56
China Electronics Materials SuZhe Company	Supply of labour		435,056.59
TPV Electronic Technology Co., Ltd.	Supply of labour		62,099.63
Nanjing Panda Medical Services Co., Ltd.	Supply of labour		2,628.31
Nanjing Zhongdian Panda Modern Service Industry Co., Ltd.	Supply of labour		14,711.34
Nanjing Zhongdian Panda Trading Development Co., Ltd.	Supply of labour		339.62

## 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., Ltd.	Leasing of buildings	596,328.44	595,266.06
Nanjing Zhongdian Panda Home Appliance Co., Ltd.	Leasing of buildings	317,716.51	340,122.96
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Leasing of buildings	157,447.32	159,314.29
Nanjing Panda Electronics Import & Export Co., Ltd.	Leasing of buildings	137,922.93	123,655.02
Shenzhen Chebao Information Technology Co., Ltd.	Leasing of buildings	27,107.14	
Shenzhen Jinghua Network Marketing Co., Ltd.	Leasing of buildings	25,300.00	25,600.00
CEC Defense Technology Co., Ltd.	Leasing of buildings		78,715.60
Nanjing Panda Transport Co., Ltd., Ltd.	Leasing of motor vehicle		63,837.58

## 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 Equipment Co., Ltd. [1]	40,000,000.00	2021/8/17	2025/6/10	No
Nanjing Panda Electronic Equipment Co., Ltd. [2]	100,000,000.00	2021/1/19	2024/1/19	No
Nanjing Panda Electronic Equipment Co., Ltd. [3]	40,000,000.00	2022/1/20	2025/7/14	No
Nanjing Panda Electronic Equipment Co., Ltd. [4]	20,000,000.00	2022/3/29	2026/4/28	No
Chengdu Panda Electronic Technology Co., Ltd. [5]	88,000,000.00	2021/8/18	2025/8/17	No
Nanjing Huag Electrical and Plastic Industry Co., Ltd. [6]	50,000,000.00	2021/1/19	2024/1/19	No
Nanjing Panda Electromechanical Manufacturing Co., Ltd. [7]	14,000,000.00	2022/3/23	2026/1/27	No
Nanjing Panda Information Industry Co., Ltd. [8]	200,000,000.00	2021/5/17	2024/2/10	No
Nanjing Panda Information Industry Co., Ltd. [9]	50,000,000.00	2020/5/12	2023/5/11	No

Notes:

- [1] The Company provided a maximum guarantee for a comprehensive bank credit facility in the amount of RMB40,000,000.00 with Clover Park Sub-branch of Industrial Bank Co., Ltd. for Nanjing Panda Electronic Equipment Co., Ltd., a second-tier subsidiary of the Company, for the period from 17 August 2021 to 10 June 2022, with no counter guarantee for this guarantee. The guarantee period is three years from the date of expiry of the performance period of the debt under each financial operation provided by the creditor to the debtor, both on and off-balance sheet. As at 30 June 2022, a total credit line of RMB8,258,563.69 was used by Nanjing Panda Electronic Equipment Company Limited, a subsidiary of the Company. In particular, Nanjing Panda Electronic Equipment Company Limited, a second-tier subsidiary of the Company, provided RMB3,103,898.00 and RMB5,154,665.69 for the performance bond guarantee and bank acceptance bill guarantee.

- [2] The Company provided a maximum guarantee for a comprehensive bank credit facility of RMB100,000,000.00 with China Electronics Finance Corporation for Nanjing Panda Electronic Equipment Company Limited, a second-tier subsidiary of the Company, for the period from 19 January 2021 to 19 January 2022, without any counter guarantee. The guarantee period is calculated separately according to the performance period of the debts under each specific credit contract under the Integrated Credit Contract, and the guarantee period under each specific credit contract is two years from the expiry of the performance period of the debts under the specific credit contract. As at 30 June 2022, a total credit facility of RMB1,829,194.85 was utilized by Nanjing Panda Electronic Equipment Company Limited, a subsidiary of the Company. In particular, Nanjing Panda Electronic Equipment Company Limited, a second-tier subsidiary of the Company, provided RMB1,704,194.15 and RMB125,000.70 for the performance bond guarantee and bank acceptance bill guarantee.
- [3] The Company provided a maximum guarantee for a comprehensive bank credit facility in the amount of RMB40,000,000.00 with Bank of China Limited Chengdong Sub-branch for a period of 20 January 2022 to 14 July 2022 for Nanjing Panda Electronic Equipment Company Limited, a second-tier subsidiary of the Company, for which there is no counter guarantee. The guarantee period for each specific credit business is calculated separately, being three years from the date of expiry of the debt performance period agreed in the specific credit business contract. As at 30 June 2022, a total credit line of RMB3,764,629.97 was used by Nanjing Panda Electronic Equipment Company Limited, a subsidiary of the Company. In particular, Nanjing Panda Electronic Equipment Company Limited, a second-tier subsidiary of the Company, provided RMB3,764,629.97 for the bank acceptance bill guarantee.
- [4] The Company provided a maximum guarantee for a comprehensive bank credit facility of RMB20,000,000.00 with China Everbright Bank Limited Nanjing Sub-branch for a period of 29 March 2022 to 28 April 2023 for Nanjing Panda Electronic Equipment Company Limited, a second-tier subsidiary of the Company, for which there is no counter guarantee. The guarantee period for each specific credit business is calculated separately, being three years from the date of expiry of the debt performance period agreed in the specific credit business contract. As at 30 June 2022, a total credit facility of RMB6,079,363.92 had been utilised by Nanjing Panda Electronic Equipment Co., Ltd., a second-tier subsidiary of the Company. In particular, Nanjing Panda Electronic Equipment Company Limited, a second-tier subsidiary of the Company, provided RMB6,079,363.92 for the bank acceptance bill guarantee.
- [5] The Company provided a maximum guarantee for a comprehensive bank credit facility of RMB88,000,000.00 with Bank of Chengdu Co., Ltd, Shuangliu Sub-branch for Chengdu Panda Electronic Technology Co., Ltd., a second-tier subsidiary of the Company, for the period from 18 August 2021 to 17 August 2022, with no counter guarantee for this guarantee. The guarantee period is three years from the date of expiry of the performance period of the debt under each financial operation provided by the creditor to the debtor, both on and off-balance sheet. As at 30 June 2022, a total credit line of RMB55,747,712.22 was used by Chengdu Panda Electronic Technology Co., Ltd., a second-tier subsidiary of the Company. In particular, Nanjing Panda Electronic Equipment Company Limited, a second-tier subsidiary of the Company, provided RMB55,747,712.22 for the bank acceptance bill guarantee.
- [6] The Company provided a maximum irrevocable guarantee for a comprehensive bank credit facility of RMB50,000,000.00 with China Electronics Finance Corporation for Nanjing Huagai Electric Plastic Industry Co., Ltd., a third-tier subsidiary of the Company for the period from 19 January 2021 to 19 January 2022, with no counter guarantee for this guarantee. The guarantee period is calculated separately according to the performance period of the debts under each specific credit business contract under the Integrated Credit Contract, and the guarantee period under each specific credit business contract is two years from the expiry of the performance period of the debts under the specific credit business contract. As at 30 June 2022, a total credit facility of RMB3,068,973.48 had been utilised by Nanjing Huagai-Dianzhu Plastic Industry Co. Ltd., a subsidiary of the Company. In particular, Nanjing Huagai-Dianzhu Plastic Industry Co. Ltd., a third-tier subsidiary of the Company, provided RMB3,068,973.48 for the bank acceptance bill guarantee.
- [7] The Company provided a maximum guarantee for a comprehensive bank credit facility of RMB14,000,000.00 with Clover Park Branch of Industrial Bank Co., Ltd. for Nanjing Panda Electromechanical Manufacturing Company Limited, a third-tier subsidiary of the Company, for the period from 23 March 2022 to 27 January 2023, with no counter guarantee for this guarantee. The guarantee period is three years from the date of expiry of the performance period of the debt under each financial operation provided by the creditor to the debtor, both on and off-balance sheet. As at 30 June 2022, a total credit line of RMB4,470,000.00 was used by Nanjing Panda Mechanical & Electrical Manufacturing Company Limited, a subsidiary of the Company. In particular, Nanjing Panda Mechanical & Electrical Manufacturing Company Limited, a third-tier subsidiary of the Company, provided RMB4,470,000.00 for the bank acceptance bill guarantee.

- [8] The Company provided a maximum guarantee for a comprehensive bank credit facility of RMB200,000,000.00 in Nanjing Branch of Shanghai Pudong Development Bank Limited for Nanjing Panda Information Industry Co., Ltd, a tier-2 subsidiary of the Company, for the credit period from 17 May 2021 to 10 February 2022, with no counter guarantee for this guarantee. The guarantee period is two years from the date of expiry of the performance period of the debt under each financial operation provided by the creditor to the debtor, both on and off-balance sheet. As at 30 June 2022, a total credit amount of RMB21,056,291.40 was utilised by Nanjing Panda Information Industry Company Limited, a subsidiary of the Company. In particular, the Company provided a performance bond guarantee in the amount of RMB21,056,291.40 for Nanjing Panda Information Industry Co., Ltd, its second-tier subsidiary.
- [9] The Company provided a maximum guarantee for a comprehensive bank credit facility in the amount of RMB50,000,000.00 with China Merchants Bank Corporation, Nanjing Branch for its second-tier subsidiary, Nanjing Panda Information Industry Co. for the period from 12 May 2020 to 11 May 2021, with no counter guarantee for this guarantee. The guarantee period is two years from the date of expiry of the performance period of the debt under each financial operation provided by the creditor to the debtor, both on and off-balance sheet. As at 30 June 2022, a total credit amount of RMB9,444,756.68 was utilised by Nanjing Panda Information Industry Company Limited, a subsidiary of the Company. In particular, the Company provided a performance bond guarantee in the amount of RMB9,444,756.68 to Nanjing Panda Information Industry Company Limited, its second-tier subsidiary.

In summary, as at 30 June 2022, the amount of guarantees provided by the Company for its subsidiaries was RMB113,719,486.21, of which: RMB78,410,345.98 for bank acceptance bills and RMB35,309,140.23 for letters of guarantee (30 June 2021: the amount of guarantees provided by the Company for its subsidiaries was RMB188,493,487.99, of which: banker's acceptance guarantee amounted to RMB86,478,659.31, letter of guarantee amounted to RMB102,014,792.68, guaranteed loan guarantee amounted to RMB0.00 and letter of credit guarantee amounted to RMB0.00).

#### 4. Other related-party transactions

Related party	Type of transaction	Current period	Previous period
China Electronics Finance Co., Ltd. [1]	Receipt of interest	<b>1,271,686.87</b>	3,495,810.37
China Electronics Finance Co., Ltd. [1]	Payment of discount charges		163,944.48

Note:

- [1] The Company renewed the Financial Services Agreement (the "Services Agreement") with China Electronics Finance Co., Ltd. (the "Financial Company") in 2021. According to the Services Agreement, China Electronics Finance Co., Ltd. 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, the transaction fee cap for the other financial services business of RMB2 million, subject to applicable national laws and regulations and the operational rules of financial institutions. The Services Agreement was considered and approved at the 2021 second extraordinary general meeting of the Company held on 28 December 2021.

As at 30 June 2022, the loan balance and deposit balance of the Company with China Electronics Finance Co., Ltd. were RMB0.00 and RMB499,810,301.66, respectively. As at 30 June 2022, a total of RMB4,898,168.33 under the credit facilities granted by China Electronics Finance Co., Ltd. had been used for issuing bank acceptances and performance bonds. As at 30 June 2022, the other financial services payments of the Company received from China Electronics Finance Co., Ltd. were RMB0.00. As at 30 June 2022, the Company's discounted but not derecognized amount at China Electronics Finance Co., Ltd. was RMB0.00.

**(VI) Amounts due to or from related parties****1. Amounts due from related parties**

Item	Related party	Closing balance		Balance at the end of last year	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Monetary funds	China Electronics Finance Co., Ltd.	<b>499,810,304.66</b>		496,800,654.26	
Accounts receivable	Chengdu Zhongdian Panda Display Technology Co., Ltd.	<b>164,372,508.15</b>		87,061,733.13	
	CEC Defense Technology Co Ltd	<b>156,836,525.94</b>		134,293,617.88	
	Rainbow Group Limited	<b>16,587,724.15</b>		17,838,802.15	
	Beijing Zhongsoft Wanwei Network Technology Co., Ltd.	<b>16,395,513.79</b>		18,642,919.89	
	Rainbow (Hefei) LCD Glass Co., Ltd.	<b>15,125,600.00</b>		1,389,226.50	
	Nanjing Zhongdian Panda Liquid Crystal Display Technology Co., Ltd.	<b>13,693,326.07</b>		29,969,238.06	
	Guizhou Zhenhua Yilong New Materials Co., Ltd.	<b>8,370,000.00</b>		3,981,923.88	
	Nanjing Panda Investment Development Co., Ltd.	<b>7,635,036.42</b>		4,036,896.42	
	Gansu Changfeng Electronic Technology Co., Ltd.	<b>6,555,512.00</b>		8,055,512.00	
	Nanjing Ericsson Panda Communication Co., Ltd.	<b>4,552,536.00</b>		5,370,199.51	
	Panda Electronics Group Co., Ltd.	<b>2,383,904.94</b>		5,565,495.92	
	TPV Audio-Visual Technology (Shenzhen) Co., Ltd.	<b>762,551.12</b>		735,490.42	
	Great Wall Power Technology Co., Ltd.	<b>371,985.55</b>		487,185.24	
	Xianyang Rainbow Optoelectronics Technology Co., Ltd.	<b>329,483.39</b>		8,583,440.48	
	Wuhan Zhongyuan Communications Co., Ltd.	<b>250,000.00</b>		250,000.00	
	Nanjing Zhongdian Panda Real Estate Co., Ltd.	<b>175,219.03</b>	<b>15,880.36</b>	158,803.63	15,880.36
	Nanjing Zhongdian Panda Liquid Crystal Material Technology Co., Ltd.	<b>138,961.34</b>		84,382.39	
	Nanjing Zhongdian Panda Information Co., Ltd. Industry Group Co., Ltd.	<b>118,750.00</b>			
	Nanjing Panda Electronics Import & Export Co., Ltd.	<b>75,746.95</b>		2,163,778.70	
	Nanjing Rainbow New Energy Co., Ltd.	<b>30,000.00</b>			
Shenzhen Zhongdian Power Technology Co., Ltd.	<b>14,593.60</b>		1,835.42		
Nanjing CEC PANDA Magnetic & Electronics Technology Co., Ltd.	<b>10,044.00</b>				
Nanjing Panda Jining Hotel Co., Ltd.	<b>2,227.10</b>	<b>334.07</b>	2,227.10	334.07	
Nanjing Zhongdian Panda Home Appliance Co., Ltd.	<b>0.30</b>		192,066.30		
Xianyang Zhongdian Rainbow Group Holdings Co., Ltd.			2,496,196.58		
CEC Industrial Internet Co., Ltd.			4,335.36		

Item	Related party	Closing balance		Balance at the end of last year	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Notes receivable	CEC Defense Technology Co., Ltd.	<b>29,984,888.33</b>		43,489,366.32	
Financing receivables	CEC Defense Technology Co., Ltd.	<b>3,119,481.75</b>		1,576,000.00	
	Nanjing Zhongdian Panda Home Appliance Co., Ltd.			5,024,761.74	
	Nanjing Panda Electronics Import & Export Co., Ltd.			2,700,000.00	
	Beijing Zhongsoft Wanwei Network Technology Co., Ltd.			1,066,473.42	
	Great Wall Power Technology Co., Ltd.			208,874.53	
Prepayments	Nanjing Zhongdian Panda Home Appliance Co., Ltd.	<b>280,013.49</b>		278,213.29	
	Nanjing Zhongdian Panda Liquid Crystal Display Technology Co., Ltd.	<b>15,000.00</b>		15,000.00	
	Rainbow (Hefei) LCD Glass Co., Ltd.	<b>5,000.00</b>			
	China Electronics Import and Export Co., Ltd.	<b>1,500.00</b>		1,500.00	
	Nanjing Panda Electronics Import & Export Co., Ltd.			506,249.79	
	Nanjing Zhenhua Packaging Material Factory			764.00	
Contract assets	Rainbow (Hefei) LCD Glass Co., Ltd.			4,060,958.50	
	Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.			873,375.26	
	Xianyang Rainbow Optoelectronics Technology Co., Ltd.			525,021.40	
Other non-current assets	Panda Electronics Group Co., Ltd.			16,716.23	



## 2. Amounts due to related parties

Item	Related party	Closing Book balance at the end of the period	Book balance at the end of the previous year
Accounts payable	CEC Defense Technology Co., Ltd	19,760,673.61	10,931,753.25
	China Electronic Equipment International Co., Ltd.	5,320,368.39	130,494.99
	Shenzhen Sandar Wireless Communication Technology Co., Ltd.	1,610,995.20	567,000.00
	Panda Electronics Group Co., Ltd.	1,444,833.94	1,441,833.94
	Nanjing Zhenhua Packaging Material Factory	1,125,834.94	1,494,168.50
	Nanjing Panda Transport Co., Ltd.	1,053,515.01	921,998.30
	Xianyang Zhongdian Rainbow Group Holdings Co., Ltd.	320,000.00	1,120,000
	Nanjing Zhongdian Panda Home Appliance Co., Ltd.	147,600.00	573,194.95
	Zhongdian Tai Risheng Maanshan Technology Co., Ltd.	55,250.00	266,250
	Nanjing Zhongdian Panda Crystal Technology Co., Ltd.	24,485.73	1,923.23
	Nanjing Panda Dasheng Electronic Technology Co., Ltd.	14,827.43	388,988.83
	Guizhou Zhenhua Hualian Electronics Co., Ltd.	5,415.93	21,070.79
	China Zhenhua Group Yunke Electronics Co., Ltd.		136,386.26
	Nanjing Panda Electronics Import & Export Co., Ltd.		94,956.93
	Nanjing Zhongdian Panda Liquid Crystal Display Technology Co., Ltd.		72,402.05
	Guizhou Zhenhua Qunying Electric Co., Ltd. (State-owned Factory No. 891)		63,350.00
Notes payable	Nanjing Zhenhua Packaging Material Factory	307,154.68	292,200.51
	China Zhenhua Group Yunke Electronics Co., Ltd.	192,344.95	132,472.95
	Shenzhen China Electronics Huaxing Electronic Technology Co., Ltd.	83,250.00	
	Guizhou Zhenhua Qunying Electric Co., Ltd. (State-owned Factory No. 891)	54,320.00	
	Guizhou Zhenhua Hualian Electronics Co., Ltd.	17,900.00	
	Nanjing Zhongdian Panda Home Appliance Co., Ltd.		3,030,000.00
Other payables	Nanjing Zhongdian Panda Information Industry Group Co., Ltd.	6,670,000.00	6,670,000.00
	Panda Electronics Group Co., Ltd.	3,782,295.44	5,395,731.47
	China Electronics Import and Export Co., Ltd.	195,539.62	195,539.62
	CEC Defense Technology Co., Ltd.	170,714.16	
	Shanghai Panda Huning Electronic Technology Co., Ltd.	22,907.00	22,907.00
	Nanjing Panda Transport Co., Ltd.	20,228.75	840,988.60
	Nanjing Panda Technology Park Development Co., Ltd.	20,000.00	20,000.00
	Nanjing Zhongdian Panda Real Estate Co., Ltd.	5,000.00	5,000.00
	Nanjing Panda Medical Services Co., Ltd.		2,114.00
Contract liabilities	CEC Defense Technology Co., Ltd.	4,474,857.00	1964256.64
	Nanjing Zhongdian Panda Liquid Crystal Display Technology Co., Ltd.	311,301.42	275487.98
	CEC Wangchen Technology Co., Ltd.		245409.29
	Ji Cheng Xing Ye (Hong Kong) Co., Ltd.	45,301.95	43,035.98

## (VII) Related-party commitments

There were no significant related-party commitments made during the period.

## (VIII) Centralized fund management

1. The main elements of the centralized fund management arrangements in which the Company participates and operates are as follows:

The Company participates in and implements the project of centralized fund management of funds by entering into a Financial Services Agreement with China Electronics Finance Corporation Limited, depositing funds with China Electronics Finance Corporation Limited within the upper limit of the fund settlement balance, with no restriction on the withdrawal of deposits.

2. Funds pooled by the Company to the Group

Funds deposited directly into the finance company by the Company without being pooled into the Group parent's account.

Items	Closing balance		Balance at the end of last year	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Monetary funds	<u>499,810,304.66</u>	<u>                    </u>	496,800,654.26	<u>                    </u>
Total	<u><b>499,810,304.66</b></u>	<u><b>                    </b></u>	<u>496,800,654.26</u>	<u><b>                    </b></u>

Of which: funds restricted from being drawn down due to centralized fund management

Notes:

- [1] Interest on deposits for the period and the Financial Services Agreement with China Electronics Finance Corporation Limited are detailed in 10. (5) 6. Other connected transactions.
  - [2] The Company has no funds attributed to the account of the Group's parent company.
3. The Company has no funds borrowed from the Group's parent or member companies.
  4. There are no funds borrowed from the Company by the Group's parent or member companies.
  5. There are no funds attributed to the Company by the Group parent or member units.

## XI. SHARE-BASED PAYMENTS

There was no share-based payment during the period.

## XII. COMMITMENTS AND CONTINGENCIES

### (I) Significant commitments

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 "(LXI) Leases" under Note V 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	1,003,100.00	1,257,000.00
Intangible assets/software		86,725.66
Total	<u>1,003,100.00</u>	<u>1,343,725.66</u>

### (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 26 August 2022, the Company provided a guarantee for Nanjing Panda Electronic Equipment Company Limited, its second-tier subsidiary, for its financing in Bank of China Limited Nanjing Maigao Qiao Sub-branch in the amount of RMB40 million, which is valid until 29 June 2022. The guarantee period is calculated separately for each debt guaranteed under the corresponding contract, and the guarantee period for each debt is three years from the date of expiry of the performance period of that debt, and there is no counter guarantee for this guarantee.

As at 29 August 2022, the actual balance of the guarantee provided by the Company for Electronic Equipment Company was RMB0.00.

As at 29 August 2022, the Company had no other post balance sheet events that need to be disclosed.

## 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>	Balance at the end of last year
Total liabilities	<b>2,183,637,011.28</b>	2,255,621,482.90
Less: Cash and cash equivalent	<b>946,045,064.52</b>	848,233,503.66
Adjusted net liabilities	<b>1,237,591,946.76</b>	1,407,387,979.24
Owners' equity	<b>3,762,768,675.42</b>	3,802,361,269.28
Adjusted capital	<b>3,762,768,675.42</b>	3,802,361,269.28
Adjusted liabilities/capital ratio	<b>32.89</b>	37.01

## 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) 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, intelligent transportation and safe city, green service-oriented electronic manufacturing, industrial internet and intelligent manufacturing 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	Smart transportation and safe city	Green service-oriented electronic manufacturing	Industrial internet and intelligent manufacturing	Others	Undistributed	Elimination among segments	Total
Trade income from third party	634,950,107.64	1,269,906,170.51	116,795,042.26	11,639,594.83			2,033,290,915.24
Trade income between segments	63,343,760.57	16,963,009.97	9,541,040.42	12,550,571.05		-102,398,382.01	
Investment income from associated enterprises and joint ventures	-81,365.21				37,355,313.34		37,273,948.13
Assets impairment loss	236,753.68	7,933,152.51					8,169,906.19
Credit impairment loss	1,502,079.38	-47,214.67	-100,848.00		206,240.00		1,560,256.71
Depreciation and amortization expense	8,807,265.37	17,809,121.29	10,554,967.65	13,130,413.71	7,549,059.02		57,850,827.04
Total profit	43,422,128.71	27,098,671.06	-35,075,228.85	-11,506,167.99	110,905,155.23	-100,978,344.95	33,866,213.21
Income tax expense	10,673,645.77	-1,355,559.93			1,964.39	-721,103.06	8,598,947.17
Net profit	32,748,482.94	28,454,230.99	-35,075,228.85	-11,506,167.99	110,903,190.84	-100,257,241.89	25,267,286.04
Total assets	2,137,914,617.31	1,669,741,070.02	534,695,212.38	660,880,840.99	3,123,271,395.75	-2,180,097,449.75	5,946,405,686.70
Total liabilities	1,229,451,781.61	884,265,335.70	385,045,522.88	68,371,796.31	128,058,427.79	-511,555,853.01	2,183,637,011.28
Other non-cash expense other than depreciation and amortization expense							
Long term equity investment in associated enterprises and joint ventures	1,933,263.59				677,916,326.44		679,849,590.03
Increase in other non-current assets other than long-term equity investment	-8,143,480.35	-13,578,432.72	-10,588,365.50	-9,568,167.74	-9,558,467.79	2,361,338.10	-49,075,576.00

#### (IV) Others

1. On 2 August 2021, the Company was notified by Panda Group Corporation, the controlling shareholder of the Company, that some of its shares in the Company were pledged. Panda Group Corporation pledged a total of 105,091,430 shares of the Company, representing 49.89% of the total number of shares held by it and 11.50% of the total share capital of the Company. For details, please refer to the relevant announcements of the Company published in China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 3 August 2021. The pledge commenced on 30 July 2021 and will end on 14 December 2023.
2. On 25 April 2022, the Company received a notice from the Company's shareholder China Huarong Asset Management Co., Ltd. (China Huarong), that China Huarong had accumulated 12,991,167 shares of the Company, accounting for 1.42% of the Company's total share capital, by way of centralized bidding from 11 March 2020 to 7 March 2022. The above cumulative reduction was the Company's planned reduction as published in China Securities Journal, Shanghai Securities News and Nanjing Panda Shareholders' Centralized Bidding Reduction Share Plan Announcement on the website of the Shanghai Stock Exchange on 11 January 2020, 12 August 2020, 3 March 2021 and 25 September 2021, respectively. Prior to the change in equity, China Huarong held 65,146,691 shares of the Company, representing 7.13% of the total share capital of the Company. After the reduction of shareholding, China Huarong held 52,155,524 shares of the Company, accounting for 5.71% of the total share capital of the Company.

On 25 April 2022, the Company received a written document from China Huarong regarding the plan to reduce the Company's shares. During the Reporting Period, China Huarong did not reduce its holding of shares. For details, please refer to the relevant announcements of the Company published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 26 April and 20 August 2022.

## XVI. NOTES TO THE MAJOR ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS

### (I) Notes receivable

#### 1. Presentation of notes receivable by category

Items	Closing balance	Balance at the end of last year
Bank acceptance		100,000.00
Commercial Acceptance Bill	<b>4,100,000.00</b>	<b>2,538,210.00</b>
Total	<b>4,100,000.00</b>	<b>2,638,210.00</b>

#### 2. The Company had no pledged notes receivable at the end of the period.

#### 3. Notes receivable endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Items	Closing balance which has been derecognised	Closing balance which has not been derecognised
Bank acceptance		
Commercial Acceptance Bill		2,100,000.00
Total		<b>2,100,000.00</b>

#### 4. At the end of the period, the Company had no notes that were transferred to accounts receivable due to non-performance by the drawer.

## (II) Accounts receivable

### 1. Accounts receivable disclosed by aging

Ageing	Closing balance	Balance at the end of last year
Within 1 year (including 1 year)	<b>80,237,411.06</b>	73,720,071.65
Including: 0-6 months	<b>58,999,635.76</b>	72,609,665.15
7-12 months	<b>21,237,775.30</b>	1,110,406.50
1-2 years	<b>17,226,016.25</b>	25,133,892.68
2-3 years	<b>4,781,525.30</b>	1,108,225.30
3-4 years	<b>408,840.72</b>	3,473,659.67
4-5 years	<b>2,639,500.00</b>	2,364,000.00
Over 5 years	<b>2,941,592.86</b>	2,077,090.86
Subtotal	<b>108,234,886.19</b>	107,876,940.16
Less: bad debt provision	<b>6,285,099.64</b>	6,603,972.44
Total	<b>101,949,786.55</b>	101,272,967.72

Note: the aging of the accounts receivable is disclosed according to the aging of the entry date.

### 2. Accounts receivable shown by classification of bad debt provisions

Type	Closing balance					Balance at the end of last year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provision Percentage (%)	Carrying Amount	Amount	Percentage (%)	Amount	Provision Percentage (%)	Carrying Amount
Provision for bad debts on individual basis	3,840,176.00	3.55	1,826,676.00	47.57	2,013,500.00	5,787,886.00	5.37	2,169,940.80	37.49	3,617,945.20
Provision for bad debts on group basis	104,394,710.19	96.45	4,458,423.64	4.27	99,936,286.55	102,089,054.16	94.63	4,434,031.64	4.34	97,655,022.52
Including: Aging group	65,090,468.18	60.14	4,458,423.64	6.85	60,632,044.54	48,512,299.75	44.97	4,434,031.64	9.14	44,078,268.11
Other portfolios	39,304,242.01	36.31			39,304,242.01	53,576,754.41	49.66			53,576,754.41
Total	108,234,886.19	100.00	6,285,099.64	5.81	101,949,786.55	107,876,940.16	100.00	6,603,972.44		101,272,967.72

Provision for bad debts on individual basis:

Debtors	Book balance	Closing balance		Reasons
		Provision for bad debts	Proportion of provision (%)	
Jiangsu Cable Network Development Co., Ltd. Sihong branch	3,584,000.00	1,570,500.00	43.82	Expected partly not to be recovered
China Cable Television Network Co., Ltd. Hainan Branch	256,176.00	256,176.00	100.00	Expected not to be recovered
Total	<u>3,840,176.00</u>	<u>1,826,676.00</u>		

Provision for bad debt on group basis:

Portfolio accrual items: Ageing portfolio

Aging	Accounts receivable	Closing balance Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	40,933,169.05		
Including: 0-6 months	40,414,150.17		
7-12 months	519,018.88	25,950.94	5.00
1-2 years	17,226,016.25	1,722,601.63	10.00
2-3 years	4,781,525.30	717,228.80	15.00
3-4 years	152,664.72	45,799.42	30.00
4-5 years	100,500.00	50,250.00	50.00
Over 5 years	1,896,592.86	1,896,592.86	100.00
Total	<u>65,090,468.18</u>	<u>4,458,423.65</u>	

Portfolio accrual items: Other portfolios

The name of portfolio	Accounts receivable	Closing balance Provision for bad debts	Proportion of provision (%)
The portfolio of related parties	39,304,242.01		
Total	<u>39,304,242.01</u>		



### 3. Provision, transfer and recovery of bad debts in the period

Type	Balance at the end of last year	Changes during the period			Closing balance
		Provision	Reversal or Recovery	Transfer or Written off	
Provision for bad debt on individual basis	2,169,940.80		343,264.80		1,826,676.00
Provision for bad debts on group basis	4,434,031.64				
Including: Aging group	4,434,031.64	206,240.00	181,848.00		4,458,423.64
Other portfolios					
Total	6,603,972.44	206,240.00	525,112.80		6,285,099.64

The significant amount of provision reversal and recovery of bad debts:

Name of debtors	Amount reversed or recovered	Reason for bad debt provision and the rationality	Reason for reversal or recovery	Approach
China Cable Television Network Co., Ltd. Hainan Branch	343,264.80	Single item	Debt collection	Cash and Bank
Other minor summary	181,848.00	Aging portfolio	Debt collection	Cash and Bank
Total	525,112.80			

### 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 Proportion in total accounts receivable (%)	Provision for bad debts
CEC Defense Technology Co., Ltd	29,808,256.50	27.54	
Nanjing Gusheng Enterprise Management Co.	23,812,034.92	22.00	
Sony Mobile Communication Products (China) Co.	17,075,200.00	15.78	1,913,760.00
Radio, Film & TV Design and Research Institute	11,630,424.08	10.75	
Nanjing Panda Information Industry Co.	9,377,648.31	8.66	
Total	91,703,563.81	84.73	1,913,760.00

## 6. Overdue receivables at the end of the period

Item	Closing balance
Accounts receivable not overdue and not impaired	79,718,392.18
Accounts receivable overdue and not impaired – within 3 months	493,067.94
Accounts receivable overdue and not impaired – over 3 months	21,738,326.43
Total	<u>101,949,786.55</u>

### (III) Other receivables

Item	Closing balance	Balance at the end of last year
Interest receivable		
Dividend receivable	19,948,834.00	
Other receivables	<u>229,255,500.62</u>	<u>216,727,244.80</u>
Total	<u>249,204,334.62</u>	<u>216,727,244.80</u>

## 1. Other receivables

(1) Other receivables shown by aging

Aging	Closing balance	Balance at the end of last year
Within 1 year (including 1 year)	21,859,751.54	9,322,706.07
Including: 0–6 months	16,653,958.51	9,322,706.07
7–12 months	5,205,793.03	
1–2 years	18,000.00	20,018,000.00
2–3 years	20,050,000.00	50,000.00
3–4 years	817,988.08	817,988.08
4–5 years	410,591.45	410,591.45
Over 5 years	<u>187,151,243.01</u>	<u>187,151,243.01</u>
Subtotal	<u>230,307,574.08</u>	<u>217,770,528.61</u>
Less: bad debt provision	1,052,073.46	1,043,283.81
Total	<u>229,255,500.62</u>	<u>216,727,244.80</u>

Note: the aging of other receivables shall be disclosed according to the aging on the entry date.

## (2) Other receivable disclosed by provision method for bad debts

Type	Closing balance					Balance at the end of last year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	Carrying Amount	Amount	Proportion (%)	Amount	Percentage (%)	Carrying Amount
Provision for bad debt on individual basis	812,988.08	0.35	812,988.08	100		812,988.08	0.37	812,988.08	100.00	
Provision for bad debts on group basis	229,494,586.00	99.65	239,085.38	0.1	229,255,500.62	216,957,540.53	99.63	230,295.73	0.11	216,727,244.80
Including: Aging group	5,142,251.80	2.23	239,085.38	4.66	4,903,166.42	983,729.03	0.45	230,295.73	23.41	753,433.30
Other portfolios	224,352,334.20	97.42			224,352,334.20	215,973,811.50	99.18			215,973,811.50
Total	230,307,574.08	100	1,052,073.46		229,255,500.62	217,770,528.61	100.00	1,043,283.81		216,727,244.80

Provision for bad debts on individual basis:

Debtors	Book balance	Closing balance		Reasons
		Provision for bad debts	Proportion of provision (%)	
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:

Portfolio accrual items: Ageing portfolio

Aging	Other receivable	Closing balance Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	4,706,660.35		
Including: 0-6 months	4,530,867.32		
7-12 months	175,793.03	8,789.65	5.00
1-2 years			
2-3 years			
3-4 years			
4-5 years	410,591.45	205,295.73	50.00
Over 5 years	25,000.00	25,000.00	100.00
Total	5,142,251.80	239,085.38	

Portfolio accrual items: Other portfolios

The name of portfolio	Other receivable	Closing balance	Proportion of provision (%)
		Provision for bad debts	
Related party portfolio	224,249,334.20		
Portfolio of deposit, security deposit and reserve fund	103,000.00		
Total	224,352,334.20		

(3) Details of accrued bad debt provision

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 years	Expected credit loss over the duration (no credit impairment)	Expected credit loss over the duration (credit impairment occurred)	
Balance at the end of last year	230,295.73		812,988.08	1,043,283.81
Balance at the end of last year				
- transfer to second stage				
- transfer to third stage				
- reverse to second stage				
- reverse to first stage				
Accrued in current period	8,789.65			8,789.65
Reversal in current period				
Reseller in current period				
Written-off in current period				
Other changes				
Closing balance	239,085.38		812,988.08	1,052,073.46

Changes in carrying amount of other receivables:

Book balance	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 years	Expected credit loss over the duration (no credit impairment)	Expected credit loss over the duration (credit impairment occurred)	
Balance at the end of last year	216,957,540.53		812,988.08	217,770,528.61
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 current period	16,414,300.35			16,414,300.35
Current termination recognition	3,877,254.88			3,877,254.88
Other changes				
Closing balance	229,494,586.00		812,988.08	230,307,574.08

## (4) Bad debt provision, reversal and recovery in the current period

Type	Balance at the end of last year	Changes during the period		Written off	Closing balance
		Provision for bad debt incurred in current period	Provision for bad debt reversed or received		
Provision for bad debt on individual basis	812,988.08				812,988.08
Provision for bad debt on group basis	230,295.73	8,789.65			239,085.38
Including: Aging group Other portfolios	230,295.73	8,789.65			239,085.38
Total	1,043,283.81	8,789.65			1,052,073.46

## (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
Current Accounts	228,623,406.77	212,801,311.50
Security deposit	1,351,579.53	4,349,579.53
Others	332,587.78	619,637.58
Total	230,307,574.08	217,770,528.61

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

Debtor	Nature of fund	Closing balance	Aging	Proportion of total balance of other receivables at the end of the period (%)	Closing balance of provision for bad debts
Nanjing Panda Electronic Equipment Co.	Current payments	119,979,546.35	More than 5 years	52.10	
Hong Kong (GALANTLIMITED)	Current payments	60,569,150.00	More than 5 years	26.30	
Chengdu Panda Electronic Technology Co.	Current payments	20,184,493.16	Less than 1 year, 2-3 years	8.76	
Nanjing Panda Electromechanical Manufacturing Co.	Current payments, rent	10,243,414.60	Less than 1 year, more than 5 years	4.45	
Nanjing Panda Electronic Manufacturing Co.	Current payments	2,546,341.98	Less than 1 year	1.11	
Total		213,522,946.09		92.72	

**(IV) Long-term equity investments**

Items	Closing balance		Book value	Balance at the end of last year		Carrying Amount
	Book balance	Provision for impairment		Carrying Amount	Provision for impairment	
Investments in subsidiaries	1,435,785,546.36		1,435,785,546.36	1,435,785,546.36		1,435,785,546.36
Investments in associates and joint ventures	691,106,644.43	13,192,317.99	677,916,326.44	713,753,331.09	13,192,317.99	700,561,013.10
Total	2,126,894,190.79	13,192,317.99	2,113,701,872.80	2,149,538,877.45	13,192,317.99	2,136,346,559.46

**1. Investment in subsidiaries**

Investees	Balance at the end of last year	Increase during the period	Decrease during the period	Closing balance	Provision for impairment during the period	Closing balance of provision for impairment
Nanjing Panda Information Industry Co.	176,736,513.98			176,736,513.98		
Nanjing Panda Electronics Manufacturing Co.	111,221,994.10			111,221,994.10		
Nanjing Panda Xinxing Industrial Co.	20,000,000.00			20,000,000.00		
Nanjing Panda Electronic Equipment Co.	190,000,000.00			190,000,000.00		
Nanjing Panda Electronic Technology Development Co.	700,000,000.00			700,000,000.00		
Nanjing Panda Communication Technology Co.	98,585,734.28			98,585,734.28		
Shenzhen Jinghua Electronics Co.	119,241,304.00			119,241,304.00		
Chengdu Panda Electronic Technology Co.	20,000,000.00			20,000,000.00		
Total	1,435,785,546.36			1,435,785,546.36		

## 2. Investments in associates and joint ventures

Investee	Balance at the end of last year	Additional investment	Reduced investment	Investment gains or losses recognized under the equity method	Changes/decrease in the period		Cash dividends or profits declared to be paid	Provision for impairment	Others	Closing balance	Closing balance of provision for impairment
					Adjustments to other comprehensive income	Changes in other equities					
1. Associated companies											
Nanjing Ericsson Panda Communications Co.	199,786,457.67			10,778,834.65						210,547,292.32	
Beijing Swo Ai Putian Mobile Communication Co.	64,000,000.00									64,000,000.00	13,192,317.99
Nanjing Lejin Panda Electric Co.	436,792,555.43			26,576,478.69			60,000,000.00			403,369,034.12	
Subtotal	700,581,013.10			37,355,313.34			60,000,000.00			677,916,328.44	13,192,317.99
Total	700,581,013.10			37,355,313.34			60,000,000.00			677,916,328.44	13,192,317.99

### (V) Operating income and operating costs

#### 1. Operating income and operating costs

Items	Amount for the period		Amount for the last period	
	Income	Cost	Income	Cost
Principal business	44,409,982.01	30,831,045.27	36,933,687.70	23,195,770.88
Other business	16,627,772.87	7,465,625.14	19,410,655.80	7,547,598.96
Total	61,037,754.88	38,296,670.41	56,344,343.50	30,743,369.84

### (VI) Investment income

Items	Amount during the period	Amount during the last period
Investment income from long-term equity investments under the cost method	102,547,867.14	40,000,000.00
Investment income from long-term equity investments under equity method	37,355,313.34	18,729,997.68
Investment income from disposal of financial assets held for trading	379,943.14	1,541,705.98
Investment income from large certificates of deposit		
Bill discounted interest		-163,944.48
Total	140,283,123.62	60,107,759.18

## XVII. SUPPLEMENTARY INFORMATION

### (I) Breakdown of extraordinary profit and loss for the period

Items	Amount	Notes
Gain or loss on disposal of non-current assets	778,238.44	
Tax rebates and exemptions with unauthorized approval or without formal approval documents		
Government subsidies included in current profit or loss (except for those closely related to the business of the enterprise, which are granted on a fixed amount or at fixed percentage in accordance with the national standard)	9,257,373.85	
Fees charged to non-financial enterprises for the occupation of funds included in current profit or loss		
Gains arising from the acquisition of subsidiaries, associates and joint ventures where the cost of the investment is less than the fair value of the identifiable net assets of the investee at the time the investment is acquired		
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 factors, such as natural disasters		
Gains and losses on debt restructuring		
Expenses for reorganization such as expenditure for staffing and integration costs, etc.		
Gains or losses in excess beyond fair value in transaction with unfair price		
Net profit or loss for the period from the beginning of the period to the date of consolidation of subsidiaries arising from business combinations under common control		
Gains or losses arising from contingencies not related to the Company's normal business operations		
Gains or losses from changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment gains on disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective hedging activities related to the Company's normal business operations	3,130,069.65	
Reversal of provision for impairment of receivables and contract assets subject to individual impairment test	343,264.80	
Gains or losses on external entrusted loans		
Gains or losses arising from changes in the fair value of investment properties subsequently measured at fair value		
Effect of one-off adjustments to current profit or loss in accordance with tax, accounting and other laws and regulations on current profit or loss		
Trustee fee income earned from trustee operations		
Other Non-operating income and expenses other than the aforementioned items	139,533.26	
Other items of profit or loss falling within the definition of non-recurring profit or loss		
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Subtotal	13,648,480.00	
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Income tax effect	1,921,914.74	
Minority interest impact (after tax)	682,922.93	
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Total	11,043,642.33	
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(II) **Return on net assets and earnings per share**

<b>Profits of the reporting period</b>	<b>Weighted average return on net assets (%)</b>	<b>Earnings per share (RMB)</b>	
		<b>Basic earnings per share</b>	<b>Diluted earnings per share</b>
Net profit attributable to ordinary shareholders of the Company	0.34	0.0131	0.0131
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit and loss	0.03	0.0010	0.0010

**Nanjing Panda Electronics Company Limited  
(Stamp)**

30 August 2022