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南京熊猫电子股份有限公司

NANJING PANDA ELECTRONICS COMPANY LIMITED

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

(Stock Code: 00553)

2020 PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

- 1 This summary of annual report was extracted from the Annual Report of Nanjing Panda Electronics Company Limited (the “**Company**”) and its subsidiaries (collectively as the “**Group**”). To have comprehensive knowledge of the operating results, financial position and future development plan of the Company, investors are advised to carefully read the full text of the annual report on the website of the Shanghai Stock Exchange and other media designated by China Securities Regulatory Commission.
- 2 The board of directors (the “**Board**”), the supervisory committee and the directors, supervisors and senior management members of the Company confirm that the information contained in this summary of annual report is true, accurate, and complete without any misrepresentation, misleading statements, or material omissions, and severally and jointly accept legal responsibility for the above.
- 3 All directors of the Company attended the meeting of the Board held on 26 March 2021.
- 4 BDO China Shu Lun Pan Certified Public Accountants LLP issued an unqualified auditors’ report for the Company.
- 5 Proposal of profit distribution or capitalization of capital reserves of the Company for the reporting period considered by the Board.

To distribute a cash dividend of RMB0.26 (tax inclusive) for every ten shares to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2020, with the total cash dividend to be distributed amounting to RMB23,759,801.75, and the balance to be carried forward to next year. The Company would not make any capitalization of capital reserve.

II. INFORMATION ABOUT THE COMPANY

1 Basic Information of the Company

Stock type	Stock Profile			Stock name before change
	Listing stock exchange	Abbreviated name	Stock Code	
A share	Shanghai Stock Exchange	Nanjing Panda	600775	N/A
H share	The Stock Exchange of Hong Kong Limited	Nanjing Panda	00553	N/A
Contact person and information	Secretary to the Board	Securities Affairs Representative		
Name	Wang Dongdong	Wang Dongdong		
Office Address	7 Jingtian Road, Nanjing, the People's Republic of China	7 Jingtian Road, Nanjing, the People's Republic of China		
Telephone	(8625) 84801144	(8625) 84801144		
E-mail address	dms@panda.cn	dms@panda.cn		

2 Information on principal activities during the reporting period

2.1 Principal activities

The Company takes smart city, intelligent manufacturing and electronic manufacturing services as its three main businesses. In the field of smart city, the Company develops business including smart transportation and safe city by using technologies such as big data, cloud computing, artificial intelligence and 5G; in the field of intelligent manufacturing, it committed to providing core equipment of intelligent manufacturing and overall solutions proposals based on industrial internet, providing overall planning for enterprises to achieve industrial automation transformation, reshaping the core competitiveness of manufacturing enterprises and achieving sustainable innovation and growth; in the field of electronic manufacturing services, it provides research and development and electronic manufacturing service for 3C, new display module components, white electricity man-machine interaction display and control assembly, automotive electronics and communication equipment and other electronic products for domestic and overseas brand manufacturers through smart, flexible and lean management.

2.2 *Operating model*

Guided by market and customers demands, the Company enhances its core competitiveness through innovation on technological research and development innovation, 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.

The Company deployed business areas related to smart city, intelligent manufacturing and electronic manufacturing services, organized research, development and production based on market and customer demands, and finally realized the delivery of an overall solution for core equipment products and system as well as system engineering projects. 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.

2.3 *Industry overview*

In 2020, the added value of electronic information manufacturing industries above designated size increased by 7.7% year-on-year, and growth rate dropped by 1.6 percentage points compared to last year. Operating revenue of electronic information manufacturing industries above designated size increased by 8.3% year-on-year, representing an increase of 3.8 percentage points on its growth rate compared to last year. Total profit increased by 17.2% year-on-year, representing an increase of 14.1 percentage points on its growth rate compared to last year. The profit margin of operating revenue was 4.89% and the operating costs increased by 8.1% year-on-year.

The concept of new infrastructure has been deepening and refining continuously since 2020, mainly including seven major areas of 5G, big data centre, artificial intelligence, industrial internet, ultra-high voltage, new energy vehicle charging piles and urban rail transit, which significantly promoted the rapid development of smart city, intelligent manufacturing and electronic manufacturing services. The 2020 Government Work Report of the State Council proposed to focus on supporting the construction of new infrastructure.

Smart city is gradually moving towards a stage of high-quality construction and development, and is playing an important role in application scenarios such as smart transportation, smart governance, smart livelihood and smart applications. Among them, in respect of urban rail transit, in 2020, 39 urban rail transit lines were newly added, with an additional operational mileage of 1,240.3 km, representing an increase of 20.1% compared to last year. As at 31 December 2020, 233 urban rail transit lines have been opened and operated in 44 cities in China (excluding Hong Kong, Macao and Taiwan), with an operational mileage of 7,545.5 km, 4,660 stations, 25.28 million trains operated and passenger capacities reached 17.59 billion. Urban rail transit has become an important application vehicle for smart transportation.

Intelligent manufacturing engineering has become an important aspect for China to build itself as a strong manufacturing state, and intelligent manufacturing equipment industry system has also formed its initial shape. In 2020, the total amount of investment and financing on the intelligent manufacturing industry of our country amounted to RMB25,261 million, representing a significant increase as compared with that of 2019. Meanwhile, the 2020 Government Work Report clearly pointed out that it is necessary to promote the upgrading of the manufacturing industry and the development of newly emerging industries, which includes the development of the industrial internet and the promotion of intelligent manufacturing, and the industrial internet will be fully integrated with 5G technology in the future, becoming an important application scenario in the 5G era.

With the continuous enhancement of the overall competitiveness of the electronic information manufacturing industry in China, and under the influence of the strategic objectives of improving quality and efficiency and sustainable development, many brand owners are focusing more on branding as well as research and development, and the mode of entrusting EMS companies with the processing and manufacturing of products is becoming prevalent. Professional electronics manufacturing service enterprises have continuously improved their process, efficiency, quality and supply chain services in face of the market demand for the electronic product manufacturing industry, which had a profound impact on the adjustment of the electronic information industry, the layout of the supply chain and the management of the value chain. After years of development, a relatively stable division of labour and cooperation has been formed between brand owners and EMS companies. The upstream and downstream supporting industry chains for consumer electronics, communications equipment, computers and network equipment have become mature, and professional electronics manufacturers have become core participants in the electronic information industry chain.

3 Major Accounting Data and Financial Indicators of the Company

3.1 Major accounting data and financial indicators (prepared in accordance with the Accounting Standards for Business Enterprises of China)

Unit: Yuan Currency: RMB

Key accounting data	2020	2019	Year-on-	2018	2017	2016
			year increase/ decrease (%)			
Total assets	6,001,947,699.44	6,020,147,479.47	-0.30	6,184,619,023.98	5,665,503,486.59	5,239,976,417.98
Operating revenue	3,952,265,022.15	4,660,047,001.92	-15.19	4,500,505,653.14	4,191,928,908.95	3,702,763,356.54
Net profit attributable to shareholders of the Company	77,318,175.74	52,657,894.58	46.83	161,959,568.48	107,382,077.64	119,240,512.92
Net profit attributable to shareholders of the Company after extraordinary items	18,254,992.01	25,447,136.36	-28.26	113,580,264.77	72,409,859.11	40,497,347.32
Net assets attributable to shareholders of the Company	3,509,430,717.97	3,448,072,752.25	1.78	3,468,424,299.40	3,363,593,136.77	3,320,270,553.39
Net cash flows from operating activities	534,653,617.28	-341,233,848.13	N/A	45,563,017.57	157,549,565.01	53,146,796.65
Basic earnings per share (RMB/share)	0.0846	0.0576	46.83	0.1772	0.1175	0.1305
Diluted earnings per share (RMB/share)	0.0846	0.0576	46.83	0.1772	0.1175	0.1305
Weighted average return on net assets (%)	2.22	1.49	Increased by 0.73 percentage point	4.73	3.20	3.67

Explanations on major accounting data and financial indicators of the Company as at the end of the Reporting Period:

The increase in net profit attributable to shareholders of the Company as compared to the same period of the previous year was mainly due to the increase in extraordinary profit and loss as a result of the deduction of part of social insurance due to the COVID-19 for the period. The decrease in the net profit attributable to shareholders of the Company after deducting extraordinary profit and loss as compared to the same period of the previous year was mainly due to the decrease in revenue from smart manufacturing business and the further decline in its benefits of the Company for the period as a result of the impact of the COVID-19 pandemic and the adjustments of business structure.

3.2 Major Accounting Indicators by Quarters in the Reporting Period

Unit: Yuan Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Operating revenue	710,912,672.84	1,003,242,341.52	1,050,856,587.79	1,187,253,420.00
Net profit attributable to shareholders of the Company	-40,709,426.01	53,392,580.92	10,821,625.29	53,813,395.54
Net profit attributable to shareholders of the Company after extraordinary items	-48,805,178.21	49,733,796.87	8,802,433.30	8,523,940.05
Net cash flows from operating activities	58,601,652.23	29,676,653.05	165,401,875.41	280,973,436.59

4 Particulars of Share Capital and Shareholders

4.1 Number of holders of ordinary shares and shareholding of top 10 shareholders

Unit: share

Total number of shareholders of ordinary shares as at the end of the reporting period	60,558 shareholders including 60,532 A shareholders and 26 H shareholders
Total number of shareholders of ordinary shares at the end of last month prior to the disclosure of the annual report	55,188 shareholders including 55,162 A shareholders and 26 H shareholders

Name of Shareholder	Shareholdings of top 10 shareholders				Pledged or frozen Shares	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		
Hong Kong Securities Clearing Company Nominees Limited	2,080,189	246,269,656	26.95	0	Unknown	Overseas legal person
Panda Electronics Group Limited	0	210,661,444	23.05	0	Unknown	State-owned legal person
China Huarong Assets Management Co., Ltd.	-674,800	64,471,891	7.06	0	Unknown	State-owned legal person
Nanjing Electronics Information Industrial Corporation	0	35,888,611	3.93	0	Unknown	State-owned legal person
Guoxin Investment Co., Ltd.	21,720,941	21,720,941	2.38	0	Unknown	State-owned legal person
Zhao Dongling (趙東嶺)	1,687,300	4,345,400	0.48	0	Unknown	Domestic natural person
Ma Jiangfeng (馬江峰)	2,451,416	2,451,416	0.27	0	Unknown	Domestic natural person
Industrial and Commercial Bank of China – Guotai CSI Composite Index Communication Equipment ETF Securities Investment Fund (中國工商銀行股份有限公司-國泰中證全指通信設備交易型開放式指數證券投資基金)	1,040,400	2,062,600	0.23	0	Unknown	Others
Wang Rui (王睿)	1,778,700	1,778,700	0.19	0	Unknown	Domestic natural person
Cai Yan (蔡炎)	-201,600	1,503,545	0.16	0	Unknown	Domestic natural person

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

Name of Shareholder	Number of shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
HKSCC (Nominees) Limited	246,269,656	Overseas listed foreign shares	241,655,470
Panda Electronics Group Limited (“PEGL”)	210,661,444	RMB ordinary shares	4,614,186
China Huarong Asset Management Co., Ltd.	64,471,891	RMB ordinary shares	210,661,444
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	35,888,611	RMB ordinary shares	64,471,891
		Overseas listed foreign shares	22,120,611
Guoxin Investment Co., Ltd.	21,720,941	RMB ordinary shares	35,888,611
Zhao Dongling (趙東嶺)	4,345,400	RMB ordinary shares	21,720,941
Ma Jiangfeng (馬江峰)	2,451,416	RMB ordinary shares	4,345,400
Industrial and Commercial Bank of China - Guotai CSI Composite Index Communication Equipment ETF Securities Investment Fund (中國工商銀行股份有限公司-國泰中證全指通信設備交易型開放式指數證券投資基金)	2,062,600	RMB ordinary shares	2,451,416
Wang Rui (王睿)	1,778,700	RMB ordinary shares	2,062,600
Cai Yan (蔡炎)	1,503,545	RMB ordinary shares	1,778,700

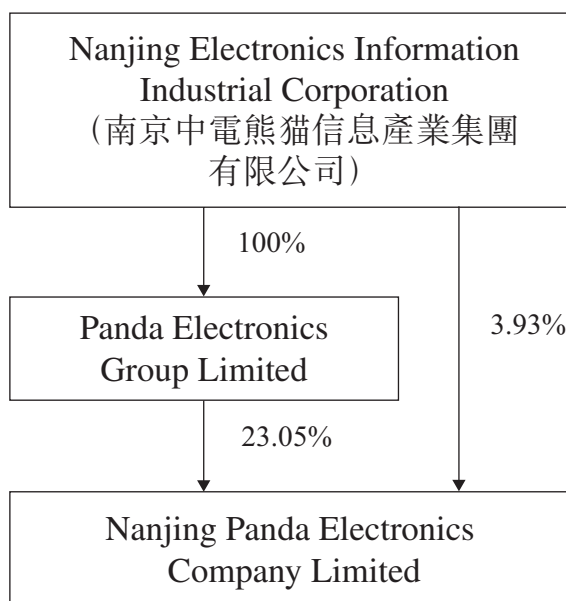
Description on connected relationship or party acting in concert among the aforesaid shareholders

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

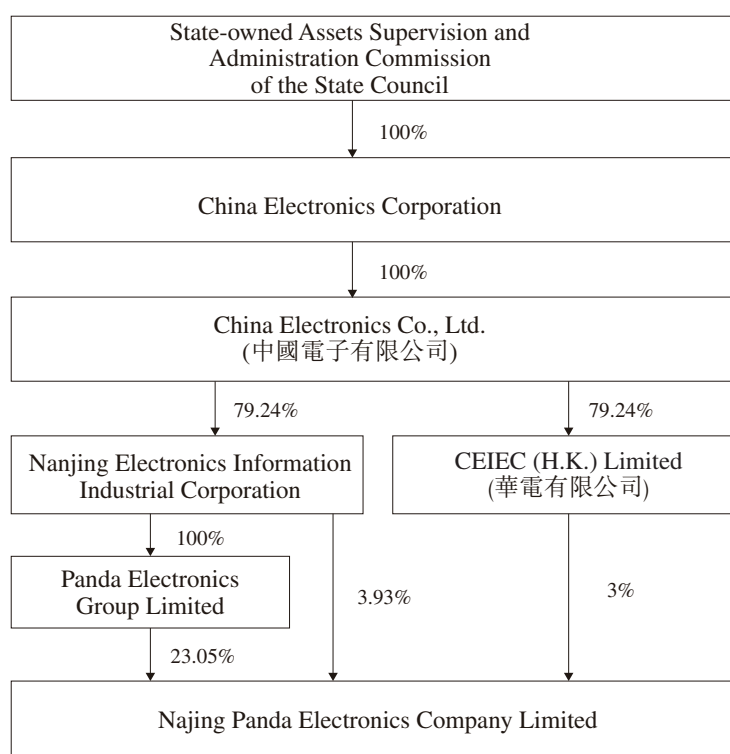
Note:

HKSCC (Nominees) Limited held 246,269,656 shares (in particular: 241,655,470 H shares, 4,614,186 A shares) of the Company on behalf of many clients, representing 26.95% of the issued share capital of the Company, including 13,768,000 H shares held by NEIC in the Company, and 27,414,000 H shares held by CEIEC (H.K.) Limited (華電有限公司), a wholly-owned subsidiary of CEC as at the end of the Reporting Period. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.

4.2 Diagram of the shareholding and controlling relationship between the Company and the controlling shareholder



4.3 Diagram of shareholding and controlling relationship between the Company and its ultimate controllers



III. DISCUSSION AND ANALYSIS OF THE OPERATION

1 Principal operations during the reporting period

In 2020, in response to the complicated situation of significantly increasing risks and challenges in every aspect, the Company accelerated the promotion of industry transformation and upgrade, deepened the implementation of comprehensive lean management, strengthened the quality enhancement, cost deduction and efficiency improvement, focused on building its core competitiveness, advanced the high-quality and sustainable development of the Company.

1.1 Analysis of principal operations

1.1.1 Analysis of changes in related items in the income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Operating income	3,952,265,022.15	4,660,047,001.92	-15.19
Operating costs	3,346,686,684.89	3,955,938,472.70	-15.40
Cost of sales	45,876,049.49	54,111,280.14	-15.22
Administrative expenses	257,745,539.77	270,036,371.18	-4.55
R&D expenses	205,817,437.26	239,196,398.72	-13.95
Financial expenses	-5,690,663.20	2,504,014.29	-327.26
Net cash flows from operating activities	534,653,617.28	-341,233,848.13	N/A
Net cash flows from investing activities	-212,816,988.07	-43,461,006.56	N/A
Net cash flows from financing activities	-27,761,914.27	-43,865,208.11	N/A
Gain or loss from fair value changes	886,749.69	469,826.49	88.74
Assets impairment losses	-13,955,982.11	-43,308,217.26	N/A
Gain from the disposal of assets	-50,820.75	383,216.04	-113.26
Non-operating income	12,947,404.25	4,932,373.77	162.50

Note:

Decrease of financial expenses: mainly due to the decrease in exchange losses during the period resulting from changes in RMB exchange rate;

Increase of net cash flows from operating activities: mainly due to cash received from sales of goods during the period;

Decrease of net cash flows from investing activities: mainly due to outstanding bank wealth management products purchased from banks;

Increase of net cash flows from financing activities: mainly due to the decrease in dividends paid on ordinary shares for the period;

Increase of gain or loss from fair value changes: mainly due to the gains on changes in fair value of financial assets for trading for the period;

Decrease of assets impairment losses: mainly due to the provision for impairment in long-term equity investments for the previous period;

Decrease of gain from the disposal of assets: mainly due to the decrease of gains from the disposal of non-current assets;

Increase of non-operating income: mainly due to the recovery of prepayment of tax for the previous period.

1.1.2 Revenue and cost

During the reporting period, the Company's operating income and operating cost decreased by 15.19% and 15.40% respectively over the previous period. The proportion of decrease in the operating income and operating cost of the Company is close. The decline in operating income and operating cost of intelligent manufacturing business and related products is larger than that of operating costs, and the gross profit margin of the related products has declined. The decline in operating income of smart city business and related products is smaller than that of operating costs, and the gross profit margin of the related products has increased slightly. The increase in operating income of electronic manufacturing services business and related products is smaller than that of operating costs, and the gross profit margin of the related products has declined slightly.

(1) Principal operations by business sector, product and geographical regions

Unit: Yuan Currency: RMB

By sector	Operating income	Operating cost	Principal operations by business sector			
			Gross profit margin (%)	Increase/decrease in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Intelligent manufacturing industry	166,203,899.56	193,355,994.69	-16.34	-73.37	-67.11	Decreased by 22.13 percentage points
Smart city industry	1,807,435,895.41	1,492,319,695.01	17.43	-14.77	-16.92	Increased by 2.13 percentage points
Electronic manufacturing services	1,916,817,250.45	1,637,813,986.58	14.56	4.96	6.55	Decreased by 1.28 percentage points
Others	30,075,886.05	17,026,746.59	43.39	1.44	-39.34	Increased by 38.07 percentage points

By sector	Principal operations by products					
	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Industrial robots	17,896,031.00	20,466,061.86	-14.36	-55.52	-45.12	Decreased by 21.67 percentage points
Intelligent factories and systems	88,168,757.57	110,488,496.38	-25.31	-83.44	-77.75	Decreased by 32.03 percentage points
Core components of smart manufacturing	60,139,110.99	62,401,436.45	-3.76	16.63	15.16	Increased by 1.32 percentage points
Intelligent transportation	553,906,021.41	402,909,832.58	27.26	7.21	3.58	Increased by 2.55 percentage points
Safe city	638,250,665.78	567,438,219.81	11.09	-21.45	-20.61	Decreased by 0.95 percentage points
Information network equipment	615,279,208.22	521,971,642.62	15.17	-22.27	-24.63	Increased by 2.66 percentage points
Electronic manufacturing services	1,749,379,737.00	1,544,770,807.96	11.70	6.48	7.75	Decreased by 1.04 percentage points
Modern service industry	167,437,513.45	93,043,178.62	44.43	-8.69	-10.05	Increased by 0.84 percentage point
Others	30,075,886.05	17,026,746.59	43.39	1.44	-39.34	Increased by 38.07 percentage points

By sector	Principal operations by products			Increase/decrease		Increase/decrease
	Operating income	Operating cost	Gross profit margin (%)	in operation income from the same period last year (%)	in operation cost from the same period last year (%)	in gross profit margin from the same period last year (%)
Nanjing	3,297,358,586.67	2,854,728,362.44	13.42	-12.42	-13.09	Increased by 0.66 percentage point
Shenzhen	623,174,344.80	485,788,060.43	22.05	-25.43	-26.94	Increased by 1.61 percentage points

Principal operations by business sector, product and geographical regions:

Principal subsidiaries of the Company are all engaged in smart manufacturing, smart city, electronic manufacturing services and related industries. The operating income from smart manufacturing decreased by 73.37% over the same period of last year as a result of the decrease in operating revenue related to industrial robots, intelligent factories and system projects related business caused by the business structure adjustment and the relatively great impact of the COVID-19 pandemic. The operating income from smart city business decreased by 14.77% over the same period of last year as a result of the decrease in income from safe city and information network equipment because of the scheduled business progress being affected by the COVID-19 pandemic.

During the reporting period, sales of industrial robots in major products of the Company fell short of expectations, but the investment of materials increased and gross profit margin decreased significantly over the same period of the previous year. Due to intensified market competition, the intelligent factories and systems and related business saw its operating income decreased by 83.44% over the same period of the previous year due to the decrease in operating income related to intelligent factories and system projects related business. The operating income of the safe city business decreased by 30.74% over the same period of the previous year due to the impact of the project settlement schedule.

The principal operations of the Company were primarily distributed in Nanjing and Shenzhen. During the reporting period, the operating income of Nanjing decreased by 12.42% over the same period of last year as a result of the decrease in operating income related to intelligent factories and system projects related business; the operating income of Shenzhen decreased by 25.43% over the same period of last year due to the decrease in the number of orders for export products resulting from the impact of the pandemic overseas, shortages of key raw materials and price increasing, etc.

(2) Sales to major customers and purchases from major suppliers

During the reporting period, sales to the top five customers amounted to RMB1,635,095,500, representing 41.37% of the total sales in 2020, of which sales to connected parties amounted to RMB1,517,592,400, representing 38.40% of the total sales in 2020.

During the reporting period, the aggregate amount of purchase from the top five suppliers of the Company amounted to RMB588,466,900, accounting for 18.33% of the total amount of purchase made by the Company in 2020. There were no connected parties in the top five suppliers.

(3) Expenses

During the reporting period, the selling expenses decreased by RMB8,235,200 or 15.22%, which was mainly due to the year-on-year decrease in advertising and exhibition costs during the period as a result of the impact of the COVID-19 pandemic; the management expenses decreased by 4.55% over the same period of last year, which was mainly due to the year-on-year decrease of labor costs as a result of the deduction of part of social insurance because of COVID-19; and the finance cost decreased by 327.26% over the same period of last year, which was mainly due to the decrease in exchange losses during the period resulting from changes in RMB exchange rate.

(4) R&D Investment

Unit: Yuan Currency: RMB

R&D expenses for the period	205,817,437.26
Capitalized R&D expenses for the period	43,050,731.22
Total R&D expenses	248,868,168.48
The percentage of total R&D expenses over operating income (%)	6.30
The number of R&D personnel	743
The percentage of R&D personnel over total number of staff of the Company (%)	22.88
The percentage of capitalized R&D expenses (%)	17.30

Description:

The Company strived to improve its independent innovation and integrated innovation capabilities, increased the investment in science and technology, the scientific and technological innovation achievements constantly emerged, the scientific research ability improved significantly, and its core competitive advantage was further strengthened. In recent years, it grasped the development opportunities of digital economy and new generation of information technology. Guided by the market, based on the three leading businesses of new smart city, smart manufacturing and electronic manufacturing services, it has accelerated the improvement of scientific and technological innovation system, promoted the transformation of scientific and technological achievements, and provided support to further improve the quality of scientific research platform construction, enhance its independent innovation ability and strengthen its core competitiveness. Moreover, the Company adheres to the combination of scientific and technological innovation and innovation of institutional mechanisms, reforms the management method of scientific and technological innovation projects, as well as emphasizes scientificity of project approval, rationality of the budget, seriousness of the implementation plan so as to maintain the effective investment in scientific research projects, and ensure that research projects are more forward-looking, closer to the market and more operational. In addition, it focused on input for and output from scientific research, paid attention to the quality and management of research results, and coordinated reporting and assesses activities for research results conducted by various subsidiaries. In 2020, the Company's eight scientific and technological achievements won the Science and Technology Awards of provincial and municipal governments, industry associations and China Electronics, including three Jiangsu Provincial Science and Technology Awards, which were the first, second and third prize, respectively; a total of 13 projects passed the corporate-level higher technical accreditation, providing strong momentum for the Company's high-quality development.

The Company strengthened in-depth cooperation with universities to promote the transformation and implementation of scientific and technological achievements with the guidance of the market. It strengthened the cultivation of long-term technical competence, increased the investment in technology research and development, promoted the adjustment of product structure and formulated the innovation synergy in the joint innovation with universities and scientific research institutes. In 2020, the Company cooperated with Southeast University in scientific research project “Key Technologies and Applications of Ultra-high Temporal-spatial Resolution Cognitive Display” and Nanjing University of Posts and Telecommunications in scientific research project “Key Technologies and Applications of 5G Heterogeneous Wireless Access Network Converged Packet Network”. In the field of the relevant technology of FOS detection system, it cooperated closely with Nanjing University and Nanjing University of Aeronautics and Astronautics, and coordinated with Nanjing University of Posts and Telecommunications and Nanjing Institute of Mobile Communication and Computing Innovation of Institute of Computing Technology of Chinese Academy of Sciences to study “The Cooperative Control Equipment and Key Technologies of New Edge Network”, and entered into the project technology development contract “Research and Development of Flame Retardant and Low Temperature Impact Resistant Modified Polycarbonate Materials” with Nanjing Tech University, so as to promote the deep integration of industry, university and research, make breakthroughs in key technologies, strengthen innovation guidance and accelerate the transformation and upgrading of enterprises.

The Company improved the management system and mechanism of intellectual property, and realized the standardization and systematization of the management process of intellectual property. It greatly increased the number and quality of patent applications in the fields of smart manufacturing, smart city and other industries. Moreover, it expanded and improved the patent pool of smart manufacturing and smart city, and strived to have some patents enter the fields of national and industrial basic patents, core patents, key patents and high-value patents.

The Company has 7 provincial-level R & D centers, which have closely integrated with the current industrial development direction of the Company, and have strong ability of digestion, absorption and re-innovation. While satisfying the development of the industry, it actively tracks the cutting-edge technologies in the industry and conducts technical pre-research and prediction.

(5) Cash flow

During the Reporting Period, the increase of net cash flows from operating activities is mainly due to cash received from sales of goods during the period; the decrease of net cash flows from investment activities is mainly due to the outstanding bank wealth management products purchased from banks; and the increase of net cash flows from financing activities is mainly due to the decrease in dividends paid on ordinary shares for the period.

1.2 Analysis of 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	Explanation
					at the end of the period as compared to the amount at the end of the previous period (%)	
Financial assets held for trading	501,356,576.18	8.35	300,469,826.49	4.99	66.86	Due to the increase of the outstanding bank wealth management products at the end of the period
Notes receivable	35,394,835.82	0.59	21,780,418.49	0.36	62.51	Mainly due to the increase in sales of goods settled by bills for the period
Receivables financing	144,969,078.62	2.42	347,259,336.87	5.77	-58.25	Mainly due to the decrease in notes receivable measured at fair value with changes included in other comprehensive income
Contract assets	76,231,842.63	1.27	541,978,173.94	9.00	-85.93	Mainly due to the contract assets recognised at the beginning of the period were included in receivables during the period
Other current assets	28,763,433.11	0.48	55,089,857.84	0.92	-47.79	Mainly due to the receipt of the incremental retention tax credit refunded in the period and others under 2019 No. 39 of Ministry of Finance

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	Explanation
					at the end of the period as compared to the amount at the end of the previous period (%)	
Investment properties	235,008,179.80	3.92	21,096,325.77	0.35	1,013.98	Mainly due to the increase in operating leased buildings during the period
Construction in progress	7,346,214.86	0.12	31,407,899.18	0.52	-76.61	Mainly due to the current phase of construction in progress transformed into fixed assets
Intangible assets	157,943,967.01	2.63	109,121,914.00	1.81	44.74	Mainly due to the increase in intangible assets of the internal research and development during the period
Other non-current assets	81,767,440.76	1.36	55,275,624.94	0.92	47.93	Mainly due to the increase in the project quality guarantee deposit with guarantee period over one year
Short-term borrowings	0.00	0.00	50,000,000.00	0.83	-100.00	Due to the repayment of bank short-term loans during the period
Advance receipts from customers	3,394,006.00	0.06	2,581,558.74	0.04	31.47	Mainly due to the increase in prepayments of service charges and others
Taxes payable	30,758,945.68	0.51	21,404,214.61	0.36	43.71	Mainly due to the refunds of incremental retention tax credits received during the period and the transferring out of input VAT
Non-current liabilities due within one year	8,170,178.10	0.14	3,451,972.08	0.06	136.68	Due to the increase in lease liabilities due within one year
Deferred income tax liabilities	326,863.37	0.01	107,441.42	0.00	204.22	Mainly due to deferred income tax liabilities arising from changes in fair value of financial assets held for trading

1.3 Analysis of major invested companies

1.3.1 Analysis of major subsidiaries

In 2020, the Company further optimized its corporate structure and resource allocation, deregistered Nanjing Panda Instruments and Apparatuses Co., Ltd. (南京熊猫仪器仪表有限公司), which had no significant impact on the overall operations and performance of the Company.

Changes in net profit of major subsidiaries are as follows:

Unit: 0'000 Currency: RMB

Subsidiary	Net profit		Change (%)
	2020	2019	
Nanjing Panda Electronics Equipment Co., Ltd (“ Electronics Equipment Company ”)	-9,637.01	-5,784.01	N/A
Nanjing Panda Information Industry Co., Ltd (“ Information Industry Company ”)	5,693.26	5,303.19	7.36%
Nanjing Panda Electronic Manufacture Co., Ltd (“ Electronic Manufacture Company ”)	6,735.91	8,256.02	-18.41%
Nanjing Panda Communications Technology Co., Ltd	955.07	1,035.38	-7.76%
Nanjing Panda Electronic Technology Development Co., Ltd	-974.58	-1,656.68	N/A
Shenzhen Jinghua Electronics Co., Ltd. (“ Shenzhen Jinghua ”)	6,567.53	9,490.72	-30.80%
Nanjing Panda Xinxing Industrial Co., Ltd.	730.87	465.86	56.89%
Chengdu Panda Electronic Technology Co., Ltd.	2,853.28	219.15	1,201.98%

Description of changes:

Affected by the pandemic, some projects of Information Industry Company were delayed, and the operating income decreased by 13.16% year-on-year. Due to the batch delivery of major projects, its net profit increased by 7.36% year-on-year. The operating income of Electronic Manufacture Company decreased by 18.20% year-on-year and the net profit decreased by 18.41% year-on-year due to the decrease in market orders. The operating income of Shenzhen Jinghua decreased by 25.28% year-on-year and the net profit decreased by 30.80% year-on-year due to the decrease in export orders. The orders of Electronics Equipment Company declined due to the impact of the pandemic and market changes, and the operating income decreased by 72.53% year-on-year with the increase in loss. Chengdu Panda Electronic Technology Co., Ltd. officially started operation in December 2019, and its operating income and net profit increased significantly year-on-year.

1.3.2 Analysis of major invested companies

Unit: 0'000 Yuan Currency: RMB

Invested companies	Operating income	Net profit	Shareholding of the Company	Investment income received by the Company
Nanjing Ericsson Panda Communication Co., Ltd. ("ENC")	1,007,168.35	24,188.55	27%	6,727.09

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 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 Company Limited developed and provides delivery and shipment to customers worldwide.

In 2020, after adjustment according to the new standards, the operating income of ENC amounted to RMB10,071,683,500, representing a year-on-year increase of 8.12%; net profit amounted to RMB241,885,500, representing a year-on-year increase of 41.66%. Reason(s) for changes in the main indicators: the increase in market orders and a year-on-year increase in revenue; the decrease in bank loans, the fluctuation of US dollar exchange rate and the decrease of financial expenses, resulting in a year-on-year increase in net profit.

1.4 2020 operating plan

The operating targets of the Company in 2021 are to achieve a operating income of RMB4,000 million and total profit of RMB120 million. Based on the overall economic development at home and abroad, the Board formulated the above operating targets by taking into full consideration the development of the industry in which the Company operates and in combination with the actual situation of the Company. In the course of actual operation, the Company will be exposed to the impact of many uncertainties. The Company will uphold a pragmatic working style, insist on making progress while maintaining stability, and strive to achieve its operating targets.

1.5 Profit distribution proposal for 2020

In 2020, the Company (as parent company) achieved a net profit of RMB90,347,533.41. Given the cash dividend of RMB15,992,174.26 distributed to shareholders in 2019 and the statutory surplus reserve of RMB9,034,753.34 appropriated in 2020, and the undistributed profit at the beginning of the period of RMB105,949,041.61 and refund of overdue dividends of RMB2,413.86 allocated in previous years, the actual distributable profit to shareholders this year amounted to RMB171,272,061.28. In accordance with the Articles of Association of the Company and the relevant requirements of Shanghai Stock Exchange, it was proposed to distribute a cash dividend of RMB0.26 (tax inclusive) for every ten shares to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2020, with the total cash dividend to be distributed amounting to RMB23,759,801.75, and the remaining part to be carried forward to next year. The Company will not transfer capital reserve into share capital. This proposal was considered and approved at the 18th meeting of the ninth session of the Board of the Company, and was agreed to submit to the annual general meeting for consideration.

The distribution of the proposed final dividend is subject to the approval by the shareholders at the forthcoming annual general meeting of the Company (“AGM”) to be held on or before 30 June 2021 and is expected to be paid to the holders of H shares of the Company on or before 10 August 2021. The notice of the AGM will be dispatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company, respectively in due course.

1.6 Appointment and dismissal of accounting firms

The 14th meeting of the ninth session of the Board of the Company considered and approved the Resolution related to the Appointment of the Auditors for 2020, and proposed 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 2020 and the determination of the auditor’s remuneration within the limit of the total amount of RMB2,100,000. The meeting also agreed to submit the resolution for consideration and approval at the 2019 annual general meeting.

The 2019 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 and PRC auditor as well as internal control auditor respectively for the year 2020, and authorized the Board to determine their remuneration within the limit of RMB2,100,000.

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 31 March and 30 June 2020 and on the website of the Hong Kong Stock Exchange on 30 March 2020 and 30 June 2020.

1.7 Tax policies

Particulars of tax preference enjoyed by the Company and its subsidiaries as at 31 December 2020 are set out in the notes to the financial statements prepared in accordance with the Accounting Standards for Business Enterprises of China. The tax preference for subsidiaries registered in Hong Kong is subject to local laws & regulations.

1.8 Basic medical insurance for employees

The Company acted pursuant to the Provisional Regulations on Basic Medical Insurance for Employees in Nanjing Municipality and implemented a basic medical insurance for its employees since 1 January 2001. From February to June in 2020, the Company paid 4.5% of its individual employee premium for the basic medical insurance in accordance with the national employee medical insurance reduction and exemption policy in 2020; for the rest of the period, it paid 9% of the individual premium for the basic medical insurance.

1.9 Liability insurance for its directors, supervisors and senior management

During the reporting period, the Company purchased liability insurance for its Directors, supervisors and senior management in compliance with the relevant regulations of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

1.10 Other Disclosures

(1) Liquidity of Capital

In accordance with the Accounting Standards for Business Enterprises of China, the gearing ratio of the Company (the ratio between total liabilities and total assets), current liabilities, liquidity ratio and quick ratio were 37.58%, RMB2,215,834,100, 1.90 and 1.50, respectively as at 31 December 2020 as shown in the consolidated financial statements of the Company.

Cash: as at 31 December 2020, bank balances and cash amounted to RMB1,149,052,800 as shown in the consolidated financial statements of the Company.

Loans: short-term bank loans and other loans amounted to RMB0 as at 31 December 2020 as shown in the consolidated financial statements of the Company.

According to the Announcement [2019] No. 15 of the People's Bank of China, since 20 August 2019, the People's Bank of China authorized the National Interbank Funding Center to promulgate the loan prime rate (LPR) at 9:30 a.m. on the 20th of each month (postponed in case of holidays). The loan prime rate can be available for public inspection at websites of the National Interbank Funding Center and the People's Bank of China. As of 20 December 2020, the LPR for 1 year was 3.85%, and the LPR for more than 5 years was 4.65%; as of 22 March 2021, the LPR for 1 year was 3.85%, and the LPR for more than 5 years was 4.65%.

(2) *Connected transactions relating to creditor's rights and debts*

Unit: Yuan Currency: RMB

Connected parties	Connected Relationship	Provision of funds to connected parties			Provision of funds to the Company by connected parties		
		Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
Panda Electronics Group Limited	Controlling shareholder				6,743,156.84	157,177.22	6,900,334.06
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders				74,057.25	824,401.72	898,458.97
China Electronics Import and Export Co., Ltd	Subsidiary owned by shareholders				195,539.62	-	195,539.62
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder				86,700.00	-86,700.00	
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders				22,907.00	-	22,907.00
Nanjing Panda Technology Park Development Company Limited	Subsidiary owned by shareholders				20,000.00	-	20,000.00
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Subsidiary owned by shareholders				5,880.00	1,142.00	7,022.00
Total					7,148,240.71	896,020.94	8,044,261.65
Reason of creditor's rights and debts							
Impact of creditor's rights and debts on the Company							

(3) The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**the Listing Rules**”) in so far as they are applicable in respect of the aforesaid connected and continuing connected transactions.

(4) *The Company's Code of Corporate Governance and Model Code*

During the reporting period, the Company has adopted and complied with the Corporate Governance Code as set out in Appendix 14 and the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix 10 to the Listing Rules on the Stock Exchange of Hong Kong Limited.

(5) *Audit Committee*

The Company has set up an Audit Committee in compliance with the requirements of Rule 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Audit Committee has reviewed the interim financial report for 2020 and the audited financial report for 2020.

(6) *Purchase, sale or redemption of the Company's listed securities*

During the reporting period, no purchase, sale or redemption of the Company's listed securities were made by the Company.

(7) *Punishment and rectification to the listed Company, its directors, supervisors, senior management, controlling shareholder, ultimate controller and acquirers*

N/A

2 Reasons for suspension of listing

Applicable Not Applicable

3 The circumstances and causes of the termination of listing

Applicable Not Applicable

4 Analysis and explanation of the Company on the reasons and impact of the change in accounting policy and accounting estimation

The resolution on the Change in the Company's Accounting Policies and the Relevant Matters was considered and approved at the fourteenth meeting of the ninth session of the Board of the Company on 30 March 2020. In accordance with the Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Version) (《關於修訂印發合併財務報表格式(2019版的通知》) (Cai Kuai [2019] No. 16), the Accounting Standards for Business Enterprises No. 7 – Non-monetary Asset Exchange (2019 Revision) (Cai Kuai [2019] No.8) and the Accounting Standards for Business Enterprises No. 12 – Debt Restructuring (2019 Revision) (Cai Kuai [2019] No.9) issued by the Ministry of Finance, the Company made corresponding changes in accounting policies and implemented the corresponding accounting treatments at the commencement date stipulated in the above documents. The change in accounting policies was made on reasonable basis according to the relevant regulations issued by the Ministry of Finance, which was in line with the Accounting Standards for Business Enterprises and the relevant regulations. The decision-making process for this change in accounting policies is in compliance with relevant laws and regulations and the Articles of Association. The change in the accounting policies has no material impact on the current financial conditions and operating results of the Company, nor does it involve retrospective adjustments in prior years. For details of the change in accounting policies, please refer to the Announcement of Nanjing Panda on Change in Some of Accounting Policies (Lin 2020–021) published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 31 March 2020.

5 Analysis and explanation of the Company on the reasons and impact of the correction to material errors

Applicable Not Applicable

6 Compared with the financial report of last year, the Company should make specific explanations for changes in the consolidation scope of the financial statements.

The Company deregistered the subsidiary of Nanjing Panda Instrument and Apparatus Co., Ltd. during the period. Before the deregistration and liquidation, the subsidiary had been consolidated in the Company's consolidated statements.

IV. FINANCIAL STATEMENTS UNDER PRC ACCOUNTING STANDARDS

Consolidated Balance Sheet

31 December 2020

(Expressed in RMB, unless otherwise stated)

ASSETS	Closing balance	Balance at the end of last year
Current assets:		
Cash and cash equivalents	1,315,726,827.97	1,053,869,767.19
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets held for trading	501,356,576.18	300,469,826.49
Derivative financial assets		
Notes receivable	35,394,835.82	21,780,418.49
Accounts receivable	1,161,870,914.59	996,359,257.15
Receivables financing	144,969,078.62	347,259,336.87
Advance to suppliers	109,660,420.50	113,341,943.82
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	50,074,829.20	48,020,435.60
Financial assets held under resale agreements		
Inventories	791,346,543.93	816,955,476.60
Contract assets	76,231,842.63	541,978,173.94
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	<u>28,763,433.11</u>	<u>55,089,857.84</u>
Total current assets	<u>4,215,395,302.55</u>	<u>4,295,124,493.99</u>

ASSETS	Closing balance	Balance at the end of last year
Non-current assets:		
Loans and advances to customers		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	295,182,882.84	276,388,843.98
Other equity instruments investments	4,074,939.80	4,035,539.29
Other non-current financial assets		
Investment properties	235,008,179.80	21,096,325.77
Fixed assets	964,778,076.38	1,188,174,150.27
Construction in progress	7,346,214.86	31,407,899.18
Biological assets for production		
Fuel assets		
Right-of-use assets	13,522,566.06	12,456,669.33
Intangible assets	157,943,967.01	109,121,914.00
Development expenses		
Goodwill		
Long-term expenses to be amortised	10,767,289.92	11,720,569.43
Deferred income tax assets	16,160,839.46	15,345,449.29
Other non-current assets	81,767,440.76	55,275,624.94
Total non-current assets	<u>1,786,552,396.89</u>	<u>1,725,022,985.48</u>
Total assets	<u><u>6,001,947,699.44</u></u>	<u><u>6,020,147,479.47</u></u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Current liabilities:		
Short-term borrowings		50,000,000.00
Borrowings from central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	193,125,064.34	234,736,827.23
Accounts payable	1,598,171,215.24	1,628,435,817.44
Advance receipts from customers	3,394,006.00	2,581,558.74
Contract liabilities	183,520,790.45	160,540,186.87
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Security trading of agency		
Securities underwriting		
Staff salaries payable	37,405,445.62	39,274,102.16
Taxes payable	30,758,945.68	21,404,214.61
Other payables	90,865,482.11	78,425,560.86
Bank charges and commissions due		
Reinsurers due		
Liabilities held for sale		
Non-current liabilities due within one year	8,170,178.10	3,451,972.08
Other current liabilities	70,422,975.07	66,677,266.21
Total current liabilities	<u>2,215,834,102.61</u>	<u>2,285,527,506.20</u>

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Non-current liabilities:		
Insurance contract reserves		
Long-term payables		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	8,141,702.09	8,926,407.51
Long-term payables		
Long-term staff salaries payables	15,981,789.25	19,767,429.75
Estimated liabilities		
Deferred income	15,283,181.46	17,261,888.00
Deferred income tax liabilities	326,863.37	107,441.42
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	<u>39,733,536.17</u>	<u>46,063,166.68</u>
Total liabilities	<u><u>2,255,567,638.78</u></u>	<u><u>2,331,590,672.88</u></u>

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,470,691,800.13	1,470,691,800.13
Less: Treasury shares		
Other comprehensive income	318,704.84	289,154.46
Special reserve		
Surplus reserve	267,682,027.88	258,647,274.54
General preparation		
Undistributed profit	<u>856,899,656.12</u>	<u>804,605,994.12</u>
 Total equity attributable to the shareholders of the parent company	 <u>3,509,430,717.97</u>	 3,448,072,752.25
Minority interests	<u>236,949,342.69</u>	<u>240,484,054.34</u>
 Total owners' equity	 <u>3,746,380,060.66</u>	 <u>3,688,556,806.59</u>
 Total liabilities and owners' equity	 <u><u>6,001,947,699.44</u></u>	 <u><u>6,020,147,479.47</u></u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Parent Company Balance Sheet

31 December 2020

(Expressed in RMB, unless otherwise stated)

ASSETS	Closing balance	Balance at the end of last year
Current assets:		
Cash and cash equivalents	182,893,267.89	59,376,665.62
Financial assets held for trading	85,149,138.89	120,011,835.62
Derivative financial assets		
Notes receivables		
Accounts receivable	101,591,648.77	77,883,947.57
Financing receivables	13,415,674.00	6,000,000.00
Prepayments	4,764,922.90	1,623,591.01
Other receivables	376,035,744.51	395,937,554.47
Inventories	18,450,298.94	22,621,153.30
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets		27,552,360.61
Total current assets	782,300,695.90	711,007,108.20

ASSETS	Closing balance	Balance at the end of last year
Non-current assets:		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	1,728,663,326.69	1,710,218,840.58
Other equity instruments investments	4,074,939.80	4,035,539.29
Other non-current financial assets		
Investment properties	373,471,501.63	159,384,219.01
Fixed assets	70,982,173.65	302,786,588.45
Construction in progress	3,206,506.25	2,319,713.81
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	11,110,934.53	12,090,267.24
Development expenses		
Goodwill		
Long-term deferred expense	3,293,294.05	3,922,128.00
Deferred tax assets		
Other non-current assets		
	_____	_____
Total non-current assets	<u>2,194,802,676.60</u>	<u>2,194,757,296.38</u>
Total assets	<u><u>2,977,103,372.50</u></u>	<u><u>2,905,764,404.58</u></u>

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i> Xia Dechuan	<i>Chief Accountant:</i> Hu Dali	<i>Head of the Accounting Department:</i> Liu Xianfang
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Liabilities and owners' equity	Closing balance	Balance at the end of last year
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	6,120,870.63	2,525,779.62
Accounts payable	43,131,574.28	63,661,767.44
Advance receipts from customers	160,842.28	160,842.29
Contract liabilities	5,851,615.78	157,964.60
Staff salaries payable	3,012,899.46	2,134,066.65
Taxes payable	9,127,756.95	1,685,195.08
Other payables	118,662,218.71	119,765,500.53
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	760,710.05	20,535.40
Total current liabilities	186,828,488.14	190,111,651.61
Non-current liabilities:		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long term Staff salaries payable	2,149,207.40	1,961,534.25
Accrued liabilities		
Deferred income		
Deferred income tax liabilities	143,519.68	96,384.83
Other non-current liabilities		
Total non-current liabilities	2,292,727.08	2,057,919.08
Total liabilities	189,121,215.22	192,169,570.69

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,434,870,834.28	1,434,870,834.28
Less: Treasury shares		
Other comprehensive income	318,704.84	289,154.46
Special reserve		
Surplus reserve	267,682,027.88	258,647,274.54
Undistributed profits	171,272,061.28	105,949,041.61
Total owners' equity	<u>2,787,982,157.28</u>	<u>2,713,594,833.89</u>
Total liabilities and owners' equity	<u>2,977,103,372.50</u>	<u>2,905,764,404.58</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Consolidated Income Statement

The Year 2020

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Revenue	3,952,265,022.15	4,660,047,001.92
Including: Operating income	3,952,265,022.15	4,660,047,001.92
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	3,876,164,021.11	4,544,961,530.16
Including: Operating costs	3,346,686,684.89	3,955,938,472.70
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	25,728,972.90	23,174,993.13
Selling expenses	45,876,049.49	54,111,280.14
Administrative expenses	257,745,539.77	270,036,371.18
R&D costs	205,817,437.26	239,196,398.72
Financial expenses	-5,690,663.20	2,504,014.29
Including: Interest expense	1,620,639.74	3,631,924.64
Interest income	11,743,930.16	13,040,696.48
Add: Other gains	18,343,268.26	22,868,902.54
Investment income (losses are represented by “-”)	74,470,506.63	60,521,783.15
Including: Investment income of associates and joint ventures	67,620,440.86	45,436,683.21
Gains arising from derecognition of financial assets at amortised cost		
Exchange gain (losses are represented by “-”)		
Income on hedging the net exposure (losses are represented by “-”)		

Items	Amount for the current period	Amount for the previous period
Gains arising from changes in fair value (losses are represented by “-”)	886,749.69	469,826.49
Credit impairment loss (losses are represented by “-”)	-15,781,683.84	-12,648,007.98
Asset impairment loss (losses are represented by “-”)	-13,955,982.11	-43,308,217.26
Gains on disposal of assets (losses are represented by “-”)	-50,820.75	383,216.04
3. Operating profit (losses are represented by “-”)	140,013,038.92	143,372,974.74
Add: Non-operating income	12,947,404.25	4,932,373.77
Less: Non-operating expenses	990,522.96	895,287.76
4. Total profit (total losses are represented by “-”)	151,969,920.21	147,410,060.75
Less: Income tax expense	34,188,719.62	33,724,437.23
5. Net profit (net losses are represented by “-”)	117,781,200.59	113,685,623.52
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by “-”)	117,781,200.59	113,685,623.52
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 equity shareholders of the parent company (net losses are represented by “-”)	77,318,175.74	52,657,894.58
2. Minority interests (net losses are represented by “-”)	40,463,024.85	61,027,728.94

Items	Amount for the current period	Amount for the previous period
6. Net other comprehensive income after tax	29,550.38	97,640.59
Net other comprehensive income after tax attributable to owners of the parent company	29,550.38	97,640.59
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	29,550.38	97,640.59
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	29,550.38	97,640.59
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. Changes in fair value of other equity instruments investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other bonds investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		
Net other comprehensive income after tax attributable to minority shareholders		

Items	Amount for the current period	Amount for the previous period
7. Total comprehensive income	117,810,750.97	113,783,264.11
Total comprehensive income attributable to the equity holders of the parent company	77,347,726.12	52,755,535.17
Total comprehensive income attributable to minority shareholders	40,463,024.85	61,027,728.94
8. Earnings per share:		
(1) Basic earnings per share (<i>RMB/share</i>)	0.0846	0.0576
(2) Diluted earnings per share (<i>RMB/share</i>)	0.0846	0.0576

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Parent Company Income Statement
The Year 2020
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Operating income	128,965,247.68	105,540,010.24
Less: Operating costs	79,920,696.35	54,632,844.54
Business taxes and surcharge	8,576,482.38	4,370,529.62
Selling expenses	3,812,723.76	3,029,059.62
Administrative expenses	110,049,207.93	109,484,485.89
R&D costs	25,118,385.97	37,025,842.52
Financial expenses	-6,635,815.49	-5,794,704.52
Including: Interest expense		
Interest income	936,106.05	2,609,136.84
Add: Other incomes	761,831.02	18,910.30
Investment income (losses are represented by “-”)	174,301,816.17	90,960,382.95
Including: Investment income of associates and joint ventures	67,270,888.11	45,167,594.22
Gains arising from derecognition of financial assets at amortised cost		
Income on hedging the net exposure (losses are represented by “-”)		
Income from change in fair value (losses are represented by “-”)	137,303.27	11,835.62
Credit impairment loss (losses are represented by “-”)	1,115,266.09	-681,092.44
Assets impairment loss (losses are represented by “-”)	-222,318.70	-13,186,312.38
Gains on disposal of assets (losses are represented by “-”)	-27,378.48	
2. Operating profit (losses are represented by “-”)	84,190,086.15	-20,084,323.38
Add: Non-operating income	6,918,802.39	2.17
Less: Non-operating expenses	724,070.41	289,192.92
3. Total profit (total losses are represented by “-”)	90,384,818.13	-20,373,514.13
Less: Income tax expense	37,284.72	

Items	Amount for the current period	Amount for the previous period
4. Net profit (net losses are represented by “-”)	90,347,533.41	-20,373,514.13
(I) Net profit for going concern (net losses are represented by “-”)	90,347,533.41	-20,373,514.13
(II) Net profit for discontinued operation (net losses are represented by “-”)		
5. Net other comprehensive income after tax	29,550.38	97,640.59
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	29,550.38	97,640.59
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	29,550.38	97,640.59
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. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		
6. Total comprehensive income	90,377,083.79	-20,275,873.54

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Consolidated Cash Flow Statement
The Year 2020
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	4,652,591,328.68	4,465,987,746.96
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from banks and other financial institutions		
Cash received from premiums of original insurance contract		
Net amount of reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Net cash received from securities brokerage		
Refunds of taxes	83,772,022.96	77,602,619.72
Cash received relating to other operating activities	229,732,942.73	193,588,491.67
Sub-total of cash inflows from operating activities	4,966,096,294.37	4,737,178,858.35
Cash paid on purchase of goods and services received	3,421,853,774.82	3,902,192,914.30
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		
Net increase in placements with banks and other financial institutions		
Cash paid for interests, fees and commissions		

Items	Amount for the current period	Amount for the previous period
Cash paid for policy dividends		
Cash paid to and on behalf of employees	579,105,447.82	554,872,811.94
Cash paid for all types of taxes	157,611,180.50	333,710,832.18
Cash paid relating to other operating activities	272,872,273.95	287,636,148.06
Sub-total of cash outflows from operating activities	4,431,442,677.09	5,078,412,706.48
Net cash flows generated from operating activities	534,653,617.28	-341,233,848.13
2. Cash flows from investing activities		
Cash received from return on investments		5,465,659.67
Cash received from income from investments	57,290,700.54	84,558,902.54
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	599,039.29	3,596,859.22
Net cash received from disposal of subsidiaries and other operating entities	309,600.00	5,465,659.67
Cash received relating to other investing activities	1,246,030,000.00	1,656,419,000.00
Sub-total of cash inflows from investing activities	1,304,229,339.83	1,750,040,421.43
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	71,016,327.90	197,082,427.99
Cash paid for investments		
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	1,446,030,000.00	1,596,419,000.00
Sub-total of cash outflows from investing activities	1,517,046,327.90	1,793,501,427.99
Net cash flows generated from investing activities	-212,816,988.07	-43,461,006.56

Items	Amount for the current period	Amount for the previous period
3. Net cash flows generated from financing activities		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		95,000,000.00
Cash received relating to other financing activities	85,148,311.98	124,394,222.30
Sub-total of cash inflows from financing activities	85,148,311.98	219,394,222.30
Cash paid on repayment of borrowings	50,000,000.00	140,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	60,261,138.90	118,517,590.98
Including: bonus and profit paid to minority shareholders by subsidiaries	43,586,256.30	42,117,860.74
Cash paid relating to other financing activities	2,649,087.35	4,741,839.43
Sub-total of cash outflows from financing activities	112,910,226.25	263,259,430.41
Net cash flows generated from financing activities	-27,761,914.27	-43,865,208.11
4. Effect of foreign exchange rate changes on cash and cash equivalents	-8,163,284.59	-412,752.77
5. Net increase in cash and cash equivalents	285,911,430.35	-428,972,815.57
Add: balance of cash and cash equivalents at the beginning of the year	863,141,377.23	1,292,114,192.80
6. Balance of cash and cash equivalents at the end of the year	1,149,052,807.58	863,141,377.23

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Parent Company Cash Flow Statement
The Year 2020
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	100,186,576.91	79,885,210.37
Refunds of taxes	35,055,477.53	
Cash received received to other operating activities	226,252,606.02	337,650,954.61
Sub-total of cash inflows from operating activities	361,494,660.46	417,536,164.98
Cash paid on purchase of goods and services received	49,342,382.92	40,763,889.86
Cash paid to and on behalf of employees	86,613,661.79	78,093,081.74
Cash paid for all types of taxes	7,971,589.61	185,314,721.55
Cash paid relating to other operating activities	258,486,455.74	501,692,238.90
Sub-total of cash outflows from operating activities	402,414,090.06	805,863,932.05
Net cash flows generated from operating activities	-40,919,429.60	-388,327,767.07
2. Cash flows from investing activities		
Cash received from disposal and returns of investments		5,465,659.67
Cash received from return on investments	155,966,749.60	115,501,039.80
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	39,280.25	
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	505,000,000.00	1,160,000,000.00
Sub-total of cash inflows from investing activities	661,006,029.85	1,280,966,699.47
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	12,134,652.21	29,098,547.65
Cash paid for investments		
Net cash paid on acquisition of subsidiaries and other operating entities		

Items	Amount for the current period	Amount for the previous period
Cash paid relating to other investing activities	470,000,000.00	970,000,000.00
Sub-total of cash outflows from investing activities	482,134,652.21	999,098,547.65
Net cash flows generated from operating activities	178,871,377.64	281,868,151.82
3. Cash flows from financing activities		
Cash received from investment		
Cash received from borrowings		
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interests expenses	15,992,174.26	73,107,082.32
Cash paid on other financing activities		
Sub-total of cash outflows from financing activities	15,992,174.26	73,107,082.32
Net cash flows from financing activities	-15,992,174.26	-73,107,082.32
4. Effect of fluctuations in exchange rates on cash and cash equivalents		
	-363.44	300.14
5. Net increase in cash and cash equivalents		
	121,959,410.34	-179,566,397.43
Add: balance of cash and cash equivalents at the beginning of the period	56,919,306.88	236,485,704.31
6. Balance of cash and cash equivalents at the end of the period		
	178,878,717.22	56,919,306.88

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i> Xia Dechuan	<i>Chief Accountant:</i> Hu Dali	<i>Head of the Accounting Department:</i> Liu Xianfang
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Consolidated Statement of changes in shareholders' equity

The Year 2020

(Expressed in RMB, unless otherwise stated)

Items	Current period										Total owners' equity			
	Equity attributable to the owners of parent company													
	Share capital	Preference shares	Other equity instrument		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests	
			Perpetual bonds	Others										
I. Balance at the end of prior year	913,838,529.00				1,470,691,800.13		289,154.46		258,647,274.54		804,605,994.12	3,448,072,752.25	240,484,054.34	3,688,556,806.59
Add: Changes in accounting policies														
Error correction of previous period														
Business combination involving entities under common control														
Others														
II. Balance at the beginning of current year	913,838,529.00				1,470,691,800.13		289,154.46		258,647,274.54		804,605,994.12	3,448,072,752.25	240,484,054.34	3,688,556,806.59
III. Changes of current year (decreases are represented by "-")														
(I) Total comprehensive income							29,550.38		9,034,753.34		52,293,662.00	61,357,965.72	-3,534,711.65	57,823,254.07
(II) Share capital contributed or withdrew by owners							29,550.38				77,318,175.74	77,347,726.12	40,463,024.85	117,810,750.97
1. Share capital contributed by owners														
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included in owner's equity														
4. Others														
(III) Profit distribution									9,034,753.34		-25,024,513.74	-15,989,760.40	-43,997,736.50	-59,987,496.90
1. Appropriation of surplus reserve									9,034,753.34		-9,034,753.34			
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners (or shareholders)														
4. Others														

Items	Current period													
	Equity attributable to the owners of parent company													
	Share capital	Preference shares	Other equity instrument	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests	Total owners' equity
(IV) Internal carry-over within equity														
1. Transfer of capital reserve to capital (or share capital)														
2. Transfer of surplus reserve to capital (or share capital)														
3. Surplus reserve to cover losses														
4. Change in defined benefit plan carried over to retained earnings														
5. Other comprehensive income carried over to retained earnings														
6. Others														
(V) Special reserve														
1. Appropriation for the current period								10,600.00						10,600.00
2. Application for the current period								10,600.00						10,600.00
(VI) Others														
IV. Balance at the end of current period	913,838,529.00				1,470,691,800.13		318,704.84		267,682,027.88		856,899,656.12	3,509,430,717.97	23,699,342.69	3,746,380,060.66

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Preceding period

Items	Equity attributable to the owners of parent company													
	Share capital	Preference shares	Other equity instrument	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of prior year	913,838,529.00				1,470,691,800.13		191,513.87		258,647,274.54		825,055,181.86	3,468,424,299.40	223,454,061.90	3,691,878,361.30
Add: Changes in accounting policies														
Error correction of previous period														
Business combination involving entities under common control														
Others														
II. Balance at the beginning of current year	913,838,529.00				1,470,691,800.13		191,513.87		258,647,274.54		825,055,181.86	3,468,424,299.40	223,454,061.90	3,691,878,361.30
III. Changes of current year (decreases are represented by "-")														
(I) Total comprehensive income							97,640.59				-20,449,187.74	-20,351,547.15	17,029,992.44	-3,321,554.71
(II) Share capital contributed or withdrew by owners							97,640.59				52,657,894.58	52,355,555.17	61,027,728.94	113,783,264.11
1. Share capital contributed by shareholders														
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included in owner's equity														
4. Others														
(III) Profit distribution											-73,107,082.32	-73,107,082.32	-43,997,736.50	-117,104,818.82
1. Appropriation of surplus reserve														
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners (or shareholders)														
4. Others														
											-73,107,082.32	-73,107,082.32	-43,997,736.50	-117,104,818.82

Items	Preceding period													
	Equity attributable to the owners of parent company													
	Share capital	Preference shares	Other equity instrument	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests	Total owners' equity
(IV) Internal carry-over within equity														
1. Transfer of capital reserve to capital (or share capital)														
2. Transfer of surplus reserve to capital (or share capital)														
3. Surplus reserve to cover losses														
4. Change in defined benefit plan carried over to retained earnings														
5. Other comprehensive income carried over to retained earnings														
6. Others														
(V) Special reserve														
1. Appropriation for the current period														
2. Application for the current period														
(VI) Others														
IV. Balance at the end of current year	913,838,529.00				1,470,691,800.13		289,154.46		258,647,274.54		804,605,944.12	3,448,072,752.25	240,484,054.34	3,688,556,806.59

The accompanying notes form an integral part of these financial statements.

Legal Representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Parent Company Statement of changes in shareholders' equity

The Year 2020

(Expressed in RMB, unless otherwise stated)

Items	Other equity instrument					Current period					Total owners' equity
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	
I. Balance at the end of prior year	913,838,529.00				1,434,870,834.28		289,154.46		258,647,274.54	105,949,041.61	2,713,594,833.89
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Balance at the beginning of current year	913,838,529.00				1,434,870,834.28		289,154.46		258,647,274.54	105,949,041.61	2,713,594,833.89
III. Changes of current year (decreases are represented by "-")											
(I) Total comprehensive income							29,550.38		9,034,753.34	65,323,019.67	74,387,323.39
(II) Share capital contributed or withdrew by owners							29,550.38			90,347,533.41	90,377,083.79
1. Share capital contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in owner's equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve									9,034,753.34	25,024,513.74	-15,989,760.40
2. Appropriation to owners (or shareholders)									9,034,753.34	-9,034,753.34	
3. Others										-15,992,174.26	-15,992,174.26
										2,413.86	2,413.86

Items	Other equity instrument					Current period					
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to (or share capital)											
3. Surplus reserve to cover losses											
4. Change in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of current period	913,888,529.00				1,434,870,834.28		318,704.84		267,682,027.88	171,272,061.28	2,787,982,157.28

The accompanying notes form an integral part of these financial statements.

Legal Representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Items	Preceding period										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
I. Balance at the end of prior year	913,838,529.00				1,434,870,834.28		191,513.87		238,647,274.54	199,429,638.06	2,806,977,789.75
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Balance at the beginning of current year	913,838,529.00				1,434,870,834.28		191,513.87		238,647,274.54	199,429,638.06	2,806,977,789.75
III. Changes of current year (decreases are represented by "-")											
(I) Total comprehensive income							97,640.59			-93,480,596.45	-93,382,955.86
(II) Share capital contributed or withdrew by owners							97,640.59			-20,373,514.13	-20,275,873.54
1. Share capital contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in owner's equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve										-73,107,082.32	-73,107,082.32
2. Appropriation to owners (or shareholders)											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to capital (or share capital)											
3. Surplus reserve to cover losses											

Items	Preceding period										
	Share capital	Preference shares	Other equity instrument		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
4. Change in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of current year	913,838,529.00				1,434,870,834.28		289,154.46		238,647,274.54	105,949,041.61	2,713,594,833.89

Legal Representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

NOTES

(1) PREPARATION OF BASIS

Based on going concern and actual transactions and events, the Company prepared financial statements in accordance with the basic and specific standards of the Accounting Standards for Business Enterprises, the Application Guidance for Accounting Standard 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 disclosure 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.

(2) GOING CONCERN

For the reporting period and at least 12 months since the end of the reporting period and there is no significant risk affecting its ability to continue as a going concern.

(3) SEGMENT REPORTS

The company established 4 parts of segment reports on the basis of the internal organisational structure, management requirement, and internal report system. They are intelligent city industry, electronic manufacturing service, intelligent manufacturing industry and others. Each segment provides different products and service, or activities from different areas. Due to the different demands of each segment applying for different technology and marketing strategy, the company’s management control the different segments of business activities separately, and evaluate the operating results on a regular basis in order to allocate resources and evaluate its performance.

The inter-segment transfer price is determined based on the actual transaction price, and the expenses indirectly attributable to each segment are distributed among the segments according to the corresponding proportion. The assets are allocated based on the operations of the segments and the location of the assets. Segment liabilities include liabilities attributable to the segment from the segment’s operating activities. If the liabilities related to the liabilities shared by the multiple operating segments are allocated to these operating segments, the shared liabilities are also allocated to these operating segments.

Non-current assets are classified according to the assets in which they are located, excluding available-for-sale financial assets and deferred income tax assets. The non-current assets of the Company are all within the China Mainland.

Annual information by December 31st, 2020 and December 31st, 2019 are separately provided as follows:

Year by December 31st, 2020

Unit: RMB, Yuan

Item	Intelligent city industry	Electronic manufacturing service	Intelligent manufacturing industry	Others	Undistributed amount	Eliminations among segments	Total
Trade income from third party	1,710,930,837.36	1,913,352,347.06	267,511,189.90	55,847,672.35	4,622,975.48		3,952,265,022.15
Trade income between segments	117,700,270.39	170,823,514.50	32,493,187.94	17,191,159.49		-338,208,132.32	
Investment income from joint ventures and associated		349,552.75			67,270,888.11		67,620,440.86
Impairment of assets	-809,904.34	4,957,382.85	9,649,835.29	158,668.31			13,955,982.11
Credit impairment losses	1,833,021.76	-34,138.85	12,246,875.82	1,468,096.39	267,828.72		15,781,683.84
Depreciation and amortization expense	10,936,185.53	40,669,950.82	14,590,434.78	24,855,248.11	21,643,846.67		112,695,665.91
Total profit (Total loss)	117,562,572.79	179,130,740.17	-106,376,527.53	-32,272,443.56	105,212,056.54	-111,286,478.20	151,969,920.21
Income tax expenses	2,448,532.92	31,124,190.96	-697,304.89	1,998,750.83	37,284.72	-722,734.92	34,188,719.62
Net profit (Net loss)	115,114,039.87	148,006,549.21	-105,679,222.64	-34,271,194.39	105,174,771.82	-110,563,743.28	117,781,200.59
Total assets	2,138,737,550.58	1,890,716,726.63	681,203,059.52	699,160,455.20	2,962,697,337.03	-2,370,567,429.52	6,001,947,699.44
Total liabilities	1,234,543,060.64	977,715,870.13	459,885,351.28	134,799,025.68	134,713,269.28	-686,088,938.23	2,255,567,638.78
Other non-cash expense other than depreciation and amortization expenses							
Long-term investment in joint ventures and associated enterprises		2,305,102.51			292,877,780.33		295,182,882.84
Increased amount in other non-current assets other than long-term investment	24,119,286.88	-3,779,361.98	33,874,867.58	9,119,006.44	-20,488,869.53	-109,556.84	42,735,372.55

Year by December 31st, 2019

Unit: RMB, Yuan

Item	Intelligent city industry	Electronic manufacturing service	Intelligent manufacturing industry	Others	Undistributed amount	Eliminations among segments	Total
Trade income from third party	2,123,817,689.13	1,834,878,039.13	633,226,163.33	68,125,110.33			4,660,047,001.92
Trade income between segments	92,051,140.67	109,696,224.86	57,790,790.01	35,685,251.22		-295,223,406.76	
Investment income from joint ventures and associated		269,088.99			45,167,594.22		45,436,683.21
Impairment of assets	3,014,486.70	7,930,336.78	18,594,742.05	576,333.74	13,192,317.99		43,308,217.26
Credit impairment losses	7,469,159.94	-745,430.53	1,976,972.01	3,926,776.99	20,529.57		12,648,007.98
Depreciation and amortization expense	8,648,156.61	33,961,933.05	10,162,720.44	29,738,001.33	12,262,229.18	-69,582.16	94,703,458.45
Total profit (Total loss)	109,404,755.82	183,598,457.87	-57,772,206.69	-42,344,914.21	11,181,951.98	-56,657,984.02	147,410,060.75
Income tax expenses	9,282,757.57	25,486,039.35		-574,730.68		-469,629.01	33,724,437.23
Net profit (Net loss)	100,121,998.25	158,112,418.52	-57,772,206.69	-41,770,183.53	11,181,951.98	-56,188,355.01	113,685,623.52
Total assets	2,042,479,130.13	1,914,349,879.63	939,615,850.27	730,066,656.99	2,888,691,499.35	-2,495,055,536.90	6,020,147,479.47
Total liabilities	1,258,239,789.85	973,719,842.98	579,918,647.33	148,236,045.71	149,921,993.40	-778,445,646.39	2,331,590,672.88
Other non-cash expense other than depreciation and amortization expenses							
Long-term investment in joint ventures and associated enterprises		1,955,549.76			274,433,294.22		276,388,843.98
Increased amount in other non-current assets other than long-term investment	61,707,295.19	114,608,416.46	29,372,721.67	-12,124,528.49	-24,997,221.14	2,813,347.16	171,380,030.85

(4) Accounts receivable

1. Disclosure of accounts receivable by aging

Account age	Closing balance	Balance at the end of last year
Within one year (includes 1 year)	986,730,944.25	888,517,226.88
including: 0-6 months	852,957,752.19	831,972,710.15
7-12 months	133,773,192.06	56,544,516.73
1 to 2 years	129,760,955.02	71,782,021.94
2 to 3 years	60,317,987.51	37,383,185.91
3 to 4 years	13,312,642.33	14,855,019.84
4 to 5 years	8,466,952.45	21,275,141.86
5 years above	20,343,866.35	8,724,891.67
Subtotal	1,218,933,347.91	1,042,537,488.10
Less: bad debt provision	57,062,433.32	46,178,230.95
Total	<u>1,161,870,914.59</u>	<u>996,359,257.15</u>

2. Disclosure of accounts receivable by allotment method of bad debt

Type	Carrying amount		Closing balance		Book value
	Amount	Percentage (%)	Bad debt provision Amount	Percentage (%)	
Accounts receivable with individual accrual	62,246,501.20	5.11	31,024,845.33	49.84	31,221,655.87
Accounts receivable with accruing bad debt provision in credit risk characteristic portfolio	1,156,686,846.71	94.89	26,037,587.99	2.25	1,130,649,258.72
Including: aging portfolio	649,077,446.89	53.25	25,874,714.37	3.99	623,202,732.52
Other portfolio	507,609,399.82	41.64	162,873.62	0.03	507,446,526.20
Total	<u>1,218,933,347.91</u>	<u>100.00</u>	<u>57,062,433.32</u>		<u>1,161,870,914.59</u>

Type	Balance at the end of last year				Book value
	Carrying amount		Bad debt provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable with individual accrual	85,612,136.43	8.21	26,441,239.05	30.88	59,170,897.38
Accounts receivable with accruing bad debt provision in credit risk characteristic portfolio	956,925,351.67	91.79	19,736,991.90	2.06	937,188,359.77
Including: aging portfolio	520,032,228.45	49.88	19,479,475.27	3.75	500,552,753.18
Other portfolio	436,893,123.22	41.91	257,516.63	0.06	436,635,606.59
Total	1,042,537,488.10	100.00	46,178,230.95		996,359,257.15

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

Type	Balance at the end of last year	Accrual of bad debts	Movement		Closing balance
			Return or recovery	withdrawing	
Accounts receivable with individual accrual	26,441,239.05	11,609,438.34	6,421,843.06	603,989.00	31,024,845.33
Accounts receivable with accruing bad debt provision in credit risk characteristic portfolio	19,736,991.90	16,441,930.35	7,932,981.58	2,208,352.68	26,037,587.99
Including: aging portfolio	19,479,475.27	16,441,930.35	7,932,981.58	2,113,709.67	25,874,714.37
Other portfolio	257,516.63			94,643.01	162,873.62
Total	46,178,230.95	28,051,368.69	14,354,824.64	2,812,341.68	57,062,433.32

4. The accounts receivable that have been written-off

Item	Written-off amount
Accounts receivable written-off	2,812,341.68

5. **At the end of the accounting period, the company had no derecognized accounts receivable due to the transfer of financial assets**
6. **At the end of the accounting period, the company had no transferred receivables or continued to be involved in the amount of assets and liabilities**
7. **Overdue receivables at the end of accounting period**

Item	Closing balance
Amount not overdue or impaired	852,957,752.19
Overdue but not impaired amount – Within 3 months	92,947,626.18
Overdue but not impaired amount – 3 months above	215,965,536.22
Total	<u><u>1,161,870,914.59</u></u>

The largest credit risk of The Company's accounts receivable is the carrying value of accounts receivable in the consolidated financial statement. Due to the top five debtors of accounts receivable occupying 41.47% (2019, 44.30%) of accounts receivable in consolidated financial statement for the year ended 31 December 2020, the Company does not suffer from material and centralised credit risk.

(5) CONTRACT ASSETS

1. Details of contract assets

Item	Book balance	Closing Balance Impairment provision	Book value
Intelligent traffic	59,360,246.98		59,360,246.98
Intelligent construction	14,904,332.70		14,904,332.70
Intelligent factory	2,314,427.00	347,164.05	1,967,262.95
Information network equipment and consumer electronics			
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Total	<u><u>76,579,006.68</u></u>	<u><u>347,164.05</u></u>	<u><u>76,231,842.63</u></u>

Item	Balance at the end of last year		
	Book balance	Impairment provision	Book value
Intelligent traffic	90,869,620.80		90,869,620.80
Intelligent construction	80,743,660.20	538,933.18	80,204,727.02
Intelligent factory	371,864,195.95	2,150,369.83	369,713,826.12
Information network equipment and consumer electronic products	1,190,000.00		1,190,000.00
Total	<u>544,667,476.95</u>	<u>2,689,303.01</u>	<u>541,978,173.94</u>

2. Amount and reasons for significant changes in book value during the reporting period

Item	Changed amount	Reasons of changes
Intelligent traffic	-31,509,373.82	Transfer of contract assets recognized at the beginning of the year into account receivables
Intelligent construction	-65,839,327.50	Transfer of contract assets recognized at the beginning of the year into account receivables
Intelligent factory	-369,549,768.95	Transfer of contract assets recognized at the beginning of the year into account receivables
Information network equipment and consumer electronic products	-1,190,000.00	Transfer of contract assets recognized at the beginning of the year into account receivables
Total	<u>-468,088,470.27</u>	

3. Provision for impairment of contract assets in the current period

Item	Balance at the end of last year	Provision in current period	Reversal in current period	Written-off in current period	Closing balance	reasons
Intelligent factory	2,150,369.83		1,803,205.78		347,164.05	transferred into receivables
Intelligent construction	538,933.18		538,933.18			transferred into receivables
Total	<u>2,689,303.01</u>		<u>2,342,138.96</u>		<u>347,164.05</u>	

Note: The reason for the reversal of impairment is that the contract assets recognized at the beginning of the year were transferred into receivables.

(6) OTHER EQUITY INSTRUMENT INVESTMENT

1. Details of investment in other equity instrument

Item	Closing balance	Balance at the end of last year
Jiangsu urban rail transit research and Design Institute Co., Ltd	<u>4,074,939.80</u>	<u>4,035,539.29</u>
Total	<u>4,074,939.80</u>	<u>4,035,539.29</u>

2. Investment in non-tradable equity instruments

Item	Dividend income recognized in the current period	Accumulated profits	Accumulated loss	Amount transferred from other comprehensive income to retained earnings	Reasons of designated to be measured at fair value with changes included in other comprehensive income	Reasons for transfer of other comprehensive income into retained earnings
Jiangsu urban rail transit research and Design Institute Co., Ltd		424,939.80			Investment in non-tradable equity instruments	

(7) RIGHT OF USE ASSETS

Item	Buildings	Machinery equipment	Total
1. Original book value			
(1) Opening balance	11,082,420.71	6,641,154.01	17,723,574.72
(2) Increased amount in current period	8,107,334.10		8,107,334.10
– New lease	8,107,334.10		8,107,334.10
– Increase by merge			
– Revaluation adjustment			
(3) Decreased amount in current period			
– Transferred to fix assets			
– Disposal			
(4) Closing balance	19,189,754.81	6,641,154.01	25,830,908.82
2. Accumulated Depreciation			
(1) Opening balance	1,072,492.33	4,194,413.06	5,266,905.39
(2) Increased amount in current period	4,594,696.42	2,446,740.95	7,041,437.37
– Accrued	4,594,696.42	2,446,740.95	7,041,437.37
(3) Decreased amount in current period			
– Transferred to fixed assets			
– Disposal			
(4) Closing balance	5,667,188.75	6,641,154.01	12,308,342.76
3. Impairment provision			
(1) Opening balance			
(2) Increased amount in current period			
– Accrued			
(3) Decreased amount in current period			
– Transferred to fixed assets			
(4) Closing balance			
4. Book value			
(1) Book value at the end of the period	13,522,566.06		13,522,566.06
(2) Book value at the beginning of the period	10,009,928.38	2,446,740.95	12,456,669.33

(8) ACCOUNTS PAYABLE

1. Accounts payable

Item	Closing balance	Balance at the end of last year
Within 1 year (Including 1 year)	1,416,898,524.95	1,354,289,654.38
1 to 2 years (Including 2 years)	91,482,176.96	186,252,779.24
2 to 3 years (Including 3years)	46,089,316.15	45,350,521.82
3 years above	43,701,197.18	42,542,862.00
Total	<u>1,598,171,215.24</u>	<u>1,628,435,817.44</u>

2. Classified by nature

Item	Closing balance	Balance at the end of last year
Payment for goods	1,145,628,682.72	1,172,838,445.91
Project funds	404,152,080.28	412,609,654.32
Processing and maintenance funds	29,187,350.64	23,100,766.77
Logistics warehousing funds	4,586,753.71	4,536,666.39
Others	14,616,347.89	15,350,284.05
Total	<u>1,598,171,215.24</u>	<u>1,628,435,817.44</u>

(9) CONTRACT LIABILITIES

1. Details of contract liabilities

Item	Closing balance	Balance at the end of last year
Intelligent traffic	111,851,296.03	81,760,438.00
Intelligent construction	28,443,083.36	46,786,393.06
Electronic manufacturing service	19,494,385.79	22,275,571.73
Information network equipment and consumer electronics	12,081,785.40	1,544,872.05
Intelligent factory	11,650,239.87	8,172,912.03
Total	<u>183,520,790.45</u>	<u>160,540,186.87</u>

2. Amount and reasons for significant changes in book value during the reporting period

Item	Changing amount	Reason of changes
Intelligent traffic	30,090,858.03	Receipt of contract advance payment
Intelligent construction	-18,343,309.70	Contract liabilities at the beginning were recognized as revenue in current period
Electronic manufacturing service	-2,781,185.94	Contract liabilities at the beginning were recognized as revenue in current period
Information network equipment and consumer electronics	10,536,913.35	Receipt of contract advance payment
Intelligent factory	3,477,327.84	Receipt of contract advance payment
Total	<u>22,980,603.58</u>	

(10) LEASE LIABILITIES

Item	Closing balance	Balance at the end of last year
Lease payments	9,341,153.22	10,252,965.99
Less: unrecognized financial lease expenses	1,199,451.13	1,326,558.48
Total	<u>8,141,702.09</u>	<u>8,926,407.51</u>

(11) OPERATING REVENUE AND OPERATING COST

Item	Current period		Preceding period	
	Revenue	Cost	Revenue	Cost
Primary businesses	3,920,532,931.47	3,340,516,422.87	4,600,788,758.77	3,949,411,335.30
Other businesses	31,732,090.68	6,170,262.02	59,258,243.15	6,527,137.40
Total	<u>3,952,265,022.15</u>	<u>3,346,686,684.89</u>	<u>4,660,047,001.92</u>	<u>3,955,938,472.70</u>

(12) INCOME TAX EXPENSES**1. List of income tax expenses**

Item	Current period	Preceding period
Current income tax expenses	34,794,537.97	36,480,258.11
Deferred income tax expenses	-605,818.35	-2,755,820.88
Total	<u>34,188,719.62</u>	<u>33,724,437.23</u>

2. Explain of the relationship of income Tax Expenses and accounting profit

Item	Current period
Total profit	151,969,920.21
Income tax expenses calculated at the applicable tax rate	37,992,480.05
Different tax rate of subsidiaries	-9,771,747.29
Adjustment on previous income tax	-1,355,348.34
Income not subject to tax	-16,905,110.22
Expenses not deductible for tax purposes	2,722,751.07
Utilisation of previously unrecognised tax losses for the current period	
Unrecognised deductible temporary difference and deductible tax loss for the current period	55,759,537.27
Effect of additional deductible cost under tax law	-34,253,842.92
Income tax expenses	34,188,719.62

3. Different taxpayers with different corporate income tax rates were 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 Electronics Technology Co., Ltd.	15.00%
Shenzhen Jinghua Property Management Co., Ltd	20.00%
Parking lot of Shenzhen Jinghua Electronic Co., Ltd	20.00%
Jinghua 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%

According to “Enterprise Income Tax Law of the People’s Republic of China” and “Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China”, domestic enterprises of The Company need to pay the income tax in the mainland China and the tax rate is 25%.

According to Hong Kong “Tax Regulation”, Hong Kong enterprises of The Company needs to pay the income tax and the tax rate is 16.5%.

According to national tax preference of high-tech enterprise, the qualified high-tech enterprise can enjoy tax preference of income tax and the tax rate is 15%.

According to national tax preference of small low-profit enterprise, if the enterprise is recognised as small low-profit enterprise, the tax basis is as the 50% of the taxable income, the applicable rate is 20%

(13) RETURN ON NET ASSETS AND EARNINGS PER SHARE

Profit of the reporting period	Weighted average return on net assets (%)	Earnings per share (<i>RMB</i>)	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	2.22	0.0846	0.0846
Net profit after deducting extraordinary profit and loss attributable to ordinary shareholders of the Company	0.52	0.0200	0.0200

(14) SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Significant changes in accounting policy

(1) Implementation of “Interpretation of Accounting Standards for Business Enterprises No. 13”

The Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 13 (Cai Kuai [2019] No. 21, hereinafter referred to as “Interpretation No. 13”) on 10 December 2019, which took effect on 1 January 2020 and does not require retroactive adjustment.

① *The identification of related parties*

Interpretation No. 13 makes it clear that the following circumstances constitute an affiliated party: a joint venture or or an associated company between the enterprise and other members of the enterprise group (including the parent company and subsidiaries); Joint ventures of an enterprise and other joint ventures or associated companies of an enterprise. In addition, interpretation No. 13 also makes it clear that only two or more enterprises that are materially affected by one party do not constitute affiliated parties, and it also adds that joint ventures include joint ventures and their subsidiaries, and associated companies include associated companies and their subsidiaries.

② *Definition of business*

Interpretation No. 13 improves the three elements of business composition, elaborates the judgment conditions of business composition, and introduces the choice of “concentration test” to simplify the judgment of whether a portfolio acquired under different control constitutes business to a certain extent.

The Company has implemented Interpretation No. 13 since 1 January 2020, and the comparative financial statements have not been adjusted. Executive Interpretation No. 13 has not had a material impact on the Company’s financial position and results of operations.

(2) *Implement “Provisions on the Accounting Treatment of Rental Concession Related to COVID-19 Pandemic”*

On 19 June 2020,, the Ministry of Finance issued the Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Pandemic (Cai Kuai [2020] No. 10), which will come into force since 19 June 2020, allowing enterprises to adjust the relevant rent concessions that occurred between 1 January 2020 and , the implementation date of this regulation. According to this regulation, enterprises can choose to adopt a simplified method for accounting treatment of rent concessions, such as rent remission and deferred payment, which are directly caused by COVID-19 Pandemic.

The Company chose to adopt the simplified method for accounting treatment of all rent concessions that fall within the applicable scope of the Provisions, and makes corresponding adjustments to the relevant rent concessions that occur between 1 January 2020 and the effective date of the Provisions.

The Company as the lessee adopts a simplified method to deal with the relevant rent concession write-off and deduct the operating costs, administrative expenses and selling expenses of the current period, totaling RMB33,000.00.

2. The change in significant accounting estimates

There is no change in significant accounting estimates for the period.

(15) OTHER EVENTS

1. Guarantees provided for subsidiaries

On 2 February 2021, the Company provided guarantee to the second-level subsidiaries of the Company which are Nanjing Panda Electronic Equipment Co., Ltd., and Nanjing Huage Appliance and Plastic Industrial Co., Ltd, in the amount of RMB100 million, RMB50 million financing in China Electronic Finance Co., Ltd., valid until 19 January 2022. This guarantee has no counter guarantee. As of 26 March 2021, the balance of the guarantee provided by the Company to Nanjing Panda Electronic Equipment Co., Ltd is RMB3.8776 million, and the balance of the guarantee provided to Nanjing Huage Appliance and Plastic Industrial Co., Ltd is RMB8.5108 million, which is within the limit approved by the general meeting of shareholders.

On 9 February 2021, the Company provided a guarantee to a third-level subsidiary of the Company that Nanjing Panda Electromechanical Manufacturing Co., Ltd. in the amount of RMB15 million in Nanjing Branch of Industrial Bank Co., Ltd., valid until 12 January 2022. This guarantee has no counter guarantee. As of 26 March 2021, the actual balance of the guarantee provided by the Company to Nanjing Panda Electromechanical Manufacturing Co., Ltd. is RMB5,934,000, which is within the limit approved by the general meeting of shareholders.

2. Reduction of shares by shareholders

The shareholder of the Company, China Huarong Asset Management Co., Ltd. has implemented the shareholding reduction plan implemented after 15 trading days after the announcement on 12 August 2020, which has been completed on 1 March 2021. The shareholding reduction plan has not been reduced by China Huarong Asset Management Co., Ltd.

On 2 March 2021, the Company received a written document from China Huarong Asset Management Co., Ltd. (hereinafter referred to as “**China Huarong**”) regarding its shareholding reduction plan. The main content of the shareholding reduction plan is as follows: China Huarong plans to reduce its shareholding by no more than 18,276,770 A shares, accounting for 2% of the total share capital of the Company, due to its own business needs. The selling period is six months commencing on the day which falls on the expiry of 15 trading days following 2 March 2021. The reduction will be conducted through the way of centralized bidding at market price.

As at 26 March 2021, China Huarong Asset Management Co., Ltd., a shareholder of the Company, held 64,471,891 A shares of the Company, accounting for 7.06% of the total share capital of the Company, all of which were tradable shares not subject to trading moratorium. The shares held is acquired from share swap.

The total number of shares that China Huarong undertakes to reduce through centralized bidding on the stock exchange within 90 consecutive days will be no more than 1% of the total number of shares of the listed company. China Huarong will decide whether to implement the shareholding reduction plan according to the market conditions and the price of the shares of the Company. The selling time and selling price are subject to uncertainties.

By Order of the Board
Nanjing Panda Electronics Company Limited
Zhou Guixiang
Chairman

Nanjing, the People’s Republic of China
26 March 2021

As at the date of this announcement, the Board comprises Executive Directors: Mr. Zhou Guixiang, Mr. Lu Qing and Mr. Xia Dechuan; Non-executive Directors: Mr. Shen Jianlong, Mr. Deng Weiming and Mr. Li Changjiang; and Independent Non-executive Directors: Ms. Du Jie, Mr. Zhang Chun and Mr. Gao Yajun.