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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)

2021 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 30 March 2022.
- 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 RMB0.14 (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 2021, with the total cash dividend to be distributed amounting to RMB12,793,739.41, 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

(I) Industry development

The industry to which the Company belongs to is computer, communication and other electronic equipment manufacturing.

In 2021, the added value of electronic information manufacturing industries above statistical threshold increased by 15.7% year-on-year, and growth rate recorded a new high in the past decade, increasing 8.0 percentage points compared with last year. The growth rate was 6.1% percentage points higher than that of industrial added value above statistical threshold in the same period, and the gap was wider than that in 2020, but it was lower than the growth rate of the added value of higher-tech manufacturing by 2.5 percentage points; the two-year average growth rate was 11.6%, which was 5.5% percentage points higher than the two-year average growth rate of industrial added value, imposing significant pulling effect on industrial production. In 2021, operating revenue of electronic information manufacturing industries above statistical threshold increased by 14.7% year-on-year, representing an increase of 6.4 percentage points compared with last year, the two-year average growth rate was 11.5%. Operating cost increased by 13.7% year-on-year, representing an increase of 5.6 percentage points compared with last year.

One of the core contents of the 14th Five-Year Plan and the Long-Range Objectives Through the Year 2035 is to promote the construction of traditional infrastructure and new infrastructure as a whole, accelerate digital development, create new advantages of digital economy, jointly promote digital industrialization and industrial digital transformation, accelerate the pace of digital society construction, improve the level of digital government construction, create a good digital ecology and build digital China. Modern digital city makes full use of the new generation of information technology in all walks of life in cities, and plays an important role in intelligent transportation, intelligent governance, intelligent people's livelihood, intelligent application, safe city and other application scenarios.

Accelerating the development of intelligent manufacturing is a new kinetic energy to promote China's economic growth and a strategic choice to seize the commanding heights of future economic and technological development. It is of great strategic significance for promoting the supply-side structural reform of China's manufacturing industry, creating new competitive advantages of China's manufacturing industry and realizing the goal of becoming a manufacturing power. In order to accelerate the transformation and upgrading of China's manufacturing enterprises, in 2021, China successively issued a series of policies such as the "14th Five-Year Plan for Digital Economy Development", the "14th Five-Year Plan for In-depth Integration of Informatization and Industrialization" and the "14th Five-Year Plan for Intelligent Manufacturing Development" to deploy and promote the development of intelligent manufacturing at the national level. In December 2021, Jiangsu Province printed and issued the "Three-year Action Plan for Intelligent Transformation and Digital Transformation of Manufacturing Industry in Jiangsu Province" (2022–2024) to continuously promote the digital transformation and development of manufacturing industry. China's manufacturing industry has huge production capacity, but at the same time, there is structural overcapacity, and there is a strong demand for intelligent transformation. Intelligent manufacturing will bring opportunities to the equipment and software industries, and robots and industrial software, etc., which contain tens or even hundreds of billions of market capacity. According to the development status and trend analysis of China's intelligent manufacturing industry, it is estimated that by 2026, the market size of China's intelligent manufacturing industry will reach approximately RMB5.8 trillion. On the whole, there is huge room for growth in the industry.

With the continuous improvement of the comprehensive strength of China's electronic information manufacturing industry, under the influence of strategic objectives such as improving quality and efficiency and maintaining sustainable development, professional electronic manufacturing service enterprises continue to improve technology, efficiency, quality and supply chain services around the market demand in the field of electronic product manufacturing, which has a far-reaching impact on the adjustment of electronic information industry, supply chain layout and value chain management. With the "carbon peaking and carbon neutrality" goals put forward, green manufacturing is not only the need of ecological development, but also the inevitable choice for China's manufacturing to develop to the high end. Green manufacturing and intelligent manufacturing complement each other, promote each other and are inseparable. Facing the general trend of green and low carbon in the future, domestic manufacturing enterprises are bound to further strengthen energy control in the production process, optimize resource utilization rate, reduce energy consumption and carbon emissions through digital technology, and achieve China's "carbon peaking and carbon neutrality" goals at an early date.

(II) Significant impact of the new policies and rules on the industry

The Company's principal activities closely focus on the special national development plans for the 14th Five-Year period and the Company's development conforms to the guiding direction of national policies.

1. The 14th Five-Year Plan for Digital Economy Development

The key tasks of planning and deployment include: optimizing and upgrading digital infrastructure, accelerating the construction of information network infrastructure, promoting the development of cloud network collaboration and computing network integration, and promoting the intelligent upgrading of infrastructure in an orderly manner; vigorously promoting the digital transformation of the industries, accelerating the digital transformation and upgrading of enterprises, comprehensively deepening the digital transformation of key industries, industrial parks and clusters, and cultivating the transformation support service ecology; and accelerating digital industrialization; enhancing the ability of key technological innovation, accelerating the cultivation of new business models, and creating a prosperous and orderly innovation ecology; continuously improving the digitalization level of public services, improving the efficiency of "Internet plus government service", enhancing the inclusiveness level of digitalization of social services, and promoting the integration of digital urban and rural areas.

2. "The 14th Five-Year Plan for the Development of Modern Comprehensive Transportation System"

The plan proposes to speed up the in-depth popularization and application of smart technologies, promote the in-depth integration of new technologies such as the Internet, big data, artificial intelligence and blockchain with the transportation industry, promote the application of advanced technologies and equipment, and build an intelligent transportation system with ubiquitous interconnection, flexible collaboration and global competitiveness. Specific tasks include: promoting the digital sensing system of facilities; promoting the digital transformation and upgrading of existing facilities, and strengthening the synchronous planning and construction of new facilities and sensing networks; building a facility operation status sensing system, strengthening the digital sensing monitoring coverage of important channels and hubs, and enhancing the all-weather and full-cycle operation status monitoring and active early warning capabilities of key road sections and important nodes, and constructing the information interaction network of facilities and equipment; steadily promoting the coverage of network communication facilities such as 5G, and improving the coverage, real-time and reliability of information transmission in the transportation field;

In the field of intelligent urban rail transit, the plan proposes to promote the R&D of autonomous train operation control system, and promote the interconnection between rail transit signal systems of different systems and conditional lines; build intelligent crew service, networked intelligent transportation organization and scheduling, intelligent energy management, intelligent operation and maintenance systems, etc.; and promote the application of intelligent security inspection, mobile payment and other technologies. In the field of smart roads, the plan proposes to steadily promote the construction of an intelligent road network cloud control platform integrating monitoring, dispatching, management and control, emergency response and service functions; improve the functions of the comprehensive transportation information platform, and promote the integrated construction of local transportation big data centers and comprehensive transportation information platforms.

3. *“The 14th Five-Year Plan for the Development of Intelligent Manufacturing”*

The plan proposes the main tasks of promoting the development of intelligent manufacturing during the 14th Five-Year Plan period from the four aspects of innovation, application, supply and support. It clarifies deepening the promotion and application, opening up new paths for transformation and upgrading; focusing on the transformation and upgrading needs of enterprises, industries, and regions, building intelligent manufacturing systems around workshops, factories, and supply chains, carrying out multi-scenario, full-chain, and multi-level application demonstrations, and cultivating and promoting new models of intelligent manufacturing; strengthening independent supply and strengthening the new advantages of the industrial system; relying on the strong domestic market, accelerating the development of equipment, software and system solutions, cultivating and developing emerging industries of intelligent manufacturing, accelerating the improvement of the adaptability of the supply system, and guiding the optimization and upgrading of the industrial system.

In terms of deepening the promotion and application, the plan specially deploys the construction action of intelligent manufacturing demonstration factory, promotes the intelligent transformation of “Scenario-workshop-plant-supply chain”, carries out the breakthrough and improvement action of industrial software, and accelerates the development and application of six types of industrial software, including R&D and design, production and manufacturing, operation and management, control and execution, industry-specific software and new software.

4. *“The 14th Five-Year Plan for the Development of Information and Communication Industry”*

The plan clearly states that, by 2025, the overall scale of the information and communication industry will have been further expanded, the quality of development will have been significantly improved, and a new digital infrastructure with high speed ubiquitous, integrated and interconnected, smart, green, safe and reliable features will have been basically built. The innovation capability will have been greatly enhanced, the emerging business forms will have flourished, and the ability to empower the digital transformation and upgrading of the economy and society will have been comprehensively improved, thereby becoming a strong pillar for building a manufacturing power, a network power and a digital China.

5. *“The 14th Five-Year Plan for Software and Information Technology Service Industry”*

The plan puts forward the “four new” development goals. First, by 2025, new upgrade will have been achieved in terms of the industrial base. Breakthroughs will have been made in the supply of basic components, and the leading role of standards will have been significantly enhanced. During the 14th Five-Year Plan period, 125 national standards in key areas will be formulated. The capabilities of intellectual property services, engineering, quality management and value guarantee, etc., will have been effectively improved, and the collaborative innovation system with enterprises as the main body will have been basically complete. Second, the industrial chain will have been reached a new standard. Shortcomings in the industrial chain will have been effectively solved, and the supply capacity of key software such as basic software and industrial software will have been significantly improved. Software products in emerging fields with ecological influence will have been formed. By 2025, the number of industrial apps will exceed 1 million, the advantages of long boards will continue to consolidate, and the resilience of industrial chain and supply chains will continue to improve. Third, new development will have been achieved in terms of ecological cultivation. A group of key enterprises with ecological leading power and core competitiveness will have been cultivated, 2–3 open source communities with international influence established, 20 famous Chinese software parks at a high level built, the software market pricing mechanism further improved, and international exchanges and cooperation comprehensively deepened. Fourth, new achievements will have been made in industrial development. The growth potential will have been effectively released, and the development quality significantly improved. By 2025, the software business revenue of enterprises above statistical threshold will exceed RMB14 trillion, with an average annual growth rate of over 12%. The industrial structure will have been further optimized and the comprehensive strength will have been escalated to a new level.

(III) Information on activities during the reporting period

1. *Principal activities*

The Company takes smart transportation and safe city, industrial Internet and intelligent manufacturing, and green and service-oriented electronic manufacturing as its three main businesses.

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

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

In the field of green and service-oriented electronic manufacturing, through intelligent, flexible and lean management, it provides domestic and foreign brand manufacturers with complete manufacturing services, such as R&D, process design, procurement management, manufacturing and warehousing of 3C, new display module components, white goods components, automotive electronics, communication equipment and other electronic products. At the same time, based on scientific and technological innovation, through green operation management, green supply chain management, and green digital empowerment, it helps achieve the carbon peaking and carbon neutrality goals.

2. *Operating model*

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

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

3. *Overview of the development of principal activities*

The intelligent rail transit market in the digital city field has formed a domestic brand effect, and the development of AFC/ACC industry ranks in the first echelon among domestic counterparts; the general contracting business of rail transit communication system is also in the forefront of the country. On the basis of the secondary development of TETRA, the LTE broadband cluster scheduling system has been successfully developed. Vertically, the Company makes in-depth use of new technologies such as big data, cloud computing, 5G, etc., and new models of integrated development of rail transit, to promote the digital transformation and upgrading of the rail transit industry, and improve product added value and profit margins. Horizontally, it consolidates existing technologies and market advantages and gradually expands to intercity rail and highway transportation to form new business growth points.

In the field of intelligent manufacturing, with the goal of realizing intellectualization of manufacturing process, supported by breaking through key intelligent basic common technologies and modularization of common technologies, focusing on promoting R&D and industrialization of high-end intelligent equipment systems, and focusing on improving equipment integration and innovation capabilities of major intelligent manufacturing systems, the Company promotes demonstration, application and promotion in emerging and traditional manufacturing fields. In the field of industrial Internet, with the goal of building a new manufacturing information system, taking the implementation of intelligent enterprise digitization project as an important starting point, through the promotion of the industrial Internet system software application and expansion of key projects, combined with the digital management of “one code for one thing” for production factors of intelligent manufacturing, focusing on the development and improvement of independent R&D and safety controllable capability of key software technologies, the enhancement of the basic support ability, and the improvement of the integrated application, the digital and information technology level of intelligent manufacturing, the Company strives to be a domestic leader.

In the field of electronic manufacturing services, the Company has built several electronic manufacturing plants in Nanjing, Chengdu and Shenzhen. It has fully implemented the ERP system, and through the deep integration of MES and ERP system, achieved full-automatic tracking of factory production line, production management and process control of the whole process. The Company has also increased investment in establishing a product testing center, which has been approved by CNAS to ensure product quality, stability and reliability.

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	2021	2020	Year-on-year increase/ decrease (%)	2019	2018	2017
Total assets	6,057,982,752.18	6,001,947,699.44	0.93	6,020,147,479.47	6,184,619,023.98	5,665,503,486.59
Net assets attributable to shareholders of the Company	3,527,207,782.36	3,509,430,717.97	0.51	3,448,072,752.25	3,468,424,299.40	3,363,593,136.77
Operating revenue	4,531,842,430.51	3,952,265,022.15	14.66	4,660,047,001.92	4,500,505,653.14	4,191,928,908.95
Net profit attributable to shareholders of the Company	41,928,543.18	77,318,175.74	-45.77	52,657,894.58	161,959,568.48	107,382,077.64
Net profit attributable to shareholders of the Company after extraordinary items	11,888,072.43	18,254,992.01	-34.88	25,447,136.36	113,580,264.77	72,409,859.11
Net cash flows from operating activities	208,170,561.48	534,653,617.28	-61.06	-341,233,848.13	45,563,017.57	157,549,565.01
Weighted average return on net assets (%)	1.12	2.22	Decreased by 1.1 percentage points	1.49	4.73	3.20
Basic earnings per share (RMB/share)	0.0459	0.0846	-45.77	0.0576	0.1772	0.1175
Diluted earnings per share (RMB/share)	0.0459	0.0846	-45.77	0.0576	0.1772	0.1175

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

The decrease in net profit attributable to shareholders of the Company, net profit attributable to shareholders of the Company after extraordinary items, basic earnings per share and diluted earnings per share was mainly due to the impact of the local outbreak of COVID-19, coupled with industrial power restrictions and the year-on-year increase in the prices of certain components and raw materials along the supply chain and other unfavorable factors, which resulted in a decrease in the gross profit margin of the Company's relevant business during the period. In addition, due to the COVID-19, the Company received social security exemptions in the same period of previous year, which resulted in a significant decrease in such extraordinary profit and loss for the period. The decrease in net cash flows from operating activities was mainly due to the increase in cash paid for the purchase of goods and receipt of services for the period.

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	991,941,145.72	1,177,515,156.00	1,166,076,932.14	1,196,309,196.65
Net profit attributable to shareholders of the Company	-13,150,711.91	31,423,722.86	-14,938,216.60	38,593,748.83
Net profit attributable to shareholders of the Company after extraordinary items	-16,882,503.50	22,895,475.87	-18,814,278.39	24,689,378.45
Net cash flows from operating activities	-57,788,403.28	12,354,265.97	58,747,799.93	194,856,898.86

4 Particulars of Shareholders

4.1 Total number of ordinary shareholders, total number of preferred shareholders with voting rights resumed, total number of shareholders with special voting shares and shareholdings of the top 10 shareholders as at the end of the reporting period and at the end of the last month prior to the disclosure of the annual report

Unit: share

Total number of shareholders of ordinary shares as at the end of the Reporting Period	44,079 shareholders including 44,054 A shareholders and 25 H shareholders
Total number of shareholders of ordinary shares at the end of last month prior to the disclosure of the annual report	38,223 shareholders including 38,198 A shareholders and 25 H shareholders
Total number of preferred shareholders with voting rights resumed as at the end of the reporting period	N/A
Total number of preferred shareholders with voting rights resumed at the end of the last month prior to the disclosure of the annual report	N/A

Name of Shareholder	Increase/ decrease during the reporting period	Shareholdings of top 10 shareholders			Pledged or frozen Stats of shares	Shares Number of shares	Type of shareholders
		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	-2,213,673	244,055,983	26.71	0	Unknown		Overseas legal
Panda Electronics Group Limited ("PEGL")	0	210,661,444	23.05	0	Pledged	105,091,430	State-owned legal
China Huarong Assets Management Co., Ltd.	-9,133,604	55,338,287	6.06	0	Unknown		State-owned legal
Nanjing Electronics Information Industrial Corporation ("NEIIC")	0	35,888,611	3.93	0	Unknown		State-owned legal
Guoxin Investment Co., Ltd.	0	21,720,941	2.38	0	Unknown		State-owned legal
Lin Jiatuan (林加團)	5,673,092	5,673,092	0.62	0	Unknown		Domestic natural person
Zhang Desheng (張德勝)	4,441,582	5,266,582	0.58	0	Unknown		Domestic natural person
Lv Ping (呂平)	4,218,200	4,218,200	0.46	0	Unknown		Domestic natural person
Chen Linfa (陳林法)	41,400	2,855,400	0.31	0	Unknown		Domestic natural person
Li Rong (李蓉)	2,155,369	2,685,859	0.29	0	Unknown		Domestic natural person

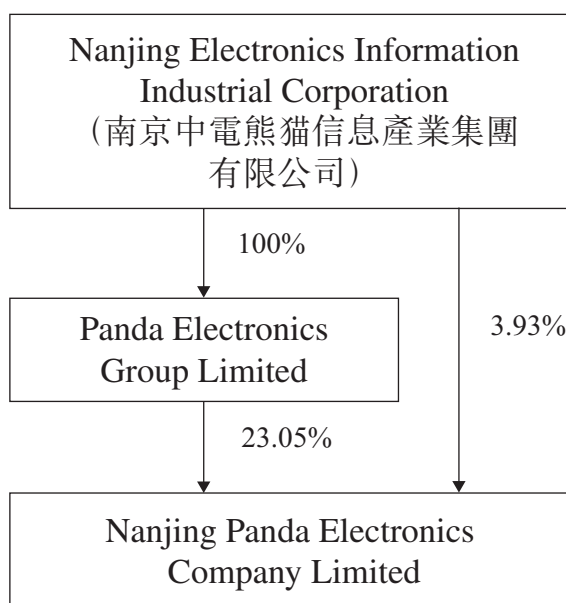
Description on connected relationship or party acting in concert among the aforesaid shareholders

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

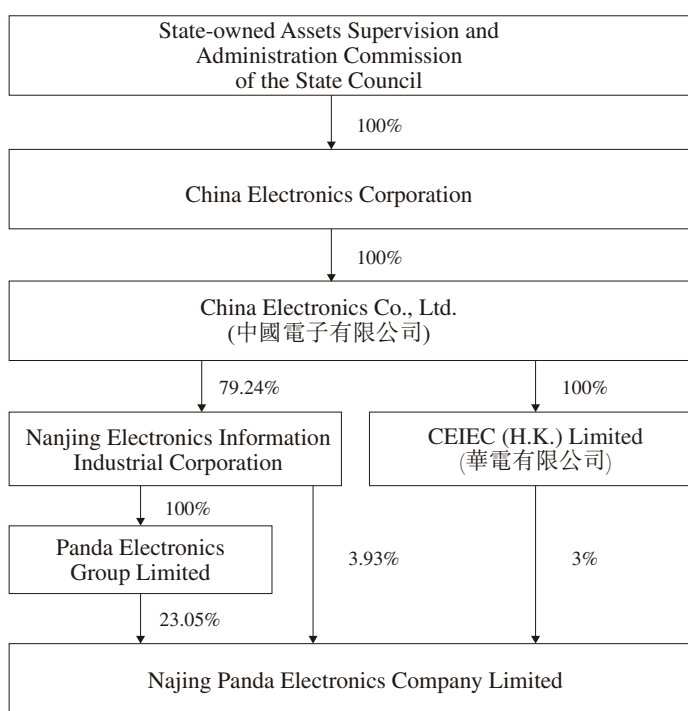
Note:

1. HKSCC (Nominees) Limited held 244,055,983 shares (in particular: 241,665,470 H shares, 2,390,513 A shares) of the Company on behalf of many clients, representing 26.71% of the issued share capital of the Company, including 13,768,000 H shares held by NEIIC 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.
2. On 2 August 2021, the Company received a notice from PEGL, the controlling shareholder, informing that certain shares of the Company held by PEGL have been pledged. Pursuant to which, PEGL pledged 105,091,430 shares in the Company, accounting for 49.89% of the total shares it held in the Company and 11.50% of the total share capital of the Company. For details, please refer to the relevant announcement of the Company published in “China Securities Journal” and “Shanghai Securities News” and on the websites of the Shanghai Stock Exchange on 3 August 2021.

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



4.4 Total number of preferred shareholders of the Company and shareholdings of the top 10 shareholders as at the end of the reporting period

Applicable N/A

5 Information on bonds of the Company

Applicable N/A

III. DISCUSSION AND ANALYSIS OF THE OPERATION

In the year 2021, the Company strived to maintain stable and orderly operation. The Company overcame unfavorable factors such as the impact of the local COVID-19 pandemic, industrial power curtailment and the year-on-year increase in the prices of certain components and raw materials in the supply chain, and focused on the development of modern digital city-related businesses and green electronic manufacturing services, resulting in a modest increase in operating revenue and stable earnings from its main businesses.

1 Principal operations during the reporting period

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	4,531,842,430.51	3,952,265,022.15	14.66
Operating costs	3,961,438,873.89	3,360,271,214.08	17.89
Cost of sales	41,827,646.43	32,291,520.30	29.53
Administrative expenses	273,378,636.73	257,745,539.77	6.07
Financial expenses	-23,158,029.07	-5,690,663.20	N/A
R&D expenses	213,049,945.07	205,817,437.26	3.51
Net cash flows from operating activities	208,170,561.48	534,653,617.28	-61.06
Net cash flows from investing activities	-480,708,719.20	-212,816,988.07	N/A
Net cash flows from financing activities	-28,714,757.98	-27,761,914.27	N/A
Credit impairment losses	-7,547,165.61	-15,781,683.84	N/A
Assets impairment losses	-18,508,356.82	-13,955,982.11	N/A
Gain from the disposal of assets	-722,183.04	-50,820.75	N/A
Non-operating income	5,270,329.30	12,947,404.25	-59.29
Non-operating expenses	613,011.45	990,522.96	-38.11

Note:

1. The cost of sales was mainly due to the year-on-year increase in labor costs from sales staff
2. The financial expenses was mainly due to the year-on-year increase in interest income for the period and the turnaround of net exchange gains and loss from exchange loss in the previous period to exchange gain in the period due to the change in RMB exchange rate
3. The net cash flows from operating activities was mainly due to the increase in cash paid for the purchase of goods and receipt of services for the period
4. The net cash flows from investing activities was mainly due to the cash payment for the equity interest acquisition during the period
5. The credit impairment loss was mainly due to the reversal of partial provision for impairment of accounts receivable during the period
6. The assets impairment losses was mainly due to the year-on-year increase in provision for impairment on inventories during the period
7. The gain from the disposal of assets was mainly due to the year-on-year increase in loss on disposal of non-current assets during the period
8. The non-operating income was mainly due to the recovery of prepaid taxes in the prior period
9. The non-operating expenses was mainly due to external donations in the prior period

1.1.2 Revenue and cost

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

Unit: Yuan Currency: RMB

By sector	Principal operations by business sector					
	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 Internet and intelligent manufacturing	200,309,667.29	225,527,706.62	-12.59	20.52	16.09	Increased by 4.3 percentage points
Modern Digital City	1,716,481,931.70	1,362,577,822.75	20.62	11.26	12.44	Decreased by 0.84 percentage point
Service	2,558,656,717.40	2,338,451,091.98	8.61	16.09	20.12	Decreased by 3.06 percentage points
Others	8,483,124.30	6,681,592.97	21.24	12.97	440.20	Decreased by 62.29 percentage points

Principal operations by products						
By product	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease		Increase/decrease in gross profit margin from the same period last year (%)
				in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	
Intelligent factories and systems	129,988,183.39	148,757,360.98	-14.44	22.56	13.59	Increased by 9.03 percentage points
Core components of smart manufacturing	70,321,483.90	76,770,345.64	-9.17	16.93	21.25	Decreased by 3.89 percentage points
Intelligent transportation	716,363,330.21	587,034,016.36	18.05	29.34	44.72	Decreased by 8.71 percentage points
Digital park	662,405,440.24	540,611,904.01	18.39	-0.09	-3.13	Increased by 2.56 percentage points
Safe city	337,713,161.25	234,931,902.38	30.43	3.62	-5.30	Increased by 6.56 percentage points
Electronic manufacturing services	2,558,656,717.40	2,338,451,091.98	8.61	16.09	20.12	Decreased by 3.06 percentage points
Others	8,483,124.30	6,681,592.97	21.24	12.97	440.20	Decreased by 62.29 percentage points

Principal operations by products						
By geographical regions	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease		Increase/decrease in gross profit margin from the same period last year (%)
				in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	
Nanjing	3,057,759,083.99	2,694,302,555.79	11.89	9.07	11.34	Decreased by 1.79 percentage points
Shenzhen	914,503,251.42	761,544,675.08	16.73	46.75	56.76	Decreased by 5.32 percentage points
Chengdu	511,669,105.28	477,390,983.45	6.7	3.58	6.45	Decreased by 2.52 percentage points

By geographical regions	Principal operations by products			Increase/decrease		Increase/decrease
	Operating income	Operating cost	Gross profit margin (%)	in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	in gross profit margin from the same period last year (%)
Direct sales	4,483,931,440.69	3,933,238,214.32	12.28	14.37	17.27	Decreased by 2.17 percentage points

Description of principal operations by business sector, product, geographical regions and sales model:

The principal subsidiaries of the Company are engaged in the intelligent transportation and safe city, industrial internet and intelligent manufacturing, electronic manufacturing and its related businesses featuring green service. The operating income from intelligent transportation and safe city business increased by 11.26% compared with the same period of previous year due to the increase in the business of rail transportation engineering category; the operating income from industrial internet and intelligent manufacturing business increased by 20.52% compared with the same period of previous year due to the increase in business income related to intelligent factory, system engineering and intelligent manufacturing core equipment; the operating income from electronic manufacturing business featuring green service increased by 16.09% compared with the same period of previous year due to the increase in income from electronic manufacturing service.

The principal operations of the Company were primarily distributed in Nanjing, Shenzhen and Chengdu. During the reporting period, operating income in Shenzhen rose by 46.75% compared with the same period of previous year due to the increase in the number of orders for export products.

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

During the reporting period, sales to the top five customers amounted to RMB1,764,798,700, representing 38.94% of the total sales in 2021, of which sales to connected parties amounted to RMB862,439,800, representing 19.03% of the total sales in 2021.

During the reporting period, the aggregate amount of purchase from the top five suppliers of the Company amounted to RMB702,950,900, accounting for 19.94% of the total amount of purchase made by the Company in 2021. There were no connected parties in the top five suppliers.

(3) Expenses

During the reporting period, the selling expenses increased by 29.53%, which was mainly due to the year-on-year increase in labor costs of sales personnel; the management expenses increased by 6.07%, which was mainly due to the year-on-year increase in labor cost of management personnel.

(4) R&D Investment

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
R&D expenses for the period		213,049,945.07
Capitalized R&D expenses for the period		6,878,004.36
Total R&D expenses		219,927,949.43
The percentage of total R&D expenses over operating income (%)		4.85
The percentage of capitalized R&D investment (%)		3.13
The number of R&D personnel of the Company		501
The percentage of R&D personnel over total number of staff of the Company (%)		16%

Educational structure of R&D personnel

Category of educational structure	Number of educational structure
Doctoral candidate	4
Master degree candidate	104
Undergraduate	325
Junior college	65
High School and below	3

Age structure of R&D personnel

Category of age structure	Number of age structure
Under 30 years old (excluding 30 years old)	319
30–40 years old (including 30 years old, excluding 40 years old)	67
40–50 years old (including 40 years old, excluding 50 years old)	86
50–60 years old (including 50 years old, excluding 60 years old)	29
60 years old and above	0

Description:

In 2021, the Company had a total of 59 research projects under development, of which 42 new projects were launched in 2021, including 4 key research projects, and the research progress and expected results were executed as planned; the appraisal on 12 research projects have been completed. The Company's research projects cover the main industrial directions, with technological leadership and domestic substitution, which lays a good foundation for the promotion of the Company's development in the principal business areas.

The Company introduces and cultivates a group of high-end talents who possess common key techniques and key proprietary techniques in the industry, especially mastering new generation of information technology such as big data and cloud computing.

The Company takes the lead in integrating R&D resources, focusing on key technologies and cutting-edge technologies, undertaking the development of new equipment and technologies, and engineering experimental verification of major scientific and technological achievements. The Company highlights overall planning of leading industries and key technologies, and actively integrates into CEC ecological system while strengthening the synergy and cooperation inside and outside the system to drive the transformation of scale and digitalization with major project.

(5) Cash flow

During the reporting period, the decrease of net cash flows from operating activities was mainly due to the increase in cash paid for the purchase of goods and receipt of services for the period; the decrease in net cash flows from investing activities was mainly due to the cash payment for the equity interest acquisition during 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 at the end of the period as compared to the amount at the end of the previous period (%)	Explanation
Notes receivable	59,789,784.39	0.99	35,394,835.82	0.59	68.92	Mainly due to the increase in sales of goods settled by bills for the period
Receivables financing	20,272,279.95	0.33	144,969,078.62	2.42	-86.02	Mainly due to the maturity of notes receivable, part of which was recognized as receivables financing
Advance to suppliers	58,199,200.40	0.96	109,660,420.50	1.83	-46.93	Mainly due to the decrease in the prepayment for the procurement during the period
Contract assets	117,037,111.93	1.93	76,231,842.63	1.27	53.53	Mainly due to the fact that we have transferred more rights to receive the consideration for the products to our customers during the period

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Explanation
Non-current assets due within one year	12,892,936.65	0.21			N/A	Due to the fact that the guarantee period of certain projects will expire within one year and the related project quality guarantee deposit is transferred from other non-current assets to non-current assets due within one year
Other current assets	139,370,084.35	2.30	28,763,433.11	0.48	384.54	Mainly due to larger bank deposits purchased in the period and intended to be transferred within one year
Long-term equity investments	702,575,641.90	11.60	295,182,882.84	4.92	138.01	Mainly due to the increase in long-term equity investments as a result of the purchase of equity interest in LG Company during the period
Construction in progress	1,662,327.51	0.03	7,346,214.86	0.12	-77.37	Mainly due to the transfer of part of construction in progress to fixed assets during the period
Right-of-use assets	8,982,713.77	0.15	13,522,566.06	0.23	-33.57	Mainly due to the expiration of certain long-term lease assets during the period
Other non-current assets	4,237,383.51	0.07	81,767,440.76	1.36	-94.82	Mainly due to the transfer of certain project quality guarantee deposit above one year to accounts receivable or non-current assets due within one year as the guarantee period for certain engineering project was expired during the period and will be expired within one year

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	Explanation
					the amount at the end of the period as compared to the amount at the end of the previous period (%)	
Advance receipts from customers	461,253.51	0.01	3,394,006.00	0.06	-86.41	Mainly due to the decrease in prepayments of service charges and others
Other current liabilities	38,938,492.63	0.64	70,422,975.07	1.17	-44.71	Mainly due to the acceptance of certain projects during the period and their related government grants transferred to deferred revenue
Lease liabilities	3,586,641.07	0.06	8,141,702.09	0.14	-55.95	Mainly due to the expiration of a portion of long-term lease during the period
Deferred revenue	44,917,830.69	0.74	15,283,181.46	0.25	193.90	Mainly due to the acceptance of certain projects during the period and their related government grants transferred to deferred revenue from other current liabilities
Other comprehensive income	-73,601.84	-0.00	318,704.84	0.01	-123.09	Mainly due to the decrease in the Company's net assets from non-trading equity instruments measured at fair value for the period and the decrease in other comprehensive income caused by their change in the fair value

1.3 Analysis of major invested companies

1.3.1 Analysis of major subsidiaries

In 2021, the Company focused on the development of its three main businesses, continued to optimise its industrial structure, rationally allocated resources, strengthened the disposal of inefficient and ineffective assets, deregistered Chengdu Panda Electronics Manufacturing Co., Ltd., and wrote off its equity investment in Nanjing Huaxian High Technology Company Limited, 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 (%)
	2021	2020	
Nanjing Panda Electronics Equipment Co., Ltd (“ Electronics Equipment Company ”)	-7,746.03	-9,637.01	N/A
Nanjing Panda Information Industry Co., Ltd (“ Information Industry Company ”)	4,730.51	5,693.26	-16.91%
Nanjing Panda Electronic Manufacture Co., Ltd (“ Electronic Manufacture Company ”)	4,485.75	6,735.91	-33.41%
Nanjing Panda Communications Technology Co., Ltd (“ Communications Technology Company ”)	1,351.62	955.07	41.52%
Nanjing Panda Electronic Technology Development Co., Ltd	-1,624.92	-974.58	N/A
Shenzhen Jinghua Electronics Co., Ltd. (“ Shenzhen Jinghua ”)	6,337.19	6,567.53	-3.51%
Nanjing Panda Xinxing Industrial Co., Ltd.	215.56	730.87	-70.51%
Chengdu Panda Electronic Technology Co., Ltd.	1,747.64	2,853.28	-38.75%

Description of changes:

Due to a slight decline in gross profit of projects, the net profit of Information Industry Company for the year decreased by 16.91% year-on-year. Both Electronic Manufacture Company and Chengdu Panda Electronic Technology Co., Ltd. experienced the narrowed gross profit margin due to the increase in raw materials and other costs, and the net profit decreased by 33.41% and 38.75% year-on-year, respectively. Due to the increase in business volume, the revenue of Communications Technology Company increased, and the net profit increased by 41.52% year-on-year.

1.3.2 Analysis of major invested companies

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

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")	665,221.84	13,407.32	27%	3,619.98

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 2021, after adjustment according to the new standards, the operating income of ENC amounted to RMB6,652,218,400, representing a year-on-year decrease of 33.95%; net profit amounted to RMB134,073,200, representing a year-on-year decrease of 44.57%. The changes in key indicators were due to: affected by 5G centralised purchase, the number of orders decreased.

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

Unit: 0'000 Yuan Currency: RMB

Invested companies	Operating income	Net profit	Shareholding of the Company	Investment income received by the Company
Nanjing LG Panda Appliances Co., Ltd.	603,174.57	14,738.71	30%	1,049.26

LG Panda was established on 21 December 1995 with a registered capital of US\$35.7 million. The Company's first extraordinary general meeting for 2021 held on 8 December 2021 considered and approved the completion of acquisition of 30% equity interests in LG Panda, and LG Panda is currently owned as to 50%, 30% and 20% by LG Electronics Co., Ltd., the Company and LG Electronics (China) Co., Ltd., respectively. LG Panda is mainly engaged in the development and production of fully automatic washing machines and related components, and is currently the largest washing machine production base other than LG Electronics, a Korean company.

In 2021, after adjusting for the new standard, LG Panda recorded the operating revenue of RMB6,031,745,700, representing a year-on-year increase of 28.62%, and the net profit of RMB147,387,100, representing a year-on-year increase of 10.03%. The changes in key indicators were due to: the increase in revenue was due to an increase in export orders.

1.4 2022 operating plan

The operating targets of the Company in 2022 are to achieve a operating income of RMB400 million and total profit of RMB12 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 2021

In 2021, the Company (as parent company) achieved a net profit of RMB83,361,242.53. Given the cash dividend of RMB23,759,801.75 distributed to shareholders in 2020 and the statutory surplus reserve of RMB8,336,124.25 appropriated in 2021, and the undistributed profit at the beginning of the period of RMB171,272,061.28 and refund of overdue dividends of RMB629.64 allocated in previous years, the actual distributable profit to shareholders this year amounted to RMB222,538,007.45. 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 RMB0.14 (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 2021, with the total cash dividend to be distributed amounting to RMB12,793,739.41, 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 sixth meeting of the tenth 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 2022 and is expected to be paid to the holders of H shares of the Company on or before 10 August 2022. 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 18th meeting of the ninth session of the Board of the Company considered and approved the Resolution related to the Appointment of the Auditors for 2021, 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 2021 and the determination of the auditor's remuneration within the limit of the total amount of RMB2,480,000. The meeting also agreed to submit the resolution for consideration and approval at the 2020 annual general meeting.

The 2020 annual general meeting of the Company considered and approved the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international auditor and PRC auditor as well as internal control auditor respectively for the year 2021, and authorized the Board to determine their remuneration within the limit of RMB2,480,000.

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

1.7 Tax policies

Particulars of tax preference enjoyed by the Company and its subsidiaries as at 31 December 2021 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 August to October in 2021, the Company paid 8.8% of its individual employee premium for the basic medical insurance (Including maternity insurance) in accordance with the document of Several Initiatives on Supporting Stable Development of Enterprises in the Fight Against Pandemic (Ning Zheng Fa [2021] No. 74); for the rest of the period, it paid 9.8% of the individual premium for the basic medical insurance (including maternity 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 37.23%, RMB2,194,882,600, 1.83 and 1.36, respectively as at 31 December 2021 as shown in the consolidated financial statements of the Company.

Cash: as at 31 December 2021, bank balances and cash amounted to RMB963,218,500 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 2021 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 January 2022, 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).

As of 20 December 2021, the LPR for 1 year was 3.8%, and the LPR for more than 5 years was 4.65%; as of 21 March 2022, the LPR for 1 year was 3.7%, and the LPR for more than 5 years was 4.6%. The loan prime rate can be available for public inspection at websites of National Interbank Funding Center and the People's Bank of China.

(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
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder				6,670,000.00		6,670,000.00
Panda Electronics Group Limited	Controlling shareholder			6,900,334.06	-1,504,602.59		5,395,731.47
Nanjing Panda Electronics Transportation Company Limited	Subsidiary owned by shareholders			898,458.97	-57,470.37		840,988.60
China Electronics Import and Export Co., Ltd	Subsidiary owned by shareholders			195,539.62			195,539.62
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders			22,907.00			22,907.00
Nanjing Panda Technology Park Development Company Limited	Subsidiary owned by shareholders			20,000.00			20,000.00
Nanjing CEC Panda Real Estate Co., Ltd.	Subsidiary owned by shareholders				5,000.00		5,000.00
Nanjing Panda Medical Services Co., Ltd.	Subsidiary owned by shareholders				2,114.00		2,114.00
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Subsidiary owned by shareholders				7,022.00	-7,022.00	
Total				8,044,261.65	5,108,019.04		13,152,280.69
Reason of creditor's rights and debts	not applicable						
Impact of creditor's rights and debts on the Company	not applicable						

(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 2021 and the audited financial report for 2021.

(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

IV. SIGNIFICANT EVENTS

1. 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” was considered and approved at the sixth meeting of the tenth session of the Board of the Company on 30 March 2022. In accordance with the Interpretation of “Accounting Standards for Business Enterprises No. 14 (Cai Kuai [2021] No.1)”, the “Notice on Adjusting the Scope of Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic (Cai Kuai [2021] No.9)”, the Interpretation of “Accounting Standards for Business Enterprises No. 15 (Cai Kuai [2021] No.35)” and the “Q&A of Implementation of Chinese Accounting Standards for Business Enterprises 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 impact on the current financial conditions and operating results of the Company during the Reporting Period. The disclosure format and the presentation of the related statement items in the relevant period are partially affected in the period. For details of the change in accounting policies, please refer to the “Announcement of Nanjing Panda on Change in Accounting Policies (Lin 2020–012)” published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 31 March 2022.

2. During the Reporting Period, the Company dissolved and cancelled its second-level subsidiary, Chengdu Panda Electronics Manufacturing Co., Ltd on 20 December 2021. Other than that, there was no change in the scope of consolidation of the Company’s financial statements as compared with the financial report in the previous year.

V. FINANCIAL STATEMENTS UNDER PRC ACCOUNTING STANDARDS

Consolidated Balance Sheet

31 December 2021

(Expressed in RMB, unless otherwise stated)

ASSETS	Closing balance	Balance at the end of last year
Current assets:		
Cash and cash equivalents	963,218,477.01	1,315,726,827.97
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets held for trading	472,241,399.61	501,356,576.18
Derivative financial assets		
Notes receivable	59,789,784.39	35,394,835.82
Accounts receivable	1,150,920,743.65	1,161,870,914.59
Receivables financing	20,272,279.95	144,969,078.62
Advance to suppliers	58,199,200.40	109,660,420.50
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	41,962,947.68	50,074,829.20
Financial assets held under resale agreements		
Inventories	975,417,660.38	791,346,543.93
Contract assets	117,037,111.93	76,231,842.63
Held-for-sale assets		
Non-current assets due within one year	12,892,936.65	
Other current assets	139,370,084.35	28,763,433.11
Total current assets	4,011,322,626.00	4,215,395,302.55

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	702,575,641.90	295,182,882.84
Other equity instruments investments	3,551,864.21	4,074,939.80
Other non-current financial assets		
Investment properties	225,438,906.53	235,008,179.80
Fixed assets	921,295,490.47	964,778,076.38
Construction in progress	1,662,327.51	7,346,214.86
Biological assets for production		
Fuel assets		
Right-of-use assets	8,982,713.77	13,522,566.06
Intangible assets	150,967,594.98	157,943,967.01
Development expenses		
Goodwill		
Long-term expenses to be amortised	10,927,742.76	10,767,289.92
Deferred income tax assets	17,020,460.54	16,160,839.46
Other non-current assets	4,237,383.51	81,767,440.76
Total non-current assets	<u>2,046,660,126.18</u>	<u>1,786,552,396.89</u>
Total assets	<u><u>6,057,982,752.18</u></u>	<u><u>6,001,947,699.44</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		
Borrowings from central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	214,817,174.59	193,125,064.34
Accounts payable	1,607,660,654.09	1,598,171,215.24
Advance receipts from customers	461,253.51	3,394,006.00
Contract liabilities	153,089,473.09	183,520,790.45
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	42,787,188.00	37,405,445.62
Taxes payable	28,572,004.43	30,758,945.68
Other payables	99,479,790.95	90,865,482.11
Bank charges and commissions due		
Reinsurers due		
Liabilities held for sale		
Non-current liabilities due within one year	9,076,593.15	8,170,178.10
Other current liabilities	38,938,492.63	70,422,975.07
Total current liabilities	<u>2,194,882,624.44</u>	<u>2,215,834,102.61</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	3,586,641.07	8,141,702.09
Long-term payables		
Long-term staff salaries payables	11,837,677.44	15,981,789.25
Estimated liabilities		
Deferred income	44,917,830.69	15,283,181.46
Deferred income tax liabilities	396,709.26	326,863.37
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	<u>60,738,858.46</u>	<u>39,733,536.17</u>
Total liabilities	<u><u>2,255,621,482.90</u></u>	<u><u>2,255,567,638.78</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	-73,601.84	318,704.84
Special reserve		
Surplus reserve	276,018,152.13	267,682,027.88
General preparation		
Undistributed profit	<u>866,732,902.94</u>	<u>856,899,656.12</u>
Total equity attributable to the shareholders of the parent company	<u>3,527,207,782.36</u>	<u>3,509,430,717.97</u>
Minority interests	<u>275,153,486.92</u>	<u>236,949,342.69</u>
Total owners' equity	<u>3,802,361,269.28</u>	<u>3,746,380,060.66</u>
Total liabilities and owners' equity	<u>6,057,982,752.18</u>	<u>6,001,947,699.44</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 2021

(Expressed in RMB, unless otherwise stated)

ASSETS	Closing balance	Balance at the end of last year
Current assets:		
Cash and cash equivalents	39,216,173.73	182,893,267.89
Financial assets held for trading	150,014,383.56	85,149,138.89
Derivative financial assets		
Notes receivables	2,638,210.00	
Accounts receivable	101,272,967.72	101,591,648.77
Financing receivables		13,415,674.00
Prepayments	9,386,848.03	4,764,922.90
Other receivables	216,727,244.80	376,035,744.51
Inventories	40,103,355.09	18,450,298.94
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	32,241.15	
Total current assets	559,391,424.08	782,300,695.90

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	2,136,346,559.46	1,728,663,326.69
Other equity instruments investments	3,551,864.21	4,074,939.80
Other non-current financial assets		
Investment properties	351,618,473.50	373,471,501.63
Fixed assets	72,878,467.62	70,982,173.65
Construction in progress	1,229,570.87	3,206,506.25
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	13,518,024.69	11,110,934.53
Development expenses		
Goodwill		
Long-term deferred expense	5,733,798.58	3,293,294.05
Deferred tax assets	24,533.95	
Other non-current assets		
	_____	_____
Total non-current assets	<u>2,584,901,292.88</u>	<u>2,194,802,676.60</u>
Total assets	<u><u>3,144,292,716.96</u></u>	<u><u>2,977,103,372.50</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	<i>Notes</i>	Closing balance	Balance at the end of last year
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Note payables		17,724,476.13	6,120,870.63
Accounts payable		43,620,736.29	43,131,574.28
Advance receipts from customers		353,853.03	160,842.28
Contract liabilities		2,907,435.18	5,851,615.78
Staff salaries payable		1,581,358.40	3,012,899.46
Taxes payable		9,935,276.08	9,127,756.95
Other payables		217,265,134.58	118,662,218.71
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities		<u>1,977,966.57</u>	<u>760,710.05</u>
Total current liabilities		<u>295,366,236.26</u>	<u>186,828,488.14</u>
Non-current liabilities:			
Long-term loans			
Bonds payables			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long term Staff salaries payable		1,730,963.79	2,149,207.40
Accrued liabilities			
Deferred income			
Deferred income tax liabilities		3,595.89	143,519.68
Other non-current liabilities			
Total non-current liabilities		<u>1,734,559.68</u>	<u>2,292,727.08</u>
Total liabilities		<u><u>297,100,795.94</u></u>	<u><u>189,121,215.22</u></u>

Liabilities and owners' equity	<i>Notes</i>	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		-73,601.84	318,704.84
Special reserve			
Surplus reserve		276,018,152.13	267,682,027.88
Undistributed profits		222,538,007.45	171,272,061.28
		<u>2,847,191,921.02</u>	<u>2,787,982,157.28</u>
Total owners' equity		2,847,191,921.02	2,787,982,157.28
Total liabilities and owners' equity		<u>3,144,292,716.96</u>	<u>2,977,103,372.50</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 2021

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Revenue	4,531,842,430.51	3,952,265,022.15
Including: Operating income	4,531,842,430.51	3,952,265,022.15
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	4,487,995,678.13	3,876,164,021.11
Including: Operating costs	3,961,438,873.89	3,360,271,214.08
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	21,458,605.08	25,728,972.90
Selling expenses	41,827,646.43	32,291,520.30
Administrative expenses	273,378,636.73	257,745,539.77
R&D costs	213,049,945.07	205,817,437.26
Financial expenses	-23,158,029.07	-5,690,663.20
Including: Interest expense	691,719.70	1,620,639.74
Interest income	16,924,618.99	11,743,930.16
Add: Other gains	17,360,215.56	18,343,268.26
Investment income (losses are represented by “-”)	65,709,743.04	74,470,506.63
Including: Investment income of associates and joint ventures	46,702,910.66	67,620,440.86
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 “-”)		
Gains arising from changes in fair value (losses are represented by “-”)	884,823.43	886,749.69

Items	Amount for the current period	Amount for the previous period
Credit impairment loss (losses are represented by “-”)	-7,547,165.61	-15,781,683.84
Asset impairment loss (losses are represented by “-”)	-18,508,356.82	-13,955,982.11
Gains on disposal of assets (losses are represented by “-”)	-722,183.04	-50,820.75
3. Operating profit (losses are represented by “-”)	101,023,828.94	140,013,038.92
Add: Non-operating income	5,270,329.30	12,947,404.25
Less: Non-operating expenses	613,011.45	990,522.96
4. Total profit (total losses are represented by “-”)	105,681,146.79	151,969,920.21
Less: Income tax expense	25,548,459.38	34,188,719.62
5. Net profit (net losses are represented by “-”)	80,132,687.41	117,781,200.59
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by “-”)	80,132,687.41	117,781,200.59
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 “-”)	41,928,543.18	77,318,175.74
2. Minority interests (net losses are represented by “-”)	38,204,144.23	40,463,024.85
6. Net other comprehensive income after tax	-392,306.68	29,550.38
Net other comprehensive income after tax attributable to owners of the parent company	-392,306.68	29,550.38
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	-392,306.68	29,550.38
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		

Items	Amount for the current period	Amount for the previous period
3. Changes in fair value of other equity instruments investment	-392,306.68	29,550.38
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		
7. Total comprehensive income	79,740,380.73	117,810,750.97
Total comprehensive income attributable to the equity holders of the parent company	41,536,236.50	77,347,726.12
Total comprehensive income attributable to minority shareholders	38,204,144.23	40,463,024.85
8. Earnings per share:		
(1) Basic earnings per share (<i>RMB/share</i>)	0.0459	0.0846
(2) Diluted earnings per share (<i>RMB/share</i>)	0.0459	0.0846

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 2021
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Operating income	145,237,873.21	128,965,247.68
Less: Operating costs	85,030,480.98	80,223,276.34
Business taxes and surcharge	5,173,327.88	8,576,482.38
Selling expenses	5,108,567.88	3,510,143.77
Administrative expenses	105,125,548.15	110,049,207.93
R&D costs	18,767,164.97	25,118,385.97
Financial expenses	-5,124,469.97	-6,635,815.49
Including: Interest expense		
Interest income	6,583,624.81	936,106.05
Add: Other incomes	783,726.71	761,831.02
Investment income (losses are represented by “-”)	151,511,422.60	174,301,816.17
Including: Investment income of associates and joint ventures	46,692,313.18	67,270,888.11
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 “-”)	-134,755.33	137,303.27
Credit impairment loss (losses are represented by “-”)	-3,158,629.96	1,115,266.09
Assets impairment loss (losses are represented by “-”)	2,460.00	-222,318.70
Gains on disposal of assets (losses are represented by “-”)		-27,378.48
2. Operating profit (losses are represented by “-”)	80,161,477.34	84,190,086.15
Add: Non-operating income	3,168,232.92	6,918,802.39
Less: Non-operating expenses	2,156.56	724,070.41
3. Total profit (total losses are represented by “-”)	83,327,553.70	90,384,818.13
Less: Income tax expense	-33,688.83	37,284.72
4. Net profit (net losses are represented by “-”)	83,361,242.53	90,347,533.41
(1) Net profit for going concern (net losses are represented by “-”)	83,361,242.53	90,347,533.41
(2) Net profit for discontinued operation (net losses are represented by “-”)		

Items	Amount for the current period	Amount for the previous period
5. Net other comprehensive income after tax	-392,306.68	29,550.38
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	-392,306.68	29,550.38
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	-392,306.68	29,550.38
3. Changes in fair value of other equity instruments investment		
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	82,968,935.85	90,377,083.79
7. Earnings per share:		
(1) Basic earnings per share (RMB/share)		
(2) Diluted earnings per share (RMB/share)		

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 2021
(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	4,905,138,407.36	4,652,591,328.68
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	62,877,333.79	83,772,022.96
Cash received relating to other operating activities	131,055,981.01	229,732,942.73
Sub-total of cash inflows from operating activities	5,099,071,722.16	4,966,096,294.37
Cash paid on purchase of goods and services received	3,991,533,034.91	3,421,853,774.82
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		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	642,932,982.04	579,105,447.82
Cash paid for all types of taxes	119,983,451.35	157,611,180.50
Cash paid relating to other operating activities	136,451,692.38	272,872,273.95
Sub-total of cash outflows from operating activities	4,890,901,160.68	4,431,442,677.09
Net cash flows generated from operating activities	208,170,561.48	534,653,617.28

Items	Amount for the current period	Amount for the previous period
2. Cash flows from investing activities		
Cash received from return on investments		
Cash received from income from investments	85,179,229.63	57,290,700.54
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	537,636.57	599,039.29
Net cash received from disposal of subsidiaries and other operating entities		309,600.00
Cash received relating to other investing activities	1,954,381,086.02	1,246,030,000.00
Sub-total of cash inflows from investing activities	2,040,097,952.22	1,304,229,339.83
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	50,125,585.40	71,016,327.90
Cash paid for investments	426,300,000.00	
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	2,044,381,086.02	1,446,030,000.00
Sub-total of cash outflows from investing activities	2,520,806,671.42	1,517,046,327.90
Net cash flows generated from investing activities	-480,708,719.20	-212,816,988.07
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		
Cash received relating to other financing activities		85,148,311.98
Sub-total of cash inflows from financing activities		85,148,311.98
Cash paid on repayment of borrowings		50,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	23,813,372.63	60,261,138.90
Including: bonus and profit paid to minority shareholders by subsidiaries	53,570.88	43,586,256.30
Cash paid relating to other financing activities	4,901,385.35	2,649,087.35
Sub-total of cash outflows from financing activities	28,714,757.98	112,910,226.25
Net cash flows generated from financing activities	-28,714,757.98	-27,761,914.27

Items	Amount for the current period	Amount for the previous period
4. Effect of foreign exchange rate changes on cash and cash equivalents	433,611.78	-8,163,284.59
5. Net increase in cash and cash equivalents	-300,819,303.92	285,911,430.35
Add: balance of cash and cash equivalents at the beginning of the year	1,149,052,807.58	863,141,377.23
6. Balance of cash and cash equivalents at the end of the year	848,233,503.66	1,149,052,807.58

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 2021
(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	129,646,592.11	100,186,576.91
Refunds of taxes		35,055,477.53
Cash received received to other operating activities	293,158,614.50	226,252,606.02
Sub-total of cash inflows from operating activities	422,805,206.61	361,494,660.46
Cash paid on purchase of goods and services received	65,751,842.92	49,342,382.92
Cash paid to and on behalf of employees	92,298,364.55	86,613,661.79
Cash paid for all types of taxes	10,597,133.06	7,971,589.61
Cash paid relating to other operating activities	52,624,393.26	258,486,455.74
Sub-total of cash outflows from operating activities	221,271,733.79	402,414,090.06
Net cash flows generated from operating activities	201,533,472.82	-40,919,429.60
2. Cash flows from investing activities		
Cash received from disposal and returns of investments		
Cash received from return on investments	170,458,535.55	155,966,749.60
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	33,200.00	39,280.25
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	490,000,000.00	505,000,000.00
Sub-total of cash inflows from investing activities	660,491,735.55	661,006,029.85
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	2,271,453.55	12,134,652.21
Cash paid for investments	426,300,000.00	

Items	Amount for the current period	Amount for the previous period
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	555,000,000.00	470,000,000.00
Sub-total of cash outflows from investing activities	983,571,453.55	482,134,652.21
Net cash flows generated from operating activities	-323,079,718.00	178,871,377.64
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	23,759,801.75	15,992,174.26
Cash paid on other financing activities		
Sub-total of cash outflows from financing activities	23,759,801.75	15,992,174.26
Net cash flows from financing activities	-23,759,801.75	-15,992,174.26
4. Effect of fluctuations in exchange rates on cash and cash equivalents	28,537.91	-363.44
5. Net increase in cash and cash equivalents	-145,277,509.02	121,959,410.34
Add: balance of cash and cash equivalents at the beginning of the period	178,878,717.22	56,919,306.88
6. Balance of cash and cash equivalents at the end of the period	33,601,208.20	178,878,717.22

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 Statement of Changes in Shareholders' Equity

The Year 2021

(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	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit	Subtotal	Minority interests
I. Balance at the end of prior year	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	236,949,342.69	3,746,380,060.66
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		318,704.84		267,682,027.88		856,899,656.12	3,509,430,717.97	236,949,342.69	3,746,380,060.66
III. Changes of current year (decreases are represented by "-")														
(I) Total comprehensive income							-392,306.68		8,336,124.25		9,833,246.82	17,777,064.39	38,204,144.23	55,981,208.62
(II) Share capital contributed or withdrew by owners							-392,306.68				41,928,343.18	41,536,236.50	38,204,144.23	79,740,380.73
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									8,336,124.25		-32,095,296.36	-23,759,172.11		-23,759,172.11
1. Appropriation of surplus reserve									8,336,124.25		-8,336,124.25			
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners (or shareholders)											-23,759,801.75	-23,759,801.75		-23,759,801.75
4. Others											629.64	629.64		629.64

Items	Current period										Total owners' equity			
	Equity attributable to the owners of parent company													
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit	Subtotal	Minority interests
(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								1,487,213.28				1,487,213.28		1,487,213.28
2. Application for the current period								1,487,213.28				1,487,213.28		1,487,213.28
(VI) Others														
IV. Balance at the end of current period	913,838,529.00				1,470,691,800.13				276,018,152.13	866,732,902.94	3,527,207,782.36		275,153,486.92	3,802,361,269.28

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

Prior period

Equity attributable to the owners of parent company

Items	Other equity instrument			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests	Total owners' equity
	Share capital	Preference shares	Perpetual bonds										
I. Balance at the end of prior year	913,838,529.00			1,470,691,800.13		289,154.46		238,647,274.54		804,605,994.12	3,448,072,752.25	240,484,054.54	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		238,647,274.54		804,605,994.12	3,448,072,752.25	240,484,054.54	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										-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)										-15,992,174.26	-15,992,174.26	-43,997,736.50	-59,989,910.76
4. Others										2,413.86	2,413.86		2,413.86

Prior period

Items	Equity attributable to the owners of parent company										Total owners' equity			
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit	Subtotal	Minority interests
(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								100,600.00				100,600.00		100,600.00
2. Application for the current period								100,600.00				100,600.00		100,600.00
(VI) Others														
IV. Balance at the end of current period	913,838,229.00				1,470,691,800.13		318,704.84		267,682,027.88		856,899,656.12	3,509,430,717.97	236,949,342.69	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

Parent Company Statement of changes in shareholders' equity

The Year 2021

(Expressed in RMB, unless otherwise stated)

Items	Other equity instrument					Current period					Total owners' equity	
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	treasury shares	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			318,704.84		267,682,027.88	171,272,061.28	2,787,982,157.28
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		318,704.84			267,682,027.88	171,272,061.28	2,787,982,157.28
III. Changes of current year (decreases are represented by "-")												
(I) Total comprehensive income												
(II) Share capital contributed or withdrew by owners												
1. Share capital contributed by owners												
2. Capital contributed by holders of other equity instruments										8,336,124.25	51,265,946.17	59,209,763.74
3. Amount of share-based payment included in owner's equity											83,361,242.53	82,968,935.85
4. Others												
(III) Profit distribution												
1. Appropriation of surplus reserve										8,336,124.25	-32,095,296.36	-23,759,172.11
2. Appropriation to owners (or shareholders)										8,336,124.25	-8,336,124.25	
3. Others											-23,759,801.75	-23,759,801.75
											629.64	629.64

Items	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	
(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	913,838,529.00				1,434,870,834.28				276,018,152.13	222,538,007.45		2,847,191,921.02

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	Other equity instrument				Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
	Share capital	Preference shares	Perpetual bonds	Others							
I. Balance at the end of prior 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
Add: Changes in accounting policies											
Others											
II. Balance at the beginning 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
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									9,034,753.34	-25,024,513.74	-15,989,760.40
1. Appropriation of surplus reserve									9,034,753.34	-9,034,753.34	
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											
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		318,704.84		267,682,027.88	171,272,061.28	2,787,982,157.28

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

(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 smart traffic and safe city, industrial Internet and intelligent manufacturing, green service electronic manufacturing 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, 2021 are separately provided as follows:

Year by December 31st, 2021

Unit: RMB, Yuan

Item	Smart traffic and safe city	Green service electronic manufacturing	Industrial	Undistributed amount	Eliminations among segments	Total	
			Internet and intelligent manufacturing				Others
Trade income from third party	1,763,167,514.86	2,559,300,582.08	200,891,209.27	8,483,124.30		4,531,842,430.51	
Trade income between segments	181,168,489.56	621,472,580.51	31,295,466.99	14,426,853.19	-848,363,390.25		
Investment income from joint ventures and associated	10,597.48			46,692,313.18		46,702,910.66	
Impairment of assets	1,799,839.94	27,573,968.74	2,750,146.42		-13,615,598.28	18,508,356.82	
Credit impairment losses	8,700,360.87	611,026.04	-3,404,051.14	56,431.55	1,583,398.29	7,547,165.61	
Depreciation and amortization expense	20,079,766.17	32,176,246.72	20,073,777.53	20,445,446.75	22,175,220.88	-1,458,625.84	113,491,832.21
Total profit	143,911,755.25	70,161,344.33	-74,300,445.27	-35,216,307.05	93,320,155.03	-92,195,355.50	105,681,146.79
Income tax expenses	15,921,878.79	7,879,108.95	2,467,429.29	-257,679.75	-33,688.83	-428,589.07	25,548,459.38
Net profit	127,989,876.46	62,282,235.38	-76,767,874.56	-34,958,627.30	93,353,843.86	-91,766,766.43	80,132,687.41
Total assets	2,453,698,907.49	1,726,564,751.86	560,695,925.33	537,766,551.85	3,129,554,813.37	-2,350,298,197.72	6,057,982,752.18
Total liabilities	1,276,696,751.87	945,993,049.39	376,144,181.18	70,831,953.85	234,774,986.61	-648,819,440.00	2,255,621,482.90
Other non-cash expense other than depreciation and amortization expenses							
Long-term investment in joint ventures and associated enterprises	2,014,628.80				700,561,013.10		702,575,641.90
Increased amount in other non-current assets other than long-term investment	-75,901,431.25	-6,836,431.98	-26,616,275.37	-18,555,792.23	-19,986,187.32	611,088.38	-147,285,029.77

(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)	963,053,846.96	986,730,944.25
including: 0-6 months	824,920,636.97	852,957,752.19
7-12 months	138,133,209.99	133,773,192.06
1 to 2 years	137,185,027.25	129,760,955.02
2 to 3 years	60,714,351.08	60,317,987.51
3 to 4 years	20,708,222.28	13,312,642.33
4 to 5 years	7,666,847.23	8,466,952.45
5 years above	12,874,370.77	20,343,866.35
Subtotal	1,202,202,665.57	1,218,933,347.91
Less: bad debt provision	51,281,921.92	57,062,433.32
Total	<u>1,150,920,743.65</u>	<u>1,161,870,914.59</u>

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

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

Type	Carrying amount		Closing balance		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
Bad debt provision made on individual basis	17,646,054.83	1.47	14,028,109.63	79.50	3,617,945.20
Bad debt provision made on a collective basis	1,184,556,610.74	98.53	37,253,812.29	3.14	1,147,302,798.45
Including: aging portfolio	853,191,303.78	70.97	37,237,597.86	4.36	815,953,705.92
Other portfolio	331,365,306.96	27.56	16,214.43		331,349,092.53
Total	<u>1,202,202,665.57</u>	<u>100.00</u>	<u>51,281,921.92</u>		<u>1,150,920,743.65</u>

Type	Carrying amount		Balance at the end of last year		Book value
	Amount	Percentage (%)	Bad debt provision		
			Amount	Percentage (%)	
Bad debt provision made on individual basis	62,246,501.20	5.11	31,024,845.33	49.84	31,221,655.87
Bad debt provision made on a collective basis	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	1,218,933,347.91	100.00	57,062,433.32		1,161,870,914.59

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	
Bad debt provision made on individual basis	31,024,845.33	1,146,930.80	3,866,467.50	14,277,199.00	14,028,109.63
Bad debt provision made on a collective basis	26,037,587.99	21,032,963.91	9,278,767.12	537,972.49	37,253,812.29
Including: aging portfolio	25,874,714.37	21,032,963.91	9,278,767.12	391,313.30	37,237,597.86
Other portfolio	162,873.62			146,659.19	16,214.43
Total	57,062,433.32	22,179,894.71	13,145,234.62	14,815,171.49	51,281,921.92

4. The accounts receivable that have been written-off

Item	Written-off amount
Accounts receivable written-off	14,815,171.49

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	851,888,300.84
Overdue but not impaired amount – Within 3 months	86,027,845.10
Overdue but not impaired amount – 3 months above	<u>213,004,597.71</u>
 Total	 <u><u>1,150,920,743.65</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 38.70% (2020, 41.47%) of accounts receivable in consolidated financial statement for the year ended 31 December 2021, 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 and safe city	116,803,704.30		116,803,704.30
Industrial Internet and intelligent manufacturing	<u>233,407.63</u>		<u>233,407.63</u>
 Total	 <u><u>117,037,111.93</u></u>		 <u><u>117,037,111.93</u></u>

Item	Book balance	Balance at the end of last year	
		Impairment provision	Book value
Intelligent traffic and safe city	74,264,579.68		74,264,579.68
Industrial Internet and intelligent manufacturing	<u>2,314,427.00</u>	347,164.05	<u>1,967,262.95</u>
 Total	 <u><u>76,579,006.68</u></u>	 <u><u>347,164.05</u></u>	 <u><u>76,231,842.63</u></u>

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

Item	Changed amount	Reasons of changes
Intelligent traffic and safe city	42,539,124.62	Increase due to change in measurement of progress of performance
Industrial Internet and intelligent manufacturing	-1,733,855.32	Transfer of contract assets recognized at the beginning of the year into account receivables
Total	<u>40,805,269.30</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
Industrial Internet and intelligent manufacturing	347,164.05		347,164.05			transferred into receivables
Total	<u>347,164.05</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>3,551,864.21</u>	<u>4,074,939.80</u>
Total	<u><u>3,551,864.21</u></u>	<u><u>4,074,939.80</u></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			98,135.79		Investment in non-tradable equity instruments	

(7) RIGHT OF USE ASSETS

Item	Buildings	Machinery equipment	Total
1. Original book value			
(1) Opening balance	19,189,754.81	6,641,154.01	25,830,908.82
(2) Increased amount in current period	862,451.93		862,451.93
– New lease	1,180,782.22		1,180,782.22
– Increase by merge			
– Revaluation adjustment	-318,330.29		-318,330.29
(3) Decreased amount in current period		6,641,154.01	6,641,154.01
– Transferred to fix assets			
– Disposal			
– Other transfer (Note)		6,641,154.01	6,641,154.01
(4) Closing balance	20,052,206.74		20,052,206.74
2. Accumulated Depreciation			
(1) Opening balance	5,667,188.75	6,641,154.01	12,308,342.76
(2) Increased amount in current period	5,402,304.22		5,402,304.22
– Accrued	5,402,304.22		5,402,304.22
(3) Decreased amount in current period		6,641,154.01	6,641,154.01
– Transferred to fixed assets			
– Disposal			
– Other transfer (Note)		6,641,154.01	6,641,154.01
(4) Closing balance	11,069,492.97		11,069,492.97
3. Impairment provision			
(1) Opening balance			
(2) Increased amount in current period			
– Accrued			
(3) Decreased amount in current period			
– Transferred to fixed assets			
– Disposal			
(4) Closing balance			
4. Book value			
(1) Book value at the end of the period	8,982,713.77		8,982,713.77
(2) Book value at the beginning of the period	13,522,566.06		13,522,566.06

Note: other transfer out of machinery and equipment is the end of lease and will not be renewed.

(8) ACCOUNTS PAYABLE

1. Accounts payable

Item	Closing balance	Balance at the end of last year
Within 1 year (Including 1 year)	1,304,678,337.31	1,416,898,524.95
1 to 2 years (Including 2 years)	223,319,706.48	91,482,176.96
2 to 3 years (Including 3years)	34,203,539.57	46,089,316.15
3 years above	45,459,070.73	43,701,197.18
	<hr/>	<hr/>
Total	<u>1,607,660,654.09</u>	<u>1,598,171,215.24</u>

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

2. Classified by nature

Item	Closing balance	Balance at the end of last year
Payment for goods	1,099,393,184.48	1,145,628,682.72
Project funds	471,939,918.62	404,152,080.28
Processing and maintenance funds	18,877,335.93	29,187,350.64
Logistics warehousing funds	3,282,621.58	4,586,753.71
Others	14,167,593.48	14,616,347.89
	<hr/>	<hr/>
Total	<u>1,607,660,654.09</u>	<u>1,598,171,215.24</u>

(9) CONTRACT LIABILITIES

1. Details of contract liabilities

Item	Closing balance	Balance at the end of last year
Intelligent traffic and safe city	101,824,364.70	144,436,519.83
Green service electronic manufacturing	38,911,798.89	27,434,030.75
Industrial Internet and intelligent manufacturing	12,353,309.50	11,650,239.87
Total	<u>153,089,473.09</u>	<u>183,520,790.45</u>

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

Item	Changing amount	Reason of changes
Intelligent traffic and safe city	-42,612,155.13	Revenue recognized from amounts in the opening book value of contract liabilities
Green service electronic manufacturing	11,477,768.14	Increase due to receipt of cash
Industrial Internet and intelligent manufacturing	703,069.63	Increase due to receipt of cash
Total	<u>-30,431,317.36</u>	

(10) LEASE LIABILITIES

Item	Closing balance	Balance at the end of last year
Lease payments	12,663,234.22	16,311,880.19
Including: unrecognized financial lease expenses	485,834.05	1,199,451.13
Less: Reclassification to non-current liabilities due within one year	<u>9,076,593.15</u>	<u>8,170,178.10</u>
Total	<u>3,586,641.07</u>	<u>8,141,702.09</u>

(11) OPERATING REVENUE AND OPERATING COST

Item	Current period		Preceding period	
	Revenue	Cost	Revenue	Cost
Primary businesses	4,483,931,440.69	3,933,238,214.32	3,920,532,931.47	3,354,100,952.06
Other businesses	<u>47,910,989.82</u>	<u>28,200,659.57</u>	<u>31,732,090.68</u>	<u>6,170,262.02</u>
Total	<u>4,531,842,430.51</u>	<u>3,961,438,873.89</u>	<u>3,952,265,022.15</u>	<u>3,360,271,214.08</u>

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

Item	Current period	Preceding period
Current income tax expenses	26,207,465.66	34,794,537.97
Deferred income tax expenses	<u>-659,006.28</u>	<u>-605,818.35</u>
Total	<u>25,548,459.38</u>	<u>34,188,719.62</u>

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

Item	Current period
Total profit	105,681,146.79
Income tax expenses calculated at the statutory or applicable tax rate	26,420,286.70
Different tax rate of subsidiaries	-6,469,025.60
Adjustment on previous income tax	-155,950.74
Income not subject to tax	-11,675,727.67
Expenses not deductible for tax purposes	1,452,270.85
Utilisation of previously unrecognised tax losses for the current period	
Unrecognised deductible temporary difference and deductible tax loss for the current period	43,178,274.79
Effect of additional deducible cost under tax law	-27,201,668.95
Income tax expenses	25,548,459.38

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 (RMB)	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	1.12	0.0459	0.0459
Net profit after deducting extraordinary profit and loss attributable to ordinary shareholders of the Company	0.32	0.0130	0.0130

(14) SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Implementation of “Interpretation of Accounting Standards for Business Enterprises No. 14”

On 2 February 2021, the Ministry of Finance issued “Interpretation of Accounting Standards for Business Enterprises No. 14” (Cai Kuai [2021] No.1, the “Interpretation No. 14”), which took effect on the date of its issuance. The new relevant business from 1 January 2021 to the effective date were adjusted in accordance with Interpretation No. 14.

① Interest rate benchmark reform

The Interpretation No. 14 provides simplified accounting for changes in the basis for determining cash flows related to financial instrument contracts and lease contracts as a result of the interest rate benchmark reform.

According to the requirements, relevant businesses related to the interest rate benchmark reform before 31 December 2020 shall be adjusted retrospectively, except where retrospective adjustment is not practicable, without adjusting the comparative financial statement data in the previous period. At the implementation date of the interpretation, the difference between the original and new carrying amounts of financial assets and financial liabilities is included in opening retained earnings or other comprehensive income for the reporting period of the year in which the interpretation is effective.

The implementation of the interpretation did not have a material impact on the Company’s financial position and results of operations.

(2) Implementation of the “Notice on Adjustment of Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic”

On 19 June 2020, the Ministry of Finance issued “Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic” (Cai Kuai [2020] No.10), which enables enterprises to choose to adopt a simplified method for accounting treatment of rent concessions, such as rent remission and deferred payment, which are directly caused by the COVID-19 Pandemic.

On 26 May 2021, the Ministry of Finance issued the “Notice on Adjusting the Scope of Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic” (Cai Kuai [2021] No.9) with effect from 26 May 2021, which adjusted the scope of relevant rental concessions related to the COVID-19 pandemic that allowed using a simplified method for accounting treatment as stipulated in the Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Pandemic from “the concessions are only for lease payments payable before 30 June 2021” to “the concessions are only for lease payments payable before 30 June 2022” with other applicable conditions remain unchanged.

The Company has elected to adopt the simplified method for accounting treatment for all eligible lease contracts before the scope adjustment, and has adopted the simplified method for accounting treatment for all eligible similar lease contracts after the scope adjustment. Relevant lease contracts that have been accounted for using lease modifications prior to the issuance of the notice shall be retroactively adjusted, but not the comparative financial statement data of the prior period. Adjustments shall be made in accordance with the notice for relevant rental concessions occurred between 1 January 2021 and the effective date of the notice that were not accounted for in accordance with the notice. The implementation of the interpretation did not have a material impact on the Company’s financial position and results of operations.

(3) Implementation of the statements of centralized management of funds in “Interpretation of Accounting Standards for Business Enterprises No. 15”

The Ministry of Finance issued the “Interpretation of Accounting Standards for Business Enterprises No. 15” (Cai Kuai [2021] No.35) on 30 December 2021 (hereinafter referred to as the “Interpretation No.15”). The statements of centralized management of funds were implemented on the issuance date, and the financial statements in the comparable periods were adjusted accordingly.

Interpretation No.15 clearly stipulates how the balance of the centralized management of funds to the parent company and member companies through internal settlement center and financial companies should be reported and disclosed in balance sheet. The implementation has no significant impact on the Company’s financial situation and operating results.

(4) Implementation of the statements of transportation costs in “Q&A of Implementation of Chinese Accounting Standards for Business Enterprises”

In accordance with the “Q&A of Implementation of Chinese Accounting Standards for Business Enterprises” issued by the Ministry of Finance on 2 November 2021, for transportation costs incurred before the transfer of control of goods to customers and for the performance of sales contracts, all of them are reclassified from selling expenses to operating costs. The Company has implemented the changed accounting policy from 1 January 2021. The accounting treatment for transportation costs incurred prior to the transfer of control of goods to customers and for the performance of sales contracts is adjusted retroactively to that in the same period of previous year. The main effects of the implementation of the Q&A are as follows:

Content and reasons for changes in accounting policies	Approval process	Items affected	Impact on 2020	
			Consolidation	Parent Company
For transportation costs incurred before the transfer of control of goods to customers and for the performance of sales contracts, all of them are reclassified from selling expenses to operating costs.	Board approval	Operating costs	13,584,529.19	302,579.99
		Selling expenses	-13,584,529.19	-302,579.99

2. The change in significant accounting estimates

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

(15) OTHER EVENTS

1. Guarantees provided for subsidiaries

On 20 January 2022, the Company provided guarantee to the second-level subsidiary of the Company, Nanjing Panda Electronic Equipment Co., Ltd., for the financing provided by Nanjing Chengdong Sub-branch of Bank of China Limited, in the amount of RMB40 million, valid until 14 July 2022. The guarantee period is calculated separately for each debt guaranteed under the corresponding contract, and the guarantee period for each debt is three years from the expiration date of the performance of that debt, and this guarantee has no counter guarantee. As of 26 March 2022, the balance of the guarantee provided by the Company to Electronics Equipment Company is RMB11,568,400 million, which is within the limit approved by the general meeting of shareholders.

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

Nanjing, the People's Republic of China
30 March 2022

As at the date of this announcement, the Board comprises Executive Directors: Mr. Zhou Guixiang, Mr. Li Renzhi and Mr. Xia Dechuan; Non-executive Directors: Mr. Shen Jianlong, Mr. Deng Weiming and Mr. Yi Guofu; and Independent Non-executive Directors: Mr. Dai Keqin, Ms. Xiong Yanren and Mr. Chu Wai Tsun, Baggio.