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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)

## 2022 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 2023.
- 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 2022, 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
<b>Contact person and information</b>	<b>Secretary to the Board</b>	<b>Securities Affairs Representative</b>		
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 2022, the growth rate of China's electronic information manufacturing industry slowed down compared to last year due to the complex situation at home and abroad. The added value of the electronic information manufacturing industry above designated size nationwide increased by 7.6% year on year, the export delivery value increased by 1.8% year on year, and the investment in fixed assets increased by 18.8% year on year; the operating revenue was RMB15.4 trillion, up 5.5% year on year; the operating cost was RMB13.4 trillion, up 6.2% year on year; the operating revenue profit margin was 4.8%, maintaining a stable trend throughout the year.

The year 2022 is the key year of the "14th Five Year Plan". The government work report of the State Council in 2022 proposes to strengthen the overall layout of digital China construction, build digital information infrastructure, gradually build a national integrated big data center system, promote 5G large-scale application, promote industrial digital transformation, accelerate the development of digital industries such as industrial internet, integrated circuit, artificial intelligence, and improve the innovation and supply capacity of key software and hardware technologies; improve the governance of the digital economy, cultivate a market for data elements, release the potential of data elements, improve application capabilities, and promote the development of the digital economy; with the empowerment of new infrastructure, the vitality of the digital economy continues to be unleashed, and new infrastructure projects such as 5G and the industrial internet have been solidly promoted, opening up new space and adding new momentum to the development of the digital economy.

The accelerated application of the new generation of information technology in various sectors of the national economy has permeated and integrated into the entire industry factor, entire industry chain, and entire value chain, continuously triggered fundamental changes in the mode of technological innovation, production and manufacturing methods, and industrial organizational form, and brought numerous development opportunities to market fields such as intelligent manufacturing, intelligent transportation, intelligent governance, intelligent people's livelihood, intelligent applications, and safe cities.

According to the National Bureau of Statistics, in 2022, the added value of high-tech manufacturing and equipment manufacturing industries above designated size increased by 7.4% and 5.6% respectively compared to the previous year. The country has continuously deployed to promote the development of intelligent manufacturing, enhanced the core competitiveness of the manufacturing industry, launched a number of industrial infrastructure reconstruction projects, promoted the transformation and upgrading of traditional industries, vigorously promoted intelligent manufacturing, accelerated the development of advanced manufacturing clusters, and implemented the national strategic emerging industry cluster project. Jiangsu Province has arranged special funds to accelerate the intelligent transformation and digital transformation of the manufacturing industry, and continuously promoted the digital transformation and development of the manufacturing industry. According to the research report, by 2025, most manufacturing enterprises above designated size in China will realize digitization and networking, and key industry backbone enterprises will initially apply intelligence; by 2035, manufacturing enterprises above designated size will fully popularize digitization and networking, and key industry backbone enterprises will basically achieve intelligence. Overall, the industry has huge growth space.

In recent years, China's electronic manufacturing industry has shown strong resilience and efficiency, and is playing an important role in global supply chain competition. Professional electronic manufacturing service providers, focusing on strategic goals such as improving quality, efficiency, and sustainable development, fully respond to market demand, continuously implement improvements in the electronic information industry adjustment, supply chain layout, value chain management and other links, and continue to improve processes, efficiency, quality and supply chain services. With the proposal of the "dual carbon" goal, high-end, intelligent and green manufacturing has become a major trend in the development of the manufacturing industry, and it is also an inevitable choice for the high-end development of Chinese manufacturing. It complements, promotes and is inseparable from intelligent manufacturing. In the face of the future trend of green and low-carbon development, domestic manufacturing enterprises will further strengthen energy management and control in the production process, optimize resource utilization through digital technology, reduce energy consumption, reduce carbon emissions, and take the green and low-carbon path of efficient, clean, integrated and recyclable development, effectively helping to achieve the "dual carbon" goal as soon as possible.

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

The main businesses of the Company are carried out closely around the relevant national development strategic planning direction, closely following the industrial policy guidance trend.

### ***1. Report of the 20th National Congress of the Communist Party of China***

The report points out that it is necessary to implement industrial foundation reconstruction projects and major technical equipment research projects, support the development of specialized, refined, special and novel enterprises, and promote the high-end, intelligent, and green development of the manufacturing industry; Promote the integration and cluster development of strategic emerging industries, and build a new generation of growth engines such as information technology, artificial intelligence, high-end equipment, and green environmental protection; Build a new system of high-quality and efficient service industries, and promote the deep integration of modern service industries with advanced manufacturing and modern agriculture; Accelerate the development of the digital economy, promote the deep integration of the digital economy and the real economy, and create a digital industrial cluster with international competitiveness; Optimize the layout, structure, function and system integration of infrastructure, and build a modern infrastructure system; Implement urban renewal actions, strengthen urban infrastructure construction, and create livable, resilient, and smart cities.

2. *Notice on Consolidating the Upward Trend and Boosting the Industrial Economy*

The notice requires in-depth implementation of special actions for the development of advanced manufacturing clusters, focusing on key areas such as new generation information technology, high-end equipment, new materials and new energy, and promoting the cultivation and upgrading of national clusters to world-class clusters; Launch the establishment of a national pilot zone for high-quality development of manufacturing industry, and build a number of regional growth poles with different characteristics, complementary advantages, and reasonable structure; Strengthen the promotion and application of new technologies and products, promote the deep integration of new generation information technology and manufacturing industry, build a batch of new growth engines such as new generation information technology, artificial intelligence, biotechnology, new energy, high-end equipment, industrial software, green environmental protection, and vigorously develop new industries, new formats, and new models; Accelerate the development of the digital economy and create internationally competitive digital industry clusters; Deeply implement the intelligent manufacturing project, carry out intelligent manufacturing pilot demonstration actions, accelerate the promotion of equipment digitization, and accelerate the transition to intelligent, green, and service-oriented; Deeply carry out the industrial internet innovation and development project.

3. *Opinions on Building a Data Base System to Better Play the Role of Data Elements*

The opinions point out that it is necessary to accelerate the construction of a data infrastructure system, fully utilize the advantages of China's massive data scale and rich application scenarios, activate the potential of data elements, strengthen and optimize the digital economy, enhance new drivers of economic development, and build new national competitive advantages.

4. *Outline of the Strategic Plan for Expanding Domestic Demand (2022-2035)*

The outline proposes to accelerate the construction of transportation infrastructure, support key urban agglomerations to take the lead in establishing intercity railway networks, promote the development of metropolitan (suburban) railways and urban rail transit in key metropolitan areas, and integrate the development with trunk railways.

5. *Implementation Plan for New Urbanization during the “14th Five Year Plan”*

The plan proposes to rely on super large cities and Type I large cities with strong radiating and driving capabilities to promote the integration of central cities and surrounding cities (towns), and cultivate and develop metropolitan areas within the basic scope of the 1-hour commuting circle. Improve the connectivity and convenience of transportation in metropolitan areas, make overall use of existing and new lines, develop intercity and suburban railways according to local conditions, orderly develop urban rail transit, build a loop system of expressways, open up various types of unconnected highways and “bottleneck roads”, promote the effective connection of urban and external transportation and the “four networks integration” of rail transit, and orderly promote the operation of intercity road passenger transportation and public transportation.

6. *2022 Intelligent Manufacturing Pilot Demonstration Action*

Adhere to the principles of being based on national conditions, systematic promotion, classification selection and dynamic adjustment, build smart manufacturing demonstration factories in segmented industries in the way of public announcement, summarize a batch of excellent intelligent manufacturing scenes with high technical level and promotion application value, drive breakthroughs in a number of key technologies, equipment, software, standards and solutions, and explore and form intelligent transformation and upgrading paths with industry characteristics.



## *7. Overall Layout Plan for Digital China Construction*

Plan and deploy to open up the main artery of digital infrastructure, improve the overall level of application infrastructure, and strengthen the digital and intelligent transformation of traditional infrastructure. Smooth the data resource cycle, release the value potential of commercial data, accelerate the establishment of data property rights systems, carry out data asset pricing research, establish a mechanism for participating in the distribution of data elements based on their value contributions, and strengthen, optimize and expand the digital economy. Cultivate and strengthen the core industries of the digital economy, study and formulate measures to promote the high-quality development of the digital industry, and create a digital industry cluster with international competitiveness. Develop efficient and collaborative digital government, create a confident and prosperous digital culture, establish an inclusive and convenient digital society, and build a green and intelligent digital ecological civilization.

### ***(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, energy storage power supply and other businesses.



In the field of industrial Internet and intelligent manufacturing, the Company applies new generation information technologies such as 5G, edge computing, big data, and sensor technology, and deeply integrates with advanced manufacturing technologies. Relying on product categories such as intelligent industrial control equipment, intelligent robots, intelligent logistics equipment, and other new types of intelligent manufacturing dedicated and general equipment, the Company integrates and applies independently developed industrial software platforms, focuses on the automation, informatization, digitization, and intelligent transformation and upgrading of manufacturing enterprises, provides intelligent factory system solutions with independent intellectual property rights, undertakes the “intelligent transformation and digital transformation” project for manufacturing enterprises, reshapes the core competitiveness of enterprises, and helps customers realize the dream of “intelligent factory”.

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, core components of white appliances, 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 “dual carbon” goal.

## 2. *Operating model*

Guided by market and customer demands, the Company carries out in-depth reform and innovation, accelerates the promotion of market-oriented transformation, makes every effort to forge core competitiveness, promotes lean management on an ongoing basis, and consolidates the foundation for development. Starting from various aspects such as transformation and upgrading, reform and development, team building, basic management, and strengthening compliance, the Company has improved its strategic ability to serve the country, value creation ability, technological innovation ability, and the undertaking ability of professional manufacturing and major system engineering, accelerated the construction of digital transformation services and intelligent manufacturing industry chains, enhanced core competitiveness in the field of digital intelligent equipment, and become a leading solution provider and service provider of digital intelligent equipment system in China.

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 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*

In the field of digital city field, the Company has continuously promoted new breakthroughs in the development of the digital economy. The intelligent rail transit market has formed brand effect, and become the leading supplier in China that can simultaneously provide relevant solutions, software services, and core equipment such as urban rail transit integrated command system, automatic fare collection system, ticketing clearing system, and communication system. Rail transit fare collection system and equipment 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. The Company continuously improves its own technological research and innovation capabilities in intelligent rail transit, makes in-depth use of new technologies such as big data, cloud computing, 5G, etc., for integrated development of rail transit, so as 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 smart cities, smart parks and other business sectors, through the integrated application of technologies such as the Internet of Things, big data, and intelligent perception, the Company has implemented its independently developed “integrated digital park solution” in the construction of smart cities in more than 10 provinces and cities across the country.

In the field of intelligent manufacturing, the Company has continued to improve its capabilities in intelligent manufacturing services, vigorously developed intelligent manufacturing equipment and intelligent manufacturing industrial software businesses, continuously expanded and extended business clusters, and provided customers with a powerful set of “intelligent factory complete solutions”. As the first batch of local intelligent transformation and digital transformation service providers, our robot automatic handling, automatic assembly, and automatic cutting technology have helped more and more traditional factories start digital transformation, achieving a leap from manufacturing to “intelligent manufacturing”. It has continuously deepened the market of intelligent chemical plants market such as display panel intelligent manufacturing factories, LCD glass intelligent manufacturing factories, and industrial robot manufacturing digital workshops, and achieved breakthroughs in the fields of electronic glass substrates, new materials, intelligent instruments, and robot applications. The independently developed integrated intelligent instrument and meter solution enables the entire process of production, logistics and warehousing to be intelligent, not only saving labor costs, but also improving production efficiency by about 30% and greatly reducing manual error. It has made efforts to develop independent research and development and safety controllable capabilities of key software technologies, enhance basic support capabilities, and improve the level of integrated application, intelligent manufacturing digitization and information technology, striving to reach the leading level in China.

In the field of green manufacturing services, the Company has accelerated the docking with the “dual carbon” development policy, vigorously invested in building green electronic manufacturing services with first-class supply chain management capabilities and the ability to achieve intelligent, flexible, and lean production and manufacturing. The development scale and technical level are among the best in the industry. The Company has established multiple electronic product manufacturing factories in Nanjing, Chengdu, and Shenzhen, which can provide efficient, high-quality, and green electronic product production and manufacturing services with an annual production capacity of 60 million pieces, with deep integration of MES and SAP-ERP systems, and achieving full-automatic tracking, full process closed-loop production management and process control of factory production line. 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, forming a complete set of electronic manufacturing service industry chain with core competitive advantages in the field of electronic product manufacturing services.

### 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	2022	2021	Year-on-year increase/ decrease (%)	2020	2019	2018
Total assets	5,863,034,744.88	6,057,982,752.18	-3.22	6,001,947,699.44	6,020,147,479.47	6,184,619,023.98
Net assets attributable to shareholders of the Company	3,554,025,351.32	3,527,207,782.36	0.76	3,509,430,717.97	3,448,072,752.25	3,468,424,299.40
Operating revenue	4,154,295,003.26	4,531,842,430.51	-8.33	3,952,265,022.15	4,660,047,001.92	4,500,505,653.14
Net profit attributable to shareholders of the Company	40,485,761.62	41,928,543.18	-3.44	77,318,175.74	52,657,894.58	161,959,568.48
Net profit attributable to shareholders of the Company after extraordinary items	11,132,646.17	11,888,072.43	-6.35	18,254,992.01	25,447,136.36	113,580,264.77
Net cash flows from operating activities	150,320,717.60	208,170,561.48	-27.79	534,653,617.28	-341,233,848.13	45,563,017.57
Weighted average return on net assets (%)	1.14	1.12	Increased by 0.02 percentage point	2.22	1.49	4.73
Basic earnings per share (RMB/share)	0.0443	0.0459	-3.44	0.0846	0.0576	0.1772
Diluted earnings per share (RMB/share)	0.0443	0.0459	-3.44	0.0846	0.0576	0.1772

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

The operating income declined slightly due to lower orders in the green service electronic manufacturing business; in accordance with the requirements of relevant ministries and commissions in China, the Company actively fulfilled its social responsibility and its main responsibility to serve the regional economic development by granting partial rent remission of RMB13,971,500 for 2022 to tenants of small and micro enterprises and individual business operators, which had a certain impact on the 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. The decrease in net cash flows from operating activities was mainly due to the year-on-year decrease in cash received from sales of goods and rendering 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	1,060,341,055.39	972,949,859.85	916,499,965.55	1,204,504,122.47
Net profit attributable to shareholders of the Company	-16,953,897.29	28,954,065.96	-7,824,089.09	36,309,682.04
Net profit attributable to shareholders of the Company after extraordinary items	-19,399,260.56	20,355,786.90	-11,268,921.18	21,445,041.01
Net cash flows from operating activities	48,682,571.95	44,380,599.24	-47,762,037.32	105,019,583.73

## 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	34,631 shareholders including 34,603 A shareholders and 28 H shareholders
Total number of shareholders of ordinary shares at the end of the last month prior to the disclosure of the annual report	34,581 shareholders including 34,554 A shareholders and 27 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 Shares Status of 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	1,557,165	245,613,148	26.88	0	Unknown		Overseas legal person
Panda Electronics Group Limited (“PEGL”)	0	210,661,444	23.05	0	Pledged	105,091,430	State-owned legal person
China Huarong Assets Management Co., Ltd.	-21,343,463	33,994,824	3.72	0	Unknown		State-owned legal person
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	0	35,888,611	3.93	0	Unknown		State-owned legal person
CITIC Securities – China Huarong Asset Management Company Limited – CITIC Securities – Yunfan Single Asset Management Plan (雲帆單一資產管理計劃)	18,160,700	18,160,700	1.99	0	Unknown		Other
Lu Ping (呂平)	4,311,100	8,529,300	0.93	0	Unknown		Domestic natural person



Name of Shareholder	Increase/ decrease during the reporting period	Shareholdings of top 10 shareholders			Pledged or frozen Status 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			
Beijing Friendly Asset Management Co., Ltd.- Fortune 1 Securities Investment Fund (富潤1期 證券投資基金)	4,000,108	4,000,108	0.44	0	Unknown	Other	
Chen Linfa (陳林法)	1,121,100	3,976,500	0.44	0	Unknown	Domestic natural person	
Sun Feng(孫馮)	2,395,600	2,395,600	0.26	0	Unknown	Domestic natural person	
Beijing Friendly Asset Management Co., Ltd.- Fortune 6 Private Securities Investment Fund (富潤6期 私募證券投資基金)	2,300,400	2,300,400	0.25	0	Unknown	Other	

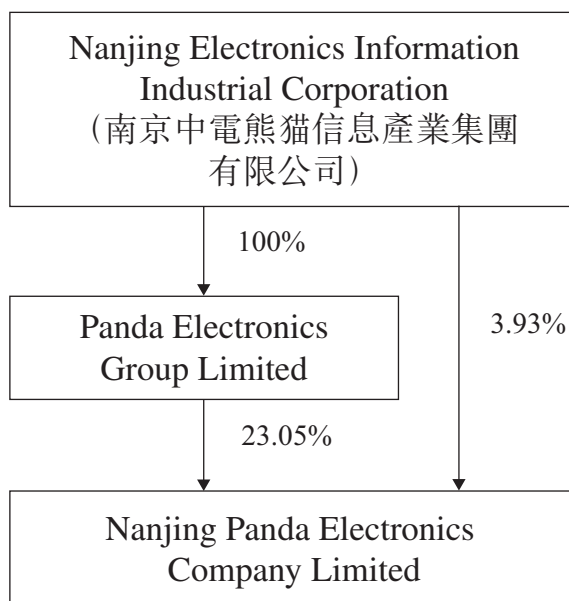
Description on connected relationship or party acting in concert among the aforesaid shareholders

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.

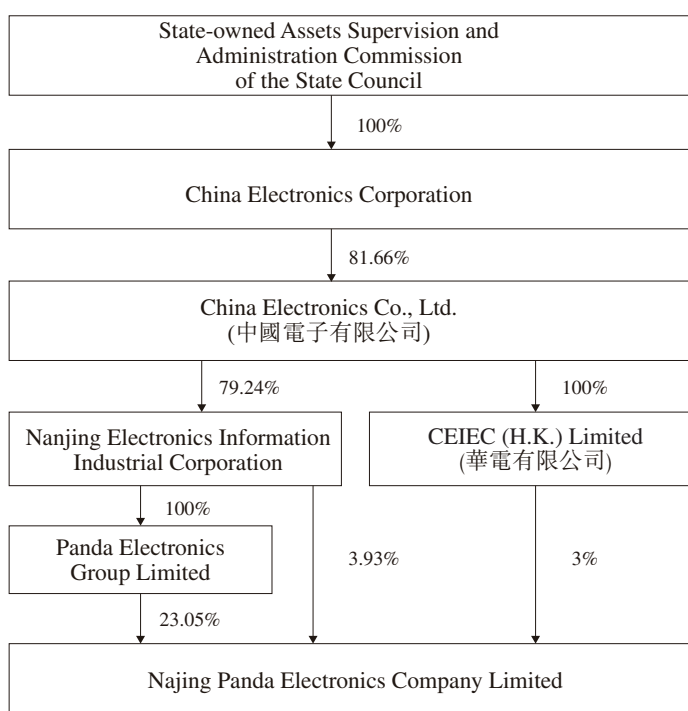
*Notes:*

1. HKSCC (Nominees) Limited held 245,613,148 shares (in particular: 241,663,450 H shares, 3,949,698 A shares) of the Company on behalf of many clients, representing 26.88% 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. SIGNIFICANT EVENTS

- 1 The Company shall disclose the significant changes in the operation of the Company during the reporting period under the principle of materiality and the events in the reporting period that had material impact on the operation of the Company and are expected to have a material impact in the future.

In 2022, the Company strived to maintain stable and orderly operations. Overcoming the impact of unfavorable factors such as local industrial power restrictions and year-over-year price increases of some components and raw materials, the Company focused on developing digital city-related businesses and strived to expand markets and customers in the areas of smart factories, white home appliances and automotive electronics, and maintained stable earnings from its main business. The operating income declined slightly year-on-year due to lower orders in the green service electronic manufacturing business.

#### ***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*

<b>Item</b>	<b>Amount for the period</b>	<b>Amount for the same period last year</b>	<b>Change (%)</b>
Operating income	4,154,295,003.26	4,531,842,430.51	-8.33
Operating costs	3,565,005,880.41	3,961,438,873.89	-10.01
Cost of sales	38,393,464.98	41,827,646.43	-8.21
Administrative expenses	286,650,360.50	273,378,636.73	4.85
Financial expenses	7,383,881.63	-23,158,029.07	N/A
R&D expenses	211,041,452.05	213,049,945.07	-0.94
Net cash flows from operating activities	150,320,717.60	208,170,561.48	-27.79
Net cash flows from investing activities	36,208,860.18	-480,708,719.20	N/A
Net cash flows from financing activities	-83,574,723.50	-28,714,757.98	N/A
Other gains	25,417,903.80	17,360,215.56	46.41
Investment income	88,715,322.29	65,709,743.04	35.01
Gain on changes in fair value	1,569,393.00	884,823.43	77.37
Credit impairment losses	-23,262,187.76	-7,547,165.61	N/A
Assets impairment losses	-12,547,127.26	-18,508,356.82	N/A
Gain from the disposal of assets	258,452.13	-722,183.04	N/A
Non-operating income	1,699,792.65	5,270,329.30	-67.75
Non-operating expenses	347,762.18	613,011.45	-43.27

*Notes:*

- (1) Reasons for changes in operating income: mainly due to the year-on-year decrease in income as a result of lower orders in the green service electronic manufacturing business;
- (2) Reasons for changes in operating costs: mainly due to the year-on-year decrease in cost as a result of the decrease in orders for green service electronic manufacturing business;
- (3) Reasons for changes in cost of sales: mainly due to the year-on-year decrease in advertising and exhibition expenses for the period;
- (4) Reasons for changes in administrative expenses: mainly due to the year-over-year increase in salaries and wages;
- (5) Reasons for changes in financial expenses: mainly due to the turnover of net exchange gain or loss from the exchange gain in the previous period to exchange loss for the period resulting from the change in exchange rate of Renminbi;
- (6) Reasons for changes in R&D expenses: mainly due to the year-on-year decrease in research and development materials for the period;
- (7) Reasons for changes in net cash flows from operating activities: mainly due to the year-on-year decrease in cash received from the sale of goods and rendering of services for the period;
- (8) Reasons for changes in net cash flows from investing activities: mainly due to the cash payment for the equity interest acquisition in the previous period;
- (9) Reasons for changes in net cash flows from financing activities: mainly due to the payment of dividends to minority shareholders for the period;
- (10) Reasons for changes in other gains: mainly due to the increase in government grants recognized related to operations for the period;
- (11) Reasons for changes in investment income: mainly due to the increase in investment income recognized in associates for the period;
- (12) Reasons for changes in gain on changes in fair value: mainly due to the gains and losses recognized on changes in the fair value of financial products outstanding at the end of the period;
- (13) Reasons for changes in credit impairment losses: mainly due to the provision for bad debts on accounts receivable for the period;
- (14) Reasons for changes in assets impairment losses: mainly due to the decrease in provision for decline in value of inventories for the period;

- (15) Reasons for changes in gain from the disposal of assets: mainly due to the increase in gain on disposal of non-current assets for the period;
- (16) Reasons for changes in non-operating income: mainly due to the write-off of certain amounts not required to be paid in the previous period;
- (17) Reasons for changes in non-operating expenses: mainly due to the significant year-on-year decrease in compensation expense for the 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	Operating income	Operating cost	Principal operations by business sector			
			Gross profit margin (%)	Increase/decrease in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Industrial Internet and intelligent manufacturing	247,403,765.22	246,458,572.01	0.38	23.51	9.28	Increased by 12.97 percentage points
Intelligent transportation and safe city	1,587,779,188.95	1,219,589,318.72	23.19	-7.95	-10.93	Increased by 2.57 percentage points
Green service electronic manufacturing	2,291,771,850.59	2,082,677,613.07	9.12	-10.43	-10.94	Increased by 0.51 percentage point

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	197,614,459.68	190,336,554.30	3.68	52.02	27.95	Increased by 18.12 percentage points
Core components of smart manufacturing	49,789,305.54	56,122,017.71	-12.72	-29.20	-26.90	Decreased by 3.55 percentage points
Intelligent transportation	618,528,328.91	473,532,694.04	23.44	-14.66	-20.23	Increased by 5.35 percentage points
Digital park	670,933,905.59	543,821,685.40	18.95	1.28	0.58	Increased by 0.56 percentage point
Safe city	298,316,954.45	202,234,939.28	32.21	-11.67	-13.92	Increased by 1.78 percentage points
Electronic manufacturing services	2,291,771,850.59	2,082,677,613.07	9.12	-10.43	-10.94	Increased by 0.51 percentage point

Principal operations by geographical regions						
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	2,763,176,805.70	2,390,839,533.28	13.47	-9.63	-11.26	Increased by 1.58 percentage points
Shenzhen	894,915,844.00	737,297,122.33	17.61	-2.14	-3.18	Increased by 0.88 percentage point
Chengdu	468,862,155.06	420,588,848.19	10.3	-8.37	-11.90	Increased by 3.6 percentage points



By sales model	Principal operations by sales model					
	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 (%)
Direct sales	4,126,954,804.76	3,548,725,503.80	14.01	-7.96	-9.78	Increased by 1.73 percentage points

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

The businesses of the Company's major subsidiaries are intelligent transportation and safe city, industrial internet and intelligent manufacturing, green service electronic manufacturing and related businesses. The operating income of intelligent transportation and safe city business decreased by 7.95% compared with the same period of last year due to the progress of the settlement of certain intelligent traffic projects; the operating income of industrial internet and intelligent manufacturing business increased by 23.51% compared with the same period of last year due to the significant increase in revenue from intelligent factory and system engineering business; the operating income of green service electronic manufacturing business decreased by 10.43% compared with the same period of last year due to the decrease in revenue from electronic manufacturing services.

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

During the reporting period, sales to the top five customers amounted to RMB1,574,372,100, representing 37.90% of the total sales in 2022, of which sales to connected parties amounted to RMB622,801,100, representing 14.99% of the total sales in 2022.

During the reporting period, the aggregate amount of purchase from the top five suppliers of the Company amounted to RMB536,984,900, accounting for 18.58% of the total amount of purchase made by the Company in 2022. There were no connected parties in the top five suppliers.

(3) Expenses

During the reporting period, the selling expenses decreased by 8.21%, which was mainly due to the year-on-year decrease in advertising and exhibition expenses for the period; the management expenses increased by 4.85%, which was mainly due to the year-on-year increase in salaries and wages; the research and development expenses decreased by 0.94%, mainly due to the year-on-year decrease in research and development materials for the period.

(4) R&D Investment

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
R&D expenses for the period	211,041,452.05	
Capitalized R&D expenses for the period	0	
Total R&D expenses	211,041,452.05	
The percentage of total R&D expenses over operating income (%)		5.08
The percentage of capitalized R&D investment (%)		0
The number of R&D personnel of the Company		502
The percentage of R&D personnel over total number of staff of the Company (%)		16%

## Educational structure of R&D personnel

<b>Category of educational structure</b>	<b>Number of educational structure</b>
Doctoral candidate	3
Master degree candidate	133
Undergraduate	331
Junior college	32
High School and below	3

## Age structure of R&D personnel

<b>Category of age structure</b>	<b>Number of age structure</b>
Under 30 years old (excluding 30 years old)	324
30–40 years old (including 30 years old, excluding 40 years old)	58
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)	34
60 years old and above	0

### *Description:*

In 2022, the Company recorded 45 projects under research, and the Company and its affiliated units undertook 4 key scientific research projects, the R&D progress and results of which met expectations. Seven projects have passed the achievement appraisal, all reaching the domestic leading and advanced level; One project has passed the acceptance of special funds. The Company's scientific research projects cover major industrial directions, with technological leadership and domestic alternatives, laying a good foundation for promoting the Company's development in the main business field.

The Company actively promotes industry-university-research cooperation, and signed a comprehensive cooperation agreement with Nanjing University of Aeronautics and Astronautics to establish a comprehensive cooperation mechanism for technological innovation; Signed a strategic cooperation agreement on 5G integration and innovation with China Unicom to comprehensively integrate technology development layout and promote market collaborative development; Signed a strategic cooperation agreement with Nantong Big Data Development Group Co., Ltd. to conduct in-depth cooperation in the fields of universal and industrial digital city solutions, application scenario development, etc.; Join hands with Southeast University, Xi'an Jiaotong University, Harbin Institute of Technology and other well-known universities in China to take the lead in undertaking the key research and development plan project of the Ministry of Science and Technology – “Key Technologies for Intelligent Operation and Decision Making of Equipment Manufacturing Enterprises Supporting Dynamic Reconstruction”. Two research and development projects, namely “Research and Development of Key Technologies for Multimodal Human-computer Interaction System Integration Based on Brain-computer Interface Technology” and “Research and Development of Key Technologies for Digital Twin Emergency Early Warning System for Precise Monitoring of Optical Cables” were successfully selected as the industry foresight and key core technology projects of the 2022 Jiangsu Province Key Research and Development Plan. By increasing investment in research and development, the Company helped equipment manufacturing enterprises effectively to further improve their informatization, intelligence and operational efficiency, enabling them to improve their core competitiveness.

The Company took the lead in integrating research and development resources, coordinating 6 high-tech enterprises, 9 provincial and 2 municipal scientific research platforms, 4 graduate workstations, and 1 postdoctoral workstation. Targeting digital industry development and key project requirements and tasks, the Company focuses on key core common technology breakthroughs and independent core software product iterations that have a significant impact on industry development. The Company highlights the overall planning of leading industries and key technologies, strengthens collaboration within and outside the system, and drives large-scale and digital transformation with major projects. Relying on the construction of ecological alliance, the Company has successively joined the “Yangtze River Delta Civil Aviation Industry Technology Innovation Alliance”, “Digital Industry Community Industry Alliance” and other relevant industry ecology.

(5) Cash flow

During the reporting period, the decrease of net cash flows from operating activities was mainly due to the year-on-year decrease in cash received from sales of goods and rendering of services for the period; the increase in net cash flows from investing activities was mainly due to the cash payment for the equity interest acquisition in the previous period; the increase in net cash flows from financing activities was mainly due to the payment of dividends to minority shareholders for the period.

## 1.2 Analysis of assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Explanation
Receivables financing	53,346,403.19	0.91	20,272,279.95	0.33	163.15	Mainly due to the increase in sales of goods settled by bills for the period
Inventories	601,451,915.31	10.26	975,417,660.38	16.10	-38.34	Mainly due to the use of some key raw materials in the reserve of previous period
Contract assets	192,997,877.85	3.29	117,037,111.93	1.93	64.90	Mainly due to the right to receive consideration for the products transferred to customers increased for the period as a result of the change in the progress of performance
Non-current assets due within one year	1,747,508.96	0.03	12,892,936.65	0.21	-86.45	Mainly due to the expiration of guarantee period for certain projects
Other equity instruments investments	2,385,926.53	0.04	3,551,864.21	0.06	-32.83	Mainly due to the Company's non-trading equity instruments measured at fair value decreased in net assets for the period
Right-of-use assets	11,757,911.22	0.20	8,982,713.77	0.15	30.89	Mainly due to the increase in long-term lease assets
Other non-current assets	16,690,475.03	0.28	4,237,383.51	0.07	293.89	Mainly due to the increase in project guarantee deposit
Note payables	140,306,918.37	2.39	214,817,174.59	3.55	-34.69	Mainly due to the decrease in purchases of goods settled by bills for the period
Advance receipts from customers	126,201.33	0.00	461,253.51	0.01	-72.64	Mainly due to the advance rental payments

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
					(%)	
Taxes payable	52,072,391.92	0.89	28,572,004.43	0.47	82.25	Mainly due to the increase in VAT payable at the end of the period
Contract liabilities	67,641,115.11	1.15	153,089,473.09	2.53	-55.82	Mainly due to the recognition of a portion of prior-period contract receipts for the period
Non-current liabilities due within one year	6,117,127.14	0.10	9,076,593.15	0.15	-32.61	Mainly due to the decrease in lease liabilities due within one year
Lease liabilities	5,196,356.93	0.09	3,586,641.07	0.06	44.88	Mainly due to the decrease in the portion of long-term leases due within one year
Deferred income tax liabilities	4,422,747.53	0.08	396,709.26	0.01	1,014.86	Mainly due to the fact that certain subsidiaries have adopted the policy of accelerated depreciation of fixed assets, and the difference between the book value and tax basis of fixed assets resulted in taxable temporary differences
Other comprehensive income	-948,055.10	-0.02	-73,601.84	-0.00	Not applicable	Mainly due to the Company's non-trading equity instruments measured at fair value decreased in net assets for the period, and the changes in fair value resulted in a decrease in other comprehensive income



### 1.3 Analysis of major invested companies

#### 1.3.1 Analysis of major subsidiaries

In 2022, the Company focused on the development of its three main businesses, continued to optimise its industrial structure, rationally allocated resources, and increased capital of RMB30 million to Chengdu Panda Electronic Technology Co., Ltd. to enhance the development of green service electronic manufacturing industries.

Changes in net profit of major subsidiaries are as follows:

Subsidiary	Unit: 0'000 Currency: RMB		Change (%)
	Net profit 2022	2021	
Nanjing Panda Electronics Equipment Co., Ltd. (“ <b>Electronics Equipment Company</b> ”)	-7,189.95	-7,746.03	N/A
Nanjing Panda Information Industry Co., Ltd. (“ <b>Information Industry Company</b> ”)	4,912.42	4,730.51	3.85%
Nanjing Panda Electronic Manufacture Co., Ltd. (“ <b>Electronic Manufacture Company</b> ”)	2,653.43	4,485.75	-40.85%
Nanjing Panda Communications Technology Co., Ltd. (“ <b>Communications Technology Company</b> ”)	1,552.00	1,351.62	14.83%
Nanjing Panda Electronic Technology Development Co., Ltd.	-1,775.58	-1,624.92	N/A
Shenzhen Jinghua Electronics Co., Ltd. (“ <b>Shenzhen Jinghua</b> ”)	6,406.18	6,337.19	1.09%
Nanjing Panda Xinxing Industrial Co., Ltd.	-8.90	215.56	N/A
Chengdu Panda Electronic Technology Co., Ltd.	1,635.42	1,747.64	-6.42%

*Description of changes: The net profit of Electronics Equipment Company decreased by 40.85% year-over-year due to the decline in orders and increase in foreign exchange losses. The net profit of Communications Technology Company increased by 14.83% year-on-year, mainly due to the increase in gross profit of products. Nanjing Panda Xinxing Industrial Co., Ltd. recorded a net profit loss due to the decline in business volume.*

### 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")	555,165.49	11,246.82	27%	3,036.64

ENC was set up on 15 September 1992 with a business term of 30 years, 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 August 2022, shareholders decided to extend the business term of ENC for three years, ending on 14 September 2025. On 1 September 2022, ENC applied for a new business license.

In 2022, the operating income of ENC amounted to RMB5,551,654,900, representing a year-on-year decrease of 16.54%; net profit amounted to RMB112,468,200, representing a year-on-year decrease of 16.11%. The changes in key indicators were due to: the orders for business 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.	591,033.20	18,661.41	30%	4,470.18

LG Panda was established on 21 December 1995 with a registered capital of US\$35.7 million. LG Panda is currently owned as to 30%, 50% and 20% by the Company, LG Electronics Co., Ltd., 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 2022, LG Panda recorded the operating revenue of RMB5,910,332,000, representing a year-on-year decrease of 2.01%, and the net profit of RMB186,614,100, representing a year-on-year increase of 26.61%. The changes in key indicators were due to: the unit price of products increased, while the cost of transportation decreased.

#### ***1.4 2022 operating plan***

The operating targets of the Company in 2023 are to achieve a operating income of RMB4,100 million and total profit of RMB120 million. Based on the overall economic development at home and abroad, the Board formulated the above operating targets by taking into full consideration the development of the industry in which the Company operates and in combination with the actual situation of the Company. In the course of actual operation, the Company will be exposed to the impact of many uncertainties. The Company will uphold a pragmatic working style, insist on making progress while maintaining stability, and strive to achieve its operating targets.

#### ***1.5 Profit distribution proposal for 2022***

In 2022, the Company (as parent company) achieved a net profit of RMB105,124,827.02. Given the cash dividend of RMB12,793,739.40 distributed to shareholders in 2021 and the statutory surplus reserve of RMB10,512,482.70 appropriated in 2022, and the undistributed profit at the beginning of the period of RMB222,538,007.45, the actual distributable profit to shareholders this year amounted to RMB304,356,612.37. 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 2022, 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 fifteenth 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 2023 and is expected to be paid to the holders of H shares of the Company on or before 10 August 2023. 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 6th meeting of the tenth session of the Board of the Company considered and approved the Resolution related to the Appointment of the Auditors for 2022, 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 2022 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 2021 annual general meeting.

The 2021 annual general meeting of the Company considered and approved the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international auditor and PRC auditor as well as internal control auditor respectively for the year 2022, 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 31 March and 30 June 2022 and on the website of the Hong Kong Stock Exchange on 30 March 2022 and 29 June 2022.

## ***1.7 Tax policies***

Particulars of tax preference enjoyed by the Company and its subsidiaries as at 31 December 2022 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. For the year of 2022, the Company paid 8.8% of its individual employee premium for the basic medical insurance (Including maternity insurance) since 1 January 2022 in accordance with the document of Notice on the Reduction of the Unit Fee Rate for Employees' Basic Medical Insurance and Other Related Matters (Ning Yi Fa [2022] No. 7).

## **1.9 Rental reduction and exemption by the Company and its subsidiaries**

In accordance with the requirements of the “Several Policies on Promoting the Recovery and Development of Difficult Industries in the Service Industry” (Fa Gai Cai Jin [2022] No. 271)) (《關於促進服務業領域困難行業恢復發展的若干政策》(發改財金[2022]271號)) and the “Notice on Effectively Conducting the Work Concerning Rental Reduction and Exemption for Micro and Small Enterprises and Individual Industrial and Commercial Proprietors in the Service Sector in 2022” (No. 29 (2022), SASAC Financial Review) (《關於做好2022年服務業小微企業和個體工商戶房租減免工作的通知》(國資廳財評[2022]29號)), the Company actively fulfilled its corporate social responsibility and its main responsibility of State-owned enterprises to serve regional economic development by granting partial rent remission for the year 2022 to tenants of small and micro enterprises and individual business operators who engaged in production and operation activities, with a total rent remission of RMB13,971,500.

## **1.10 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.

## **1.11 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 35.01%, RMB1,987,834,300, 1.95 and 1.63, respectively as at 31 December 2022 as shown in the consolidated financial statements of the Company.

Cash: as at 31 December 2022, bank balances and cash amounted to RMB954,544,300 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 2022 as shown in the consolidated financial statements of the Company.

As of 20 December 2022, the LPR for 1 year was 3.65%, and the LPR for more than 5 years was 4.3%; as of 20 March 2023, the LPR for 1 year was 3.65%, and the LPR for more than 5 years was 4.3%. 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	3,120,000.00	<b>9,790,000.00</b>	
Panda Electronics Group Limited	Controlling shareholder			5,395,731.47	-1,627,120.16	<b>3,768,611.31</b>	
CEC Defense Technology Co., Ltd.	Subsidiary owned by shareholders				392,567.50	<b>392,567.50</b>	
China Electronics Import and Export Co., Ltd.	Subsidiary owned by shareholders			195,539.62		<b>195,539.62</b>	
Nanjing Panda Electronics Transportation Company Limited	Subsidiary owned by shareholders			840,988.60	-816,810.60	<b>24,178.00</b>	
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders			22,907.00		<b>22,907.00</b>	
Nanjing Panda Technology Park Development Company Limited	Subsidiary owned by shareholders			20,000.00		<b>20,000.00</b>	
Nanjing CEC Panda Real Estate Co., Ltd.	Subsidiary owned by shareholders			5,000.00		<b>5,000.00</b>	
Nanjing Panda Medical Services Co., Ltd.	Other related parties			2,114.00	-2,114.00		
Total				13,152,280.69	1,066,522.74	<b>14,218,803.43</b>	

(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 2022 and the audited financial report for 2022.

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

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

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

N/A

- 2 Where there is a delisting risk warning or suspension of listing after the disclosure of the Company's annual report, the reasons leading to such delisting risk warning or suspension of listing should be disclosed.

Applicable       Not Applicable

## V. FINANCIAL STATEMENTS UNDER PRC ACCOUNTING STANDARDS

### Consolidated Balance Sheet

31 December 2022

*(Expressed in RMB, unless otherwise stated)*

ASSETS	Closing balance	Balance at the end of last year
<b>Current assets:</b>		
Cash and cash equivalents	<b>1,059,391,006.10</b>	963,218,477.01
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets held for trading	<b>503,810,792.61</b>	472,241,399.61
Derivative financial assets		
Notes receivable	<b>74,058,103.09</b>	59,789,784.39
Accounts receivable	<b>1,184,902,988.01</b>	1,150,920,743.65
Receivables financing	<b>53,346,403.19</b>	20,272,279.95
Advance to suppliers	<b>44,898,734.03</b>	58,199,200.40
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	<b>44,370,789.73</b>	41,962,947.68
Financial assets held under resale agreements		
Inventories	<b>601,451,915.31</b>	975,417,660.38
Contract assets	<b>192,997,877.85</b>	117,037,111.93
Held-for-sale assets		
Non-current assets due within one year	<b>1,747,508.96</b>	12,892,936.65
Other current assets	<b>121,751,216.36</b>	139,370,084.35
<b>Total current assets</b>	<b><u>3,882,727,335.24</u></b>	<u>4,011,322,626.00</u>

<b>ASSETS</b>	<b>Closing balance</b>	<b>Balance at the end of last year</b>
<b>Non-current assets:</b>		
Loans and advances to customers		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	<b>717,388,041.95</b>	702,575,641.90
Other equity instruments investments	<b>2,385,926.53</b>	3,551,864.21
Other non-current financial assets		
Investment properties	<b>215,564,833.38</b>	225,438,906.53
Fixed assets	<b>854,263,641.46</b>	921,295,490.47
Construction in progress	<b>1,218,625.66</b>	1,662,327.51
Biological assets for production		
Fuel assets		
Right-of-use assets	<b>11,757,911.22</b>	8,982,713.77
Intangible assets	<b>130,570,044.29</b>	150,967,594.98
Development expenses		
Goodwill		
Long-term expenses to be amortised	<b>10,982,839.77</b>	10,927,742.76
Deferred income tax assets	<b>19,485,070.35</b>	17,020,460.54
Other non-current assets	<b>16,690,475.03</b>	4,237,383.51
<b>Total non-current assets</b>	<b><u>1,980,307,409.64</u></b>	<u>2,046,660,126.18</u>
<b>Total assets</b>	<b><u><u>5,863,034,744.88</u></u></b>	<u><u>6,057,982,752.18</u></u>

*Legal representative:*  
**Hu Huichun**

*Chief Accountant:*  
**Hu Dali**

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

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	<b>Balance at the end of last year</b>
<b>Current liabilities:</b>		
Short-term borrowings		
Borrowings from central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	<b>140,306,918.37</b>	214,817,174.59
Accounts payable	<b>1,533,543,158.65</b>	1,607,660,654.09
Advance receipts from customers	<b>126,201.33</b>	461,253.51
Contract liabilities	<b>67,641,115.11</b>	153,089,473.09
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	<b>54,607,592.56</b>	42,787,188.00
Taxes payable	<b>52,072,391.92</b>	28,572,004.43
Other payables	<b>105,899,337.51</b>	99,479,790.95
Bank charges and commissions due		
Reinsurers due		
Liabilities held for sale		
Non-current liabilities due within one year	<b>6,117,127.14</b>	9,076,593.15
Other current liabilities	<b>27,520,425.14</b>	38,938,492.63
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b><u>1,987,834,267.73</u></b>	<b><u>2,194,882,624.44</u></b>

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	Balance at the end of last year
<b>Non-current liabilities:</b>		
Insurance contract reserves		
Long-term payables		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	<b>5,196,356.93</b>	3,586,641.07
Long-term payables		
Long-term staff salaries payables	<b>8,729,912.08</b>	11,837,677.44
Estimated liabilities		
Deferred income	<b>46,537,325.13</b>	44,917,830.69
Deferred income tax liabilities	<b>4,422,747.53</b>	396,709.26
Other non-current liabilities		
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b><u>64,886,341.67</u></b>	<u>60,738,858.46</u>
<b>Total liabilities</b>	<b><u><u>2,052,720,609.40</u></u></b>	<u><u>2,255,621,482.90</u></u>

<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	Balance at the end of last year
<b>Owners' equity:</b>		
Share capital	<b>913,838,529.00</b>	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	<b>1,470,691,800.13</b>	1,470,691,800.13
Less: Treasury shares		
Other comprehensive income	<b>-948,055.10</b>	-73,601.84
Special reserve		
Surplus reserve	<b>286,530,634.83</b>	276,018,152.13
General preparation		
Undistributed profit	<b><u>883,912,442.46</u></b>	<u>866,732,902.94</u>
 Total equity attributable to the shareholders of the parent company	 <b><u>3,554,025,351.32</u></b>	 3,527,207,782.36
Minority interests	<b><u>256,288,784.16</u></b>	<u>275,153,486.92</u>
 <b>Total owners' equity</b>	 <b><u>3,810,314,135.48</u></b>	 <u>3,802,361,269.28</u>
 <b>Total liabilities and owners' equity</b>	 <b><u><u>5,863,034,744.88</u></u></b>	 <u><u>6,057,982,752.18</u></u>

*Legal representative:*  
**Hu Huichun**

*Chief Accountant:*  
**Hu Dali**

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

## Parent Company Balance Sheet

31 December 2022

*(Expressed in RMB, unless otherwise stated)*

<b>ASSETS</b>	<b>Closing balance</b>	Balance at the end of last year
<b>Current assets:</b>		
Cash and cash equivalents	<b>124,596,356.25</b>	39,216,173.73
Financial assets held for trading	<b>151,001,712.33</b>	150,014,383.56
Derivative financial assets		
Notes receivables	<b>29,223,397.62</b>	2,638,210.00
Accounts receivable	<b>99,507,284.59</b>	101,272,967.72
Financing receivables		
Prepayments	<b>3,092,196.84</b>	9,386,848.03
Other receivables	<b>197,206,292.54</b>	216,727,244.80
Inventories	<b>55,204,331.62</b>	40,103,355.09
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	<b>110,596.19</b>	32,241.15
<b>Total current assets</b>	<b>659,942,167.98</b>	559,391,424.08

<b>ASSETS</b>	<b>Closing balance</b>	Balance at the end of last year
<b>Non-current assets:</b>		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	<b>2,181,414,815.51</b>	2,136,346,559.46
Other equity instruments investments	<b>2,385,926.53</b>	3,551,864.21
Other non-current financial assets		
Investment properties	<b>337,298,667.83</b>	351,618,473.50
Fixed assets	<b>68,531,092.35</b>	72,878,467.62
Construction in progress	<b>1,265,605.52</b>	1,229,570.87
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	<b>14,477,449.20</b>	13,518,024.69
Development expenses		
Goodwill		
Long-term deferred expense	<b>9,457,514.64</b>	5,733,798.58
Deferred tax assets	<b>316,018.37</b>	24,533.95
Other non-current assets		
<b>Total non-current assets</b>	<b><u>2,615,147,089.95</u></b>	<u>2,584,901,292.88</u>
<b>Total assets</b>	<b><u><u>3,275,089,257.93</u></u></b>	<u><u>3,144,292,716.96</u></u>

*Legal representative:*  
**Hu Huichun**

*Chief Accountant:*  
**Hu Dali**

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



<b>Liabilities and owners' equity</b>	<b>Closing balance</b>	<b>Balance at the end of last year</b>
<b>Current liabilities:</b>		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	<b>14,239,366.64</b>	17,724,476.13
Accounts payable	<b>49,025,777.54</b>	43,620,736.29
Advance receipts from customers		353,853.03
Contract liabilities	<b>761,551.50</b>	2,907,435.18
Staff salaries payable	<b>1,453,976.33</b>	1,581,358.40
Taxes payable	<b>9,107,274.08</b>	9,935,276.08
Other payables	<b>249,453,197.30</b>	217,265,134.58
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	<b><u>10,929,328.19</u></b>	<u>1,977,966.57</u>
<b>Total current liabilities</b>	<b><u>334,970,471.58</u></b>	<u>295,366,236.26</u>
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long term Staff salaries payable	<b>1,219,802.89</b>	1,730,963.79
Accrued liabilities		
Deferred income		
Deferred income tax liabilities	<b>250,428.08</b>	3,595.89
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b><u>1,470,230.97</u></b>	<u>1,734,559.68</u>
<b>Total liabilities</b>	<b><u><u>336,440,702.55</u></u></b>	<u><u>297,100,795.94</u></u>

<b>Liabilities and owners' equity</b>	<i>Notes</i>	<b>Closing balance</b>	Balance at the end of last year
<b>Owners' equity:</b>			
Share capital		<b>913,838,529.00</b>	913,838,529.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		<b>1,434,870,834.28</b>	1,434,870,834.28
Less: Treasury shares			
Other comprehensive income		<b>-948,055.10</b>	-73,601.84
Special reserve			
Surplus reserve		<b>286,530,634.83</b>	276,018,152.13
Undistributed profits		<b>304,356,612.37</b>	222,538,007.45
<b>Total owners' equity</b>		<b><u>2,938,648,555.38</u></b>	<u>2,847,191,921.02</u>
<b>Total liabilities and owners' equity</b>		<b><u><u>3,275,089,257.93</u></u></b>	<u><u>3,144,292,716.96</u></u>

*Legal representative:*  
**Hu Huichun**

*Chief Accountant:*  
**Hu Dali**

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

## Consolidated Income Statement

The Year 2022

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
<b>1. Revenue</b>	<b>4,154,295,003.26</b>	4,531,842,430.51
Including: Operating income	<b>4,154,295,003.26</b>	4,531,842,430.51
Interest income		
Premiums earned		
Fee and commission income		
<b>2. Total operating cost</b>	<b>4,135,113,037.83</b>	4,487,995,678.13
Including: Operating costs	<b>3,565,005,880.41</b>	3,961,438,873.89
Interest expenses		
Fee and commission expense		
Surrenders		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Tax and surcharges	<b>26,637,998.26</b>	21,458,605.08
Selling expenses	<b>38,393,464.98</b>	41,827,646.43
Administrative expenses	<b>286,650,360.50</b>	273,378,636.73
R&D costs	<b>211,041,452.05</b>	213,049,945.07
Financial expenses	<b>7,383,881.63</b>	-23,158,029.07
Including: Interest expense	<b>416,197.62</b>	691,719.70
Interest income	<b>15,072,252.93</b>	16,924,618.99
Add: Other gains	<b>25,417,903.80</b>	17,360,215.56
Investment income (losses are represented by “-”)	<b>88,715,322.29</b>	65,709,743.04
Including: Investment income of associates and joint ventures	<b>74,926,774.93</b>	46,702,910.66
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 “-”)	<b>1,569,393.00</b>	884,823.43
Credit impairment loss (losses are represented by “-”)	<b>-23,262,187.76</b>	-7,547,165.61

Items	Amount for the current period	Amount for the previous period
Asset impairment loss (losses are represented by “-”)	-12,547,127.26	-18,508,356.82
Gains on disposal of assets (losses are represented by “-”)	258,452.13	-722,183.04
<b>3. Operating profit (losses are represented by “-”)</b>	<b>99,333,721.63</b>	101,023,828.94
Add: Non-operating income	1,699,792.65	5,270,329.30
Less: Non-operating expenses	347,762.18	613,011.45
<b>4. Total profit (total losses are represented by “-”)</b>	<b>100,685,752.10</b>	105,681,146.79
Less: Income tax expense	19,308,314.84	25,548,459.38
<b>5. Net profit (net losses are represented by “-”)</b>	<b>81,377,437.26</b>	80,132,687.41
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by “-”)	81,377,437.26	80,132,687.41
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 “-”)	40,485,761.62	41,928,543.18
2. Minority interests (net losses are represented by “-”)	40,891,675.64	38,204,144.23
<b>6. Net other comprehensive income after tax</b>	<b>-874,453.26</b>	-392,306.68
Net other comprehensive income after tax attributable to owners of the parent company	-874,453.26	-392,306.68
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	-874,453.26	-392,306.68
1. Changes as a result of remeasurement of defined benefit plan		

Items	Amount for the current period	Amount for the previous period
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment	<b>-874,453.26</b>	-392,306.68
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		
<b>7. Total comprehensive income</b>	<b>80,502,984.00</b>	79,740,380.73
Total comprehensive income attributable to the equity holders of the parent company	<b>39,611,308.36</b>	41,536,236.50
Total comprehensive income attributable to minority shareholders	<b>40,891,675.64</b>	38,204,144.23
<b>8. Earnings per share:</b>		
(1) Basic earnings per share ( <i>RMB/share</i> )	<b>0.0443</b>	0.0459
(2) Diluted earnings per share ( <i>RMB/share</i> )	<b>0.0443</b>	0.0459

*Legal representative:*  
**Hu Huichun**

*Chief Accountant:*  
**Hu Dali**

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

**Parent Company Income Statement**  
The Year 2022  
*(Expressed in RMB, unless otherwise stated)*

Items	Amount for the current period	Amount for the previous period
<b>1. Operating income</b>	<b>137,659,465.96</b>	145,237,873.21
Less: Operating costs	<b>84,779,201.69</b>	85,030,480.98
Business taxes and surcharge	<b>4,508,424.81</b>	5,173,327.88
Selling expenses	<b>4,415,394.62</b>	5,108,567.88
Administrative expenses	<b>107,024,293.31</b>	105,125,548.15
R&D costs	<b>18,513,235.72</b>	18,767,164.97
Financial expenses	<b>-6,815,882.10</b>	-5,124,469.97
Including: Interest expense		
Interest income	<b>1,246,992.62</b>	6,583,624.81
Add: Other incomes	<b>2,145,411.50</b>	783,726.71
Investment income (losses are represented by “-”)	<b>180,558,216.76</b>	151,511,422.60
Including: Investment income of associates and joint ventures	<b>75,068,256.05</b>	46,692,313.18
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 “-”)	<b>987,328.77</b>	-134,755.33
Credit impairment loss (losses are represented by “-”)	<b>-2,235,587.30</b>	-3,158,629.96
Assets impairment loss (losses are represented by “-”)	<b>-1,403,965.05</b>	2,460.00
Gains on disposal of assets (losses are represented by “-”)		
<b>2. Operating profit (losses are represented by “-”)</b>	<b>105,286,202.59</b>	80,161,477.34
Add: Non-operating income	<b>89,583.04</b>	3,168,232.92
Less: Non-operating expenses	<b>4,126.42</b>	2,156.56
<b>3. Total profit (total losses are represented by “-”)</b>	<b>105,371,659.21</b>	83,327,553.70
Less: Income tax expense	<b>246,832.19</b>	-33,688.83
<b>4. Net profit (net losses are represented by “-”)</b>	<b>105,124,827.02</b>	83,361,242.53
(1) Net profit for going concern (net losses are represented by “-”)	<b>105,124,827.02</b>	83,361,242.53

Items	Amount for the current period	Amount for the previous period
(2) Net profit for discontinued operation (net losses are represented by “-”)		
<b>5. Net other comprehensive income after tax</b>	<b>-874,453.26</b>	-392,306.68
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	<b>-874,453.26</b>	-392,306.68
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment	<b>-874,453.26</b>	-392,306.68
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		
<b>6. Total comprehensive income</b>	<b>104,250,373.76</b>	82,968,935.85
<b>7. Earnings per share:</b>		
(1) Basic earnings per share (RMB/share)		
(2) Diluted earnings per share (RMB/share)		

*Legal representative:*  
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*Chief Accountant:*  
**Hu Dali**

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

**Consolidated Cash Flow Statement**  
The Year 2022  
*(Expressed in RMB, unless otherwise stated)*

Items	Amount for the current period	Amount for the previous period
<b>1. Cash flows from operating activities</b>		
Cash received from the sale of goods and rendering of services	<b>4,335,727,646.77</b>	4,905,138,407.36
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	<b>44,956,300.37</b>	62,877,333.79
Cash received relating to other operating activities	<b>137,645,759.94</b>	131,055,981.01
Sub-total of cash inflows from operating activities	<b>4,518,329,707.08</b>	5,099,071,722.16
Cash paid on purchase of goods and services received	<b>3,496,804,933.47</b>	3,991,533,034.91
Net increase in loans and advances		
Net increase in deposits in the central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
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	<b>630,511,452.26</b>	642,932,982.04
Cash paid for all types of taxes	<b>143,987,903.71</b>	119,983,451.35
Cash paid relating to other operating activities	<b>96,704,700.04</b>	136,451,692.38
Sub-total of cash outflows from operating activities	<b>4,368,008,989.48</b>	4,890,901,160.68
<b>Net cash flows generated from operating activities</b>	<b>150,320,717.60</b>	208,170,561.48



Items	Amount for the current period	Amount for the previous period
<b>2. Cash flows from investing activities</b>		
Cash received from return on investments		
Cash received from income from investments	<b>74,351,224.96</b>	85,179,229.63
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	<b>2,311,007.05</b>	537,636.57
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	<b>1,240,000,000.00</b>	1,954,381,086.02
Sub-total of cash inflows from investing activities	<b>1,316,662,232.01</b>	2,040,097,952.22
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	<b>20,453,371.83</b>	50,125,585.40
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	<b>1,260,000,000.00</b>	2,044,381,086.02
Sub-total of cash outflows from investing activities	<b>1,280,453,371.83</b>	2,520,806,671.42
<b>Net cash flows generated from investing activities</b>	<b>36,208,860.18</b>	-480,708,719.20
<b>3. Cash flows generated from financing activities</b>		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' 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 interest expenses	<b>72,098,658.24</b>	23,813,372.63
Including: bonus and profit paid to minority shareholders by subsidiaries	<b>59,304,918.84</b>	53,570.88
Cash paid relating to other financing activities	<b>11,476,065.26</b>	4,901,385.35
Sub-total of cash outflows from financing activities	<b>83,574,723.50</b>	28,714,757.98
<b>Net cash flows generated from financing activities</b>	<b>-83,574,723.50</b>	-28,714,757.98

Items	Amount for the current period	Amount for the previous period
4. Effect of foreign exchange rate changes on cash and cash equivalents	3,355,931.91	433,611.78
5. Net increase in cash and cash equivalents	106,310,786.19	-300,819,303.92
Add: balance of cash and cash equivalents at the beginning of the year	848,233,503.66	1,149,052,807.58
6. Balance of cash and cash equivalents at the end of the year	954,544,289.85	848,233,503.66

*Legal representative:*  
**Hu Huichun**

*Chief Accountant:*  
**Hu Dali**

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

**Parent Company Cash Flow Statement**  
The Year 2022  
*(Expressed in RMB, unless otherwise stated)*

Items	Amount for the current period	Amount for the previous period
<b>I. Cash flows from operating activities</b>		
Cash received from the sale of goods and rendering of services	<b>111,729,929.97</b>	129,646,592.11
Refunds of taxes		
Cash received received to other operating activities	<b>49,593,917.23</b>	293,158,614.50
Sub-total of cash inflows from operating activities	<b>161,323,847.20</b>	422,805,206.61
Cash paid on purchase of goods and services received	<b>52,752,892.31</b>	65,751,842.92
Cash paid to and on behalf of employees	<b>99,500,762.55</b>	92,298,364.55
Cash paid for all types of taxes	<b>8,076,800.00</b>	10,597,133.06
Cash paid relating to other operating activities	<b>207,512,365.56</b>	52,624,393.26
Sub-total of cash outflows from operating activities	<b>367,842,820.42</b>	221,271,733.79
Net cash flows generated from operating activities	<b>-206,518,973.22</b>	201,533,472.82
<b>2. Cash flows from investing activities</b>		
Cash received from disposal and returns of investments		
Cash received from return on investments	<b>165,666,486.33</b>	170,458,535.55
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	<b>100,800.00</b>	33,200.00
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	<b>430,000,000.00</b>	490,000,000.00
Sub-total of cash inflows from investing activities	<b>595,767,286.33</b>	660,491,735.55
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	<b>10,666,091.54</b>	2,271,453.55
Cash paid for investments	<b>30,000,000.00</b>	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	<b>430,000,000.00</b>	555,000,000.00
Sub-total of cash outflows from investing activities	<b>470,666,091.54</b>	983,571,453.55
Net cash flows generated from operating activities	<b>125,101,194.79</b>	-323,079,718.00
<b>3. Cash flows from financing activities</b>		
Cash received from investment		
Cash received from borrowings		
Cash received relating to other financing activities	<b>327,000,000.00</b>	
Sub-total of cash inflows from financing activities	<b>327,000,000.00</b>	
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interests expenses	<b>12,793,739.40</b>	23,759,801.75
Cash paid on other financing activities	<b>147,000,000.00</b>	
Sub-total of cash outflows from financing activities	<b>159,793,739.40</b>	23,759,801.75
Net cash flows from financing activities	<b>167,206,260.60</b>	-23,759,801.75
<b>4. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>35,594.76</b>	28,537.91
<b>5. Net increase in cash and cash equivalents</b>	<b>85,824,076.93</b>	-145,277,509.02
Add: balance of cash and cash equivalents at the beginning of the period	<b>33,601,208.20</b>	178,878,717.22
<b>6. Balance of cash and cash equivalents at the end of the period</b>	<b>119,425,285.13</b>	33,601,208.20

<i>Legal representative:</i> <b>Hu Huichun</b>	<i>Chief Accountant:</i> <b>Hu Dali</b>	<i>Head of the Accounting Department:</i> <b>Liu Xianfang</b>
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## Consolidated Statement of Changes in Shareholders' Equity

### The Year 2022

*(Expressed in RMB, unless otherwise stated)*

Items	Current period													
	Equity attributable to the owners of parent company													
	Share capital	Preference shares	Other equity instrument	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests	Total owners' equity
I. Balance at the end of prior year	913,838,529.00				1,470,691,800.13		-73,601.84		276,018,152.13		866,732,902.94	3,527,207,782.36	275,153,486.92	3,802,361,269.28
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		-73,601.84		276,018,152.13		866,732,902.94	3,527,207,782.36	275,153,486.92	3,802,361,269.28
III. Changes of current year (decreases are represented by "-")														
(I) Total comprehensive income							-874,453.26		10,512,482.70		17,179,539.52	26,817,568.96	-18,864,702.76	7,952,866.20
(II) Share capital contributed or withdrew by owners							-874,453.26				40,485,761.62	39,611,308.36	40,891,675.64	80,502,984.00
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									10,512,482.70		-23,306,222.10	-12,793,739.40	-59,756,378.40	-72,550,117.80
1. Appropriation of surplus reserve									10,512,482.70		-10,512,482.70			
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners (or shareholders)														
4. Others														

Items	Equity attributable to the owners of parent company										Total owners' equity			
	Current period													
	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								1,575,970.15				1,575,970.15		1,575,970.15
2. Application for the current period								1,575,970.15				1,575,970.15		1,575,970.15
(VI) Others														
IV. Balance at the end of current period	913,838,529.00				1,470,691,800.13		-948,055.10		286,530,634.83		883,912,442.46	3,554,025,351.32	256,288,784.16	3,810,314,135.48

**Legal representative:**  
**Hu Huichun**

**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										
<b>I. Balance at the end of prior year</b>	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													
<b>II. Balance at the beginning of current year</b>	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
<b>III. Changes of current year (decreases are represented by "+")</b>													
(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				41,928,543.18	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													
1. Appropriation of surplus reserve								8,336,124.25		-32,095,296.36	-23,759,172.11		-23,759,172.11
2. Appropriation of general risk reserve								8,336,124.25		-8,336,124.25			
3. Appropriation of profit to owners (or shareholders)													
4. Others													
										-23,759,801.75	-23,759,801.75		-23,759,801.75
										629.64	629.64		629.64

Prior period

Equity attributable to the owners of parent company

Items	Other equity instrument		Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests	Total owners' equity
	Preference shares	Perpetual bonds									
(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		-73,601.84		276,018,152.13		866,732,902.94	3,527,207,782.36	275,153,486.92	3,802,361,269.28

**Legal Representative:**  
**Hu Huichun**

**Chief Accountant:**  
**Hu Dali**

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



## Parent Company Statement of changes in shareholders' equity

The Year 2022

*(Expressed in RMB, unless otherwise stated)*

Items	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			-73,601.84		276,018,152.13	222,538,007.45	2,847,191,921.02
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			-73,601.84		276,018,152.13	222,538,007.45	2,847,191,921.02
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												
3. Amount of share-based payment included in owner's equity												
4. Others												
(III) Profit distribution												
1. Appropriation of surplus reserve										10,512,482.70	-23,306,222.10	-12,793,739.40
2. Appropriation to owners (or shareholders)										10,512,482.70	-10,512,482.70	
3. Others											-12,793,739.40	-12,793,739.40

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 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 period	913,838,529.00				1,434,870,834.28		-948,055.10		286,530,634.83	304,356,612.37	2,938,648,555.38

**Legal Representative:**  
**Hu Huichun**

**Chief Accountant:**  
**Hu Dali**

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

Items	Other equity instrument						Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Preceding period						
<b>I. Balance at the end of prior year</b>	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												
Others												
<b>II. Balance at the beginning of current year</b>	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	
<b>III. Changes of current year (decreases are represented by "-")</b>												
(I) Total comprehensive income							-392,306.68				59,209,763.74	
(II) Share capital contributed or withdrew by owners							-392,306.68				82,968,935.85	
1. Share capital contributed by owners												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in owner's equity												
4. Others												
(III) Profit distribution												
1. Appropriation of surplus reserve									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												
(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												
<b>IV. Balance at the end of current year</b>	913,838,529.00				1,434,870,834.28		-73,601.84		276,018,152.13	222,558,007.45	2,847,191,921.02	

**Legal Representative:**  
**Hu Huichun**

**Chief Accountant:**  
**Hu Dali**

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

## **NOTES**

### **(1) PREPARATION OF BASIS**

Based on going concern and actual transactions and events, the Company prepared financial statements in accordance with the basic and specific standards of the Accounting Standards for Business Enterprises, the Application Guidance for Accounting Standard for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as “CAS”), and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15-General Provisions on Financial Reporting issued by the China Securities Regulatory Commission.

### **(2) GOING CONCERN**

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

### **(3) SEGMENT INFORMATION**

The company established 3 parts of segment reports on the basis of the internal organisational structure, management requirement, and internal report system. They are smart transportation and safe city, industrial internet and intelligent manufacturing, green service electronic manufacturing. 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, the non-current assets of the Company are all within the China Mainland.

The segment information for the year ended December 31, 2022 and year ended December 31, 2021 is as follows:

**Year by December 31st, 2022**

*Unit: RMB, Yuan*

Item	Smart City Industry	Electronic manufacturing Services	Intelligent Manufacturing Industry	Undistributed amount	Offset	Total
Revenue from external transactions	1,614,283,685.16	2,291,857,520.42	248,153,797.68			4,154,295,003.26
Income from inter-segment transactions	167,782,925.60	483,316,079.33	23,450,737.71		-674,549,742.64	
Income from investments in associates and joint ventures	-141,481.12			75,068,256.05		74,926,774.93
Impairment losses on assets	-2,123,016.90	-3,379,865.42	-59,102,315.27		52,058,070.33	-12,547,127.26
Credit impairment losses	-11,756,897.92	-72,568.99	-10,373,665.13	-1,059,055.72		-23,262,187.76
Depreciation and amortization expense	40,861,752.99	31,962,237.50	21,387,284.88	22,908,660.52	-219,748.02	116,900,187.87
Total profit	111,163,685.41	73,724,419.82	-124,688,559.94	108,959,231.20	-68,473,024.39	100,685,752.10
Income tax expenses	14,838,260.91	4,182,731.36	-38,654.79	246,832.19	79,145.17	19,308,314.84
Net profit	96,325,424.50	69,541,688.46	-124,649,905.15	108,712,399.00	-68,552,169.55	81,377,437.26
Total assets	2,965,971,770.06	1,458,294,260.19	430,923,850.97	3,348,963,839.93	-2,341,118,976.27	5,863,034,744.88
Total liabilities	1,383,051,935.34	629,581,134.78	371,022,011.97	332,951,509.83	-663,885,982.52	2,052,720,609.40
Long-term equity investments in associates and joint ventures	1,758,772.80			715,629,269.15		717,388,041.95
Increase in non-current assets other than long-term equity investments	-16,199,055.93	-25,535,023.51	-26,547,544.25	-12,933,535.85	50,042.95	-81,165,116.59

## Year by December 31st, 2021

*Unit: RMB, Yuan*

Item	Smart City Industry	Electronic Manufacturing Services	Intelligent Manufacturing Industry	Undistributed amount	Offset	Total
Revenue from external transactions	1,771,650,639.16	2,559,300,582.08	200,891,209.27			4,531,842,430.51
Income from inter-segment transactions	195,595,342.75	621,472,580.51	31,295,466.99		-848,363,390.25	
Income from investments in associates and joint ventures	10,597.48			46,692,313.18		46,702,910.66
Impairment losses on assets	-1,799,839.94	-27,573,968.74	-2,750,146.42		13,615,598.28	-18,508,356.82
Credit impairment losses	-8,756,792.42	-611,026.04	3,404,051.14	-1,583,398.29		-7,547,165.61
Depreciation and amortization expense	40,525,212.92	32,176,246.72	20,073,777.53	22,175,220.88	-1,458,625.84	113,491,832.21
Total profit	107,629,080.64	70,161,344.33	-74,300,445.27	94,386,522.59	-92,195,355.50	105,681,146.79
Income tax expenses	15,664,199.04	7,879,108.95	2,467,429.29	-33,688.83	-428,589.07	25,548,459.38
Net profit	91,964,881.60	62,282,235.38	-76,767,874.56	94,420,211.42	-91,766,766.43	80,132,687.41
Total assets	2,901,614,618.40	1,726,564,751.86	560,695,925.33	3,219,405,654.31	-2,350,298,197.72	6,057,982,752.18
Total liabilities	1,286,959,555.72	945,993,049.39	376,144,181.18	295,344,136.61	-648,819,440.00	2,255,621,482.90
Long-term equity investments in associates and joint ventures						
Increase in non-current assets other than long-term equity investments	2,014,628.80			700,561,013.10		702,575,641.90
Revenue from external transactions	-94,457,223.48	-6,836,431.98	-26,616,275.37	-19,986,187.32	611,088.38	-147,285,029.77

#### (4) ACCOUNTS RECEIVABLE

##### 1. Disclosure of accounts receivable by aging

Aging	Balance as at December 31, 2022	Balance as at December 31, 2021
Within one year (includes 1 year)	<b>985,647,452.14</b>	963,053,846.96
including: 0-6 months	<b>847,147,582.61</b>	824,920,636.97
7-12 months	<b>138,499,869.53</b>	138,133,209.99
1 to 2 years	<b>120,527,972.44</b>	137,185,027.25
2 to 3 years	<b>87,109,893.37</b>	60,714,351.08
3 to 4 years	<b>39,520,949.35</b>	20,708,222.28
4 to 5 years	<b>9,893,818.22</b>	7,666,847.23
5 years above	<b>16,575,570.76</b>	12,874,370.77
Subtotal	<b>1,259,275,656.28</b>	1,202,202,665.57
Less: bad debt provision	<b>74,372,668.27</b>	51,281,921.92
Total	<b><u>1,184,902,988.01</u></b>	<b><u>1,150,920,743.65</u></b>

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

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

Category	Balance as at December 31, 2022				Book value
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts on individual basis	47,039,870.45	3.74	35,743,295.45	75.99	11,296,575.00
Provision for bad debts on portfolio basis	1,212,235,785.83	96.26	38,629,372.82	3.19	1,173,606,413.01
Including:					
aging portfolio	811,050,976.93	64.40	38,613,158.39	4.76	772,437,818.54
Other portfolio	401,184,808.90	31.86	16,214.43		401,168,594.47
Total	<b><u>1,259,275,656.28</u></b>	<b><u>100.00</u></b>	<b><u>74,372,668.27</u></b>		<b><u>1,184,902,988.01</u></b>

Category	Balance as at December 31, 2021				Book value
	Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts on individual basis	17,646,054.83	1.47	14,028,109.63	79.50	3,617,945.20
Provision for bad debts on portfolio 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
<b>Total</b>	<b>1,202,202,665.57</b>	<b>100.00</b>	<b>51,281,921.92</b>		<b>1,150,920,743.65</b>

**Provision for bad debts on individual basis:**

Name	Accounts receivable	Balance as at December 31, 2022		
		Provision for bad debts	Proportion of provision (%)	Reason for provision
Jiangsu Jinmao Robot Technology Co., Ltd.	22,593,150.00	11,296,575.00	50.00	It is estimated that the part cannot be recovered
Xuzhou Suning Real Estate Co., Ltd.	6,611,197.07	6,611,197.07	100.00	It is estimated that it cannot be recovered
Jiangsu Zhongshi Environment Technology Co., Ltd.	6,500,000.00	6,500,000.00	100.00	It is estimated that it cannot be recovered
Nanchang Shuntang Green Power Technology Co., Ltd.	3,358,250.75	3,358,250.75	100.00	It is estimated that it cannot be recovered
Wenzhou Zhongdian Xingxin Intelligent Technology Co., Ltd.	2,040,000.00	2,040,000.00	100.00	It is estimated that it cannot be recovered
Command of a military region	2,023,000.00	2,023,000.00	100.00	It is estimated that it cannot be recovered
Zhejiang Bajun Plastics Co., Ltd.	1,600,000.00	1,600,000.00	100.00	It is estimated that it cannot be recovered
Other minor summaries	2,314,272.63	2,314,272.63	100.00	It is estimated that it cannot be recovered
<b>Total</b>	<b>47,039,870.45</b>	<b>35,743,295.45</b>		



Provision for bad debts on portfolio basis:

Portfolio accrual item: aging portfolio

Portfolio name	Balance as at December 31, 2022		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	602,349,921.59	3,246,787.43	
Including: 0-6 months	537,414,173.18		
7-12 months	64,935,748.41	3,246,787.43	5.00
1-2 years	101,977,813.82	10,197,781.38	10.00
2-3 years	80,663,747.42	12,099,562.12	15.00
3-4 years	12,464,615.95	3,739,384.79	30.00
4-5 years	8,530,470.97	4,265,235.49	50.00
Over 5 years	5,064,407.18	5,064,407.18	100.00
Total	<u>811,050,976.93</u>	<u>38,613,158.39</u>	<u>                    </u>

Portfolio accrual items: other portfolios

Portfolio name	Balance as at December 31, 2022		
	Accounts receivable	Accounts receivable	Accounts receivable
Related party portfolio	<u>401,184,808.90</u>	<u>16,214.43</u>	
Total	<u>401,184,808.90</u>	<u>16,214.43</u>	

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

Category	Balance as at December 31, 2021	Provision	Movement Recovery or Reversal	Others <sup>[1]</sup>	Balance as at December 31, 2022
Provision for bad debts on individual basis	14,028,109.63	19,074,454.00	2,169,940.80	4,810,672.62	<b>35,743,295.45</b>
Provision for bad debts on portfolio basis	37,253,812.29	15,813,577.58	9,627,344.43	-4,810,672.62	<b>38,629,372.82</b>
Including: aging portfolio	37,237,597.86	15,813,577.58	9,627,344.43	-4,810,672.62	<b>38,613,158.39</b>
Other portfolio	<u>16,214.43</u>				<u>16,214.43</u>
Total	<u>51,281,921.92</u>	<u>34,888,031.58</u>	<u>11,797,285.23</u>		<u><b>74,372,668.27</b></u>

*Note [1]:* Other items refer to the provision of bad debts in the aging portfolio in the previous year, and the current period is converted to a single provision.

Significant amount of provision for bad debts recovered or reversed in the current period:

Debtor	Amount recovered or reversed	Basis and reasonability for recognizing the original provision for bad debts	Reason for reversal or recovery	Method for recovery
Sihong Branch of Jiangsu Cable Network Development Co., Ltd.	1,570,500.00	Provision for bad debts on individual basis	Collection	Currency collection
China Cable Television Network Co., Ltd.	<u>599,440.80</u>	Provision for bad debts on individual basis	Collection	Currency collection
Total	<u>2,169,940.80</u>			

4. **There is no actual write-off of receivables in this period.**
5. **Accounts receivable of the top five ending balances collected by debtors**

Unit Name	Balance as at December 31, 2022		
	Accounts receivable	Proportion in total accounts receivable	Provision for bad debts
Nanjing Panda Handa Science & Technology Co., Ltd.	147,148,329.00	11.69	
Chengdu CEC Panda Display Technology Co., Ltd.	103,937,404.52	8.25	
Nanjing Metro Group Co., Ltd.	94,622,118.35	7.51	
Nanjing BOE Display Technology Co., Ltd.	65,806,036.21	5.23	28,232.05
Nantong Rail Transit Group Co., Ltd.	60,903,527.85	4.84	735,511.57
Total	<u>472,417,415.93</u>	<u>37.52</u>	<u>763,743.62</u>

6. **At the end of the accounting period, the company had no derecognized accounts receivable due to the transfer of financial assets**
7. **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**
8. **Overdue receivables at the end of accounting period**

Item	Closing balance
Amount not overdue or impaired	938,582,767.65
Overdue but not impaired amount – Within 3 months	44,836,111.69
Overdue but not impaired amount – 3 months above	<u>201,484,108.67</u>
Total	<u>1,184,902,988.01</u>

## 9. Other instructions

In 2022, the company signed a debt and debt offset agreement with some customers and suppliers, which agreed to settle on a net basis. According to the agreement, the accounts receivable were offset by 16,370,116.53 yuan, and the accounts payable were offset by 16,370,116.53 yuan. After the offset, no debt restructuring gains or losses were generated. Among them, some accounts receivable had accrued a bad debt provision of 935,040.26 yuan before the offset, which was reversed after the debt and debt offset agreement took effect.

### (5) CONTRACT ASSETS

#### 1. Details of contract assets

Item	Balance as at December 31, 2022		
	Book balance	Provision for impairment	Book value
Intelligent Transportation System and Safe City	182,325,260.16		182,325,260.16
Industrial Internet and Intelligent Manufacturing	<u>10,672,617.69</u>		<u>10,672,617.69</u>
Total	<u><u>192,997,877.85</u></u>		<u><u>192,997,877.85</u></u>

Item	Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value
Intelligent Transportation System 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>

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

Item	Amount	Reason
Intelligent Transportation System and Safe City	65,521,555.86	Amount increased due to changes in performance time measurement
Industrial Internet and Intelligent Manufacturing	10,439,210.06	Amount increased due to changes in performance time measurement
Total	<u>75,960,765.92</u>	

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

Type	Balance as at December 31, 2022				Balance as at December 31, 2021					
	Book balance		Provision for impairment loss		Book value	Book balance		Provision for impairment loss		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts by single item										
Provision for bad debts by portfolio	192,997,877.85	100.00			192,997,877.85	117,037,111.93	100.00			117,037,111.93
Including: aging portfolio	182,300,798.63	94.46			182,300,798.63	116,163,736.67	99.25			116,163,736.67
Aging portfolio	<u>10,697,079.22</u>	<u>5.54</u>			<u>10,697,079.22</u>	<u>873,375.26</u>	<u>0.75</u>			<u>873,375.26</u>
Total	<u>192,997,877.85</u>	<u>100.00</u>			<u>192,997,877.85</u>	<u>117,037,111.93</u>	<u>100.00</u>			<u>117,037,111.93</u>

### ***Provision for bad debts by portfolio***

Portfolio: Aging portfolio

<b>Aging</b>	<b>Balance as at December 31, 2022</b>		
	<b>Contract assets</b>	<b>Provision for bad debts</b>	<b>Proportion of provision (%)</b>
0-6 months	<u>182,300,798.63</u>	_____	_____
Total	<u><u>182,300,798.63</u></u>	<u>_____</u>	<u>_____</u>

Portfolio: other portfolios

<b>Item</b>	<b>Balance as at December 31, 2022</b>		
	<b>Contract assets</b>	<b>Provision for bad debts</b>	<b>Proportion of provision (%)</b>
Related party portfolio	<u>10,697,079.22</u>	_____	_____
Total	<u><u>10,697,079.22</u></u>	<u>_____</u>	<u>_____</u>

## **(6) OTHER EQUITY INSTRUMENT INVESTMENT**

### **1. Details of investment in other equity instrument**

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
Jiangsu urban rail transit research and Design Institute Co., Ltd	<u>2,385,926.53</u>	<u>3,551,864.21</u>
Total	<u><u>2,385,926.53</u></u>	<u><u>3,551,864.21</u></u>

*Note:* Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. will be liquidated in 2023. At the end of the period, the company will determine its fair value based on the recoverable amount of its net assets as of the balance sheet date.

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

Item	The dividend recognized in current period	Accumulated profits	Accumulated loss	The amount of other comprehensive income transferred into retained earning	The reason of targeting as financial assets at fair value through comprehensive income	The reason of other comprehensive income transferred into retained earning
Jiangsu urban rail transit research and Design Institute Co., Ltd			1,264,073.47		Non-trading equity instrument investment	

## (7) RIGHT OF USE ASSETS

Item	Buildings and constructions	Total
1. Original book value		
(1) As at December 31, 2021	20,052,206.74	20,052,206.74
(2) Increase in 2022	9,152,161.68	9,152,161.68
– New lease	9,152,161.68	9,152,161.68
(3) Decrease in 2022		
– Disposal		
(4) As at December 31, 2022	29,204,368.42	29,204,368.42
2. Accumulated Depreciation		
(1) As at December 31, 2021	11,069,492.97	11,069,492.97
(2) Increase in 2022	6,376,964.23	6,376,964.23
– Accrued	6,376,964.23	6,376,964.23
(3) Decrease in 2022		
– Disposal		
(4) Closing balance	17,446,457.20	17,446,457.20
3. Impairment provision		
(1) As at December 31, 2021		
(2) Increase in 2022		
– Accrued		
(3) Decrease in 2022		
– Disposal		
(4) Closing balance		
4. Book value		
(1) As at December 31, 2022	11,757,911.22	11,757,911.22
(2) As at December 31, 2021	8,982,713.77	8,982,713.77

## (8) ACCOUNTS PAYABLE

### 1. Accounts payable

Item	Closing balance	Opening balance
Within 1 year (Including 1 year)	<b>1,221,115,359.23</b>	1,304,678,337.31
1 to 2 years (Including 2 years)	<b>200,049,737.02</b>	223,319,706.48
2 to 3 years (Including 3years)	<b>52,796,286.38</b>	34,203,539.57
3 years above	<b>59,581,776.02</b>	45,459,070.73
Total	<b><u>1,533,543,158.65</u></b>	<b><u>1,607,660,654.09</u></b>

*Note:* The aging of the accounts payable is disclosed according to the aging as at the entry date.

### 2. Significant accounts payable with the aging exceeding 1 year:

Creditor	Balance as at December 31, 2021	Reason for arrearage
Nanjing Changxin Technology Co., Ltd.	23,782,846.25	Not yet settled
Nanjing Guochuang Electromechanical Engineering Co., Ltd.	20,541,709.75	Not yet settled
Urumqi Weirui Innovation Information Technology Co., Ltd.	14,183,007.23	Not yet settled
Beijing Addsun Technology Co., Ltd.	13,704,315.30	Not yet settled
Guangzhou GRG Intelligent Technology Solution Co., Ltd.	13,291,173.80	Not yet settled
Nanjing Hongquan Electronic Technology Co., Ltd.	12,956,902.60	Not yet settled
Motorola Solutions (China) Co., Ltd.	9,879,075.38	Not yet settled
Suzhou RS Technology Co., Ltd.	9,210,929.87	Not yet settled
Jiangsu HENGXIN Technology Co., Ltd.	7,665,169.68	Not yet settled
Zhejiang Jihang Intelligent Engineering Co., Ltd.	7,474,174.57	Not yet settled
Nanjing Youzhijie Technology Information Co., Ltd.	7,050,000.00	Not yet settled
XCMG Hanyun Technology Co., Ltd.	7,047,872.28	Not yet settled
Xuzhou Metro Information Technology Co., Ltd.	4,677,532.15	Not yet settled
Guangzhou Victel Technology Co., Ltd.	4,310,258.15	Not yet settled
Jiangsu Gaocheng Electronic Technology Co., Ltd.	4,296,389.81	Not yet settled
Iwasaki Electric Machinery Co., Ltd	3,857,652.31	Not yet settled
Shanghai Horizhong Information Technology Co., Ltd.	3,842,830.00	Not yet settled
Nanjing Longwei Construction Service Co., Ltd.	3,200,000.00	Not yet settled
Mitsubishi Electric Automation (CHINA) Limited.	3,199,000.00	Not yet settled
Total	<b><u>174,170,839.13</u></b>	



## (9) CONTRACT LIABILITIES

### 1. Breakdown of contract liabilities

<b>Item</b>	<b>Balance as at December 31, 2022</b>	<b>Balance as at December 31, 2021</b>
Intelligent Transportation System and Safe City	<b>32,048,265.67</b>	101,824,364.70
Industrial network and Intelligent Manufacturing	<b>22,527,820.98</b>	12,353,309.50
Green service electronic manufacturing	<b>13,005,733.76</b>	38,911,798.89
Others	<b>59,294.70</b>	
Total	<b><u>67,641,115.11</u></b>	<b><u>153,089,473.09</u></b>

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

<b>Item</b>	<b>Changes in amount</b>	<b>Reasons</b>
Intelligent Transportation System and Safe City	-69,776,099.03	Contract liabilities at the beginning of the period was recognized as revenue in current period
Industrial network and Intelligent Manufacturing	10,174,511.48	Increase due to cash received
Green service electronic manufacturing	-25,906,065.13	Contract liabilities at the beginning were recognized as revenue in current period
Others	59,294.70	Increase due to cash received
Total	<b><u>-85,448,357.98</u></b>	

## (10) LEASE LIABILITIES

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Lease payments	11,313,484.07	12,663,234.22
Include: financing charges unrecognized	466,799.18	485,834.05
Less: lease liabilities due within 1 year	<u>6,117,127.14</u>	<u>9,076,593.15</u>
Total	<u><u>5,196,356.93</u></u>	<u><u>3,586,641.07</u></u>

## (11) OPERATING REVENUE AND OPERATING COST

### 1. Operating revenue and operating costs

Item	Year 2022		Year 2021	
	Revenue	Cost	Revenue	Cost
Primary businesses	4,126,954,804.76	3,548,725,503.80	4,483,931,440.69	3,933,238,214.32
Other businesses	<u>27,340,198.50</u>	<u>16,280,376.61</u>	<u>47,910,989.82</u>	<u>28,200,659.57</u>
Total	<u><u>4,154,295,003.26</u></u>	<u><u>3,565,005,880.41</u></u>	<u><u>4,531,842,430.51</u></u>	<u><u>3,961,438,873.89</u></u>

#### (1) Operating income details:

Item	Year 2022	Year 2021
Revenue from customer contracts	4,057,094,879.67	4,422,300,604.91
Rental income – operating leases	<u>97,200,123.59</u>	<u>109,541,825.60</u>
Total	<u><u>4,154,295,003.26</u></u>	<u><u>4,531,842,430.51</u></u>

#### (2) Listed by industry:

Item	Year 2022	Year 2021
Green service electronic manufacturing	2,291,857,520.42	2,559,300,582.08
Intelligent Transportation System and Safe City	1,614,283,685.16	1,771,650,639.16
Industrial network and Intelligent Manufacturing	<u>248,153,797.68</u>	<u>200,891,209.27</u>
Total	<u><u>4,154,295,003.26</u></u>	<u><u>4,531,842,430.51</u></u>

## 2. Details of income from contracts

The income breakdown information for the period is as follows

Categories of contracts	Intelligent Transportation System and Safe City	Green service electronic manufacturing	Industrial network and Intelligent Manufacturing	Eliminations among segments	Total
Categorized by operating region:					
Nanjing District	1,549,723,984.21	1,149,342,453.31	271,604,535.39	-205,131,388.95	2,765,539,583.96
Shenzhen District	103,551,634.50	1,155,003,858.24		-435,862,352.09	822,693,140.65
Chengdu District		470,827,288.20		-1,965,133.14	468,862,155.06
Total	<u>1,653,275,618.71</u>	<u>2,775,173,599.75</u>	<u>271,604,535.39</u>	<u>-642,958,874.18</u>	<u>4,057,094,879.67</u>
Categorized by transfer time of commodities:					
Recognized at a certain point of time					
	508,058,939.14	2,775,173,599.75	71,483,921.23	-640,682,430.22	2,714,034,029.90
Recognized during a certain period					
	<u>1,145,216,679.57</u>		<u>200,120,614.16</u>	<u>-2,276,443.96</u>	<u>1,343,060,849.77</u>
Total	<u>1,653,275,618.71</u>	<u>2,775,173,599.75</u>	<u>271,604,535.39</u>	<u>-642,958,874.18</u>	<u>4,057,094,879.67</u>

## 3. Description of performance obligations

The Company recognizes revenue when it fulfills its contractual obligations, that is, when the customer obtains control of the relevant assets (goods or services). Whether the performance obligation is performed within a certain period of time or at a certain point of time depends on the terms of the contract and relevant legal provisions. If the Company meets one of the following conditions, it is deemed to fulfill the performance obligation within a certain period of time:

1. The customer obtains and consumes the economic benefits brought by the Company's performance of the contract at the same time as the company performs the contract.
2. The customer can control the assets under construction during the performance of the Company.

3. The assets produced by the Company during the performance of the contract have irreplaceable uses, and the Company is entitled to receive payments for the portion of the performance that has been completed so far over the entire contract period.

If the performance obligation is performed within a certain period of time, the Company recognizes revenue based on the performance progress. Otherwise, the Company recognizes revenue at a certain point in time when the customer obtains control of the relevant assets. The performance schedule is determined based on the value of the goods transferred to the customer.

**4. Transaction price allocated to remaining performance obligations**

As of December 31, 2022, the transaction price corresponding to the performance obligations that have been signed but have not yet been performed or completed is RMB1,157,510,333.66, and it is expected that revenue will be recognized during the period 2023-2024.

**(12) INVESTMENT INCOME**

<b>Source of investment income</b>	<b>Year 2022</b>	Year 2021
Income from long-term equity investments calculated under equity method	<b>74,926,774.93</b>	46,702,910.66
Investment gains from the disposal of financial assets held for trading	<b>9,635,658.48</b>	13,491,622.42
Investment income from large-denomination certificates of deposit	<b>4,152,888.88</b>	5,679,154.44
Discounted interest on receivables financing	<u>                                </u>	<u>-163,944.48</u>
<b>Total</b>	<b><u><u>88,715,322.29</u></u></b>	<b><u><u>65,709,743.04</u></u></b>

### (13) INCOME TAX EXPENSES

#### 1. List of income tax expenses

<b>Item</b>	<b>Year 2022</b>	<b>Year 2021</b>
Income tax expenses of the year	<b>17,455,401.96</b>	26,207,465.66
Adjustment to deferred income tax	<b>1,852,912.88</b>	-659,006.28
Total	<b><u>19,308,314.84</u></b>	<b><u>25,548,459.38</u></b>

#### 2. Adjustment process of accounting profits and income tax expenses

<b>Item</b>	<b>Current period</b>
Total profit	<b>100,685,752.10</b>
Income tax expenses calculated at statutory / applicable tax rate	<b>25,171,438.03</b>
Effect of the different tax rates applicable to subsidiaries	<b>-4,145,280.03</b>
Effect of adjustment on income tax in previous periods	<b>1,458,312.80</b>
Effect of non-taxable income	<b>-18,731,693.73</b>
Influence of non-deductible costs, expenses and losses	<b>1,999,993.09</b>
Effect of using the deductible losses related to deferred income tax assets unrecognized in previous periods	<b>-338,413.77</b>
Effect of deductible temporary differences or deductible losses from deferred income tax assets unrecognized in the current period	<b>30,208,301.95</b>
The tax law provides for the effect of additional deductible expenses	<b>-16,314,343.50</b>
Income tax expenses	<b>19,308,314.84</b>

**3. Different taxpayers with different corporate income tax rates were disclosed as follows:**

<b>Name of the enterprise</b>	<b>Income tax rate</b>
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%
Shenzhen Jingyu Electronics Co., Ltd	15.00%
Chengdu Panda Electronics Technology Co., Ltd.	15.00%
Shenzhen Jinghua Property Management Co., Ltd	20.00%
Jingwah Digital Technology Co., Ltd.	20.00%
Shenzhen Jinghua Media Technology Co., Ltd.	20.00%
Shenzhen Jingjia Property Management Co., Ltd	20.00%
Galant Limited	16.50%
JWD Trading (HK) Co., Ltd	16.50%

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 “Inland Revenue Ordinance”, 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%.

**(14) RETURN ON NET ASSETS AND EARNINGS PER SHARE:**

<b>Profit of the reporting period</b>	<b>Weighted average return on net assets (%)</b>	<b>Earnings per share (RMB)</b>	
		<b>Basic</b>	<b>Diluted</b>
Net profit attributable to ordinary shareholders of the Company	1.14	0.0443	0.0443
Net profit after deducting extraordinary profit and loss attributable to ordinary shareholders of the Company	0.31	0.0122	0.0122

**(15) SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

**1. Significant changes in accounting policy**

***(1) The implementation of “Accounting Standards for Business Enterprises Interpretation No. 15”***

The Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 15 (CAI Kuai [2021] No. 35, hereinafter referred to as “Interpretation No. 15”) on December 30, 2021.

**① *Accounting treatment for commissioning sales***

Interpretation No.15 stipulates the accounting treatment and presentation of the external sales of products or by-products produced before the fixed assets are available or in the research and development process, and stipulates that the net amount of the income offsetting cost related to the trial operation shall not be offset against the cost of fixed assets or R & D expenses. The provisions shall come into force on January 1, 2022, and shall adjust retroactively to the trial operation sales occurring between the beginning of the earliest period of the financial statements and January 1, 2022. The implementation of such provisions does not have a significant impact on the Company’s financial position and operating results.

② *Judgment on the loss contract*

Interpretation No.15 makes clear that the “cost of performance of the contract” considered by the enterprise in judging whether the contract constitutes a loss contract shall include both the incremental cost of performance of the contract and the apportionment amount of other costs directly related to the performance of the contract. The provisions shall come into force on January 1, 2022. Enterprises shall implement the provisions on contracts that have not fulfilled all their obligations on January 1, 2022, and shall not adjust the data of the previous comparative financial statements at the beginning of the year of the cumulative impact adjustment. The implementation of such provisions has not have a significant impact on the Company’s financial position and operating results.

**(2) *The implementation of “Accounting Standards for Business Enterprises Interpretation No. 16”***

The Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 16 (CAI Kuai [2022] No. 31, hereinafter referred to as “Interpretation No. 16”) on November 30,2022, which shall come into force as of the date of promulgation.

① *Accounting for the impact of income tax on dividends related to financial instruments classified as equity instruments*

Interpretation no. 16 for enterprise financial instruments classified as equity instruments, the relevant tax expenses in accordance with the tax policy, shall confirm the dividend payable, confirm the dividend related income tax impact, and according to the past transactions or matters, the dividend income tax impact into the current profit or owner’s equity items (including other comprehensive income items).

The provisions shall come into force as of the date of promulgation. If the relevant dividends payable occur between January 1,2022 and the implementation date, it shall be adjusted in accordance with the provisions; if before January 1,2022 and the relevant financial instruments have not been confirmed on January 1,2022, it shall be adjusted retroactively. The implementation of such provisions does not have a significant impact on the Company’s financial position and operating results.



② *Regarding the accounting treatment of changing the share payment settled in cash to the share payment settled in equity*

Interpretation No.16 specifies the terms and conditions in the modification of the share payment settlement in cash according to the shares, and includes the obtained services in capital reserves, and confirms that the balance between the shares paid in cash on the modification date shall be included in the current profit and loss.

The regulation shall come into force from the date of promulgation, and the new transactions from January 1, 2022 to the date of implementation shall be adjusted accordingly; if the transactions occurring before January 1, 2022 are not processed in accordance with the provisions, the retained earnings and other related items on January 1, 2022, without adjusting the preliminary comparative financial statements. The implementation of such provisions does not have a significant impact on the Company's financial position and operating results.

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

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

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

Nanjing, the People's Republic of China  
30 March 2023

*As at the date of this announcement, the Board comprises Executive Directors: Mr. Zhou Guixiang, Mr. Xia Dechuan and Mr. Hu Huichun; 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.*