

PANDA Electronics

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Nanjing Panda Electronics Company Limited

2022
Annual
Report

(H Share Stock Code: 0 5 5 3)

(A Share Stock Code: 600775)

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DOCUMENTS AVAILABLE FOR INSPECTION	<ol style="list-style-type: none">1. Original financial statements signed and sealed under the hand of the head of the Company, the chief accountant and the head of the accounting department (accounting supervisor) of the Company.2. Original copy of audit report sealed by the accounting firm, and signed and sealed under the hand of the certified public accountants.3. Original copies of all documents and announcements of the Company publicly disclosed on websites designated by the CSRC during the Reporting Period.4. This report is prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.	

IMPORTANT NOTICE

1. The board of directors, the supervisory committee and the directors, supervisors and senior management of the Company confirm that the information contained in this annual report is true, accurate and complete without any misrepresentation, misleading statements, or material omissions, and severally and jointly accept legal responsibility for the contents herein.
2. All directors of the Company attended the fifteenth meeting of the tenth session of the Board of the Company held on 30 March 2023.
3. BDO China Shu Lun Pan Certified Public Accountants LLP issued an unqualified auditors' report for the Company. The Company's financial statements for the year were prepared in accordance with the PRC Accounting Standards for Business Enterprises, and complied with the Hong Kong Companies Ordinance and the disclosure requirements of the Hong Kong Stock Exchange Listing Rules.
4. Mr. Hu Huichun, the head of the Company, Mr. Hu Dali, the chief accountant, and Ms. Liu Xianfang, the head of the accounting department (accounting supervisor) of the Company, declared that they confirmed the truthfulness, accuracy and completeness of the financial report contained in this annual report.
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 (tax inclusive), and the balance to be carried forward to next year. The Company would not make any capitalization of capital reserve.
6. Forward looking statements, including future plans and development strategies, contained in this annual report do not constitute a substantive commitment to investors by the Company. Investors are advised to pay attention to investment risks.
7. Neither the Company's controlling shareholder nor any of its related parties have misappropriated the Company's funds for non-operating purposes.
8. The Company did not provide external guarantees in violation of any specified decision-making procedures.
9. The situation where the majority of the directors cannot warrant the authenticity, accuracy and completeness of the information contained in the annual report does not exist.
10. Major risk warning: The Company has elaborated the potential risks in this annual report. For their details and the corresponding countermeasures, please refer to the paragraph headed "Potential Risks" under Section III "Management Discussion and Analysis" in this annual report.

Section I Definitions

I. Definitions

Unless the context otherwise requires, the following terms should have the following meanings in this report:

Definitions of frequently-used terms

Company/Nanjing Panda	Nanjing Panda Electronics Company Limited (南京熊猫电子股份有限公司)
Group	Nanjing Panda Electronics Company Limited and its subsidiaries
PEGL	Panda Electronics Group Limited (熊猫电子集团有限公司)
PEGL Group	Panda Electronics Group Limited and its subsidiaries
NEIIC	Nanjing Electronics Information Industrial Corporation (南京中电熊猫信息产业集团有限公司)
NEIIC Group	Nanjing Electronics Information Industrial Corporation and its subsidiaries
CEC	China Electronics Corporation (中国电子信息产业集团有限公司)
CEC Group	China Electronics Corporation and its subsidiaries
Financial Company	China Electronics Financial Co., Ltd. (中国电子财务有限责任公司)
CEC Home Appliances	Nanjing CEC-Panda Home Appliances Co., Ltd. (南京中电熊猫家电有限公司)
ENC	Nanjing Ericsson Panda Communication Co., Ltd. (南京爱立信熊猫通信有限公司)
LG-Panda	Nanjing LG-Panda Appliances Co., Ltd. (南京乐金熊猫电器有限公司)
Shenzhen Jingwah	Shenzhen Jingwah Electronics Co., Ltd. (深圳市京华电子股份有限公司)
Electronics Equipment Company	Nanjing Panda Electronics Equipment Co., Ltd. (南京熊猫电子装备有限公司)
Information Industry Company	Nanjing Panda Information Industry Co., Ltd. (南京熊猫信息产业有限公司)

Section I Definitions (Continued)

Electronic Manufacture Company	Nanjing Panda Electronic Manufacture Co., Ltd. (南京熊猫电子製造有限公司)
Communications Technology Company	Nanjing Panda Communications Technology Co., Ltd. (南京熊猫通信科技有限公司)
Technology Development Company	Nanjing Panda Electronic Technology Development Company Limited (南京熊猫电子科技发展有限公司)
Network Energy Company	an internal unincorporated entity under Nanjing Panda Electronics Company Limited
Chengdu Electronic Technology	Chengdu Panda Electronic Technology Co., Ltd. (成都熊猫电子科技有限公司)
Chengdu Display Technology	Chengdu BOE Display Technology Co., Ltd. (成都京東方顯示科技有限公司) (formerly known as Chengdu Cec Panda Display Technology Co., Ltd. (成都中電熊猫顯示科技有限公司))
Huage Plastic	Nanjing Huage Appliance and Plastic Industrial Co., Ltd. (南京華格電氣塑業有限公司)
Panda Zhicheng	Nanjing Panda Zhicheng Technology Co., Ltd. (南京熊猫智成科技有限公司)
China Huarong	China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司)
the Ministry of Finance	the Ministry of Finance of the People's Republic of China
CSRC	China Securities Regulatory Commission
SFC	Securities and Futures Commission of Hong Kong
Shanghai Stock Exchange	Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
CSRC Jiangsu Bureau	Jiangsu Securities Regulatory Bureau of China Securities Regulatory Commission
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China

Section I Definitions (Continued)

Articles of Association	Articles of Association of Nanjing Panda Electronics Company Limited
AFC	Auto Fare Collection
ACC	AFC Clearing Center
EMS	Electronic Manufacturing Services
MES system	Manufacturing Execution System, a management system of information based production aiming at execution on plant floors of manufacturers
ERP	Enterprise Resource Planning, providing a management platform of decision-making operation solutions for enterprise management team and employees with systematic management idea on the basis of the information technology
SAP-ERP	SAP (System Applications and Products), a software company in Germany; SAP-ERP, generally referring to the ERP products under SAP
CNAS	China National Accreditation Service for Conformity Assessment
CMMI	Capability Maturity Model Integration
IATF16949	International Automotive Task Force IATF16949 is the quality management system standard in automotive industry
iManuf intelligent manufacturing system platform	iManuf is a registered trademark of the Company's intelligent manufacturing system platform

Section II Company Profile and Major Financial Indicators

I. Company Information

Chinese name of the Company	南京熊猫电子股份有限公司
Abbreviation of the Chinese name	南京熊猫
English name of the Company	Nanjing Panda Electronics Company Limited
Abbreviation of the English name	NPEC
Legal representative of the Company	Hu Huichun (Executive Director and General Manager)

II. Contact Persons and Contact Information

	Secretary to the Board	Securities Affairs Representative
Name	Wang Dongdong	Wang Dongdong
Correspondence address	7 Jingtian Road, Nanjing, the People's Republic of China	7 Jingtian Road, Nanjing, the People's Republic of China
Telephone	(86 25) 84801144	(86 25) 84801144
Facsimile	(86 25) 84820729	(86 25) 84820729
Email	dms@panda.cn	dms@panda.cn

III. Basic Information

Registered address	7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Historical changes of Registered address of the Company	Not applicable
Office address	7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Postal code of the office address	210033
Website of the Company	http://www.panda.cn
Email	dms@panda.cn

Section II Company Profile and Major Financial Indicators (Continued)

IV. Places for Information Disclosure and Inspection

Designated media for information disclosure	Shanghai Securities News, China Securities Journal
International websites for the publication of the Company's annual report and information disclosure	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Place for inspection of the Company's annual report	Office of the Secretary to the Board, 7 Jingtian Road, Nanjing, the People's Republic of China

V. Information of the Company's Shares

Overview of the Company's shares

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

VI. Other Relevant Information

Domestic auditors of the Company	Name	BDO China Shu Lun Pan Certified Public Accountants LLP
	Office address	19/F, Block A, China Overseas International Center, Building No. 7, Court No. 5, An Ding Road, Chaoyang District, Beijing
	Name of signing accountants	Xu Peimei, Gu Xin
Overseas auditors of the Company	Name	N/A
	Office address	N/A
	Name of signing accountants	N/A
Long-term domestic legal advisers	Name	Grandall Law Firm (Nanjing)
	Office address	7th-8th Floor, Building B, No.309 Hanzhong Gate Avenue, Nanjing
Long-term overseas legal advisers	Name	Philip K. H. Wong, Kennedy Y. H. Wong & Co., Solicitors
	Office address	23rd Floor, Admiralty Centre Tower II, 18 Harcourt Road, Queensway, Hong Kong

Section II Company Profile and Major Financial Indicators (Continued)

VI. Other Relevant Information (Continued)

Share Registrars and Transfer Office (A shares)	Name	China Securities Depository and Clearing Corporation Limited Shanghai Branch
	Office address	188 South Yanggao Road, Pudong New Area, Shanghai
Share Registrars and Transfer Office (H shares)	Office address	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Principle Bankers		Bank of Communications, Shanghai Pudong Development Bank, China Merchants Bank

VII. Major accounting data and financial indicators (prepared in accordance with the PRC Accounting Standards of Business Enterprises)

(I) Principle accounting data

Unit: Yuan Currency: RMB

Principle accounting data	2022	2021	Year-on-year increase/decrease (%)	2020	2019	2018
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

	As of the end of 2022	As of the end of 2021	Year-on-year increase/decrease (%)	As of the end of 2020	As of the end of 2019	As of the end of 2018
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
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

Section II Company Profile and Major Financial Indicators (Continued)

VII. Major accounting data and financial indicators (prepared in accordance with the PRC Accounting Standards of Business Enterprises) (Continued)

(II) Key financial indicators

Key financial indicators	2022	2021	Year-on-year increase/decrease (%)	2020	2019	2018
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
Basic earnings per share after extraordinary items (RMB/share)	0.0122	0.0130	-6.35	0.0200	0.0278	0.1243
Weighted average return on net assets (%)	1.14	1.12	Increased by 0.02 percentage point	2.22	1.49	4.73
Weighted average return on net assets after extraordinary items (%)	0.31	0.32	Decreased by 0.01 percentage point	0.52	0.72	3.32

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.

VIII. Differences between accounting data prepared under overseas and domestic accounting standards

- (I) Differences in the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed under the International Accounting Standards and the PRC GAAP: N/A
- (II) Difference in the net profit and net assets attributable to shareholders of the Company in the financial statements disclosed under the foreign accounting standards and the PRC GAAP: N/A
- (III) Explanations on differences under the foreign and domestic accounting standards: N/A

Section II Company Profile and Major Financial Indicators (Continued)

IX. Major quarterly accounting data in 2022

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

Explanation on the differences between quarterly data and disclosed regular reporting data: N/A

X. Extraordinary items and amounts

Unit: Yuan Currency: RMB

Extraordinary items	Amount for 2022	Amount for 2021	Amount for 2020
Gains and losses from disposal of non-current assets	800,968.84	-673,919.77	-8,251.55
Government grants (except for the grants which are closely related to the Company's business and have the standard amount and quantities in accordance with the national standard) included in gains and losses for the period	20,618,422.07	13,350,447.24	10,525,947.19
Investment income arising from gain or loss resulted from changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except those arising from the effective hedging activities related to the Company's normal operation	11,205,051.48	14,376,445.85	8,927,949.79

Section II Company Profile and Major Financial Indicators (Continued)

X. Extraordinary items and amounts (Continued)

Unit: Yuan Currency: RMB

Extraordinary items	Amount for 2022	Amount for 2021	Amount for 2020
Reversal of impairment provision for receivables and contract assets subject to individual impairment test	2,379,008.00	4,791,973.55	6,421,843.06
Other non-operating income and expenses other than the aforesaid items	809,513.76	4,519,554.58	11,564,203.24
Other items of gain or loss in accordance with the definition of extraordinary profit and loss	283,131.80	247,625.33	36,793,614.66
Affected minority interests	2,019,731.37	1,624,980.17	2,496,168.98
Affected income tax amount	4,723,249.13	4,946,675.86	12,665,953.68
Total	29,353,115.45	30,040,470.75	59,063,183.73

XI. Items measured at fair value

Unit: Yuan Currency: RMB

Names	Opening balance	Closing balance	Changes in current period	Amounts that affect the profit of the current period
Financing receivables	20,272,279.95	53,346,403.19	33,074,123.24	
Financial assets held for trading	472,241,399.61	503,810,792.61	31,569,393.00	1,569,393.00
Other investments in equity instruments	3,551,864.21	2,385,926.53	-1,165,937.68	
Total	496,065,543.77	559,543,122.33	63,477,578.56	1,569,393.00

Section III Management Discussion and Analysis

I. Discussion and analysis on the operation

In 2022, adhering to the overall working idea of “making progress while maintaining stability”, focusing on the development plan and annual goals and tasks of the 14th Five-Year Plan, the Company deepened the “two consistent implementation principles” and coordinated development and security, to ensure new achievements in various work. According to the PRC Accounting Standards for Business Enterprises, the operating revenue of the Company was RMB4,154,295,000 in 2022, total profit was RMB100,685,800, the net profit was RMB81,377,400.

In 2022, the Company continued to steadily promote the development of various industries. For smart transportation industry, the Company won the bids for Suzhou Rail Transit Line 7, Wuxi-Jiangyin Intercity Rail Transit Project, Nanjing Metro Line 9, Chuzhou-Nanjing Intercity Railway Project and several other projects, with a contract amount of more than RMB500 million. For digital park industry, the Company strengthened the market expansion in the fields of finance, education, medical care, etc., and won the bids for Xi’an Data Center and development test Base of China Development Bank, Hefei Institute of Technology Innovation Engineering of Chinese Academy of Sciences, Nanjing Jiangbei Library and other engineering projects, with a contract amount of awarded bids and signed contracts of more than RMB500 million, wherein the “Intelligent System Innovation Solution of Nanjing Metro Line 7 Data Center Software and Hardware Integration Phase II Project” won the first prize of intelligent system innovation solution awarded by Jiangsu Automation Association. For safe city industry, the Company successfully won the bid for the data chain project of “one station with multiple machines”, the project of Jiangsu provincial Emergency Department and several other projects, joined the Jiangsu UAV Industry Alliance Association, and created the ecological industry chain of “hardware + content” VR products, with annual export sales of more than RMB100 million. For intelligent manufacturing industry, the Company focused on intelligent factory, intelligent environmental protection, intelligent warehousing and other major fields to expand the market, and won the bids for several projects. For electronic manufacturing service industry, the Company completed the sales revenue of liquid crystal T-con boards of nearly RMB600 million, and continued to expand into white goods, automotive electronics and other fields.

In 2022, the Company continued to increase investment in scientific research and achieved remarkable results in transformation and upgrading. The Company’s scientific research project “Key Technologies for Intelligent Operational Decision-making of Equipment Manufacturing Enterprises Supporting Dynamic Reconfiguration” was successfully rated as 2022 annual National Key R&D Plan by the Ministry of Science and Technology; The two scientific research platforms of the Company’s subsidiaries, the Information Industry Company and Electronic Manufacturing Company, are recognized as Jiangsu Province-level Enterprise Technology Centers by the Industry and Information Technology Department of Jiangsu.

In 2022, the Company further sorted out, revised and optimized relevant governance systems and rules, strengthened the governance of enterprises according to law and standardized operation, improved the level of corporate governance, deepened the reform of institutions and mechanisms, effectively stimulated the development vitality and endogenous motivation of enterprises, continued to improve the scientific decision-making ability of the Company, and promoted the effective implementation of the “Three-year Action on State-owned Enterprise Reform” and the “Action of Benchmarking world-class Management Improvement”. Based on the actual situation, the Company formulated the “Implementation Measures for the ‘Three Importances and One Major’ Decision-making System” and the “Management Table of Authority” to clarify the authorities for decision-making; formulated and issued management documents such as the “Implementation Rules of Nanjing Panda for Tenure System and Contractual Management of Managers”, and improved the market-oriented mechanism; formulated and issued the “Implementation Plan of Nanjing Panda for Improvement Action of Benchmarking World-class Management” and the “Work List of Nanjing Panda for Improvement Action of Benchmarking World-class Management” to strengthen benchmarking management.

Section III Management Discussion and Analysis (Continued)

II. Situation of the industry where the Company operated 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, increased by 5.5% year on year; the operating cost was RMB13.4 trillion, increased by 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.

Section III Management Discussion and Analysis (Continued)

II. Situation of the industry where the Company operated during the reporting period (Continued)

(I) Industry development (Continued)

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 carbon peaking and carbon neutrality goals, 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 carbon peaking and carbon neutrality goals as soon as possible.

Section III Management Discussion and Analysis (Continued)

II. Situation of the industry where the Company operated during the reporting period (Continued)

(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 to 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.

Section III Management Discussion and Analysis (Continued)

II. Situation of the industry where the Company operated during the reporting period (Continued)

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

3. Opinions on Building a Data Based 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 promote the operation of intercity road passenger transportation and public transportation in an orderly manner.

6. 2022 Intelligent Manufacturing Pilot Demonstration Action

Adhering to the principles of basing on national conditions, systematic promotion, classified selection and dynamic adjustment to build intelligent manufacturing demonstration plants in subdivided industries in the way of revealing and ranking, summarize a number of excellent intelligent manufacturing scenarios with high technical level and promotion and application value, drive breakthroughs in a number of key technologies, equipment, software, standards and solutions, and explore a path of intelligent transformation and upgrading with industrial characteristics.

Section III Management Discussion and Analysis (Continued)

II. Situation of the industry where the Company operated during the reporting period (Continued)

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

7. Overall Layout Plan for Digital China Construction

The Plan makes an overall deployment to open up the major arteries 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

(I) Principal activities

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

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

Section III Management Discussion and Analysis (Continued)

III. Information on activities during the reporting period (Continued)

(I) Principal activities (Continued)

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 carbon peaking and carbon neutrality goals.

(II) 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 research and development and independent innovation, closely follows the technological development trend, and conducts R&D on new projects to ensure its continuous innovation ability and industry advancement. Meanwhile, it actively responds to the needs of customers and continuously carries out technical update iteration. Through providing integrated services to customer, the Company continuously strengthens the depth and breadth of cooperation with customers, creates more value for them and ultimately achieves development for both the Company and customers.

Section III Management Discussion and Analysis (Continued)

III. Information on activities during the reporting period (Continued)

(III) 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, and 5G, 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.

Section III Management Discussion and Analysis (Continued)

III. Information on activities during the reporting period (Continued)

(III) Overview of the development of principal activities (Continued)

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.

IV. Analysis of core competitiveness during the reporting period

The Company grabs the development opportunities of digital economy, new generation information technology and “dual carbon”, accelerates the marketization and digital transformation, continuously improves the scientific and technological innovation system, and strengthens the dominant position of scientific and technological innovation of the enterprise.

1. Promoting the construction of science and innovation platforms to strengthen the foundation of scientific research positions. Three subsidiaries of the Company were identified as provincial SRDI (Specialized, Refined, Differential, Innovational) enterprises; two municipal-level enterprise technology centers were approved to be upgraded to provincial enterprise technology centers; the subordinated AFC Provincial Engineering Technology Research Center, an information industry company, and Jiangsu Mobile Communication Engineering Research Center, an electronic manufacturing company, passed the re-evaluation. So far, the Company has 11 innovation platforms recognized by governments at various levels. The Digital Industry Research Institute of the Company plans the R&D direction in a unified way, coordinates the development path of the Company’s R&D centers, and leads the organization of major projects. Six major subsidiaries of the Company maintain the qualification of high-tech enterprises. The Company joined the UAV Industry Alliance Association of Jiangsu Province, laying the foundation for the technology research and market development of UAV data link system.

Section III Management Discussion and Analysis (Continued)

IV. Analysis of core competitiveness during the reporting period (Continued)

2. Increased investment in scientific and technological innovation with remarkable results. The Company strongly supported scientific research projects, with an annual investment of more than RMB200 million in science and technology, with more than 5% of its total investment in science and technology. In 2022, the Company won one second prize and two third prizes of Jiangsu Science and Technology Award, the first prize of Innovative Solutions of Jiangsu Automation Association, the top ten awards and honors of “Nanjing Enterprise Science and Technology Innovation Pioneer”, and the Most Dynamic Industry Award of Jiangsu Internet Industry. The Company took the lead in applying for and approval of one key R&D project of the Ministry of Science and Technology in 2022 and two key R&D projects of Jiangsu Province. Participated in the formulation of 1 national standard and 1 local standard. Led enterprises within the Chinese electronic system to compile and publish the Definition Specification of Data Elements of Traffic Data Governance Engineering. Launched the Panda Digital Intelligent Reporting Software successfully.
3. Rapid breakthrough in the creation and application of intellectual property rights; constant increase and improvement of patent pool of the Company’s main business segments. In 2022, the Company’s 129 national patent applications were accepted, including 63 national invention patent applications; 99 national patents were granted, including 21 national invention patents; 48 software copyright registrations were completed; 10 registered trademark certificates were renewed upon expiration. As of the end of 2022, the Company had 671 valid patents, including 158 valid invention patents and 252 software copyrights; 160 valid registered trademark certificates. In the field of rail transportation intelligent technology, the project of Nanjing “High Quality and High Value Patent Cultivation Center” was approved. One invention patent won the 2022 Jiangsu Science and Technology Innovation Invention Award. In 2022, the Company further promoted the creation, application, maintenance and protection of intellectual property rights, and the proportion of copyright registration of basic software in the digital industry increased significantly.
4. Attaching great importance to the quality of products and projects. The Company always insists on the concept of survival by quality, firmly establishes the awareness of quality first, maintains the ISO9001 quality management system, ISO14001 environmental management system, ISO45001 occupational health and safety management system certification qualifications, and continues to improve and enhance. The Company has established a complete after-sales service system and maintains the five-star product after-sales service certification. In addition, the Company’s subsidiaries have also passed the information security management system certification, information technology service management system certification, CMMI5 software capability maturity level 5 model certification, information system construction and service capability evaluation CS4 level (excellent level), IATF16949 automotive industry quality management system certification. In 2022, the Company was rated as Jiangsu Province quality credit AA enterprise.

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period

In the year 2022, the Company strived to maintain stable and orderly operation. The Company overcame the impact of adverse factors such as local industrial power restriction and the year-on-year increase in the prices of some components and raw materials, focused on the development of digital city related business, and strived to expand the market and customers in the fields of smart factory, white goods and automotive electronics, and maintained stable profitability of its main business. The operating income decreased slightly year on year due to the decrease in order volume of the green service electronics manufacturing business.

(I) Analysis of principal operations

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

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Operating income	4,154,295,003.26	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

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

1. Analysis of changes in related items in the income statement and cash flow statement (Continued)

Notes:

- (1) Reasons for changes in operating income: mainly due to the year-on-year decrease in income as a result of the decrease in 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-on-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;

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

1. Analysis of changes in related items in the income statement and cash flow statement (Continued)

Notes: (Continued)

- (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.

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost

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

Unit: Yuan Currency: RMB

By sector	Principal operations by business sector			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 (%)
	Operating income	Operating cost	Gross profit margin (%)			
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 and service-oriented electronic manufacturing industry	2,291,771,850.59	2,082,677,613.07	9.12	-10.43	-10.94	Increased by 0.51 percentage point

By product	Principal operations by products			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 (%)
	Operating income	Operating cost	Gross profit margin (%)			
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

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

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

Unit: Yuan Currency: RMB

By geographical regions	Principal operations by geographical regions			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 (%)
	Operating income	Operating cost	Gross profit margin (%)			
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

Sales model	Principal operations by sales model			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 (%)
	Operating income	Operating cost	Gross profit margin (%)			
Direct sales	4,126,954,804.76	3,548,725,503.80	14.01	-7.96	-9.78	Increased by 1.73 percentage points

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

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

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

The businesses of principal subsidiaries of the Company include intelligent transportation and safe city, industrial internet and intelligent manufacturing, green and service-oriented electronic manufacturing and its related businesses featuring green service. The operating income from intelligent transportation and safe city business decreased by 7.95% compared with the same period of previous year due to the progress of the settlement of some intelligent transportation projects; the operating income from industrial internet and intelligent manufacturing business increased by 23.51% compared with the same period of previous year due to the significant increase in business income related to intelligent factory, and system engineering; the operating income from green and service-oriented electronic manufacturing decreased by 10.43% compared with the same period of previous year due to the decrease in income from electronic manufacturing service.

(2) Analysis of volume of production and sales

During the reporting period, volume of production and sales of the Company's principal products (other than engineering and project related businesses) are as follows:

Principal products	Unit	Production output	Sales volume	Stock	Increase/decrease in production output from the same period last year (%)	Increase/decrease in sales volume from the same period last year (%)	Increase/decrease in stock from the same period last year (%)
Surface mounting	10 thousand points	35,124,957.00	35,527,788.00	188,818.00	-45.22	-45.97	-68.09
Intelligent transportation equipment and others	set	3,756.00	3,820.00	141.00	81.10	90.71	-31.22
Information network equipment and others	set	957,115.00	954,051.00	69,092.00	-20.16	-22.52	4.64

Explanation on the volume of production and sales: The decrease in production and sales volume of surface mounting products compared with the same period last year was mainly due to the decrease in business orders compared to previous years; the decline in production and sales volume of information network equipment and other products compared with the same period last year was mainly because the Company recorded a decrease in production and sales volume as compared with the same period last year due to the decrease in orders of some consumer electronics products.

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

(3) Cost analysis

Unit: Yuan Currency: RMB

By sector	Composition of cost	By sector			Amount for the same period last year as a percentage of total cost (%)	Change in the amount for the period as compared with that of the same period last year (%)	Explanation
		Amount for the period	As a percentage of total cost for the period (%)	Amount for the same period last year			
Industrial Internet and intelligent manufacturing	Material cost	167,328,365.33	67.89	136,340,499.29	60.45	22.73	
	Labor cost	27,650,041.52	11.22	26,277,934.12	11.65	5.22	
	Manufacturing costs	51,480,165.16	20.89	62,909,273.21	27.89	-18.17	
Intelligent transportation and safe city	Material cost	1,105,969,115.10	90.68	1,258,548,185.92	91.91	-12.12	
	Labor cost	36,836,372.35	3.02	44,017,148.81	3.21	-16.31	
	Manufacturing costs	76,783,831.27	6.30	66,694,080.98	4.87	15.13	
Green and service-oriented electronic manufacturing	Material cost	1,725,718,483.85	82.86	1,972,813,959.36	84.36	-12.53	
	Labor cost	65,586,819.04	3.15	56,200,847.05	2.40	16.70	
	Manufacturing costs	291,372,310.18	13.99	309,436,285.58	13.23	-5.84	

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

(3) Cost analysis (Continued)

By sector	Composition of cost	By product			Amount for the same period last year as a percentage of total cost (%)	Change in the amount for the period as compared with that of the same period last year (%)	Explanation
		Amount for the period	As a percentage of total cost for the period (%)	Amount for the same period last year			
Intelligent factories and systems	Material cost	140,383,544.02	73.76	100,967,142.85	67.87	39.04	
	Labor cost	16,345,708.09	8.59	13,866,145.07	9.32	17.88	
	Manufacturing costs	33,607,302.19	17.66	33,924,073.06	22.80	-0.93	
Core components of smart manufacturing	Material cost	26,944,821.31	48.01	35,373,356.44	46.08	-23.83	
	Labor cost	11,304,333.43	20.14	12,411,789.05	16.17	-8.92	
	Manufacturing costs	17,872,862.97	31.85	28,985,200.15	37.76	-38.34	
Intelligent transportation	Material cost	458,502,144.13	96.83	575,990,869.55	97.03	-20.40	
	Labor cost	7,861,109.55	1.66	10,642,621.57	1.79	-26.14	
	Manufacturing costs	7,169,440.36	1.51	7,013,531.03	1.18	2.22	
Digital parks	Material cost	468,541,423.64	86.16	464,565,094.20	85.92	0.86	
	Labor cost	25,635,297.71	4.71	30,450,973.76	5.63	-15.81	
	Manufacturing costs	49,644,964.05	9.13	45,664,423.23	8.45	8.72	
Safe city	Material cost	178,925,547.33	88.47	217,992,222.17	92.79	-17.92	
	Labor cost	3,339,965.09	1.65	2,923,553.48	1.24	14.24	
	Manufacturing costs	19,969,426.86	9.87	14,016,126.72	5.97	42.47	
Electronic manufacturing services	Material cost	1,725,718,483.85	82.86	1,972,813,959.36	84.36	-12.53	
	Labor cost	65,586,819.04	3.15	56,200,847.05	2.40	16.70	
	Manufacturing costs	291,372,310.18	13.99	309,436,285.58	13.23	-5.84	

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

2. Analysis of revenue and cost (Continued)

(4) Changes in the scope of consolidation due to changes in the equity of major subsidiaries during the reporting period: N/A

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

A. Sales to major customers

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.

B. Purchases from major suppliers

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%, mainly due to the year-on-year decrease in advertising and exhibition expenses; the management expenses increased by 4.85%, 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 during the period.

4. R&D Investment

(1) Particulars of R&D investment

Unit: Yuan Currency: RMB

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

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

4. R&D Investment (Continued)

(2) Particulars of R&D personnel

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

Age structure of R&D personnel	
Category of age structure	Number of age structure
Under 30 years old (excluding 30 years old)	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

(3) 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.

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

4. R&D Investment (Continued)

(3) Description: (Continued)

The Company actively promoted 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.

(4) Reasons for major changes in the composition of R&D personnel and its impact on the future development of the Company: N/A

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(I) Analysis of principal operations (Continued)

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.

(II) Explanation on major changes in profit caused by non-main business: N/A

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	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

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(III) Analysis of assets and liabilities (Continued)

1. Assets and liabilities (Continued)

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	N/A	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

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(III) Analysis of assets and liabilities (Continued)

2. Overseas assets

(1) Asset size

Including: Overseas assets in the amount of RMB113,214,692.25, accounting for 1.93% of the total assets.

3. Main restrictions on assets as at the end of the reporting period:

Unit: Yuan Currency: RMB

Item	Closing carrying amount	The reason
Money and bank equivalents	104,846,716.25	Deposits of performance, guarantee, acceptance
Notes receivables	12,505,639.04	Endorsed notes not due and not terminated for confirmation
Other receivables	<u>10,000,000.00</u>	Security deposit for litigation
Total	<u><u>127,352,355.29</u></u>	

(IV) Analysis of industry operational information

1. Smart transportation

The Report to the 20th National Congress of the Communist Party of China clearly pointed out that China will accelerate the development of digital economy, promote the deep integration of digital economy with real economy, and build a digital industry cluster with international competitiveness. The smart city construction involves smart transportation, smart travel, safe city and other aspects. The in-depth application of new generation information technology, artificial intelligence and other technologies in smart city construction is a reflection of accelerating the development of digital economy and promoting the deep integration of digital economy with real economy. It can effectively help form a strong domestic market, and promote the smooth systemic circulation pattern of domestic economy.

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(IV) Analysis of industry operational information (Continued)

1. Smart transportation (Continued)

According to the forecast of market research institutions, the global smart city market will reach US\$820.7 billion by 2025. In addition to traditional manufacturers and integrators, enterprises from telecom operators, Internet, real estate and other industries have also joined in exploring the field of smart cities. At present, the market demand for smart transportation in China is abundant, and the market size keeps growing continuously. Urban rail transit has shifted from high-speed development to the stage of intelligent and green high-quality development, and the customer demand for "Smart City rail" and "Green City rail" is increasing, which further promotes the application of 5G, big data, cloud computing, artificial intelligence, the Internet of Things, the Internet and other next-generation information technologies in all aspects of urban rail. According to statistics, a total of 1,085.17 kilometers of new urban rail transit lines were added in 2022, with 25 new lines in operation, 25 new stretches or extensions of existing lines, and 622 new operating stations, among the 1,085.17 kilometers of urban rail transit lines newly put into operation, 803.12 kilometers were subway lines, accounting for 74.01%. In 2023, a total of 58 projects in 27 cities such as Beijing, Shanghai, Chongqing, Tianjin and Nanjing are expected to be put into operation, with an estimated mileage of 898.22 kilometers and 556 new stations. Among the 57 lines, 55 are subway lines, accounting for 96.49%.

Focusing on independent innovation, the Company independently developed and constructed Nanjing and Nantong subway digital service and management platform projects, which have been officially put into operation. Throughout the year, the Company successively won the bids for automatic ticket-checking system and communication system projects of urban rail transit in Suzhou, Wuxi, Nanjing, Chuzhou and other cities; won the bids for intelligent construction projects in Xi'an, Hefei, Nanjing and other places; won the bids for "one station, multiple machines" data link and other safe city projects. At present, the Company's products have spread to more than 60 cities around the world. In the field of intelligent transportation and safe city, it is one of the few domestic providers that can simultaneously provide complete solutions for subway AFC terminal equipment manufacturing, AFC system, ACC system and Internet ticketing system.

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(IV) Analysis of industry operational information (Continued)

2. Intelligent manufacturing (Continued)

In the past three years, the market of intelligent manufacturing system solutions has maintained rapid growth at an average rate of 13.8%. Led by the national and local policies on intelligent manufacturing, a boom has been set off in pilot demonstration, new mode application, scene construction and other aspects, and the endogenous impetus has been increasing, especially under the driving force of leading enterprises, the trend of standardization and modularization of solutions is obvious, the steady growth of system solution market is driven through trial-and-error and innovative practices. The “14th Five-Year Plan for Intelligent Manufacturing Development” expressly proposes to accelerate the cultivation of system solution suppliers, and the central and local governments have jointly issued more than 100 regulations, rules, development plans and other policies related to the cultivation of system solution suppliers, providing policy guarantee for the rapid development of the market of intelligent manufacturing system solutions in China.

Based on the transformation needs of typical scenarios of the segmented industries, the Company continued to innovate and demonstrate the high level and professional supply capacity. With the active participation of the Company, the intelligent manufacturing business has been expanding the market in several fields such as intelligent factory, intelligent environmental protection and intelligent warehousing. The Company successfully won the bids for a number of intelligent factory processing production line, transmission line, external circulation line and smart factory and several other projects, realized the market-oriented application of intelligent manufacturing equipment and intelligent manufacturing industry software business, and successfully entered the field of instrument and instrument smart factory. The platform for independent research and development of iManuf intelligent manufacturing systems is improved constantly to promote the optimization and upgrading of industrial software systems.

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(IV) Analysis of industry operational information (Continued)

3. Green and service-oriented electronic manufacturing

The deep integration of new generation of information technology with the manufacturing industry has further promoted the industrial transformation and formed new modes of production, industrial forms, business models and economic growth points. The consumer electronics industry as a whole remains highly active. With the deepening of “carbon peaking and carbon neutrality” requirements, the new energy vehicle (NEV) market has maintained sequential and year-on-year growth. In 2022, the global total sales of new energy passenger vehicles exceeded 10 million units, becoming a new growth engine in the automotive electronics market. It is expected that the value proportion of automotive electronic equipment in low-end, middle and high-end vehicles will be increased in the future, and the market potential is huge. It is noteworthy that medical and health care has developed from specialization and hospitalization to individualization and family-based, and the processing and manufacturing of personal medical, medical and health equipment has become the current and future trend. Nowadays, the equipment of the electronic manufacturing service industry is gradually informationized and intelligent. It is urgent for software services such as Internet, cloud computing and big data to form scale and synergy effect, so as to realize intelligent supply and demand matching of economic surplus resources with lower cost and higher efficiency. This also provides new opportunities for the development of green and service-oriented electronic manufacturing from scale dividend to industrial innovation and transformation value-added.

The Company continued to stabilize the existing main business, actively respond to market changes, expand into the field of white goods, automotive electronics, and actively develop new customers on the basis of close connection with key customers, and achieved new breakthroughs in the flat panel display, automotive electronics, white goods and other green manufacturing service markets throughout the year.

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(V) Analysis of investment

1. Overall analysis of external investment

In 2022, the Company cautiously made investments in accordance with the capital expenditure plan and the progress of key projects.

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

Unit: Yuan Currency: RMB

Asset Class	Opening Balance	Gains and losses from changes in fair value in the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Current purchase amount	Current sale/redemption amount	Other changes	Opening Balance
Financial assets held for trading (derivative)	645,248.93	-139,196.62						506,052.31
Financial assets held for trading (other)	471,596,150.68	1,708,589.62						503,304,740.30
Receivables financing	20,272,279.95							53,346,403.19
Other equity instrument investments	3,551,864.21		1,264,073.47					2,385,926.53
Total	496,065,543.77	1,569,393.00	1,264,073.47					559,543,122.33

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

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(VII) Analysis of major invested companies

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.

The overview of the major subsidiaries is as follows:

Unit: 0'000 Currency: RMB

Subsidiary	Principal business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Electronics Equipment Company	Manufacturing and sales of automatic transmission equipment and industrial robot	19,000	42,159.22	5,990.18	25,799.11	-7,187.62	-7,189.95
Information Industry Company	Manufacturing and sales of railway transit AFC and ACC system, equipment, building intellectualization and system integration	USD3,194.6435	161,876.74	52,480.41	117,101.74	5,164.43	4,912.42
Electronic Manufacture Company	EMS services	USD2,000	77,302.10	50,892.08	111,463.99	2,622.21	2,653.43
Communications Technology Company	Manufacturing and sales of mobile communications, digital communication and network communications systems and products	10,000	25,831.85	18,527.08	13,391.00	1,512.13	1,552.00

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(VII) Analysis of major invested companies (Continued)

1. Analysis of major subsidiaries (Continued)

Subsidiary	Principal business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Technology Development Company	Manufacture of general purpose equipment, software development, and property management	70,000	56,158.77	55,697.77	1,545.56	-1,775.58	-1,775.58
Shenzhen Jingwah	Research and development, manufacture and sales of communications equipment and digital products	11,507	54,484.64	40,996.84	89,597.80	7,750.14	6,406.18
Nanjing Panda Xinxing Industrial Co., Ltd.	Supply of property management and catering services	2,000	6,154.65	4,361.41	8,526.43	12.53	-8.90
Chengdu Panda Electronics Technology Co., Ltd.	Electronic manufacturing	5,000	32,307.32	11,427.30	47,082.73	1,858.35	1,635.42

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(VII) Analysis of major invested companies (Continued)

1. Analysis of major subsidiaries (Continued)

Changes in net profit indicators of major subsidiaries are as follows:

Unit: 0'000 Currency: RMB

Subsidiary	Net profit		Change (%)
	2022	2021	
Electronics Equipment Company	-7,189.95	-7,746.03	N/A
Information Industry Company	4,912.42	4,730.51	3.85%
Electronic Manufacture Company	2,653.43	4,485.75	-40.85%
Communications Technology Company	1,552.00	1,351.62	14.83%
Technology Development Company	-1,775.58	-1,624.92	N/A
Shenzhen Jingwah	6,406.18	6,337.19	1.09%
Nanjing Panda Xinxing Industrial Co., Ltd.	-8.90	215.56	N/A
Chengdu Electronic Technology	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.

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(VII) Analysis of major invested companies (Continued)

2. Analysis of major invested companies

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

Unit: 0'000 Currency: RMB

Invested Company	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.

Section III Management Discussion and Analysis (Continued)

V. Principal operations during the reporting period (Continued)

(VII) Analysis of major invested companies (Continued)

2. Analysis of major invested companies (Continued)

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

Unit: 0'000 Currency: RMB

Invested Company	Operating Income	Net Profit	Shareholding of the Company	Investment income received by the Company
Nanjing LG-Panda Appliances Co., Ltd.	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.

(VIII) Structured entities controlled by the Company

During the reporting period, there were no structured entities that were controlled by the Company.

Section III Management Discussion and Analysis (Continued)

VI. Discussion and Analysis of the Company over the Company's Future Development

(I) Industrial landscape and trend

Looking ahead to 2023, with the deepening of industrial structure adjustment and transformation and upgrading, the introduction of policy planning at all levels, and continuous improvement of infrastructure, the electronic information industry is entering a period of intensive technological innovation and a period of release of policy planning dividends. Under the guidance of a new generation of information technologies such as cloud computing, big data, Internet of things, mobile Internet, and artificial intelligence, new business forms and new applications fostered have given birth to the reconstruction of core technology systems such as hardware, software and services in the fields of electronic information, industrial interconnection and high-tech manufacturing, showing a trend of clustering, integrating and in-depth development, creating opportunities for the vigorous development of the electronic information manufacturing industry. It is expected that the growth rate of the industry added value will remain within the range of 5%-10%.

In the field of digital city, China has accelerated the process of switching from digital city technology research to physical infrastructure construction, and gradually completed the layout of digital city infrastructure construction. Data shows that the total amount of 5G base station construction accounts for more than 60% of the world, and more than 100 cities nationwide have reached the standard of gigabit city construction. The collaborative and integrated application of infrastructure, intelligent sensing terminals, big data center network and so on will make the demands and dynamics between regions or groups constantly change in the future, strengthen the construction of an integrated and efficient digital city form, and increase the demand for optimizing or even reshaping the traditional digital city governance process, organizational structure and operation mechanism.

Section III Management Discussion and Analysis (Continued)

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(I) Industrial landscape and trend (Continued)

In the field of digital city, the Company mainly arranges smart transportation, safe city and digital park. In the field of smart transportation, the company continues to deepen scientific and technological innovation, and has completed the research and application of emerging technologies such as 5G, AI, cloud computing, big data and blockchain in rail transit automatic ticketing system and digital ticketing system. In the newly won smart ticketing project, the Company is committed to creating a new rail transit pattern of “planning and construction at a glance, operation and management in a network, and convenient travel in a series of cities” for customers. In the field of safe city, the Company continued to promote the research, development and application of emergency communication and emergency power supply. In the field of digital parks, the Company has independently developed a “digital platform for smart parks based on new-generation information technology” that can effectively meet the needs of different scenarios such as smart campus, smart finance, smart parking, smart security, emergency management, green energy saving and intelligent maintenance.

Under the layout and guidance of the top-level design of various planning and construction related to supporting transportation power and Digital China construction successively issued by the government, the momentum and confidence for the development of digital city industry are continuously enhanced. By 2035, the digitization rate of transportation infrastructure in Jiangsu Province will reach 95%, the scale of smart transportation industry will rank the leading level in China, and the contribution rate of transportation technology progress will reach the level of developed countries in the world. The rail transit market is expected to grow significantly. It is estimated that by 2025, 60 cities in mainland China will have urban rail transit in operation, with an operating mileage of more than 13,000 km.

Section III Management Discussion and Analysis (Continued)

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(I) Industrial landscape and trend (Continued)

In the industry context of various localities, industries and sci-tech enterprises seizing the new track of digital economy, the Company will pay close attention to and keep up with the development trend and dynamics of relevant industries and industrial clusters in technology fields and products, take the initiative to serve the scientific and technological research of digital economy, and increase the organization of major scientific and technological projects and the intensity of emerging technology research. In the digital industry, the Company will further improve the development level of vehicle control technology focusing on complete vehicle equipment such as new generation high-speed intercity trains and subway vehicles, full automatic operation and signal interconnection; In comprehensive network projects such as smart city, smart medical, smart education, the company vigorously promotes the application of "5G+ industrial Internet"; Focusing on 6G intelligent terminals, system equipment, integrated networks and integrated applications, the Company will orderly promote the construction of future network test facilities and large-scale commercial use, and create the source of new concepts, technologies and applications of future networks.

In the field of industrial Internet and intelligent manufacturing, the global industrial Internet platform market continues to maintain rapid growth, and it is expected that the scale of the global industrial Internet platform market will increase significantly in 2023. Under the support and guidance of national and local policies, the industrial Internet platforms in China are booming as a whole. At present, there are more than 100 platforms with a certain regional and industry influence in China. It can be said that the market prospect is broad, the competition is also fierce, and opportunities and challenges coexist. This puts forward higher requirements for the specialization and comprehensive empower of the industrial Internet platforms, and requires more efficient docking of industrial Internet platform enterprises in the upstream and downstream products, technologies, equipment, logistics, scientific and technological services and other elements of the industrial chain.

In the field of industrial Internet and intelligent manufacturing, the Company will deepen the adaptation of independent technology system based on the R&D of basic hardware and software and key core digital intelligent equipment; Focus on the high-end software industries such as basic software, industrial software and industry application software, and support the R&D of innovative solutions for the integration and application of industry general software and new-generation information technology; Continue to pay attention to the development of robot industry and other general and special intelligent equipment industry, focus on high efficiency, precision, high reliability, high intelligence, smooth development of strategic products, promote the intelligent manufacturing overall solution of industrial application demonstration, improve the quality of upgrading and constantly expand the industrial Internet and intelligent manufacturing industry chain.

Section III Management Discussion and Analysis (Continued)

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(II) Development strategies of the Company

1. Corporate strategy

As a state holding listed company, the Company focuses on consolidating the advantages of basic capabilities, constantly cultivating new growth drivers, taking national policies as guidance, closely following strategic planning and deployment and task requirements, accurately positioning industry breakthroughs, increasing investment in core products in line with the national industrial leading direction and core products or projects with high gross profit, in order to integrate into the core product elements of China electronics and its industrial system, gradually form an industrial ecology with prominent main businesses and related diversification, further promote the high-quality new development of the Company, and accelerate the construction of a reliable force of national digital intelligence equipment.

Development strategy of the Company: Seize the opportunities of digital economy, new-generation information technology and green development, take market orientation and scientific and technological innovation as the starting point, fully integrate into China's electronic strategic layout, vigorously develop the three leading businesses of smart transportation and safe city, industrial Internet and intelligent manufacturing, and green service-oriented electronic manufacturing, and strive to build core competitive advantages of digital equipment. Accelerate the construction of digital transformation services and intelligent manufacturing industry chain, improve the core competitiveness of digital equipment, and become a leading provider and service provider of digital equipment system solutions in China.

Section III Management Discussion and Analysis (Continued)

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(II) Development strategies of the Company (Continued)

2. Main operating model and business pattern
 - (1) Promote industrial construction, build a solid industrial foundation, and further strengthen industrial expansion. Based on China's electronic system and the industry as a whole, improve the overall ability of digital transformation to drive change, serve the digital transformation of large enterprises, give full play to the foundation and advantages of the existing industries, accelerate the concentrated creation of a number of leading core technologies, outstanding core products, representative model projects to strengthen, improve and expand the industrial plate.
 - (2) Strengthen innovation-driven development, leverage the leading role of the Digital Industry Research Institute in scientific research and innovation, lead R&D centers to make breakthroughs in R&D and iterative application of key generic technologies such as artificial intelligence, data governance, digital twinning, intelligent Internet of Things and blockchain, cultivate the potential for sustainable development, and form new business growth points in the digital industry as soon as possible.
 - (3) Actively integrate into the collaborative construction of the industrial chain of China's electronic system, tap the supply potential, improve the level of collaboration, do a good job in service guarantee and supporting, deepen the cooperative co-evolution of different industrial chains, and pioneer a new path of transformation and upgrading.
 - (4) Strengthen capital operation, strengthen and expand core businesses; Stimulate the vitality of development, make good use of the relevant long-term incentive mechanism and contractual assessment mechanism.

Section III Management Discussion and Analysis (Continued)

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(II) Development strategies of the Company (Continued)

3. Future development orientation of main businesses

(1) Modern digital city related industries

The Company is committed to improving the service ability of smart city governance, actively fostering the core force of digital China construction, focusing on making industrial breakthroughs in the construction of rail transit metropolitan area, road transportation and other fields, and building the Company into a first-class system solution provider in the field of modern digital city covering project construction, key equipment R&D and manufacturing, and operation.

Smart transportation business: Consolidate the existing urban rail transit technology and market advantages, vigorously promote the deep integration of 5G, big data, cloud computing, Internet of things, artificial intelligence, block chain and other new generation of information technologies with the transportation industry; focus on the development of a credible ticketing platform system of blockchain metropolitan area, strengthen the overall planning and operation of smart transportation field, and gradually expand to intercity rail transit and highway transportation. Form an integrated construction plan that comprehensively applies quantum communication, AI, digital twinning, block chain and other technologies to solve new problems faced by urban rail transit and help realize intelligent interconnection of urban circles. Develop more software and hardware core technologies and products with independent intellectual property rights, building the Company into a first-class service provider in the field of intelligent transportation applications in China.

Safe city business: Deep research in satellite mobile communication, Beidou positioning and navigation, ground mobile communication, AD hoc network communication, ground private network communication and other technologies, focus on the development in the directions of space-sky-sea-earth integrated multi-mode satellite terminal, domestic high-power communication power supply, etc. Relying on the smart industry solution based on 5G+ system application to further expand the businesses of smart park, smart finance, smart education, smart medical treatment, emergency broadcasting, emergency power supply and other businesses, and strive to build the Company into an industry-leading supplier of special equipment R&D and manufacturing and related system solutions for safe city.

Section III Management Discussion and Analysis (Continued)

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(II) Development strategies of the Company (Continued)

3. Future development orientation of main businesses (Continued)

(2) Industrial Internet and intelligent manufacturing industry

In the field of industrial Internet and intelligent manufacturing, the Company will deepen the application of 5G and edge computing technologies, promote cloud-edge collaboration, improve the level of intelligent manufacturing information software, enhance the service ability of intelligent equipment system, strengthen the research and development and application of industrial software, expand smart factory projects in the fields of new materials, intelligent warehousing, green environmental protection, and actively undertake digital factory turnkey projects, so as to create tailored overall solutions for customers, focus on the R&D of industrial control terminals based on PKS and intelligent factory operation decision-making system, and carry out industrial coordination with enterprises in China electronics system to build the Company into a leading supplier of industrial Internet, intelligent factory system solutions and intelligent manufacturing key equipment.

(3) Green and service-oriented electronic manufacturing industry

Build an advanced electronic manufacturing service system to provide complete manufacturing services such as technology R&D, process design, procurement management, manufacturing, warehousing and logistics in the fields of new display, automotive electronics, information and communication, new materials, and new energy. In line with the national development policies of "carbon peaking and carbon neutrality", speed up the promotion of new energy business, accelerate the green transformation of production mode, and strive to become a first-class EMS manufacturer of electronic products serving domestic and international brand customers.

Firmly follow the road of digital transformation, promote the implementation of the development strategies of "14th Five-Year Plan" with high quality, and fully assume the mission of building a reliable force of digital intelligence equipment. With scientific and technological innovation as the engine, further focus on the Company's three main businesses of smart transportation and safe city, industrial Internet and intelligent manufacturing, green and service-oriented electronic manufacturing, strengthen the R&D of "blockbuster products" and "bottleneck" core technologies to achieve sci-tech self-reliance and self-strengthening at higher levels, and promote industrial upgrading and development.

Section III Management Discussion and Analysis (Continued)

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(III) Business plan

1. The progress of development strategies and business plan during the reporting period

In 2022, facing the increasingly stringent economic situation and arduous development tasks, the Company continued to deepen its three principal businesses, steadily promoted industrial development, promoted the transformation and upgrading of scientific research achievements, continuously optimize the cultivation of the team, established and improved basic management measures, comprehensively deepened compliance control, and basically achieved the operating targets for 2022.

The operating targets of the Company in 2022 were to achieve an operating income of RMB4,000 million and total profit of RMB120 million. According to the audited financial report, the Company registered operating income of RMB4,154,295,000 and total profit of RMB100,685,800 in 2022.

2. 2023 operating plan

The operating targets of the Company for 2023 are to achieve an operating income of RMB4,100 million and total profit of RMB120 million. 2023 is a very important juncture of the "14th Five-Year Plan". The Company will adhere to the general work principle of seeking progress while maintaining stability, accelerate the construction of digital transformation services and intelligent manufacturing industry chain, improve its core competitiveness in the field of digital intelligence equipment, and become the leading digital intelligence equipment system solution provider and service provider in China.

The Board has formulated the above operating targets based on the overall economic situation at home and abroad, taking into full account the developments of the industry segments in which the Company operates and the actual conditions of the Company. Although the Company may be subject to many uncertainties in its daily course of operations, it will insist on pragmatic approaches and seek progress while maintaining stability in an effort to achieve its operating targets as follows.

Section III Management Discussion and Analysis (Continued)

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(III) Business plan (Continued)

2. 2023 operating plan (Continued)

- (1) Adhere to industrial development and build a solid industrial foundation. The company will continue to unswervingly promote industrial construction, further strengthen industrial expansion, improve the capability of smart city governance service, enhance the capability of smart equipment system service, and actively respond to the national development policy of "carbon peaking and carbon neutrality" to accelerate the green transformation of production mode.
- (2) Adhere to sci-tech R&D and strengthen innovation-driven development. The Company will focus on the construction platform of the Digital Industry Research Institute, lead the R&D centers to make R&D breakthroughs and iterative applications in key generic technology fields such as artificial intelligence, data governance, digital twinning, intelligent Internet of Things and blockchain, and do a good job in the implementation and transformation of R&D achievements to enhance the industrial market competitiveness.
- (3) Adhere to the reform and innovation, stimulate development vitality. Make overall use of multi-level incentive methods to increase incentives for scientific research personnel and core management personnel. Give full play to the role of the platform of listed company, strengthen capital operation, strengthen and expand the core business.
- (4) Adhere to synergy and cohesion to form synergy for development. Do a good job in the collaborative construction of industrial chains, and follow the path of transformation, upgrading and innovation. Coordinate management and industry to improve the quality of development. Do a good job in industrial cooperation between entities to jointly build competitive advantages; Do a good job of inter-departmental collaboration to effectively improve operational efficiency.
- (5) Adhere to lean management and deepen quality and efficiency improvement. Adhere to benchmarking management, make up for weak links, and build an intensive, lean and efficient management system; Continue to control and stop losses, innovate ideas, methods and measures, and develop turnaround strategies; Strengthen control of the "two funds" and ensure the safety of enterprise funds.

Section III Management Discussion and Analysis (Continued)

VI. Discussion and Analysis of the Company over the Company's Future Development (Continued)

(IV) Potential risks

1. Policy risk

The Company's three principal industries are closely related to national policies and the "14th Five-Year Plan", and industrial development and transformation are easily affected by changes in national policies.

Therefore, in order to better cope with the policy risk, the Company will actively and promptly pay attention to changes in relevant national policies, make adaptive changes in industrial development in time, regularly conduct special learning and research, implement R&D results from the research end according to the policy guidance, and strengthen the collaborative transformation of research and market, and continuously enhance the development momentum of the Company in three industrial fields: intelligent transportation and safe city, industrial Internet and intelligent manufacturing, and green and service-oriented electronic manufacturing, and gradually enhance the core competitiveness of the industry.

2. Market risk

Due to the adverse impact of the supply chain tension, commodity price fluctuations and other macro factors, the competition in the industry is becoming increasingly severe, and the Company will face an increasing number of challenges in the market competition.

Therefore, in order to better cope with the market risk, the Company will focus on its three principal businesses, carefully find gaps and make efforts to fill shortcomings. First, strengthen the market research function, formulate scientific product planning, sales policies and promotion plans, and do a good job in information collection for bidding projects; Second, innovate marketing means, optimize marketing organization structure, strengthen channel construction, constantly expand the team of marketing engineers, and promote the coordination mechanism between R&D and marketing sales; Third, strengthen brand promotion and promote business (products) through overseas exhibitions and foreign trade promotion platforms.

VII. Explanations on Facts not Disclosed in accordance with the Inapplicability of Standards or Special Reasons including state secrets or trade secrets: N/A

Section III Management Discussion and Analysis (Continued)

VIII. Other Disclosures

(I) 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: bank balances and cash amounted to RMB954,544,300 as at 31 December 2022 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 loan prime rates (LPRs) of the loan market were: the LPR for 1-year was 3.65%, and the LPR for more than 5-year was 4.3%; as of 20 March 2023, the loan prime rates (LPRs) of the loan market were: the LPR for 1-year was 3.65%, and the LPR for more than 5-year was 4.3%. The loan prime rate can be available for public inspection at websites of the National Interbank Funding Center and the People's Bank of China.

(II) Purchase, Sale or Redemption of the Company's Listed Securities

The Group had not purchased, sold or redeemed any of the Company's listed securities during the reporting period.

(III) Pre-emptive Rights

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

(IV) Highest Paid Individuals

The five highest paid individuals of the Company during the year were operators of the Company and its subsidiaries, details of which are provided in the notes to the financial statements prepared in accordance with the accounting standards of PRC enterprises.

(V) Arrangements for Purchase of Shares or Debentures by Directors, Supervisors and Senior Management Staff

At no time during the year had the Company become a party to any arrangements which enabled the Directors, Supervisors and senior management or any of their spouses or children under 18 to acquire benefits by means of the acquisition of shares or debentures of the Company or any other corporate bodies.

Section III Management Discussion and Analysis (Continued)

VIII. Other Disclosures (Continued)

(VI) Interests in Contracts of Directors, Supervisors and Senior Management Staff

At no time during the year had the Group entered into any contract of significance in which a Director, Supervisor or Senior Management Staff of the Company was materially interested. None of Directors, Supervisors, and Senior Management Staff of the Company had engaged in the operating activities which compete with the business of the Group.

(VII) Service Agreements of Directors and Supervisors

The Company's Executive Directors were Zhou Guixiang, Xia Dechuan, and Hu Huichun, respectively, the Non-executive Directors were Shen Jianlong, Deng Weiming and Yi Guofu, respectively, and the Independent Non-executive Directors were Dai Keqin, Xiong Yanren, and Zhu Weixun, respectively. The members of the Supervisory Committee were Zhao Ji, Fu Yuanyuan and Zhou Yuxin, respectively. For the main work experience, remuneration and shareholding in the Company of the Directors and Supervisors of the Company, please refer to "Section IV Corporate Governance" in the report for details.

Each of the Directors and Supervisors has entered into service agreements with the Company for a term of three years. None of the Directors or Supervisors has entered into any contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

(VIII) Liability insurance for 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.

(IX) Privileges of Directors, Supervisors and Senior management

During the reporting period, no privileges were enjoyed by the Directors, Supervisors and senior management of the Company.

(X) Interested Relations with Suppliers and Customers

Chengdu BOE Display Technology Co., Ltd. and CEC Defense Technology Co., Ltd. are the connected legal persons of the Company. They were listed as the top five customers of the Company in 2022.

Save as disclosed above, during the year, neither the Directors, Supervisors, nor their close associates or shareholders (which to the knowledge of the Directors own more than 5% of the issued share capital of the Company) had any interest in the five largest customers or suppliers of the Company.

Section III Management Discussion and Analysis (Continued)

VIII. Other Disclosures (Continued)

(XI) Contracts of Significance

Particulars of the contracts of significance under paragraph 16 of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited between the Company or any of its subsidiaries and the controlling shareholder of the Company or any of its subsidiaries, or for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries, are set out in the paragraph headed “Material Connected Transactions” under Section VI “Significant Events” of this report.

(XII) Enter into Material Contracts

During the reporting period, the material contracts entered into by the Company were as follows:

1. During the reporting period, the material contracts entered into by the Company were to provide financing guarantees for its subsidiaries and carry out wealth management with its idle funds. The contracts for financing guarantee provided by the Company for its subsidiaries and wealth management with its idle funds were disclosed on China Securities Journal, Shanghai Securities News and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

(XIII) Convertible Securities, Options, Warrants or Similar Rights

The Company had not issued any convertible securities, options, warrants or similar rights as at 31 December 2022.

(XIV) Reserves

As calculated in accordance with the applicable laws of the PRC where the Company is incorporated, the distributable reserves of the Company as at 31 December 2022 amounted to RMB304,356,612.37.

(XV) Pension Scheme

The Company participated in a pension scheme established by the government. In accordance with the terms of the scheme, the annual contributions made by the Company should be equivalent to around 16% of the salaries of its employees. According to the said scheme, the pension of present and retired employees of the Company is protected by Nanjing Human Resources and Social Security Bureau.

Section III Management Discussion and Analysis (Continued)

VIII. Other Disclosures (Continued)

(XVI) Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into by the Company or existed during the year.

(XVII) Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2022 are set out in the notes to the financial statements prepared under the PRC accounting standards.

(XVIII) Changes in Owners' Equity

Particulars of changes in owners' equity of the Group during the year are set out in the statement of changes in owners' equity prepared under the PRC accounting standards.

(XIX) Fixed Assets

Details of the movements in the fixed assets of the Group during the year are set out in the notes to the financial statements prepared under the PRC accounting standards.

(XX) Subsidiaries

Information on the subsidiaries of the Company is set out in the notes to the financial statements prepared under the PRC accounting standards.

(XXI) 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

Section III Management Discussion and Analysis (Continued)

VIII. Other Disclosures (Continued)

(XXII) Confirmation by Independent Non-executive Directors on Connected Transactions

The Independent Non-executive Directors of the Company, within their scope of duties, have reviewed the “connected relationship and transactions” set out in the notes to the financial statements of the Company for 2022 prepared under the Accounting Standards for Business Enterprises of China, as well as the relevant letter of the auditors, and confirmed that:

1. Such transactions were entered into in the ordinary and usual course of business of the Group;
2. Such transactions were (1) on normal commercial terms or better or (2) on terms no less favorable to the Company than those available to or from independent third parties, if there were no applicable comparables;
3. Such transactions were carried out in accordance with relevant agreements governing such transactions, and the terms of such transactions were fair and reasonable and in the interests of the Company’s shareholders as a whole; and
4. Such transactions did not exceed the relevant caps disclosed previously.

For details of the connected transactions and continuing connected transactions of the Company, please refer to the sub-section headed “material connected transactions” under Section V “Significant Events” of this report.

(XXIII) Contingencies

Details of contingent events of the Group during the year are set out in the notes to the financial statements prepared under the PRC accounting standards.

Section III Management Discussion and Analysis (Continued)

VIII. Other Disclosures (Continued)

(XXIV) Environmental, Social and Governance Report

The Group is committed to supporting the sustainable development of the environment and is subject to various national laws and regulations in relation to environmental protection promulgated by the PRC. The Group has set up compliance procedures to ensure compliance with relevant laws, rules and regulations in relation to environmental protection. In addition, the employees and operating units concerned have paid attention to changes in relevant laws, rules and regulations from time to time. The Group has always been devoted to maintaining well-observed standards regarding environmental protection and the society and safeguarding the sustainable development of our business.

During the reporting period, in accordance with the requirements under the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules of the Hong Kong Stock Exchange, the Company has prepared the 2022 Annual Social Responsibility Report covering strategy and governance, social responsibility management, professional advantages to serve the needs of social development, the joint creation of consolidated value with stakeholders and other aspects. In the preparation of the report, the Company followed the reporting principles of materiality, quantitative, balance and consistency to the greatest possible extent. The report, which has been considered and approved by the 15th meeting of the 10th session of the Board, gives an account of the management approach, objectives, measures and results achieved in respect of environmental, social and governance areas of the Company and its subsidiaries during the period from 1 January 2022 to 31 December 2022. The report is also in compliance with the requirements of the “Guidelines for Self-regulation of Listed Companies in Shanghai Stock Exchange No.1– Standardized Operation” issued by Shanghai Stock Exchange. The “2022 Social Responsibility Report” of the Company was published on the website of Shanghai Stock Exchange on 31 March 2023.

Section III Management Discussion and Analysis (Continued)

VIII. Other Disclosures (Continued)

(XXV) Others

1. For the principal operations of the Group, please refer to “Section III Management Discussion and Analysis” in this report for details.
2. The Board of the Company considered and approved the profit distribution proposal to distribute cash dividend for 2022, the details of which are set out in “Section VI Corporate Governance” in this report.
3. Taxation policies applicable to the shareholders in respect of the cash dividend received for the shares held by them in the Company shall follow the laws and regulations as revised from time to time by the State, details in relation thereto will be otherwise announced by the Company.
4. As at the date of this report, based on the information announced by the Company and within the knowledge of the Directors, the Company has complied with the continuous requirements of Hong Kong Stock Exchange in relation to the sufficiency of public float.
5. During the year, the Company issued a total of more than RMB1.5 million in love assistance funds, subsidies for difficulties and golden autumn scholarships throughout the year.

(XXVI) Annual General Meeting

The Board proposes to convene the 2022 annual general meeting of the Company before 30 June 2023, the announcement of which will be made separately.

By order of the Board
Zhou Guixiang
Chairman
Nanjing, the PRC, 30 March 2023

Section IV Corporate Governance

I. Explanations on Corporate Governance

During the reporting period, the Company stably advanced the legal construction, improved the enterprise governance level according to law, and complied with the relevant laws and regulations including the Company Law and the Securities Law. In accordance with the requirements relating to corporate governance and proper operation issued by the CSRC and the SFC and the requirements of the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company continued to refine its corporate governance structure and internal rules and systems, reinforced internal control and risk management, continuously maintained healthy development, and safeguarded the interests of all shareholders of the Company. There was no significant difference between the corporate governance of the Company and laws, administrative regulations and the provisions of the Corporate Governance Standards for Listed Companies released by the CSRC. The Company was in line with and complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Hong Kong Stock Exchange, and the Company's objectives, values and strategies as formulated were consistent with the Company's corporate culture.

With respect to risk management and internal control, the Company established the risk management and internal control systems on the basis of the multi-layered management organization and corresponding management documents, and ameliorated and perfected it on a continuous basis in accordance with requirements of the regulatory authorities and the operation situation of the Company. Such systems were designed to manage rather than eliminate the risk of failure to achieve business objectives, and could only provide reasonable and not absolute assurance against material misstatement or loss. The Board is responsible for overseeing and reviewing the Group's risk management and internal control systems on an ongoing basis, and ensuring the Group to establish and maintain appropriate and effective risk management and internal control systems. The Audit Committee is responsible for reviewing the effectiveness of the risk management and internal control systems, ensuring strict compliance with relevant rules and regulations and reporting to the Board. The multi-layered management structure, mainly comprised of functional departments at the headquarters of the Company, the united council, Office of General Manager and the Board, undertook decision-making, management and supervising obligations according to relevant procedures. Their obligations concerned risk assessment and amelioration for material events, reviewing and execution of significant investment projects, overall budgeting management, appraisal of economic responsibilities, design of the remuneration system, financing guarantee, and other related work. Pursuant to their respective term of reference, relevant issues shall be submitted by the functional department or the united council to the Office of General Manager for consideration and those intended for decisions of the Board shall be reported to the Board for consideration in the form of proposal. In 2022, the Company prepared the Internal Control Management Manual (2022).

The Company strengthened risk management and internal control systems with its own features based on its production and operation circumstance. Catering to management and operation in accordance with laws and regulations, asset safety, the true and complete financial report and relevant information, improving operating efficiency and results and boosting the achievement of corporate development strategies, the Company formulated the risk detection and assessment standards from quantitative and qualitative perspectives and deemed such as identifying standards for internal control defects. For details of identifying standards, please refer to the 2022 Internal Control Evaluation Report of Nanjing Panda Electronics Company Limited published by the Company on the website of Shanghai Stock Exchange on 31 March 2023.

Section IV Corporate Governance (Continued)

I. Explanations on Corporate Governance (Continued)

The rule of law and risk control committee under the united council is mainly responsible for assessing and making recommendations for reducing and solving risks in relation to important operation practices and business procedures as well as material events, and analyzing and making improving recommendations for irregularities in internal operation.

The Company has set up an independent internal auditing department, which carries out monitoring and review activities independently and objectively and pushes forward the realization of goals of the Company through reviewing and assessing the appropriateness, legitimacy and effectiveness of the business activities and internal control of various units. The Audit Department (performing internal audit function) consists of a number of professional auditors with expertise, technical titles, auditing experiences and competent capabilities. Such professionals attend continuing professional education and trainings held by competent authorities or associations of the occupation for a certain period each year. The Company will also organize business trainings relating to risk management and internal control based on practical demands. The Auditing Department is directly accountable to the Board, receives instructions from the Audit Committee under the Board and reports to the Audit Committee on the internal auditing work for the year and the auditing and inspecting plan for the forthcoming year at the meeting of Audit Committee held periodically. The Auditing Department reports to the Party Committee and the General Manager on a daily basis.

The Company has set up an independent inspection department to intensify discipline inspection and supervision. The Inspection Department formulated opinions on inspection work for the year and supervised and reviewed the major operation decisions, decisions on significant project investments, important personnel appointment and removal, large capital operation, fulfillment of duties of key positions and integrity and self-discipline. The Company formulated the Code of Ethics for Mid-level and Higher-level Managers (《中層及以上人員廉潔從業若干規定》), the Implementation Measures for the Supervision Work of Discipline Inspection Department (《紀檢部門監督工作實施辦法》), the Regulations on the Management of Problematic Tips (《問題線索管理辦法》), the Implementation Measures for the “Four Forms” of Supervision and Discipline Enforcement by the Party Committee (《黨委運用監督執紀「四種形態」實施辦法》) and other related systems to establish and improve the working mechanisms of education and reminding, supervision and inspection, integrity risk prevention and control, establishment of Party conduct and integrity and anti-corruption work to effectively prevent employee corruption. In 2022, the Company carried out education and learning on the theme of Party style and clean government, firmly established the work concept of daring to grasp and manage, and fulfilled its duties and responsibilities, integrated the construction of Party style and clean government with business work, and conducted 115 anti-corruption training sessions covering 2,270 people.

Section IV Corporate Governance (Continued)

I. Explanations on Corporate Governance (Continued)

The Company regularly reviewed the effectiveness of the risk management and internal control systems and formed a complete workflow and procedures, and a mechanism to address significant risks or internal control deficiencies, and kept them updated in a real-time manner. In order to promote the ongoing perfection and amelioration of the risk management and internal control systems, the Company conducted self-assessment on internal control every year. Under the leadership of rule of law and risk control committee, the Audit Department organized the assessment panel (comprising Audit Department and backbones of personnel in charge of internal control work from relevant business departments and the subsidiaries) and conducted the self-assessment. Audit Department reports the self-assessment scheme on internal control to the independent Directors and the Audit Committee under the Board at the meeting of Audit Committee held at the end of each year. The Company prepares Internal Control Evaluation Report and submits it to the Board for consideration for each year. During the internal control self-assessment stage, the Company focused on supervision and inspection on matters such as customer qualification examination and business data file management, established and improved the basic system, strengthened and enhanced the business capabilities of front-line personnel, strictly implemented rectification, continuously improved the standardized operation of the Company and promoted the sustainable, stable and healthy development of the Company. During the reporting period, as reviewed by the Board, there was no significant deficiency in internal control in relation to financial reporting of the Company, nor was any significant deficiency in internal control in relation to nonfinancial reporting identified. BDO China Shu Lun Pan Certified Public Accountants LLP has audited the effectiveness of the internal control relating to financial reporting of the Company, and issued an audit report with unqualified opinion. The Board has reviewed the effectiveness of the risk management and internal control systems and considered the system to be effective and sound.

The Company identifies, assesses and manages material risk and internal control by the closed-loop management and allows time for rectification in internal control assessment. After issuing the report, the Audit Department will convey the defects identification and rectification suggestions to the responsible unit and department concerned for their implementation of such rectifications work in relation to relevant internal control defects. The Audit Department will carry out follow-up inspections on the implementation of relevant rectifications so as to consolidate achievements of the internal control assessment. Significant events deliberated or commented by the Audit Committee under the Board or the rule of law and risk control committee shall be assigned to the responsible department concerned for rectification and requested for feedbacks of fulfillment. With regard to risk matters, the Company will take countermeasures promptly; formulate rectification plans based on analysis of risk causes and follow up the relevant implementation, thus consummating the business process. Related personnel in failure to fulfill internal control standards shall be held accountable according to relevant provisions. The Company has made emergency response plan for businesses that place deposits in the subordinate financial company of the de facto controller. During the reporting period, there was no material deficiency or failure in relation to the control system of the Company.

According to the disclosure requirements for the preparation of this annual report, the Company reviewed and compared the special action on corporate governance in accordance with the relevant requirements of the Announcement on Launching Special Action on Corporate Governance of Listed Companies promulgated by the China Securities Regulatory Commission and the “Special Action on Corporate Governance” of the Jiangsu Securities Regulatory Bureau of the CSRC, there was no significant difference between the current situation of corporate governance of the Company and the normative documents on corporate governance issued by the CSRC.

Section IV Corporate Governance (Continued)

I. Explanations on Corporate Governance (Continued)

In 2022, taking the opportunity of the China Securities Regulatory Commission's ongoing special action on the governance of listed companies and the integration of the regulatory rules system of the regulatory bodies, the Company formulated and improved a number of detailed governance rules and documents for listed companies combined with the three-year action plan for the reform of state-owned enterprises and its actual situation, which further improved the Articles of Association, the Implementation Rules for the Management of the Performance Wage and Business Expenses of the Company's Leaders (《公司領導人員履職待遇、業務支出管理實施細則》), the Rules of Procedure of General Meeting, the Rules Governing the Management of Related Party Transactions, the Emergency Response Plan for Risks in Deposit in China Electronics Financial Co., Ltd., the Implementation Measures for the 'Three Importances and One Major' Decision-making System, the Management System for Investor Relations, the System for Independent Directors, the Management System for Information Disclosure and other governance rules, and formulated the Shareholders' Return Plan (2022–2024), the Administrative Measures for the Authorization of the Board of Directors and the Implementation Plan on Improving the Powers and Functions of the Board of Directors (《關於完善董事會職權實施方案》) to further enhance the scientificity of the Company's decision-making and the integrity of its procedures.

In 2022, the Company organized 25 online training sessions by the Jiangsu Securities Regulatory Bureau and the Shanghai Stock Exchange for Directors, Supervisors and senior management to advocate the cultural atmosphere of "holding the bottom line and being in awe", demanding all its members not to go beyond the rules and overstep the boundary but to respect market rules and investors, thereby enhancing the ability to perform their duties. The Company sent regulatory newsletters to Directors, Supervisors and senior management from time to time to inform them of the latest regulatory developments and typical cases to effectively enhance the level of compliance operation and risk prevention awareness.

In 2022, the Company strengthened the construction of the incentive and restraint mechanism, formulated and improved the Implementation Rules for the Tenure System and Contractual Management of Senior Management (《高級管理人員任期制和契約化管理實施細則》), and signed relevant contractual documents with the management to further clarify the matters of assessment, incentive and restraint and exit management, so as to fully stimulate the innovative vitality of the enterprise.

Whether or not there is any significant difference between corporate governance of the Company and laws, administrative regulations and the provisions of the CSRC on the governance of listed companies:
N/A

Section IV Corporate Governance (Continued)

II. Specific Measures Taken by the Controlling Shareholder and De Facto Controller of the Company to Ensure the Independence of Assets, Staff, Finance, Organization and Business of the Company, and Solutions and Work Progress and Follow-up Work Plans Formulated to Ensure the Company's Independence : not applicable

The business, staff, asset, organization and finance of the Company are completely separated from those of its controlling shareholders, and the Company has its own independent and complete businesses and possesses the capabilities for independent operation.

1. Business: The Company has a highly independent and complete business and operation ability. The controlling shareholder and its associates have separately signed the "Letter of Undertaking on Avoidance of Horizontal Competition".
2. Staff: The staff of the Company is independent from its controlling shareholder. The Company has independent management in labour, personnel and wages, and established the relevant management systems. Senior management members such as general manager and deputy general manager receive salaries from the Company. Save for the position of director, they do not hold any other positions in the controlling shareholder entity.
3. Asset: The Company has its own supply, production and sale systems, ancillary production system and facilities. The Company holds intangible assets such as trademark ownership, industrial property right, and non-patent technology.
4. Organization structure: The Company established a sound organizational system in which the Board, Supervisory Committee and other internal departments each operate and function independently. The Company is not subordinate to its controlling shareholder in term of its duties and departmental functions.
5. Finance: The Company has set up its own finance department, accounting system, financial management system and its own bank accounts

The scenario where the controlling shareholder, the de facto controller and other units controlled by them are engaged in the same or similar business as those of the Company, and the impact of peer competition or great changes in peer competition on the Company, the solutions taken, the progress of solutions and the subsequent solutions plan: N/A

Section IV Corporate Governance (Continued)

III. Overview of General Meetings

Session of the meeting	Date of the meeting	Query index of the designated website where the resolutions were published	Disclosure date of the resolutions	Meeting resolutions
The first extraordinary general meeting in 2022	16 March 2022	http://www.sse.com.cn http://www.hkex.com.hk	17 March 2022	A total of 1 proposal was reviewed and passed, and there was no veto of the proposal. For details, please refer to the Announcement of Resolution of the First Extraordinary General Meeting of Shareholders in 2022 published by the Company on the website of the Shanghai Stock Exchange on 17 March 2022 (Announcement No.: 2022-007)
2021 annual general meeting	29 June 2022	http://www.sse.com.cn http://www.hkex.com.hk	30 June 2022	A total of 17 proposals were reviewed and passed, and there was no veto of the proposals. For details, please refer to the Announcement of Resolution of the 2021 Annual Shareholders' General Meeting published by the Company on the website of the Shanghai Stock Exchange on 30 June 2022 (Announcement No.: 2022-030)

Section IV Corporate Governance (Continued)

III. Overview of General Meetings (Continued)

Session of the meeting	Date of the meeting	Query index of the designated website where the resolutions were published	Disclosure date of the resolutions	Meeting resolutions
The second extraordinary general meeting in 2022	26 September 2022	http://www.sse.com.cn http://www.hkex.com.hk	27 September 2022	A total of 2 proposals were reviewed and passed, and there was no veto of the proposals. For details, please refer to the Announcement of Resolution of the Second Extraordinary General Meeting of Shareholders in 2022 published by the Company on the website of the Shanghai Stock Exchange on 27 September 2022 (Announcement No.: 2022-044)
The third extraordinary general meeting in 2022	22 December 2022	http://www.sse.com.cn http://www.hkex.com.hk	23 December 2022	A total of 3 proposals were reviewed and passed, and there was no veto of the proposals. For details, please refer to the Announcement of Resolution of the Third Extraordinary General Meeting of Shareholders in 2022 published by the Company on the website of the Shanghai Stock Exchange on 23 December 2022 (Announcement No.: 2022-056)

Section IV Corporate Governance (Continued)

III. Overview of General Meetings (Continued)

Notes on General Meetings:

1. On 16 March 2022, the Company held the first Extraordinary General Meeting of Shareholders in 2022, considered and approved the proposal on the Daily Connected Transactions with Chengdu CEC Panda Display Technology Co., Ltd. in 2022. A total of 1 proposal was reviewed and passed at this meeting, and there was no veto of the proposal. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 17 March 2022.
2. On 29 June 2022, the Company held 2021 Annual General Meeting of Shareholders, considered and approved the proposals on the 2021 Annual Work Report of the Board of Directors of the Company, 2021 Annual Work Report of the Board of Supervisors of the Company, the 2021 Financial Final Accounts Report, the 2022 Financial Budget Report, the Profit Distribution Plan for 2021, the Employment of the 2022 Audit Firm, the 2021 Annual Report and its Summary, the 2021 Report on Debriefing of Independent Directors, the Proposal on Purchasing Directors' Liability Insurance for 2022, the Shareholder Return Planning (2022–2024), the proposal on Increasing the Company's Business Scope and Revising the Articles of Association, and the proposal on the guarantee amount for relevant subsidiaries. A total of 17 proposals were reviewed and passed at the meeting, and there was no veto of the proposals. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 30 June 2022.
3. On 26 September 2022, the Company held the Second Extraordinary General Meeting of Shareholders in 2022, considered and approved the proposal on amending some provisions of the Articles of Association and authorized the management of the Company to handle specific matters on amending some provisions of the Articles of Association, and elected Mr. Hu Huichun as the Executive Director of the tenth session of the Board the Company with the term of office in sync with the tenth session of the Board, which shall become effective upon the approval of this resolution by the general meeting of shareholders of the Company. A total of 2 proposals were reviewed and passed at the meeting, and there was no veto of the proposals. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 27 September 2022.

Section IV Corporate Governance (Continued)

III. Overview of General Meetings (Continued)

4. On 22 December 2022, the Company held the Third Extraordinary General Meeting of Shareholders in 2022, considered and approved the amendments to the Rules of Procedure at General Meeting of Shareholders, the Company's Related Transaction Management System and the proposals on Adjusting the Remuneration Policy of the Directors of the 10th session of the Board of Directors, the Supervisors of the 10th session of the Board of Supervisors and senior management whose term of office is in sync with the 10th session of the Board of Directors. A total of 3 proposals were reviewed and passed at the meeting, and there was no veto of the proposals. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 23 December 2022.

The General Meeting is the source of authority of the Company, exercises its functions and powers in accordance with the law and makes decisions over material matters of the Company. The Annual General Meeting or Extraordinary General Meeting serves as a channel for direct communications between the Board and the shareholders of the Company. The Company is in strict compliance with the requirements of Articles of Association and Rules of Procedure at General Meeting, standardizes the procedure of the convening, holding and voting of the general meetings and invites lawyers as witnesses and auditors to scrutinize the voting in order to ensure all shareholders (including minority investors) are treated fairly and could fully exercise their rights as shareholders.

A written notice of the meeting shall be given at least twenty-one (21) days before the date of an Annual General Meeting convened by the Company; or at least fourteen (14) days before the date of an Extraordinary General Meeting, with circulars dispatched to the H shareholders. The Company encouraged all shareholders to attend the meeting and requested the Directors, Supervisors and senior management to attend the meeting wherever possible. The meetings were presided over by the Chairman, Vice Chairman or other directors of the Company. Auditors and representatives for each special committee of the Board were arranged to attend the meeting and questions raised by shareholders were arranged to be answered.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management

(I) Changes in Shareholdings in Current and the resigned Directors, supervisors and senior management during the reporting period and their remuneration

As of 31 December 2022, interests of the Directors, supervisors and senior management of the Company in the domestic shares of the Company which were recorded in the register required to be kept by the Company under Section 352 of the Securities and Futures Ordinance (Chapter 571) (“SFO”) or notified to the Company or Hong Kong Stock Exchange according to the “Model Code for Securities Transactions by Directors of Listed Issuers” under Appendix X to the Listing Rules are as follows (the nature of such interests is personal interest):

Name	Position	Gender	Age	Effective date of appointment	Expire date of appointment	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in the number of shares held in the year	Reason for the change	Total remuneration received from the Company during the reporting period (before tax) (RMB'000)	Remuneration received from the connected parties of the Company
Zhou Guixiang	Chairman Executive Director	M	52	2019-6-28	2024-6-29	1,639	1,639	0		0	YES
Xia Dechuan	Vice Chairman Executive Director	M	53	2022-5-30	2024-6-29	0	0	0		0	YES
Shen Jianlong	Non-executive Director	M	60	2019-6-28	2024-6-29	0	0	0		40.1	NO
Deng Weiming	Non-executive Director	M	59	2010-5-28	2024-6-29	0	0	0		0	YES
Hu Huichun	Executive Director, General Manager	M	50	2022-9-26	2024-6-29	0	0	0		120.51	NO
Yi Guofu	Non-executive Director, Secretary of Party Committee	M	53	2021-12-28	2024-6-29	0	0	0		82.09	NO
Dai Keqin	Independent Non-executive Director	M	65	2021-6-29	2024-6-29	0	0	0		12	NO
Xiong Yanren	Independent Non-executive Director	F	51	2021-6-29	2024-6-29	0	0	0		12	NO
Zhu Weixun	Independent Non-executive Director	M	49	2021-6-29	2024-6-29	0	0	0		12	NO
Zhao Ji	Chairman of the Supervisory Committee	M	60	2019-6-28	2024-6-29	0	0	0		0	YES
Fu Yuan yuan	Non-employee Representative Supervisor	F	51	2020-6-29	2024-6-29	0	0	0		0	YES
Zhou Yuxin	Employee Representative Supervisor	M	59	2008-10-28	2024-6-29	0	0	0		35.07	NO
Shao Bo	Deputy General Manager	M	43	2016-5-23	2024-6-29	0	0	0		64.57	NO
Hu Dali	Chief Accountant	M	45	2019-5-09	2024-6-29	0	0	0		78.55	NO
Wang Dongdong	Secretary to the Board, Company Secretary	M	42	2019-8-12	2024-6-29	0	0	0		66.82	NO
Wan Lei	Deputy General Manager	M	43	2023-1-3	2024-6-29	0	0	0			NO
Lu Bin	Deputy General Manager	M	53	2022-6-24	2024-6-29	0	0	0		91.18	NO
Li Renzhi	Former Vice Chairman, Executive Director	M	54	2021-6-29	2022-7-22	0	0	0		0	YES
Xia Dechuan	Former General Manager	M	53	2013-07-24	2022-6-2	0	0	0		80.41	NO
Guo Qing	Former Deputy General Manager	M	61	2013-07-24	2022-11-3	0	0	0		89.11	NO
Huang Shaofeng	Former Deputy General Manager	M	50	2019-12-24	2022-12-30	0	0	0		113.57	NO
Total						1,639	1,639	0		897.98	

Note: 1. The Company held an extraordinary meeting of the tenth session of the Board on 9 November 2022, at which the Resolution on the Adjustments of the Remuneration Policy for the Directors of the Tenth Session of the Board of Directors, the Supervisors of the Tenth Session of the Supervisory Committee and the Senior Management Whose Term of Office is Same as the Tenth Session of the Board of Directors of the Company was considered and approved, which was also considered and approved at the 2022 third extraordinary general meeting of the Company held on 22 December 2022.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(I) Current and the resigned Directors, supervisors and senior management during the reporting period and their remuneration (Continued)

1. In 2022, the total remunerations of Directors, supervisors and senior management members were RMB8,979,800. Of such total remunerations, RMB8,629,100 was for the Directors and senior management, and RMB350,700 was for the supervisors. The above remunerations did not include contributions to the pension scheme for the Directors, supervisors and senior management. The pension scheme applicable to relevant Directors and supervisors has been included in the scope of the pension scheme for employees of the Company, with no other special arrangement. Save as above, the Company did not pay any other remuneration, allowance or bonus to the Directors and supervisors, and each of the Directors and supervisors was remunerated within RMB1,250,000 for the year.
2. In 2022, Independent Non-executive Directors received remuneration from the Company up to RMB360,000. They did not receive remuneration from shareholder entities or other related entities, and not involve equity-based remuneration and performance-related elements.

Save as disclosed above, as of 31 December 2022, none of the Directors, Supervisors and senior management of the Company or their associates had any interests and short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (“SFO”)), (a) which were required to be notified to the Company or the Stock Exchange under Divisions 7 and 8 of Part XV of SFO (including interests or short positions which were regarded or deemed to have pursuant to such provisions of the SFO); or (b) which were required to be recorded in the register required to be kept by the Company under such provision of Section 352 of SFO; or (c) which were required to be separately notified to the Company or the Stock Exchange according to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) under Appendix X to the Listing Rules. None of the Directors or Supervisors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

Based on the information that is publicly available to the Company and as far as the Directors are aware, there are no relationships between the members of the Board (in particular between the chairman of the Board and the chief executive officer), including financial, business, family or other material or relevant relationships.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(II) Major working experiences

1. Executive Directors

Mr. Zhou Guixiang, born in 1971, holds a bachelor's degree in electronics and precision machinery from Xidian University and a master's degree in industrial engineering from Nanjing University of Aeronautics and Astronautics and is a senior engineer. He served as a Deputy General Manager of Nanjing Panda Electronics Company Limited and General Manager of Nanjing Panda Electronic Manufacturing Co., Ltd. concurrently. He served as a Deputy General Manager, General Manager, Secretary of the Party Committee and Chairman of Nanjing Electronics Information Industrial Corporation. He currently serves as the General Manager and Deputy Secretary of the Party Committee of Nanjing Electronics Information Industrial Corporation. Mr. Zhou has long been engaged in business administration and has rich expertise and experience in operation management.

Mr. Xia Dechuan, born in 1970, is a senior engineer at researcher level, graduated from Xidian University with a bachelor's degree in Electronic Mechanics and holds a master's degree in business administration from the Southeast University. Mr. Xia has served as Deputy Head and Head of the NFC Design Institute under PEGL, a standing Deputy General Manager and General Manager of Nanjing Panda Information Industry Co, Ltd., the Deputy General Manager, General Manager and the Party Committee Secretary of Nanjing Panda Electronics Company Limited, an executive Director, the legal person, General Manager and Deputy Secretary of the Party Committee of Nanjing Panda Electronics Company Limited, from October 2011 to June 2022. He currently serves as a Deputy General Manager of Nanjing Electronics Information Industrial Corporation, and concurrently serves as Vice Chairman of Nanjing LG-Panda Appliances Co., Ltd., Vice Chairman of Nanjing Ericsson Panda Communications Co., Ltd., and President of Nanjing Software Industry Association. Mr. Xia has long been engaged in the management of information technology industries, and has extensive professional knowledge and experience in operation and management.

Mr. Hu Huichun, born in 1973, graduated with a master's degree from the Party School of the Central Committee of CPC majoring in economic management and is an economist. He successively served as the Deputy Head of the office of PEGL and the General Manager of the production company of Nanjing Panda Electronic Manufacturing Group. He served as the Deputy General Manager of Nanjing Panda Electronic Company Limited from May 2016 to June 2022. He has been the General Manager of Nanjing Panda Electronic Manufacturing Co., Ltd. concurrently from May 2016 to December 2019. He served as the General Manager of Nanjing Panda Information Industry Co., Ltd. from December 2019 to June 2022. He currently serves as the General Manager, the legal person and Deputy Secretary of the Party Committee of Nanjing Panda Electronics Company Limited. Mr. Hu has long been engaged in the management in the electronic information industry and has extensive experience in operation and management.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(II) Major working experiences (Continued)

2. Non-executive Directors

Mr. Shen Jianlong, born in 1963, is a senior accountant and holds a bachelor's degree in accounting from China Agricultural University. Mr. Shen has served as the Director General of the Finance Department, Deputy Head of the Assets and Finance Department, and Deputy Chief Accountant of Nanjing Panda Electronics Company Limited etc. He served as the Chief Accountant of Nanjing Panda Electronics Company Limited from April 2006 to April 2019 and the Secretary to the Board and Company Secretary of Nanjing Panda Electronics Company Limited from April 2006 to May 2019. He also served as the Assistant to the General Manager of Nanjing Panda Information Industry Group Co., Ltd. from May 2019 to September 2021. Mr. Shen has served as an executive supervisor of Panda Electronics Group Co., Ltd. since May 2020. He was appointed as a non-executive director of Nanjing Panda Electronics Company Limited in June 2019. Mr. Shen has long been engaged in the management of corporate finance, and has extensive professional knowledge in finance and experience in operation and management.

Mr. Deng Weiming, born in 1964, graduated from Huazhong College of Technology (now known as Huazhong University of Science and Technology) with a bachelor's degree in information engineering and graduated from Nanjing University of Aeronautics and Astronautics with a master's degree in Management Science and Engineering. He is a senior engineer. Mr. Deng has served in PEGL as Office Head, Deputy Head, Head and deputy chief engineer of the First Design Institute, General Manager of Communications Department and Deputy General Manager of PEGL. He has been a Deputy General Manager of PEGL since July 1999. He concurrently served as the General Manager of Nanjing CEC-Panda Home Appliances Co., Ltd. from June 2009 to February 2022, and the General Manager of Nanjing Panda Electronics Import and Export Co., Ltd. from January 2011 to February 2022. Mr. Deng has long been engaged in the development and management of electronics technology and has extensive knowledge of electronics technology and experience in operation and management.

Mr. Yi Guofu, born in 1970, holds a master's degree in business administration from Nanjing University and is a senior economist. Mr. Yi has served as the Head, Deputy Director, and Director of the personnel division, and the Head of the Human Resources Department of the Company. He served as the Deputy Secretary of the Party Committee and the Secretary of the Disciplinary Committee of the Company from November 2016 to September 2021. Since September 2021, he has been the Secretary of the Party Committee of the Company. Mr. Yi has long been engaged in human resources management and Party affairs and has extensive professional knowledge and management experience.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(II) Major working experiences (Continued)

3. Independent non-executive Directors

Mr. Dai Keqin, born in 1958, is an on-job postgraduate, an economist at the highest level of seniority, and a lawyer. He once served as Deputy Director and Director of the General Manager Office, and Assistant General Manager of Jiangsu Zijin Electronics Information Industry Group, Director of President Office, Assistant President, Vice President, Administrative Director, General Counsel of Jiangsu Hongtu High-Tech Co., Ltd., deputy Secretary of the Party Committee, Secretary of the Discipline Inspection Commission and Senior Legal Director of Sanpower Group Co., Ltd., Independent Director of Nanjing Huadong Technology Co., Ltd. and Nanjing Port Co., Ltd. Mr. Dai is currently a lawyer at Jiangsu Jinding Yingjie Law Firm, Vice President of Jiangsu Invention Association, Independent Director of Nanjing Xinlian Electronics Co., Ltd., Jiangsu Huahong Technology Co., Ltd., and Nanjing Chemical Fiber Co., Ltd., and has served as the perennial legal advisor of many enterprises.

Ms. Xiong Yanren, born in 1972, is Ph.D. in accounting and Masters Tutor of Nanjing University. She is currently an Associate Professor of the Department of Accounting at Nanjing University Business School. Ms. Xiong is also Independent Director and Director of Audit Committee of Guodian NARI Technology Co., Ltd., Liaoning Aoke Chemical Co., Ltd. and Shanghai Yizhong Pharmaceutical Co., Ltd., as well as External Supervisor of Jiangsu Dafeng Rural Commercial Bank Co., Ltd.. She also serves as Independent Director and Director of Audit Committee of Anhui Xinyuan Technology Co., Ltd..

Mr. Zhu Weixun, born in 1974, is a member of CPA Australia and holds a master's degree in finance after graduating from the University of New South Wales in 2002. He once served as the audit manager of PricewaterhouseCoopers, Hong Kong, and the senior audit manager of Hong Kong Tian Vocational Certified Public Accountants Co., Ltd. From July 2010 to March 2020, he worked with Eternal (Far East) Co., Ltd. as the chief financial officer. From March 2020 to September 2021, he worked with Sipai Health Industry Investment Co., Ltd. as the senior financial director. From September 2021 to December 2022, he has worked with Shenzhou Medical Technology Co., Ltd. as the vice president of finance. Mr. Zhu has long been engaged in auditing and financial and has rich experience in financial management.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(II) Major working experiences (Continued)

4. Supervisors

Mr. Zhao Ji, born in 1963, holds a master's degree in business administration of School of Economics and Management from Tsinghua University and is a senior accountant. He has successively served as Deputy Head, Head of Finance Department of China Electronics System Engineering Corporation, Head of Assets and Finance Division, Manager of Assets and Finance Department, Deputy Chief Accountant and Chief Accountant of China Electronics System Engineering Corporation, Chief Financial Officer of Amoi Electronics Co., Ltd. and Chief Accountant of China Electronics Industry Development Corporation. He served as the Chief Accountant of China Rida Investment and Development Group Corporation from July 2013 to November 2018, and has served as the Chief Accountant of Nanjing Electronics Information Industrial Corporation from November 2018 to August 2022. Mr. Zhao was appointed as the Chairman of the Supervisory Committee of the Company in June 2019. Mr. Zhao has long been engaged in corporate finance management and has extensive professional knowledge in finance and experience in operation and management.

Ms. Fu Yuanyuan, born in 1972, holds a bachelor's degree, is a PRC Certified Public Accountant, and an International Certified Internal Auditor. Ms. Fu has successively served as the Deputy Head of the Audit Department, the Chief Auditor and Deputy Head of the Supervision and Audit Department of Nanjing Panda Electronics Company Limited and Finance Manager of Nanjing Panda Electronic Manufacturing Co., Ltd. She served as the Head of the Supervision and Audit Department of Nanjing Panda Electronics Company Limited from December 2010 to January 2015, the Head of the Audit Department of Nanjing Panda Electronics Company Limited from January 2015 to December 2019. She has served as the Chief Auditor of the Audit Department of Nanjing Electronics Information Industrial Corporation since December 2019. Having worked in the field of corporate internal auditing and financial management for a long period, Ms. Fu has extensive experience in internal control and financial management.

Mr. Zhou Yuxin, born in 1964, is a senior political work specialist and holds a bachelor degree. Mr. Zhou has successively served as the Deputy Manager, Manager, Office Head of the Labour Union and Vice Chairman of the Labour Union of Nanjing Zhenhua Audio Equipment Factory. He is now an Executive and a Supervisor of Nanjing Panda Electronics Company Limited. Mr. Zhou has long been engaged in the work of corporate management and has extensive experience in corporate management, mainly in charge of matters with respect to the Labor Union of the Company.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(II) Major working experiences (Continued)

5. Senior management

Mr. Hu Huichun, born in 1973, graduated with a master's degree from the Party School of the Central Committee of CPC majoring in economic management and is an economist. He successively served as the Deputy Head of the office of PEGL and the General Manager of the production company of Nanjing Panda Electronic Manufacturing Group. He served as the Deputy General Manager of Nanjing Panda Electronic Company Limited from May 2016 to June 2022. He has been the General Manager of Nanjing Panda Electronic Manufacturing Co., Ltd. concurrently from May 2016 to December 2019. He served as the General Manager of Nanjing Panda Information Industry Co., Ltd. from December 2019 to June 2022. He currently serves as the General Manager, the legal person and Deputy Secretary of the Party Committee of Nanjing Panda Electronics Company Limited. Mr. Hu has long been engaged in the management in the electronic information industry and has extensive experience in operation and management.

Mr. Shao Bo, born in 1980, holds a bachelor's degree in finance from School of Finance of Shandong University of Finance and Economics and a master's degree and doctorate degree in politics and economics from Economics School of Jilin University. He is an economist. He successively served as the Head of Capital Operation Division of Asset Operation Department, the Deputy Head of Production and Operation Division of Production and Operation Department of China Electronics Corporation and Secretary of the Board of IRICO Group, etc. He served as Deputy Head of Production and Operation Division of Production and Operation Department of China Electronics Corporation from October 2013 to May 2016 and concurrently served as the Secretary of the Board of IRICO Group from December 2013 to March 2016. He has also been the Deputy General Manager of Nanjing Panda Electronics Company Limited since May 2016. Mr. Shao Bo has long been engaged in the management of asset operation and production and operation of state-owned enterprises with profound professional knowledge in finance and extensive experience in operation and management, mainly responsible for economic operation and information construction of the Company.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(II) Major working experiences (Continued)

5. Senior management (Continued)

Mr. Hu Dali, born in 1978, has a bachelor's degree in accounting from Nanjing University of Finance and Economics and is a senior accountant and Certified Management Accountant. He successively served as an Accountant and the Deputy Head of the Financial Management Department, the Deputy Head of the High-tech Electronic Equipment Department, and the Deputy Director of the Beijing Office of Nanjing Sanle Group Co., Ltd. From January 2013 to September 2013, he served as the Deputy Head of the Financial Management Department of Nanjing Sanle Group Co., Ltd.; from September 2013 to January 2014, he served as Deputy Head (executive) of the Financial Management Department of Nanjing Sanle Group Co., Ltd.; from January 2014 to March 2018, he served as the Head of the Financial Management Department of Nanjing Sanle Group Co., Ltd.; from April 2018 to April 2019, he served as Vice Chief Accountant and the Head of the Financial Management Department of Nanjing Sanle Group Co., Ltd. He has served as the Chief Accountant of Nanjing Panda Electronics Company Limited since May 2019, and concurrently served as the legal person, Secretary of the Party Committee and General Manager of Nanjing Panda Electronic Equipment Co., Ltd. since October 2022. Mr. Hu has long been engaged in corporate financial management and has profound professional knowledge in finance and extensive experience in operation and management.

Mr. Wang Dongdong, born in 1981, holds a bachelor's degree in accounting from Nanjing Audit College (currently known as Nanjing Audit University) and a master's degree in accounting (MPAcc) from Nanjing University and is a senior accountant and an international certified internal auditor (CIA). He joined the Company in August 2004 and served as an Auditor and the Chief Auditor of the Audit Division and the Supervision and Audit Department of the Company. He has served as the Securities Affairs Representative of the Company since April 2011, served as the Deputy Director of the Board Secretary's Office of the Company from June 2013 to December 2016, and has been the Director of the Board Secretary's Office of the Company since January 2017. He has served as the Company Secretary since May 2019 and the Secretary to the Board of the Company since August 2019. Mr. Wang has long been engaged in securities affairs management and internal audit and has rich expertise and management experience.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(II) Major working experiences (Continued)

5. Senior management (Continued)

Mr. Wan Lei, born in 1980, graduated from Nanjing University with a bachelor's degree in applied physics and is an engineer. He successively served as the Deputy Director of the Manufacturing Department of Nanjing Huari LCD Co., Ltd. (南京華日液晶有限公司), the Deputy Manager of the Office, Deputy Manager of the Party and Mass Work Department, Deputy Manager (presiding over the work) of the Economic Operation Department of Nanjing Huadong Electronics Information & Technology Co., Ltd. (南京華東電子信息科技股份有限公司), the Deputy Manager of Operations and Management Department of Huadong Technology, Panda LCD and Panda Tablet, the Deputy Director (presiding over the work) of New Display Business Management Department, Deputy Director (presiding over the work) of Planning and Technology Department of Nanjing Electronics Information Industrial Corporation, the Deputy Secretary of Party Committee, Secretary of Disciplinary Committee and Chairman of Labor Union of Nanjing Panda Electronics Company Limited. He is currently the Deputy General Manager of Nanjing Panda Electronics Company Limited, and concurrently the General Manager and Secretary of the Party Committee of Nanjing Panda Electronic Manufacture Co., Ltd.. Mr. Wan has long been engaged in business management and Party affairs and has extensive professional knowledge and management experience.

Mr. Lu Bin, born in 1970, graduated from Nanjing University of Science and Technology with a postgraduate degree in measurement technology and instrumentation, and is a senior engineer at researcher level. He successively served as the Deputy Director of Urban Transportation Technology Development Center, Director of Smart City R&D Center, General Manager and Chief Engineer of Track 2 Department of Nanjing Panda Information Industry Co, Ltd.. He is currently the Deputy General Manager of Nanjing Panda Electronics Company Limited, concurrently serves as the Executive Vice President of the Digital Industry Research Institute, and the General Manager of Nanjing Panda Information Industry Co, Ltd.. Mr. Lu has long been engaged in technology research and development with extensive experience.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(III) Positions of Current and Resigned Directors, Supervisors and Senior management During the Reporting Period

1. Positions in shareholder entities

Name	Name of shareholder entity	Position(s)	Effective date of appointment	Expire date of appointment
Zhou Guixiang	NEIC	General Manager and Deputy Secretary of the Party Committee	August 2022	
Xia Dechuan	NEIC	Deputy General Manager	August 2022	
Zhao Ji	NEIC	Chief Accountant	November 2018	August 2022
Shen Jianlong	PEGL	Executive Supervisor	May 2020	
Deng Weiming	PEGL	Deputy General Manager	July 1999	
Fu Yuanyuan	NEIC	Head of the Audit Department	December 2019	
Explanations for positions in shareholder entities	N/A			

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(III) Positions of Current and Resigned Directors, Supervisors and Senior management During the Reporting Period (Continued)

2. Positions in other entities

Name	Name of entity	Position(s)	Effective date of appointment	Expire date of appointment
Xia Dechuan	Nanjing China Electronics Panda Crystal Technology Co., Ltd	Chairman	May 2022	
	Nanjing Ericsson Panda Communications Co., Ltd.	Vice Chairman	April 2016	
	Nanjing LG-Panda Appliances Co., Ltd.	Vice Chairman	April 2016	
	Nanjing Software Industry Association	President	December 2012	
Hu Huichun	Nanjing Ericsson Panda Communications Co., Ltd.	Director	February 2017	
	Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd	Director	June 2020	
Deng Weiming	Nanjing CEC Panda Home Appliances Co., Ltd.	General Manager	June 2009	February 2022
	Nanjing Panda Electronics IMP. & EXP. Co., Ltd.	General Manager	January 2011	February 2022
Dai Keqin	Jiangsu Jinding Yingjie Law Firm	Lawyer	April 2018	
	Nanjing Xinlian Electronics Co., Ltd.	Independent Director	January 2019	
	Jiangsu Huahong Technology Co., Ltd.	Independent Director	May 2020	
	Nanjing Chemical Fiber Co., Ltd.	Independent Director	May 2021	
Xiong Yanren	Nanjing University Business School	Associate Professor	September 2000	
	Guodian NARI Technology Co., Ltd.	Independent Director	June 2018	
	Liaoning Aoke Chemical Co., Ltd.	Independent Director	August 2019	
	Jiangsu Dafeng Rural Commercial Bank Co., Ltd.	External Supervisor	November 2020	
	Shanghai Yizhong Pharmaceutical Co., Ltd.	Independent Director	March 2020	
Zhu Weixun	Anhui Xinyuan Technology Co., Ltd	Independent Director	August 2022	
	Shenzhou Hospital Technology Co., Ltd.	Finance Vice President	September 2021	December 2022

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(III) Positions of Current and Resigned Directors, Supervisors and Senior management During the Reporting Period (Continued)

2. Positions in other entities (Continued)

Name	Name of entity	Position(s)	Effective date of appointment	Expire date of appointment
Zhao Ji	TPV Technology Co. Ltd	Chairman of the Supervisory Committee	May 2021	
Fu Yuanyuan	Nanjing CEC Panda Lighting Co., Ltd.	Chairman of the Supervisory Committee	April 2020	
	Nanjing CEC Panda Home Appliances Co., Ltd.	Chairman of the Supervisory Committee	May 2020	
	Nanjing CEC Panda Trade Development Co., Ltd.	Chairman of the Supervisory Committee	May 2021	

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(IV) Remunerations of the Directors, Supervisors and Senior Management

Decision making process of remuneration of Directors, Supervisors and Senior Management	According to relevant requirements of the Articles of Association and the Rules of Procedure of the Remuneration and Appraisal Committee, and based on the operating results, scope of work, main duties and other information, the Remuneration and Appraisal Committee shall appraise the actual performance of the Directors and senior management and submit the appraisal results to the Board for consideration. The remuneration of Directors and supervisors shall be determined by general meetings while that of senior management by the Board.
Basis for determination of remuneration of Directors, Supervisors and Senior Management	Basis for determination of remuneration mainly includes: achievement status of major financial indicators and operational targets of the Company, scope of work and main duties of senior management, completion of indicators contained in the position based on performance appraisal system for Directors and senior management, operational performance in respect of business innovation capability and profit making capability of Directors and senior management, and proposed remuneration distribution plan and distribution method based on the Company's performance.
Actual payment of remuneration of Directors, Supervisors and Senior Management	Since the 2022 annual performance appraisal for the senior management of the Company has not been completed yet, the performance payment for 2022 was excluded from the remuneration during the reporting period, whereas the annual performance payment for 2021 was included.
Total remuneration of Directors, Supervisors and Senior Management received at the end of the reporting period	During the reporting period, the total actual remuneration of all Directors, supervisors and senior management was RMB8,979,800 (before tax).

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(V) Changes in Directors, Supervisors and Senior Management of the Company:

Name	Position	Changes	Reasons for change
Xia Dechuan	Vice Chairman	Election	Work needs
Hu Huichun	Executive Director, General Manager	Election, Employment	Work needs
Lu Bin	Deputy General Manager	Employment	Work needs
Wan Lei	Deputy General Manager	Employment	Work needs
Li Renzhi	Former Vice Chairman, Executive Director	Resignation	Work adjustment
Xia Dechuan	Former General Manager	Resignation	Work adjustment
Guo Qing	Former Deputy General Manager	Resignation	Retirement by age
Huang Shaofeng	Former Deputy General Manager	Resignation	Work adjustment

Explanations on the changes in Directors, supervisors and senior management of the Company:

1. On 30 May 2022, Mr. Li Renzhi, Vice Chairman of the Company, resigned from the position of Vice Chairman of the 10th session of the Board of the Company due to work adjustment. After his resignation, Mr. Li Renzhi will continue to serve as a Director of the Company and a member of the relevant special committee under the Board of Directors.
2. On 30 May 2022, the Company held the eighth meeting of the 10th session of the Board and elected Director Mr. Xia Dechuan as the Vice Chairman of the 10th session of the Board of the Company.
3. On 2 June 2022, Mr. Xia Dechuan, Vice Chairman and General Manager of the Company, resigned as General Manager of the Company due to work adjustment. After his resignation, Mr. Xia Dechuan will continue to serve as Vice Chairman of the Company and member of the relevant special committee under the Board of Directors.
4. On 24 June 2022, the Company held the 9th meeting of the 10th session of the Board of the Company and appointed Mr. Hu Huichun as the General Manager of the Company. The term of office is in sync with the 10th session of the Board of the Company.
5. On 24 June 2022, the Company held the 9th meeting of the 10th session of the Board of the Company and appointed Mr. Lu Bin as the Deputy General Manager of the Company. The term of office is in sync with the 10th session of the Board of the Company.

Section IV Corporate Governance (Continued)

IV. Profiles of Directors, Supervisors and Senior Management (Continued)

(V) Changes in Directors, Supervisors and Senior Management of the Company: (Continued)

Explanations on the changes in directors, supervisors and senior management of the Company:
(Continued)

6. On 22 June 2022, Mr. Li Renzhi, Director of the Company, resigned as a Director of the 10th session of the Board of the Company and a member of relevant special committees under the Board due to work adjustment.
7. On 25 August 2022, the Company held the tenth meeting of the 10th session of the Board of the Company and nominated Mr. Hu Huichun as the candidate of Executive Director of the 10th session of the Board of the Company. On 26 September 2022, Mr. Hu Huichun was elected at the Second Extraordinary General Meeting of Shareholders in 2022 and his term of office is sync with the 10th session of the Board of the Company.
8. On 3 November 2022, Mr. Guo Qing, Vice General Manager of the Company, retired at age and resigned from the Vice General Manager and related positions of the Company.
9. On 30 December 2022, Mr. Huang Shaofeng, Deputy General Manager of the Company, resigned from the Deputy General Manager of the Company and related positions due to job changes.
10. On 3 January 2023, the Company held the 14th meeting of the 10th session of the Board of the Company and appointed Mr. Wan Lei as the Deputy General Manager of the Company. The term of office is in sync with the 10th session of the Board of the Company.

For particulars of the above matters, please refer to the relevant announcements published in China Securities Journal, Shanghai Securities News and on the website of the Shanghai Stock Exchange on 31 May, 3 June, 25 June, 23 July, 26 August, 27 September and 4 November 2022, and 3 January, 4 January 2023, and on the website of the Hong Kong Stock Exchange on 30 May, 2 June, 24 June, 22 July, 25 August, 26 September, 3 November and 30 December 2022 and 3 January 2023.

(VI) Punishment by Securities Regulatory Authorities in the Last Three Years: N/A

Section IV Corporate Governance (Continued)

V. Information on Board meetings convened during the reporting period

During the reporting period, the tenth session of the Board of Directors of the Company held 19 meetings in total.

Session of the meeting	Date of the meeting	Meeting resolutions
Extraordinary meeting of the 10th session of the Board	2022-2-18	Consider and approve the proposal on the Company's Daily Connected Transactions in 2022
6th meeting of the 10th session of the Board	2022-3-30	Consider and approve the proposals on the 2021 Annual Work Report of the Board of Directors of the Company, 2021 Annual Work Report of the General Manager, the 2021 Financial Final Accounts Report, the 2022 Financial Budget Report, the Profit Distribution Plan for 2021, the Employment of the 2022 Audit Firm, the 2021 Annual Report and its Summary, the 2021 Report on Debriefing of Independent Directors, the 2021 Performance Report of Audit Committee, the 2021 Social Responsibility Report, the 2021 Internal Control Evaluation Report, the Risk Assessment Report of China Electronics Financial Co., Ltd., the 2022 Capital Expenditure Project Budget of the Company, Changes in Some Accounting Policies of the Company, the Shareholder Return Planning (2022-2024), the proposal on Increasing the Company's Business Scope and Revising the Articles of Association, the Management Measures Authorized by the Board of the Company, Changes in Some Accounting Policies, the Write-off of Some Long-term Equity Investments and Credit and Debt Transactions, and the proposal on convening of the 2021 Annual General Meeting of Shareholders of the Company.
7th meeting of the 10th session of the Board	2022-4-28	Consider and approve the proposals on the Report of Nanjing Panda for the First Quarter of 2022, the Purchasing Directors' Liability Insurance for 2022, and the revised Implementation Rules for the Performance Benefits and Business Expenditure Management of Company-level Leaders of Nanjing Panda.
Extraordinary meeting of the 10th session of the Board	2022-5-13	Consider and approve the proposal on the Amount of Guarantee for Subsidiaries
8th meeting of the 10th session of the Board	2022-5-30	Consider and approve the proposal on Election of the Vice Chairman of the 10th Session of the Board of the Company

Section IV Corporate Governance (Continued)

V. Information on Board meetings convened during the reporting period (Continued)

During the reporting period, the tenth session of the Board of Directors of the Company held 19 meetings in total. (Continued)

Session of the meeting	Date of the meeting	Meeting resolutions
Extraordinary meeting of the 10th session of the Board	2022-6-2	Consider and approve the proposal on "Mr. Zhou Guixiang, Chairman of the Board, to act as the General Manager of the Company during the transition period of appointing a new General Manager"
Extraordinary meeting of the 10th session of the Board	2022-6-22	Consider and approve the Implementation Plan for Improving the Authorities of the Board of Directors of Nanjing Panda
9th meeting of the 10th session of the Board	2022-6-24	Consider and approve the proposals on the Appointment of the General Manager of the Company and the Appointment of the Deputy General Manager of the Company
Extraordinary meeting of the 10th session of the Board	2022-7-20	Consider and approve the proposal on Capital Increase to Chengdu Panda Electronic Technology Co., LTD
Extraordinary meeting of the 10th session of the Board	2022-7-22	Consider and approve the proposal on Rental Reduction and Exemption for Some Tenants by the Company and Its Subsidiaries in 2022
Extraordinary meeting of the 10th session of the Board	2022-8-19	Consider and approve the proposal on Extending the Term of Operation of Nanjing Ericsson Panda Communications Co., Ltd.
Extraordinary meeting of the 10th session of the Board	2022-8-24	Consider and approve the proposals on the Company's Senior Management Position Appointment Agreement 2022-2024, Term of Office Business Performance Responsibility Statement (2022-2024) and 2022 Annual Business Performance Responsibility Statement

Section IV Corporate Governance (Continued)

V. Information on Board meetings convened during the reporting period (Continued)

During the reporting period, the tenth session of the Board of Directors of the Company held 19 meetings in total. (Continued)

Session of the meeting	Date of the meeting	Meeting resolutions
10th meeting of the 10th session of the Board	2022-8-25	Consider and approve the proposals on Nominating Director Candidates for the 10th Session of the Board of Directors, on amending some Articles of Association of the Company, the Implementation Measures for the 'Three Importances and One Major' Decision-making System, and the Measures for Management of Foreign Donations of the Company
11th meeting of the 10th session of the Board	2022-8-30	Consider and approve the Company's 2022 Interim Report and Its Summary and the Risk Assessment Report of China Electronics Financial Co., LTD.
12th meeting of the 10th session of the Board	2022-10-12	Consider and approve the proposal on Electing and Adjusting the Members of Relevant Special Committees of the 10th Session of the Board of the Company
13th meeting of the 10th session of the Board	2022-10-26	Consider and approve the Third Quarter Report 2022 of the Company
Extraordinary meeting of the 10th session of the Board	2022-11-9	Consider and approve the Proposal on Adjusting the Remuneration Policy for the Directors of the 10th Session of the Board of Directors, the Supervisors of the 10th Session of the Board of Supervisors and the Senior Management whose term of office is sync with the 10th Session of the Board of the Company
Extraordinary meeting of the 10th session of the Board	2022-12-1	Consider and approve the revised Rules of Procedure at the General Meeting of Shareholders of the Company, the Management System of Connected Transactions of the Company, and the Emergency Disposal Plan for Deposit Risks of the Company in China Electronics Financial Co., LTD
Extraordinary meeting of the 10th session of the Board	2022-12-5	Consider and approve the proposal on Cash Management with Our Own Funds

Section IV Corporate Governance (Continued)

VI. Performance of Duties by Directors

The 10th session of the Board of the Company was elected and established at the Company's 2020 annual general meeting held on 29 June 2021, with a term of three years. The tenth session of the Board now consists of nine directors, three of whom are Independent Non-executive Directors. The current Executive Directors of the tenth session of the Board are Zhou Guixiang, Xia Dechuan and Hu Huichun, among whom, Zhou Guixiang is Chairman. The Non-executive Directors are Shen Jianlong, Deng Weiming and Yi Guofu; and the Independent Non-executive Directors are Dai Keqin, Xiong Yanren and Zhu Weixun, among whom, Xiong Yanren is a doctor of accounting. Please refer to the biographies of current Directors and other members of the Board set out in Section IV "Corporate Governance" of this report for details.

The Board is collectively responsible for the management of business and affairs of the Group with the objective of enhancing shareholders' value. The Board is accountable to the general meeting. Its duties mainly include: convening general meetings and reporting the work thereto; implementing resolutions passed at the general meeting; deciding on the operation plans and investment proposals of the Company; appointing and relieving General Manager and senior management of the Company (Details are set out in the Article 134 of Chapter 10 of the Articles of Association). During the reporting period, the Board strictly carried out the resolutions approved at the general meetings, and in line with the principle of integrity and diligence, will continue to earnestly work for the best interest of the Company and its shareholders.

The Board is responsible for performing the corporate governance functions set out in Article A.2.1 of Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange. During the reporting period, the Board reviewed the corporate governance policies and practices of the Company; monitored the training and continuous professional development of the Directors and senior management and regularly arranged for them to take part in training or follow-up training; reviewed and monitored the Company's policies and practices for compliance with the statutory and regulatory requirements; monitored the Directors' compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules of the Hong Kong Stock Exchange; and reviewed the Company's compliance with the Corporate Governance Code and disclosure requirements in the Corporate Governance Report.

During the reporting period, the Company adopted and applied the Model Code for Securities Transactions by Directors. Having made specific enquiry to all Directors of the Company, all Directors have expressed that they have complied with the Model Codes stipulated by the Hong Kong Stock Exchange and all of them have confirmed that during the reporting period, they participated in continuous professional development to develop and refresh their knowledge and skills in relation to their contribution to the Board.

The Directors acknowledge their responsibility for the preparation of financial statements of the Company. The statement of the auditors of the Company about their responsibility of formulating and reporting financial statements of the Company is set out in the "Report of the Auditors" in this annual report.

Section IV Corporate Governance (Continued)

VI. Performance of Duties by Directors (Continued)

(I) Attendance of Board meetings and general meetings by Directors

Name	Independent director or not	Required attendance at Board meetings for the year	Attendance at Board meetings					Absence in person from the Board meetings for two consecutive times	Attendance at general meetings
			Attendance in person	Attendance by way of communication	Attendance by proxy	Absence	Attendance at general meetings		
Zhou Guixiang	NO	19	19	0	0	0	NO	1	
Xia Dechuan	NO	19	19	0	0	0	NO	4	
Shen Jianlong	NO	19	19	0	0	0	NO	4	
Deng Weiming	NO	19	19	0	0	0	NO	4	
Hu Huichun	NO	6	6	0	0	0	NO	1	
Yi Guofu	NO	19	19	0	0	0	NO	4	
Dai Keqin	YES	19	19	0	0	0	NO	4	
Xiong Yanren	YES	19	19	0	0	0	NO	4	
Zhu Weixun	YES	19	19	0	0	0	NO	4	
Li Renzhi (Resigned)	NO	10	10	0	0	0	NO	1	

Explanations on absence in person from the Board meetings for two consecutive times

Applicable Not Applicable

Number of Board meetings held in the year 19

Of which: Number of on-site meetings 19

Number of meetings held by way of communication 0

Number of on-site meetings combined with the communication means 19

Section IV Corporate Governance (Continued)

VI. Performance of Duties by Directors (Continued)

(II) Directors' Objection to the Relevant Matters of the Company: N/A

In 2022, the Independent Non-executive Directors of the Company did not raise any objection to the resolutions of the Board and other meetings.

In 2022, pursuant to the requirements of the Company Law, the Securities Law, other laws and regulation, and provisions under the Articles of Association and the System for the Independent Directors of the Company, the Independent Non-executive Directors of the Company diligently and faithfully performed their duties, proactively and carefully attended meetings, prudently and properly exercised their rights to express fair and objective opinions, and fully brought into play their experiences and expertise, devoting much to the improvement of corporate governance and major decisions of the Company, which practically safeguarded the interest of the Company and its shareholders as a whole. For details of performance, please refer to the 2022 Annual Report of the Independent Directors of Nanjing Panda Electronics Company Limited published on the website of Shanghai Stock Exchange on 31 March 2023.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules of Hong Kong Stock Exchange. The Company believes all Independent Non-executive Directors fulfill the independence guidelines as set out in Rule 3.13 of the Listing Rules of Hong Kong Stock Exchange and accordingly are independent in accordance with the terms of the guidelines.

1. Our view on independence

The Company maintains the view that a Director's independence is a question of fact. The Board is committed to assessing this on an ongoing basis with regard to all relevant factors concerned, including the ability to continually provide constructive challenge for management and other Directors and to express one's own views independent of management or other fellow Directors and the gravitas inside and outside the boardroom context. These attributes and desired behaviour have been demonstrated by our Independent Non-executive Directors as circumstances require.

2. Mechanisms for ensuring independent views and input

The Company has established channels through formal and informal means whereby Independent Non-executive Directors can express their views in an open and candid manner, and in a confidential manner, should circumstances require; these include periodic Board surveys and Board reviews, dedicated meeting sessions with the Chairman and interaction with management and other Board Members including the Chairman outside the boardroom. Taking into account all of the circumstances described in this section, the Company considers all of the Independent Non-executive Directors to be independent.

Section IV Corporate Governance (Continued)

VII. Special Committees of the Board

(I) Names and Responsibilities of Special Committees of the Board

Committees	Responsibilities
Audit Committee	Reviewing and supervising the financial reporting process and internal control system of the Group and providing advice and recommendation to the Board, including formulating whistle-blowing policies and systems for employees and others who have dealings with the Company.
Nomination Committee	Reviewing the candidates, selection standards and procedure for the Company's directors and senior management members, and putting forward relevant proposals.
Remuneration and Appraisal Committee	Formulating and reviewing remuneration policies and plans for Directors and senior management of the Company and developing evaluation standards for them and conducting such evaluation.
Strategy Committee	Studying the Company's long-term development strategies and major investment decisions and making recommendations.

The rules of procedure of the special committees of the Board have been published on the websites of the Company, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

(II) Members of the Special Committees of the Board

Type of Special Committees	Member names
Audit Committee	Xiong Yanren (Chairman), Dai Keqin, Zhu Weixun, Shen Jianlong and Deng Weiming
Nomination Committee	Dai Keqin (Chairman), Xiong Yanren, Zhu Weixun, Zhou Guixiang and Hu Huichun
Remuneration and Appraisal Committee	Zhu Weixun (Chairman), Dai Keqin, Xiong Yanren, Xia Dechuan and Deng Weiming
Strategy Committee	Zhou Guixiang (Chairman), Xia Dechuan, Hu Huichun, Yi Guofu and Zhu Weixun

Section IV Corporate Governance (Continued)

VII. Special Committees of the Board (Continued)

(III) Operation of the Special Committees

- During the reporting period, the Company convened six meetings of the Audit Committee that all members of the tenth session of the Audit Committee attended.

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
2022-2-18	Daily connected transactions of the Company in 2022	After the proposal of this meeting were considered and approved, they would be submitted to the Board	/
2022-3-30	Deliberating the 2021 Financial Report, 2021 daily related transactions, 2021 Internal Control Evaluation Report, the renewal of audit firm for 2022, and changes in some accounting policies of the Company	After the proposal of this meeting were considered and approved, they would be submitted to the Board	/
2022-4-28	Deliberating the 2022 First Quarter Financial Report	After the proposal of this meeting were considered and approved, they would be submitted to the Board	/
2022-8-30	Deliberating the 2022 Interim Financial Report	After the proposal of this meeting were considered and approved, they would be submitted to the Board	/
2022-10-26	Deliberating the 2022 Third Quarter Financial Report	After the proposal of this meeting were considered and approved, they would be submitted to the Board	/
2022-12-22	Matters and proposals related to the 2022 Annual Report		/

Section IV Corporate Governance (Continued)

VII. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

1. During the reporting period, the Company convened six meetings of the Audit Committee that all members of the tenth session of the Audit Committee attended. (Continued)

In addition, during the preparation and disclosure of the 2022 annual financial report of the Company, in accordance with the Audit Committee Annual Report Work Regulations, the Audit Committee communicated with the Company's management, financial controller, and the annual audit certified public accountants several times, listened to the reporting on the preparation of the 2022 annual financial statement, met with the certified public accountants of the annual report audit, reviewed the audit report and financial statements, communicated with them on the problems found in the audit process, and required that the Company and the annual report audit accounting firm strictly implement the latest regulations on annual report issued by the CSRC and the stock exchanges where the Company is listed and earnestly do a good job in the audit and disclosure of the annual report.

For details of the performance of the Audit Committee in 2022 (including the holding of meetings), please refer to the Report on Performance of Duties of the Audit Committee of Nanjing Panda Electronics Company Limited for 2022 published on the website of the Shanghai Stock Exchange on 31 March 2023.

Section IV Corporate Governance (Continued)

VII. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

2. During the reporting period, the Company convened four meetings of the Nomination Committee that all members of the tenth session of the Nomination Committee attended.

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
2022-3-30	Deliberating the structure, number and composition of the Board to meet regulatory requirements and provisions	After the proposals of this meeting were considered and approved, they would be submitted to the Board	/
2022-6-2	Deliberating the proposal of Mr. Zhou Guixiang, Chairman of the Board, to act as the General Manager of the Company during the transition period of appointing a new General Manager. Requesting the Board of the Company to appoint a new General Manager as soon as possible	After the proposals of this meeting were considered and approved, they would be submitted to the Board	/
2022-6-24	Deliberating the proposal on nominating candidates for General Manager and Deputy General Manager of the Company	After the proposals of this meeting were considered and approved, they would be submitted to the Board	/
2022-8-25	Deliberating the proposal on nominating Mr. Hu Huichun as the candidate for the Director of the 10th session of the Board	After the proposals of this meeting were considered and approved, they would be submitted to the Board	/

Section IV Corporate Governance (Continued)

VII. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

2. During the reporting period, the Company convened four meetings of the Nomination Committee that all members of the tenth session of the Nomination Committee attended. (Continued)

- (1) Board Diversity Policy

The Board adopted the board diversity policy in accordance with the requirement set out in the Corporate Governance Code. Such policy aims to set out the approach to achieve diversity on the Board, thereby the Company revised the terms of reference of the Nomination Committee and the revised Rules of Procedure of the Nomination Committee have been published on the websites of the Company, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Through the implementation of the board diversity policy, the efficiency of duty performance of the Board will be further improved, thus facilitating the Board in making scientific decisions on the core business and strategy of the Company and its subsidiaries. The Company will consider the diversification of the Board members in multiple respects while determining the composition of the Board, including (but not limited to) gender, age, cultural and educational background, skills, knowledge and professional experience. The nomination and appointment of all members of the Board will be proposed upon full consideration of the abovementioned measurable objectives, in accordance with the development goal and strategic plan of the Company and in line with the interests of all shareholders. In order to ensure that the board diversity policy is in compliance with the listing rules and being effective, the Nomination Committee will review the policy every year, discuss any amendments if necessary, and propose such amendments to the Board for approval.

When determining the composition of the Board, the Company will consider the diversification of the Board members in multiple respects including (but not limited to) gender, age, cultural and educational background, race, professional experience, skills, knowledge and tenure of service, and any other factors the Board may from time to time deem relevant and applicable. The Company places great emphasis on ensuring that the Board members have a balanced mix of skills and experience to provide diverse perspectives, insights and questions to enable the Board to perform its duties effectively and to support its development.

Section IV Corporate Governance (Continued)

VII. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

2. During the reporting period, the Company convened four meetings of the Nomination Committee that all members of the tenth session of the Nomination Committee attended. (Continued)

- (1) Board Diversity Policy (Continued)

The selection of directors will be conducted in accordance with the Company's nomination policy. The final decision will be made based on the strengths of the relevant candidates and the contributions they can make to the Board of the Company. In this process, the diversity of the board members and the needs of the Board will be considered, rather than focusing on a single level of diversity. The Board takes the selection of appropriate candidates for directors as an opportunity to gradually increase the proportion of female directors. The Board also seeks to reflect this policy by having an appropriate proportion of the portfolio of directors with direct experience in the core markets of the Group and diverse ethnic backgrounds.

At present, the members of the Board of the Company have diversified professional backgrounds, covering communications, electronics, information, economy, law, finance, etc., have extensive work experiences, covering manufacturing, education, accountants, lawyers firms and other intermediary institutions, and maintain the appropriate proportion of women and a certain geographical differences. The composition also gives consideration to the appeal of shareholders. For details of the role and duty of each member of the Board, please refer to the relevant contents as set out in this Section.

- (2) Nomination Policy

The Company attaches great attention to the knowledge, experience, profession and diversity of the Board to ensure that the Board is diligent and responsible and makes scientific decisions in line with the interests of the Company and all its shareholders.

The Nomination Committee shall study and prepare the election criteria and selection procedures and the term of office of Directors and senior management of the Company in accordance with relevant laws and regulations and the Articles of the Company while taking into consideration of the Company's actual circumstances, and the formulated resolutions shall be submitted to the Board for consideration, approval and implementation. For details of the procedure for appointing Directors and senior management, please refer to the Rules of Procedure of the Nomination Committee published on the websites of the Company, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Section IV Corporate Governance (Continued)

VII. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

3. During the reporting period, the Company convened one meeting of Strategy Committee and all members of the 10th session of Strategy Committee of the Company attended the meeting.

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
2022-3-30	At the first meeting of the Strategy Committee in 2022, the following resolutions were formulated: 1. The 14th Five-Year Development Plan of Nanjing Panda was considered and approved. 2. Adhere to innovation-driven development and promote the implementation of the "four innovations". 3. Gather superior resources to build the digital Industry Research Institute. 4. Continue to promote the legal construction and compliance operation of the Company, and improve the level of corporate governance according to law.	After the proposals of this meeting were considered and approved, they would be submitted to the Board for consideration	/

Section IV Corporate Governance (Continued)

VII. Special Committees of the Board (Continued)

(III) Operation of the Special Committees (Continued)

4. During the reporting period, the Company convened three meetings of Remuneration and Appraisal Committee that all members of the tenth session of the Remuneration and Appraisal Committee of the Company attended.

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
2022-3-30	Deliberating the proposal on the 2021 remuneration of Directors, supervisors and senior management	After the proposals of this meeting were considered and approved, they would be submitted to the Board for consideration	/
2022-5-20	Deliberating the Plan on Tenure Responsibility System and Contractual Management for Senior Management of the Company	After the proposals of this meeting were considered and approved, they would be submitted to the Board for consideration	/
2022-11-9	Deliberating the proposal on Adjusting the Remuneration Policy of the Directors of the 10th session of the Board of Directors, the Supervisors of the 10th session of the Board of Supervisors and senior management whose term of office is in sync with the 10th session of the Board of Directors.	After the proposals of this meeting were considered and approved, they would be submitted to the Board for consideration	/

(IV) The Specific Circumstances of Objections: N/A

Section IV Corporate Governance (Continued)

VIII. Explanations for the risks identified by the Supervisory Committee: N/A

IX. Details of Staff of the Company and Major Subsidiaries at the End of the Reporting Period

(I) Details of staff

Number of on-the-job employees of the Company	293
Number of on-the-job employees of major subsidiaries	2,850
Total number of on-the-job employees	3,143
Number of retired staff whose expenses the Company and major subsidiaries shall be responsible for	3,100

Type of profession	Composition of professions	Number of persons
Production staff		1,244
Sales staff		211
Technical staff		1,198
Financial staff		191
Administrative staff		299
Total		3,143

Education level	Educational Background	Number of persons
Masters or above		213
Bachelors		1,062
Associate degree		631
Other		1,237
Total		3,143

The Company adheres to diverse integration, strictly follows the relevant laws and regulations such as Labor Law, Employment Promotion Law, Law on the Protection of Disabled Persons, Social Security Law, Special Provisions on the Labor Protection of Female Workers in Jiangsu Province, and treats employees of different nationalities, ethnicities, races, genders, religious beliefs and cultural backgrounds equally. The Company has always been strictly abiding by the laws and regulations of the country. In the recruitment of personnel, the Company has always adhered to fairness, impartiality, openness, and equal treatment of applicants. It has never implemented any form of employment discrimination, and has not made special requirements in terms of ethnicity, race, gender, religious belief, etc. In 2022, the Company has 1,061 female employees, accounting for 33.76%, and 2,082 male employees, accounting for 66.24%.

Section IV Corporate Governance (Continued)

IX. Details of Staff of the Company and Major Subsidiaries at the End of the Reporting Period (Continued)

(II) Remuneration policies

In order to effectively mobilize the enthusiasm, initiative and creativity of the staff, the Company formulated the Administrative Measures for Salary Distribution, definitely and clearly specifying the salary management and salary distribution. The Company implements a position-based remuneration determination policy and enforces varied remuneration systems based on position-based performance salary and the nature of different positions. Specifically, an annual salary system is implemented for persons in charge of operating units; a position-based performance salary system for administrative and managerial staff; a combination of position-based performance salary and project-based salary system (distribution of allowances or royalties by project) for scientific research staff; base salary plus commission or position-based performance salary system for sales staff; and piece-rate salary or position-based performance salary system for production staff.

(III) Training Plan

The Company formulated the Job Training Regulations for Staff providing that the Company shall organize surveys on the training demand on a yearly basis, and based on the survey result, formulate the training plan, which will be implemented upon approval by division leaders and will be targeted at all the staff with focus on the scientific research staff, key personnel in respect of operation, management and production.

(IV) Labor outsourcing

Total hours of labor outsourcing (Hour)	2,104,300
Total remuneration paid to labor outsourcing (RMB0'000)	6,312.99

Section IV Corporate Governance (Continued)

X. Plan for Profit Distribution or Capitalization of Capital Reserve

(I) Formulation, implementation or adjustment of cash dividend distribution policy

Pursuant to the requirements of the Listed Companies Regulatory Guidance No. 3 — Cash Dividends Distribution of Listed Companies promulgated by the CSRC and the Guidelines on Cash Dividends Distribution of Listed Companies promulgated by the Shanghai Stock Exchange, etc., proposals on the decision-making procedures and policy of profit distribution in the revised Articles of Association were considered and approved at the extraordinary meeting of the seventh session of the Board on 22 January 2014 and at the first extraordinary general meeting for 2014 on 12 March 2014, respectively. The amended profit distribution policy is in line with the requirements of the Articles of Association and the consideration procedures, so legitimate rights and interests of minority investors were adequately protected and independent directors expressed their consents. The profit distribution criteria and distribution ratios were clarified and conditions and procedures of adjustment or changes in profit distribution policy were in compliance with regulations and transparent.

On 30 March 2022, the “Shareholders’ Return Plan of Nanjing Panda Electronics Company Limited (2022–2024)” was considered and approved at the sixth meeting of the tenth session of the Board of the Company. The revised Shareholders’ Return Plan maintains continuity and stability of the profit distribution policy. During the reporting period, the Company did not adjust the profit distribution policy for ordinary shares. The Company strictly performed the decision making procedures for profit distribution and profit distribution policies in accordance with the relevant requirements of the CSRC and the Shanghai Stock Exchange and the relevant provisions under the Articles of Association.

In 2022, the Company (as the parent company) registered 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 relevant provisions of 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 (tax inclusive), and the remaining part to be carried forward to the 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 be submitted to the annual general meeting for consideration.

Section IV Corporate Governance (Continued)

X. Plan for Profit Distribution or Capitalization of Capital Reserve (Continued)

(I) Formulation, implementation or adjustment of cash dividend distribution policy (Continued)

The proposal for the distribution of cash dividend is subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on or before 30 June 2023 and the dividend is expected to be paid to the shareholders of H Shares of the Company on or before 10 August 2023. The Company will announce in due course the convening date of the AGM and the closure of its register of members in relation to the right to attend and vote at the AGM. The Company will announce the record date for the distribution of H Share dividend, the closure date of its register of members, the implementation measures, and the withholding of income tax for dividends in due course. The Company will comply with the relevant laws and regulations in respect of withholding and waiver of income tax for dividends.

(II) Special explanation of cash dividend policy

Does it comply with the provisions of the Company's Articles of association or the requirements of the resolution of the shareholders' general meeting? Yes No

Are the dividend standards and ratios clear and definite? Yes No

Are the relevant decision-making procedures and mechanisms complete? Yes No

Have the independent directors fulfilled his responsibilities and played their due role? Yes No

Do minority shareholders have the opportunity to fully express their opinions and demands? Have their legitimate rights and interests been fully protected? Yes No

(III) Where the profit was achieved during the reporting period and the profit to shareholders of the parent company is positive, but no cash profit distribution plan has been proposed, the Company shall disclose the reasons in detail and the purpose and the plan on the application of the undistributed profits: N/A

Section IV Corporate Governance (Continued)

XI. Company's share incentive scheme, employee shareholding scheme and other employee incentives and their impacts

(I) Where relevant incentive matters have been disclosed in ad hoc announcements and there is no progress or change in subsequent implementation: N/A

(II) The situations on incentives that have not been disclosed or have follow-up progress in ad hoc announcements: N/A

The situation of employee shareholding scheme: N/A

Other incentives: N/A

(III) Shareholding incentives granted to Directors and Senior Management during the reporting period: N/A

(IV) Establishment and Implementation of Appraisal and Motivation Mechanism for Senior Management during the Reporting Period

The Company conducted a comprehensive appraisal of the senior management based on their duties, positions and performance. Incentive rewards were granted according to the results of the appraisal. The Remuneration and Evaluation Committee is responsible for formulating and reviewing the remuneration policies and plans for the senior management of the Company, and setting up the evaluation criteria for the senior management of the Company and implementing the evaluation.

The Company formulated the Measures Regarding Remuneration Composition of Senior Management Officers of Nanjing Panda. The Measures defined the matters concerning the remuneration composition, basis for confirmation, contents for verification, calculation method and encashment procedures and others, encouraged senior management officers to take initiatives and facilitated the Company's development.

Section IV Corporate Governance (Continued)

XII. Establishment and Implementation of Internal Control Systems during the Reporting Period

The Company conducts internal control evaluation in accordance with the requirements of the enterprise internal control standard system and relevant regulations. The Company's existing internal control system can provide reasonable assurance for the authenticity and fairness of the Company's operation management, asset safety, financial reports and related information. During the reporting period, no significant deficiencies in financial reports and non-financial reports were found. The Company will further improve various internal control management systems based on future development strategies and changes in the operating environment, and maintain the continuous and effective operation of the internal control system, further implement refined management and control, strengthen the supervision and inspection on the implementation of internal control, and continue to optimize business processes and internal control environment, provide a reasonable guarantee for the realization of the Company's economic benefits and strategic goals, and promote its healthy and high-quality development.

According to the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 — Content and Format of Annual Reports (Revision 2021) promulgated by the CSRC and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Board of the Company has prepared the Self-assessment Report on the Internal Control of the Nanjing Panda for 2022, which was disclosed along with the 2022 annual report. For details, please refer to the relevant announcements of the Company published on the websites of the Shanghai Stock Exchange on 31 March 2023 and on the website of the Hong Kong Stock Exchange on 30 March 2023.

Explanation on significant deficiencies in internal control during the reporting period: N/A

XIII. Management and Control of Subsidiaries during the Reporting Period

The Company has formulated relevant management systems such as the Implementation Measures of the "Three Importances and One Major" Decision-making System and the Financial Management System, incorporating subsidiaries' operation and investment decision-making management, financial management, personnel and information disclosure into a unified management system. The Company attended meetings of subsidiaries on major operation and management decision-makings to timely understand the operation of subsidiaries and make timely decisions. At the same time, the Company's audit department regularly or irregularly conducted audit and supervision over the subsidiary's economic and business activities in all links, and urges them to improve the construction and effective implementation of the internal control systems.

Section IV Corporate Governance (Continued)

XIV. Auditors' Report on Internal Control

The Company appointed BDO China Shu Lun Pan Certified Public Accountants LLP to audit the effectiveness of the internal control relating to the financial report of the Company, which issued the auditors' report with unqualified audit opinions. The auditor's report was disclosed along with the 2022 annual report. For details, please refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange on 31 March 2023.

Whether to disclose the auditors' report on internal control: Yes

Opinion type of the auditors' report on internal control: standard unqualified audit opinions

XV. Rectification of Problems Found in the Self-inspection of Governance Special Action of the Listed Company:

According to the Announcement on Launching Special Action on Corporate Governance of Listed Companies promulgated by the China Securities Regulatory Commission and the work arrangement of the Jiangsu Securities Regulatory Bureau of the CSRC on "Special Action on Corporate Governance", the Company carried out special self-inspection on corporate governance at the beginning of 2021, and completed the filling of the Special Self-Inspection List of Governance of the Listed Companies, whose content covers seven aspects of the listed companies, such as the basic situation, the operation and decision-making of organizations, controlling shareholders, de facto controllers and connected parties, the construction of internal control standard system, information disclosure and transparency, institutions and overseas investors, and other issues. After self-inspection, there was no significant difference between the current situation of corporate governance of the Company and the normative documents on the governance of listed companies issued by China Securities Regulatory Commission.

In accordance with the provisions of laws and regulations, the Company will further improve the governance level, strengthen the construction of internal control system and risk management, and continuously improve the development quality of the listed company.

Section IV Corporate Governance (Continued)

XVI. Others

(I) Chairman and Chief Executive Officer

The main duties of Chairman of the Board are to preside over the shareholders' meeting and convene the Board meetings, and to inspect the actual implementation of resolutions passed by the Board (Details are set out in Article 143 of Chapter 10 of the Articles of Association). The General Manager (Chief Executive Officer) is accountable to the Board. His principal duties include presiding over the production, operation and management of the Company, organizing the implementation of resolutions of the Board, and organizing the implementation of the annual operation plan and investment proposal (Details are set out in Article 161 of Chapter 12 of the Articles of Association).

(II) Auditors' remuneration

BDO China Shu Lun Pan Certified Public Accountants LLP was engaged as the Company's international auditor, PRC auditor and internal control auditor for 2022. The remuneration paid by the Company for its audit services for the annual report (including the internal control audit service) was RMB2,480,000, among which RMB1,920,000 was paid to international and PRC auditors and RMB560,000 to the internal control auditor.

(III) Communications with Shareholders and Investor Relations

The Board recognizes its accountability to shareholders for the performance and activities of the Company. The Board strives to maintain effective communication with shareholders. The Company has established different communication channels with its shareholders and investors:

1. The annual general meeting and extraordinary general meetings held during the reporting period provided a forum for shareholders to raise comments and exchange views with the Board;
2. The annual reports, interim reports and so forth have been sent to the shareholders and interested investors containing therein a full financial and operational review of the Company;
3. Fully perform obligations of information disclosure by disclosing financial results and various transactions in quarterly reports, various announcements and circulars (if applicable);
4. Set up multiple channels such as investor hotlines, site visiting by investors, stock analysts and fund managers, organize holding press conferences and road shows and etc.;
5. The Company further enhances the exchange and communication with investors, and delivers information of the Company to investors by way of the electronic platform of Shanghai Stock Exchange E-Interaction, online results presentation, and onsite meeting of general meeting, etc., and further improves the efficiency of the information disclosure of the Company by way of communication with investors and hearing their opinions.

The Company reviewed the implementation and effectiveness of the shareholder communication policy for the year ended 31 December 2022, and considered it to be effective.

Section IV Corporate Governance (Continued)

XVI. Others (Continued)

(IV) Shareholders Rights

In accordance with Clause 76, Chapter VIII of Articles of Association, shareholders individually or collectively holding 10% or above of the Company's shares shall be entitled to propose to the Board the convening of the extraordinary general meeting, provided that such proposal shall be made in writing. The Board shall provide written feedbacks on agreeing or disagreeing to convene an extraordinary general meeting within 10 days after receiving such proposal according to the provisions of the applicable laws, administrative regulations and Articles of Associations.

In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within 5 days after the resolution of Board is made. Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days upon receipt of the said proposal, shareholders individually or collectively holding 10% or above of the Company's shares shall be entitled to propose to the Supervisory Committee the convening of the extraordinary general meeting, provided that such proposal shall be made in writing.

In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within 5 days after the said proposal. Any changes to the original proposal made in the notice shall require prior approval of the shareholders concerned.

The failure of the Supervisory Committee to issue the notice of the general meeting shall be deemed as failure of the Supervisory Committee to convene and preside over a general meeting, and shareholders individually or collectively holding 10% or above of the Company's shares for 90 consecutive days or above may convene and preside over the meeting on their own.

Shareholders may send their enquiries to the Board by addressing them to the Secretary of the Board. Contact details of the Secretary of the Board are set out on page 5 of this report.

(V) Dividend Policy

The Company focuses on the long-term and sustainable development while taking into consideration the needs of its operation and shareholders. It made systemic arrangements for the Company's profit distribution to ensure the continuity and stability of its policy on profit distribution. For the Company's profit distribution policy and relevant details, please refer to the relevant part of this section as well as the Articles of Association of the Company published on the websites of the Company, the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Section IV Corporate Governance (Continued)

XVI. Others (Continued)

(VI) Inside Information Management and the Relevant Situation

In order to further implement inside information management and prevention of insider trading, according to the requirements of the CSRC, the Insiders Management System of NPEC was formulated by the Company and considered and approved by the Board, which specifies the scope and confidentiality management of inside information, as well as the scope, registration and filing of the insiders. The Significant Information Internal Report System of NPEC was formulated by the Company and considered and approved by the Board, which specifies the reporting scope, division of responsibilities, procedures and formats, confidentiality obligations and legal liabilities in respect of the material information. Pursuant to the requirements, the Company delivered to the controlling shareholder and the de facto controller the requirements of the Implementation of Strengthened Inside Information Management of State-owned and Controlled Listed Companies issued by relevant regulatory institutions. Moreover, the Company strictly followed the regulations on insider registration and management in respect of the preparation of regular reports, and other significant events in accordance with the requirements under the relevant administrative documents.

(VII) Establishment and Implementation of the Accountability System for Major Disclosure Errors in Annual Report

In order to enhance the quality of information disclosure and ensure the truthfulness, accuracy and completeness of the information disclosed in the annual report, the Company established the Accountability System for Major Disclosure Errors in Annual Report. The Board of the Company will impose administrative or financial penalties on relevant responsible persons according to the seriousness of the matter, e.g. correction of major accounting errors and supplementation of omitted major information and correction of results prediction, occurred in the information disclosure in the annual report. There was no major error found in information disclosure in the 2022 annual report. During the reporting period, there was no correction of major accounting errors and supplementation of omitted major information and correction of results prediction.

Section V Environmental and Social Responsibility

I. Environmental Information

Whether a mechanism related to environmental protection is established	Yes
Environmental protection funds invested in the reporting period (Unit: 0'000)	235.54

(I) Statement on the environmental protection practice of companies and their major subsidiaries belonging to key pollutant discharging units published by national environmental protection authorities

According to the Notice on Issuing the List of Key Pollutant Discharging Units in Nanjing in 2022 issued by Nanjing Environmental Protection Bureau, Huage Plastic, a third-tier wholly-owned subsidiary of the Company, was included in the list of Key Pollutant Discharging Units in Nanjing in 2022 in terms of the atmosphere.

1. Information on emission of pollutants

One waste water outlet on the west side of Block 5# Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently emitted COD, ammonia nitrogen, suspended matter and petroleum in compliance with the Grade III standard under the Comprehensive Wastewater Discharge Standards (GB8978-1996) ($\text{COD} \leq 500\text{mg/L}$, and ammonia nitrogen $\leq 35\text{mg/L}$, suspended matter $\leq 400\text{mg/L}$ and petroleum $\leq 20\text{mg/L}$). With the approved pollutant emission of 1.64 ton/year for COD, 0.083 ton/year for ammonia nitrogen, 0.69 ton/year of suspended matter and 0.05 ton/year of petroleum, the actually measured average values were 113mg/L for COD, 0.136mg/L for ammonia nitrogen, 14mg/L for suspended matter, zero for petroleum, and 1.81mg/L for total nitrogen respectively, and it had no excessive emission.

Seven exhaust gas outlets in Blocks 5# and 4# Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently emitted toluene, xylene and non-methane hydrocarbon in compliance with the limits in Table 1 of the Integrated Emission Standard of Air Pollutants of Jiangsu Province (DB32/4041-2021) (toluene $\leq 10\text{mg/m}^3$, xylene $\leq 10\text{mg/m}^3$, nonmethane hydrocarbon $\leq 60\text{mg/m}^3$, 200mg/m³ for sulfur dioxide, 100mg/m³ for nitrogen oxide and 20mg/m³ for particulate matter). With the approved pollutant emission of 0.15 ton/year for toluene, 0.254 ton/year for xylene, 2.575 tons/year for non-methane hydrocarbon, 0.673 ton/year for particulate matter, 0.096 ton/year for sulfur dioxide and 0.449 ton/year for nitrogen oxide. The actually measured average values were: FQ-01 (paint coating): 4.66mg/m³ for total non-methane hydrocarbons, 6.2mg/m³ for particulate matter, and the rest are not detected; FQ-02 (paint coating): 32.8mg/m³ for total non-methane hydrocarbons, 1.7mg/m³ for particulate matter, and the rest are not detected; FQ-03 (wastewater room): 7.46mg/m³ for total non-methane hydrocarbons, hydrogen sulphide is not detected; FQ-04(hazardous waste storage): 4.98mg/m³ for total non-methane hydrocarbons; FQ-05(precision injection workshop): 2.1mg/m³ for total non-methane hydrocarbons; FQ-06(conventional injection workshop) 4.24mg/m³; FQ-07 (extrusion workshop) 0.86mg/m³, total non-methane hydrocarbons, and no emission exceeded the standard.

Section V Environmental and Social Responsibility (Continued)

I. Environmental Information (Continued)

(I) Statement on the environmental protection practice of companies and their major subsidiaries belonging to key pollutant discharging units published by national environmental protection authorities (Continued)

2. Construction and operation of pollution prevention and control facilities

Exhaust gas treatment devices: 7 sets in total, the processing methods are as follows:

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

02: The automatic paint coating production lines of the mechanical arms on the first floor of Block 5# Plant, the exhaust gas emitted there from is treated by way of regenerative catalytic combustion;

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

03: The wastewater room, waste gas treatment method: alkaline water washing + activated carbon adsorption;

04: The hazardous waste storage, waste gas treatment method: activated carbon adsorption;

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

06: The conventional injection workshop in the south building of Block 4# Plant, the exhaust gas is collected by adding an air hood to the edge of the machine, and the tail end adopts the form of secondary activated carbon adsorption for disposal;

07: The extrusion workshop on the first floor of Block 5# Plant, the exhaust gas is collected by adding an air hood to the edge of the machine, and the tail end adopts the form of secondary activated carbon adsorption for disposal;

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

Section V Environmental and Social Responsibility (Continued)

I. Environmental Information (Continued)

(I) Statement on the environmental protection practice of companies and their major subsidiaries belonging to key pollutant discharging units published by national environmental protection authorities (Continued)

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

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

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

4. Emergency plan for emergency environmental incidents

Academy of Environmental Planning & Designing Co., Ltd. Nanjing University has been engaged to complete the preparation of the report and organized relevant experts to review the report, and filing has been completed for the report with the number of 320113-2021-015-L.

5. Environmental self-monitoring plan

The environmental self-monitoring plan has been prepared, filed with the environmental monitoring station of the development zone and published on the "one company, one file" management system platform of pollution sources in Jiangsu Province.

6. Administrative penalties imposed due to environmental issues during the Reporting Period: N/A

7. Other environmental information required to be disclosed: N/A

(II) Environmental Protection by Companies Other than Key Pollutant-discharging Units: N/A

(III) Information on Practices Conducive to Protecting the Ecology, Preventing Pollution and Fulfilling Environmental Responsibility

For details, please refer to the Nanjing Panda Annual Social Responsibility Report 2022 published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 31 March 2023.

Section V Environmental and Social Responsibility (Continued)

I. Environmental Information (Continued)

(IV) Measures Taken to Reduce Carbon Emissions during the Reporting Period and the Results Thereof

Whether any carbon reduction measures are taken	Yes
Emission reduction carbon dioxide equivalent (unit: ton)	-782.24 (The local industrial power rationing has resulted in an increase in the Company's demand for diesel power generation, with a larger increase in consumption of diesel than last year; An increase in the mileage of the company's cars led to an increase in gasoline emissions from last year)
Types of carbon reduction measures (e.g. use of clean energy for power generation, use of carbon reduction technologies in production, research and development of new products that contribute to carbon reduction, etc.)	Vigorously promote energy conservation and emission reduction, and fully implement green office

For details, please refer to the Nanjing Panda Annual Social Responsibility Report 2022 published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 31 March 2023.

II. Overview of Social Responsibility

(I) Whether social responsibility report, sustainability report or ESG report are disclosed separately

The Company considered and approved the Social Responsibility Report 2022 of the Company at the 15th meeting of the tenth session of the Board on 30 March 2023, the full text of which was published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 31 March 2023.

Section V Environmental and Social Responsibility (Continued)

II. Overview of Social Responsibility (Continued)

(2) Details of social responsibility work

External donations and public welfare projects	Quantity/Content	Description
Total investment (10,000 yuan)	0.5	
Including: Capital (10,000 yuan)	0.5	Nanjing Xuanwu District charity day donation
Materials converted into cash (10,000 yuan)		
Number of beneficiaries (persons)	N/A	

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

Section VI Significant Events

I. Fulfilment of Commitments

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

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
Undertakings made in acquisition reports or equity change reports	Avoidance of horizontal competition	CEC	Prior to this acquisition, CEC and its controlled enterprises had no projects or assets which constituted horizontal competition with the principal operations of the Company. Upon completion of this acquisition, CEC and its controlled enterprises would not be directly or indirectly engaged in business which constitutes horizontal competition with the principal operations of the Company, nor invest in enterprises or projects which have direct or indirect competition with the principal operations of the Company	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	CEC	Upon completion of the acquisition, CEC undertook to take the following measures to standardize potential connected transactions: (1) try to avoid or reduce connected transactions with the Company and its subsidiaries; (2) as for those that cannot be avoided or exist for reasonable reasons, standard connected transaction agreements shall be entered into with the Company according to law, and approval procedures shall be performed in accordance with relevant laws, rules, regulations, other regulatory documents and the Articles of Association. The price of such connected transactions shall be determined on the pricing principle of "reference to the market price and no less than the price of non-connected transactions then", so as to ensure the fairness of connected transaction prices; undertake to perform information disclosure obligation in compliance with relevant requirements of laws, regulations and the Articles of Association; (3) undertake not to illegally transfer the capital or profit of the Company, or harm the interest of the Company and its non-connected shareholders through connected transactions.	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	N/A	N/A
	Ensuring the Company's independence	CEC	Upon completion of the acquisition, CEC and the Company would maintain the independence of their respective staff, integrity of assets and financial independence; ensure the independent operation capability of the Company, the independence in respect of procurement, production, sales, and intellectual property rights, and protection of the interest of minority shareholders.	Time: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	N/A	N/A

Section VI Significant Events (Continued)

I. Fulfilment of Commitments (Continued)

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

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
Undertakings relating to refinancing	Avoidance of horizontal competition	PEGL	<ol style="list-style-type: none"> (1) PEGL and its subsidiaries have no projects or assets which constitute horizontal competition with the principal operations of the Company. (2) PEGL and its subsidiaries would not engage in the same or similar business as that of the Company and its subsidiaries in any form (including such forms as investment, acquisition, operation, merger and entrusted operation inside or outside the PRC). (3) In the event of business competition with the Company and its subsidiaries, the PEGL and its subsidiaries would terminate production and operation, or integrate such competing business into the Company, or transfer such competing business to non-related third parties to avoid horizontal competition. (4) If any business opportunity is provided to PEGL and its subsidiaries by third parties or by PEGL and its subsidiaries to third parties, and such business directly or indirectly constitutes competition with the Company, or the Company is able to and intends to undertake such business, PEGL and its subsidiaries shall immediately inform the Company of such opportunity and facilitate the undertaking of such business by the Company on reasonable terms and conditions. (5) If the Company or the relevant regulatory authorities believe(s) there exists horizontal competition between the business of PEGL and its subsidiaries is engaging in or will engage in PEGL and its subsidiaries will timely transfer or terminate such business upon objection by the Company. If the Company further requests to acquire such business, PEGL and its subsidiaries will, unconditionally, transfer the aforesaid business and assets to the Company with priority based on the fair price as audited or appraised by agencies qualified to deal in securities and futures related business. (6) If this letter of commitment proves to be untrue or not observed, PEGL will indemnify the Company and its subsidiaries for all direct and indirect losses. (7) PEGL confirms that each commitment contained in this letter of commitment is independently executable, and any one commitment, if deemed invalid or terminated, shall not affect the validity of other commitments. (8) This letter of commitment is effective from the date of signing. 	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Avoidance of horizontal competition	NEIC	The same contents as that of PEGL for "avoidance of horizontal competition"	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	PEGL	<ol style="list-style-type: none"> (1) As long as PEGL is a shareholder of the Company, PEGL and its subsidiaries shall try to reduce and standardize connected transactions with the Company. (2) As for the connected transactions that cannot be avoided, PEGL shall enter into agreements with the Company in compliance and in accordance with relevant laws, regulations, regulatory documents and the articles of association of the Company, perform relevant approval procedures and the information disclosure obligation in accordance with statutory procedures, and refrain or abstain from voting at board meetings and/or general meetings, so as to procure such connected transaction can be conducted in compliance with the principle of "fairness, justice and openness" and normal commercial terms and conditions, and ensure such connected transactions will not harm the legitimate interests and rights of the Company and other shareholders. 	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	NEIC	The same contents as that of PEGL for "standardization and avoidance of connected transactions"	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A

Section VI Significant Events (Continued)

I. Fulfilment of Commitments (Continued)

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

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
Other undertakings	Others	CEC	<p>Due to the abnormal fluctuation of the domestic stock market, the Company received declaration documents from CEC as follows:</p> <p>(1) as a responsible shareholder, CEC will proactively take social responsibilities and will not decrease its shareholding in the listed company during the abnormal fluctuation period in stock markets.</p> <p>(2) CEC made commitment to actively explore and execute measures including repurchase, increasing shares, etc. within the permitted scope of law and regulations; to increase shareholding of shares in the listed company when the stock price considerably deviates from its share value, in order to protect the benefit of investors.</p> <p>(3) CEC will continue to improve the quality of the listed company through asset restructuring and capital injection, supporting the economic structural adjustment and industrial transformation and equip the listed company with an upgraded healthy and comprehensive long-term reward mechanism to achieve continuous improvement of the return level of investors.</p>	Time: 9 July 2015; Term: effective from the date of signing.	Yes	Yes	N/A	N/A

As of the reporting date, CEC, NEIC and PEGL confirmed that undertakings had been strictly fulfilled by each of the parties.

Section VI Significant Events (Continued)

I. Fulfilment of Commitments (Continued)

(II) The Company has profit forecasts on assets or projects, and the Reporting Period was within the term of profit forecasts. The Company has to state whether such profit forecasts on assets or projects are fulfilled and the reasons therefor: N/A

(III) The fulfilment of result commitments and its impact on impairment test to goodwill: N/A

II. Misappropriation of the Company's Funds by Controlling Shareholders and Other Related Parties for Non-operating Purposes during the Reporting Period: N/A

III. Provision of Guarantee in Violation of Rules and Requirements: N/A

IV. Explanations of the Company on the "Modified Audit Report" Issued by the Accounting Firm: N/A

V. Analysis and Explanation of the Company on the Reasons and Impact of the Change in Accounting Policy, Accounting Estimation or the Correction to Material Accounting Errors

(I) Analysis and Explanation of the Company on the Reasons and Impact of the Changes in Accounting Policy and Accounting Estimation:

The resolution on Changes in the Company's Accounting Policies was considered and approved at the sixth meeting of the tenth session of the Board of the Company on 30 March 2022. In accordance with the Interpretation of Accounting Standards for Enterprises No. 14 (Cai Kuai [2021] No. 1), the Notice on Adjusting the Scope of Application of the 'Accounting Treatment Provisions for Rent Deduction Related to the Novel Coronavirus Pneumonia Epidemic' (Cai Kuai [2021] No. 9), the Interpretation of Enterprise Accounting Standards No. 15 (Cai Kuai [2021] No. 35) and the Q&A on the Implementation of Enterprise Accounting Standards issued by the Ministry of Finance, the Company made corresponding changes to the relevant accounting policies and performed the corresponding accounting treatment in accordance with the starting dates stipulated in the above documents. The change in accounting policies was made on reasonable basis according to the relevant regulation issued by the Ministry of Finance, which was in line with the Accounting Standards for Business Enterprises and the relevant regulations. The decision-making process for this change in accounting policies is in compliance with relevant laws and regulations and the Articles of Association. The change in the accounting policies partially affected the disclosure format for the current period and the presentation of the relevant statement items in the relevant period, but had no impact on the Company's financial position and results of operations for the Reporting Period. For details, please refer to the Announcement of Nanjing Panda on Change in Accounting Policies (Lin 2022-012) published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 31 March 2022.

Section VI Significant Events (Continued)

V. Analysis and Explanation of the Company on the Reasons and Impact of the Change in Accounting Policy, Accounting Estimation or the Correction to Material Accounting Errors (Continued)

(II) Analysis and Explanation of the Company on the Reasons and Impact of the Correction to Material Errors: N/A

(III) Communication with the Previous Accounting Firm: N/A

(IV) Other Explanations: N/A

VI. Appointment and Dismissal of Accounting Firms

Unit: 0'000 Currency: RMB

Currently appointed	
Name of the domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration for the domestic accounting firm	192
Audit years of the domestic accounting firm	7 years
Name of the overseas accounting firm	N/A
Remuneration for the overseas accounting firm	N/A
Audit years of the overseas accounting firm	N/A

Unit: 0'000 Currency: RMB

	Name	Remuneration
Accounting firm for audit of internal control	BDO China Shu Lun Pan Certified Public Accountants LLP	56

Section VI Significant Events (Continued)

VI. Appointment and Dismissal of Accounting Firms (Continued)

Explanations on appointment and dismissal of accounting firms:

At the sixth meeting of the tenth session of the Board, the resolution in relation to the Appointment of the Auditors for 2022 was considered and approved, whereby it was proposed that BDO China Shu Lun Pan Certified Public Accountants LLP be re-appointed as the Company's international auditor, PRC auditor and internal control auditor for 2022 and that auditor remuneration be determined within the limit of RMB2.48 million and it was agreed that the same be submitted to the 2021 annual general meeting of the Company for shareholders' consideration.

The 2021 annual general meeting of the Company considered and approved the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international auditor, PRC auditor and internal control auditor for 2022, and authorized the Board to determine its remuneration within the limit of RMB2.48 million.

For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 31 March and 30 June 2022.

Explanations on change of appointment of accounting firms during the audit period: N/A

VII. Exposure to Any Risk of Suspension of Listing: N/A

VIII. Bankruptcy and Restructuring Related Matter: N/A

Section VI Significant Events (Continued)

IX. Material Litigation and Arbitration

(I) Litigation and Arbitration Disclosed in Interim Announcements with No Subsequent Developments: N/A

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events

Unit: 0'000 Currency: RMB

During the Reporting Period

Plaintiff (applicant)	Defendant (respondent)	Party with joint liability	Category of the litigation and arbitration	Basic information on the litigation (arbitration)	Amount subject to the litigation (arbitration)	Provisions and relevant amount of the litigation (arbitration)	Progress of the litigation (arbitration)	Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
Nanjing Panda Information Industry Co., Ltd.	Hangzhou Guoxin Vision Technology Co., Ltd.	Nil	Litigation	In January 2018, Information Industry Company and Hangzhou Guoxin Vision Technology Co., Ltd. entered into "3256 (Village to Village Special Type) Purchase and Sales Contract". However, Hangzhou Guoxin Vision Technology Co., Ltd. failed to deliver goods according to the time specified in the contract, causing the cancellation of the contract by the customer of Information Industry Company	1,463.04	N/A	On 20 August 2021, the Court of Qixia District issued the (2019) Su 0113 No. 4677 Civil Judgment, which ruled that the contract between the parties was terminated and Hangzhou Guoxin should return RMB1,827,981.68 to Panda Information and compensate for the loss of RMB2,271,184.8; other claims were dismissed; On 7 September 2022, Nanjing Intermediate People's Court issued the (2021) Su 01 Final No. 14382 Civil Judgment, which upheld the original judgment. On 13 October 2022, Hangzhou Guoxin executed the full judgment of RMB4,099,166.48 to Panda Information. The case has been concluded.	On 20 August 2021, the first instance judgment ruled that the contract between the two parties was terminated and Hangzhou Guoxin should return RMB1,827,981.68 to Panda Information and compensate for the loss of RMB2,271,184.8; other claims were dismissed; On 7 September 2022, Nanjing Intermediate People's Court upheld the original judgment.	The defendant, Hangzhou Guoxin has fulfilled its obligations in accordance with the judgment, and the case has been concluded.

Section VI Significant Events (Continued)

IX. Material Litigation and Arbitration (Continued)

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events

Plaintiff (applicant)	Defendant (respondent)	Party with joint liability	Category of the litigation and arbitration	Basic information on the litigation (arbitration)	Amount subject to the litigation (arbitration)	Provisions and relevant amount of the litigation (arbitration)	Progress of the litigation (arbitration)	Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
Nanjing Panda Electronics Equipment Co., Ltd.	Jiangsu Jinmao Robot Technology Co., Ltd.	Nil	Litigation	From 18 July 2017 to 1 November 2018, Panda Equipment and Jiangsu Jinmao successively reached four purchase and sales contracts, but a payment of RMB22,493,150 remained unpaid. Panda Equipment repeatedly urged this payment in vain and filed a lawsuit against Jiangsu Jinmao with the court.	2,299.32	N/A	On 21 January 2022, Panda Equipment filed a lawsuit with the court; On 30 May, 13 July, and 12 October 2022, the court held hearings. It is currently in the court process.	Not yet concluded	Not yet concluded
Nanjing Panda Information Industry Co., Ltd.	Xuzhou Suning Real Estate Co., Ltd.	Nil	Litigation	On 18 June 2012, Panda Information won the bid for "Xuzhou Suning Square Building Automatic Control System Project", and then signed the "Building Automatic Control System Contract", of which the owner still has RMB6,611,200 of project payment overdue.	661.12	N/A	On 30 May 2022, Panda Information filed a lawsuit with Gulou District Court of Xuzhou City. Later, the case was transferred to Nanjing Intermediate People's Court for centralized jurisdiction. It is currently in the court process.	Not yet concluded	Not yet concluded

Section VI Significant Events (Continued)

IX. Material Litigation and Arbitration

(II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events

Plaintiff (applicant)	Defendant (respondent)	Party with joint liability	Category of the litigation and arbitration	Basic information on the litigation (arbitration)	Amount subject to the litigation (arbitration)	Provisions and relevant amount of the litigation (arbitration)	Progress of the litigation (arbitration)	Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
Suzhou RS Technology Co., Ltd.	Nanjing Panda Electronics Equipment Co., Ltd.	Nil	Litigation	From 2016 to 2020, RS Technology signed a number of purchase contracts and purchase and sales contracts with Panda Equipment. RS Technology believes that Panda Equipment still owes RMB8,688,200.	868.82	N/A	It was first heard on 16 February 2023 and is currently in the court process.	Not yet concluded	Not yet concluded

X. Punishment and Rectification to the Listed Company, Its Directors, Supervisors, Senior Management, Controlling Shareholder, Ultimate Controller due to Violations of Laws and Regulations: N/A

XI. Explanation on Credibility Status of the Company, Its Controlling Shareholder and Ultimate Controller during the Reporting Period

Section VI Significant Events (Continued)

XII. Material Connected Transactions

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

1. Matters disclosed in interim announcements with no progress or change in the follow-up implementation

Overview	Search index
Chengdu Electronics Technology Co., LTD., a wholly-owned subsidiary of the Company, sold materials and parts and provided subcontracting services to Chengdu Display Technology Co., LTD with an annual amount not exceeding RMB700,000,000 (including this amount), and the 2022 Connected Transaction Agreement entered between Chengdu Electronics Technology Co., LTD and Chengdu Display Technology Co., LTD was approved.	For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 19 February and 17 March 2022.

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

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

On 15 November 2021, the renewing of the existing continuing connected transactions and the cap between the Group and Financial Company was considered and approved at the extraordinary meeting of the tenth session of the Board, at which the directors or senior management of the Company were authorised to enter into the Financial Cooperation Agreement. It was stipulated that the cap for the fund settlement balance (Receipt and payment of transaction funds, deposit taking and handling of time deposits, call deposits and agreement deposits, the same below) of the Group with Financial Company be maintained at RMB500,000,000, the cap for the comprehensive credit balance (loans in local and foreign currencies, external guarantees, acceptance and discount of commercial acceptance bills, letters of guarantee, etc., the same below) provided by Financial Company to the Group be maintained at RMB600,000,000, and the cap for other financial services (fund management, discount of bank acceptance bills, principal agency, issuance of fund certificates, loan commitment, general planning consultation and special financial consultancy, etc., the same below) provided by Financial Company to the Group be maintained at RMB2,000,000. The agreement was effective from obtaining approval of independent shareholders at the extraordinary general meeting for a term of three years. The entering into of the Financial Cooperation Agreement was in compliance with relevant state and industry regulations and on the principle of openness, fairness and justice, without prejudice to the interest of the Company and minority shareholders of the Company. Additionally, the Company has made the Emergency Risk Management Plan for the Deposits placed with Financial Company which guaranteed the safety and liquidity of the funds. The connected directors have abstained from voting; and non-connected directors, independent non-executive directors and the Audit Committee approved such continuing connected transaction, considering that such continuing connected transaction was in the interests of the Company and its shareholders as a whole. Wherein, the continuing related transaction corresponding to the fund settlement balance of the Group with Finance Company was considered and approved at the 2021 second extraordinary general meeting of the Company on 28 December 2021. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange respectively on 16 November and 29 December 2021 and H share circular despatched on 13 December 2021.

At the 11th meeting of the tenth session of the Board of the Company held on 30 August 2022 and the 15th meeting of the tenth session of the Board of the Company held on 30 March 2023, the resolution in relation to the Risk Assessment Report of China Electronics Financial Co., Ltd. was considered and approved, respectively, which assessed the deposit risk in Financial Company. According to the review, there were no material defects found in the risk control systems in respect of funds, credit, investment, audit and information management regarding the financial stations of Financial Company as of 30 June 2022 and 31 December 2022, as detailed in the relevant announcements of the Company published on the website of the Shanghai Stock Exchange on 31 August 2022 and 31 March 2023.

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

- Matters disclosed in interim announcements with progress or change in the follow-up implementation (Continued)

As of 31 December 2022, the fund settlement balance of the Group with Financial Company was RMB497,893,000, the comprehensive credit balance provided by Financial Company to the Group was RMB260,400, and the other financial services provided by the Finance Company to the Group had no amount incurred. As of 29 March 2023, the fund settlement balance of the Group with Financial Company was RMB178,675,500, the comprehensive credit provided by Financial Company to the Group had no balance, and the other financial services provided by the Finance Company to the Group had no amount incurred.

The connected transactions between the Group and Financial Company were also confirmed by the independent non-executive Directors that the fund settlement balance, the comprehensive credit balance and the amount incurred from other financial service business did not exceed the approved annual caps.

- Matters not disclosed in interim announcements

Unit: 0'000 Currency: RMB

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
China Electronics Equipment International Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				2,734.88	1.06			
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				850.92	0.33			
Nanjing IRICO New Energy Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				316.09	0.12			
TPV Audio and Visual Technology (Shenzhen) Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				174.18	0.07			
Shenzhen SED Wireless Communication Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				165.50	0.06			

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Nanjing Zhenhua Packing Material Factory	Subsidiary owned by shareholders	Purchase of goods				129.56	0.05			
Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics IMP. & EXP. Co., Ltd.)	Subsidiary owned by shareholders	Purchase of goods				69.58	0.03			
Nanjing Panda Dasheng Electronic Technology Co., LTD	Subsidiary owned by shareholders	Purchase of goods				44.05	0.02			
Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu China Electronic Panda Display Technology Co., Ltd.)	Other related parties	Purchase of goods				31.63	0.01			
Guizhou Zhenhua Fengguang Semiconductor Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				19.58	0.01			
Nanjing China Electronics Panda Crystal Technology Co., Ltd	Subsidiary owned by shareholders	Purchase of goods				12.50	0.00			
Guizhou Zhenhua Qunying Electrical Appliance Co. Ltd. (State-owned Factory No. 891)	Subsidiary owned by shareholders	Purchase of goods				9.54	0.00			
Shenzhen SED Technology Development Co., Ltd.	Other related parties	Purchase of goods				8.62	0.00			
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				6.53	0.00			
Panda Electronics Group Co., Ltd.	Controlling shareholder	Purchase of goods				6.15	0.00			
Nanjing CEC Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				4.34	0.00			
China Zhenhua Group Yunke Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				3.74	0.00			

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

(1) Connected transactions relating to day-to-day operation (Continued)

3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				3.19	0.00			
China Zhenhua Group Yongguang Electronics Co., LTD. (State-owned Factory No.873)	Subsidiary owned by shareholders	Purchase of goods				3.15	0.00			
Shenzhen Zhenhuaafu Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				1.69	0.00			
China Zhenhua (Group) Xinyun Electronic Components Co., Ltd. (State-owned Factory No.4326)	Subsidiary owned by shareholders	Purchase of goods				1.36	0.00			
Shenzhen China Electronics Investment Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				1.07	0.00			
IRICO (Hefei) LCD Glass Co., Ltd.	Other related parties	Purchase of goods				0.50	0.00			
Nanjing CEC Panda Lighting Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				0.03	0.00			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				643.76	2.21			
Nanjing Panda Medical Services Co., Ltd.	Other related parties	Receipt of services				219.13	0.75			
Shenzhen Chebao Information Technology Co., Ltd.	Associate	Receipt of services				115.20	0.40			
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Other related parties	Receipt of services				114.58	0.39			
Nanjing Huadong Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				51.95	0.18			
Panda Electronics Group Co., Ltd.	Controlling shareholder	Receipt of services				38.06	0.13			
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				15.41	0.05			

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				14.59	0.05			
Nanjing CEC Panda Property Management Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				4.56	0.02			
Nanjing CEC Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				0.40	0.00			
Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu China Electronic Panda Display Technology Co., Ltd.)	Other related parties	Sale of goods				46,133.79	13.91			
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				13,297.88	4.01			
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				10,799.46	3.26			
Guizhou Zhenhua New Materials Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				6,916.46	2.08			
IRICO (Hefei) LCD Glass Co., Ltd.	Other related parties	Sale of goods				4,205.31	1.27			
Guizhou Zhenhua Yilong New Materials Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				2,161.06	0.65			
Beijing Chinasoft Wanwei Network Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1,755.42	0.53			
Nanjing Ericsson Panda Communications Co., Ltd.	Associate	Sale of goods				1,329.76	0.40			
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Other related parties	Sale of goods				767.80	0.23			
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Sale of goods				579.25	0.17			
Great Wall Power Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				173.78	0.05			

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
CEC Industrial Internet Co. Ltd.	Subsidiary owned by shareholders	Sale of goods				151.45	0.05			
Nanjing Electronics Information Industrial Corporation ("NEIIC")	Indirect controlling shareholder	Sale of goods				137.98	0.04			
CEC Wangchen Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				54.54	0.02			
Nanjing Panda Dasheng Electronic Technology Co., LTD	Subsidiary owned by shareholders	Sale of goods				36.18	0.01			
Panda Electronics Group Co., Ltd.	Controlling shareholder	Sale of goods				32.51	0.01			
Wuhan Zhongyuan Communications Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				27.96	0.01			
China Electronics Materials Suzhe Company	Subsidiary owned by shareholders	Sale of goods				21.16	0.01			
Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics IMP. & EXP. Co., Ltd.)	Subsidiary owned by shareholders	Sale of goods				20.03	0.01			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				15.21	0.00			
Shenzhen China Electronics Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				10.28	0.00			
Nanjing CEC Panda Magnetolectric Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				9.68	0.00			
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.56	0.00			
Nanjing CEC Panda Real Estate Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.45	0.00			

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Nanjing Panda Science and Technology Park Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.33	0.00			
Nanjing CEC Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.08	0.00			
Nanjing Panda Medical Services Co., Ltd.	Other related parties	Sale of goods				0.70	0.00			
CEC Great Wall SFF Information System Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.39	0.00			
Nanjing CEC Panda Modern Service Industry Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.35	0.00			
TPV Technology Co. Ltd	Subsidiary owned by shareholders	Sale of goods				0.16	0.00			
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				2,619.81	3.28			
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				2,244.72	2.81			
Nanjing Ericsson Panda Communications Co., Ltd.	Associate	Rendering of services				2,026.34	2.54			
Panda Electronics Group Co., Ltd.	Controlling shareholder	Rendering of services				530.29	0.66			
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				391.65	0.49			
Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu China Electronic Panda Display Technology Co., Ltd.)	Other related parties	Rendering of services				228.64	0.29			
Nanjing Huadong Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				195.78	0.25			
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				133.89	0.17			

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
CEC Industrial Internet Co. Ltd.	Subsidiary owned by shareholders	Rendering of services				95.74	0.12			
Nanjing CEC Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				36.31	0.05			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				21.87	0.03			
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Other related parties	Rendering of services				14.54	0.02			
Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics IMP. & EXP. Co., Ltd.)	Subsidiary owned by shareholders	Rendering of services				9.14	0.01			
Nanjing Electronics Information Industrial Corporation ("NEIIC")	Indirect controlling shareholder	Rendering of services				6.94	0.01			
Nanjing IRICO New Energy Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				2.83	0.00			
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Rendering of services				0.80	0.00			
Shenzhen Chebao Information Technology Co., Ltd.	Associate	Rendering of services				0.80	0.00			
Nanjing Panda Medical Services Co., Ltd.	Other related parties	Rendering of services				0.40	0.00			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				81.25	2.22			
Nanjing CEC Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				61.30	1.68			
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Other related parties	Leasing of assets				32.17	0.88			

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics IMP. & EXP. Co., Ltd.)	Subsidiary owned by shareholders	Leasing of assets				29.01	0.79			
Shenzhen Chebao Information Technology Co., Ltd.	Associate	Purchase of goods				5.80	0.16			
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Leasing of assets				4.90	0.13			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				11.70	0.32			
Panda Electronics Group Co., Ltd.	Controlling shareholder	Leasing of assets				1.37	0.04			
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				1.06	0.03			
IRICO (Hefei) LCD Glass Co., Ltd.	Other related parties	Renting of assets				1.30	0.15			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Sale of assets				0.38	1.45			
Nanjing CEC Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Trademark licensing				1.10	1.05			
Total				/	/	103,251.80				

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of the transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
			Details on return of bulk sales	N/A						
			Explanation on connected transactions	<p>During the Reporting Period, the continuing connected transactions conducted between the Group, and CEC Group (including Financial Company) and NEIC Group (the continuing connected transactions which were conducted in the usual course of business and on normal commercial terms) were considered and approved at the extraordinary meeting of the tenth session of the Board of the Company and some continuing connected transactions subject to the approval of independent shareholders were approved by independent shareholders at the second extraordinary general meeting of 2021, the procedures of which were in compliance with relevant requirements. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange respectively on 16 November and 29 December 2021 and H share circular despatched on 13 December 2021.</p> <p>The day-to-day connected transactions between Chengdu Electronics Technology, a wholly owned subsidiary of the Company, and Chengdu Display Technology in 2022 were considered and approved at the extraordinary meeting of the tenth session of the Board of the Company and were approved by independent shareholders at the first extraordinary general meeting of 2022, the procedures of which were in compliance with relevant requirements. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 19 February and 17 March 2022.</p> <p>In addition, the Company entered into the Trademark Licensing Contracts with CEC Home Appliances and Panda Zhicheng successively based on the Trademark Licensing Agreement (2022-2024) between the Company and NEIC with a total trademark licensing fee of no more than RMB500,000 per year.</p> <p>All the abovementioned connected transactions were confirmed by the independent non-executive directors of the Company and had not exceeded their respective annual caps.</p> <p>These continuing connected transactions were conducive to the stability of the Group's production and operation. In addition, the terms of these continuing connected transactions were fair and reasonable with fair pricing and had performed approval procedures in accordance with relevant requirements and these continuing connected transactions were conducted in the usual course of business and on normal commercial terms, were in the benefit of the Company and the shareholders as a whole and did not affect the Company's independence.</p>						

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

3. Matters not disclosed in interim announcements (Continued)

For details of the continuing connected transactions between the Group and CEC Group (including Financial Company), NEIC Group (including CEC Home Appliances and Panda Zhicheng) during the Reporting Period, please refer to the section headed “Related party relationship and transactions” in the notes to the financial statements of the 2022 annual report of the Company, summaries of which are as follows:

Unit: 0'000 Currency: RMB

Serial No.	Categories of the Continuing Connected Transaction	Pricing Principle	Amount incurred
(A)	Provision of sub-contracting services and composite services by the Group to the CEC Group	Market price, Government guidance rate	6,289
(B)	Provision of sub-contracting services and composite services by the CEC Group to the Group	Market price, Government guidance rate	769
(C)	Sale of materials, components and parts by the Group to the CEC Group	Market price, Cost plus pricing	35,627
(D)	Purchase of materials, components and parts by the Group from the CEC Group	Market price	4,558
(E)	Lease of premises and relevant equipment by the Group to the NEIC Group	Market price	186
(F)	Licensing of Trademark by the Group to CEC Home Appliances	Market price	1
(G)	Licensing of Trademark by the Group to Panda Zhicheng	Market price	0
(H)	The fund settlement balance of the Group with Financial Company (receipt and payment of transaction amount, deposits taking, and handling time deposits, call deposits, agreement deposit, etc.)	Market price	49,789
(I)	Provision of comprehensive credit balance by Financial Company to the Group (loans in local and foreign currencies, external guarantees, acceptance and discount of commercial acceptance bills, letter of guarantee, etc.)	Market price	26
(J)	Provision of other financial services (fund management, discount of bank acceptance bills, principal agency, issuance of fund certificates, loan commitment, general planning consultation and special financial consultancy, etc.) by Financial Company to the Group	Market price	0

Note: (H), (I), (J) were the fund settlement balance, comprehensive credit balance, and amount incurred from other financial services of the Group with the Financial Company under CEC as at 31 December 2022. During the Reporting Period, both of the fund settlement balance and comprehensive credit balance of the Group with Financial Company did not exceed the approved annual caps.

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

3. Matters not disclosed in interim announcements (Continued)

As for such continuing connected transactions, the Company entered into agreements with each of CEC, NEIC, Financial Company, CEC Home Appliances and Panda Zhicheng in compliance with the requirements of relevant laws, regulations, the Articles of Association, and performed relevant procedures for reporting and approval and the information disclosure obligation according to the law. PEG, NEIC and their connected persons abstained from voting at the Board meetings and general meetings of the Company to procure the compliance of such continuing connected transactions with the principle of “fairness, justice and openness” and normal business transaction rules, and ensure the legitimate rights and interests of the Company and other shareholders are not prejudiced. Therefore, such continuing connected transactions will not have any impact on the independence of the Company.

Related Party Transactions: During the reporting year, the Group entered into certain transactions with parties regarded as “related parties” under applicable accounting principles.

Except for the “Related party relationship and transactions” as set out in notes to the financial statements and the connected transactions disclosed below, which constituted connected transactions and/or continuing connected transactions under the Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, no other transactions constituted “connected transaction” or “continuing connected transaction” under Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The Company has complied with relevant requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

- (a) the material related party transactions entered into between the Group and the intermediate holding company, the Group and the immediate holding company and between the Group and fellow subsidiaries; and
- (b) as at 31 December 2022, the Group’s deposits with a fellow subsidiary of the Company, being a financial institution in the PRC, was RMB497,893,000 and the balance of the loans and other credit financing services provided by the fellow subsidiary to the Group was RMB260,400, no amount incurred in the provision of other financial services to the Group by the Finance Company, which is a financial institution established in China.

The auditors of the Company were engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standards on Review Engagements 3000 – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants.

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

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

3. Matters not disclosed in interim announcements (Continued)

The auditors of the Company have issued the letter containing the work result in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Main Board Listing Rules, a copy of which has been provided to the Hong Kong Stock Exchange.

In addition, in accordance with the relevant provisions of paragraph (3) of Article 6.3.3 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the sale of materials, components and parts and the provision of subcontracting services by the Company's subsidiary Chengdu Electronics Technology to Chengdu Display Technology constituted the connected transactions of the Company. The actual amount incurred in 2022 was RMB461,337,900, which did not exceed RMB700,000,000, the annual cap set in the 2022 Day-to-Day Transaction Agreement between Chengdu Electronics Technology and Chengdu Display Technology.

(II) Connected transactions in respect of asset or equity acquisition or disposal: N/A

(III) During the Reporting Period, the Company Had no Material Connected Transactions in Respect of Joint External Investment.

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

(IV) Transactions Relating to Creditor's Rights and Debts

1. Matters not disclosed in interim announcements

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 ("NEIC")	Indirect controlling shareholder				6,670,000.00	3,120,000.00	9,790,000.00
Panda Electronics Group Co., Ltd.	Controlling shareholder				5,395,731.47	-1,627,120.16	3,768,611.31
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders					392,567.50	392,567.50
China Electronics Import and Export Co., Ltd.	Subsidiary owned by shareholders				195,539.62		195,539.62
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders				840,988.60	-816,810.60	24,178.00
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders				22,907.00		22,907.00
Nanjing Panda Science and Technology Park Development Co., Ltd.	Subsidiary owned by shareholders				20,000.00		20,000.00
Nanjing CEC Panda Real Estate Co., Ltd.	Subsidiary owned by shareholders				5,000.00		5,000.00
Nanjing Panda Medical Services Co., Ltd.	Other related parties				2,114.00	-2,114.00	
Total					13,152,280.69	1,066,522.74	14,218,803.43
Causes of the Claims and Debts							N/A
Influence of Creditor's Rights and Debts to the Company							N/A

Section VI Significant Events (Continued)

XII. Material Connected Transactions (Continued)

(V) Transaction relating to Financial Services between the Company and Financial Company, Financial Holding Company, and Other Connected Parties

1. Deposit services

Unit: Yuan Currency: RMB

Connected Parties	Connected Relationship	Maximum Daily Deposit Balance	Interest Rate Range	Opening Balance	Transaction Amount		Closing Balance
					Total amount of deposit in the current period	Total amount of withdrawal in the current period	
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	500,000,000.00	0.42%-2.00%	496,800,654.26	3,204,004,555.25	3,202,912,255.98	497,892,953.53
Total	/	/	/	496,800,654.26	3,204,004,555.25	3,202,912,255.98	497,892,953.53

2. Loan services: N/A

3. Credit granting or other financial services

Unit: Yuan Currency: RMB

Connected Parties	Connected Relationship	Type of Services	Total	Amount Incurred
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	Issuing bank acceptances and performance bonds	600,000,000.00	260,385.30

Section VI Significant Events (Continued)

XIII. Material Contracts and Performance Thereof

(I) Matters relating to trust, contract and lease: N/A

Unit: 0'000 Currency: RMB

Lessor	Lessee	Leased Assets	Amount of the Leased Assets	Start Date	End Date	Rental Income	Basis for Determining Rental Income	Effect of Rental Income on Company	Connected Transaction or Not	Connected Relationship
Nanjing Panda Electronics Company Limited	Nanjing Gusheng Enterprise Management Co., Ltd.	The 1st to 4th floors (including 1 mezzanine floor) and 14th to 17th floors of Panda Building, No.301 Zhongshan Road East, Nanjing and the ancillary equipment and facilities thereof, with an aggregate area of 29,544.68 square meters	The net value of the leased assets at the end of December 2022 was RMB204,610,000. The total guaranteed rent is RMB286,216,800	1 December 2020	30 September 2031	The total guaranteed rent during the lease term is RMB286,216,800. If the annual rent receivable by the lessee in terms of the entire building to which the leased properties situated (the leased area other than the parking space(s)) is in excess of RMB110,230,000, the lessee shall pay 10.65% of the excess to the Company as the turnover rent. The estimated rent for 2022 was RMB21,274,300.	Lease Contract	The expected effect on the Company's profit or loss for 2022 amounts to RMB17,079,000.	No	No

Section VI Significant Events (Continued)

XIII. Material Contracts and Performance Thereof (Continued)

(II) Guarantees

Unit: 0'000 Currency: RMB

Guarantees made by the Company (excluding those in favour of subsidiaries)													
Relationship between Guarantor and the Listed Company	Secured Party	Guaranteed Amount	Effective Date of Guarantee (agreement execution date)	Commencement Date	Expiry Date	Type of Guarantee	Collateral (if any)	Whether the Guarantee has been		Overdue Amount	Counter Guarantee	Guarantee Provided to the Related Parties	Connected Relationship
								Fulfilled	Overdue				
Total amount of guarantees during the Reporting Period (excluding those in favour of subsidiaries)													0
Total balance of the amount of guarantees at the end of the Reporting Period (A) (excluding those provided for subsidiaries)													0
Guarantees in favour of subsidiaries provided by the Company and its subsidiaries													
Total amount of guarantees provided for subsidiaries during the Reporting Period													47,200.00
Total balance of the amount of guarantees provided for subsidiaries at the end of the Reporting Period (B)													6,055.75
Total amount of guarantees made by the Company (including those provided for subsidiaries)													
Total amount of guarantees (A+B)													6,055.75
Percentage of total guarantee amount in net assets of the Company (%)													1.70
Including:													
Amount of guarantees provided for shareholders, de facto controller and their related parties (C)													0
Amount of guarantees provided directly or indirectly for parties with a gearing ratio of over 70% (D)													2,714.33
Amount by which the total guarantee exceeds 50% of the net assets (E)													0
Total amount of the above three items (C+D+E)													2,714.33
Statement on the contingent joint and several liability in connection with unexpired guarantee													
Statement on guarantee													

Section VI Significant Events (Continued)

XIII. Material Contracts and Performance Thereof (Continued)

(II) Guarantees (Continued)

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

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

At the 2021 annual general meeting of the Company held on 29 June 2022, it was approved that the Company could provide guarantees for an aggregate financing amount of no more than RMB472,000,000 for the relevant subsidiaries, during the period from the date immediately after the conclusion of the 2021 annual general meeting to the date of the 2022 annual general meeting, and the general manager of the Company was authorized to handle the matters relating to the provision of guarantees for the financing of the subsidiaries during the period.

The independent Directors of the Company have expressed their independent opinions on the above external guarantees as follows: all the above-mentioned guarantees had been considered and approved by the Board and approved by shareholders at general meetings, and relevant procedures were in compliance with applicable rules. Other than its subsidiaries, the Company and its subsidiaries did not provide any guarantee to any independent third parties nor to its controlling shareholder, de facto controller or their connected parties. All guarantee receivers were subsidiaries of the Company, over which the Company has actual control and thus the risk of guarantee is under control. The Company can strictly control the external guarantee risks. Providing guarantees for the financing of subsidiaries will not affect the Company’s ability to continue as a going concern or damage the interests of minority shareholders. Providing guarantees for the financing of related subsidiaries is conducive to promoting their business expansion and undertaking various engineering projects, and in the interests of the Company and the shareholders as a whole. The guaranteed amounts match their production and operation and capital requirements. And thereby the Company is agreed to provide guarantees for the financing of related subsidiaries. The Company is required to carefully study the external guarantee requirements for listed companies of the CSRC, the Shanghai Stock Exchange and the Hong Kong Stock Exchange to ensure that the procedures of external guarantees stay in compliance with applicable rules and that sufficient information and risk disclosures are made.

Section VI Significant Events (Continued)

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management

1. Entrusted wealth management

(1) Overall condition of entrusted wealth management

Unit: 0'000 Currency: RMB

Type	Source of Funds	Amount Incurred	Balance Not yet Due	Amount Overdue but yet to Recovery
Wealth management products of banks	Internal Fund	173,000.00	50,000.00	0

Other conditions:

At the extraordinary meeting of the tenth session of the Board of the Company convened on 17 December 2021, the resolution concerning the Use of Temporarily Idle Fund for Cash Management was considered and approved. It was agreed that the internal periodically idle fund of no more than RMB500,000,000 (inclusive) could be used to invest in low-risk wealth management products with principal guaranteed terms for a term not exceeding 12 months. The resolution would remain effective for one year from the date of approval by the Board. During the effective term of the resolution, the aforesaid amount can be used for investment on cyclic and rolling basis. The General Manager shall be authorized to deal with relevant matters within the amount limit and during the effective term of the resolution. For details, please refer to the Announcement on Use of Internal fund for Cash Management of Nanjing Panda Electronics Company Limited (Lin 2021-047) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 18 December 2021.

Section VI Significant Events (Continued)

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management (Continued)

1. Entrusted wealth management (Continued)

(1) Overall condition of entrusted wealth management (Continued)

At the extraordinary meeting of the tenth session of the Board of the Company convened on 7 December 2022, the resolution concerning the Use of Temporarily Idle Fund for Cash Management was considered and approved. It was agreed that the internal periodically idle fund of no more than RMB900,000,000 (inclusive) could be used to invest in low-risk wealth management products with principal guaranteed terms for a term not exceeding 12 months. The resolution would remain effective for one year from the date of approval by the Board. During the effective term of the resolution, the aforesaid amount can be used for investment on cyclic and rolling basis. The General Manager shall be authorized to deal with relevant matters within the amount limit and during the effective term of the resolution. For details, please refer to the Announcement on Use of Internal fund for Cash Management of Nanjing Panda Electronics Company Limited (Lin 2022-055) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 8 December 2022.

During the Reporting Period, the balance used to purchase the wealth management products of banks with internal temporarily idle fund of the Group was within the limit approved by the Board. As of 31 December 2022, the balance used to purchase wealth management products with internal temporarily idle fund by the Group amounted to RMB500,000,000 and as of 29 March 2023, the balance thereof amounted to RMB260,000,000.

(2) Single entrusted wealth management

Unit: 0'000 Currency: RMB

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Method to determine return	Annual rate of return	Expected return (if any)	Actual income or loss	Through a actual legal amount procedure recovered or not	Have an entrusted wealth management plan or not	Amount of provision for the impairment (if any)
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	5,000	2021.7.14	2022.1.14	Internal fund	Bank	Principal guaranteed with floating returns	3.30%		83.18	5,000 Yes	No	

Section VI Significant Events (Continued)

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management (Continued)

1. Entrusted wealth management (Continued)

(2) Single entrusted wealth management (Continued)

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Method to determine return	Annual rate of return	Expected return (if any)	Actual income or loss	Actual amount recovered	Through a legal procedure or not	Have an entrusted wealth management plan or not	Amount of provision for the impairment (if any)
China CITIC Bank Corporation Limited	Principal guaranteed with floating returns	4,000	2021.10.23	2022.1.21	Internal fund	Bank	Principal guaranteed with floating returns	3.25%		32.05	4,000	Yes	No	
China CITIC Bank Corporation Limited	Principal guaranteed with floating returns	5,000	2021.10.22	2022.1.21	Internal fund	Bank	Principal guaranteed with floating returns	3.25%		40.07	5,000	Yes	No	
China CITIC Bank Corporation Limited	Principal guaranteed with floating returns	2,000	2021.10.30	2022.1.28	Internal fund	Bank	Principal guaranteed with floating returns	3.25%		16.03	2,000	Yes	No	
China CITIC Bank Corporation Limited	Principal guaranteed with floating returns	5,000	2021.10.30	2022.1.28	Internal fund	Bank	Principal guaranteed with floating returns	3.25%		40.07	5,000	Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	5,000	2021.12.23	2022.3.23	Internal fund	Bank	Principal guaranteed with floating returns	3.40%		42.50	5,000	Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	1,000	2021.12.23	2022.3.23	Internal fund	Bank	Principal guaranteed with floating returns	3.40%		8.50	1,000	Yes	No	
China Merchants Bank Co., Ltd.	Principal guaranteed with floating returns	5,000	2021.12.23	2022.1.24	Internal fund	Bank	Principal guaranteed with floating returns	2.96%		12.98	5,000	Yes	No	

Section VI Significant Events (Continued)

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management (Continued)

1. Entrusted wealth management (Continued)

(2) Single entrusted wealth management (Continued)

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Method to determine return	Annual rate of return	Expected return (if any)	Actual income or loss	Actual amount recovered	Through a legal procedure or not	Have an entrusted wealth management plan or not	Amount of provision for the impairment (if any)
Bank of Communications Co., Ltd.	Principal guaranteed with floating returns	15,000	2021.12.31	2022.1.28	Internal fund	Bank	Principal guaranteed with floating returns	3.50%		40.27	15,000	Yes	No	
Bank of Communications Co., Ltd.	Principal guaranteed with floating returns	5,000	2022.3.3	2022.6.7	Internal fund	Bank	Principal guaranteed with floating returns	3.40%		44.71	5,000	Yes	No	
Bank of Communications Co., Ltd.	Principal guaranteed with floating returns	2,000	2022.3.3	2022.6.7	Internal fund	Bank	Principal guaranteed with floating returns	3.40%		17.88	2,000	Yes	No	
Bank of Communications Co., Ltd.	Principal guaranteed with floating returns	5,000	2022.3.3	2022.6.7	Internal fund	Bank	Principal guaranteed with floating returns	3.40%		44.71	5,000	Yes	No	
Bank of Communications Co., Ltd.	Principal guaranteed with floating returns	3,000	2022.3.3	2022.6.7	Internal fund	Bank	Principal guaranteed with floating returns	3.40%		26.83	3,000	Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	5,000	2022.3.25	2022.6.25	Internal fund	Bank	Principal guaranteed with floating returns	3.35%		41.88	5,000	Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	1,000	2022.3.25	2022.6.25	Internal fund	Bank	Principal guaranteed with floating returns	3.35%		8.38	1,000	Yes	No	

Section VI Significant Events (Continued)

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management (Continued)

1. Entrusted wealth management (Continued)

(2) Single entrusted wealth management (Continued)

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Method to determine return	Annual rate of return	Expected return (if any)	Actual income or loss	Actual amount recovered	Through a legal procedure or not	Have an entrusted wealth management plan or not	Amount of provision for the impairment (if any)
China Everbright Bank Company Limited	Principal guaranteed with floating returns	5,000	2022.4.8	2022.10.8	Internal fund	Bank	Principal guaranteed with floating returns	3.35%		86.25	5,000	Yes	No	
Bank of Ningbo Co., Ltd.	Principal guaranteed with floating returns	5,000	2022.6.14	2023.01.04	Internal fund	Bank	Principal guaranteed with floating returns	1% or 3.35%				Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	5,000	2022.6.10	2022.9.10	Internal fund	Bank	Principal guaranteed with floating returns	3.30%		41.25	5,000	Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	4,000	2022.6.10	2022.9.10	Internal fund	Bank	Principal guaranteed with floating returns	3.30%		33.00	4,000	Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	2,000	2022.6.10	2022.9.10	Internal fund	Bank	Principal guaranteed with floating returns	3.30%		16.50	2,000	Yes	No	
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	6,000	2022.6.22	2023.01.06	Internal fund	Bank	Principal guaranteed with floating returns	1.5%-3.0%				Yes	No	
China Merchants Bank Co., Ltd.	Principal guaranteed with floating returns	6,000	2022.6.24	2022.9.23	Internal fund	Bank	Principal guaranteed with floating returns	2.95%		44.13	6,000	Yes	No	

Section VI Significant Events (Continued)

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management (Continued)

1. Entrusted wealth management (Continued)

(2) Single entrusted wealth management (Continued)

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Method to determine return	Annual rate of return	Expected return (if any)	Actual income or loss	Actual amount recovered	Through a legal procedure or not	Have an entrusted wealth management plan or not	Amount of provision for the impairment (if any)
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	11,000	2022.6.29	2022.10.11	Internal fund	Bank	Principal guaranteed with floating returns	3.69%		115.65	11,000	Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	5,000	2022.6.29	2022.8.29	Internal fund	Bank	Principal guaranteed with floating returns	3.25%		27.08	5,000	Yes	No	
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	17,000	2022.9.19	2022.12.21	Internal fund	Bank	Principal guaranteed with floating returns	3.60%		155.93	17,000	Yes	No	
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	15,000	2022.10.18	2023.4.21	Internal fund	Bank	Principal guaranteed with floating returns	1.2%-3.25%				Yes	No	
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	1,000	2022.10.18	2023.4.21	Internal fund	Bank	Principal guaranteed with floating returns	1.2%-3.25%				Yes	No	
China Merchants Bank Co., Ltd.	Principal guaranteed with floating returns	6,000	2022.10.21	2023.1.20	Internal fund	Bank	Principal guaranteed with floating returns	1.85%-2.75%				Yes	No	

Section VI Significant Events (Continued)

XIII. Material Contracts and Performance Thereof (Continued)

(III) Entrusted cash assets management (Continued)

1. Entrusted wealth management (Continued)
 - (2) Single entrusted wealth management (Continued)

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Method to determine return	Annual rate of return	Expected return (if any)	Actual income or loss	Actual amount recovered	Through a legal procedure or not	Have an entrusted wealth management plan or not	Amount of provision for the impairment (if any)
China Everbright Bank Company Limited	Principal guaranteed with floating returns	17,000	2022.12.29	2023.3.29	Internal fund	Bank	Principal guaranteed with floating returns	1.5% or 3.25% or 3.35%				Yes	No	
Total		173,000								1,019.83	123,000			

Other conditions:

The purchases of wealth management products by the Group from banks had been considered and approved by the Board of the Company and did not involve litigation, and there was no failure of recovery of principal when due. As of 31 December 2022, save for the wealth management products not yet due, the Company recovered the internal funds that were used to purchase wealth management products and the respective return thereof as scheduled. For the wealth management products which remain to be due, principal and returns were recovered as scheduled on the due dates.

- (3) Provision for the impairment of entrusted wealth management: N/A
2. Entrusted loans: N/A

(IV) Other material contracts

Save as in the ordinary course of business, details of the material contracts entered into by the Company during the Reporting Period are set out in Section III "Enter into Material Contracts" in this Report.

Section VI Significant Events (Continued)

XIV. Description of Other Material Events with a Significant Impact on the Value Judgement and Investment Decisions Made by Investors

(I) Tax policies

On 31 December 2022, details of the tax preferences of the Company and its subsidiaries are set out in the notes to the financial statements prepared in accordance with the accounting standards of PRC enterprises. The tax preference for subsidiaries registered in Hong Kong is subject to local laws and regulations.

(II) 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 basic medical insurance premiums (including maternity insurance) at 8.8% of the individual employee's contribution base since 1 January 2022 in accordance with the Notice on Reduction of the Contribution Rate of Employing Units for Employees' Basic Medical Insurance and Other Relevant Matters (Ning Yi Fa [2022] No. 7).

(III) 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)) 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) 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.

Section VII Changes in Shares and Information of Shareholders

I. Changes in Share Capital

(I) Table for changes in shares

1. Table for changes in shares

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

As of 30 March 2023, the latest practicable and recent date prior to the date of announcement of the annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has complied with the requirements of the Hong Kong Stock Exchange in relation to sufficiency of public float.

2. Explanations on changes in shares: N/A

3. Other contents that the Company deems necessary and the securities regulatory agencies require to disclose: N/A

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

II. Securities Issue and Listings

(I) Issue of securities during the Reporting Period

During the Reporting Period, the Company did not issue any ordinary shares, convertible bonds, bonds with warrants, bonds and other derivatives.

(II) Changes in the total number of shares and shareholding structure of the Company and changes in the structure of assets and liabilities of the Company: N/A

(III) Existing internal employee's shares: N/A

III. Shareholders and Actual Controller

(I) Total number of shareholders

Total number of shareholders as of the end of the Reporting Period (<i>shareholder</i>)	34,631 shareholders (including 34,603 A shareholders and 28 H shareholders)
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Total number of shareholders at the end of last month prior to the disclosure of this annual report (<i>shareholder</i>)	34,581 shareholders (including 34,554 A shareholders and 27 H shareholders)
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Section VII Changes in Shares and Information of Shareholders (Continued)

III. Shareholders and Actual Controller (Continued)

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

Unit: share

Shareholdings of top ten shareholders of the Company

Name of Shareholder	Increase/ Decrease during the Reporting Period	Number of Shares Held at the End of the Reporting Period	Percentage of Shareholding (%)	Number of Shares Held Subject to Trading Moratorium	Pledged or Frozen Shares		Type of Shareholders
					State of Shares	Number of Shares	
HKSCC (Nominees) Limited	1,557,165	245,613,148	26.88	0	Unknown		Overseas legal person
Panda Electronics Group Co., Ltd.	0	210,661,444	23.05	0	Pledged	105,091,430	State-owned legal person
Nanjing Electronics Information Industrial Corporation ("NEIIC")	0	35,888,611	3.93	0	Unknown		State-owned legal person
China Huarong Assets Management Co., Ltd	-21,343,463	33,994,824	3.72	0	Unknown		State-owned legal person
CITIC Securities -China Huarong Assets Management Co., Ltd. - CITIC Securities - Yunfan Single Asset Management Plan	18,160,700	18,160,700	1.99	0	Unknown		Other
Lu Ping (吕平)	4,311,100	8,529,300	0.93	0	Unknown		Domestic natural person
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

Section VII Changes in Shares and Information of Shareholders (Continued)

III. Shareholders and Actual Controller (Continued)

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

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

Name of Shareholder	Number of shares held not subject to trading moratorium	Class and Number of Shares	
		Class	Number
HKSCC (Nominees) Limited	245,613,148	Overseas listed foreign shares	241,663,450
		RMB ordinary shares	3,949,698
Panda Electronics Group Co., Ltd.	210,661,444	RMB ordinary shares	210,661,444
Nanjing Electronics Information Industrial Corporation ("NEIIC")	35,888,611	RMB ordinary shares	22,120,611
China Huarong Assets Management Co., Ltd	33,994,824	RMB ordinary shares	33,994,824
		Overseas listed foreign shares	13,768,000
CITIC Securities -China Huarong Assets Management Co., Ltd. – CITIC Securities – Yunfan Single Asset Management Plan	18,160,700	RMB ordinary shares	18,160,700
Lu Ping (吕平)	8,529,300	RMB ordinary shares	8,529,300
Beijing Friendly Asset Management Co., Ltd.- Fortune 1 Securities Investment Fund (富潤1期證券投資基金)	4,000,108	RMB ordinary shares	4,000,108
Chen Linfa (陳林法)	3,976,500	RMB ordinary shares	3,976,500
Sun Feng (孫馮)	2,395,600	RMB ordinary shares	2,395,600
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	RMB ordinary shares	2,300,400

Section VII Changes in Shares and Information of Shareholders (Continued)

III. Shareholders and Actual Controller (Continued)

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

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

Explanation on the aforesaid shareholders' entrust voting rights, entrusted voting rights and waiver of voting rights: In the consideration of the transactions between the Company and China Electronics and its Connected Parties, PEGE, NEIC and their connected persons abstained from voting as they constituted connected persons in respect of such resolutions. Save for the above, there are no other matters specifically stated by the Company.

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

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

Notes:

1. 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 NEIC in the Company, and 27,414,000 H shares held by CEIEC (H.K.) Limited (華電有限公司), a wholly-owned subsidiary of CEC as at the end of the Reporting Period. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.
2. On 2 August 2021, the Company received a notice from PEGE, the controlling shareholder, informing that certain shares of the Company held by PEGE have been pledged. Pursuant to which, PEGE 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.

Section VII Changes in Shares and Information of Shareholders (Continued)

III. Shareholders and Actual Controller (Continued)

(III) Strategic investors or general legal persons becoming the top ten Shareholders because of placing of new Shares: N/A

(IV) Information on reduction of shareholding by shareholders holding more than 5% of the issued share capital of the Company

1. On 24 September 2021, the Company received a document from China Huarong regarding its plan to reduce its shareholding in the Company. During the period from 24 November 2021 to 24 December 2021, China Huarong reduced its shareholding in the Company by 9,133,604 A shares in aggregate, representing 1% of the total share capital of the Company; From 28 February to 4 March, 2022, China Huarong reduced its shareholding in the Company by 3,182,763 A shares in aggregate, representing 0.35% of total share capital of the Company. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 25 September and 29 December 2021, 23 April and 26 April 2022.
2. On 25 April 2022, the Company received a document from China Huarong regarding its plan to reduce its shareholding in the Company. During the reporting period, China Huarong reduced its shareholding in the Company by 6,463,600 A shares through block trading on 15 November 2022, representing 0.71% of the total share capital of the Company, after the reduction, China Huarong held 45,691,924 A shares of the Company, representing 5% of total share capital of the Company; China Huarong reduced its shareholding in the Company by 11,697,100 A shares through block trading on 21 November 2022, representing 1.28% of the total share capital of the Company, after the reduction, China Huarong held 33,994,824 A shares of the Company, representing 3.72% of total share capital of the Company. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 19 August, 16 November, 21 November, and 22 November 2022.

Section VII Changes in Shares and Information of Shareholders (Continued)

IV. Controlling Shareholders and the de facto Controllers of the Company

(I) Controlling shareholders

1. Legal person	
Name	Panda Electronics Group Co., Ltd.
The person in charge of the entity or legal representative	Zhong Youxiang
Date of establishment	5 December 1990
Principal business	<p>Development, manufacture, sales and maintenance of various kinds of communication equipment, home appliance products, electronic equipment, electronic intelligent equipment, computer and other electronic equipment, radio and television equipment, video and audio equipment, electronic devices and components, environment protection equipment, social public service and other special equipment, electronics and electrical machinery equipment, instruments and meters, office machinery, general finance/tax control equipment; development of computers and IT software, system integration equipment and services; property management; parking service. (For items subject to approval according to laws, business activities may not be carried out until they are approved by relevant authorities)</p> <p>Approved items: Accommodation service; property development and operation (For items subject to approval according to laws, business activities may not be carried out until they are approved by relevant authorities, and specific business items are subject to approval results).</p> <p>General items: general goods warehousing services (excluding hazardous chemicals and other items subject to permission and approval); loading, unloading and handling; road freight station operation (except for the projects subject to approval according to law, business activities shall be carried out independently with the business license according to law)</p>
Equities of other domestic and overseas listed companies in which the company holds controlling shares or shares during the Reporting Period	N/A
Other explanations	N/A

Section VII Changes in Shares and Information of Shareholders (Continued)

IV. Controlling Shareholders and the de facto Controllers of the Company (Continued)

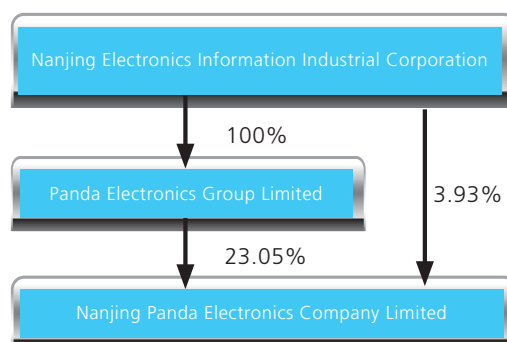
(I) Controlling shareholders (Continued)

1. Legal person (Continued)

As at the end of the Reporting Period, NEIC held 100% of PEG's share capital, which is the controlling shareholder of the Company. NEIC held 3.93% of the Company's total share capital directly and through the asset management plan and indirectly held 23.05% of the Company's total share capital through PEG, collectively held 26.98% of the Company's total share capital. Main information of NEIC is as follows:

Name	Nanjing Electronics Information Industrial Corporation ("NEIC")
The person in charge of the entity or legal representative	Zhou Guixiang
Date of establishment	11 May 2007
Principal business	Research and development, services and transfer of electronic information technology; research and development, manufacture, sales and related services of electronic products; design, construction and related services in electronic engineering; real estate investment; property management; industrial investment and asset management services. (For items subject to approval according to laws, business activities may not be carried out until they are approved by relevant authorities)
Equities of other domestic and overseas listed companies in which the company holds controlling shares or shares during the Reporting Period	As of 31 December 2022, other than its equity interests in the Company, NEIC held 24.51% equity interests of TPV Technology (000727).

2. Diagram of the shareholding and controlling relationship between the Company and the controlling shareholder



Section VII Changes in Shares and Information of Shareholders (Continued)

IV. Controlling Shareholders and the de facto Controllers of the Company (Continued)

(II) De facto controllers

1.	Legal person	
	Name	China Electronics Corporation Limited
	The person in charge of the entity or legal representative	Zeng Yi
	Date of establishment	26 May 1989
	Principal business	Research, development, design, and manufacture of electronic raw materials, electronic devices and components, electronic instruments and meters, complete sets of electronic products, electronic application products and systems, special electronic equipment, auxiliary products and software as well as sales of complete sets of relevant products; general contracting, organization and management of electronic application system projects, communication projects, and water treatment projects; development, promotion and application of environment protection and energy saving technologies; development and operation of real estate; sales of automobiles, auto parts, hardware and electrical equipment, photographic apparatus, construction materials, decorative materials and apparel; exhibition management; house repairing business; consulting services, technical services and transfer; maintenance and sales of home appliances.

Section VII Changes in Shares and Information of Shareholders (Continued)

IV. Controlling Shareholders and the de facto Controllers of the Company (Continued)

(II) De facto controllers (Continued)

1. Legal person (Continued)

Equities of other domestic and overseas listed companies in which the company holds controlling shares or shares during the Reporting Period

Please refer to the chart below for details.

Other explanations

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

Section VII Changes in Shares and Information of Shareholders (Continued)

IV. Controlling Shareholders and the de facto Controllers of the Company (Continued)

(II) De facto controllers (Continued)

1. Legal person (Continued)

As at 31 December 2022, equities of other domestic and overseas listed companies (other than the Company) in which the de facto controller held controlling shares or shares were as follows:

No.	Abbreviation of Listed Company	Securities Code	Percentage of CEC's Shareholding ^{Note}
1.	IRICO New Energy	00438HK	74.91%
2.	China Electronics Huada Technology	00085HK	59.42%
3.	Shenzhen SED A	000032	47.59%
4.	China Great Wall	000066	40.92%
5.	Kaifa	000021	34.51%
6.	China Electronics Optics Valley	00798HK	33.67%
7.	China Software	600536	35.84%
8.	Zhenhua Science & Technology	000733	32.73%
9.	Solomon Systech	02878HK	28.33%
10.	TPV Technology	000727	28.13%
11.	Shanghai Beiling	600171	25.02%
12.	IRICO Display	600707	21.06%
13.	QI-ANXIN-U	688561	20.18%
14.	Montage Technology	688008	11.10%
15.	Zhenhua New Materials-U	688707	36.07%
16.	Anlu Technology	688107	29.17%
17.	Empyrean	301269	34.06%
18.	Zhenhua Fengguang	688439	43.04%

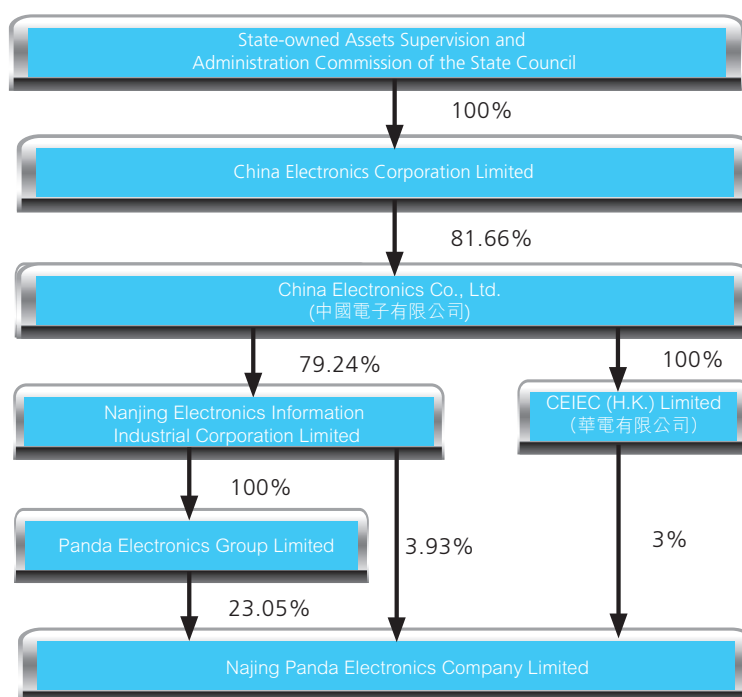
Note: Percentage of CEC's shareholding represents the aggregate of the shareholdings held through relevant connected parties or party acting in concert among the shareholders of listed companies.

Section VII Changes in Shares and Information of Shareholders (Continued)

IV. Controlling Shareholders and the de facto Controllers of the Company (Continued)

(II) De facto controllers (Continued)

2. Diagram of property rights and controlling relationship between the Company and its de facto controllers



3. Control over the Company via trust or other assets management methods by the de facto controller: N/A

V. The Cumulative Number of Shares Pledged by the Controlling Shareholder or the Largest Shareholder of the Company and Its Concert Parties Accounting for More than 80% of the Number of Shares Held in the Company: N/A

VI. Other Legal Person Shareholders Holding 10% or More of Shares of the Company

As of the end of the reporting period, HKSCC (Nominees) Limited held 245,613,148 shares of the Company (including 241,663,450 H shares and 3,949,698 A shares), representing 26.88% of the issued share capital of the Company, on behalf of several clients, including 13,768,000 H shares held by NEIIC, and 27,414,000 H shares held by CEIEC (H.K.) Limited, a wholly-owned subsidiary of CEC. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the issued share capital of the Company. Besides, as of 31 December 2022, there is no other legal person shareholders holding 10% or more of shares of the Company.

Section VII Changes in Shares and Information of Shareholders (Continued)

VII. Limitation on the Reduction of Shareholding: N/A

VIII. Specific Implementation of Share Repurchases During the Reporting Period: N/A

IX. Substantial Shareholders' Interests and Short Positions in the Shares or Underlying Shares of the Company

As at 31 December 2022, so far as the Directors, Supervisors and senior management staff of the Company were aware, and having made all reasonable enquiries, interests or short positions in shares and underlying shares of the Company held by substantial shareholders (exclusive of Directors, Supervisors and senior management staff of the Company) which were required to be recorded in the register pursuant to section 336 of the Securities and Futures Ordinance (“SFO”) of the Hong Kong Stock Exchange were as follows: (1) PEGL held 210,661,444 domestic shares, accounting for approximately 31.36% of domestic shares in issue and approximately 23.05% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (2) NEIC held 22,210,611 domestic shares, accounting for approximately 3.29% of domestic shares in issue and approximately 2.42% of the total shares in issue and held 13,768,000 H shares, accounting for approximately 5.69% of H shares in issue and approximately 1.51% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. NEIC held 100% equity interests in PEGL and in total held 246,550,055 shares in the Company which was held in the capacity of controlled corporation and beneficial owner, accounting for approximately 26.98% of the total shares in issue. (3) CEIEC (H.K.) Limited held 27,414,000 H shares, accounting for approximately 11.33% of H shares in issue and approximately 3.00% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (4) CEC held 79.24% equity interests in NEIC and 100% equity interests in CEIEC (H.K.) Limited. NEIC held 100% equity interests in PEGL, and CEC held 273,964,055 shares in the Company in total which was held in the capacity of controlled corporation, accounting for approximately 29.98% of the total shares in issue. (5) China Huarong held 55,338,287 domestic shares, accounting for approximately 8.24% of domestic shares in issue and approximately 6.06% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (6) China State Shipbuilding Corporation held 16,998,000 H shares, accounting for approximately 7.02% of H shares in issue and approximately 1.86% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of controlled corporation. (7) China General Technology (Group) Holding Company Limited held 14,468,000 H shares, accounting for approximately 5.98% of H shares in issue and approximately 1.58% of the total shares in issue. The nature of interests in such shares is corporate interest which was held in the capacity of controlled corporation.

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

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31 December 2022.

Section VIII Information on Preferred Shares

N/A

Section IX Information on Corporate Bonds

N/A

Section X Financial Report

BDO China Shu Lun Pan Certified Public Accountants LLP audited the financial report of the Company for the year 2022 in accordance with the Accounting Standards for Business Enterprises of China and issued an unqualified auditors' report for the Company.

Auditor's Report

Xin Kuai Shi Bao Zi [2023] No. ZG10404

To All Shareholders of NANJING PANDA ELECTRONICS COMPANY LIMITED,

I. Opinion

We have audited the accompanying financial statements of Nanjing Panda Electronics Company Limited (hereinafter referred to as the "NPEC"), which includes the consolidated and parent company balance sheet as of December 31, 2022, the consolidated and parent company profit statement, the consolidated and parent company cash flow statement, the consolidated and parent company statement of changes in owner's equity, and related notes to financial statements for the year 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the NPEC Balance as at December 31, 2022, and its operating results and its cash flows for the year ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the NPEC in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

We regard the matters below as the key audit matters should be communicated in the auditors' report.

Auditor's Report (Continued)

Key audit matters	Audit reaction
(I) Recognition of the revenue	
<p>Please refer to Note 3.28 for the accounting standard of recognizing revenue and please refer to Note 5.40 for the detailed disclosure of revenue,</p>	<p>Our audit procedures for revenue recognition mainly include:</p>
<p>For the period of year 2022, the consolidated main operation revenue of the NPEC was 4.154 billion, mainly from the sales revenue of smart transportation and safe city projects, industrial Internet and smart manufacturing services, green service-oriented electronic manufacturing products, and rental service revenue.</p>	<p>1. Understand and evaluate the management's design and operational effectiveness of key internal controls related to revenue recognition;</p>
<p>The NPEC's specific principles for revenue recognition are as follows: for services such as smart transportation integration, smart factories, and system engineering installation, the performance obligations are performed within a certain period of time, and revenue is recognized according to the progress of the contract, and the project progress certificate is used as the basis for revenue recognition; For sales of safe city products, core components of intelligent manufacturing, and green service-oriented electronic manufacturing products, etc., it is a performance obligation performed at a certain point in time, and revenue is recognized when the customer obtains control of the relevant products; for income from house leasing and property management, according to the contract or the term agreed in the agreement is recognized on a straight-line basis.</p>	<p>2. Select a sample to check the sales contract and interview the management, conduct a "five-step" analysis of the contract, judge the composition of the performance obligation and the timing of the transfer of control, and then evaluate whether the recognition policy of the NPEC's sales revenue meets the requirements of the guidelines;</p>
<p>Since revenue is one of the key performance indicators of the NPEC, there is an inherent risk that management will manipulate the timing of revenue recognition in order to achieve specific goals or expectations, so we identified revenue recognition as a key audit matter.</p>	<p>3. Select samples of revenue transactions recorded this year, and check supporting documents related to revenue recognition, including contracts, orders, invoices, delivery orders, Acceptance documents to check the authenticity of the confirmed income;</p>
	<p>4. Implement analytical procedures for revenue and cost based on business types to analyze whether there are any anomalies;</p>
	<p>5. Understand the background and basic situation of major customers, identify whether they are related parties, and verify the balance of accounts receivable and transaction amount of major customers;</p>
	<p>6. For the income transactions recorded before and after the balance sheet date, select samples and check supporting documents such as delivery orders, customer receipts and other documents to evaluate whether income is recognized in the appropriate accounting period.</p>

Auditor's Report (Continued)

Key audit matters	Audit reaction
(II) Expected Credit Loss of Receivables	
<p>Please refer to Note 3.10/11 for the accounting policy of impairment of accounts receivable; please refer to Note 5.4 for detailed disclosure of the balance of accounts receivable.</p>	<p>Our audit procedures for expected credit losses of accounts receivable mainly include:</p>
<p>As of December 31, 2022, the book balance of the NPEC's accounts receivable was 1.259 billion, the balance of bad debt provisions was 74 million, and the book value of accounts receivable was 1.185 billion, accounting for 20.21% of the total assets at the end of the period, which was relatively high.</p>	<p>1. Understand the management's key internal control over financial reporting related to credit control, account recovery, and evaluating the collectability of accounts receivable, and evaluate the design and operational effectiveness of the above related internal control;</p>
<p>According to the credit risk characteristics of various accounts receivable, the management of the NPEC measures its loss provision based on the amount of expected credit losses equivalent to the entire duration of the accounts receivable on the basis of individual accounts receivable and combined accounts receivable. For accounts receivable that are individually withdrawn and credit losses have occurred, based on the objective evidence of credit losses that have occurred, the credit losses are determined separately by estimating the cash flow expected to be collected. For accounts receivable other than credit losses determined separately, the management uses aging analysis or other methods to determine expected credit losses based on credit risk characteristics and forward-looking information.</p>	<p>2. Review the reversal of bad debts of accounts receivable in previous years or actual losses, and judge the accuracy of management's expectations for historical data;</p>
<p>The determination of expected credit losses of accounts receivable requires management to use significant accounting estimates and judgments, and it is important to the financial statements as a whole. Therefore, we identified the expected credit loss of accounts receivable as a key audit matter.</p>	<p>3. For accounts receivable with single provision for expected credit loss, review the basis for the assessment made by the management on the estimated future cash flow, and analyze whether it is reasonable;</p>
	<p>4. For accounts receivable with combined provision of expected credit losses based on credit risk characteristics, sample test the appropriateness of combination classification and accuracy of aging classification, and evaluate the rationality of management's provision for expected credit losses;</p>
	<p>5. Evaluate the adequacy of management's provision for expected credit losses in combination with post-dated repayment inspections;</p>
	<p>6. Check whether the information related to the expected credit loss of accounts receivable has been properly presented in the financial statements.</p>

Auditor's Report (Continued)

IV. Other information

Management of the NPEC ("Management") is responsible for the other information. The other information comprises all of the information included in the 2022 annual report of the NPEC, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the NPEC's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Nanjing Panda or to cease operations, or has no realistic alternative but to do so.

Governance Layer is responsible for overseeing the NPEC's financial reporting process.

Auditor's Report (Continued)

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Understand the internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (3) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going-concern assumption. Meanwhile, based on the audit evidence obtained, we come to a conclusion on whether a material uncertainty exists in events or conditions that may cause significant doubt on the NPEC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the information obtained as at the date of our auditors' report. However, future events or conditions may cause the NPEC to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content (including the disclosures) of the financial statements, and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the NPEC to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit, and bear full responsibility for our audit opinion.

Auditor's Report (Continued)

We communicated with the Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that they identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO China Shu Lun Pan CPAs LLP

Shanghai, China

Certified Public Accountant of China: Peimei Xu

Certified Public Accountant of China: Xin Gu

Date: March 30, 2023

This auditor's report and the accompanying notes to the financial statements are English translation of the Chinese auditor's report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.

Consolidated Balance Sheet

Balance as at December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

ASSETS	Note	Closing balance	Balance at the end of last year
Current assets:			
Cash and cash equivalents	5.1	1,059,391,006.10	963,218,477.01
Settlement provisions			
Placements with banks and other financial institutions			
Financial assets held for trading	5.2	503,810,792.61	472,241,399.61
Derivative financial assets			
Notes receivable	5.3	74,058,103.09	59,789,784.39
Accounts receivable	5.4	1,184,902,988.01	1,150,920,743.65
Receivables financing	5.5	53,346,403.19	20,272,279.95
Advance to suppliers	5.6	44,898,734.03	58,199,200.40
Premiums receivable			
Reinsurance receivable			
Reinsurance contract reserve receivable			
Other receivables	5.7	44,370,789.73	41,962,947.68
Financial assets held under resale agreements			
Inventories	5.8	601,451,915.31	975,417,660.38
Contract assets	5.9	192,997,877.85	117,037,111.93
Held-for-sale assets	5.10		
Non-current assets due within one year		1,747,508.96	12,892,936.65
Other current assets	5.11	121,751,216.36	139,370,084.35
Total current assets		3,882,727,335.24	4,011,322,626.00
Non-current assets:			
Loans and advances to customers			
Debenture investments			
Other debenture investments			
Long-term receivables			
Long-term equity investments	5.12	717,388,041.95	702,575,641.90
Other equity instruments investments	5.13	2,385,926.53	3,551,864.21
Other non-current financial assets			
Investment properties	5.14	215,564,833.38	225,438,906.53
Fixed assets	5.15	854,263,641.46	921,295,490.47
Construction in progress	5.16	1,218,625.66	1,662,327.51
Biological assets for production			
Fuel assets			
Right-of-use assets	5.17	11,757,911.22	8,982,713.77
Intangible assets	5.18	130,570,044.29	150,967,594.98
Development expenses			
Goodwill			
Long-term expenses to be amortised	5.19	10,982,839.77	10,927,742.76
Deferred income tax assets	5.20	19,485,070.35	17,020,460.54
Other non-current assets	5.21	16,690,475.03	4,237,383.51
Total non-current assets		1,980,307,409.64	2,046,660,126.18
Total assets		5,863,034,744.88	6,057,982,752.18

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

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Consolidated Balance Sheet (Continued)

Balance as at December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Liabilities and owners' equity	Note	Closing balance	Balance at the end of last year
Current liabilities:			
Short-term borrowings			
Borrowings from central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Note payables	5.22	140,306,918.37	214,817,174.59
Accounts payable	5.23	1,533,543,158.65	1,607,660,654.09
Advance receipts from customers	5.24	126,201.33	461,253.51
Contract liabilities	5.25	67,641,115.11	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	5.26	54,607,592.56	42,787,188.00
Taxes payable	5.27	52,072,391.92	28,572,004.43
Other payables	5.28	105,899,337.51	99,479,790.95
Bank charges and commissions due			
Reinsurers due			
Liabilities held for sale			
Non-current liabilities due within one year	5.29	6,117,127.14	9,076,593.15
Other current liabilities	5.30	27,520,425.14	38,938,492.63
Total current liabilities		1,987,834,267.73	2,194,882,624.44
Non-current liabilities:			
Insurance contract reserves			
Long-term payables			
Bonds payables			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	5.31	5,196,356.93	3,586,641.07
Long-term payables			
Long-term staff salaries payables	5.32	8,729,912.08	11,837,677.44
Estimated liabilities			
Deferred income	5.33	46,537,325.13	44,917,830.69
Deferred income tax liabilities	5.20	4,422,747.53	396,709.26
Other non-current liabilities			
Total non-current liabilities		64,886,341.67	60,738,858.46
Total liabilities		2,052,720,609.40	2,255,621,482.90

Consolidated Balance Sheet (Continued)

Balance as at December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Liabilities and owners' equity	Note	Closing balance	Balance at the end of last year
Owners' equity:			
Share capital	5.34	913,838,529.00	913,838,529.00
Other equity instruments Including: Preferred shares Perpetual bonds			
Capital reserve	5.35	1,470,691,800.13	1,470,691,800.13
Less: Treasury shares			
Other comprehensive income	5.36	-948,055.10	-73,601.84
Special reserve	5.37		
Surplus reserve	5.38	286,530,634.83	276,018,152.13
General preparation			
Undistributed profit	5.39	883,912,442.46	866,732,902.94
Total equity attributable to the shareholders of the parent company		<u>3,554,025,351.32</u>	<u>3,527,207,782.36</u>
Minority interests		<u>256,288,784.16</u>	<u>275,153,486.92</u>
Total owners' equity		<u>3,810,314,135.48</u>	<u>3,802,361,269.28</u>
Total liabilities and owners' equity		<u>5,863,034,744.88</u>	<u>6,057,982,752.18</u>

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

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Parent Company Balance Sheet

Balance as at December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

ASSETS	Note	Closing balance	Balance at the end of last year
Current assets:			
Cash and cash equivalents		124,596,356.25	39,216,173.73
Financial assets held for trading		151,001,712.33	150,014,383.56
Derivative financial assets			
Notes receivables	16.1	29,223,397.62	2,638,210.00
Accounts receivable		99,507,284.59	101,272,967.72
Financing receivables	16.2		
Prepayments	16.3	3,092,196.84	9,386,848.03
Other receivables	16.4	197,206,292.54	216,727,244.80
Inventories		55,204,331.62	40,103,355.09
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		110,596.19	32,241.15
Total current assets		659,942,167.98	559,391,424.08
Non-current assets:			
Debenture investments			
Other debenture investments			
Long-term receivables			
Long-term equity investments	16.5	2,181,414,815.51	2,136,346,559.46
Other equity instruments investments		2,385,926.53	3,551,864.21
Other non-current financial assets			
Investment properties		337,298,667.83	351,618,473.50
Fixed assets		68,531,092.35	72,878,467.62
Construction in progress		1,265,605.52	1,229,570.87
Biological assets for production			
Fuel assets			
Right-of-use assets			
Intangible assets		14,477,449.20	13,518,024.69
Development expenses			
Goodwill			
Long-term deferred expense		9,457,514.64	5,733,798.58
Deferred tax assets		316,018.37	24,533.95
Other non-current assets			
Total non-current assets		2,615,147,089.95	2,584,901,292.88
Total assets		3,275,089,257.93	3,144,292,716.96

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

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Parent Company Balance Sheet (Continued)

Balance as at December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

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

Parent Company Balance Sheet (Continued)

Balance as at December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

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

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

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Consolidated Income Statement

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
1. Revenue		4,154,295,003.26	4,531,842,430.51
Including: Operating income	5.40	4,154,295,003.26	4,531,842,430.51
Interest income			
Premiums earned			
Fee and commission income			
2. Total operating cost		4,135,113,037.83	4,487,995,678.13
Including: Operating costs	5.40	3,565,005,880.41	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	5.41	26,637,998.26	21,458,605.08
Selling expenses	5.42	38,393,464.98	41,827,646.43
Administrative expenses	5.43	286,650,360.50	273,378,636.73
R&D costs	5.44	211,041,452.05	213,049,945.07
Financial expenses	5.45	7,383,881.63	-23,158,029.07
Including: Interest expense	5.45	416,197.62	691,719.70
Interest income	5.45	15,072,252.93	16,924,618.99
Add: Other gains	5.46	25,417,903.80	17,360,215.56
Investment income (losses are represented by "-")	5.47	88,715,322.29	65,709,743.04
Including: Investment income of associates and joint ventures	5.47	74,926,774.93	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 "-")	5.48	1,569,393.00	884,823.43

Consolidated Income Statement (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
Credit impairment loss (losses are represented by "-")	5.49	-23,262,187.76	-7,547,165.61
Asset impairment loss (losses are represented by "-")	5.50	-12,547,127.26	-18,508,356.82
Gains on disposal of assets (losses are represented by "-")	5.51	258,452.13	-722,183.04
3. Operating profit (losses are represented by "-")		99,333,721.63	101,023,828.94
Add: Non-operating income	5.52	1,699,792.65	5,270,329.30
Less: Non-operating expenses	5.53	347,762.18	613,011.45
4. Total profit (total losses are represented by "-")		100,685,752.10	105,681,146.79
Less: Income tax expense	5.54	19,308,314.84	25,548,459.38

Consolidated Income Statement (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
5. Net profit (net losses are represented by "-")		81,377,437.26	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
6. Net other comprehensive income after tax		-874,453.26	-392,306.68
Net other comprehensive income after tax attributable to owners of the parent company	5.36	-874,453.26	-392,306.68
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	5.36	-874,453.26	-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	5.36	-874,453.26	-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			

Consolidated Income Statement (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
3. Amount of financial assets reclassified to other comprehensive income			
4. Provision for credit impairment of other bonds investment			
5. Cash flow hedging reserve			
6. Translation difference of financial statements in foreign currencies			
7. Others			
Net other comprehensive income after tax attributable to minority shareholders			
7. Total comprehensive income		80,502,984.00	79,740,380.73
Total comprehensive income attributable to the equity holders of the parent company		39,611,308.36	41,536,236.50
Total comprehensive income attributable to minority shareholders		40,891,675.64	38,204,144.23
8. Earnings per share:			
(1) Basic earnings per share (RMB/share)		0.0443	0.0459
(2) Diluted earnings per share (RMB/share)		0.0443	0.0459

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

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Parent Company Income Statement

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
1. Operating income	16.6	137,659,465.96	145,237,873.21
Less: Operating costs	16.6	84,779,201.69	85,030,480.98
Business taxes and surcharge		4,508,424.81	5,173,327.88
Selling expenses		4,415,394.62	5,108,567.88
Administrative expenses		107,024,293.31	105,125,548.15
R&D costs		18,513,235.72	18,767,164.97
Financial expenses		-6,815,882.10	-5,124,469.97
Including: Interest expense			
Interest income		1,246,992.62	6,583,624.81
Add: Other incomes		2,145,411.50	783,726.71
Investment income (losses are represented by "-")	16.7	180,558,216.76	151,511,422.60
Including: Investment income of associates and joint ventures	16.7	75,068,256.05	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 "-")		987,328.77	-134,755.33
Credit impairment loss (losses are represented by "-")		-2,235,587.30	-3,158,629.96
Assets impairment loss (losses are represented by "-")		-1,403,965.05	2,460.00
Gains on disposal of assets (losses are represented by "-")			
2. Operating profit (losses are represented by "-")		105,286,202.59	80,161,477.34
Add: Non-operating income		89,583.04	3,168,232.92
Less: Non-operating expenses		4,126.42	2,156.56

Parent Company Income Statement (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
3. Total profit (total losses are represented by "-")		105,371,659.21	83,327,553.70
Less: Income tax expense		246,832.19	-33,688.83
4. Net profit (net losses are represented by "-")		105,124,827.02	83,361,242.53
(1) Net profit for going concern (net losses are represented by "-")		105,124,827.02	83,361,242.53
(2) Net profit for discontinued operation (net losses are represented by "-")			

Parent Company Income Statement (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
5. Net other comprehensive income after tax		-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			
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		-874,453.26	-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			

Parent Company Income Statement (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
6. Total comprehensive income		104,250,373.76	82,968,935.85
7. Earnings per share:			
(1) Basic earnings per share (RMB/share)			
(2) Diluted earnings per share (RMB/share)			

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

Legal representative:

Hu Huichun

Chief Accountant:

Hu Dali

Head of the Accounting Department:

Liu Xianfang

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
1. Cash flows from operating activities			
Cash received from the sale of goods and rendering of services		4,335,727,646.77	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		44,956,300.37	62,877,333.79
Cash received relating to other operating activities	5.56	137,645,759.94	131,055,981.01
Sub-total of cash inflows from operating activities		4,518,329,707.08	5,099,071,722.16
Cash paid on purchase of goods and services received		3,496,804,933.47	3,991,533,034.91

Consolidated Statement of Cash Flows (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
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		630,511,452.26	642,932,982.04
Cash paid for all types of taxes		143,987,903.71	119,983,451.35
Cash paid relating to other operating activities	5.56	96,704,700.04	136,451,692.38
Sub-total of cash outflows from operating activities		4,368,008,989.48	4,890,901,160.68
Net cash flows generated from operating activities		150,320,717.60	208,170,561.48

Consolidated Statement of Cash Flows (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
2. Cash flows from investing activities			
Cash received from return on investments			
Cash received from income from investments		74,351,224.96	85,179,229.63
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		2,311,007.05	537,636.57
Net cash received from disposal of subsidiaries and other operating entities			
Cash received relating to other investing activities	5.56	1,240,000,000.00	1,954,381,086.02
Sub-total of cash inflows from investing activities		1,316,662,232.01	2,040,097,952.22
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		20,453,371.83	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	5.56	1,260,000,000.00	2,044,381,086.02
Sub-total of cash outflows from investing activities		1,280,453,371.83	2,520,806,671.42
Net cash flows generated from investing activities		36,208,860.18	-480,708,719.20
3. Cash flows generated from financing activities			
Cash received from investment			
Including: Cash received by subsidiaries from minority shareholders' investment			
Cash received from borrowings			
Cash received relating to other financing activities			
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		72,098,658.24	23,813,372.63

Consolidated Statement of Cash Flows (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
Including: bonus and profit paid to minority shareholders by subsidiaries		59,304,918.84	53,570.88
Cash paid relating to other financing activities	5.56	11,476,065.26	4,901,385.35
Sub-total of cash outflows from financing activities		83,574,723.50	28,714,757.98
Net cash flows generated from financing activities		-83,574,723.50	-28,714,757.98
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

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

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Parent Company Statement of Cash Flows

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities			
Cash received from the sale of goods and rendering of services		111,729,929.97	129,646,592.11
Refunds of taxes			
Cash received received to other operating activities		49,593,917.23	293,158,614.50
Sub-total of cash inflows from operating activities		161,323,847.20	422,805,206.61
Cash paid on purchase of goods and services received		52,752,892.31	65,751,842.92
Cash paid to and on behalf of employees		99,500,762.55	92,298,364.55
Cash paid for all types of taxes		8,076,800.00	10,597,133.06
Cash paid relating to other operating activities		207,512,365.56	52,624,393.26
Sub-total of cash outflows from operating activities		367,842,820.42	221,271,733.79
Net cash flows generated from operating activities		-206,518,973.22	201,533,472.82
2. Cash flows from investing activities			
Cash received from disposal and returns of investments			
Cash received from return on investments		165,666,486.33	170,458,535.55
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		100,800.00	33,200.00
Net cash received from disposal of subsidiaries and other operating entities			
Cash received relating to other investing activities		430,000,000.00	490,000,000.00
Sub-total of cash inflows from investing activities		595,767,286.33	660,491,735.55
Cash paid on purchase of fixed assets, intangible assets and other long-term assets		10,666,091.54	2,271,453.55

Parent Company Statement of Cash Flows (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Note	Amount for the current period	Amount for the previous period
Cash paid for investments		30,000,000.00	426,300,000.00
Net cash paid on acquisition of subsidiaries and other operating entities			
Cash paid relating to other investing activities		430,000,000.00	555,000,000.00
Sub-total of cash outflows from investing activities		470,666,091.54	983,571,453.55
Net cash flows generated from operating activities		125,101,194.79	-323,079,718.00
3. Cash flows from financing activities			
Cash received from investment			
Cash received from borrowings			
Cash received relating to other financing activities		327,000,000.00	
Sub-total of cash inflows from financing activities		327,000,000.00	
Cash paid on repayment of borrowings			
Cash paid on distribution of dividends or profits, or interests expenses		12,793,739.40	23,759,801.75
Cash paid on other financing activities		147,000,000.00	
Sub-total of cash outflows from financing activities		159,793,739.40	23,759,801.75
Net cash flows from financing activities		167,206,260.60	-23,759,801.75
4. Effect of fluctuations in exchange rates on cash and cash equivalents			
		35,594.76	28,537.91
5. Net increase in cash and cash equivalents			
		85,824,076.93	-145,277,509.02
Add: balance of cash and cash equivalents at the beginning of the period		33,601,208.20	178,878,717.22
6. Balance of cash and cash equivalents at the end of the period			
		119,425,285.13	33,601,208.20

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

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Consolidated Statement of Changes in Owners' Equity

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Current period													Total owners' equity
	Equity attributable to the owners of parent company													
	Share capital	Other equity instrument			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests	
	Preference shares	Perpetual bonds	Others											
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		17,175,539.52	26,817,568.95	-18,864,702.76	7,952,866.20
(ii) Share capital contributed or withdrew by owners							-874,453.26				40,485,761.62	39,611,306.36	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														
1. Appropriation of surplus reserve									10,512,482.70		-23,306,222.10	-12,793,739.40	-59,756,378.40	-72,550,117.80
2. Appropriation of general risk reserve									10,512,482.70		-10,512,482.70			
3. Appropriation of profit to owners (or shareholders)												-12,793,739.40	-12,793,739.40	-72,550,117.80
(iv) Internal transfer 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. Application 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	3,554,025,251.32	256,288,784.16	3,810,314,135.48

Legal Representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Consolidated Statement of Changes in Owners' Equity (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Prior period													Total owners' equity		
	Equity attributable to the owners of parent company															
	Share capital	Other equity instrument			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests			
I. Balance at the end of prior year	913,838,529.00				1,470,691,800.13			318,704.84		267,682,027.88			856,899,656.12	3,509,430,717.97	236,949,342.69	3,746,380,060.66
Add: Changes in accounting policies																
Error correction of previous period																
Business combination involving entities under common control																
Others																
II. Balance at the beginning of current year	913,838,529.00				1,470,691,800.13			318,704.84		267,682,027.88			856,899,656.12	3,509,430,717.97	236,949,342.69	3,746,380,060.66
III. Changes of current year (decreases are represented by "-")																
(I) Total comprehensive income								-392,306.68		8,336,124.25			9,833,246.82	17,777,064.39	38,204,144.23	55,981,208.62
(II) Share capital contributed or withdrew by owners								-392,306.68					41,928,543.18	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										8,336,124.25			-32,095,296.36	-23,759,172.11		-23,759,172.11
1. Appropriation of surplus reserve										8,336,124.25			-8,336,124.25			
2. Appropriation of general risk reserve																
3. Appropriation of profit to owners (or shareholders)													-23,759,801.75	-23,759,801.75		-23,759,801.75
4. Others													629.64	629.64		629.64
(IV) Internal carry-over within equity																
1. Transfer of capital reserve to capital (or share capital)																
2. Transfer of surplus reserve to capital (or share capital)																
3. Surplus reserve to cover losses																
4. Change in defined benefit plan carried over to retained earnings																
5. Other comprehensive income carried over to retained earnings																
6. Others																
(V) Special reserve																
1. Appropriation for the current period										1,487,213.28				1,487,213.28		1,487,213.28
2. Application for the current period										1,487,213.28				1,487,213.28		1,487,213.28
(VI) Others																
IV. Balance at the end of current period	913,838,529.00				1,470,691,800.13			-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

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

Legal Representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Statement of changes in equity

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Current period										Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	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 "-")							-874,453.26		10,512,482.70	81,818,604.92	91,456,634.36
(I) Total comprehensive income							-874,453.26			105,124,827.02	104,250,373.76
(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									10,512,482.70	-23,306,222.10	-12,793,739.40
1. Appropriation of surplus reserve									10,512,482.70	-10,512,482.70	
2. Appropriation to owners (or shareholders)										-12,793,739.40	-12,793,739.40
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to capital (or share capital)											
3. Surplus reserve to cover losses											
4. Change in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of current 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

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

Legal Representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Statement of changes in equity (Continued)

For the Year Ended December 31, 2022 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Preceding period										Total owners' equity
	Share capital	Other equity instrument			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	
		Preference shares	Perpetual bonds	Others							
I. Balance at the end of prior year	913,838,529.00				1,434,870,834.28		318,704.84		267,682,027.88	171,272,061.28	2,787,982,157.28
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Balance at the beginning of current year	913,838,529.00				1,434,870,834.28		318,704.84		267,682,027.88	171,272,061.28	2,787,982,157.28
III. Changes of current year (decreases are represented by "-")											
(I) Total comprehensive income							-392,306.68		8,336,124.25	51,265,946.17	59,209,763.74
(II) Share capital contributed or withdrew by owners							-392,306.68			83,361,242.53	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									8,336,124.25	-32,095,296.36	-23,759,172.11
1. Appropriation of surplus reserve									8,336,124.25	-8,336,124.25	
2. Appropriation to owners (or shareholders)										-23,759,801.75	-23,759,801.75
3. Others										629.64	629.64
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to capital (or share capital)											
3. Surplus reserve to cover losses											
4. Change in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of current year	913,838,529.00				1,434,870,834.28		-73,601.84		276,018,152.13	222,538,007.45	2,847,191,921.02

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

Legal Representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Notes to the 2022 Financial Statements

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

1 Basic information of the company

1.1 Company profile

Nanjing Panda Electronics Company Limited. (hereinafter referred to as “the Company” or “the Company”) was reorganized as Nanjing Panda Electronics Company Limited. (now known as “Nanjing Panda Electronics Company Limited.”) on April 27, 1992, with the approval of Nanjing Economic System Reform Commission’s Ning Ti Gai Zi (1992) No. 034 document, and Panda Electronics Group Company Limited. (hereinafter referred to as “Panda Group” or “the Group”) as the sole initiator, Panda Group exchanged its total net assets of RMB480 million for 480 million state-owned corporate shares at the time of its establishment. At the time of its establishment, the registered capital of the company was RMB515 million, divided into 480 million state-owned legal person shares with a face value of RMB1 each and 35 million employee shares with a face value of RMB1 each. On April 29, 1992, our company obtained a Business License for Enterprise Legal Person with registration number 13488315-2, and the approved business scope was: radio communication equipment; Broadcasting and television equipment; Hardware, electrical, and electronic components; Instruments, electrical machinery and equipment; Ordinary machinery and medical devices; Electronic product development, production, sales, and technical services; Electronic computer accessories; Development, production, sales, and technical services of cultural office machinery and tooling fixtures.

On May 27, 1994, the shareholders’ meeting of our company passed a special resolution approving the spin-off and restructuring of our company and Panda Group’s assets and liabilities, redefining the share capital of our state-owned corporate shares, authorizing the board of directors to handle all matters related to transforming our company into a publicly offered company, and publicly offering and listing our H and A shares. According to this special resolution, the net asset value of the company was adjusted on June 29, 1994, and the net asset value of the company at its establishment was redefined as RMB322.8733 million, including the registered capital of RMB322.87 million, including 287.87 million state-owned legal person shares, 35 million employee shares, and capital reserve of RMB3,348.00.

Confirmed by Guo Zi Qi Fa [1996] No. 12 by State Administration of State Property in February 1996, the net assets were RMB86,471.40 ten thousand Yuan, the share capital was 32,287 ten thousand, of which 28,787 ten thousand shares were held by Panda Group, and 3,500 ten thousand shares were held by employees after evaluation. Panda Group making use of the land-use right valued to RMB4,130 ten thousand Yuan and creditor’s right valued to RMB62,000 thousand Yuan to invest in the Company and the share capital changed to 390,015,000 shares, of which 355,015,000 shares were held by state-owned enterprise legal person and 35,000,000 shares were held by employees. State Commission for Restructuring approved this report on 11 March 1996.

In order to issue H shares, the Company started to evaluate the assets and liabilities in all aspects on 30 September 1995 and adjusted the booking value in accordance with this evaluation after the approval of the Securities Commission of the State Council.

Notes to the 2022 Financial Statements (Continued)

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

1 Basic information of the company (Continued)

1.1 Company profile (Continued)

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

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

The Company got the legal enterprise business license of Qi Su Ning Zong Fu Zi No. 003967 on 18 April 1997. The registered capital was RMB655,015,000 and the approved businesses were development, manufacture, sales of communication equipment products, computer products and other electronics equipment products; apparatus products, office machinery products; electrical machinery products; plastic products; general equipment products like fan drive, weighing machine, and packing machine; chemical engineering processing products, wood processing products, non-metal processing products, PTD products; environmental equipment products, society public security products; financial and tax control equipment products; power products; moulding products; computing service, software products, SI service, property management service; and the after-sale and technology service of above businesses.

The Company received new business license numbered 320100400008823 on 6 January 2011. The registered capital is RMB655,015,000. Approved business include the research, manufacture and sale of the transmission equipment of radio broadcasting and television, together with the after service, technical service, etc., the development, production and sale of communication equipment, computers and other electronic facilities; meters and instruments, cultural and office-based machinery; electrical machinery and equipment; plastic products; general equipment such as fans, scales and packaging equipment; special equipment for the processing of non-metallic products such as chemical and wood; transmission and distribution equipment; environmental, public safety and related equipment; financial and taxation control devices; electricity source products; moulds; computer services, software and system integration business; property management; as well as after-sale services and technical services for the such business. (For those business areas that require permission, business activities are conducted after relevant approval).

Notes to the 2022 Financial Statements (Continued)

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

1 Basic information of the company (Continued)

1.1 Company profile (Continued)

In December 2011, China Cinda Asset Management Co., Ltd. transferred its 8.87% shareholdings of Panda Group to Nanjing Electronics Information Industry Co., Ltd. (referred to as "NEIC").

In 2012, according to the approval of "Reply of the provincial government on the indirect transfer of listed companies' shares held by Nanjing Electronics Group Co., Ltd." (Su Zheng Fu No. [2009]45) by Jiangsu Province People's Government, "Reply of issues concerning the free alteration of part state owned property rights of Panda Electronics Group Co., Ltd. (Su Guo Zi Fu [2012]22) by the state owned assets supervision and Administration Commission of the Jiangsu Provincial People's Government, "Reply of the relevant issues concerning the change of the actual controller of Nanjing Panda Electronic Limited"(Guo Zi Chan Quan [2012]158) by State owned assets supervision and Administration Commission of the State Council, "Reply of acquisition report of Chinese Electronics Information Industry Group Co Ltd.'s subsidiary Nanjing Panda electronics Limited Company and the exemption from the obligation to offer" (Zheng Jian Xu Ke [2012] No. 770) by China Securities Regulatory Commission, Jiangsu Guoxin Asset Management Group Co., Ltd., Nanjing Xingang Development Corporation and Nanjing state owned Assets Management (Holdings) Co., Ltd. freely transferred the shareholdings of 21.59%, 22.07% and 4.32% respectively to China Electronics Panda, the subsidiary of China Electronics Corporation (referred to as "CEC" below). The Group completed the change of business registration on 21 September 2012. After the transfer of shareholdings, CEC held 51.10% shares of the Company and became the real controller via holding 70% shares of the China Electronics Panda which held 56.85% shares of the Group.

On 19 April 2013, according to China Securities Regulatory Commission's approval (Zheng Jian Xu Ke [2013] No. 332), the Company was authorized to issue 258,823,529 ordinary shares (A shares) in RMB to no more than 10 specific investors including Nanjing Electronic Information Industrial Corporation ("NEIC") at a nominal value of RMB1.00 per share and a selling price RMB5.10 per share. The financed net value amounts to RMB1,294,403,712.55, including an increase of share capital of RMB258,823,529.00, an increase of capital reserve, RMB1,035,580,183.55. The raised fund has been verified by Baker Tilly China Certified Public Accountants (Baker Tilly China) and the capital verification report Tian Zhi Hu QJ [2013] No. 1907 was issued.

Notes to the 2022 Financial Statements (Continued)

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

1 Basic information of the company (Continued)

1.1 Company profile (Continued)

The company had finished the change of business registration, and the capital had been changed to RMB913,838,529.00 on 26 November 2013.

Prior to the non-public offering, Panda Group, the controlling shareholder of the Company, held 334,715,000 of the Company's shares, with a shareholding ratio of 51.10%. After the non-public offering, Panda Group, that held 36.63% of the total shares, remains to be the controlling shareholder of the Company. CEC, via holding 70.00% shares of NEIIC, remains the actual controller of the Company by holding 56.85% of the shares. After the non-public offering, controlling shareholder and actual controller's positions have not been changed.

The newly issued shares are tradable shares with restricted conditions; NEIIC is a related party of the company, and the 39,215,686 shares it subscribed shall not be transferred within 36 months since the closing date of issuance. While the shares subscribed by the other eight Investors (including Societe General Global Fund Management Co., Ltd. who participated in the subscription with 10 accounts) shall not be transferred within 12 months since the closing date of issuance. June 30, 2014, except for NEIIC, the shares subscribed by the other eight Investors had lifted restricted conditions, and could be transferred in the share market.

On June 2015, Panda Group reduced its shareholding of the company at an amount of 27,069,492 shares through the Shanghai Security Exchange System, representing 2.96% of the total share capital of the Company. After the reduction of holdings, Panda Group holds 307,645,508 shares of the company, representing 33.67% of the total share capital of the Company.

On August 2015, by the instruction of "The approval of the issues regarding Panda Electronic Group Co., Ltd. to transfer part of its shares of Nanjing Panda Electronics Co., Ltd. under negotiation" (SASAC [2015] No. 697) issued by the State-owned assets supervision and administration commission of China, Panda Group transferred 82,811,667 and 14,172,397 A shares to China Huarong Asset Management Co., Ltd. and China Great Wall Asset Management Corporation under a negotiation transfer. After the transfer, Panda Group now holds 210,661,444 shares of the company, with a shareholding ratio of 23.05%. Panda Group still holds 5 out of 9 members of the board, indicating it is still in control position of the company.

Notes to the 2022 Financial Statements (Continued)

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

1 Basic information of the company (Continued)

1.1 Company profile (Continued)

From 17 July 2015 to 31 December 2016 NEIC increased its shareholdings in the Company by a total of 10,318,925 A shares under the Custody of Specific Asset Scheme, representing 1.13% of the total share capital of the Company. The accumulated shareholdings of the Company is 13,768,000 H shares, representing 1.51% of the total share capital of the Company. After the increase, NEIC held 49,534,611 A shares of the Company, representing 5.42% of the total share capital, and held 13,768,000 H shares of the Company, representing 1.51% of the total share capital. NEIC held the 23.05% of the Company through the subsidiary of Panda Group and the shareholding ratio of the Company was 29.98% in total.

In 2019, the company exchanged 18,276,000.00 directly held A shares of the company for the fund share of Jiashi central enterprise innovation driven trading open index securities investment fund with the corresponding market value. The company exchanged 9,138,000.00 directly held A shares of the company for the fund share of Boshi central enterprise innovation driven trading open index securities investment fund with the corresponding market value. These shares accounting for 3.00% of the total share capital of the company.

From April 14, 2020 to June 19, 2020, the controlling shareholder of Nanjing Zhongdian Panda Information Industry Group Co., Ltd., China Electronic Information Industry Group Co., Ltd., through its overseas wholly-owned subsidiary Huadian Co., Ltd., increased its holdings of 27,414,000 H shares of the company, accounting for 3.00% of the total share capital of the company.

In 2020, China Huarong Asset Management Co., Ltd., the major shareholder of the company, reduced 674,800 A shares, accounting for 0.07% of the total share capital of the company. In 2021, China Huarong Asset Management Co., Ltd. reduced 9,133,604 A shares, accounting for 1% of the total share capital of the company. In 2022, China Huarong Asset Management Co., Ltd. reduced 18,160,100 A shares, accounting for 1.99% of the total share capital of the company.

As of December 31, 2022, China Huarong Asset Management Co., Ltd. held 33,994,824 A shares of the company, accounting for 3.72% of the total share capital of the company.

Notes to the 2022 Financial Statements (Continued)

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

1 Basic information of the company (Continued)

1.1 Company profile (Continued)

As of December 31, 2021, the company has issued a total of 913,838,529 shares, with a registered capital of RMB913,838,529. China Electronics Information Industry Group Co., Ltd. holds 232,782,055 A shares and 41,182,000 H shares of the company. The total number of shares held accounting for 29.98% of the company's total share capital. Among them: Nanjing CEC Panda Information Industry Group Co., Ltd., a holding subsidiary, holds 22,120,611 A shares and 13,768,000 H shares of the Company through the asset management plan, accounting for 3.93% of the total share capital of the Company; through Nanjing CEC Panda Information Industry Group Co., Ltd. Panda Electronics Group Co., Ltd., a wholly-owned subsidiary of the company, holds 210,661,444 A shares of the company, accounting for 23.05% of the company's total share capital; and holds 27,414,000 H shares of the company through Huadian Co., Ltd., an overseas wholly-owned subsidiary, accounting for the total share capital of the company 3.00% of share capital.

The parent company of the company is Panda Electronics Group Co., Ltd. China Electronics Information Industry Group Co., Ltd. is still the ultimate controller of the company.

The company is a joint stock limited company (joint venture and listed in Taiwan, Hong Kong and Macao). The company engaged in the computer, communication and other electronic equipment manufacturing industry. Its primary businesses include smart transportation and safe city projects, Industrial Internet and smart manufacturing and installation, and sales of products of green service-oriented electronics manufacturing, etc. The operating period is from October 5, 1996 to an unspecified date.

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

The scope of businesses includes developing, manufacturing and selling wireless radio and television transmission equipment. The company also engages in after-sales and technical services for the above-mentioned business operations; developing, manufacturing and selling communication equipment, computers and other electronic equipment; instrumentation and cultural and office machinery; Electrical machinery and equipment; plastic products; general equipment such as fans, weighing instruments, packaging equipment; special equipment for chemical, wood, and non-metal processing; power transmission and distribution and control equipment; environmental protection, social public safety and other equipment; financial and tax control equipment; Power supply products; molds; computer service industry, software industry, system integration; property management; (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments)

The financial statements were approved for submission by the board of directors on March 30, 2023.

Notes to the 2022 Financial Statements (Continued)

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

1 Basic information of the company (Continued)

1.2 The scope of consolidated financial statements

The relevant information of our company's subsidiaries can be found in "7. Equity in Other Entities" in this note.

The changes in the scope of consolidation during this reporting period are detailed in the note "6. Changes in the scope of consolidation".

2 Basis of preparation for financial statements

2.1 Basis of preparation

The Company's financial statements shall be prepared in accordance with the interpretation of accounting standards, accounting standards and other relevant provisions (hereinafter referred to as "accounting standards for Business Enterprises"), and the general provisions of the information disclosure of public securities companies no. 15. In addition, the financial statements comply with the applicable disclosure provisions of the Securities listing rules issued by the Stock Exchange of Hong Kong Limited and with the applicable disclosure provisions of the Hong Kong Companies Ordinance.

2.2 Going concern

This financial statement is prepared on a going concern basis.

3 Principal accounting policies and accounting estimates

Tips for specific accounting policies and accounting estimates:

The following contents disclosed have covered the specific accounting policies and estimates formulated by the Company according to its actual production and operation features. Refer to "3.11 Impairment of Receivables" and "3.28 Revenue" for details.

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the Company's financial position Balance as at December 31, 2022, as well as its operating results and its cash flows for the year then ended.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.2 Accounting period

The accounting year is from January 1 to December 31 in calendar year.

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

The Company adopts CNY as its functional currency.

3.5 Business combinations under common control and not under common control

Business combinations involving entities under common control: The assets and liabilities acquired by the Company in business combination shall be measured at the carrying value of the assets, liabilities of the acquiree (including goodwill incurred in the acquisition of the acquiree by ultimate controlling party) in the financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve.

Business combinations involving entities not under common control: The assets paid and liabilities incurred or committed as a consideration of business combination by the Company were measured at fair value on the date of acquisition and the difference between the fair value and its carrying value shall be charged to the profit or loss for the period. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognize such difference as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to the profit or loss for the current period.

The agency fee which incurred directly for business combination shall be recognized as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt security issued for corporate combination shall be recognized as the initial recognition amount of equity securities or debt securities.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.6 Preparation methods of the consolidated financial statements

3.6.1 Scope of consolidation

The scope of consolidation of consolidated financial statements of the Company is recognized based on the control. All subsidiaries (including separate entities under the control of the Company) are included in the consolidated financial statements.

Control means that the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee and has the ability to affect the return of the Company by using the power over the investee.

3.6.2 Procedures for consolidation

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and in accordance with the other relevant information. In preparation of the Company's consolidated financial statements, the Company will treat the enterprise group as a single accounting entity. The Group's overall financial condition, operating results and cash flow are reflected based on the relevant accounting standards, measurement and presentation requirements and in accordance with the unified accounting policy.

The share attributable to minority shareholders in the owners' equity, net profits and losses in the current year and comprehensive income in the current year of subsidiaries shall be separately presented under the item of owners' equity in the consolidated balance sheet, under the item of net profits and under the item of total comprehensive income in the consolidated income statement. Where the current loss shared by minority shareholders of subsidiaries exceeds the balances formed by the shares enjoyed by minority shareholders in the owners' equity of the subsidiaries at the beginning of the period, minority equity shall be written down.

(1) Increase of subsidiaries or business

During the reporting period, if the Company increased subsidiaries or business from business combinations under common control, the beginning balance of the consolidated balance sheet shall be adjusted; the incomes, expenses and profits from the beginning of the current year of the combinations of the subsidiaries or business to the end of the reporting period shall be included in the consolidated income statement; cash flows from the beginning of the current year of the combinations of the subsidiaries or business to the end of the reporting period shall be included in the consolidated statement of cash flows. Relevant items in the comparative financial statements of the subsidiaries shall be adjusted accordingly, as if the reporting entity after the business combinations exists since the ultimate controller starts its control.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.6 Preparation methods of the consolidated financial statements (Continued)

3.6.2 Procedures for consolidation (Continued)

(1) Increase of subsidiaries or business (Continued)

Where control can be exercised on the investee under the common control for additional investment or other reasons, it deems that all parties involved in combination make adjustment based on the current status when the ultimate controller starts its control. Equity investments held before the control over the combine is obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the combining party and the combined party are under the same control, to the combination date will respectively write down the retained earnings or current profit and loss in the comparative statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, the beginning balance in the consolidated balance sheet will not be adjusted. The incomes, expenses and profits of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

Where the Company an implement control over an investee not under common control due to additional investment or other reasons, the equity held by the combine before the purchase date shall be re-measured at the fair value on the purchase date, and the difference between the fair value and the book value shall be included in the current investment income. In the event that the equity of the acquiree held prior to the acquisition date involves other comprehensive income under the equity method and other changes in owners' equity than net profit and loss, other comprehensive income and profit distribution, other comprehensive income and other changes in the owner's equity associated therewith are transferred to investment income of the period to which the acquisition date belongs, excluding other comprehensive income arising from changes in net liabilities or net assets due to the investee's re-measurement of defined benefits plan.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.6 Preparation methods of the consolidated financial statements (Continued)

3.6.2 Procedures for consolidation (Continued)

(2) Disposal of subsidiaries or business

① General processing methods

During the reporting period, where the Company disposes subsidiaries or business, the incomes, expenses and profits of the subsidiaries or business from the beginning of the year to the disposal date shall be included in the consolidated income statement; cash flows of the subsidiaries and business from the beginning of the year to the disposal date shall be included in the consolidated statement of cash flows.

When the Company loses the control over the investee due to disposal of partial equity investments or other reasons, the remaining equity investments after the disposal will be re-measured by the Company at fair value on the date of loss of the control. The sum of the consideration of equity disposal and the fair value of the remaining equity, less the sum of the share of net assets of the subsidiary attributable to the Company calculated continuously since the acquisition date or the combination date in accordance with the original shareholding ratio and the goodwill, shall be included in the investment income for the current period when the control losses. Other comprehensive income related to the equity investment of original subsidiaries or other changes in owners' equity than net gains and losses, other comprehensive income and profit distribution will be transferred to investment income for the current period upon the loss of control power, except for other comprehensive income arising from changes in net liabilities or assets due to the investee's re-measurement of defined benefits plan.

Where the Company loses its control due to the decline in its shareholding ratio caused by the increase of investment in subsidiaries by other investors, accounting treatment should be conducted according to the above principles.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.6 Preparation methods of the consolidated financial statements (Continued)

3.6.2 Procedures for consolidation (Continued)

(2) Disposal of subsidiaries or business (Continued)

② Disposal of subsidiaries by stages

Where the Company disposes of the equity investments in subsidiaries through multiple transactions and by stages until it loses the control, it is usually indicated that the multiple transactions shall be accounted for as a package deal if the terms, conditions and economic effect of all transactions related to disposal of equity investments in subsidiaries meet one or more of the following circumstances:

- i. These transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions must be taken as one to form a complete commercial event;
- iii. The occurrence of a transaction depends on that of at least one other transactions;
- iv. The transactions are deemed as non-economically feasible individually while economically feasible when they are viewed together.

When these transactions of disposing equity investment in subsidiary cause loss of control and be deemed as a package deal, they are accounted for by the Company as a transaction of disposing subsidiary and losing control; however, the difference between the accumulated disposal considerations before loss of control and the Company's share of the net assets of the subsidiary is recognized as other comprehensive income in the consolidated financial statements, and is transferred into current profit and loss upon loss of control.

Where various transactions of disposal of equity investments in subsidiaries until loss of the control do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the relevant policies for disposal of partial equity investments in subsidiaries without losing control; upon loss of the control, accounting treatment shall be made according to the general treatment method for disposal of subsidiaries.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.6 Preparation methods of the consolidated financial statements (Continued)

3.6.2 Procedures for consolidation (Continued)

(3) Purchase of minority equity of subsidiary

The difference between long-term equity investments newly acquired by the Company due to purchase of minority interest and the subsidiary's identifiable net assets attributable to the Company calculated continuously from the acquisition date (or the combination date) according to the increased shareholding ratio shall be charged against stock premium of capital reserves in the consolidated balance sheet; when stock premium of capital reserves is insufficient to offset the difference, the retained earnings shall be adjusted.

(4) Partial disposal of long-term equity investments in subsidiaries without losing control

The difference between the proceeds from disposal of partial long-term equity investments in subsidiaries without losing control and the share of net identifiable assets of subsidiaries attributable to the Company which are calculated continuously from the acquisition date (or the combination date) and which are corresponding to the disposal of long-term equity investments shall be charged against stock premium within capital reserves in the consolidated balance sheet; when stock premium within capital reserves is insufficient to offset, the retained earnings shall be adjusted.

3.7 Classification of joint venture arrangements and accounting treatment methods of joint operation

Joint venture arrangements are classified into joint operation and joint venture. Joint operation refers to that the Company is the joint venture of the joint venture arrangement, enjoys the relevant assets and assumes the relevant liabilities.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.7 Classification of joint venture arrangements and accounting treatment methods of joint operation (Continued)

The Company shall recognize the following items related to its share of benefits in the joint operation and conduct accounting treatment in accordance with the relevant accounting standards for business enterprises:

- (1) Assets that the Company solely holds and jointly-held assets based on its share;
- (2) Liabilities that the Company solely assumes and jointly-assumed liabilities based on its share;
- (3) Incomes from sale of output enjoyed by the Company from the joint operation;
- (4) Incomes from sale of output from the joint operation based on its percentage;
- (5) Separate costs and costs for the joint operation based on its share.

The company's investment in joint ventures is accounted by the equity method. Refer to "3.15 Long-Term Equity Investment" in this note for details.

3.8 Recognition criteria of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term "cash" refers to the cash on hand and the unrestricted deposit of the Company. The term "cash equivalents" refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Foreign currency transactions and conversion of foreign currency statements

3.9.1 Foreign currency transactions

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

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.9 Foreign currency transactions and conversion of foreign currency statements (Continued)

3.9.2 Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rates on balance sheet date. Shareholders' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur. The income and expenses items in income statements are translated at the spot exchange rate prevailing on the date when transactions occur.

Where the Company disposes of an overseas business, it shall transfer the exchange difference relating to the business disposed of from other comprehensive income to current profit and loss.

3.10 Financial instruments

As a party to a financial instrument contract, the company recognizes a financial asset, financial liability or equity instrument.

3.10.1 Classification of financial instruments

According to the company's management of the business model of financial assets and the contractual cash flow characteristics of financial assets, financial assets at initial recognition classification as follows: financial assets measured at the amortized cost, measured at fair value and the changes are included in the financial assets of other comprehensive income and measured at fair value and the changes are recorded into the profits and losses of the current financial assets.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are recorded into the profits and losses of the current period as financial assets measured at amortized cost:

- The business model is to collect contract cash flow as the target;
- Contract cash flow is only the payment of principal and interest on the basis of the outstanding principal amount.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.1 Classification of financial instruments (Continued)

The Company classifies the financial assets that simultaneously meet the following conditions and are not specified as measured at fair value and whose changes are recorded in the profits and losses of the current period as financial assets measured at fair value and whose changes are recorded in other comprehensive income (debt instruments):

- The business model targets both the collection of contract cash flows and the sale of the financial asset;
- Contract cash flow is only the payment of principal and interest on the basis of the outstanding principal amount.

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

In addition to the aforementioned financial assets measured at amortized cost and measured at fair value and whose changes are included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value and whose changes are included in current profit and loss.

At the initial recognition, the Company makes decisions on whether the non-trading equity instrument investments can be designated as financial assets (equity instruments) measured at fair value through the other comprehensive income; in order to eliminate or significantly reduce accounting mismatches, the Company may designate financial assets measured at fair value through the current profit or loss.

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.1 Classification of financial instruments (Continued)

At the initial recognition, financial liabilities meeting one of the following conditions can be designated as the financial liabilities measured at fair value through the current profit or loss:

- 1) This designation can eliminate or significantly reduce the accounting mismatch.
- 2) According to the enterprise risk management or investment strategies specified in formal written documents, the management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities is carried out based on fair value, and the report to key officer in the enterprise has been made based on such management and performance evaluation.
- 3) The financial liabilities contain the embedded derivative which needs to be separated.

3.10.2 Recognition basis and measurement method of financial instruments

① Financial assets measured in amortized cost

Financial assets measured at amortized cost include notes receivable and accounts receivable, other receivables, long-term receivables, and debt investments, which are initially measured at fair value, with relevant transaction costs included in the initially recognized amount; Financial assets measured at amortized cost do not include accounts receivable that containing significant financing components and accounts receivable that the Company has decided not to consider financing components for more than one year, which are initially measured at the contract price.

Interest calculated using the effective interest rate method during the holding period is included in the current profit or loss.

Upon recovery or disposal, the difference between the proceeds and the book value of the financial asset is included in the current profit or loss.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.2 Recognition basis and measurement method of financial instruments (Continued)

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

Financial assets measured at fair value through other comprehensive income include other debt investments (debt instruments), which are initially measured at fair value, with relevant transaction costs included in the initially recognized amount. The financial assets are subsequently measured at fair value, and the changes in fair value, excluding the interest, impairment loss or gains, and exchange gains and losses calculated by the effective interest rate method, are included in other comprehensive income.

During de-recognition, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in the current profit or loss.

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

Financial assets (equity instruments) measured at fair value through other comprehensive income include other equity instruments, which are initially measured at fair value, with relevant transaction costs included in the initially recognized amount, and are subsequently measured at fair value, with the changes in fair value included in other comprehensive income and the dividends gained included in the current profit or loss.

During de-recognition, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in the retained earnings.

- ④ Financial assets measured at fair value through the current profit or loss

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

The difference between the fair value and the initial book-entry value is recognized as investment income upon de-recognition; meanwhile, adjustments are made to the profit or loss from change in fair value.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.2 Recognition basis and measurement method of financial instruments (Continued)

- ⑤ Financial liabilities measured at fair value through the current profit or loss

Financial liabilities measured at fair value through the current profit or loss include financial liabilities held for trading and derivative financial assets, which are initially measured at fair value, with relevant transaction costs included in the current profit or loss, and are subsequently measured at fair value, with the changes in fair value included in the current profit or loss.

The difference between the fair value and the initial book-entry value is recognized as investment income upon de-recognition; meanwhile, adjustments are made to the profit or loss from change in fair value.

- ⑥ Financial liabilities measured by amortized cost

Financial liabilities measured at amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, which are initially measured at fair value, with relevant transaction costs included in the initially recognized amount.

Interest calculated using the effective interest rate method during the holding period is included in the current profit or loss.

During de-recognition, the difference between the consideration paid and the book value of the financial liability is included in the current profit or loss.

3.10.3 Recognition criteria and measurement method of the transfer of financial assets

The Company shall terminate the recognition of financial assets if one of the following conditions is satisfied:

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.3 Recognition criteria and measurement method of the transfer of financial assets (Continued)

When transfer of financial assets occurs, if nearly all of the risks and rewards related to the ownership of the financial assets are retained, the Company shall not derecognize the financial assets.

In determining whether the transfer of a financial asset meets the above de-recognition condition of financial assets, the principle of substance over form will be adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of the financial asset meets the de-recognition conditions, the difference of the following two amounts will be included in the current profit or loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally recorded in owners' equity (the financial assets involved in the transfer are available-for-sale financial assets).

Where partial transfer of financial assets meets the de-recognition conditions, the entire book value of the financial assets transferred will be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts will be included in the current profit or loss:

- (1) The book value of the derecognized part;
- (2) The sum of the consideration for the derecognized part and the portion of de-recognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (the financial asset involved in the transfer are available-for-sale financial assets).

If the transfer of financial assets does not meet the de-recognition criteria, the financial assets shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.4 De-recognition criteria of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof shall be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognized, and at the same time, the new financial liability shall be recognized.

Where substantive changes are made to the contract terms of existing financial liability in whole or in part, the existing financial liabilities or part thereof will be derecognized, and the financial liability the terms of which have been modified will be recognized as a new financial liability.

Where financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities borne) shall be included in the current profit or loss.

Where the Company redeems part of its financial liabilities, it shall, on the redemption date, allocate the entire book value of whole financial liabilities according to the comparative fair value of the part that continues to be recognized and the de-recognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including the non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit or loss.

3.10.5 Determination method of the fair value of financial assets and financial liabilities

The fair value of a financial instrument with an active market is recognized at the price quoted for it in the active market. The fair value of a financial instrument without an active market is recognized by using valuation techniques. At the time of valuation, the Company adopts the techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values consistent with the features of assets or liabilities considered by market participants in relevant asset or liability transactions, and gives priority to using relevant observable inputs. Unobservable inputs are used only under the circumstance when it is impossible or impracticable to obtain relevant observable inputs.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.6 Test method and accounting treatment of impairment of financial assets (excluding receivables)

The Company estimates the expected credit losses of financial assets measured at amortized cost, financial assets measured at fair value and their changes included in other comprehensive income (debt instruments) and financial guarantee contracts on a single or combined basis.

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

If there is obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss over the entire duration of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss within 12 months in the future of such financial instrument. Amount increased or reversed of loss provision arising therefrom shall be included in the current profit or loss as impairment loss or gain.

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.10 Financial instruments (Continued)

3.10.6 Test method and accounting treatment of impairment of financial assets (excluding receivables)

If the credit risk of the financial instrument is low on the balance sheet date, the Company will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

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

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

In the case of lease receivables, the Company elects to always measure its loss provision at an amount equal to the expected credit loss over the entire life period.

If the Company no longer reasonably expects that the contract cash flow of a financial asset can be recovered in whole or in part, it will directly write down the book balance of the financial asset.

3.11 Impairment of receivables

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

3.11.1 Accounts receivable and notes receivable

For accounts receivable or notes receivable, whether it contains significant financing components, the company always measures its loss reserves in accordance with the amount of expected credit losses for the entire life period, and the increase or reversal of the loss provision resulting therefrom is included in the current profit and loss as an impairment loss or gain.

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

For other accounts receivable and notes receivable with objective evidence indicating impairment and suitable for single evaluation, the impairment test shall be conducted separately to confirm the expected credit loss, thereafter, accrue single impairment provision.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.11 Impairment of receivables (Continued)

3.11.1 Accounts receivable and notes receivable (Continued)

- (2) Receivables accruing bad debt provision in credit risk characteristic portfolio

For accounts receivable and notes receivable without objective evidence of impairment, or when the information of expected credit loss cannot be evaluated at reasonable cost by single accrual, the company divides it into several portfolio according to the characteristics of credit risk, and calculates the expected credit loss on the basis of combination. The basis for determining the combination is as follows:

The basis of identifying the portfolio	
The portfolio of notes	Considering the credit rating of the acceptance bank or the acceptor as the credit risk characteristic of portfolios
The portfolio of aging	Considering the aging of receivables as the credit risk characteristic of portfolios.
The portfolio of related parties	Considering the trading relationship of receivables as the credit risk characteristics of portfolios
The portfolio of deposit, employee reserve fund	Considering the nature of accounts receivable as the credit risk characteristic of portfolios
The method of accruing bad debt provision	
The portfolio of notes	Other method
The portfolio of aging	Accruing bad debt provision based on aging
The portfolio of related parties	Other method
The portfolio of deposit, employee reserve fund	Other method

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.11 Impairment of receivables (Continued)

3.11.1 Accounts receivable and notes receivable (Continued)

- (2) Receivables accruing bad debt provision in credit risk characteristic portfolio (Continued)

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

Aging	Proportion (%)
0–6 months	0
7–12 months	5
1–2 years	10
2–3 years	15
3–4 years	30
4–5 years	50
Over 5 years	100

In the portfolio, other methods are used to accrual provision for bad debts:

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.11 Impairment of receivables (Continued)

3.11.2 Receivable financing

When the accounts receivable or notes receivable meets the following conditions at the same time, the company classified it into financial assets measured at fair value with the changes included in other comprehensive income and list it as receivables financing in the statement. Please refer to “3.10 Financial Instruments” in the note for relevant specific accounting treatment methods.

- (1) The contract cash flow is the payment of the principal and the interest based on the outstanding principal amount.
- (2) The company’s business model for managing notes receivable and accounts receivable are both of collecting the contract cash flow and the selling.

When the expected credit loss of single item cannot be evaluated at a reasonable cost, the company divides the notes receivable and accounts receivable into several combinations according to the credit risk characteristics and calculates the expected credit loss on the basis of the combination. If there is objective evidence to show that notes receivable or accounts receivable have suffered credit impairment, the company shall make single bad debt provision for the notes receivable or accounts receivable and identify the expected credit loss. For the note’s receivable and accounts receivable divided into combinations, the impairment loss measurement method of the aforesaid accounts receivable shall be applied.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.11 Impairment of receivables (Continued)

3.11.3 Other receivables

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

3.11.4 Others

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

3.12 Inventories

3.12.1 Classification of inventories

Inventory classification includes: raw materials, turnover materials, inventory goods, products in progress, issued goods, commissioned processing materials and so on.

Inventories are initially measured at cost, which includes procurement costs, processing costs, and other expenses incurred to bring the inventory to its current location and condition.

3.12.2 The valuation method of delivery inventory

Valuation of inventories is based on a weighted average method.

3.12.3 Determination method for net realizable values of inventories

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.12 Inventories (Continued)

3.12.3 Determination method for net realizable values of inventories (Continued)

In normal operation process, for merchandise inventories for direct sales such as finished goods, stock commodities and materials for sale, their net realizable values are determined at the estimated selling prices minus the estimated selling expenses and relevant taxes and surcharges; in normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

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

3.12.4 Inventory system

The perpetual inventory system is adopted.

3.12.5 Amortization of low-value consumables and packaging materials

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.13 Contractual assets

3.13.1 Determination method and standards for contractual assets

The Company presents contractual assets or contractual liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration (except for receivables) that the Company has the right to collect for transferring goods or providing services to customers is listed as contractual assets; Under the same contract, contract assets and contract liabilities are presented in net amounts. The company's unconditional (depending only on time goes by) right to receive consideration from customers is presented separately accounts receivable

3.13.2 Determination method and accounting method for expected credit loss

Details of determination method and accounting method for expected credit loss of contractual assets, please refer to the Notes "3.10.6 Test method and accounting treatment of impairment of financial assets".

3.14 Held for sale

Those whose book value is recovered mainly through the sale (including the exchange of non-monetary assets of a commercial nature) rather than through the continuous use of a non-current asset or disposal group are classified as held for sale.

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

- (1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;
- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale can be done only upon the approval of relevant authorities or regulatory authorities of the Company as required by relevant provisions, the approval has been obtained.

If the book value of non current assets (excluding financial assets, deferred income tax assets, and assets formed by employee compensation) or disposal groups held for sale is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses. The written down amount shall be recognized as asset impairment loss and included in the current profit and loss, and a provision for impairment of held for sale assets shall be made accordingly.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.15 Long-term equity investments

3.15.1 Judgment criteria for common control and significant influence

Joint control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement shall not be made before the party sharing the control right agrees the same. Where the Company exercises joint control over the investee with other parties to the joint venture and enjoys the right on the investee's net assets, the investee is a joint venture of the Company.

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

3.15.2 Determining of initial investment cost

(1) A long-term equity investment as a result of business combination

Business combination under the common control: if the Company pays a consideration to the combine in cash, by transferring non-cash assets or by assuming debts, the share of book value of its owners' equity in the combine in the consolidated financial statements of the ultimate controlling party shall be regarded, on the merger date, as the initial investment cost of the long-term equity investment. In case the Company can exercise control over the investee under common control for additional investment or other reasons, the initial investment cost of long-term equity investments is recognized at the share of book value of net asset of the acquiree after the combination in the consolidated financial statements of the ultimate controller on the combination date. The stock premium shall be adjusted at the difference between the initial investment cost of long-term equity investments on the combination date and the book value of long-term equity investments before the combination plus the book value of consideration paid for additional shares; if there is no sufficient stock premium for write-downs, the retained earnings are adjusted.

Merger of enterprises under different controlling group: The Company recognizes the combination cost determined on the combination date as the initial cost of long-term equity investments. Where the Company can control the investee not under common control from additional investments, the initial investment cost shall be changed to be accounted for under the cost method and recognized at the sum of the book value of equity investments originally held and newly increased investment cost.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.15 Long-term equity investments (Continued)

3.15.2 Determining of initial investment cost (Continued)

(2) Long-term equity investment acquired by other methods

For long-term equity investments acquired from making payments in cash, the initial cost is the actually payment of purchase cost.

For long-term equity investments acquired from issue equity securities, the initial investment cost is the fair value of the issued equity securities.

3.15.3 Subsequent measurements and recognition method of profit or loss

(1) Long-term equity investments accounted for the equity method

The Company's long-term equity investments in associates and joint ventures are accounted for by using the equity method. If the initial investment cost is greater than the share of the fair value of the investee's identifiable net assets at the time of investment, the initial investment cost of the long-term equity investment will not be adjusted; if the initial investment cost is less than the share of the fair value of the investee's identifiable net assets at the time of investment The difference is included in the current profit and loss, and the cost of long-term equity investment is adjusted at the same time.

The company recognizes the investment income and other comprehensive income according to the share of the net profit or loss and other comprehensive income realized by the invested unit that it should enjoy or share, and adjusts the book value of the long-term equity investment at the same time; The book value of the long-term equity investment shall be correspondingly reduced for the part that should be enjoyed in the calculation of dividends; for other changes in the owner's equity of the invested entity other than net profit or loss, other comprehensive income and profit distribution (referred to as "other changes in owner's equity"), the long-term equity investment shall be adjusted. The book value of the equity investment is included in the owner's equity.

When confirming the share of the investee's net profit or loss, other comprehensive income and other changes in owner's equity, it is based on the fair value of the investee's identifiable net assets when the investment is obtained, and in accordance with the company's accounting policies and accounting periods. It is confirmed after adjusting the net profit and other comprehensive income of the invested unit.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.15 Long-term equity investments (Continued)

3.15.3 Subsequent measurements and recognition method of profit or loss (Continued)

(1) Long-term equity investments accounted for the equity method (Continued)

The unrealized profit and loss of internal transactions between the company and its associates and joint ventures shall be calculated according to the share attributable to the company and offset, and the investment income shall be recognized on this basis, but the assets invested or sold constitute part of the business except. If the unrealized internal transaction loss with the invested unit is an asset impairment loss, it shall be recognized in full.

The company's net losses to joint ventures or joint ventures, in addition to the obligation to bear additional losses, are limited to zero when the book value of long-term equity investments and other long-term interests that substantially constitute net investment in joint ventures or joint ventures are reduced to zero. If the joint venture or associated enterprise realizes net profit in the future, the company shall restore the recognition of the profit share after the share of the profit makes up for the share of the unrecognized loss.

(2) Disposal of long-term equity investments

For the disposal of long-term equity investment, the difference between its book value and the actual acquisition price shall be included into the current profit and loss.

For partial disposal of long-term equity investment accounted by equity method, if the remaining equity is still accounted by equity method, the other comprehensive income recognized by the original equity method shall be carried forward on the same basis as the corresponding proportion of invested unit's direct disposal of relevant assets or liabilities. And other changes in owner's equity shall be carried forward to the current profit and loss according to the proportion.

If the joint control or significant influence on the invested unit is lost due to the disposal of equity investment and other reasons, the other comprehensive income recognized by the original equity investment due to the adoption of equity method accounting shall be calculated in accordance with the direct disposal of the invested unit when the equity method is terminated. Assets or liabilities are accounted for on the same basis, and other changes in owner's equity are all transferred to current profit and loss when the equity method is terminated.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.16 Investment properties

The investment property refers to the real estate held for earning rentals or/and capital appreciation. Investment properties include leased land use right, land use right held for transfer upon appreciation and leased building (including buildings used for lease after the completion of self-construction or development activities and buildings used for lease in the future in the process of construction or development).

Subsequent expenditures related to investment real estate are included in the cost of investment real estate when the relevant economic benefits are likely to flow in and the cost can be measured reliably. Otherwise, it shall be included in the current profit and loss when it occurs.

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

3.17 Fixed assets

3.17.1 Recognition conditions and initial measurement of fixed assets

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

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

Fixed assets are initially measured at cost (taking into account the impact of expected disposal costs).

The subsequent expenditures related to the fixed assets shall be included in the cost of the fixed assets when the related economic benefits are likely to flow in and the cost can be measured reliably. For the replaced part, the recognition of its carrying value shall be terminated; all other subsequent expenditures are recorded into current profit and loss when incurred.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.17 Fixed assets (Continued)

3.17.2 Depreciation methods of fixed assets

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. Where the parts of a fixed asset have different useful lives or cause economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each part is depreciated separately.

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

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

3.17.3 Fixed assets disposal

When a fixed asset is disposed of or is not expected to generate economic benefits through use or disposal, the recognition of the fixed asset shall be terminated. The amount of the disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting its book value and relevant taxes and fees is booked into the current profit and loss.

3.18 Construction in progress

The construction in progress is measured according to the actual cost incurred. Actual costs include construction costs, installation costs, capitalized borrowing costs, and other expenses necessary to bring the work in progress to a predetermined usable state. When the project in construction reaches expected serviceable state, it shall accrue to fixed assets and the depreciation shall be accrued from the next month.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.19 Borrowing costs

3.19.1 Recognition principles of capitalization of borrowing costs

The borrowing costs incurred can be directly attributable to the acquisition and construction or production of assets eligible for capitalization shall be capitalized and included in relevant asset costs; other borrowing costs shall be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

3.19.2 Capitalization period of borrowing costs

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation; period of suspension for capitalization is excluded.

The borrowing costs shall not be capitalized unless they simultaneously satisfied the following requirements:

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

Capitalization of borrowing costs shall cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.19 Borrowing costs (Continued)

3.19.3 Period of suspension for capitalization

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs shall be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for its intended use or sale, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit and loss and continue to be capitalized until the acquisition, construction or production of the asset restarts.

3.19.4 Calculation of capitalization amount of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the borrowings unused and deposited in bank or return on temporary investment shall be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the expenses of general borrowings to be capitalized shall be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements (as at the end of each month) exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.20 Intangible assets

3.20.1 Measurement method of intangible assets

- (1) The Company initially measures intangible assets at cost on acquisition.

The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended uses.

- (2) Subsequent measurement of intangible assets

The useful life of intangible assets are analyzed and determined on their acquisition.

As for intangible assets with limited useful life, straight-line amortization method is adopted in the period when the intangible assets generate economic benefit for enterprise; if the period when the intangible assets generate economic benefit for enterprise cannot be forecasted, the intangible assets should be deemed as those with indefinite useful life and should not be amortized.

3.20.2 Estimate of useful lives of intangible assets with definite useful lives:

Item	Estimated useful lives (year(s))	Amortization method
Land use rights	16.75-50	Straight line method
Trademark rights	10	Straight line method
Computer software	5-10	Straight line method
patents	10	Straight line method
Software copyright	10	Straight line method
Non-patented technology	5	Straight line method

3.20.3 Specific standards for classification of research and development phase of internal research and development projects

The Company's expenditures for its internal research and development projects are classified into research expenditures and development expenditures.

Research phase: the phase for the creative and planned investigation and research to acquire and understand new scientific or technological knowledge.

Development phase: the phase for the application of research achievements and other knowledge to a certain plan or design, prior to the commercial production or use, so as to produce any new material, device or product, or substantially improved material, device and product.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.20 Intangible assets (Continued)

3.20.4 Specific standard for development expenditures eligible for capitalization

Expenditure on the development stage of an internal research and development project shall be recognized as intangible assets only when the following conditions are simultaneously satisfied:

- (1) It is technically feasible to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible asset;
- (3) The ways whereby the intangible asset is to generate economic benefits, including those whereby it is able prove that there is a potential market for the products manufactured by applying this intangible asset or that there is a potential market for the intangible asset itself; if the intangible asset is used internally, its usefulness will be proved;
- (4) With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible assets, and it is able to use or sell the intangible assets; and
- (5) The expenditures attributable to the intangible assets during their development phase can be reliably measured.

If impracticable to distinguish between the research stage expenditure and the development stage expenditure, all the R&D expenditure incurred shall be included in the current profit and loss.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.21 Impairment of long-term assets

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

Impairment test to goodwill, intangible asset with uncertain useful life and intangible assets that have not yet reached a usable state, shall be carried out at least at the end of each year.

When the Company carry out impairment test to goodwill, the Company shall, as of the purchasing day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the sets of asset groups. When the company allocates the book value of goodwill, it allocates according to the relative benefits that the relevant asset group or asset group combination can obtain from the synergy effect of business combination, and then conducts goodwill impairment test on this basis.

For the purpose of impairment test on the relevant asset groups or the sets of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or sets of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset groups or sets of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognize the corresponding impairment loss. Then the Company will make an impairment test on the asset groups or sets of asset groups containing goodwill, and compare the carrying value of these asset groups or sets of asset groups (including the carrying value of the goodwill allocated thereto) with the recoverable amount. Where the recoverable amount of the relevant assets or sets of the asset groups is lower than the carrying value thereof, it shall recognize the impairment loss of the goodwill. Once the above asset impairment loss is recognized, it will not be reversed in the subsequent accounting periods.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.22 Long-term deferred expenses

Long-term deferred expenses refer to all expenses that have occurred but should be amortized during the current period and subsequent periods and with an amortization period of more than one year

Long-term deferred expenses are measured at the actual costs and amortized evenly over the estimated beneficial period. If an item of long-term deferred expense cannot bring any benefit in future accounting periods, the amortized value of such item shall all be transferred to the current profit or loss.

3.23 Contract Liabilities

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

3.24 Employee compensation

3.24.1 Short-term compensation

During the accounting period in which employees provide service to the Company, the short-term remuneration actually incurred is recognized as liabilities and included into the current profit or loss or the assets-related cost.

During the accounting period when employees serve the Company, the corresponding amount of employee compensation is calculated and determined according to the provision basis and provision proportion as stipulated in the provisions on the social insurance premiums such as the medical insurance premiums, work-related injury insurance premium and maternity insurance premium and housing funds paid for employees by the Company, as well as labor union funds and employee education funds.

The employee welfare expenses incurred by the Company shall be recorded into the current profit and loss or the cost of relevant assets according to the actual amount when actually incurred, and the non-monetary welfare shall be measured at its fair value.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.24 Employee compensation (Continued)

3.24.2 Post-employment benefits

(1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or assets-related assets cost.

In addition to the basic pension insurance, the Company also sets up enterprise annuity payment system (supplementary pension insurance) / enterprise annuity plans in accordance with relevant national policies on enterprise annuity system. The Company makes payments to the local social insurance institutions/annuity plan in a certain proportion to the total employee wage, with corresponding expense included in the current profit or loss or related asset cost.

(2) Defined benefit plan

According to the formula determined based on expected cumulative unit method, the Company will set the period that the welfare obligations deriving from the defined benefit plan, which will be included in current profit or loss or related assets cost.

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising out of the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plan, the Company shall measure net assets of such defined benefit plan by the lower one between the surplus of defined benefit plan and the upper limit of assets thereof.

All obligations of defined benefit plan include the obligation of payment during the 12 months after the end of the annual reporting period of expected receipt of services from employees, and are discounted according to the market yields of state bond with the same currency or high-quality corporate bond according to date in the balance sheet and the obligation period of defined benefit plan.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.24 Employee compensation (Continued)

3.24.2 Post-employment benefits (Continued)

(2) Defined benefit plan (Continued)

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or assets-related costs; changes in the re-measurement of net liabilities or net assets under the defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the undistributed profits.

For the settlement of the defined benefit plan, the balance between the present value and the settlement price under the defined benefit plan confirmed on the settlement date shall be recognized and settled as gains or losses.

3.24.3 Dismissal welfare

When the Company fails to unilaterally withdraw the dismissal benefits offered due to the termination of the labor relation plan or layoff proposal, or confirms the costs or fees associated with the reorganization involving the payment of the dismissal benefits (whichever is earlier), the employee compensation liabilities arising from the confirmation of dismissal benefits are included in the current profit or loss.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.25 Estimated liabilities

The Company recognizes the obligation related to contingencies which meeting the following conditions at the same time as liabilities:

- (1) The obligation is a present obligation of the Company;
- (2) The performance of such obligation is likely to result in outflow of economic benefits from the Company;
- (3) The amount of the obligation can be measured reliably.

Estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of the relevant present obligations.

The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. If the time value of money is significant, the best estimate shall be determined after discounting the relevant future outflow of cash.

If there is a continuous range of required expenses and the likelihood of various outcomes occurring within that range is the same, the best estimate is determined based on the median value within that range; in other cases, the best estimate is treated as follows:

- If a contingency involves a single project, it shall be determined based on the most likely amount to occur.
- If a contingency involves a single project, it shall be determined based on the most likely amount to occur.

When all or part of the expenses necessary for the settlement of estimated liabilities of the Company are expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is virtually certain to be received. The compensation recognized shall not exceed the book value of the estimated liabilities.

The Company reviews the book value of the expected liabilities on the balance sheet date, and if there is conclusive evidence that the book value cannot reflect the current best estimate, it shall adjust the book value according to the current best estimate.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.26 Share-based payment

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees (or other parties). The share-based payments of the Company consist of equity-settled share-based payments and cash-settled share-based payments.

3.26.1 Equity-settled share-based payment and equity instruments

In case of the equity-settled share-based payment for the service provided by employees, the measurement is based on the fair value of the equity instruments granted to employees. Where the Company makes share-based payments in restricted stocks and the employee makes capital contributions to subscribe such shares, such shares should not be circulated or transferred before they reach unlocked conditions and before they are unlocked; if the unlocked conditions specified in the final equity incentive plan fail to be reached, then the Company should repurchase the shares at the price agreed in advance. When the Company received the payment of the employee for the subscription of restricted stocks, it should recognize share capital and capital reserves (share premiums) in accordance with the payment for subscription received. The Company should fully recognize a liability at the repurchase obligations and recognize treasury stock at the same time. On each balance sheet date within the waiting period, the Company will, based on the newly-acquired subsequent information such as the changes in the number of the vested employees and whether the specified performance is reached, make the best estimate on the number of the vesting equity instruments. On such basis, the services received in the current period should be included in the relevant cost or expenses according to fair value on the date of grant and capital reserves should be accordingly increased. After the vesting date, no adjustments will be made to the sum of the relevant recognized costs or expenses and total owners' equity. However, when the right can be exercised immediately after the grant, it should be included in the relevant costs or expenses at the fair value on the date of grant. The capital reserves should be increased accordingly.

For share-based payments ultimately failed to be exercised, their costs or expenses shall not be recognized, unless the vesting conditions are market conditions or non-vesting conditions, then regardless of whether market conditions or non-vesting conditions are satisfied, as long as all non-market conditions among vesting conditions are satisfied, it shall be deemed as vesting.

If the terms of equity-settled share-based payments are modified, at least the services obtained shall be confirmed in accordance with the unmodified provisions. In addition, any modification increasing the fair value of equity instruments granted, or favorable changes to the employees on modification date are all confirmed to increase services.

If equity-settled share-based payments are cancelled, then they shall be handled on cancellation date as accelerated vesting, and the unconfirmed amount shall be confirmed immediately. Where employees or other parties may choose to meet non-vesting conditions but are not met in the vesting period, such payments shall be handled as cancelling equity-settled share-based payments. However, if a new equity instrument is granted, and it is confirmed to replace the equity instrument which is cancelled on the grant date, then the handling of such equity instrument shall be subject to the same way modifying the terms and conditions of the original equity instrument.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.26 Share-based payment (Continued)

3.26.2 Cash-settled share-based payment and equity instruments

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. Initial adoption model is measured at the fair values on the grant date and consider the terms and conditions based on which the equity instruments are granted. Where equity-settled share-based payments are immediately exercised after the grant, they shall be included in the relevant cost or expenses based on the fair value on the grant date and the capital reserves should be accordingly added; if the right can be exercised only when the services within the waiting period come to an end or until the prescribed performance conditions are met, then the services obtained in the current period shall be included in the relevant costs or expenses based on the best estimate of the equity instruments with vesting rights within the waiting period and according to the fair value of the liabilities borne, and the corresponding liabilities shall be added. The Company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes into the current profit or loss.

Our Company modifies the terms and conditions of the cash settled share-based payment agreement to make it an equity settled share-based payment. On the modification date (whether occurring during or after the waiting period), our Company measures the equity settled share-based payment at its fair value on the date of granting the equity instrument, and includes the services obtained in the capital reserve, At the same time, the recognition of cash settled share-based payments that have been recognized as liabilities on the modification date is terminated, and the difference between the two is recorded in the current profit and loss. If the waiting period is extended or shortened due to modifications, our Company will conduct accounting treatment according to the modified waiting period.

Notes to the 2022 Financial Statements (Continued)

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

3.27 Preferred shares, perpetual bond and other financial instruments

The Company classifies the financial instruments or their components as financial assets, financial liabilities or equity instruments at the initial recognition, in accordance with contractual terms relating to the preferred stocks or perpetual bonds issued and economic substance reflected, and in combination with the definition of financial assets, financial liabilities and equity instruments.

The preferred stocks/perpetual bonds and other financial instruments issued by the Company shall, in whole or in part, be classified as financial liabilities at the initial recognition when meeting one of the following conditions:

- (1) There is any contractual obligation that the Company is unable to avoid the unconditional delivery of cash or other financial assets to fulfill;
- (2) The financial instruments contain any contractual obligation of delivering a variable number of their own equity instruments for settlement;
- (3) The financial instruments contain any derivative instrument settled with their own equity (such as equity transfer, etc.), which is not settled with a fixed amount of their own equity instruments in exchange for a fixed amount of cash or other financial assets;
- (4) There is any contract term that indirectly forms any contract obligation;
- (5) When the issuer liquidates, the perpetual bonds are liquidated in the same order as the ordinary bonds and other debts issued by the issuer.

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.28 Revenue

3.28.1 General principles of revenue recognition

The company has fulfilled the performance obligation in the contract, that is, the revenue is recognized when the customer obtains the control of relevant goods or services. Obtaining control over relevant goods or services means being able to dominate the use of such goods or services and obtain almost all economic benefits therefrom.

If the contract contains two or more performance obligations, the company will allocate the transaction price to each individual performance obligation, in accordance with the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the commencement date of the contract. The company measures the revenue according to the transaction price apportioned to each individual performance obligation.

Transaction price refers to the amount of consideration that the company is expected to be entitled to receive, due to the transfer of goods or services to customers, excluding the amount collected on behalf of a third party or the amount expected to be returned to customers. The company determines the transaction price according to the contract terms and previous customary practices; influence of variable consideration; major financing components in the contract; non cash consideration; consideration payable to customers and other factors. The company determines the transaction price including variable consideration at an amount that does not exceed the amount that is probably not to be significantly reversed when the relevant uncertainty is eliminated. If there are significant financing components in the contract, the company determines the transaction price according to the amount payable assuming that the customer will pay in cash when obtaining the control of goods or services, and amortizes the difference between the transaction price and the contract consideration by using the effective interest rate method during the contract period.

If one of the following conditions is fulfilled, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain point in time:

- While the company performs the contract, the customer obtains and consumes the economic benefits brought by performance of the company.
- The customer can control the goods under construction during the performance of the contract.
- The goods produced during the performance of the contract by the company have irreplaceable uses, and the company has the right to collect payment for the performance part that has been completed so far in the whole contract period.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.28 Revenue (Continued)

3.28.1 General principles of revenue recognition (Continued)

For the obligations performed within a certain period of time, the company shall recognize the revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. Considering the nature of goods or services, the company adopts the output method or input method to determine the performance progress. When the performance progress cannot be reasonably determined and the costs incurred are expected to be compensated, the company recognizes the revenue according to the amount of costs incurred until the performance progress can be reasonably determined.

For the obligations performed at a certain point, the company recognizes the revenue when the customer obtains the control of relevant goods or services. When judging whether the customer has obtained the control of goods or services, the company considers the following signs:

- The company has the current right to receive consideration for the commodity or services, that is, the customer has the current payment obligation for the commodity or services.
- The company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the goods.
- The company has transferred the commodity to the customer.
- The company has transferred the main risks and rewards of the ownership of the commodity to the customer, that is, the customer has obtained the main risks and rewards from ownership of the commodity.
- The customer has accepted the goods or services.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.28 Revenue (Continued)

3.28.2 Revenue measurement principle

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.28 Revenue (Continued)

3.28.3 Specific methods of revenue recognition

(1) Revenue recognized at a point in time

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

(2) Revenue recognized according to performance progress

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

(3) Rental services

If the company provides leasing services, it shall be recognized as rental income according to the straight-line method within the lease term agreed in the lease contract or agreement (the rent free period shall be considered if there is a rent free period). Refer to Notes 3.32 Relevant Disclosure of Lease Accounting Policies for details.

(4) Other

Others are applicable to property management and park service, and the income is recognized according to the straight-line method as agreed in the contract.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.29 Contract cost

Contract cost includes contract performance cost and contract acquisition cost.

If the cost incurred by the company for performing the contract does not fall within the scope of relevant standards and specifications such as inventory, fixed assets or intangible assets, it shall be recognized as a contract performance cost when the following conditions are fulfilled:

- The cost is directly related to a current or expected contract.
- This cost increases the company's future resources for performance obligations.
- The cost is expected to be recovered.

If the incremental cost incurred by the company to obtain the contract is expected to be recovered, it shall be recognized as the contract acquisition cost as an asset.

The assets related to the contract cost are amortized on the same basis as the recognition of the income from goods or services related to the assets. However, if the amortization period of contract acquisition cost does not exceed one year, the company will accrue it into the current profit and loss when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the company shall withdraw the impairment provision for the excess part and recognize it as asset impairment loss:

1. The residual consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. The estimated cost to be incurred for the transfer of the relevant goods or services.

If the impairment factors in the previous period change later, so that the above difference is higher than the book value of the asset, the company will reverse the originally accrued impairment provision and record it into the current profit and loss, but the book value of the asset after reversal will not exceed the book value of the asset on the reversal date assuming that the impairment provision is not withdrawn.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.30 Government grants

3.30.1 Classification

Government grants are monetary or non-monetary assets obtained by the company from the government free of charge, which are divided into asset related government grants and income related government grants.

Government grants related to assets refer to the grants obtained by the company for the purchase and construction or the formation of long-term assets in other ways. Government grants related to income refer to government grants other than those related to assets.

3.30.2 Recognition

The Company recognizes government grants only when there is reasonable assurance that the company complies with the conditions attached to them and the grants has been received.

3.30.3 Accounting practice

Government grants related to assets shall offset the book value of relevant assets or be recognized as deferred income. If it is recognized as deferred income, it shall be included in the current profit and loss by stages according to a reasonable and systematic method within the service life of relevant assets (if it is related to the daily activities of the company, it shall be included in other income; if it is not related to the daily activities of the company, it shall be included in non-operating revenue);

Government grants related to income, which are used to compensate the relevant costs, expenses or losses of the company in the future, are recognized as deferred income, and are included in the current profit and loss (those related to the daily activities of the company are included in other income; those unrelated to the daily activities of the company are included in non-operating revenue) or offset the relevant costs, expenses or losses during the period when the relevant costs, expenses or losses are recognized; Those used to compensate the relevant costs, expenses or losses incurred by the company shall be directly included in the current profits and losses (those related to the daily activities of the company shall be included in other income; those unrelated to the daily activities of the company shall be included in non-operating revenue) or offset the relevant costs, expenses or losses.

The policy-based preferential loan interest discount obtained by the company is divided into the following two situations, and the accounting treatment is carried out separately:

- (1) If the interest grants paid to the bank and then the bank provides bank loans to company with interest rate in preferential policy, the Company will regard the borrowing amount received as the initial value and calculate the principle of borrowing and borrowing costs based on the interest rate in preferential policy.
- (2) If the interest grants paid directly to the Company, the Company will deduct the interest grants from borrowing costs.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.31 Deferred income tax assets and deferred income tax liabilities

Income tax includes current income tax and deferred income tax. Except for the income tax arising from the business merger and the transaction or event directly booked into the owners' equity (including other comprehensive income), the Company will record the current income tax and deferred income tax into the current profit and loss.

Deferred income tax assets and deferred income tax liabilities shall be calculated and recognized on the basis of the difference (temporary difference) between the tax basis of the assets and liabilities and their carrying value.

Deferred income tax assets are recognized at deductible temporary difference to the extent that it shall not exceed the future taxable income possibly available to be against the deductible temporary difference.

Taxable temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognized include:

- The initial recognition of goodwill;
- Other transactions or matters excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

Deferred income tax liability is recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless the Company can control the timing of reversal of such temporary differences and such temporary differences are likely not to be reversed in the foreseeable future. For the deductible temporary differences related to the investments of subsidiaries, associates and joint ventures, deferred tax assets are recognized when the temporary differences are likely to be reversed in the foreseeable future and the taxable income amount used to offset the deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured in accordance with the applicable tax rate during the period of expected recovery of the relevant assets or settlement of the relevant liabilities in accordance with the provisions of the tax law.

On the balance sheet date, the Company reviews the carrying value of the deferred income tax assets. If it is likely that sufficient taxable income will not be obtained to offset the benefit of the deferred income tax asset in the future period, the carrying value of the deferred income tax asset will be written down. When sufficient taxable income is likely to be obtained, the amount of write-down will be reversed.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.31 Deferred income tax assets and deferred income tax liabilities (Continued)

The current income tax assets and current income tax liabilities shall be reported at the net offset amount when the legal right to settle on a net basis is possessed and the intention is to settle on a net basis or acquire assets and pay off liabilities simultaneously.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are presented in net amount after set-off when both of the following conditions are met:

- Taxpayers have the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- The deferred income tax assets and deferred tax liabilities are with the same tax collection and administration departments related income tax rate to the same entity or are related to different tax subject, but each has the importance in the future of the deferred income tax assets and liabilities return period, involving tax subject intent to netting or current income tax assets and liabilities and acquire assets and pay off debt.

3.32 Lease

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

If the contract contains multiple separate leases at the same time, the lessee and the lessor may split the contract, and account for each lease separately. If the contract includes both lease and non-lease parts, the lessee and the lessor shall split them.

For rental concessions such as rent reductions, deferred payments, etc. directly caused by the Covid-19, if the following conditions are met at the same time, the company adopts a simplified method for all lease options and does not evaluate whether there is a lease change or not. Reassessment of Lease Classification:

- The lease consideration after the concession is reduced or basically unchanged compared with that before the concession, and the lease consideration can be undiscounted or discounted at the discount rate before the concession;
- After comprehensive consideration of qualitative and quantitative factors, it is determined that there is no significant change in other terms and conditions of the lease.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.32 Lease (Continued)

3.32.1 The Company as the lessee

(1) Right-of-use assets

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

- The initial measurement amount of the lease liability;
- The lease payment made on or before the commencement of the lease term, or the relevant amount after deducting the lease incentive already enjoyed if any;
- Initial direct costs incurred by the Company;
- The estimated cost incurred by the Company to dismantle and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the status which agreed in the lease terms, excluding the costs attributable to the production of inventories.

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

The Company shall determine whether the impairment of the right to use assets has occurred according to the principles stated in "3.21 Impairment of Long-term Assets" in this Note, and shall conduct accounting treatment for the recognized impairment losses.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.32 Lease (Continued)

3.32.1 The Company as the lessee (Continued)

(2) Lease Liabilities

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

- Fixed payment (including substantial fixed payment), and the relevant amount after deducting the lease incentive if any;
- Variable lease payments depending on index or ratio;
- Estimated payments due to the guaranteed residual value provided by the Company;
- Exercise price of the purchased option, provided that the Company reasonably determines that the option will be exercised;
- The amount to be paid for the exercise of the lease termination options, provided that the lease term reflects that the Company will exercise the options to terminate the lease;

The Company uses the interest rate implicit in lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the Company uses the incremental borrowing rate as the discount rate.

The Company calculates the interest expense of the lease liabilities in each the lease term at a fixed periodic interest rate, and includes it in the current profit or loss or related asset costs.

Variable lease payments that are not included in the lease liabilities are included in current profit or loss or related asset costs when incurred.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.32 Lease (Continued)

3.32.1 The Company as the lessee (Continued)

(2) Lease Liabilities (Continued)

The Company will re-measure the lease liabilities at the present value of the lease payment after the change in the following circumstances after the commencement of the lease term:

- The company's evaluation results of purchase options, lease renewal options, or lease termination options change, or the actual exercise of lease renewal options or lease termination options is inconsistent with the original evaluation results, the company re-measures the lease liabilities according to the present value calculated by the changed lease payment and the revised discount rate;
- When the actual fixed payment amount changes, the expected payable amount of the guarantee residual value changes, or the index or ratio used to determine the lease payment amount changes, the company re-measures the lease liability according to the changed lease payment amount and the present value calculated by the original discount rate. However, if the change of lease payment derive from the change of floating interest rate, the revised discount rate shall be used to calculate the present value.

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

The Company chooses not to recognize the right-of-use assets and lease liabilities for short-term and low-value asset leases, and includes the related lease payments in the current profit or loss or related asset costs with the straight-line method in each lease term. Short-term lease refers to a lease that lasts for no more than 12 months and includes no purchase options at the commencement of the lease term. Low-value asset lease refers to a lease with lower value when the individual leased assets are brand new assets. If the Company sublets or anticipates subletting the leased assets, the original lease is not a low-value asset lease.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.32 Lease (Continued)

3.32.1 The Company as the lessee (Continued)

(4) Lease change

If a lease changes and meets all the following conditions, the Company will account for the lease change as a separate lease:

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

If the lease change is not accounted for as a separate lease, the Company shall, on the effective date of the lease change, re-allocate the consideration of the changed contract, re-determine the lease term, and re-measure the lease liabilities at the present value calculated based on the changed lease payment and the revised discount rate.

If a change in the lease results in a reduction in the lease scope or a shorter lease term, the Company shall reduce the book value of the right to use assets accordingly and record the relevant gains or losses arising from the partial or complete termination of the lease into the current profit and loss. If other lease changes result in the re-measurement of lease liabilities, the Company shall adjust the book value of the right asset accordingly.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.32 Lease (Continued)

3.32.1 The Company as the lessee (Continued)

(5) Rent reduction related to COVID-19 pneumonia

For simplified methods related to COVID-19 pneumonia, the company does not assess whether leasing changes occur, continues to calculate the interest cost of leased liabilities in accordance with the discount rate before concession, accrue to the current profits and losses, and continues to depreciate the assets in accordance with the method before concession. In case of rent reduction, the company will treat the reduced rent as the amount of variable lease payment. When the original rent payment obligation is relieved by reaching a concession agreement, the cost or expense of relevant assets will be offset according to the discount amount of the undiscounted or pre concession discount rate, and the lease liabilities will be adjusted accordingly; If the payment of rent is delayed, the company shall offset the lease liabilities recognized in the previous period at the time of actual payment.

For short-term leases and low value asset leases, the company continues to include the original contract rent into the relevant asset costs or expenses in the same way as before the concession. In case of rent reduction, the company will treat the reduced rent as the variable lease payment and offset the relevant asset costs or expenses during the reduction period; If the payment of rent is delayed, the company recognizes the rent payable as payable in the original payment period and offsets the payable recognized in the previous period when it is actually paid.

3.32.2 The Company as the lessor

The leases are classified as finance lease and operating lease on the lease beginning date. Finance lease refers to the lease under which all the risks and rewards relevant to the ownership of assets are materially transferred, regardless of whether the ownership is ultimately transferred. Operating lease refers to the leases other than finance lease. When the Company is a sub-lessor, it classifies the sublease based on the right-of-use assets generated from the original lease.

(1) Accounting treatment of operating lease

Lease receipts from operating leases during each lease term shall be recognized as rental income with the straight-line method. The Company capitalizes the initial direct costs incurred in relation to operating leases, and allocates the same to the current profit or loss on the same basis as that for rental income recognition during the lease term. Variable lease payments that are not included in the lease receipts are included in current profit or loss when incurred.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.32 Lease (Continued)

3.32.2 The Company as the lessor (Continued)

(2) Accounting treatment of finance lease

On the lease beginning date, the Company recognizes the finance lease receivables and derecognizes the assets acquired under finance lease. When the Company initially measures the finance lease receivables, the net lease investment is taken as the book-entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received at the commencement of the lease term, discounted at the interest rate implicit in lease.

The Company calculates and recognizes the interest income in each lease term at a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with Note “3.10 Financial instruments”.

Variable lease payments that are not included in the net lease investment are included in current profit or loss when incurred.

If the financial lease is changed and the following conditions are met at the same time, the company will treat the change as a separate lease for accounting treatment:

- The change expands the scope of the lease by adding the right to use one or more of the leased assets;
- The increased consideration is equal to the individual price of the extended part of the leased scope after adjustment according to the conditions of the contract.

If the modification of a financial lease is not accounted for as a separate lease, the company handles the modified lease in the following circumstances:

- If the change takes effect on the lease commencement date, the lease will be classified as an operating lease, and the company will account for it as a new lease from the lease change effective date, and the lease investment net amount before the lease change becomes effective. The book value of the leased asset;
- If the change takes effect on the lease commencement date, the lease will be classified as a finance lease, and the company will conduct accounting treatment in accordance with the policy on modifying or renegotiating the contract in “3.10 Financial Instruments” in this note.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.32 Lease (Continued)

3.32.3 Sale-and-leaseback deals

The Company evaluates and determines whether the asset transfer in the sale-and-leaseback deals is a sale in accordance with the principles described in Note “3.28 Revenue”.

(1) As a lessee

If the asset transfer in the sale-and-leaseback deal is a sale, the Company, as the lessee, measures the right-of-use asset formed by the sale-and-leaseback deal according to the part, in the book value of original assets, related to the use right obtained from the leaseback, and only recognizes the relevant gains or losses for the rights transferred to lessor; If the asset transfer in the sale-and-leaseback deal is not a sale, the Company, as the lessee, continues to recognize the transferred assets and a financial liability equal to the transfer income. Refer to Note “3.10 Financial Instruments” for the accounting treatment of financial liabilities.

(2) As a lessor

Where the asset transfer in the sale-leaseback transactions belongs to sales, the Company as the lessor conducts the accounting treatment for purchase of assets, and conducts the lease of assets in accordance with the policies on “2. The Company as a lessor” stated above; where the asset transfer in the sale-leaseback transactions belongs to sales, the Company as the lessor does not recognize the transferred assets, but confirms a financial asset equivalent to the transfer revenue. Refer to Note “3.10 Financial Instruments” for the accounting treatment of financial assets.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.33 Discontinued operation

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

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

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

3.34 Safety production cost

In accordance with the relevant provisions of the notice on printing and distributing the measures for the administration of the withdrawal and use of work safety expenses of enterprises (Cai Zi [2022] No. 136) issued by the Ministry of Finance and the General Administration of work safety, the company withdraws work safety expenses according to the income percentage specified by the industry.

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

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.35 Segmental reporting

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

Operating Segments refer to the components of the Company that meet the following conditions at the same time: (1) It is able to generate revenue and incur expenses in its daily activities; (2) The management of the Company can regularly evaluate the operating results of the component to determine the allocation of resources to it and evaluate its performance; (3) The Company can obtain relevant accounting information such as the financial position, operating results and cash flow of the component. If two or more operating divisions have similar economic characteristics and meet certain conditions, they may be merged into one operating division.

3.36 Main accounting estimates and judgments

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

3.36.1 Estimated service life and net residual value of fixed assets

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

3.36.2 Net realizable value of the inventory

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

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.36 Main accounting estimates and judgments (Continued)

3.36.3 Current period and deferred income tax

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

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

3.36.4 Impairment of financial assets

The provisions for impairment of financial assets are calculated based on assumptions about the risk of default and expected loss rates. The Group makes assumptions and selects the calculated input values against the past account ages, existing market conditions and forward-looking estimates at the end of each reporting period. Note 3.10 and 3.11 disclose information related to all key assumptions.

3.36.5 Impairment of non-financial assets

The management of the Company needs to make a judgment on the asset impairment on the balance sheet date, especially when evaluating long-term assets, including fixed assets, projects under construction, intangible assets, etc. The recoverable amount is the higher value between the fair value of the asset minus the disposal expense and the present value of the expected future cash flow. The revaluation recoverable amount can be adjusted at each impairment test. Note 3.21 discloses the relevant information.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.37 Notes to adjustments for changes in accounting policies and accounting estimates, the correction of errors and other adjustments

3.37.1 Significant accounting policy changes

- (1) Implementation of “Interpretation No. 15 of Accounting Standards for Business Enterprises”

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

- (i) Accounting Treatment for Trial Run Sales

Interpretation No. 15 stipulates the accounting treatment and presentation of the external sales of products or by-products produced by enterprises before the fixed assets reach the intended usable state or during the research and development process, and stipulates that the income related to trial operation sales should not be offset. The net amount is offset against the cost of fixed assets or R&D expenditure. This provision will come into effect on January 1, 2022, and retroactive adjustments should be made to the trial run sales that occurred between the beginning of the earliest period in which financial statements are presented and January 1, 2022. The implementation of this regulation did not have a significant impact on the company’s financial status and operating results.

- (ii) Judgment on loss contracts

Interpretation No. 15 clarifies that the “cost of fulfilling the contract” considered by an enterprise when judging whether a contract constitutes a onerous contract shall include both the incremental cost of fulfilling the contract and the apportioned amount of other costs directly related to the fulfillment of the contract. This provision will come into effect on January 1, 2022. Enterprises should implement this provision for contracts that have not fulfilled all their obligations on January 1, 2022. The cumulative impact number will adjust the retained earnings at the beginning of the year and other related financial statement items on the implementation date. Do not adjust the comparative financial statement data in the previous period. The implementation of this regulation did not have a significant impact on the company’s financial status and operating results.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.37 Notes to adjustments for changes in accounting policies and accounting estimates, the correction of errors and other adjustments (Continued)

3.37.1 Significant accounting policy changes (Continued)

- (2) Implementation of “Interpretation No. 16 of Accounting Standards for Business Enterprises”

The Ministry of Finance announced the “Interpretation No. 16 of Accounting Standards for Business Enterprises” (Accounting [2022] No. 31, hereinafter referred to as “Interpretation No. 16”) on November 30, 2022.

- (i) Accounting treatment for the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer

Interpretation No. 16 For financial instruments classified as equity instruments by enterprises, if the relevant dividend payments are deducted before corporate income tax in accordance with the relevant provisions of the tax policy, the income tax impact related to the dividends should be confirmed when the dividends payable are confirmed, and the income tax impact related to the dividends should be confirmed in accordance with the previous regulations. In accordance with the accounting treatment adopted for transactions or events that generate distributable profits, the income tax effect of dividends is included in the current profit and loss or owner's equity items (including other comprehensive income items).

This provision will come into effect on the date of announcement. If the relevant dividend payable occurs between January 1, 2022 and the effective date, it will be adjusted in accordance with this provision; if it occurs before January 1, 2022 and the relevant financial instruments if the confirmation has not been terminated on January 1, a retrospective adjustment shall be made. The implementation of this regulation did not have a significant impact on the company's financial status and operating results.

Notes to the 2022 Financial Statements (Continued)

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

3 Principal accounting policies and accounting estimates (Continued)

3.37 Notes to adjustments for changes in accounting policies and accounting estimates, the correction of errors and other adjustments (Continued)

3.37.1 Significant accounting policy changes (Continued)

(2) Implementation of “Interpretation No. 16 of Accounting Standards for Business Enterprises” (Continued)

(ii) Regarding the accounting treatment of the enterprise’s modification of cash-settled share-based payment to equity-settled share-based payment

Interpretation No. 16 clarifies that if an enterprise modifies the terms and conditions of a cash-settled share-based payment agreement to make it an equity-settled share-based payment, on the date of modification (whether it occurs during the waiting period or after the end), it shall for equity-settled share-based payment, the fair value measurement on the day when the equity instrument is modified, the acquired services are included in the capital reserve, and at the same time, the liabilities recognized by cash-settled share-based payment are derecognized on the modification date, the difference between the two to be included in current profit and loss.

This regulation will come into effect on the date of promulgation, and relevant transactions newly added from January 1, 2022 to the effective date shall be adjusted in accordance with this regulation. Retrospective adjustments will be made to adjust the accumulated impact on retained earnings and other related items on January 1, 2022, without adjusting the comparative financial statement data in the previous period. The implementation of this regulation did not have a significant impact on the company’s financial status and operating results.

3.37.2 Changes in accounting estimates

There was no change in the principal accounting estimates of the Company during the reporting period.

Notes to the 2022 Financial Statements (Continued)

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

4 Taxation

4.1 Major tax types and tax rates

Tax type	Basis of tax calculation	Applicable tax rate
Value-added tax ("VAT")	The output tax is calculated based on the income from the sale of goods and taxable services calculated in accordance with the tax law. After deducting the input tax allowed to be deducted in the current period, the difference is the value-added tax payable	13% for domestic sales of ordinary goods, utilities, etc., 9% for domestic provision of engineering services and leasing services, 6% for domestic provision of technical services, property services, etc., 5% for simple tax calculation of leasing services, 3% for simple tax calculation of some other services, and 1% for small-scale taxpayers
Urban maintenance and construction tax	Levied on the basis of the actual VAT and consumption tax paid	7%
Enterprise income tax	Levied based on taxable income	25%、20%、16.5%、15%
Education surcharge	Levied on the basis of the actual VAT and consumption tax paid	3%
Local education surcharges	Levied on the basis of the actual VAT and consumption tax paid	2%

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

Name of the companies	Income tax rate
Nanjing Panda Electronics Manufacturing Co., Ltd.	15.00%
Nanjing Panda Communications Technology Co., Ltd.	15.00%
Nanjing Huage Electric Plastic Co., Ltd.	15.00%
Nanjing Panda Information Industry Co., Ltd.	15.00%
Nanjing Panda Mechatronics Instrument Technology Co., Ltd.	15.00%
JingWah Information Technology Co., Ltd.	15.00%
Nanjing Panda Electronics Equipment Co., Ltd.	15.00%
Shenzhen Jingyu Electronics Co., Ltd.	15.00%
Chengdu Panda Electronics Technology Co., Ltd.	15.00%
Shenzhen Jingwah Real Estate Management Co., Ltd.	20.00%
Jingwah Digital Technology Co., Ltd.	20.00%
Shenzhen Jingwah Media Technology Co., Ltd.	20.00%
Shenzhen Jingjia Real Estate Management Co., Ltd.	20.00%
Galant Limited	16.50%
JWD Trading (HK) Co., Ltd	16.50%

Notes to the 2022 Financial Statements (Continued)

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

4 Taxation (Continued)

4.2 Tax preference

1. Nanjing Panda Electronics Manufacturing Co., Ltd., the second-level subsidiary of the Company, was re-examined and approved as a high-tech enterprise on December 02, 2020, and obtained the "High-tech Enterprise Certificate" (Certificate No.: GR202032007426) jointly issued by Jiangsu Provincial Department of Science and Technology, and the validity period of the certificate is 3 years. From December 2, 2020 to December 2, 2023, the Company shall pay income tax on 15% of the taxable income amount.
2. Nanjing Panda Communications Technology Co., Ltd., the second-level subsidiary of the Company, was re-recognized as a high-tech enterprise on December 02, 2020 and obtained the "High-tech Enterprise Certificate" (Certificate No. GR202032006826) jointly issued by Jiangsu Provincial Department of Science and Technology and other departments. The validity period of the certificate is 3 years. From December 2, 2020 to December 2, 2023, the Company shall pay income tax at 15% of the taxable income amount.
3. On December 02, 2020, the company third-level subsidiary Nanjing Huage Electric Plastic Co., Ltd. was re-recognized as a high-tech enterprise and obtained the "High-tech Enterprise Certificate" (Certificate No. GR202032006058) jointly issued by Jiangsu Provincial Department of Science and Technology. The validity of the certificate is 3 years. From December 2, 2020 to December 2, 2023, the Company shall pay income tax at 15% of the taxable income amount.
4. Nanjing Panda Information Industry Co., Ltd., a secondary subsidiary of the company, re-recognized as a high-tech enterprise on November 30, 2021 and obtained the high-tech enterprise certificate (Certificate No. GR202132006189) jointly issued by the Department of science and technology of Jiangsu Province, etc., which is valid for 3 years. During this period, Nanjing Panda Information Industry Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
5. Nanjing Panda Mechatronics Instrument Technology Co., Ltd., a three-level subsidiary of the company, re-recognized as a high-tech enterprise on November 30, 2021 and obtained the high-tech enterprise certificate (Certificate No. GR202132007415) jointly issued by Jiangsu Provincial Department of Science and Technology, etc., which is valid for 3 years. During this period, Nanjing Panda Mechatronics Instrument Technology Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
6. JingWah Information Technology Co., Ltd., a third-level subsidiary of the Company, was re-recognized as a high-tech enterprise on December 23, 2021, and obtained the "High-tech Enterprise Certificate" (Certificate No. GR202144202917) jointly issued by Shenzhen Science and technology innovation Commission, and the validity of the certificate is 3 years. During this period, the Company shall pay income tax on 15% of the taxable income.

Notes to the 2022 Financial Statements (Continued)

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

4 Taxation (Continued)

4.2 Tax preference (Continued)

7. Nanjing Panda Electronics Equipment Co., Ltd., a secondary subsidiary of the company, is recognized as a high-tech enterprise on November 30, 2021 and obtained the high-tech Enterprise Certificate (Certificate No. GR202132008673) jointly issued by the Ministry of science and technology of Jiangsu Province, etc., which is valid for 3 years. During this period, Nanjing Panda Electronics Equipment Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
8. Shenzhen Jingyu Electronics Co., Ltd., the third tier subsidiary of the company, was recognized as a high-tech enterprise on December 23, 2021, and obtained the "High and New Technology Enterprise Certificate" (certificate number: GR202144201989) jointly issued by the Shenzhen Municipal Science and Technology Innovation Commission, with a validity period of 3 years. During this period, Shenzhen Jingyu Electronics Co., Ltd. paid corporate income tax at 15% of the taxable income.
9. According to the Announcement No. 23 of 2020 of the National Development and Reform Commission of the Ministry of Finance and the State Administration of Taxation, from January 1, 2021 to December 31, 2030, enterprises in encouraged industries located in the western region will be taxed at a reduced rate of 15% income tax. Chengdu Panda Electronic Technology Co., Ltd., the second-level subsidiary of the company, complies with the requirements of the State Taxation Bureau on the implementation of the "Catalogue of Encouraged Industries in Western Regions". The policy stated that for enterprises whose main business is the encouraged industrial projects stipulated by the state, and whose main business income exceeds 60% of the total income of the company in the current year, the enterprise shall apply by itself, no need for tax authorities to review and confirm, and the management measures for the company to retain relevant information for future reference, Chengdu Panda Electronic Technology Co., Ltd. can reduce the tax rate by 15% tax rate to pay corporate income tax.

Notes to the 2022 Financial Statements (Continued)

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

4 Taxation (Continued)

4.2 Tax preference (Continued)

10. The company's third-level subsidiaries Shenzhen Jingjia Property Management Co., Ltd., Shenzhen Jingwah Property Management Co., Ltd, Jingwah Digital Technology Co., Ltd., Shenzhen Jingwah Media Technology Co., Ltd. were identified as a small and micro-profit enterprises. The Announcement of the State Administration of Taxation on Matters Concerning the Implementation of Income Tax Preferential Policies Supporting the Development of Small Low-Profit Enterprises and Individual Industrial and Commercial Households (Announcement of SAT [2021] No. 8) and the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement of MOF and SAT [2022] No. 13) stated that, from January 1, 2021 to December 31, 2022, the part of the annual taxable income of small low-profit enterprises not exceeding 1 million shall be included in the taxable income at a reduced rate of 12.5% and the enterprise income tax shall be paid at a tax rate of 20%; From January 1, 2022 to December 31, 2024, for the part of the annual taxable income of small low-profit enterprises exceeding 1 million but not exceeding 3 million, shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%.
11. The profits tax rate of Galant Limited and JWD Trading (HK) Co., Ltd registered in Hong Kong is 16.5%.
12. According to the announcement of the Ministry of Finance and the State Administration of Taxation on "Further Improving the Policy of Pre-Tax Addition and Deduction of R&D Expenses" (Announcement No. 13 of the Ministry of Finance and the State Administration of Taxation in 2021), if the R&D expenses actually incurred in the R&D activities of manufacturing enterprises do not form intangible assets and are included in the current profit and loss, additional deduction as 100% of the actual amount shall be deducted from taxable income, since January 1, 2021; If intangible assets are formed, intangible assets shall be amortized before tax according to 200% of the cost, since January 1, 2021. The secondary subsidiaries of the company include Nanjing PANDA Electronics Equipment Co., Ltd., Nanjing Panda Information Industry Co., Ltd., Nanjing Panda Electronic Manufacturing Co., Ltd., Nanjing Panda Communications Technology Co., Ltd., Chengdu Panda Electronic Technology Co., Ltd., and the tertiary subsidiaries of the company include Nanjing Panda Mechatronics Instrument Technology Co., Ltd., Nanjing Huage electric automobile and plastic industry Co., Ltd. and Shenzhen Jingwah Information Technology Co., Ltd. enjoys the tax preference of additional deduction as 100% of the actual amount of R&D expenses before tax.

Notes to the 2022 Financial Statements (Continued)

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

4 Taxation (Continued)

4.2 Tax preference (Continued)

13. Nanjing Panda Xinxing Industrial Co., Ltd., the second-tier subsidiary of the company, according to the “Announcement on Relevant Policies for Deepening Value-Added Tax Reform” (Announcement No. 39 of 2019 of the Ministry of Finance, State Administration of Taxation, General Administration of Customs), from April 1, 2019 to December 31, 2021, shall enjoy the preferential policy of 10% value-added tax deduction. From October 1, 2021 to December 31, 2021, shall enjoy the preferential policy of 15% value-added tax deduction. According to the “Announcement on Clarifying the Policy of VAT Additional Credit for Domestic Service Industry” (Announcement of the Ministry of Finance and the State Administration of Taxation No. 87, 2019), from October 1, 2019 to December 31, 2021, the company shall enjoy the preferential policy of 15% VAT Additional deduction. According to the requirements of the “Announcement of the State Administration of Taxation of the Ministry of Finance on Promoting the Relevant Value-Added Tax Policies for the Relief and Development of Difficult Industries in the Service Industry” (Announcement No. 11 of 2022 of the State Administration of Taxation of the Ministry of Finance), the additional deduction policy for value-added tax on production and living services will be extended to December 31, 2022 with additional discount on VAT.
14. Nanjing Panda Electronic Technology Development Co., Ltd., the second-tier subsidiary of the company, according to the “Announcement on Relevant Policies for Deepening Value-Added Tax Reform” (Announcement No.39, 2019). From April 1st 2019 to December 31 2021, the company enjoy the preferential policy of 10% deduction of value-added tax. According to the requirements of the “Announcement of the State Administration of Taxation of the Ministry of Finance on Promoting the Relevant Value-Added Tax Policies for the Relief and Development of Difficult Industries in the Service Industry” (Announcement No. 11 of 2022 of the State Administration of Taxation of the Ministry of Finance), the additional deduction policy for value-added tax on production and living services will be extended to December 31, 2022 with additional discount on VAT.
15. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the “Six Taxes and Two Fees” Reduction and Exemption Policy for Small and Micro Enterprises (Cai Shui [2022] No. 10), the parking lot of Shenzhen Jingwah Electronics Co., Ltd., a third-level subsidiary of the company, enjoys Shenzhen’s preferential policy of “six taxes and two fees” for small-scale taxpayers which will reduced VAT by 50%.
16. Shenzhen Jingwah Property Management Co., Ltd., a third-tier subsidiary of the company, in accordance with the Announcement on Value-Added Tax Policies for Promoting Relief and Development of Difficult Industries in the Service Industry (Announcement No. 11 of 2022 of the Ministry of Finance and the State Administration of Taxation). According to Article 7 of the “Announcement of the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs on Deepening the Reform of Value-Added Taxes” (Announcement No. 39, 2019), and the “Announcement of the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs on Clarifying the Value-Added Tax of Consumer Services Industry” (Announcement No. 87 of 2019 of the Ministry of Finance and the State Administration of Taxation), the additional deduction policy for value-added tax on production and living services will be extended to December 31, 2022 with additional 10% discount on VAT.

Notes to the 2022 Financial Statements (Continued)

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

4 Taxation (Continued)

4.2 Tax preference (Continued)

17. Nanjing Panda Communications Technology Co., Ltd., a secondary subsidiary of the Company, in accordance with the provisions of the Notice on the Value-Added Tax Policy for Software Products (Cai Shui [2011] No. 100), if value-added tax general taxpayer sells software products which developed and produced by itself, or imports software products that have been localized and sold abroad will be subject to a VAT rate of 13%, and a policy of refund upon collection will be implemented for the portion of the VAT whose actual tax burden exceeds 3%.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements

5.1 Cash and cash equivalents

Items	Balance as at December 31, 2022	Balance as at December 31, 2021
Cash on hand	66,238.15	91,821.05
Digital currency		
Bank deposits	954,478,051.70	848,141,682.61
Other monetary funds	104,846,716.25	114,984,973.35
Total	1,059,391,006.10	963,218,477.01
Including: funds deposited abroad	18,298,769.74	28,960,389.37
funds at internal finance company	497,892,953.53	496,800,654.26

The details of monetary funds with restrictions on use due to mortgage, pledge, or freezing are as follows:

Items	Balance as at December 31, 2022	Balance as at December 31, 2021
Deposit for bank acceptance bill	64,122,207.60	64,025,998.14
Performance and guarantee deposit	40,724,508.65	47,948,271.68
Foreign exchange lock deposit		3,010,703.53
Total	104,846,716.25	114,984,973.35

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.2 Financial assets held for trading

Items	Balance as at December 31, 2022	Balance as at December 31, 2021
Financial assets measured at fair value through the current profit or loss	503,810,792.61	472,241,399.61
Including: Debt instrument investments		
Equity instrument investments		
Derivative financial assets ^[1]	506,052.31	645,248.93
Others ^[2]	503,304,740.30	471,596,150.68
Total	503,810,792.61	472,241,399.61

Note:

[1] The fair value changes of the company's derivative financial assets at the end of the period are forward foreign exchange settlement and sales products;

[2] The company's trading financial assets at the end of the period are other bank wealth management products and their fair value changes.

5.3 Notes receivable

(1) Classification of notes receivable

Category	Balance as at December 31, 2022	Balance as at December 31, 2021
Bank acceptance bill	21,768,110.69	45,338,342.31
Finance company acceptance bill	8,345,812.54	10,101,042.08
Commercial acceptance bill	43,944,179.86	4,350,400.00
Total	74,058,103.09	59,789,784.39

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.3 Notes receivable (Continued)

- (2) The company has no pledged notes receivable at the end of the period.
- (3) Notes receivable endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date

Category	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill		131,069.70
Finance company acceptance bill		2,935,312.54
Commercial acceptance bill		9,439,256.80
Total		12,505,639.04

- (4) Notes converted into accounts receivable by the company due to the issuer's failure to perform at the end of the period

Category	Amount transferred to accounts receivable at the end of the period
Commercial acceptance bill	110,400.00
Total	110,400.00

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.4 Accounts receivable

5.4.1 Disclosure of accounts receivable by aging

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

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

5.4.2 Disclosure of accounts receivable by method of provision for bad debts

Category	Balance as at December 31, 2022					Balance as at December 31, 2021				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts on individual basis	47,039,870.45	3.74	35,743,295.45	75.99	11,296,575.00	17,646,054.83	1.47	14,028,109.63	79.50	3,617,945.20
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	1,184,556,610.74	98.53	37,253,812.29	3.14	1,147,302,798.45
Including:										
Aging portfolio	811,050,976.93	64.40	38,613,158.39	4.76	772,437,818.54	853,191,303.78	70.97	37,237,597.86	4.36	815,953,705.92
Other combinations	401,184,808.90	31.86	16,214.43		401,168,594.47	331,365,306.96	27.56	16,214.43		331,349,092.53
Total	1,259,275,656.28	100.00	74,372,668.27		1,184,902,988.01	1,202,202,665.57	100.00	51,281,921.92		1,150,920,743.65

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.4 Accounts receivable (Continued)

5.4.2 Disclosure of accounts receivable by method of provision for bad debts (Continued)

Provision for bad debts on individual basis:

Name	Balance as at December 31, 2022			Reason for provision
	Accounts receivable	Provision for bad debts	Proportion of 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
Total	47,039,870.45	35,743,295.45		

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.4 Accounts receivable (Continued)

5.4.2 Disclosure of accounts receivable by method of provision for bad debts (Continued)

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	811,050,976.93	38,613,158.39	

Portfolio accrual items: other portfolios

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

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.4 Accounts receivable (Continued)

5.4.3 Provision, reversal or recovery of provision for bad debts in 2022

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

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.	599,440.80	Provision for bad debts on individual basis	Collection	Currency collection
Total	2,169,940.80			

5.4.4 There are no accounts receivable actually written off in the current period.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.4 Accounts receivable (Continued)

5.4.5 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
Zhongdian Defense Technology Co., Ltd	147,148,329.00	11.69	
Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu Zhongdian 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	472,417,415.93	37.52	763,743.62

5.4.6 There are no accounts receivable that have been derecognized due to the transfer of financial assets during the reporting period.

5.4.7 During the reporting period, there are no transferred accounts receivable and the amount of assets and liabilities formed due to continuous involvement.

5.4.8 Overdue accounts receivable at the end of the period

Items	Book value
Amount not overdue	938,582,767.65
Overdue amount within 3 months	44,836,111.69
Overdue amount – 3 months or more	201,484,108.67
Total	1,184,902,988.01

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.4 Accounts receivable (Continued)

5.4.9 Other instructions

In 2022, the company signed a credit and debt offset agreement with some customers and suppliers. The agreement agreed to settle on a net basis, whereby 16,370,116.53 yuan of accounts receivable and 16,370,116.53 yuan of accounts payable were offset. After the offset, there was no gain or loss from debt restructuring. Among them, 935,040.26 yuan of bad debt reserves had been accrued before the offset of some accounts receivable, which was reversed after the credit and debt offset agreement came into effect.

5.5 Receivables financing

5.5.1 Financing of accounts receivable

Items	Balance as at December 31, 2022	Balance as at December 31, 2021
Notes receivable	53,346,403.19	20,272,279.95
Accounts receivable		
Total	53,346,403.19	20,272,279.95

5.5.2 Movement of receivables financing and changes of fair value

Item	Balance as at December 31, 2021	Increase	Derecognition	Other changes	Balance as at December 31, 2022	Accumulated impairment loss recognized in other comprehensive income
Notes receivable	20,272,279.95	673,678,358.90	640,604,235.66		53,346,403.19	
Accounts receivable						
Total	20,272,279.95	673,678,358.90	640,604,235.66		53,346,403.19	

5.5.3 The company has no pledged receivables financing at the end of the period.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.5 Receivables financing (Continued)

5.5.4 Financing of receivables endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill	474,857,219.00	
Commercial acceptance bill		
Total	<u>474,857,219.00</u>	

5.6 Advances to suppliers

5.6.1 Prepayments are listed by aging

Aging	Balance as at December 31, 2022		Balance as at December 31, 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	40,258,254.56	89.67	42,818,993.53	73.57
1 to 2 years	3,006,820.64	6.70	8,497,444.33	14.60
2 to 3 years	437,544.79	0.97	3,934,292.28	6.76
Over 3 years	1,196,114.04	2.66	2,948,470.26	5.07
Total	<u>44,898,734.03</u>	<u>100.00</u>	<u>58,199,200.40</u>	<u>100.00</u>

Note: The aging of the advance payment is disclosed based on the aging of the entry date.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.6 Advances to suppliers (Continued)

5.6.2 Prepayments of the top five ending balances collected by prepayment object

Unit Name	Balance as at December 31, 2022	Proportion in total ending balance of prepayment (%)
JOC International Technical Engineering Co., Ltd.	22,212,752.74	49.47
Hangzhou Renjiang Network Technology Co., Ltd.	2,520,626.10	5.61
EmdoorVR Technology Co., Ltd.	2,245,666.30	5.00
China RAILWAY Signal & Communication Shanghai Engineering BUREAU Group Co., Ltd.	2,172,064.26	4.84
Shanghai Mission Information Technology Co., Ltd	2,112,633.00	4.71
Total	31,263,742.40	69.63

5.7 Other receivables

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Interest receivable		
Dividend receivable		
Other receivables	44,370,789.73	41,962,947.68
Total	44,370,789.73	41,962,947.68

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.7 Other receivables (Continued)

5.7.1 Other receivables

(1) Other receivables shown by aging

Aging	Balance as at December 31, 2022	Balance as at January 1, 2022
Within 1 year (including 1 year)	29,724,983.92	20,796,890.38
Including: 0-6 months	26,110,783.29	16,634,257.04
7-12 months	3,614,200.63	4,162,633.34
1-2 years	4,188,234.23	16,357,075.66
2-3 years	8,746,107.58	3,958,635.24
3-4 years	2,242,863.35	2,692,438.06
4-5 years	1,840,478.92	3,150,229.13
Over 5 years	11,962,462.28	9,170,578.35
Sub-total	58,705,130.28	56,125,846.82
Less: provision for bad debts	14,334,340.55	14,162,899.14
Total	44,370,789.73	41,962,947.68

Note: The aging of other receivables is disclosed based on the aging on the entry date.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.7 Other receivables (Continued)

5.7.1 Other receivables (Continued)

(2) Disclosure by method of provision for bad debts

Category	Balance as at December 31, 2022					Balance as at December 31, 2021				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion	Amount	Proportion	
Provision for bad debts by single item	9,829,433.08	16.74	9,829,433.08	100.00		14,037,666.76	25.01	9,938,500.28	70.80	4,099,166.48
Provision for bad debts by portfolio	48,875,697.20	83.26	4,504,907.47	9.22	44,370,789.73	42,088,180.06	74.99	4,224,398.86	10.04	37,863,781.20
Including:										
Aging portfolio	11,353,286.44	19.34	4,003,207.00	35.26	7,350,079.44	15,373,921.37	27.39	3,552,562.00	23.11	11,821,359.37
Other portfolios	37,522,410.76	63.92	501,700.47	1.34	37,020,710.29	26,714,258.69	47.60	671,836.86	2.51	26,042,421.83
Total	58,705,130.28	100.00	14,334,340.55		44,370,789.73	56,125,846.82	100.00	14,162,899.14		41,962,947.68

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.7 Other receivables (Continued)

5.7.1 Other receivables (Continued)

(2) Disclosure by method of provision for bad debts (Continued)

Other receivables with provision for bad debts made on an individual basis:

Entity Name	Balance as at December 31, 2022			Reason for provision
	Book balance	Provision for bad debts	Proportion of provision (%)	
MCT Worldwide LLC	6,937,000.00	6,937,000.00	100.00	Not expected to be recovered
Chongqing Ruyang Communication Technology Co., Ltd.	1,400,000.00	1,400,000.00	100.00	Not expected to be recovered
Other smaller summaries	1,492,433.08	1,492,433.08	100.00	Not expected to be recovered
Total	<u>9,829,433.08</u>	<u>9,829,433.08</u>		

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.7 Other receivables (Continued)

5.7.1 Other receivables (Continued)

(2) Disclosure by method of provision for bad debts (Continued)

Provision for bad debts by portfolio

Portfolio: aging portfolio

Item	Amount Balance as at December 31, 2022		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	4,323,978.20	29,588.49	
Including: 0-6 months	3,732,208.32		
7-12 months	591,769.88	29,588.49	5.00
1-2 years	338,263.74	33,826.37	10.00
2-3 years	1,163,839.53	174,575.93	15.00
3-4 years	1,894,633.35	568,390.01	30.00
4-5 years	871,490.84	435,745.42	50.00
Over 5 years	2,761,080.78	2,761,080.78	100.00
Total	11,353,286.44	4,003,207.00	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.7 Other receivables (Continued)

5.7.1 Other receivables (Continued)

(2) Disclosure by method of provision for bad debts (Continued)

Portfolio: other portfolios

Item	Amount Balance as at December 31, 2022		
	Book balance	Provision for bad debts	Proportion of provision (%)
Portfolio of deposit, security deposit and employee reserve fund	37,522,410.76	501,700.47	1.34
Total	37,522,410.76	501,700.47	

(3) Details of accrued bad debt provision

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss over the duration (no credit impairment)	Expected credit loss over the duration (credit impairment occurred)	
Balance as at				
December 31, 2021	4,224,398.86		9,938,500.28	14,162,899.14
Balance as at				
January 1, 2022				
- transfer to second stage				
- transfer to Third stage				
- transfer back to second stage				
- transfer back to first stage				
Accrued in current period	1,084,040.89		100,000.00	1,184,040.89
Reversal in current period	803,532.28		209,067.20	1,012,599.48
Reseller in current period				
Written-off in current period				
Other changes				
Balance as at				
December 31, 2022	4,504,907.47		9,829,433.08	14,334,340.55

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.7 Other receivables (Continued)

5.7.1 Other receivables (Continued)

(3) Details of accrued bad debt provision (Continued)

Changes in carrying amount of other receivables

Book balance	First stage Expected credit loss in the next 12 months	Second stage Expected credit loss over the duration (no credit impairment)	Third stage Expected credit loss over the duration (credit impairment occurred)	Total
Balance as at December 31, 2021	42,088,180.06		14,037,666.76	56,125,846.82
Balance as at January 1, 2022				
- transfer to second stage				
- transfer to Third stage				
- transfer back to second stage				
- transfer back to first stage				
Increase in current period	207,255,733.92		100,000.00	207,355,733.92
Current termination recognition	200,468,216.78		4,308,233.68	204,776,450.46
Other changes				
Balance as at December 31, 2022	<u>48,875,697.20</u>		<u>9,829,433.08</u>	<u>58,705,130.28</u>

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.7 Other receivables (Continued)

5.7.1 Other receivables (Continued)

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

Item	Balance as at December 31, 2022	Changes in current period			Balance as at December 31, 2022
		Provision for bad debt incurred in current period	Reversed or received	Written off	
Other receivable accruing bad debt provision in single item	9,938,500.28	100,000.00	209,067.20		9,829,433.08
Other receivables accruing bad debt provision in credit risk characteristic portfolio	4,224,398.86	1,084,040.89	803,532.28		4,504,907.47
Including: aging portfolio	3,552,562.00	1,084,040.89	633,395.89		4,003,207.00
Other portfolios	671,836.86		170,136.39		501,700.47
Total	14,162,899.14	1,184,040.89	1,012,599.48		14,334,340.55

The amount transferred back or recovered from the Bad Debt Provision of the current period is important:

Name of debtor	Nature of accounts receivable	Amount written off	Write-off reason	Write-off procedure adopted
Hangzhou Guoxin Vision Technology Co., Ltd.	209,067.20	Single accrual	Proceeding collection	Currency collection
Total	209,067.20			

(5) There are no other receivables actually written off in the current period.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.7 Other receivables (Continued)

5.7.1 Other receivables (Continued)

(6) Other receivables classified by nature

Nature of receivables	Balance as at December 31, 2022	Balance as at December 31, 2021
Deposit, security deposit	53,394,871.47	46,019,877.07
Export tax refund		2,153,118.21
Others	5,310,258.81	7,952,851.54
Total	58,705,130.28	56,125,846.82

(7) Top five of other receivables of Balance as at December 31, 2021 the debtor

Debtor	Nature of fund	Book balance	Aging	Proportion in total other receivables (%)	Provision for bad debts
Nanjing Qixia District People's Court ⁽¹⁾	Security deposit	10,000,000.00	0-6 months	17.02	
MCT Worldwide LLC	Deposit	6,937,000.00	More than 5 years	11.82	6,937,000.00
Guoxin Tendering Group Corporation Limited	Security deposit	4,130,000.00	Within 1 year	7.04	
Nantong Rail Transit Group Co., Ltd.	Security deposit	3,400,000.00	2-4 years	5.79	120,000.00
Nanjing Metro Operation Co., Ltd.	Security deposit	3,079,523.93	0-3 years	5.25	29,354.65
Total		27,546,523.93		46.92	7,086,354.65

Note[1]: This security deposit is paid for the Suzhou Fuqiang case. See Note "XII, (II), and (1)" for details.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.8 Inventories

5.8.1 Classification of inventories

Items	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
Raw materials	185,411,284.98	19,946,191.47	165,465,093.51	348,934,448.96	15,212,128.73	333,722,320.23
Revolving materials	1,641,396.86	31,789.66	1,609,607.20	1,211,113.63	116,206.39	1,094,907.24
Goods in progress	92,442,413.22	6,423,642.20	86,018,771.02	132,167,301.94	11,577,864.56	120,589,437.38
Stored commodities	123,325,008.88	27,486,076.44	95,838,932.44	138,257,857.53	24,180,415.15	114,077,442.38
Delivered commodities	65,322,484.20	2,945,442.90	62,377,041.30	138,307,290.63	7,960,884.57	130,346,406.06
Contract performance cost	191,599,256.03	1,456,786.19	190,142,469.84	277,043,933.28	1,456,786.19	275,587,147.09
Total	659,741,844.17	58,289,928.86	601,451,915.31	1,035,921,945.97	60,504,285.59	975,417,660.38

5.8.2 Provision for inventory write down and impairment of contract performance costs

Item	Amount Balance as at December 31, 2021	Increase in 2022		Decrease in 2022		Amount Balance as at December 31, 2022
		Provision	Others	Reversal or write-off	Others	
Raw materials	15,212,128.73	17,861,941.95		13,127,879.21		19,946,191.47
Revolving materials	116,206.39				84,416.73	31,789.66
Goods in progress	11,577,864.56			5,154,222.36		6,423,642.20
Stored commodities	24,180,415.15	11,395,174.23		4,397,355.61	3,692,157.33	27,486,076.44
Delivered commodities	7,960,884.57	2,289,251.97		2,105,543.40	5,199,150.24	2,945,442.90
Contract performance cost	1,456,786.19					1,456,786.19
Total	60,504,285.59	31,546,368.15		24,785,000.58	8,975,724.30	58,289,928.86

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.9 Contract assets

5.9.1 Details of contract assets

Item	Amount Balance as at December 31, 2022			Amount Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Intelligent Transportation System and Safe City	182,325,260.16		182,325,260.16	116,803,704.30		116,803,704.30
Industrial network and Intelligent Manufacturing	10,672,617.69		10,672,617.69	233,407.63		233,407.63
Total	192,997,877.85		192,997,877.85	117,037,111.93		117,037,111.93

5.9.2 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 network and Intelligent Manufacturing	10,439,210.06	Amount increased due to changes in performance time measurement
Total	75,960,765.92	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.9 Contract assets (Continued)

5.9.3 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	10,697,079.22	5.54			10,697,079.22	873,375.26	0.75			873,375.26
Total	192,997,877.85	100.00			192,997,877.85	117,037,111.93	100.00			117,037,111.93

Provision for bad debts by portfolio

Portfolio: Aging portfolio

Item	Amount Balance as at December 31, 2022		
	Book balance	Provision for bad debts	Proportion of provision (%)
0-6 months	182,300,798.63		
Total	182,300,798.63		

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.9 Contract assets (Continued)

5.9.3 Provision for impairment of contract assets in the current period (Continued)

Portfolio: other portfolios

Item	Amount Balance as at December 31, 2022		
	Book balance	Provision for bad debts	Proportion of provision (%)
Related party portfolio	10,697,079.22		
Total	10,697,079.22		

5.10 Non-current assets maturing within one year

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
Warranty payment	1,747,508.96	12,892,936.65
Total	1,747,508.96	12,892,936.65

5.11 Other current assets

Item	Balance as at December 31, 2021	Balance as at December 31, 2020
large-denomination certificates of deposit	110,000,000.00	120,000,000.00
Enterprise Income Tax paid in advance	5,546,878.42	10,306,584.41
VAT allowance, Input tax to be credited and Input tax to be certified	6,204,337.94	9,063,499.94
Total	121,751,216.36	139,370,084.35

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.12 Long-term equity investments

Investee	Balance as at December 31, 2021	Increase/decrease in 2022							Balance as at December 31, 2022	Balance of provision for impairment Balance as at December 31, 2022
		Additional investment	Reduced investment	Investment gains or losses recognized under the equity method	Adjustments to other comprehensive income	Changes in other equities	Cash dividends or profits declared to be paid	Provision for impairment		
I. Associates										
Nanjing Ericsson Panda Communications Co., Ltd.	199,768,457.67			30,366,423.70						230,134,881.37
Beijing Se Potevio Mobile Communications Co., Ltd.	64,000,000.00									64,000,000.00
Nanjing Lg Panda Appliances Co., Ltd.	436,792,555.43			44,701,832.35			60,000,000.00			421,494,387.78
Shenzhen Jingwah Network Marketing Co., Ltd.	1,713,829.88			-144,078.69				-114,374.88		1,455,376.31
Shenzhen Chebao Information Technology Co., Ltd.	300,798.92			2,597.57						303,396.49
Subtotal	702,575,641.90			74,926,774.93			60,000,000.00	-114,374.88		717,388,041.95
Total	702,575,641.90			74,926,774.93			60,000,000.00	-114,374.88		717,388,041.95

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.13 Other equity instrument investments

5.13.1 Details of other equity instruments

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd.	2,385,926.53	3,551,864.21
Total	<u>2,385,926.53</u>	<u>3,551,864.21</u>

Note: Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. plans to liquidate 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.

5.13.2 Details of significant trading equity instrument investment

Item	The dividend recognized in current period	Accumulated profits	Accumulated losses	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	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.14 Investment property

5.14.1 Investment properties measured by cost

Items	Housing and buildings	Total
1. Original book value		
(1) Balance as at December 31, 2021	309,158,446.55	309,158,446.55
(2) Increase in 2022		
– Transfer from fixed assets		
(3) Decrease in 2022	2,932,517.98	2,932,517.98
– Transfer into fixed assets	2,932,517.98	2,932,517.98
(4) Balance as at December 31, 2022	<u>306,225,928.57</u>	<u>306,225,928.57</u>
2. Accumulated depreciation and amortization		
(1) Balance as at December 31, 2021	83,719,540.02	83,719,540.02
(2) Increase in 2022	7,950,131.46	7,950,131.46
– accrued or amortized	7,950,131.46	7,950,131.46
(3) Decrease in 2022	1,008,576.29	1,008,576.29
– Transfer into fixed assets	1,008,576.29	1,008,576.29
(4) Balance as at December 31, 2022	<u>90,661,095.19</u>	<u>90,661,095.19</u>
3. Provision for impairment		
(1) Balance as at December 31, 2021		
(2) Increase in 2022		
– Accrued		
(3) Decrease in 2022		
– Disposal		
(4) Balance as at December 31, 2022		
4. Book value		
(1) Balance as at December 31, 2022	215,564,833.38	215,564,833.38
(2) Balance as at December 31, 2021	<u>225,438,906.53</u>	<u>225,438,906.53</u>

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.15 Fixed assets

5.15.1 Fixed assets and disposal of fixed assets

Items	Balance as at December 31, 2022	Balance as at December 31, 2021
Fixed assets	854,254,857.62	921,181,180.87
Disposal of fixed assets	8,783.84	114,309.60
Total	854,263,641.46	921,295,490.47

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.15 Fixed assets (Continued)

5.15.2 Breakdown of fixed assets

Items	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
1. Original book value						
(1) Balance as at December 31, 2021	919,025,906.82	563,091,185.71	23,817,296.22	84,752,720.19	74,049,374.62	1,664,736,483.56
(2) Increase in 2022	2,932,517.98	6,567,401.10	45,544.56	3,998,802.61	2,110,243.60	15,654,509.85
– Purchase		6,478,905.52	45,544.56	3,656,874.61	1,519,858.64	11,701,183.33
– Transfer-in of construction in progress		88,495.58		278,761.05	582,446.91	949,703.54
– Transfer-in of investment real estate	2,932,517.98					2,932,517.98
– Others ⁽¹⁾				63,166.95	7,938.05	71,105.00
(3) Decrease in 2022		15,526,440.26	3,414,667.64	2,314,859.33	3,687,661.03	24,943,628.26
– Disposal or scrapping		15,526,440.26	3,351,500.69	2,306,921.28	3,687,661.03	24,872,523.26
– Transferred into investment real estate						
– Other transfer out ⁽¹⁾			63,166.95	7,938.05		71,105.00
(4) Balance as at December 31, 2022	921,958,424.80	554,132,146.55	20,448,173.14	86,436,663.47	72,471,957.19	1,655,447,365.15
2. Accumulated depreciation						
(1) Balance as at December 31, 2021	276,881,258.22	333,471,043.36	18,532,278.48	61,913,286.44	52,736,074.99	743,533,941.49
(2) Increase in 2022	30,988,566.67	33,064,214.06	1,178,707.40	7,446,170.99	6,212,599.91	78,890,259.03
– Acquired	29,979,990.38	33,064,214.06	1,178,707.40	7,446,170.99	6,212,599.91	77,881,682.74
– Reversal of investment real estate	1,008,576.29					1,008,576.29
(3) Decrease in 2022		14,946,982.77	3,012,474.16	1,991,817.30	3,525,070.10	23,476,344.33
– Disposal or retired		14,946,982.77	3,012,474.16	1,991,817.30	3,525,070.10	23,476,344.33
– Transferred into investment real estate						
(4) Balance as at December 31, 2022	307,869,824.89	351,588,274.65	16,698,511.72	67,367,640.13	55,423,604.80	798,947,856.19
3. Provision for impairment						
(1) Balance as at December 31, 2021				21,361.20		21,361.20
(2) Increase in 2022		1,831,227.61	198,528.41	193,534.12		2,223,290.14
– Provision		1,831,227.61	198,528.41	193,534.12		2,223,290.14
(3) Decrease in 2022						
– Disposal or scrapping						
(4) Balance as at December 31, 2022		1,831,227.61	198,528.41	214,895.32		2,244,651.34
4. Book value						
(1) Balance as at December 31, 2022	614,088,599.91	200,712,644.29	3,551,133.01	18,854,128.02	17,048,352.39	854,254,857.62
(2) Balance as at December 31, 2021	642,144,648.60	229,620,142.35	5,285,017.74	22,818,072.55	21,313,299.63	921,181,180.87

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.15 Fixed assets (Continued)

5.15.2 Breakdown of fixed assets (Continued)

Note [1]: Adjustment between other transferred in and other transferred out categories of fixed assets.

Note [2]: In 2022, due to the continuous impact of the COVID-19 and related prevention and control measures, the Group's subsidiaries of the Industrial Internet and Intelligent Manufacturing Division suffered from increased losses in electronic equipment. The management assessed that some assets showed signs of impairment this year, and hired Yinxin Asset Appraisal Co., Ltd. to conduct an impairment test on related assets. After comparing the net amount of the fair value of the asset group minus disposal expenses and the present value of the expected future cash flow, the net amount of the expected fair value minus disposal expenses is used to determine the recoverable amount of the relevant asset group, and an impairment provision of 2223290.14 yuan is accrued.

5.15.3 The company has no significant temporarily idle fixed assets in the current period.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.15 Fixed assets (Continued)

5.15.4 Fixed assets leased out by operating lease

Items	Housing and buildings	Motor vehicles	Total
1. Original book value			
(1) Balance as at December 31, 2021	52,685,840.26	3,942,012.39	56,627,852.65
(2) Increase in 2022			
– Purchase			
(3) Decrease in 2022	4,144,631.26	2,051,989.84	6,196,621.10
– Disposal or scrapping		2,051,989.84	2,051,989.84
– Others ^[1]	4,144,631.26		4,144,631.26
(4) Balance as at December 31, 2022	48,541,209.00	1,890,022.55	50,431,231.55
2. Accumulated depreciation			
(1) Balance as at December 31, 2021	41,719,798.69	3,277,743.84	44,997,542.53
(2) Increase in 2022	277,875.24	184,084.18	461,959.42
– Provision	277,875.24	184,084.18	461,959.42
(3) Decrease in 2022	2,395,706.79	1,936,236.19	4,331,942.98
– Disposal or scrapping		1,936,236.19	1,936,236.19
– Others ^[1]	2,395,706.79		2,395,706.79
(4) Balance as at December 31, 2022	39,601,967.14	1,525,591.83	41,127,558.97
3. Provision for impairment			
(1) Balance as at December 31, 2021			
(2) Increase in 2022			
– Provision			
(3) Decrease in 2022			
– Disposal or scrapping			
(4) Balance as at December 31, 2022			
4. Book value			
(1) Balance as at December 31, 2022	8,939,241.86	364,430.72	9,303,672.58
(2) Balance as at December 31, 2021	10,966,041.57	664,268.55	11,630,310.12

Note [1]: Other transfers out are reduced operating lease amounts in the current period.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.15 Fixed assets (Continued)

5.15.5 Fixed assets with unfinished certificate

Items	Book value	Reasons for unfinished certificate
Housing and building (Shenzhen Long Gang Jingwah Electronics Co., Ltd.)	9,705,907.39	Cooperative construct – The land is collectively -owned land from Shenzhen Longgang Liang'an Tian Economic Development Co., Ltd
No. 3 Workshop in Xingang industrial park	5,148,567.10	The certificate is in progress
Plant in Chengdu Park	52,384,396.22	The certificate is in progress

5.15.6 Other instructions

The situation of fixed assets useful live in Mainland China:

Located in China	Balance as at December 31, 2022	Balance as at December 31, 2021
Medium term (10–50 years)	614,088,599.91	642,144,648.60
Short term (within 10 years)	240,166,257.71	279,036,532.27

5.15.7 Disposal of fixed asset

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Electronic equipment	8,373.84	
Machinery and equipment	410.00	114,309.60
Total	8,783.84	114,309.60

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.16 Construction in progress

5.16.1 Construction in progress and project materials

Items	Balance as at December 31, 2022	Balance as at December 31, 2021
Construction in progress	1,218,625.66	1,662,327.51
Project materials		
Total	1,218,625.66	1,662,327.51

5.16.2 Status of construction in progress

Items	Balance as at December 31, 2022			Balance as at December 31, 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Xingang Park Apartment 9 New Project	963,720.42		963,720.42			
SAP Phase II Implementation				877,358.48		877,358.48
Other sporadic projects	254,905.24		254,905.24	784,969.03		784,969.03
Total	1,218,625.66		1,218,625.66	1,662,327.51		1,662,327.51

5.16.3 Changes of important construction in progress in 2022

Project	Budget	Balance as at		Amount transferred into fixed assets in 2022	Other decreases in 2022	Balance as at		Ratio of cumulative input in total budget (%)	Project progress (%)	Including: capitalization amount of the interest of 2022	Capitalization rate of the interest of 2022 (%)	Source of funds
		December 31, 2021	Increase in 2021			December 31, 2022	December 31, 2022					
SAP Phase II Implementation ⁽¹⁾	15,000,000.00	877,358.48	84,905.66		962,264.14	65.06	100.00					funds raised by oneself
Xingang Park Apartment 9 New Project	5,500,000.00		963,720.42			963,720.42	19.10	21.98				funds raised by oneself
Other sporadic projects		784,969.03	419,639.75	949,703.54		254,905.24						funds raised by oneself
Total		1,662,327.51	1,468,265.83	949,703.54	962,264.14	1,218,625.66						

Note [1]: Other decreases are intangible assets transferred in the current period.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.17 Right-of-use assets

Items	Buildings and constructions	Total
1. Original book value		
(1) Balance 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) Balance as at December 31, 2022	<u>29,204,368.42</u>	<u>29,204,368.42</u>
2. Accumulated depreciation		
(1) Balance 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
– Provision	6,376,964.23	6,376,964.23
(3) Decrease in 2022		
– Disposal		
(4) Balance as at December 31, 2022	<u>17,446,457.20</u>	<u>17,446,457.20</u>
3. Provision for impairment		
(1) Balance as at December 31, 2021		
(2) Increase in 2022		
– Provision		
(3) Decrease in 2022		
– Disposal		
(4) Balance as at December 31, 2022	<u></u>	<u></u>
4. Book value		
(1) Balance as at December 31, 2022	11,757,911.22	11,757,911.22
(2) Balance as at December 31, 2021	<u>8,982,713.77</u>	<u>8,982,713.77</u>

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.18 Intangible assets

5.18.1 Breakdown of intangible assets

Items	Land use right	Using Rights of Trademark	Computer software	Patents	Software copyright	Non-patented technology	Total
1. Original book value							
(1) Balance as at December 31, 2021	105,196,904.12	158,340,000.00	28,661,595.94	730,105.00	9,768,026.49	90,865,944.22	393,562,575.77
(2) Increase in 2022			2,142,774.81			138,053.10	2,280,827.91
– Purchase			1,180,510.67			138,053.10	1,318,563.77
– Transferred from construction in progress			962,264.14				962,264.14
(3) Decrease in 2022							
– Disposal							
(4) Balance as at December 31, 2022	<u>105,196,904.12</u>	<u>158,340,000.00</u>	<u>30,804,370.75</u>	<u>730,105.00</u>	<u>9,768,026.49</u>	<u>91,003,997.32</u>	<u>395,843,403.68</u>
2. Accumulated amortization							
(1) Balance as at December 31, 2021	21,825,512.75	158,340,000.00	14,933,247.28	140,548.66	4,554,724.28	42,800,947.82	242,594,980.79
(2) Increase in 2022	2,802,423.89		2,364,320.09	70,364.90	423,913.70	13,454,436.47	19,115,459.05
– Provision	2,802,423.89		2,364,320.09	70,364.90	423,913.70	13,454,436.47	19,115,459.05
(3) Decrease in 2022							
– Disposal							
(4) Balance as at December 31, 2022	<u>24,627,936.64</u>	<u>158,340,000.00</u>	<u>17,297,567.37</u>	<u>210,913.56</u>	<u>4,978,637.98</u>	<u>56,255,384.29</u>	<u>261,710,439.84</u>
3. Provision for impairment							
(1) Balance as at December 31, 2021							
(2) Increase in 2022						3,562,919.55	3,562,919.55
– Provision						3,562,919.55	3,562,919.55
(3) Decrease in 2022							
– Disposal							
(4) Balance as at December 31, 2022						3,562,919.55	3,562,919.55
4. Book value							
(1) Balance as at December 31, 2022	<u>80,568,967.48</u>		<u>13,506,803.38</u>	<u>519,191.44</u>	<u>4,789,388.51</u>	<u>31,185,693.48</u>	<u>130,570,044.29</u>
(2) Balance as at December 31, 2021	<u>83,371,391.37</u>		<u>13,728,348.66</u>	<u>589,556.34</u>	<u>5,213,302.21</u>	<u>48,064,996.40</u>	<u>150,967,594.98</u>

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.18 Intangible assets (Continued)

5.18.1 Breakdown of intangible assets (Continued)

Intangible assets formed through internal research and development of the company account for 24.10% of the balance of intangible assets at the end of the period.

Note 1: In 2022, due to the continuous impact of the COVID-19 and related prevention and control measures, the Group's subsidiaries of the Industrial Internet and Intelligent Manufacturing Division suffered from increased losses in electronic equipment. The management assessed that some assets showed signs of impairment this year, and hired Yinxin Asset Appraisal Co., Ltd. to conduct an impairment test on related assets. Due to the proprietary and exclusive characteristics of intangible assets, the absence of asset sales agreements and active asset markets, and the difficulty of reliably measuring their fair value, the present value of estimated future cash flows is used to determine the recoverable amount of related assets, and an impairment provision of 3562919.55 yuan is accrued. The Group adopts a pre tax discount rate of 15.46% when calculating the recoverable amount.

5.18.2 During the reporting period, there was no land use right that had not been issued with a property right certificate.

5.18.3 Other instructions

	Balance as at December 31, 2022	Balance as at December 31, 2021
Located in China		
Medium term (Not less than 50 years)	49,474,268.48	50,713,707.36
Short term (Less than 50 years but not less than 5 years)	81,095,775.81	100,253,887.62

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.19 Long-term deferred expenses

Item	Balance as at December 31, 2021	Increase in 2022	Amortization in 2022	Other decreases	Balance as at December 31, 2022
Decoration of Xingang Office Area	2,986,426.00	4,892,182.90	1,313,093.70		6,565,515.20
Smart City Exhibition Hall Project	2,452,453.02		840,841.04		1,611,611.98
Electronic equipment industrial park phase I supporting	1,079,575.25		281,628.33		797,946.92
Equipment garden decoration project	1,238,496.66		805,913.17		432,583.49
Jingwah Dormitory Building Decoration Project	992,260.10		592,993.39		399,266.71
Information software building decoration project	1,241,256.42		1,241,256.42		
Other sporadic engineering projects	937,275.31	738,864.50	500,224.34		1,175,915.47
Total	<u>10,927,742.76</u>	<u>5,631,047.40</u>	<u>5,575,950.39</u>		<u>10,982,839.77</u>

5.20 Deferred income tax assets and deferred income tax liabilities

5.20.1 Deferred income tax assets without offset

Item	Balance as at December 31, 2022		Balance as at December 31, 2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	78,088,323.49	11,722,193.31	63,209,666.01	9,488,484.65
Gains and losses from unrealized internal transactions	3,828,080.93	648,273.94	4,293,524.44	727,419.11
Depreciation and amortization	6,344,528.02	951,679.20	4,156,058.98	623,408.85
Employee compensation payable	6,922,857.85	1,298,112.55	9,584,037.34	1,816,822.22
Accrued expenses	3,987,068.12	199,353.41	5,079,550.03	589,635.33
Deductible loss	27,996,263.80	4,199,439.57	24,001,042.89	3,600,156.43
Changes in fair value of investments in other equity instruments	1,264,073.47	316,018.37	98,135.79	24,533.95
Other current liability	1,000,000.00	150,000.00	1,000,000.00	150,000.00
Total	<u>129,431,195.68</u>	<u>19,485,070.35</u>	<u>111,422,015.48</u>	<u>17,020,460.54</u>

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.20 Deferred income tax assets and deferred income tax liabilities (Continued)

5.20.2 Deferred income tax liabilities without offset

Item	Balance as at December 31, 2022		Balance as at December 31, 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of trading financial assets	3,810,792.61	798,570.96	2,241,399.61	396,709.26
Accelerated depreciation of fixed assets	23,329,033.16	3,624,176.57		
Total	27,139,825.77	4,422,747.53	2,241,399.61	396,709.26

5.20.3 Breakdowns of unrecognized deferred income tax assets

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Deductible temporary differences	119,625,576.98	85,838,126.04
Deductible losses	936,171,325.00	631,245,028.01
Total	1,055,796,901.98	717,083,154.05

5.20.4 Deductible losses without recognition of deferred income tax assets to be expired in the following years

Year	Balance as at December 31, 2022	Balance as at December 31, 2021	Remark
2022		25,054,213.04	
2023	36,515,422.99	37,111,076.18	
2024	83,488,940.27	87,478,581.43	
2025	131,766,384.24	119,504,651.63	
2026	131,511,214.30	97,531,475.90	
Year 2027 and subsequent years	552,889,363.20	264,565,029.83	
Total	936,171,325.00	631,245,028.01	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.21 Other non-current assets

Item	Balance as at December 31, 2022			Balance as at December 31, 2021		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Prepaid equipment and project funds	241,740.11		241,740.11			
Warranty payment due over one year	16,448,734.92		16,448,734.92	4,237,383.51		4,237,383.51
Total	16,690,475.03		16,690,475.03	4,237,383.51		4,237,383.51

5.22 Notes payable

Category	Balance as at December 31, 2022	Balance as at December 31, 2021
Bank acceptance bill	140,306,918.37	214,817,174.59
Total	140,306,918.37	214,817,174.59

5.23 Accounts payable

5.23.1 Detail of Accounts payable

Aging	Balance as at December 31, 2022	Balance as at December 31, 2021
Within 1 year	1,221,115,359.23	1,304,678,337.31
1 – 2 years	200,049,737.02	223,319,706.48
2 – 3 years	52,796,286.38	34,203,539.57
More than 3 years	59,581,776.02	45,459,070.73
Total	1,533,543,158.65	1,607,660,654.09

Note: The aging of the accounts payable is disclosed based on the aging of the entry date.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.23 Accounts payable (Continued)

5.23.2 Significant accounts payable with the aging exceeding 1 year:

Creditor	Balance as at December 31, 2022	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	174,170,839.13	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.24 Advances received

5.24.1 Details of advances received

Items	Balance as at December 31, 2022	Balance as at December 31, 2021
Advance rent collection	126,201.33	461,253.51
Total	126,201.33	461,253.51

5.25 Contractual liabilities

5.25.1 Breakdown of contract liabilities

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

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.25 Contractual liabilities (Continued)

5.25.2 Significant changes in book value during the reporting period and reasons

Item	Changes in amount	Reasons
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	Amounts increased due to receipt of cash
Green service electronic manufacturing	-25,906,065.13	Contract liabilities at the beginning of the period was recognized as revenue in current period
Others	59,294.70	Amounts increased due to receipt of cash
Total	-85,448,357.98	

5.26 Employee compensation payable

5.26.1 Breakdown of employee compensation payable

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Short-term compensation	36,405,330.72	597,051,801.79	584,426,524.96	49,030,607.55
Post-employment benefits – defined contribution plans	272,115.03	65,768,472.39	65,733,687.90	306,899.52
Dismissal welfare	6,109,742.25	9,923,007.17	10,762,663.93	5,270,085.49
Other benefits due within one year				
Total	42,787,188.00	672,743,281.35	660,922,876.79	54,607,592.56

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.26 Employee compensation payable (Continued)

5.26.2 Movement of short-term compensation

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
(1) Salaries, bonuses, allowances and subsidies	33,712,155.09	408,502,215.77	397,623,302.03	44,591,068.83
(2) Employee welfare		34,870,166.07	34,870,166.07	
(3) Social insurance premiums	137,509.96	27,405,494.61	27,386,303.73	156,700.84
Including: Medical insurance premium	121,287.55	23,355,898.11	23,347,215.66	129,970.00
Work-related injury insurance premium	5,444.64	1,752,455.57	1,743,574.58	14,325.63
Maternity insurance premium	10,777.77	2,297,140.93	2,295,513.49	12,405.21
(4) Housing provident funds	812,248.86	48,773,431.00	48,720,707.00	864,972.86
(5) Labor union expenditures and employee education funds	248,380.84	8,549,683.38	8,611,303.69	186,760.53
(6) Short-term compensated absences				
(7) Short-term profit sharing plan		6,084,800.00	4,084,800.00	2,000,000.00
(8) Non monetary benefits				
(9) Labor cost	1,495,035.97	62,866,010.96	63,129,942.44	1,231,104.49
Total	36,405,330.72	597,051,801.79	584,426,524.96	49,030,607.55

5.36.3 Breakdown of defined contribution plans

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Basic endowment insurance premium	215,551.21	48,156,227.95	48,099,956.91	271,822.25
Unemployment insurance premium	6,735.74	1,502,768.46	1,501,011.01	8,493.19
Enterprise annuity payment	49,828.08	16,109,475.98	16,132,719.98	26,584.08
Total	272,115.03	65,768,472.39	65,733,687.90	306,899.52

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.27 Taxes and surcharges payable

	Balance as at December 31, 2022	Balance as at December 31, 2021
Taxes and surcharges		
VAT	35,733,386.47	14,837,824.99
Enterprise income tax	8,482,192.07	9,046,264.84
Individual income tax	2,333,484.45	1,119,841.86
Urban maintenance and construction tax	1,957,033.00	670,789.47
Housing property tax	1,531,503.66	1,901,013.36
Educational surcharges	1,397,907.03	479,179.02
Land use tax	429,886.10	429,608.88
Other taxes and dues	206,999.14	87,482.01
Total	<u>52,072,391.92</u>	<u>28,572,004.43</u>

5.28 Other payables

	Balance as at December 31, 2022	Balance as at December 31, 2021
Taxes and surcharges		
Interest payable		
Dividends payable	5,338,779.34	4,887,319.78
Other payables	100,560,558.17	94,592,471.17
Total	<u>105,899,337.51</u>	<u>99,479,790.95</u>

5.28.1 Dividends payable

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Ordinary share dividends	5,338,779.34	4,887,319.78
Total	<u>5,338,779.34</u>	<u>4,887,319.78</u>

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.28 Other payables (Continued)

5.28.2 Other payables

(1) Breakdown of other payables by nature

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Security deposit	43,772,390.57	38,287,360.22
Operating activity related	21,787,830.54	28,873,424.36
Intercourse funds	26,358,249.83	22,414,889.79
Others	8,642,087.23	5,016,796.80
Total	100,560,558.17	94,592,471.17

(2) Significant other payables with the aging exceeding one year

Creditor	Balance as at December 31, 2022	Reason for arrearage
Nanjing Panda Information Industry Group Co., Ltd.	9,790,000.00	Current accounts
Nanjing Changxin Technology Co., Ltd.	5,706,475.46	The guarantee fund has not yet expired
Nanjing Gusheng Enterprise Management Co., Ltd.	4,400,000.00	The deposit has not yet expired
Shanghai Qiangdong Electronic Technology Co., Ltd.	4,261,524.76	The guarantee fund has not yet expired
Shenzhen Jingji Baina Business Management Co., Ltd.	3,848,094.00	The deposit has not yet expired
Panda Electronics Group Co., Ltd.	3,768,611.31	Current accounts
Total	31,774,705.53	

5.29 Non-current liabilities maturing within one year

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Leasing liabilities maturing within one year	6,117,127.14	9,076,593.15
Total	6,117,127.14	9,076,593.15

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.30 Other current liabilities

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Tax amount for output to be transferred	4,224,786.10	14,357,784.91
Acceptance bills that have not been terminated for confirmation	12,505,639.04	7,630,707.72
Unaccepted government subsidies	10,790,000.00	16,950,000.00
Total	27,520,425.14	38,938,492.63

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Industry foresight and key core technology projects	2,100,000.00	
Research and development of key technologies for special polymer materials and products for 5G communications	1,200,000.00	1,200,000.00
Research on the Application of New Electronic Identification Technology in the Transportation Industry	1,045,000.00	715,000.00
East China Electronics New Display Product Green Supply Chain Construction Project	1,000,000.00	1,000,000.00
The development and industrialization of the integrated platform of high-speed traffic management based on artificial intelligence	1,000,000.00	1,000,000.00
Special fund for 2022 provincial science and technology plan	900,000.00	
Internet AFC ticketing system	800,000.00	800,000.00
No. 1 pass & intelligent cloud brake for face recognition	600,000.00	600,000.00
Development of an intelligent monitoring system for oil and gas pipelines based on distributed optical fiber sensing and the Internet of Things	600,000.00	600,000.00
Key R&D Plan of Jiangsu Province in 2021	510,000.00	
Research and development of key technologies for new edge network collaborative control equipment	435,000.00	435,000.00
AFC System Regional Centre (ZLC)	300,000.00	300,000.00
Enterprise Patent Navigation Project for New Generation Information Technology Patents	300,000.00	300,000.00
Provincial emerging industry guiding funds		10,000,000.00
Total	10,790,000.00	16,950,000.00

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.31 Lease liabilities

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Lease payment	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>

5.32 Long-term payables

5.32.1 Detailed Statement of Long-term Employee Salaries Payable

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
Post-employment benefit – net liabilities of defined benefit plans		
Dismissal welfare	8,729,912.08	11,837,677.44
Other long-term benefits		
Total	<u><u>8,729,912.08</u></u>	<u><u>11,837,677.44</u></u>

5.33 Deferred income

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022	Forming reason
Government grants	<u>44,917,830.69</u>	<u>12,196,050.00</u>	<u>10,576,555.56</u>	<u>46,537,325.13</u>	Grant
Total	<u><u>44,917,830.69</u></u>	<u><u>12,196,050.00</u></u>	<u><u>10,576,555.56</u></u>	<u><u>46,537,325.13</u></u>	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.33 Deferred income (Continued)

Items involving government grants

Item	Balance as at December 31, 2021	New grants in 2022	Amount included in the current profit or loss in 2022	Other changes	Balance as at December 31, 2022	Related to assets/income
2017 Special Project for Technological Transformation of Electronic Information Industry	29,054,057.09		3,783,771.63		25,270,285.46	Related to assets
Provincial emerging industry guidance fund		10,000,000.00	853,658.54		9,146,341.46	Related to assets
Auto-transferring system industrialization of new panel display industry	5,494,424.98		888,752.14		4,605,672.84	Related to assets
R & D and industrialization of high localization industrial robot and intelligent complete equipment	4,195,392.47		985,333.31		3,210,059.16	Related to assets
New Model Project Grants	3,107,142.86		428,571.43		2,678,571.43	Related to assets
Provincial high-end equipment catch-up project special funds	790,391.65		109,608.35		680,783.30	Related to assets
Special fund for Preschool Education – average cost per student	1,586,021.64	2,196,050.00	3,202,060.16		580,011.48	Related to income
Nanjing industrial enterprise technology and equipment investment inclusive award supplement fund	690,400.00		324,800.00		365,600.00	Related to assets
Total	44,917,830.69	12,196,050.00	10,576,555.56		46,537,325.13	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.34 Share capital

Item	Balance as at December 31, 2021	Changes during the period (increase (+), decrease (-))					Sub-total	Balance as at December 31, 2022
		Issue new shares	Bonus shares	Conversion of the accumulation funds into shares	Others			
Total shares	913,838,529.00							913,838,529.00

5.35 Capital reserves

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Capital premium (share premium)	1,450,743,806.12			1,450,743,806.12
Other capital reserves	19,947,994.01			19,947,994.01
Total	1,470,691,800.13			1,470,691,800.13

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.36 Other comprehensive income

Item	Balance as at December 31, 2021	2022		Less: income tax expenses	After tax attributable to the parent company	After tax attributable to minority shareholders	Balance as at December 31, 2022
		Amount before income tax in the current period	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss				
1. Other comprehensive income cannot be reclassified to profit or loss	-73,601.84	-1,165,937.68		-291,484.42	-874,453.26		-948,055.10
Including Changes in fair value of other equity instruments investment.	-73,601.84	-1,165,937.68		-291,484.42	-874,453.26		-948,055.10
Total other comprehensive income	-73,601.84	-1,165,937.68		-291,484.42	-874,453.26		-948,055.10

5.37 Special reserves

Item	Balance as at December 31, 2021	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Work safety expenses		1,575,970.15	1,575,970.15	
Total		1,575,970.15	1,575,970.15	

5.38 Surplus reserves

Item	Balance as at December 31, 2021	As at January 1, 2022	Increase in 2022	Decrease in 2022	Balance as at December 31, 2022
Statutory surplus reserve funds	205,641,510.80	205,641,510.80	10,512,482.70		216,153,993.50
Discretionary surplus reserve	70,376,641.33	70,376,641.33			70,376,641.33
Total	276,018,152.13	276,018,152.13	10,512,482.70		286,530,634.83

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.39 Undistributed profits

Item	Year 2022	Year 2021
Balance at the beginning of the year	866,732,902.94	856,899,656.12
Increase due to adjustment (or less: decrease)		
Balance after adjustment	866,732,902.94	856,899,656.12
Add: Net profit attributable to owners of the parent company	40,485,761.62	41,928,543.18
Less: Appropriation of statutory surplus reserve	10,512,482.70	8,336,124.25
Appropriation of discretionary surplus reserve		
General risk reserves withdrawn in the year		
Cash dividends distributed in the year	12,793,739.40	23,759,801.75
Transfer to paid-in capital		
Other decreases		-629.64
Balance at the end of the year	<u>883,912,442.46</u>	<u>866,732,902.94</u>

Note [1]: According to the 2021 profit distribution plan adopted by the sixth meeting of the tenth board of directors and the 2021 annual shareholders' meeting of the company, the total share capital of the company is 913,838,529.00 shares, which will be distributed as the base. Cash dividends of 0.14 yuan (tax included) will be distributed for every 10 shares, totaling 12,793,739.40 yuan (tax included).

5.40 Operating revenue and operating costs

5.40.1 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	27,340,198.50	16,280,376.61	47,910,989.82	28,200,659.57
Total	<u>4,154,295,003.26</u>	<u>3,565,005,880.41</u>	<u>4,531,842,430.51</u>	<u>3,961,438,873.89</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	97,200,123.59	109,541,825.60
Total	<u>4,154,295,003.26</u>	<u>4,531,842,430.51</u>

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.40 Operating revenue and operating costs (Continued)

5.40.1 Operating revenue and operating costs (Continued)

(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	248,153,797.68	200,891,209.27
Total	4,154,295,003.26	4,531,842,430.51

5.40.2 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>

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.40 Operating revenue and operating costs (Continued)

5.40.3 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.

5.40.4 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 1,157,510,333.66 yuan, and it is expected that revenue will be recognized during the period 2023–2024.

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.41 Taxes and surcharges

Item	2022	2021
Urban maintenance and construction tax	8,126,724.59	4,775,749.12
Housing property tax	8,100,158.17	8,733,071.59
Educational surcharges	5,812,749.06	3,423,026.73
Land use tax	2,319,136.92	2,416,340.38
Stamp duty	2,245,641.26	2,072,388.69
Vehicle and vessel tax	32,857.76	36,367.76
Environmental protection tax	730.50	1,660.81
Total	<u>26,637,998.26</u>	<u>21,458,605.08</u>

5.42 Selling expenses

Item	2022	2021
Salary and welfare of sales staff	28,848,368.08	26,998,425.32
Office expenses	2,380,395.11	3,882,390.65
Business entertainment	1,974,812.96	1,751,252.05
Travel expenses	1,211,617.74	1,621,672.83
Advertising and exhibition fees	1,174,374.03	4,094,807.79
Labor cost	675,567.25	940,631.81
Others	2,128,329.81	2,538,465.98
Total	<u>38,393,464.98</u>	<u>41,827,646.43</u>

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.43 General and administrative expenses

Item	2022	2021
Wage and Co-ordination	199,688,474.06	180,728,083.23
Depreciation and amortization	39,559,551.16	40,446,678.06
Office fee, telephone fee and conference fee	9,830,468.51	9,701,351.14
Business entertainment and travel expenses	7,164,986.90	7,940,774.54
Listing fees, auditing, attorney and consulting fees	7,094,681.65	6,697,683.38
Labor cost	6,542,438.33	9,892,059.24
Repair charges	5,198,453.05	4,818,164.16
Auditor remuneration	2,339,622.65	1,981,132.08
Transport expense	412,694.00	2,012,356.45
Others	8,818,990.19	9,160,354.45
Total	286,650,360.50	273,378,636.73

5.44 Research and development expenses

Item	2022	2021
Labor charges	162,176,060.05	147,857,938.15
Materials, fuels and power	15,561,615.80	33,044,214.54
Depreciation and amortization	14,995,119.88	13,670,325.43
Commissioned development fee	5,756,430.86	6,578,794.25
Test, inspection and maintenance costs	2,724,048.11	2,900,993.42
Travel expenses	2,266,694.37	2,339,088.83
Leasing management fee	896,035.65	631,671.11
Design fees	542,223.76	745,070.53
Others	6,123,223.57	5,281,848.81
Total	211,041,452.05	213,049,945.07

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.45 Financial expenses

Item	2022	2021
Interest expense	416,197.62	691,719.70
Including: Interest expense on lease liabilities	416,197.62	691,719.70
Less: interest income	15,072,252.93	16,924,618.99
Net exchange gains and loss	20,208,284.76	-9,361,258.08
Others	1,831,652.18	2,436,128.30
Total	7,383,881.63	-23,158,029.07

5.46 Other income

Item	2022	2021
Government grants	24,030,680.74	16,268,496.80
Input tax additional deduction	1,051,350.71	803,799.59
Personal income tax refund	283,131.80	247,625.33
The value added tax that software enterprise collects namely refunds	52,740.55	40,293.84
Total	25,417,903.80	17,360,215.56

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.46 Other income (Continued)

Government grants recorded into other income:

Item	Year 2022	Year 2021	Related to assets/ related to income
Special funds for national industrial base reconstruction and high-quality development of manufacturing industry	4,250,000.00		Related to income
2017 Special Project for Technological Transformation of Electronic Information Industry	3,783,771.63	945,942.91	Related to assets
Special funds for preschool education	3,202,060.16	2,978,656.92	Related to income
Special subsidy for "industrial software" under the national key research and development plan	1,852,631.56		Related to income
Subsidy for production expansion and efficiency enhancement support plan	1,780,000.00		Related to income
Industrial Enterprise Award	1,100,000.00	1,800,000.00	Related to income
Supported by Nanjing High Value Patent Cultivation Center in 2022	1,000,000.00		Related to income
New flat panel display factory automation transplanting system industrialization project	985,333.31	985,333.31	Related to assets
High localization rate of industrial robots and intelligent complete sets of equipment research and development and industrialization	888,752.14	888,752.14	Related to assets
Provincial emerging industry guidance fund	853,658.54		Related to assets
National high-tech enterprise recognition award	800,000.00		Related to income
Rewards for specialized "Little Giant" enterprise zone	500,000.00		Related to income
Social security subsidies	442,077.77		Related to income
New Model Project Grants	428,571.43	392,857.14	Related to assets
Nanjing industrial enterprise technology equipment investment universal award and subsidy funds	324,800.00	324,800.00	Related to assets
Refund of union funds	292,229.36	413,697.43	Related to income
Nanjing Special Fund for Industry and Informatization	250,000.00	800,000.00	Related to income
Allowance for retention	230,500.00		Related to income
Steady post subsidies	210,198.51	28,892.64	Related to income
Business development funds	203,400.00	26,600.00	Related to income
The training subsidies	133,720.00	926,000.00	Related to income
Provincial high-end equipment catch-up project special funds	109,608.35	109,608.35	Related to income
Subsidy for special funds for scientific and technological talent work	100,000.00		Related to income

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.46 Other income (Continued)

Government grants recorded into other income: (Continued)

Item	Year 2022	Year 2021	Related to assets/ related to income
Employment allowance	96,000.00	97,000.00	Related to income
Subsidized by electricity cost reduction for industry and commerce of shenzhen	59,564.79	19,734.68	Related to income
Anti epidemic disinfection and sterilization subsidies	45,000.00		Related to income
One-time subsidy for employment of poverty alleviation workers	45,000.00		Related to income
Post expansion subsidy	31,500.00		Related to income
Award	10,000.00	5,000.00	Related to income
Employment subsidies for the disabled	9,120.00	20,200.00	Related to income
Refund of six taxes and two fees for small and micro enterprises	6,140.19		Related to income
Subsidy for Shenzhen Hong Kong cross-border waterway transportation	5,043.00		Related to income
Qinhuai Employment Center Employment Information Monitoring Subsidy	2,000.00	1,000.00	Related to income
Subsidy for rail transit automatic fare collection system project based on mobile payment		890,000.00	Related to income
Innovation Award for Innovation City Construction Improvement		778,000.00	Related to income
Subsidy for industrial robot manufacturing digital chemical plant project		750,000.00	Related to income
Subsidy from Shenzhen Science and Technology Innovation Committee		411,000.00	Related to income
Financial allocation for informatization driven industrialization		369,921.28	Related to income
Subsidy for continuous production during the Spring Festival		350,000.00	Related to income
The first batch of incentive funds for innovation, transformation and upgrading		300,000.00	Related to income
Award fund for exemplary organization of Nanjing Science and Technology Bureau		200,000.00	Related to income
Civil Product Technology Award Bonus		200,000.00	Related to income
The second batch of subsidies from Jiangsu Provincial Association for Promoting Enterprise		200,000.00	Related to income
Research and Development Institutions		190,000.00	Related to income
Subsidy for catching up and surpassing engineering projects			
Special fund for intellectual property strategy		150,000.00	Related to income
Small and Micro Enterprise Scale Reward		110,000.00	Related to income

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.46 Other income (Continued)

Government grants recorded into other income: (Continued)

Item	Year 2022	Year 2021	Related to assets/ related to income
The fifth batch of provincial science and technology award funds		100,000.00	Related to income
Economic Development Zone 2021 Spring Festival Production Subsidy		100,000.00	Related to income
Nanjing Disabled Persons' Federation Award		80,000.00	Related to income
Funding for Skills Master Studio		80,000.00	Related to income
Subsidies for training with workers		79,500.00	Related to income
Technology Transfer Award and Subsidy Fund		35,000.00	Related to income
2021 Economic Development Zone Intellectual Property High-quality Cultivation Program Project Funds		30,000.00	Related to income
Employment subsidies for small, medium and micro enterprises in Nanjing in the fourth quarter of 2020		20,000.00	Related to income
Science and Technology Progress Award		20,000.00	Related to income
Shenzhen Industrial and Information Technology Transformation Investment Project Subsidy		20,000.00	Related to income
2021 High-level Talent Science and Technology Contribution Award		16,000.00	Related to income
Outstanding Patent Award		13,000.00	Related to income
Special financial subsidy		12,000.00	Related to income
Total	24,030,680.74	16,268,496.80	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.47 Investment income

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

5.48 Gains from changes in fair value

Sources of income from changes in fair value	2022	2021
Financial assets held for trading	1,569,393.00	884,823.43
Total	1,569,393.00	884,823.43

5.49 Losses from credit impairment

Item	2022	2021
Losses from impairment of accounts receivable	23,090,746.35	9,034,660.09
Losses from impairment of others receivable	171,441.41	-1,487,494.48
Total	23,262,187.76	7,547,165.61

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.50 Losses from asset impairment

Item	2022	2021
Losses from inventory depreciation	6,761,367.57	18,874,926.87
Losses from impairment of contract assets		-347,164.05
Losses from fixed assets	2,223,290.14	
Losses from impairment of advance to supplier	-450.00	-19,406.00
Losses from intangible assets	3,562,919.55	
Total	12,547,127.26	18,508,356.82

5.51 Income from disposal of assets

Item	2022	2021	Amount included in non-recurring profit or loss in 2022
Gain on disposal of non-current assets (loss marked with "-")	258,452.13	-722,183.04	258,452.13
Total	258,452.13	-722,183.04	258,452.13

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.52 Non-operating income

Item	2022	2021	Amount included in current non recurring gains and losses
Gains from damage and scrapping of non-current assets	694,704.31	125,901.34	694,704.31
Including: Fix assets	694,704.31	125,901.34	694,704.31
Payment unable to be paid		4,574,358.40	
Government grants		89,500.00	
Income from liquidated damages	712,168.72	115,055.98	712,168.72
Others	292,919.62	365,513.58	292,919.62
Total	<u>1,699,792.65</u>	<u>5,270,329.30</u>	<u>1,699,792.65</u>

Details of government grants:

Item	Year 2022	Year 2021	Related to assets/related to income
The first batch of computer software patent fee subsidies in 2019		1,800.00	Related to income
Vehicle scrapping subsidy		87,700.00	Related to income
Total		<u>89,500.00</u>	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.53 Non-operating expenses

Item	2022	2021	Amount included in non-recurring profit or loss in 2022
Loss of non-current assets damaged and scrapped	152,187.60	77,638.07	152,187.60
Including: Fix assets	152,187.60	77,638.07	152,187.60
Donations made			
penalty expenses	33,000.00		33,000.00
Compensation and liquidated damages	44,344.16	442,758.26	44,344.16
Late fee	43,971.14	31,247.10	43,971.14
Others	74,259.28	61,368.02	74,259.28
Total	347,762.18	613,011.45	347,762.18

5.54 Income tax expenses

5.54.1 Table of income tax expenses

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

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.54 Income tax expenses (Continued)

5.54.2 Adjustment process of accounting profits and income tax expenses

Item	2022
Total profits	100,685,752.10
Income tax expenses calculated at statutory/applicable tax rate	25,171,438.03
Effect of the different tax rates applicable to subsidiaries	-4,145,280.03
Effect of adjustment on income tax in previous periods	1,458,312.80
Effect of non-taxable income	-18,731,693.73
Influence of non-deductible costs, expenses and losses	1,999,993.09
Effect of using the deductible losses related to deferred income tax assets unrecognized in previous periods	-338,413.77
Effect of deductible temporary differences or deductible losses from deferred income tax assets unrecognized in the current period	30,208,301.95
The tax law provides for the effect of additional deductible expenses	-16,314,343.50
Income tax expenses	19,308,314.84

5.55 Earnings per share

5.55.1 Basic earnings per share

Basic earnings per share are calculated by dividing the consolidated net profit attributable to common shareholders of the parent company by the weighted average number of common shares issued by the company:

Item	Year 2022	Year 2021
Consolidated net profit attributable to common shareholders of the parent company	40,485,761.62	41,928,543.18
Weighted average number of common shares issued by the company	913,838,529.00	913,838,529.00
Basic earnings per share	0.0443	0.0459
Including: Basic earnings per share of continuing operation	0.0443	0.0459
Basic earnings per share of discontinued operations		

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.55 Earnings per share (Continued)

5.55.2 Diluted earnings per share

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

Item	Year 2022	Year 2021
Consolidated net profit attributable to common shareholders of the parent company (diluted)	40,485,761.62	41,928,543.18
Weighted average number of common shares issued by the company (diluted)	913,838,529.00	913,838,529.00
Diluted earnings per share	0.0443	0.0459
Including: Diluted earnings per share of continued operation	0.0443	0.0459
Diluted earnings per share of discontinued operation		

5.56 Information of cash flow statement

5.56.1 Other cash received relating to operating activities

Items	Year 2022	Year 2021
Cash receipts from acceptance deposit & Commitment deposit	94,864,637.88	99,067,736.62
Government grants	19,826,047.53	12,865,077.18
Interest Income	15,072,252.93	16,924,618.99
Others	7,882,821.60	2,198,548.22
Total	137,645,759.94	131,055,981.01

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.56 Information of cash flow statement (Continued)

5.56.2 Other cash paid relating to operating activities

Items	Year 2022	Year 2021
Payment of security deposit and restricted funds	47,122,765.87	55,892,050.85
Payment of expenses	44,773,052.17	77,435,380.67
Commission charges	1,831,652.18	1,751,767.30
Others	2,977,229.82	1,372,493.56
Total	96,704,700.04	136,451,692.38

5.56.3 Other cash receipt related to investment activities

Items	Year 2022	Year 2021
Capital of financial products	1,230,000,000.00	1,870,000,000.00
Large deposit certificate principal	10,000,000.00	80,000,000.00
Letter of Credit deposit		4,381,086.02
Total	1,240,000,000.00	1,954,381,086.02

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.56 Information of cash flow statement (Continued)

5.56.4 Other cash paid related to investment activities

Items	Year 2022	Year 2021
Capital of financial products	1,260,000,000.00	1,840,000,000.00
Large deposit certificate principal		200,000,000.00
Letter of Credit deposit		4,381,086.02
Total	<u>1,260,000,000.00</u>	<u>2,044,381,086.02</u>

5.56.5 Other cash paid related to financing activities

Items	Year 2022	Year 2021
Cash paid for lease liability	<u>11,476,065.26</u>	<u>4,901,385.35</u>
Total	<u>11,476,065.26</u>	<u>4,901,385.35</u>

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.57 Supplementary information to the statement of cash flow

5.57.1 Supplementary information to the statement of cash flows

Supplementary information	2022	2021
1. Net profit adjusted to cash flows from operating activities:		
Net profit	81,377,437.26	80,132,687.41
Plus: Impairment loss for credit assets	23,262,187.76	7,547,165.61
Provision for impairment of assets	12,547,127.26	18,508,356.82
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	85,831,814.20	85,940,722.13
Amortization of the right to use assets	6,376,964.23	5,402,304.22
Amortization of intangible assets	19,115,459.05	18,183,143.85
Amortization of long-term deferred expenses	5,575,950.39	3,965,662.01
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-258,452.13	722,183.04
Losses on write-off of fixed assets ("-" for gains)	-542,516.71	-48,263.27
Losses on changes in fair value ("-" for gains)	-1,569,393.00	-884,823.43
Financial expenses ("-" for gains)	416,197.62	691,719.70
Investment losses ("-" for gains)	-88,715,322.29	-65,709,743.04
Decreases in deferred income tax assets ("-" for increases)	-2,173,125.39	-835,087.13
Increases in deferred income tax liabilities ("-" for decreases)	4,026,038.27	176,080.85
Decreases in inventories ("-" for increases)	376,180,101.80	-195,728,414.48
Decreases in operating receivable ("-" for increases)	-178,458,927.51	237,488,849.35
Increases in operating payables ("-" for decreases)	-192,670,823.21	12,618,017.84
Others		
Net cash flow from operating activities	150,320,717.60	208,170,561.48
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financing leases		

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.57 Supplementary information to the statement of cash flow (Continued)

5.57.1 Supplementary information to the statement of cash flows (Continued)

Supplementary information	2022	2021
3. Net changes in cash and cash equivalents:		
Ending balance of cash	954,544,289.85	848,233,503.66
Less: beginning balance of cash	848,233,503.66	1,149,052,807.58
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	<u>106,310,786.19</u>	<u>-300,819,303.92</u>

5.57.2 Breakdowns of cash and cash equivalents

Item	Balance as at December 31, 2022	Balance as at December 31, 2021
I. Cash	954,544,289.85	848,233,503.66
Including: Cash on hand	66,238.15	91,821.05
Unrestricted digital currency		
Unrestricted bank deposit	954,478,051.70	848,141,682.61
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Closing balance of cash and cash equivalents	<u>954,544,289.85</u>	<u>848,233,503.66</u>

5.58 Assets with restrictions on the ownership or right of use

Items	Book value Balance as at December 31, 2022	Reason for restriction
Monetary funds	104,846,716.25	Bank acceptance, letter of guarantee, performance bond
Notes receivable	12,505,639.04	Notes that have been endorsed but have not expired and have not been derecognized
Other receivables	<u>10,000,000.00</u>	Litigation deposit, see "XII. (II) 1"
Total	<u>127,352,355.29</u>	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.59 Monetary items in foreign currency

Item	Balance in foreign currency Balance as at December 31, 2022	Exchange rate	Balance converted into RMB Balance as at December 31, 2022
Monetary funds			50,433,523.56
Including: USD	6,269,739.97	6.9646	43,666,231.00
EUR	365,402.03	7.4229	2,712,342.73
HKD	299,264.87	0.8933	267,333.31
JPY	72,282,758.00	0.0524	3,787,616.52
Accounts receivable			12,581,455.22
Including: USD	1,686,233.04	6.9646	11,743,938.63
EUR	8,894.94	7.4229	66,026.25
HKD	25,825.82	0.8933	23,070.21
JPY	14,282,827.00	0.0524	748,420.13
Accounts payable			51,841,850.83
Including: USD	6,681,066.61	6.9646	46,530,956.51
JPY	101,352,945.00	0.0524	5,310,894.32
Other receivables			27,646.94
Including: USD	3,200.06	6.9646	22,287.14
HKD	6,000.00	0.8933	5,359.80
Other payables			2,615,921.17
Including: USD	375,602.50	6.9646	2,615,921.17

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.60 Government grants

5.60.1 Asset-related government grants

Category	Amount	Items listed on the statement of financial position	Items presented in the balance sheet	Amount included in the current profit or loss or used to offset the related costs or losses		Item in the current profit or loss or used to offset the related costs or losses
				2022	2021	
2017 Technical Transformation Special Project of Electronic Information Industry	30,000,000.00	25,270,285.46	Deferred income	3,783,771.63	945,942.91	Other income
Provincial emerging industry guidance fund	10,000,000.00	9,146,341.46	Deferred income	853,658.54		Other income
High localization rate of industrial robots and intelligent complete sets of equipment research and development and industrialization	8,120,000.00	4,605,672.84	Deferred income	888,752.14	888,752.14	Other income
New flat panel display factory automation transplanting system industrialization project	30,000,000.00	3,210,059.16	Deferred income	985,333.31	985,333.31	Other income
New model project grant	3,500,000.00	2,678,571.43	Deferred income	428,571.43	392,857.14	Other income
Provincial high-end equipment to catch up with the project special funds	900,000.00	680,783.30	Deferred income	109,608.35	109,608.35	Other income
Nanjing Industrial Enterprise Technology and Equipment Input Inclusive Incentive Fund	1,624,000.00	365,600.00	Deferred income	324,800.00	324,800.00	Other income
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.60 Government grants (Continued)

5.60.2 Government grants related to income

Category	Amount	Amount included in the current profit or loss or used to offset the related costs or losses		Item in the current profit or loss or used to offset the related costs or losses
		2022	2021	
Industry foresight and key core technology projects	2,100,000.00			
Research and development of key technologies for special polymer materials and products for 5G communication	1,200,000.00			
Research on the Application of New Electronic Identification Technology in the Transportation Industry	1,045,000.00			
East China Electronics New Display Product Green Supply Chain Construction Project	1,000,000.00			
Research and industrialization of an integrated platform for high-speed transportation and management based on artificial intelligence	1,000,000.00			
Special fund for 2022 provincial science and technology plan	900,000.00			
Internet AFC ticketing system	800,000.00			
One Number Communication & Intelligent Cloud Gate for Face Recognition	600,000.00			
Research and development of intelligent monitoring system for oil and gas pipelines based on distributed optical fiber sensing and the Internet of Things	600,000.00			
Key R&D Plan of Jiangsu Province in 2021	510,000.00			
Research and development of key technologies for new edge network collaborative control equipment	435,000.00			
Automatic Fare Collection AFC System Regional Center (ZLC)	300,000.00			
Enterprise patent navigation project for new generation information technology patents	300,000.00			
Special funds for national industrial base reconstruction and high-quality development of manufacturing industry	4,250,000.00	4,250,000.00		Other Income
ECE Earmark – per pupil fee	6,180,717.08	3,202,060.16	2,978,656.92	Other Income
Special subsidy for “industrial software” under the national key research and development plan	1,852,631.56	1,852,631.56		Other Income
Subsidy for production expansion and efficiency enhancement support plan	1,780,000.00	1,780,000.00		Other Income
Rewards for Upgraded Industrial Enterprises	2,900,000.00	1,100,000.00	1,800,000.00	Other Income
Supported by Nanjing High Value Patent Cultivation Center in 2022	1,000,000.00	1,000,000.00		Other Income

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.60 Government grants (Continued)

5.60.2 Government grants related to income (Continued)

Category	Amount	Amount included in the current profit or loss or used to offset the related costs or losses		Item in the current profit or loss or used to offset the related costs or losses
		2022	2021	
National high-tech enterprise recognition award	800,000.00	800,000.00		Other Income
Rewards for specialized "Little Giant" enterprise zone	500,000.00	500,000.00		Other Income
Social security subsidies	442,077.77	442,077.77		Other Income
Refund of labor union funds	705,926.79	292,229.36	413,697.43	Other Income
Special fund for industry and informatization in Nanjing	1,050,000.00	250,000.00	800,000.00	Other Income
Allowance for retention	230,500.00	230,500.00		Other Income
Post stabilization subsidy	239,091.15	210,198.51	28,892.64	Other Income
Special fund for business development	230,000.00	203,400.00	26,600.00	Other Income
Training subsidies	1,059,720.00	133,720.00	926,000.00	Other Income
Subsidy for special funds for scientific and technological talent work	100,000.00	100,000.00		Other Income
Employment subsidies	193,000.00	96,000.00	97,000.00	Other Income
Shenzhen Industrial and Commercial Power Cost Reduction Assistance	79,299.47	59,564.79	19,734.68	Other Income
Anti epidemic disinfection and sterilization subsidies	45,000.00	45,000.00		Other Income
One-time subsidy for employment of poverty alleviation workers	45,000.00	45,000.00		Other Income
Post expansion subsidy	31,500.00	31,500.00		Other Income
Rewards for speaking and comparing	15,000.00	10,000.00	5,000.00	Other Income
Employment subsidy for the disabled	29,320.00	9,120.00	20,200.00	Other Income
Refund of six taxes and two fees for small and micro enterprises	6,140.19	6,140.19		Other Income
Subsidy for Shenzhen Hong Kong cross-border waterway transportation	5,043.00	5,043.00		Other Income
Subsidy for employment information monitoring of Qinhuai Employment Center	3,000.00	2,000.00	1,000.00	Other Income
Subsidy for rail transit automatic fare collection system project based on mobile payment	890,000.00		890,000.00	Other Income
Innovation Award for Innovation City Construction Improvement	778,000.00		778,000.00	Other Income
Subsidy for industrial robot manufacturing digital chemical plant project	750,000.00		750,000.00	Other Income
Subsidy from Shenzhen Science and Technology Innovation Committee	411,000.00		411,000.00	Other Income
Financial allocation for informatization driven industrialization	369,921.28		369,921.28	Other Income
Subsidy for continuous production during the Spring Festival	350,000.00		350,000.00	Other Income

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.60 Government grants (Continued)

5.60.2 Government grants related to income (Continued)

Category	Amount	Amount included in the current profit or loss or used to offset the related costs or losses		Item in the current profit or loss or used to offset the related costs or losses
		2022	2021	
The first batch of incentive funds for innovation, transformation and upgrading	300,000.00	300,000.00		Other Income
Award fund for exemplary organization of Nanjing Science and Technology Bureau	200,000.00	200,000.00		Other Income
Civil Product Technology Award Bonus	200,000.00	200,000.00		Other Income
The second batch of subsidies from Jiangsu Provincial Association for Promoting Enterprise Research and Development Institutions	200,000.00	200,000.00		Other Income
Subsidy for catching up and surpassing engineering projects	190,000.00	190,000.00		Other Income
Special funds for intellectual property strategy	150,000.00	150,000.00		Other Income
Rewards for small and micro enterprise scale	110,000.00	110,000.00		Other Income
The fifth batch of provincial science and technology award funds	100,000.00	100,000.00		Other Income
2021 Spring Festival Production Subsidy in Economic Development Zone	100,000.00	100,000.00		Other Income
Rewards from Nanjing Disabled Persons' Federation	80,000.00	80,000.00		Other Income
Subsidy funds for skill master studios	80,000.00	80,000.00		Other Income
Subsidy for substituting work for training	79,500.00	79,500.00		Other Income
Technology transfer bonus	35,000.00	35,000.00		Other Income
2021 Economic Development Zone Intellectual Property High Quality Cultivation Plan Project Fund	30,000.00	30,000.00		Other Income
Employment subsidy for small and micro enterprises in Nanjing in the fourth quarter of 2020	20,000.00	20,000.00		Other Income
Science and Technology Progress Award Bonus	20,000.00	20,000.00		Other Income
Shenzhen Industrial and Information Technology Transformation Support Plan Award	20,000.00	20,000.00		Other Income
Award for high-level talents' scientific and technological contributions in 2021	16,000.00	16,000.00		Other Income
Excellent Patent Award	13,000.00	13,000.00		Other Income
Special financial subsidies	12,000.00	12,000.00		Other Income
The first batch of computer software patent subsidies in 2019	1,800.00	1,800.00		Non-operating Income
Vehicle scrap subsidy	87,700.00	87,700.00		Non-operating Income

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.61 Lease

5.61.1 The company as the lessee

Item	2022	2021
Interest expense on lease liabilities	416,197.62	691,719.70
Short-term lease payments with simplified treatment charged to the cost of the related asset or to current profit or loss	4,793,689.43	5,614,894.26
Simplified Lease charges for low-value assets (short-term lease charges for low-value assets excluded) included in the cost of the relevant asset or in the current profit or loss	182,027.48	
Variable lease payments not included in the measurement of the lease liability that are charged to the cost of the related asset or to current profit or loss		
Including: Portion arising from sale-and-leaseback transactions		
Income from subletting of right-to-use assets	2,755,041.14	2,885,654.53
Total cash outflows relating to leases	15,634,460.06	11,644,467.66

The Company's potential future cash outflows not measured as lease liabilities mainly come from leases that have been committed but not yet started by the lessee.

The expected cash outflows for leases that the company has committed but not yet started in the future are as follows:

Remaining lease term	Undiscounted lease payments
Within 1 year	14,160.00
Total	14,160.00

Notes to the 2022 Financial Statements (Continued)

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

5 Notes to items in consolidated financial statements (Continued)

5.61 Lease (Continued)

5.61.2 The company as the lessor

(1) Operating lease

	2022	2021
Revenue from operating lease	<u>97,200,123.59</u>	<u>109,541,825.60</u>

The undiscounted lease receipts to be received after the balance sheet date are as follows:

Remaining lease term	2022	2021
Within 1 year	79,872,283.47	93,920,500.33
1 – 2 year	30,195,332.30	68,611,590.89
2 – 3 year	29,867,925.00	29,985,817.74
3 – 4 year	29,867,925.00	29,867,925.00
4 – 5 year	30,838,633.00	29,867,925.00
Over 5 years	113,400,301.50	144,238,934.50
Total	<u>314,042,400.27</u>	<u>396,492,693.46</u>

5.61.3 Impact of the implementation of the provisions on accounting treatment of rent concessions related to Covid-19 epidemic

For the rent concessions that meet the conditions and are directly caused by the COVID-19, such as rent reduction and deferred payment of rent, the Company chose to adopt the simplified method for accounting treatment in accordance with the Regulations on Accounting Treatment of Rent Concessions Related to the COVID-19.

The Company, as the lessee, adopts the above simplified method to offset the operating costs, administrative expenses, and sales expenses of the current period by relevant rent concessions, totaling 60,500.00 yuan; The total amount of offsetting operating costs, administrative expenses, and sales expenses for the previous period was 394,334.99 yuan.

Notes to the 2022 Financial Statements (Continued)

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

6 Changes in consolidated scope

6.1 Merger of enterprises under different control

No merger occurred under different control during current period.

6.2 Merger of enterprises under common control

No merger occurred under common control during current period.

6.3 Reverse Purchasing

No reverse purchases occurred during current period.

6.4 Disposal subsidiary

No disposal of subsidiaries occurred during current period.

6.5 Other reasons for changes in the scope of the merger

No changes in the scope of the merger occurred during current period.

Notes to the 2022 Financial Statements (Continued)

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

7 Interests in other subjects

7.1 Interests in subsidiaries

7.1.1 Components of the enterprise group

Unit: ten thousand

Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered Capital	Shareholding (%)		Access
					Direct	Indirect	
Nanjing Panda Electronics Manufacturing Co., Ltd. [1]	Nanjing	Nanjing	Manufacturing	2,000.00	75.00	25.00	Establishment
Nanjing Panda Xinxing Industrial Co., Ltd.	Nanjing	Nanjing	Services	2,000.00	100.00		Establishment
Nanjing Panda Electronic Equipment Co., Ltd.	Nanjing	Nanjing	Manufacturing	19,000.00	100.00		Establishment
Jiaheng Xingye Limited [2]	Hong Kong	Hong Kong	Investment	1 HKD	100.00		Establishment
Nanjing Panda Information Industry Co., Ltd. [1]	Nanjing	Nanjing	Manufacturing	3,194.64	82.00	18.00	Establishment
Nanjing Panda Communication Technology Co., Ltd.	Nanjing	Nanjing	Manufacturing	10,000.00	100.00		Business combinations under common control
Nanjing Panda Electronic Technology Development	Nanjing	Nanjing	Manufacturing	70,000.00	100.00		Establishment
Chengdu Panda Electronic Technology Co., Ltd. [3]	Chengdu	Chengdu	Manufacturing	5,000.00	100.00		Establishment
Nanjing Panda Electromechanical Instrument Technology Co., Ltd.	Nanjing	Nanjing	Manufacturing	1,000.00		100.00	Establishment
Nanjing Panda Electromechanical Manufacturing Co., Ltd.	Nanjing	Nanjing	Manufacturing	3,500.00		100.00	Business combinations under common control
Nanjing Huag Electric & Plastic Co., Ltd.	Nanjing	Nanjing	Manufacturing	6,000.00		100.00	Business combinations under common control
Shenzhen Jingwah Electronics Co., Ltd. [4]	Shenzhen	Shenzhen	Services	11,507.00	43.34		Business combinations under common control
Shenzhen Jingwah Property Management Company Limited [5]	Shenzhen	Shenzhen	Services	100.00		43.34	Establishment

Notes to the 2022 Financial Statements (Continued)

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

7 Interests in other subjects (Continued)

7.1 Interests in subsidiaries (Continued)

7.1.1 Components of the enterprise group (Continued)

Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered Capital	Shareholding (%)		Access
					Direct	Indirect	
Shenzhen Jingjia Property Management Company Limited [5]	Shenzhen	Shenzhen	Services	100.00		43.34	Establishment
Shenzhen Jingwah Information Technology Company Limited [5]	Shenzhen	Shenzhen	Manufacturing	2,000.00		26.87	Establishment
Shenzhen Jingwah Digital Technology Company Limited [5]	Shenzhen	Shenzhen	Manufacturing	500.00		26.87	Establishment
Hong Kong CLP Jing Hua Trading Company [1][2][5]	Shenzhen	Shenzhen	Manufacturing	10.00		26.87	Establishment
Shenzhen Jingwah Multimedia Technology Company Limited [5]	Shenzhen	Shenzhen	Manufacturing	500.00		43.34	Establishment
Shenzhen Jingyu Electronics Co. [5]	Shenzhen	Shenzhen	Manufacturing	931.41		43.34	Establishment
Shenzhen Longgang Jingwah Electronics Co. [5]	Shenzhen	Shenzhen	Services	350.00		39.01	Establishment

Note:

- [1] The registered capital of Nanjing Panda Electronics Manufacturing Co., Ltd., Nanjing Panda Information Industry Co., Ltd., and Hong Kong Zhongdian Jingwah Trading Co., Ltd. is USD.
- [2] Jiaheng Xingye Co., Ltd. has not actually contributed capital, and its registered capital is Hong Kong dollars.
- [3] The company increased its capital to Chengdu Panda Electronic Technology Co., Ltd. by 30 million yuan in the current period.
- [4] Shenzhen Jingwah Electronics Co., Ltd. is a limited liability company (non listed), while the other companies mentioned above are limited liability companies.
- [5] This part of affiliated enterprises is held by Shenzhen Jingwah Electronics Co., Ltd. Among the 7 members of the board of directors of Shenzhen Jingwah Electronics Co., Ltd., the company recommends 4 directors. The articles of association stipulate that a resolution of the board of directors must be passed by a majority of all directors unless otherwise stipulated by law. Therefore, the company can control Shenzhen Jingwah Electronics Co., Ltd.

Notes to the 2022 Financial Statements (Continued)

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

7 Interests in other subjects (Continued)

7.1 Interests in subsidiaries (Continued)

7.1.2 Significant non-wholly owned subsidiaries

Name of subsidiaries	Proportion of Minority shareholdings	Loss attributable to minority interests in the current period	Dividend attributable to minority interests in the current period	Balance of minority interests at the end of period
Shenzhen Jingwah Electronics Co., Ltd.	56.66%	40,891,675.64	59,756,378.40	256,288,784.16

Explanation of the difference between the shareholding ratio of minority shareholders in subsidiaries and the voting rights ratio:

Note: Among the 7 members of the board of directors of Shenzhen Jingwah Electronics Co., Ltd., the company recommends 4 directors. The articles of association stipulate that a resolution of the board of directors must be passed by a majority of all directors, unless otherwise stipulated by law.

7.1.3 Key financial information of significant non-wholly owned subsidiaries

Name of subsidiary	Closing balance					
	Current assets	Non-current assets	Total assets	Current Liabilities	Non-current liabilities	Total liabilities
Shenzhen Jingwah Electronics Co.	509,843,936.52	35,002,429.06	544,846,365.58	128,896,565.03	5,981,427.78	134,877,992.81

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

Notes to the 2022 Financial Statements (Continued)

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

7 Interests in other subjects (Continued)

7.1 Interests in subsidiaries (Continued)

7.1.3 Key financial information of significant non-wholly owned subsidiaries

Name of subsidiary	Incurred during the period			Previous period amount		
	Operating income	Net profit	Total comprehensive income	Operating income	Net profit	Total comprehensive income
Shenzhen Jingwah Electronics Co., Ltd	895,977,976.74	64,061,806.36	64,061,806.36	923,589,012.55	63,371,888.10	63,371,888.10
			95,873,301.91			113,628,360.75

7.2 Equity in associates

7.2.1 Significant associates

Unit: USD ten thousand

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

Notes to the 2022 Financial Statements (Continued)

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

7 Interests in other subjects (Continued)

7.2 Equity in associates (Continued)

7.2.2 Key financial information on significant associates

	Closing balance/amount for the period		Prior year-end balance/prior period amount	
	Nanjing Lejin Panda Electric Co.	Nanjing Ericsson Panda Communications Co.	Nanjing Lejin Panda Electric Co.	Nanjing Ericsson Panda Communications Co.
Current assets	2,352,128,293.68	2,094,035,168.04	2,450,361,522.49	1,831,703,741.83
Non-current assets	647,228,525.82	1,761,234,001.69	682,570,775.44	1,746,067,527.43
Total assets	2,999,356,819.50	3,855,269,169.73	3,132,932,297.93	3,577,771,269.26
Current liabilities	1,930,823,568.29	3,002,917,757.23	2,040,935,653.48	2,837,888,092.67
Non-current liabilities	6,672,131.35		16,749,594.30	
Total liabilities	1,937,495,699.64	3,002,917,757.23	2,057,685,247.78	2,837,888,092.67
Minority interests				
Equity attributable to shareholders of parent company	1,061,861,119.86	852,351,412.50	1,075,247,050.15	739,883,176.59
Share of net assets based on percentage of shareholding	318,558,335.96	230,134,881.37	322,574,115.05	199,768,457.67
Adjustment matters ^{Note}	102,936,051.82		114,218,440.38	
Carrying value of equity investments in associates	421,494,387.78	230,134,881.37	436,792,555.43	199,768,457.67
Fair value of equity investments in associates where publicly quoted prices exist				
Operating income	5,910,331,979.95	5,551,654,940.65	6,031,745,713.71	6,652,208,449.51
Net profit	186,614,069.71	112,468,235.91	147,387,123.42	134,073,176.87
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	186,614,069.71	112,468,235.91	147,387,123.42	134,073,176.87
Dividends received from associates during the period	60,000,000.00			65,309,080.41

Note: The adjustment item is the amount where the initial investment cost is greater than the fair value of the identifiable net assets of the invested entity that should be enjoyed at the time of investment.

Notes to the 2022 Financial Statements (Continued)

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

7 Interests in other subjects (Continued)

7.2 Equity in associates (Continued)

7.2.3 Summary financial information of unimportant associates

	Closing balance/ current amount	Balance at the end of the previous year/amount of the previous period
Associated enterprises:		
Total book value of investment	65,758,772.80	66,014,628.79
Total of the following items calculated based on shareholding ratio		
– Net profit	-141,481.12	10,597.48
– Other comprehensive income		
– Total comprehensive income	<u>-141,481.12</u>	<u>10,597.48</u>

8 Risks associated with financial instruments

The Company faces various financial risks in the course of its operations: credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and other price risks). The above financial risks and the risk management policies adopted by the Company to reduce these risks are as follows:

The Board of Directors is responsible for planning and establishing the company's risk management structure, formulating the company's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly specify specific risks, covering market risk, credit risk, liquidity risk management, and many other aspects. The Company regularly evaluates changes in the market environment and its business activities to determine whether to update its risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates, and avoids related risks through close cooperation with other business departments of the company. The internal audit department of the company conducts regular audits of risk management controls and procedures, and reports the audit results to the company's audit committee.

The Company diversifies the risk of financial instruments through appropriate diversified investments and business portfolios, and reduces the risk of concentration in a single industry, specific regions, or specific counterparties by formulating appropriate risk management policies.

Notes to the 2022 Financial Statements (Continued)

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

8 Risks associated with financial instruments (Continued)

8.1 Credit risk (Continued)

Credit risk refers to the risk of financial losses incurred by the company due to the failure of counterparties to fulfill contractual obligations.

The Company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, accounts receivable financing, contractual assets, other receivables, creditor's rights investments, other creditor's rights investments, and financial guarantee contracts, as well as debt instrument investments and derivative financial assets that are not included in the scope of impairment assessment and measured at fair value and whose changes are included in the current profit and loss. On the balance sheet date, the book value of the Company's financial assets has represented its maximum credit risk exposure.

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

In addition, the Company sets relevant policies to control credit risk exposure for notes receivable, accounts receivable, accounts receivable financing, contract assets, and other receivables. The Company assesses the credit qualifications of customers and sets corresponding credit periods based on their financial status, the possibility of obtaining guarantees from third parties, credit records, and other factors such as current market conditions. The company will regularly monitor customer credit records. For customers with poor credit records, the company will adopt written reminders, shorten or cancel the credit period, to ensure that the company's overall credit risk is within a controllable range.

8.2 Liquidity risk

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

The company's policy is to ensure that it has sufficient cash to repay its debts as they fall due. Liquidity risk is centrally controlled by the financial department of the company. The finance department ensures that the company has sufficient funds to repay its debts under all reasonable forecasts by monitoring cash balances, marketable securities that can be realized at any time, and rolling forecasts of cash flows for the next 12 months. At the same time, it continuously monitors whether the company complies with the provisions of the loan agreement and obtains commitments from major financial institutions to provide sufficient reserve funds to meet short-term and long-term funding needs.

Notes to the 2022 Financial Statements (Continued)

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

8 Risks associated with financial instruments (Continued)

8.2 Liquidity risk (Continued)

The Company's various financial liabilities are listed as follows based on the undiscounted contractual cash flow and maturity date:

Items	Immediate reimbursement	Closing balance			5 years above	Total
		Less than 1 year	1-2 years	2-5 years		
Short-term borrowings						
Notes payable		140,306,918.37				140,306,918.37
Accounts payable		1,533,543,158.65				1,533,543,158.65
Other payables		105,899,337.51				105,899,337.51
Non-current liabilities due within one year		6,312,523.20				6,312,523.20
Lease liabilities			3,545,960.05	1,921,800.00		5,467,760.05
Total		1,786,061,937.73	3,545,960.05	1,921,800.00		1,791,529,697.78

Items	Immediate reimbursement	Balance at the end of the previous year			5 years above	Total
		Less than 1 year	1-2 years	2-5 years		
Short-term borrowings						
Notes payable		214,817,174.59				214,817,174.59
Accounts payable		1,607,660,654.09				1,607,660,654.09
Other payables		99,479,790.95				99,479,790.95
Non-current liabilities due within one year		9,088,164.51				9,088,164.51
Lease liabilities			2,604,386.19	1,456,517.57		4,060,903.76
Total		1,931,045,784.14	2,604,386.19	1,456,517.57		1,935,106,687.90

Notes to the 2022 Financial Statements (Continued)

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

8 Risks associated with financial instruments (Continued)

8.3 Market risk

Market risk of financial instruments refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices, including exchange rate risk, interest rate risk, and other price risks.

8.3.1 Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates.

Interest bearing financial instruments with fixed and floating interest rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed and floating interest rate instruments based on market environment, and maintains an appropriate combination of fixed and floating interest rate instruments through regular review and monitoring. When necessary, the Company will use interest rate swap tools to hedge interest rate risk.

8.3.2 Exchange rate risk

Exchange rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in foreign exchange rates.

The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign currency risks it faces. In addition, the company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk. During the current and previous periods, Shenzhen Jingwah Information Technology Co., Ltd., the company's third tier subsidiary, signed forward foreign exchange contracts to lock in the US dollar exchange rate. However, fundamentally, the risk faced by the company remains the US dollar exchange rate risk.

Notes to the 2022 Financial Statements (Continued)

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

8 Risks associated with financial instruments (Continued)

8.3 Market risk (Continued)

8.3.2 Exchange rate risk (Continued)

The Company's exposure to exchange rate risk arises mainly from financial assets and financial liabilities denominated in United States dollars, and the amounts of foreign currency financial assets and foreign currency financial liabilities translated into RMB are set out below.

Items	Closing balance			Prior year-end balance		
	USD	Other currency	Total	USD	Other currency	Total
Currency funds	43,666,231.00	6,767,292.56	50,433,523.56	70,483,505.74	6,029,337.42	76,512,843.16
Accounts receivable	11,743,938.63	837,516.59	12,581,455.22	11,141,770.82	1,656,516.81	12,798,287.63
Other receivables	22,287.14	5,359.80	27,646.94			
Subtotal	<u>55,432,456.77</u>	<u>7,610,168.95</u>	<u>63,042,625.72</u>	<u>81,625,276.56</u>	<u>7,685,854.23</u>	<u>89,311,130.79</u>
Accounts payable	46,530,956.51	5,310,894.32	51,841,850.83	133,944,577.95	12,641,257.87	146,585,835.82
Other payables	2,615,921.17		2,615,921.17			
Subtotal	<u>49,146,877.68</u>	<u>5,310,894.32</u>	<u>54,457,772.00</u>	<u>133,944,577.95</u>	<u>12,641,257.87</u>	<u>146,585,835.82</u>

The effect of changes in exchange rates is as follows:

Items	Closing balance		Prior year-end balance	
	Increase/(decrease) in exchange rates	Increase/(decrease) in total profit	Increase/(decrease) in exchange rates	Increase/(decrease) in total profit
RMB depreciates against the USD	5%	314,278.95	5%	-2,615,965.07
RMB appreciates against the USD	5%	-314,278.95	5%	2,615,965.07
RMB depreciates against the JPY	5%	-38,742.88	5%	-392,260.32
RMB appreciates against the JPY	5%	38,742.88	5%	392,260.32

Notes to the 2022 Financial Statements (Continued)

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

8 Risks associated with financial instruments (Continued)

8.3 Market risk (Continued)

8.3.3 Other price risks

Other price risks refer to the risk that the fair value or future cash flows of financial instruments will fluctuate due to market price changes other than exchange rate risk and interest rate risk.

Other price risks of the Company mainly arise from various equity instrument investments, and there is a risk of price changes in equity instruments.

9 Fair value disclosures

The input values used for fair value measurement are divided into three levels:

The first level input value is the unadjusted quoted price of the same assets or liabilities that can be obtained on the measurement date in the active market.

The second level input values are directly or indirectly observable input values for related assets or liabilities in addition to the first level input values.

The third level input value is the unobservable input value of the relevant asset or liability.

The level of fair value measurement results is determined by the lowest level of input values that are important to the fair value measurement as a whole.

Notes to the 2022 Financial Statements (Continued)

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

9 Fair value disclosures (Continued)

9.1 Closing fair value of assets and liabilities measured at fair value

Items	Fair value closing balance			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuing fair value measurement				
◆ Financial assets held for trading			503,810,792.61	503,810,792.61
1. Financial assets at fair value through profit or loss			503,810,792.61	503,810,792.61
(1) Investments in debt instruments				
(2) Investment in equity instruments				
(3) Derivative financial assets			506,052.31	506,052.31
(4) Others			503,304,740.30	503,304,740.30
2. Financial assets designated as at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Others				
◆ Receivable financing			53,346,403.19	53,346,403.19
◆ Other debt investments				
◆ Investments in other equity instruments			2,385,926.53	2,385,926.53
Total assets measured at fair value on an ongoing basis			559,543,122.33	559,543,122.33

9.2 Continuing and discontinuing Level 3 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters

- The trading financial assets held by the Company at the third level of fair value measurement are bank financial products and forward settlement and sales of foreign exchange products. At the end of the period, the fair value is adjusted based on the expected return rate (1.0% – 3.35%) of the financial products or the performance benchmark interest rate.
- The Company holds receivables measured at the third level of fair value as notes receivable, which are held for endorsement purposes and have a short remaining term. The book value is equal to the fair value.
- The Company holds other equity instrument investments measured at fair value at the third level, which are 7.30% of the equity held by Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. The company is an unlisted company and plans to be liquidated in 2023, with the fair value determined at the end of the period using the recoverable amount of net assets as of the balance sheet date.

Notes to the 2022 Financial Statements (Continued)

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

9 Fair value disclosures (Continued)

9.3 Sensitivity analysis of the adjustment information and unobservable parameters between the book value at the end of the previous year and the ending of the third level fair value measurement items

9.3.1 Adjustment information for continuous third level fair value measurement items

Items	Prior year-end balance	Moving to the third level	Moving out of the third level	Total gain or loss for the period		Purchase, issue, sales and settlement				Closing balance	For assets held at the end of the reporting period, unrealized gains or changes in profit or loss for the period	
				Charged to profit or loss	Included in other comprehensive income	Purchase	Issue	Sales	Settlement			
◆ Financial assets												
held for trading	472,241,399.61			11,205,051.48		1,260,000,000.00		1,239,635,658.48		503,810,792.61		3,810,792.61
Financial assets at fair value through profit or loss	472,241,399.61			11,205,051.48		1,260,000,000.00		1,239,635,658.48		503,810,792.61		3,810,792.61
- Investments in debt instruments												
- Investments in equity instruments												
- Derivative financial assets	645,248.93			-139,196.62						506,052.31		506,052.31
- Other	471,596,150.68			11,344,248.10		1,260,000,000.00		1,239,635,658.48		503,304,740.30		3,304,740.30
◆ Financing of receivables	20,272,279.95					673,678,358.90		640,604,235.66		53,346,403.19		
◆ Other debt investments												
◆ Investments in other equity instruments	3,551,864.21				-1,165,937.68					2,385,926.53		
Total	496,065,543.77			11,205,051.48	-1,165,937.68	1,933,678,358.90		1,880,239,894.14		559,543,122.33		3,810,792.61
Including: Gains and losses relating to financial assets				11,205,051.48								3,810,792.61
Gains and losses relating to non-financial assets												

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions

10.1 Parent company of the Company

Name of parent company	Registration place	Nature of business	Registered capital	Shareholding ratio of the parent company in the Company (%)	Voting ratio of the parent company in the Company (%)
Panda Electronics Group Limited	Nanjing, China	Manufacturing	1,632.97 million yuan	23.05	66.67

Note:

[1] As of December 31, 2022, the total number of shares held by China Electronics Information Industry Group Co., Ltd. accounted for 29.98% of the company's total share capital. Among them, the holding subsidiary Nanjing Zhongdian Panda Information Industry Group Co., Ltd. holds 22,120,611 A shares and 13,768,000 H shares of the company through the asset management plan, accounting for 3.93% of the total capital stock of the company; Panda Electronics Group Co., Ltd., a wholly-owned subsidiary of Nanjing Zhongdian Panda Information Industry Group Co., Ltd., holds 210,661,444 A-shares of the company, accounting for 23.05% of the total share capital of the company; Huadian Co., Ltd., a wholly-owned overseas subsidiary, holds 27,414,000 H shares of the company, accounting for 3.00% of the company's total share capital. China Electronics Information Industry Group Co., Ltd. remains the ultimate controller of the company, with its registered place in Beijing, China.

[2] The parent company has a higher proportion of voting rights in the company than the shareholding ratio, which is due to the recommendation of the parent company to appoint five directors among the nine members of the company's board of directors. The company's articles of association stipulate that the board of directors must make a resolution, which must be passed by a majority of all directors unless otherwise stipulated by law.

10.2 Subsidiaries of the Company

Details of the Company's subsidiaries are set out in note "7. Interests in other entities" in this note.

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.3 Company's joint ventures and associates

Details of the Company's significant joint ventures or associates are set out in note "7. Interests in other entities" in this note.

Other joint ventures or associates with which the Company had related party transactions forming the balance during current period or in the previous period are as follows:

Name of joint ventures or associates	Relationship with the Company
Nanjing Ericsson Panda Communications Co., Ltd.	Related companies of the Company
Beijing Se Potevio Mobile Communications Co., Ltd.	Related companies of the Company
Shenzhen Chebao Information Technology Co., Ltd.	Related companies of subsidiaries
Shenzhen Jingwah Network Marketing Co., Ltd.	Related companies of subsidiaries
Nanjing Lejin Panda Electric Co.	Related companies of the Company

10.4 Other related parties

Name of other related parties	Relationship with the Company
Nanjing Panda Information Industry Group Co.	Shareholders of the Company
Liyang Panda Cui Zhu Yuan Hotel Co.	Subsidiary of the parent company
Nanjing Panda Dasheng Electronic Technology Co.	Subsidiary of the parent company
Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics Import and Export Co., Ltd.)	Subsidiary of the parent company
Nanjing Panda Science and Technology Park Development Co.	Subsidiary of the parent company
Nanjing Panda Investment Development Co.	Subsidiary of the parent company
Nanjing Panda Transportation Co.	Subsidiary of the parent company
Nanjing Zhenhua Packaging Material Factory	Subsidiary of the parent company
Nanjing Zhongdian Panda Home Appliance Co.	Subsidiary of the parent company
Ji Cheng Xing Ye (Hong Kong) Co.	Subsidiary of the parent company
Panda Technology (Beijing) Co. [1]	Subsidiary of the parent company
China Electronics International Exhibition Advertising Co., Ltd	Ultimately controlled by the same party
CEC Defense Technology Co Ltd	Ultimately controlled by the same party
Beijing Zhongsoft Wanwei Network Technology Co.	Ultimately controlled by the same party
Rainbow Group Limited	Ultimately controlled by the same party
Faisheng (Shanghai) Electronic Technology Co.	Ultimately controlled by the same party
Gansu Changfeng Electronic Technology Co.	Ultimately controlled by the same party
TPV Electronic Technology Co.	Ultimately controlled by the same party
TPV Audio-Visual Technology (Shenzhen) Co.	Ultimately controlled by the same party
Guizhou Zhenhua Hualian Electronics Co.	Ultimately controlled by the same party
Guizhou Zhenhua Qunying Electric Co.	Ultimately controlled by the same party
Guizhou Zhenhua Yilong New Materials Co.	Ultimately controlled by the same party
Nanjing Rainbow New Energy Co.	Ultimately controlled by the same party
Nanjing Huadong Electronics Group Co.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Crystal Technology Co.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Trading Development Co.	Ultimately controlled by the same party

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.4 Other related parties (Continued)

Name of other related parties	Relationship with the Company
Nanjing Zhongdian Panda Property Management Co.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Modern Service Industry Co.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Liquid Crystal Material Technology Co.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Liquid Crystal Display Technology Co.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Lighting Co.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Real Estate Co.	Ultimately controlled by the same party
Shanghai Panda Huning Electronic Technology Co.	Ultimately controlled by the same party
Shenzhen Sandar Wireless Communication Technology Co.	Ultimately controlled by the same party
Shenzhen Zhongdian Power Technology Co.	Ultimately controlled by the same party
Shenzhen Zhongdian Port Technology Co.	Ultimately controlled by the same party
Shenzhen Zhongdian Investment Co.	Ultimately controlled by the same party
Wuhan Zhongyuan Communication Co.	Ultimately controlled by the same party
Xianyang Zhongdian Rainbow Group Holdings Co.	Ultimately controlled by the same party
Great Wall Power Technology Co.	Ultimately controlled by the same party
CEC Industrial Internet Co.	Ultimately controlled by the same party
China Electronics Finance Corporation Limited	Ultimately controlled by the same party
China Electronics Industry Development Co.	Ultimately controlled by the same party
China Electronics Import & Export Co.	Ultimately controlled by the same party
China Electronic Equipment International Co.	Ultimately controlled by the same party
China Electronics Materials SuZhe Company	Ultimately controlled by the same party
China Great Wall Technology Group Co.	Ultimately controlled by the same party
China Zhenhua Group Yunke Electronics Co.	Ultimately controlled by the same party
Nanjing Sanle Group Co.	Ultimately controlled by the same party
Zhongdian Tai Risheng Maanshan Technology Co.	Ultimately controlled by the same party
CEC Wangchen Technology Co.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Magnetolectric Technology Co., Ltd	Ultimately controlled by the same party
Shenzhen Zhenhua Electronics Co., Ltd	Ultimately controlled by the same party
Guizhou Zhenhua New Material Co., Ltd	Ultimately controlled by the same party
Guizhou Zhenhua Fengfeng Semiconductor Co., Ltd	Ultimately controlled by the same party
CEC Great Wall Shengfan Information System Co., Ltd	Ultimately controlled by the same party
China Zhenhua (Group) Xinyun Electronic Components Co., Ltd. (State-owned 4326 Factory)	Ultimately controlled by the same party
China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned 873 Factory)	Ultimately controlled by the same party
Nanjing Runjingtai Hotel Co., Ltd. (formerly Nanjing Panda Jinling Hotel Co., Ltd.)	Ultimately controlled by the same party
Shenzhen Sanda Technology Development Co., Ltd	Other related parties
Rainbow (Hefei) LCD Glass Co.	Other related parties
Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu Zhongdian Panda Display Technology Co., Ltd.)	Other related parties
Shenzhen Jingwah Intelligent Technology Co.	Other related parties
Xianyang Rainbow Optoelectronics Technology Co.	Other related parties
Nanjing Panda Medical Services Co.	Other related parties

Note [1]: Since December 2022, Panda Technology (Beijing) Co., Ltd. has no longer consolidated its statements, and its affiliated relationship has been changed to other related parties of the company since 2023.

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions

10.5.1 Related party transactions on purchase and sales of goods, rendering and receipt of services

Purchase of goods/receipt of services

Related party	Content of related party transactions	2022	2021
China Electronic Equipment International Co.	Purchase of goods	27,348,823.48	27,221,446.50
CEC Defense Technology Co., Ltd.	Purchase of goods	8,509,150.45	14,986,035.42
Nanjing Rainbow New Energy Co.	Purchase of goods	3,160,913.47	2,653,321.61
TPV Audio Visual Technology (Shenzhen) Co.	Purchase of goods	1,741,754.50	2,390,060.99
Shenzhen Sanda Wireless Communication Technology Co.	Purchase of goods	1,655,001.76	1,471,858.41
Nanjing Zhenhua Packaging Material Factory	Purchase of goods	1,295,562.98	2,161,548.75
Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics Import and Export Co., Ltd.)	Purchase of goods	695,754.14	9,651,350.72
Nanjing Panda Dasheng Electronic Technology Co., Ltd	Purchase of goods	440,466.76	80,209.97
Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu Zhongdian Panda Display Technology Co., Ltd.)	Purchase of goods	316,289.55	
Guizhou Zhenhua Fengfeng Semiconductor Co., Ltd	Purchase of goods	195,762.84	
Nanjing Zhongdian Panda Crystal Technology Co., Ltd	Purchase of goods	124,956.79	73,827.56
Guizhou Zhenhua Qunying Electric Appliance Co., Ltd. (State operated 891 Factory)	Purchase of goods	95,398.23	26,548.67
Shenzhen Sanda Technology Development Co., Ltd	Purchase of goods	86,159.30	
Guizhou Zhenhua Hualian Electronics Co., Ltd	Purchase of goods	65,262.84	77,986.73
Panda Electronics Group Co., Ltd	Purchase of goods	61,487.15	59,867.44
Nanjing Zhongdian Panda Home Appliances Co., Ltd	Purchase of goods	43,363.00	1,532,258.93
China Zhenhua Group Yunke Electronics Co., Ltd	Purchase of goods	37,380.51	56,690.12
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Purchase of goods	31,920.00	
China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned 873 Factory)	Purchase of goods	31,539.79	
Shenzhen Zhenhuafu Electronics Co., Ltd	Purchase of goods	16,930.81	

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.1 Related party transactions on purchase and sales of goods, rendering and receipt of services (Continued)

Purchase of goods/receipt of services (Continued)

Related party	Content of related party transactions	2022	2021
China Zhenhua (Group) Xinyun Electronic Components Co., Ltd. (State-owned 4326 Factory)	Purchase of goods	13,605.30	
Shenzhen Zhongdian Investment Co., Ltd	Purchase of goods	10,678.06	178,679.75
Rainbow (Hefei) Liquid Crystal Glass Co., Ltd	Purchase of goods	5,000.00	
Nanjing Zhongdian Panda Lighting Co., Ltd	Purchase of goods	306.00	
Feisheng (Shanghai) Electronic Technology Co., Ltd	Purchase of goods		3,322,355.35
Shenzhen Chebao Information Technology Co., Ltd	Purchase of goods		1,336,633.66
China Power Tairisheng Maanshan Technology Co., Ltd	Purchase of goods		470,132.74
Nanjing Zhongdian Panda LCD Technology Co., Ltd	Purchase of goods		349,734.40
China Electronics Import and Export Co., Ltd	Purchase of goods		10,592.92
Shenzhen Zhongdian Port Technology Co., Ltd	Purchase of goods		4,539.83
Nanjing Panda Transportation Co., Ltd	Receiving Labour	6,437,589.00	6,348,658.11
Nanjing Panda Medical Service Co., Ltd	Receiving Labour	2,191,280.58	1,662,982.61
Shenzhen Chebao Information Technology Co., Ltd	Receiving Labour	1,152,000.00	
Shenzhen Jingwah Intelligent Technology Co., Ltd	Receiving Labour	1,145,824.32	1,672,767.33
Nanjing Huadong Electronics Group Co., Ltd	Receiving Labour	519,492.35	563,194.73
Panda Electronics Group Co., Ltd	Receiving Labour	380,616.82	54,434.57
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Receiving Labour	154,146.56	396,266.21
China Electronics Defense Technology Co., Ltd	Receiving Labour	145,861.31	118,321.70
Nanjing Zhongdian Panda Property Management Co., Ltd	Receiving Labour	45,600.00	45,600.00
Nanjing Zhongdian Panda Home Appliances Co., Ltd	Receiving Labour	3,962.26	2,681,415.93
China Electronics Import and Export Co., Ltd	Receiving Labour		261,741.57
Nanjing Zhongdian Panda LCD Technology Co., Ltd	Receiving Labour		158,322.12
China Electronics Industry Development Co., Ltd	Receiving Labour		48,100.27
China Electronics International Exhibition Advertising Co., Ltd	Receiving Labour		37,735.85
Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu Zhongdian Panda Display Technology Co., Ltd.)	Receiving Labour		2,600.00

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.1 Related party transactions on purchase and sales of goods, rendering and receipt of services (Continued)

Sales of goods/rendering of services

Related party	Content of related party transactions	2022	2021
Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu Zhongdian Panda Display Technology Co., Ltd.)	Sale of goods	461,337,900.70	511,280,592.99
China Electronics Defense Technology Co., Ltd	Sale of goods	132,978,758.64	211,988,393.00
Nanjing Zhongdian Panda LCD Technology Co., Ltd	Sale of goods	107,994,582.17	131,596,009.74
Guizhou Zhenhua New Material Co., Ltd	Sale of goods	69,164,601.85	
Rainbow (Hefei) Liquid Crystal Glass Co., Ltd	Sale of goods	42,053,097.41	30,141,225.64
Guizhou Zhenhua Yilong New Material Co., Ltd	Sale of goods	21,610,619.56	
Beijing Zhongsoft World Wide Network Technology Co., Ltd	Sale of goods	17,554,160.44	29,493,587.23
Nanjing Ericsson Panda Communication Co., Ltd	Sale of goods	13,297,587.30	12,055,403.52
Xianyang Rainbow Optoelectronic Technology Co., Ltd	Sale of goods	7,677,963.70	19,925,915.43
Shenzhen Jingwah Network Marketing Co., Ltd	Sale of goods	5,792,544.54	11,517,344.99
Great Wall Power Technology Co., Ltd	Sale of goods	1,737,841.56	1,736,286.05
Zhongdian Industrial Internet Co., Ltd	Sale of goods	1,514,462.35	
Nanjing Zhongdian Panda Information Industry Group Co., Ltd	Sale of goods	1,379,812.74	487,149.07
Zhongdian Wangchen Technology Co., Ltd	Sale of goods	545,353.99	
Nanjing Panda Dasheng Electronic Technology Co., Ltd	Sale of goods	361,805.31	
Panda Electronics Group Co., Ltd	Sale of goods	325,120.53	1,118,875.15
Wuhan Zhongyuan Communication Co., Ltd	Sale of goods	279,646.02	421,238.95
China Electronics Materials Jiangsu Zhejiang Co., Ltd	Sale of goods	211,583.02	899,861.30
Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics Import and Export Co., Ltd.)	Sale of goods	200,325.57	1,223,312.08
Nanjing Panda Transportation Co., Ltd	Sale of goods	152,129.19	237,488.45
Shenzhen Zhongdian Power Technology Co., Ltd	Sale of goods	102,829.21	83,086.43

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.1 Related party transactions on purchase and sales of goods, rendering and receipt of services (Continued)

Sales of goods/rendering of services (Continued)

Related party	Content of related party transactions	2022	2021
Nanjing Zhongdian Panda Magnetolectric Technology Co., Ltd	Sale of goods	96,792.46	
Nanjing Panda Investment Development Co., Ltd	Sale of goods	15,573.59	19,077.36
Nanjing Zhongdian Panda Real Estate Co., Ltd	Sale of goods	14,526.90	
Nanjing Panda Science Park Development Co., Ltd	Sale of goods	13,326.55	
Nanjing Zhongdian Panda Home Appliances Co., Ltd	Sale of goods	10,797.18	108,870.63
Nanjing Panda Medical Service Co., Ltd	Sale of goods	6,977.36	4,983.02
CEC Great Wall Shengfan Information System Co., Ltd	Sale of goods	3,893.80	
Nanjing Zhongdian Panda Modern Service Industry Co., Ltd	Sale of goods	3,474.53	25,004.73
TPV Electronic Technology Co., Ltd	Sale of goods	1,586.42	67,964.42
Rainbow Group Co., Ltd	Sale of goods		4,275,862.04
Feisheng (Shanghai) Electronic Technology Co., Ltd	Sale of goods		2,821,194.00
Gansu Changfeng Electronic Technology Co., Ltd	Sale of goods		2,487,515.04
Zhicheng Xingye (Hong Kong) Co., Ltd	Sale of goods		2,181,521.22
Shenzhen Sanda Wireless Communication Technology Co., Ltd	Sale of goods		1,203,539.82
China Great Wall Technology Group Co., Ltd	Sale of goods		1,079,642.85
Nanjing Zhongdian Panda Lighting Co., Ltd	Sale of goods		1,051,109.56
Nanjing Zhongdian Panda Liquid Crystal Material Technology Co., Ltd	Sale of goods		668,563.50
Panda Technology (Beijing) Co., Ltd	Sale of goods		110,219.47
Shenzhen Chebao Information Technology Co., Ltd	Sale of goods		65,635.50
Nanjing Lejin Panda Electric Appliance Co., Ltd	Sale of goods		13,207.55
Nanjing Sanle Group Co., Ltd	Sale of goods		3,159.29
Nanjing Zhongdian Panda Trade Development Co., Ltd	Sale of goods		1,433.96

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.1 Related party transactions on purchase and sales of goods, rendering and receipt of services (Continued)

Sales of goods/rendering of services (Continued)

Related party	Content of related party transactions	2022	2021
China Electronics Defense Technology Co., Ltd	Supply of labour	26,198,119.80	3,246,684.00
Nanjing Panda Investment Development Co., Ltd	Supply of labour	22,447,198.26	22,315,921.72
Nanjing Ericsson Panda Communication Co., Ltd	Supply of labour	20,263,370.23	470,570.27
Panda Electronics Group Co., Ltd	Supply of labour	5,302,887.38	6,091,058.61
Nanjing Zhongdian Panda LCD Technology Co., Ltd	Supply of labour	3,916,486.21	3,995,125.03
Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu Zhongdian Panda Display Technology Co., Ltd.)	Supply of labour	2,286,357.60	
Nanjing Huadong Electronics Group Co., Ltd	Supply of labour	1,957,790.93	
Nanjing Zhongdian Panda Liquid Crystal Material Technology Co., Ltd	Supply of labour	1,338,885.63	791,496.76
Zhongdian Industrial Internet Co., Ltd	Supply of labour	957,438.19	963,758.85
Nanjing Zhongdian Panda Home Appliances Co., Ltd	Supply of labour	363,131.82	320,464.20
Nanjing Panda Transportation Co., Ltd	Supply of labour	218,725.33	329,381.16
Xianyang Rainbow Optoelectronic Technology Co., Ltd	Supply of labour	145,412.07	3,269,920.04
Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics Import and Export Co., Ltd.)	Supply of labour	91,429.84	71,372.40
Nanjing Zhongdian Panda Information Industry Group Co., Ltd	Supply of labour	69,400.00	
Nanjing Rainbow New Energy Co., Ltd	Supply of labour	28,301.89	
Shenzhen Jingwah Network Marketing Co., Ltd	Supply of labour	8,026.70	4,285.64
Shenzhen Chebao Information Technology Co., Ltd	Supply of labour	8,016.00	4,096.04
Nanjing Panda Medical Service Co., Ltd	Supply of labour	3,984.91	475.48
Wuhan Zhongyuan Communication Co., Ltd	Supply of labour		250,000.00

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.2 Related-party lease

The Company as the lessor:

Name of the lessee	Type of leased asset	Lease revenue recognized in 2022	Lease revenue recognized in 2021
Nanjing Panda Transportation Co., Ltd	Leasing of buildings	812,460.56	1,190,532.12
Nanjing Zhongdian Panda Home Appliances Co., Ltd	Leasing of buildings	613,026.61	680,245.92
Shenzhen Jingwah Intelligent Technology Co., Ltd	Leasing of buildings	321,740.15	318,628.57
Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics Import and Export Co., Ltd.)	Leasing of buildings	290,113.77	247,310.04
Shenzhen Chebao Information Technology Co., Ltd	Leasing of buildings	58,012.50	54,857.14
Shenzhen Jingwah Network Marketing Co., Ltd	Leasing of buildings	49,035.90	51,200.00
China Electronics Defense Technology Co., Ltd	Leasing of buildings		144,311.93
Nanjing Panda Transportation Co., Ltd	Vehicle rental	116,988.50	126,347.72
Panda Electronics Group Co., Ltd	Vehicle rental	13,716.82	13,716.81
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Vehicle rental	10,619.46	10,619.46

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.2 Related-party lease (Continued)

The Company acted as lessee:

Name of the lessor	Type of leased asset	2022					2021				
		Simplified treatment of rental costs for short-term leases and leases of low-value assets	Variable lease payments not included in the lease liabilities	Rent paid	Interest expenses incurred on lease liabilities	Increased Right-of-use assets	Simplified treatment of rental costs for short-term leases and leases of low-value assets	Variable lease payments not included in the lease liabilities	Rent paid	Interest expenses incurred on lease liabilities	Increased Right-of-use assets
Rainbow (Hefei) Liquid Crystal Glass Co., Ltd	House buildings	12,990.84	14,160.00								

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.3 Related party guarantee (Continued)

The Company acted as the guarantor:

The guaranteed	Guarantee amount	Commencement date of guarantee	Maturity date of guarantee	Whether or not the guarantee performance has been completed
Chengdu Panda Electronic Technology Co., Ltd. [1]	88,000,000.00	2022/8/30	2026/8/29	Not yet
Nanjing Panda Electromechanical Manufacturing Co., Ltd. [2]	14,000,000.00	2022/3/23	2026/1/27	Not yet
Nanjing Panda Information Industry Co., Ltd. [3]	100,000,000.00	2022/8/30	2026/3/26	Not yet
Nanjing Panda Information Industry Co., Ltd. [4]	50,000,000.00	2020/5/12	2023/5/11	Not yet
Nanjing Panda Electronic Equipment Co., Ltd. [5]	20,000,000.00	2022/3/29	2026/4/28	Not yet
Nanjing Panda Electronic Equipment Co., Ltd. [6]	40,000,000.00	2022/8/26	2026/6/29	Not yet
Nanjing Panda Electronic Equipment Co., Ltd. [7]	40,000,000.00	2021/8/17	2025/6/10	Not yet
Nanjing Panda Electronic Equipment Co., Ltd. [8]	100,000,000.00	2021/1/19	2024/1/19	Not yet

Note:

[1] The Company provides a maximum guarantee for the comprehensive bank credit line of RMB88,000,000.00 for the secondary subsidiary Chengdu Panda Electronic Technology Co., Ltd. in Shuangliu Branch of Bank of Chengdu Co., Ltd., with the credit period from August 30, 2022 to August 29, 2023. There is no counter guarantee for this guarantee. The various financial businesses provided by the creditor to the debtor on and off the balance sheet shall be three years from the date of expiration of the debt performance period under the financial business. As of December 31, 2022, the company's subsidiary, Chengdu Panda Electronic Technology Co., Ltd., had a total credit line of 33,414,224.22 yuan. The amount of bank acceptance guarantee provided by the company to the secondary subsidiary Chengdu Panda Electronic Technology Co., Ltd. is 33,414,224.22 yuan.

[2] The Company provides a maximum amount of guarantee for the comprehensive bank credit line of 14,000,000.00 yuan granted by Nanjing Panda Electromechanical Manufacturing Co., Ltd., a tertiary subsidiary, in Industrial Bank Co., Ltd., Jizhaoyuan Sub-branch. The credit period is from March 23, 2022 to January 27, 2023, and there is no counter guarantee for this guarantee. The guarantee period is calculated separately based on each financing provided by the creditor to the debtor under the main contract. For each financing, the guarantee period is three years from the expiration date of the debt performance period under the financing. As of December 31, 2022, the company's subsidiary, Nanjing Panda Mechanical and Electrical Manufacturing Co., Ltd., used a total credit line of 7,201,384.20 yuan. The amount of bank acceptance guarantee provided by the company to the third tier subsidiary Nanjing Panda Mechanical and Electrical Manufacturing Co., Ltd. is 7,201,384.20 yuan.

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.3 Related party guarantee (Continued)

Note: (Continued)

- [3] The Company provides a maximum guarantee for the comprehensive bank credit line of RMB100,000,000.00 for the secondary subsidiary Nanjing Panda Information Industry Co., Ltd. in Shanghai Pudong Development Bank Co., Ltd. Nanjing Branch. The credit period is from August 30, 2022 to March 26, 2023. There is no counter guarantee for this guarantee. The guarantee period is calculated separately based on each financing provided by the creditor to the debtor under the main contract. For each financing, the guarantee period is three years from the expiration date of the debt performance period under the financing. As of December 31, 2022, the company's subsidiary Nanjing Panda Information Industry Co., Ltd. used a total guarantee amount of 0.00 yuan. Among them, the company provides a performance guarantee for its secondary subsidiary, Nanjing Panda Information Industry Co., Ltd., in the amount of 0.00 yuan.
- [4] The Company provides a maximum guarantee for the comprehensive bank credit line of RMB50,000,000.00 granted by the secondary subsidiary Nanjing Panda Information Industry Co., Ltd. to China Merchants Bank Co., Ltd. Nanjing Branch. The credit period is from May 12, 2020 to May 11, 2021, and there is no counter guarantee for this guarantee. The various financial businesses provided by the creditor to the debtor on and off the balance sheet shall be two years from the date of expiration of the debt performance period under the financial business. As of December 31, 2022, the company's subsidiary Nanjing Panda Information Industry Co., Ltd. had a total credit line of 8,589,657.12 yuan. Among them, the company provided a performance guarantee for its secondary subsidiary, Nanjing Panda Information Industry Co., Ltd., with an amount of 8,589,657.12 yuan.
- [5] The Company provides a maximum amount guarantee for the comprehensive bank credit line of RMB20000000.00 for Nanjing Panda Electronic Equipment Co., Ltd., a secondary subsidiary, in Nanjing Branch of Everbright Bank Co., Ltd. The credit period is from March 29, 2022 to April 28, 2023. There is no counter guarantee for this guarantee. The guarantee period for each specific credit business under the comprehensive credit agreement shall be calculated separately, and shall be three years from the expiration date of the fiduciary's performance of the debt specified in the specific credit business contract or agreement. As of December 31, 2022, the company's subsidiary Nanjing Panda Electronic Equipment Co., Ltd. had a total credit line of 6,588,196.56 yuan. The amount of bank acceptance guarantee provided by the company to the secondary subsidiary Nanjing Panda Electronic Equipment Co., Ltd. is 6,588,196.56 yuan.
- [6] The Company provides a maximum guarantee for the comprehensive bank credit line of 400,000,000.00 yuan for the secondary subsidiary Nanjing Panda Electronic Equipment Co., Ltd. in Bank of China Limited Nanjing Chengdong Sub-branch. The credit period is from August 26, 2022 to June 29, 2023. There is no counter guarantee for this guarantee. The guarantee period is calculated based on the debt performance period agreed in each specific credit business contract under the Comprehensive Credit Contract, and the guarantee period under each specific credit business contract is three years from the expiration date of the debt performance period agreed in the specific credit business contract. As of December 31, 2022, the company's subsidiary Nanjing Panda Electronic Equipment Co., Ltd. had a total credit line of 4,422,220.41 yuan. The amount of bank acceptance guarantee provided by the company to the secondary subsidiary Nanjing Panda Electronic Equipment Co., Ltd. is 4,422,220.41 yuan.

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.3 Related party guarantee (Continued)

Note: (Continued)

[7] The Company provides a maximum guarantee for the comprehensive bank credit line of 40,000,000.00 yuan granted by Nanjing Panda Electronic Equipment Co., Ltd., a secondary subsidiary, in Industrial Bank Co., Ltd. Jizhaoyuan Sub-branch. The credit period is from August 17, 2021 to June 10, 2022, and there is no counter guarantee for this guarantee. The various financial businesses provided by the creditor to the debtor on and off the balance sheet shall be three years from the date of expiration of the debt performance period under the financial business. As of December 31, 2022, the company's subsidiary Nanjing Panda Electronic Equipment Co., Ltd. had a total credit line of 81,435.20 yuan. The performance guarantee provided by the Company to the secondary subsidiary Nanjing Panda Electronic Equipment Co., Ltd. is RMB81,435.20.

[8] The company provides a maximum amount of guarantee for the comprehensive bank credit line of RMB100,000,000.00 granted by the secondary subsidiary Nanjing Panda Electronic Equipment Co., Ltd. to China Electronic Finance Co., Ltd., with the credit period from January 19, 2021 to January 19, 2022. There is no counter guarantee for this guarantee. The guarantee period is calculated based on the debt performance period agreed in each specific credit business contract under the Comprehensive Credit Contract, and the guarantee period under each specific credit business contract is two years from the expiration date of the debt performance period agreed in the specific credit business contract. As of December 31, 2022, the company's subsidiary Nanjing Panda Electronic Equipment Co., Ltd. had a total credit line of RMB260,385.30. Among them, the company provides a performance guarantee for its secondary subsidiary, Nanjing Panda Electronic Equipment Co., Ltd., with the amount of RMB260,385.30.

To sum up, as of December 31, 2022, the amount of guarantee provided by the Company to its subsidiaries was 60,557,503.01 yuan, including 51,626,025.39 yuan for bank acceptance bills, The guarantee amount is RMB8,931,477.62 (On December 31, 2021, the guarantee amount provided by the company to its subsidiaries was RMB157,701,574.60, of which the guarantee amount for bank acceptance bills was RMB89,733,860.24, and the guarantee amount was RMB67,967,714.36).

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.4 Transfer of assets and restructuring of debts by related parties

- (1) In the current period, the company signed a debt and creditor's rights offset agreement with CESTC Defense Technology Co., Ltd., that is, the settlement was carried out on a net basis, offsetting the accounts receivable of 9,615,340.00 yuan and offsetting the accounts payable of 9,615,340.00 yuan, without any gains or losses from debt restructuring.
- (2) In this period, the company sold transportation vehicles to Nanjing Panda Transportation Co., Ltd. for 3,750.00 yuan.
- (3) In 2021, our company purchased 30.00% of its shares in Nanjing Lejin Panda Electrical Appliances Co., Ltd. from Panda Electronics Group Co., Ltd. at a transfer price of 42,630,000.00 yuan.

10.5.5 Remuneration of key management

Unit: ten thousand yuan

Item	Year 2022	Year 2021
Remuneration of key management	955.01	866.43

During the reporting period, the company's key management personnel included 19 directors, supervisors, general manager, deputy general manager, and secretary of the board of directors, of which 14 received compensation from the company.

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.5 Remuneration of key management (Continued)

Year 2022

Unit: ten thousand yuan

Name	director's emoluments	Salaries and allowances	Pension scheme contributions	performance bonus	Total	Notes
Name of Director						
Chairman Zhou Guixiang						Receive remuneration from related parties
Vice Chairman Xia Dechuan [1]		15.78	2.78	64.63	83.19	
Director Shen Jianlong		35.16	5.59	4.94	45.69	
Director Deng Weiming						Receive remuneration from related parties
Director and General Manager Hu Huichun [2]		34.32	5.57	86.19	126.08	president
Director and Party Secretary Yi Guofu		33.48	5.57	48.61	87.66	
Independent Director Dai Keqin	12.00				12.00	
Independent Director Xiong Yanlian	12.00				12.00	
Independent Director Zhu Weixun	12.00				12.00	
Former Vice Chairman Li Renzhi [3]						Receive remuneration from related parties
Name of supervisor						
Chairman of the Board of Supervisors Zhao Ji						Receive remuneration from related parties
Supervisor Fu Yuanyuan						Receive remuneration from related parties
Employee Supervisor Zhou Yuxin		18.76	5.59	16.31	40.66	
Executive Name						
Deputy General Manager Shao Bo		27.96	5.53	36.61	70.10	
Chief Accountant Hu Dali		27.96	5.55	50.59	84.10	
Secretary of the Board of Directors Wang Dongdong		27.96	5.54	38.86	72.36	
Deputy General Manager Huang Shaofeng [4]		30.36	5.56	83.21	119.13	
Deputy General Manager Lu Bin [5]		28.38	5.56	62.80	96.74	
Former Deputy General Manager Guo Qing [6]		27.30	4.19	61.81	93.30	

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.5 Remuneration of key management (Continued)

Note:

- [1] Mr. Xia Dechuan: On May 30, 2022, the company held the 8th meeting of the 10th Board of Directors and elected Mr. Xia Dechuan as the Vice Chairman of the 10th Board of Directors; On June 2, 2022, Mr. Xia Dechuan resigned from his position as the General Manager of the company due to job adjustments. After his resignation, Mr. Xia Dechuan will continue to serve as the Vice Chairman of the company and a member of the relevant professional committees under the board of directors.
- [2] Mr. Hu Huichun: On June 24, 2022, the company held the 9th meeting of the 10th Board of Directors and appointed Mr. Hu Huichun as the General Manager of the company, with a term synchronized with the 10th Board of Directors.
- [3] Mr. Li Renzhi resigned from his position as Vice Chairman of the 10th Board of Directors on May 30, 2022 due to job adjustments. After his resignation, Mr. Li Renzhi will continue to serve as a director and a member of relevant professional committees under the board of directors. On July 22, 2022, he resigned from his position as a director and committee member of the 10th Board of Directors. After his resignation, he will no longer hold any other positions in the company.
- [4] Mr. Huang Shaofeng: On December 30, 2022, due to a job change, he resigned from the company's Deputy General Manager and related positions.
- [5] Mr. Lu Bin: On June 24, 2022, the company held the 9th meeting of the 10th Board of Directors and appointed Mr. Lu Bin as the General Manager of the company, with a term synchronized with the 10th Board of Directors.
- [6] Mr. Guo Qing: On November 3, 2022, he retired at the age and resigned from the company's Deputy General Manager and related positions. (continued)

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.5 Remuneration of key management (Continued)

(continued)

Year: 2021

Unit: ten thousand yuan

Name	director's emoluments	Salaries and allowances	Pension scheme contributions	performance bonus	Total	Notes
Name of Director						
Chairman Zhou Guixiang						Receive remuneration from related parties
Vice Chairman Li Yanzhi						Receive remuneration from related parties
Director Shen Jianlong [1]						The remuneration for serving as a director is zero
Director Deng Weiming						Receive remuneration from related parties
Director and General Manager Xia Dechuan		30.60	4.81	56.86	92.27	president
Director and Party Secretary Yi Guofu [2]		25.00	4.81	41.14	70.95	
Independent Director Dai Keqin [3]						
Independent Director Xiong Yanren [3]						
Independent Director Zhu Weixun [3]						
Li Changjiang, former director and party secretary [4]		67.80	2.66		70.46	
Former Independent Director Du Jie	10.44				10.44	
Former Independent Director Zhang Chun	10.44				10.44	
Former Independent Director Gao Yajun	10.44				10.44	
Name of supervisor						
Chairman of the Board of Supervisors Zhao Ji						Receive remuneration from related parties
Supervisor Fu Yuanyuan						Receive remuneration from related parties
Employee Supervisor Zhou Yuxin		15.50	4.83	15.93	36.26	
Executive Name						
Deputy General Manager Guo Qing		28.20	4.83	78.60	111.63	
Vice General Manager Hu Huichun		28.20	4.81	95.59	128.60	
Deputy General Manager Shao Bo		23.40	4.78	32.32	60.50	
Chief Accountant Hu Dali		23.40	4.79	43.70	71.89	
Secretary of the Board of Directors Wang Dongdong		23.40	4.78	35.68	63.86	
Deputy General Manager Huang Shaofeng		25.80	4.80	98.09	128.69	

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.5 Remuneration of key management (Continued)

Note:

- [1] Mr. Shen Jianlong joined the company in October 2021, and his remuneration as a director was zero.
- [2] Mr. Yi Guofu has served as a director of the company since the approval of the second extraordinary general meeting of shareholders held on December 28, 2021. The director's salary is 0. During this reporting period, Mr. Yi Guofu received a compensation of RMB661,400 as the party secretary and other positions in the company.
- [3] Independent directors Dai Keqin, Xiong Yanren, and Xiong Yanren were appointed as independent directors and members of the audit committee at the first meeting of the 10th Board of Directors held by the company on June 29, 2021.
- [4] Mr. Li Changjiang resigned from his position as a non-executive director of the company on November 19, 2021. His remuneration as a director of the company was zero. During the reporting period, he received a compensation of RMB678,000 while serving as the secretary of the company's party committee and other positions.

Top 5 highest paid

The top five persons with the highest remuneration in the company in 2022 include one director (2021: 0 directors). The total amount of compensation paid to the four individuals in this year (2021: 5) is listed below:

Unit: ten thousand yuan

Items	Year 2022	Year 2021
Wages and Allowances	541.00	626.00
Pension Scheme Contributions	34.00	35.80
Other		
Total	575.00	661.80

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.5 Remuneration of key management (Continued)

(continued)

Salary range	No. of people	
	Year 2022	Year 2021
HKD0–1,000,000.00		
HKD1,000,000.00–15,000,000.00	1.00	1.00
HKD1,500,000.00–2,000,000.00	3.00	4.00

10.5.6 Other related transactions

Related parties	Content	Year 2022	Year 2021
China Electronic Finance Co., Ltd. [1]	Receiving interest	2,848,566.57	6,217,570.14
China Electronic Finance Co., Ltd. [1]	Interest paid		163,944.48
Nanjing Zhongdian Panda LCD Technology Co., Ltd. [2]	Licensing of trademarks		188,679.25
Nanjing Zhongdian Panda Home Appliances Co., Ltd. [3]	Licensing of trademarks	11,017.92	181,194.34

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.5 Related party transactions (Continued)

10.5.6 Other related transactions (Continued)

Note:

[1] In 2018, the Company signed a new Financial Services Agreement with China Electronic Finance Co., Ltd. (hereinafter referred to as the "Service Agreement"). According to the service agreement, China Electronic Finance Co., Ltd., on the premise of complying with national laws and regulations and the operating rules of financial institutions, provides the company with financial services including but not limited to handling financial and financing consulting, credit visa, other related consulting, agency services, and providing guarantees, bill acceptance, discount, deposit services, etc. The upper limit of the comprehensive credit balance is RMB600 million. The upper limit of the fund settlement balance is RMB500 million, and the validity period is three years from the effective date of the service agreement. The above service agreement has been reviewed and approved by the resolution of the first extraordinary shareholders' meeting of the company on December 28, 2018. The Company held the 10th interim meeting of the Board of Directors on November 15, 2021, and reviewed and approved the agreement to renew the existing continuous related party transactions and annual caps with China Electronic Finance Co., Ltd. The upper limit of the comprehensive credit balance approved in this agreement is RMB600 million, the upper limit of the capital settlement balance is RMB500 million, and the upper limit of transaction fees for other financial services business is RMB2 million, The validity period is three years from the effective date of the service agreement.

As of December 31, 2022, the company's loan balance with China Electronic Finance Co., Ltd. was 0.00 yuan, and the deposit balance was 497,892,953.53 yuan. The cash received for current discount was 0.00 yuan, and the discount interest paid was 0.00 yuan. As of December 31, 2022, the company has used a total credit line of RMB260,385.30 in China Electronic Finance Co., Ltd. As of December 31, 2022, the amount that the company has discounted but not terminated recognition in China Electronic Finance Co., Ltd. is 0.00 yuan.

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.6 Receivables from and payables to related parties

10.6.1 Receivables

Accounts	Related parties	Balance as at December 31, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Money Fund	China Electronic Finance Co., Ltd.	497,892,953.53		496,800,654.26	
Accounts Receivables	China Electronics Defense Technology Co., Ltd	147,148,329.00		134,293,617.88	
	Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu Zhongdian Panda Display Technology Co., Ltd.)	103,937,404.52		87,061,733.13	
	Nanjing Zhongdian Panda LCD Technology Co., Ltd	32,019,654.46		29,969,238.06	
	Beijing Zhongsoft World Wide Network Technology Co., Ltd	20,979,121.19		18,642,919.89	
	Guizhou Zhenhua New Material Co., Ltd	28,950,000.00			
	Nanjing Ericsson Panda Communication Co., Ltd	17,277,134.40		5,370,199.51	
	Nanjing Panda Investment Development Co., Ltd	15,623,937.49		4,036,896.42	
	Rainbow Group Co., Ltd	9,663,448.27		17,838,802.15	
	Rainbow (Hefei) Liquid Crystal Glass Co., Ltd	9,127,824.00		1,389,226.50	
	Gansu Changfeng Electronic Technology Co., Ltd	6,555,512.00		8,055,512.00	
	Panda Electronics Group Co., Ltd	4,138,747.01		5,565,495.92	
	Nanjing Huadong Electronics Group Co., Ltd	2,133,992.11			
	Liyang Panda Cuizhuyuan Hotel Co., Ltd	879,375.26			
	Nanjing Zhongdian Panda Information Industry Group Co., Ltd	722,447.00			

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.6 Receivables from and payables to related parties (Continued)

10.6.1 Receivables (Continued)

Accounts	Related parties	Balance as at December 31, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	TPV Audio Visual Technology (Shenzhen) Co., Ltd	635,891.32		735,490.42	
	Zhongdian Industrial Internet Co., Ltd	614,845.96		4,335.36	
	Great Wall Power Technology Co., Ltd	320,510.71		487,185.24	
	Nanjing Zhongdian Panda Liquid Crystal Material Technology Co., Ltd	172,977.41		84,382.39	
	Nanjing Zhongdian Panda Real Estate Co., Ltd	158,803.63	15,880.36	158,803.63	15,880.36
	Xianyang Rainbow Optoelectronic Technology Co., Ltd	61,468.87		8,583,440.48	
	Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics Import and Export Co., Ltd.)	24,625.87		2,163,778.70	
	Shenzhen Zhongdian Power Technology Co., Ltd	14,232.32		1,835.42	
	Nanjing Zhongdian Panda Home Appliances Co., Ltd	11,679.00		192,066.30	
	Nanjing Zhongdian Panda Magnetolectric Technology Co., Ltd	10,620.00			
	Nanjing Runjingtai Hotel Co., Ltd. (formerly Nanjing Panda Jinling Hotel Co., Ltd.)	2,227.10	334.07	2,227.10	334.07
	Guizhou Zhenhua Yilong New Material Co., Ltd			3,981,923.88	
	Xianyang Zhongdian Caihong Group Holding Co., Ltd			2,496,196.58	

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.6 Receivables from and payables to related parties (Continued)

10.6.1 Receivables (Continued)

Accounts	Related parties	Balance as at December 31, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Notes receivables	Wuhan Zhongyuan Communication Co., Ltd			250,000.00	
	China Electronics Defense Technology Co., Ltd	47,876,058.50		43,489,366.32	
Receivable financing	Nanjing Zhongdian Panda LCD Technology Co., Ltd	5,953,389.19			
	Panda Electronics Group Co., Ltd	3,131,500.00			
	Great Wall Power Technology Co., Ltd	392,698.69			
	China Electronics Defense Technology Co., Ltd	4,904,611.00		1,576,000.00	
Prepaid accounts	Great Wall Power Technology Co., Ltd	86,274.29		208,874.53	
	Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics Import and Export Co., Ltd.)			2,700,000.00	
	Beijing Zhongsoft World Wide Network Technology Co., Ltd			1,066,473.42	
	Nanjing Zhongdian Panda Home Appliances Co., Ltd			5,024,761.74	
	Nanjing Zhongdian Panda LCD Technology Co., Ltd	15,000.00		15,000.00	
	China Electronics Import and Export Co., Ltd	1,500.00		1,500.00	

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.6 Receivables from and payables to related parties (Continued)

10.6.1 Receivables (Continued)

Accounts	Related parties	Balance as at December 31, 2022		Balance as at December 31, 2021	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics Import and Export Co., Ltd.)			506,249.79	
	Nanjing Zhongdian Panda Home Appliances Co., Ltd			278,213.29	
	Nanjing Zhenhua Packaging Material Factory			764.00	
Contract asset					
	Guizhou Zhenhua Yilong New Material Co., Ltd	3,150,000.00			
	Xianyang Rainbow Optoelectronic Technology Co., Ltd	2,887,617.69		525,021.40	
	Guizhou Zhenhua New Material Co., Ltd	2,790,000.00			
	Rainbow (Hefei) Liquid Crystal Glass Co., Ltd	1,845,000.00		4,060,958.50	
	Panda Electronics Group Co., Ltd	16,111.53			
	Nanjing Panda Investment Development Co., Ltd	8,350.00			
	Liyang Panda Cuizhuyuan Hotel Co., Ltd			873,375.26	
Other non current assets					
	Nanjing Panda Investment Development Co., Ltd	8,374,399.59			
	Panda Electronics Group Co., Ltd	39,010.09		16,716.23	
	China Electronics Defense Technology Co., Ltd	13,963.14			

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.6 Receivables from and payables to related parties (Continued)

10.6.2 Payables

Item	Related party	Balance as at December 31, 2022	Balance as at December 31, 2021
Accounts payable			
	China Electronic Equipment International Co., Ltd	10,551,540.69	130,494.99
	Shenzhen Sanda Wireless Communication Technology Co., Ltd	1,762,195.20	567,000.00
	Panda Electronics Group Co., Ltd	1,441,833.94	1,441,833.94
	Nanjing Zhenhua Packaging Material Factory	1,325,316.31	1,494,168.50
	China Electronics Defense Technology Co., Ltd	952,443.63	10,931,753.25
	Nanjing Panda Transportation Co., Ltd	849,747.65	921,998.30
	Nanjing Panda Dasheng Electronic Technology Co., Ltd	455,346.89	388,988.83
	Nanjing Zhongdian Panda Home Appliances Co., Ltd	320,681.66	573,194.95
	Xianyang Zhongdian Caihong Group Holding Co., Ltd	320,000.00	1,120,000.00
	Chengdu BOE Display Technology Co., Ltd. (formerly Chengdu Zhongdian Panda Display Technology Co., Ltd.)	316,289.55	
	Guizhou Zhenhua Fengfeng Semiconductor Co., Ltd	219,276.73	
	Guizhou Zhenhua Qunying Electric Appliance Co., Ltd. (State operated 891 Factory)	95,398.23	63,350.00
	China Zhenhua Group Yunke Electronics Co., Ltd	95,166.65	136,386.26

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.6 Receivables from and payables to related parties (Continued)

10.6.2 Payables (Continued)

Item	Related party	Balance as at December 31, 2022	Balance as at December 31, 2021
	Shenzhen Sanda Technology Development Co., Ltd	88,000.00	
	Nanjing Zhongdian Panda LCD Technology Co., Ltd	72,402.05	72,402.05
	Nanjing Zhongdian Panda Crystal Technology Co., Ltd	68,471.20	1,923.23
	Guizhou Zhenhua Hualian Electronics Co., Ltd	32,469.00	21,070.79
	Nanjing Zhongdian Panda Lighting Co., Ltd	306.00	
	China Power Tairisheng Maanshan Technology Co., Ltd		266,250.00
	Nanjing Panda Zhicheng Technology Co., Ltd. (formerly Nanjing Panda Electronics Import and Export Co., Ltd.)		94,956.93
Notes payable			
	Nanjing Zhongdian Panda Crystal Technology Co., Ltd	12,660.00	
	Nanjing Zhongdian Panda Home Appliances Co., Ltd		3,030,000.00
	Nanjing Zhenhua Packaging Material Factory		292,200.51
	China Zhenhua Group Yunke Electronics Co., Ltd		132,472.95
Other payables			
	Nanjing Zhongdian Panda Information Industry Group Co., Ltd	9,790,000.00	6,670,000.00
	Panda Electronics Group Co., Ltd	3,768,611.31	5,395,731.47

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.6 Receivables from and payables to related parties (Continued)

10.6.2 Payables (Continued)

Item	Related party	Balance as at December 31, 2022	Balance as at December 31, 2021
	China Electronics Defense Technology Co., Ltd	392,567.50	
	China Electronics Import and Export Co., Ltd	195,539.62	195,539.62
	Nanjing Panda Transportation Co., Ltd	24,178.00	840,988.60
	Shanghai Panda Huning Electronic Technology Co., Ltd	22,907.00	22,907.00
	Nanjing Panda Science Park Development Co., Ltd	20,000.00	20,000.00
	Nanjing Zhongdian Panda Real Estate Co., Ltd	5,000.00	5,000.00
	Nanjing Panda Medical Service Co., Ltd		2,114.00
Contractual liabilities			
	Zhicheng Xingye (Hong Kong) Co., Ltd	47,011.05	43,035.98
	Guizhou Zhenhua Yilong New Material Co., Ltd		8,362,831.86
	China Electronics Defense Technology Co., Ltd		1,964,256.64
	Nanjing Zhongdian Panda LCD Technology Co., Ltd		275,487.98
	Zhongdian Wangchen Technology Co., Ltd		245,409.29

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.7 Related-party commitments

There are no significant related party commitments in this period.

10.8 Centralized funds management

10.8.1 The main contents of the centralized fund management arrangement that the company participates in and implements are as follows

The project in which the company participates in and implements centralized fund management is to sign a Financial Services Agreement with China Electronic Finance Co., Ltd. to deposit funds to China Electronic Finance Co., Ltd. within the upper limit of fund settlement balance, with no restrictions on deposit withdrawal.

10.8.2 Funds collected to the group

Funds directly deposited by the company into the finance company without being collected into the group's parent company account

Item	Balance as at December 31, 2022		Balance as at December 31, 2021	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Cash and cash equivalent	497,892,953.53		496,800,654.26	
Total	497,892,953.53		496,800,654.26	
Including: Restricted cash and cash equivalent due to the centralized funds management				

Note:

[1] For details of the current deposit interest and the Financial Services Agreement with China Electronic Finance Co., Ltd., see Section X (V) 6. Other related transactions.

[2] The Company has no funds collected into the accounts of the parent company of the Group.

Notes to the 2022 Financial Statements (Continued)

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

10 Related parties and related party transactions (Continued)

10.8 Centralized funds management (Continued)

10.8.3 The company has no funds borrowed from the parent company or member units of the group.

10.8.4 The parent company or member unit of the group has no funds borrowed from the company.

10.8.5 The parent company or member unit of the group has no funds collected to the company.

11 Share-based payment

There are no share-based payments in this period.

12 Commitments and contingencies

12.1 Significant commitments

Among them, unconfirmed commitments related to related parties are detailed in the corresponding content of "X. Related Parties and Related Transactions" in this note; For lease related commitments, see "V. (61) Lease" in this note.

The Company has no significant capital expenditure commitments that have been signed and need not be listed on the balance sheet date.

Notes to the 2022 Financial Statements (Continued)

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

12 Commitments and contingencies (Continued)

12.2 Contingencies

12.2.1 Important litigation and arbitration matters

number	Basic Information of Litigation (Arbitration)	Amount involved (10,000 yuan)	Whether estimated liabilities are formed	Progress of litigation (arbitration)
1	Dispute case on sales contract between Suzhou Fuqiang Technology Co., Ltd. and our company and Nanjing Panda Electronic Equipment Co., Ltd	9.21 million yuan	No	<p>From 2016 to 2020, Nanjing Panda Electronic Equipment Co., Ltd. (hereinafter referred to as "Electronic Equipment") and Suzhou Fuqiang Technology Co., Ltd. (hereinafter referred to as "Suzhou Fuqiang") successively signed "Purchase Contract", "Purchase and Sales Contract", etc. As of December 31, 2022, there was still a balance of 9.21 million yuan unpaid on the book.</p> <p>In February 2022, Suzhou Fuqiang filed a lawsuit with the People's Court of Qixia District, Nanjing City, Jiangsu Province (hereinafter referred to as "Qixia Court"), demanding payment of 8.69 million yuan for electronic equipment, as well as overdue payment interest calculated at 1.5 times the loan market quoted rate (LPR) published by the National Interbank Funding Center from March 1, 2021 to October 18, 2022 based on this base. Based on the preservation application of Suzhou Fuqiang, Qixia Court issued a ruling (2022) Su 0113 Min Chu 13290 on November 30, 2022, freezing the bank account under the name of electronic equipment. On December 19, 2022, Electronic Equipment remitted 10 million yuan to the designated account of Qixia Court as a guarantee to apply for the cancellation of the previous preservation measures. On December 20, 2022, Qixia Court issued a ruling (2022) Su 0113 Min Chu 13290, which lifted the original freeze on the bank account of Panda Electronic Equipment. The court is currently awaiting a second hearing.</p>

Notes to the 2022 Financial Statements (Continued)

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

12 Commitments and contingencies (Continued)

12.2 Contingencies (Continued)

12.2.1 Important litigation and arbitration matters (Continued)

Basic Information of Litigation number (Arbitration)	Amount involved (10,000 yuan)	Whether estimated liabilities are formed	Progress of litigation (arbitration)
2 Dispute case on sales contract between Nanjing Panda Electronic Equipment Co., Ltd. and Jiangsu Jinmao Robot Technology Co., Ltd	22.6 million yuan	No	<p>From 2018 to 2019, Nanjing Panda Electronic Equipment Co., Ltd. signed a purchase and sales contract with Jiangsu Jinmao Robot Technology Co., Ltd. As of December 31, 2022, there were still accounts receivable of 22.6 million yuan on the book.</p> <p>In June 2021, Guohao Law Firm (Nanjing) sent a lawyer's letter to Jiangsu Jinmao, requesting Jiangsu Jinmao to pay the remaining payment and corresponding liquidated damages within five working days after receiving the lawyer's letter. Jiangsu Jinmao failed to perform. On January 21, 2022, the company submitted application materials to the People's Court of Qixia District, Nanjing City, Jiangsu Province. On March 3, 2022, the company investigated and preserved the assets of Jiangsu Golden Cat. On March 7, 2022, the People's Court of Qixia District, Nanjing City, Jiangsu Province issued a civil ruling (2022), Su 0113, No. 943, to seal up and freeze the property of the respondent Jiangsu Jinmao Robot Technology Co., Ltd. worth 23 million yuan. After several rounds of court interviews, on February 20, 2023, the court organized both parties to conduct on-site inspections of the equipment in Pizhou. As of the date of issuance of the report, the company was waiting for the court's follow-up notice.</p>

Notes to the 2022 Financial Statements (Continued)

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

12 Commitments and contingencies (Continued)

12.2 Contingencies (Continued)

12.2.1 Important litigation and arbitration matters (Continued)

number	Basic Information of Litigation (Arbitration)	Amount involved (10,000 yuan)	Whether estimated liabilities are formed	Progress of litigation (arbitration)
3	Nanjing Panda Information Industry Co., Ltd. v. Xuzhou Suning Real Estate Co., Ltd. Construction Contract Dispute Case	6.6112 million yuan	No	<p>On June 18, 2012, Nanjing Panda Information Industry Co., Ltd. (hereinafter referred to as "Panda Information") won the bid for "Xuzhou Suning Plaza Building Automatic Control System Project", and subsequently signed a "Building Automatic Control System Contract" with Xuzhou Suning Real Estate Co., Ltd., with the total contract price tentatively set at 23637015.50 yuan. On December 6, 2018, the project passed the acceptance, and the amount approved by the second audit was 217,70000.00 yuan. In December 2020, the warranty period of the project expired and the "Project Warranty Period Completion Report" was obtained. As of December 31, 2022, there were still accounts receivable of 6.6112 million yuan on the book.</p> <p>On May 30, 2022, Panda Information filed a lawsuit with the Gulou District Court of Xuzhou City, and later the case was transferred to the centralized jurisdiction of the Nanjing Intermediate Court. The case number was (2022) Su 01 Min Chu No. 2044. On November 4, 2022, the two sides held a hearing in the Nanjing Intermediate Court. After the hearing, the two sides communicated on the settlement plan, but failed to reach an agreement. On February 16, 2023, both parties held a hearing in the Nanjing Intermediate Court. The outcome of the court hearing is currently pending.</p>

Notes to the 2022 Financial Statements (Continued)

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

12 Commitments and contingencies (Continued)

12.2 Contingencies (Continued)

12.2.2 Unexpired guarantee

As of December 31, 2022, the bank guarantee issued by the company still had an unexpired amount of 187,911,479.93 yuan.

13 Post balance sheet events

13.1 No significant post-balance sheet non-adjusting events during the period

13.2 Distribution of profits

According to the 2022 profit distribution plan adopted at the 15th meeting of the 10th Board of Directors of the Company, the total share capital of the Company at the end of the reporting period is 913,838,529.00 shares, which is the base for distribution. Cash dividends of RMB (tax included) will be distributed for every 10 shares, totaling RMB12,793,739.41yuan (tax included). The profit distribution plan shall be implemented after being approved by the shareholders' meeting of the Company.

13.3 Return of sales

No significant sales returns have occurred after the balance sheet date.

13.4 Notes on other post balance sheet events

13.4.1 Entrusted financing with idle own funds

The Company conducted entrusted financial management for its idle own funds in accordance with the Proposal on Using Idle Funds for Cash Management approved at the Tenth Interim Meeting of the Board of Directors of the Company. Details are shown in the following table:

No.	Entrusted party	Name of Trustee	Product type	Product name	Amount (million)	Interest Commencement Date	Product expiry date	Expected annualized rate of return	Estimated amount of earnings (million)	Product deadline	Revenue type	Structured arrangement	Refer to annualized rate of return	Estimated revenue (if have)	Whether to constitute a related transaction
1	Nanjing Panda Information Industry Co., Ltd	Everbright Bank	Bank financial products	Structured deposits	3,000.00	2023/1/6	2023/4/6	1.5%	11.10	90 days	Breakeven floating income type	N/A	N/A	N/A	No
								3.3%	24.41						
								3.4%	25.15						
2	Nanjing Panda Electronics Co., Ltd	Everbright Bank	Bank financial products	Structured deposits	7,000.00	2023/1/6	2023/4/6	1.5%	25.89	90 days	Breakeven floating income type	N/A	N/A	N/A	No
								3.3%	56.96						
								3.4%	58.68						
Total					10,000.00			/	/						

Notes to the 2022 Financial Statements (Continued)

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

13 Post balance sheet events (Continued)

13.4 Notes on other post balance sheet events (Continued)

13.4.2 Proposed merger of subsidiary Nanjing Panda Electronic Technology Development Co., Ltd

According to the resolution of the 15th meeting of the 10th Board of Directors held on March 30, 2023, the company plans to absorb and merge its wholly-owned subsidiary Nanjing Panda Electronic Technology Development Co., Ltd. (hereinafter referred to as "Technology Development"). After the merger, our company inherits the creditor's rights and debts of Technology Development, and Technology Development cancels them. This merger and acquisition will not affect the net assets and current profits of our company's consolidated statements.

As of March 30, 2023, the company has no other significant events after the balance sheet date that need to be disclosed.

14 Capital management

The main objectives of the company's capital management are:

Ensure the Company's ability to continue as a going concern in order to continuously provide returns to shareholders and other stakeholders;

Pricing products and services based on risk levels provides sufficient returns to shareholders.

The Company sets a capital amount proportional to risk, manages and adjusts its capital structure based on changes in the economic environment and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, the capital returned to shareholders, issue new shares, or sell assets to reduce liabilities.

The Company monitors capital based on an adjusted debt/capital ratio.

Notes to the 2022 Financial Statements (Continued)

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

14 Capital management (Continued)

The adjusted debt/capital ratio of the Company on the balance sheet date is as follows:

	Balance as at December 31, 2022	Balance as at December 31, 2021
Total liabilities	2,053,777,046.06	2,255,621,482.90
Less: Cash and cash equivalents	954,544,289.85	848,233,503.66
Adjusted net debt	1,099,232,756.21	1,407,387,979.24
Owner's equity	3,810,314,135.48	3,802,361,269.28
Adjusted capital	3,810,314,135.48	3,802,361,269.28
Adjusted capital	3,810,314,135.48	3,802,361,269.28
Adjusted debt/capital ratio	28.85	37.01

15 Other significant events

15.1 Correction of previous accounting errors

During the reporting period, no previous accounting error correction occurred.

15.2 Annuity plan

In addition to basic social pension insurance, the company establishes an enterprise annuity plan in accordance with the relevant policies of the national annuity system. The annuity plan is applicable to employees who are officially employed in the company and have worked for the company for over one year. The annuity plan adopts a deterministic model. The unit contribution base is the total salary of the previous year, with the contribution ratio tentatively set at 5% and the individual contribution ratio tentatively set at 1%. The corresponding expenses are included in the current profit and loss.

Shenzhen Jingwah Electronics Co., Ltd., a secondary subsidiary of the company, establishes an enterprise annuity plan in accordance with the relevant policies of the national enterprise annuity system, in addition to the basic social endowment insurance. The plan is applicable to the regular employees with registered residence in Shenzhen, on the job employees of the company, and the employees assigned by shareholders. The annuity plan adopts a payment determination model, which determines the current withdrawal ratio based on the economic benefits of the previous period. Employees are applicable to make monthly fixed payments based on their rank. Within the maximum amount not exceeding 15% of the total salary of employees participating in the enterprise annuity, Shenzhen Jingwah will fully bear the corresponding expenses, and the corresponding expenses will be included in the current profit and loss.

In addition, the Company and its subsidiaries have no other significant employee social security commitments.

Notes to the 2022 Financial Statements (Continued)

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

15 Other significant events (Continued)

15.3 Segment Information

15.3.1 Determination basis and accounting policies of reporting segments

According to the company's internal organizational structure, management requirements, and internal reporting system, four reporting segments have been identified, namely: intelligent transportation and safe city, green service-oriented electronic manufacturing, industrial internet and intelligent manufacturing, and others. Each reporting segment of the Company provides different products or services, or engages in business activities in different regions. Due to the need for different technologies or market strategies for each segment, the management of the company separately manages the operating activities of each reporting segment, regularly evaluates the operating results of these reporting segments, and decides to allocate resources to them and evaluate their performance.

The transfer price between segments is determined based on the actual transaction price, and the expenses indirectly attributable to each segment are allocated between segments in accordance with the corresponding proportion. Assets are allocated based on the operation of the segment and the location of the assets. Segment liabilities include liabilities attributable to the segment arising from its operating activities. If expenses related to liabilities jointly borne by multiple operating segments are allocated to these operating segments, the jointly borne liabilities are also allocated to these operating segments.

Non current assets are classified according to the region where the assets belong, and the Company's non current assets are located in China.

Notes to the 2022 Financial Statements (Continued)

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

15 Other significant events (Continued)

15.3 Segment Information (Continued)

15.3.2 Financial information of the reporting segment

Items	Smart City Industry	Electronic Manufacturing Services	Intelligent Manufacturing Industry	Unallocated 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 amortisation charges	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 expense	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

15.4 Others

On August 2, 2021, the company received a notice from the controlling shareholder of the company, Panda Electronics Group Co., Ltd., that some of its shares in the company were pledged. Panda Electronics Group Co., Ltd. pledged 105,091,430 shares of the company, accounting for 49.89% of its total shares in the company and 11.50% of the company's total share capital. For details, please refer to the relevant announcements published by the company on the websites of China Securities Journal, Shanghai Securities Journal, and Shanghai Stock Exchange on August 3, 2021. This pledge begins on July 30, 2021, and ends on December 14, 2023.

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company

16.1 Notes receivable

16.1.1 Classification of notes receivable

Category	Balance as at December 31, 2022	Balance as at December 31, 2021
Bank acceptance bill	91,069.70	100,000.00
Finance company acceptance bill	4,300,000.00	
Commercial acceptance bill	24,832,327.92	2,538,210.00
Total	29,223,397.62	2,638,210.00

16.1.2 The company has no pledged notes receivable at the end of the period.

16.1.3 Notes receivable endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date

Category	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill		91,069.70
Finance company acceptance bill		1,300,000.00
Commercial acceptance bill		9,439,256.80
Total		10,830,326.50

16.1.4 At the end of the period, the company had no bills that were converted into accounts receivable due to the issuer's failure to perform.

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.2 Accounts receivable

16.2.1 Disclosure of accounts receivable by aging

Aging	Balance as at December 31, 2022	Balance as at December 31, 2021
Within 1 year (including 1 year)	83,413,898.68	73,720,071.65
Including: 0–6 months	66,358,608.14	72,609,665.15
7–12 months	17,055,290.54	1,110,406.50
1–2 years	1,153,186.85	25,133,892.68
2–3 years	20,959,871.25	1,108,225.30
3–4 years	656,725.30	3,473,659.67
4–5 years	61,273.67	2,364,000.00
Over 5 years	1,896,592.86	2,077,090.86
Subtotal	<u>108,141,548.61</u>	<u>107,876,940.16</u>
Less: bad debt provision	<u>8,634,264.02</u>	<u>6,603,972.44</u>
Total	<u>99,507,284.59</u>	<u>101,272,967.72</u>

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

16.2.2 Disclosure of accounts receivable by method of provision for bad debts

Category	Balance as at December 31, 2022					Balance as at December 31, 2021				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts on individual basis	3,358,250.75	3.11	3,358,250.75	100.00		5,787,886.00	5.37	2,169,940.80	37.49	3,617,945.20
Provision for bad debts on portfolio basis	104,783,297.86	96.89	5,276,013.27	5.04	99,507,284.59	102,089,054.16	94.63	4,434,031.64	4.34	97,655,022.52
Including:										
Aging portfolio	69,255,634.68	64.04	5,276,013.27	7.62	63,979,621.41	48,512,299.75	44.97	4,434,031.64	9.14	44,078,268.11
Other combinations	35,527,663.18	32.85			35,527,663.18	53,576,754.41	49.66			53,576,754.41
Total	<u>108,141,548.61</u>	<u>100.00</u>	<u>8,634,264.02</u>		<u>99,507,284.59</u>	<u>107,876,940.16</u>	<u>100.00</u>	<u>6,603,972.44</u>		<u>101,272,967.72</u>

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.2 Accounts receivable (Continued)

16.2.2 Disclosure of accounts receivable by method of provision for bad debts (Continued)

Provision for bad debts on individual basis:

Name	Balance as at December 31, 2022			Reason for provision
	Accounts receivable	Provision for bad debts	Proportion of provision (%)	
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
Total	<u>3,358,250.75</u>	<u>3,358,250.75</u>		

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)	48,956,542.35	601,743.70	
Including: 0-6 months	36,921,668.27		
7-12 months	12,034,874.08	601,743.70	5.00
1-2 years	82,880.00	8,288.00	10.00
2-3 years	18,258,345.80	2,738,751.87	15.00
3-4 years			
4-5 years	61,273.67	30,636.84	50.00
Over 5 years	<u>1,896,592.86</u>	<u>1,896,592.86</u>	<u>100.00</u>
Total	<u>69,255,634.68</u>	<u>5,276,013.27</u>	

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.2 Accounts receivable (Continued)

16.2.2 Disclosure of accounts receivable by method of provision for bad debts (Continued)

Portfolio accrual items: other portfolios

Portfolio name	Balance as at December 31, 2022		
	Book balance	Provision for bad debts	Proportion (%)
Related party portfolio	35,527,663.18		
Total	35,527,663.18		

16.2.3 Provision, reversal or recovery of provision for bad debts in 2022

Category	Balance as at December 31, 2021	Movement			Balance as at December 31, 2022
		Provision	Recovery or Reversal	Write off	
Provision for bad debts on individual basis	2,169,940.80	2,961,089.40	2,169,940.80	397,161.35	3,358,250.75
Provision for bad debts on portfolio basis	4,434,031.64	1,493,954.98	254,812.00	-397,161.35	5,276,013.27
Including: Aging portfolio	4,434,031.64	1,493,954.98	254,812.00	-397,161.35	5,276,013.27
Other combinations					
Total	6,603,972.44	4,455,044.38	2,424,752.80		8,634,264.02

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.

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.2 Accounts receivable (Continued)

16.2.3 Provision, reversal or recovery of provision for bad debts in 2022 (Continued)

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.	599,440.80	Provision for bad debts on individual basis	Collection	Currency collection
Other minor summaries	254,812.00	Provision for bad debts on portfolio basis	Collection	Currency collection
Total	<u>2,424,752.80</u>			

16.2.4 There are no accounts receivable actually written off in the current period.

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.2 Accounts receivable (Continued)

16.2.5 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 Gusheng Enterprise Management Co., Ltd	30,067,532.65	27.80	
China Electronics Defense Technology Co., Ltd	18,867,258.10	17.45	
Sony Mobile Communication Products (China) Co., Ltd	17,075,200.00	15.79	2,561,280.00
Nanjing Panda Information Industry Co., Ltd	16,504,288.88	15.26	
China Radio, Film and Television Design and Research Institute Co., Ltd. (formerly China Radio, Film and Television Design and Research Institute)	12,662,840.00	11.71	581,521.20
Total	95,177,119.63	88.01	3,142,801.20

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.3 Receivables financing

16.3.1 Financing of accounts receivable

Items	Balance as at December 31, 2022	Balance as at December 31, 2021
Notes receivable		
Accounts receivable		
Total		

16.3.2 Movement of receivables financing and changes of fair value

Item	Balance as at December 31, 2021	Increase	Derecognition	Other changes	Balance as at December 31, 2022	Accumulated impairment loss recognized in other comprehensive income
Notes receivable		5,935.00	5,935.00			
Accounts receivable						
Total		5,935.00	5,935.00			

16.3.3 The company has no pledged receivables financing at the end of the period.

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.3 Receivables financing

16.3.4 Financing of receivables endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill	5,935.00	
Commercial acceptance bill		
Total	<u>5,935.00</u>	<u></u>

16.4 Other receivables

Item	Balance as at December 31, 2022	Balance as at January 1, 2022
Interest receivable		
Dividend receivable		
Other receivables	<u>197,206,292.54</u>	<u>216,727,244.80</u>
Total	<u>197,206,292.54</u>	<u>216,727,244.80</u>

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.4 Other receivables (Continued)

16.4.1 Other receivables

(1) Other receivables shown by aging

Aging	Balance as at December 31, 2022	Balance as at January 1, 2022
Within 1 year (including 1 year)	8,876,731.59	9,322,706.07
Including: 0–6 months	8,876,731.59	9,322,706.07
7–12 months		
1–2 years	5,000,000.00	20,018,000.00
2–3 years	18,000.00	50,000.00
3–4 years	50,000.00	817,988.08
4–5 years	817,988.08	410,591.45
Over 5 years	183,692,152.40	187,151,243.01
Sub-total	198,454,872.07	217,770,528.61
Less: provision for bad debts	1,248,579.53	1,043,283.81
Total	197,206,292.54	216,727,244.80

Note: The aging of other receivables is disclosed based on the aging on the entry date.

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.4 Other receivables (Continued)

16.4.1 Other receivables (Continued)

(2) Disclosure by method of provision for bad debts

Category	Balance as at December 31, 2022					Balance as at December 31, 2021				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts by										
single item	812,988.08	0.41	812,988.08	100.00			812,988.08	0.37	812,988.08	100.00
Provision for bad debts by portfolio	197,641,883.99	99.59	435,591.45	0.22	197,206,292.54	216,957,540.53	99.63	230,295.73	0.11	216,727,244.80
Including:										
Aging portfolio	915,407.25	0.46	435,591.45	47.58	479,815.80	983,729.03	0.45	230,295.73	23.41	753,433.30
Other portfolios	196,726,476.74	99.13			196,726,476.74	215,973,811.50	99.18			215,973,811.50
Total	198,454,872.07	100.00	1,248,579.53		197,206,292.54	217,770,528.61	100.00	1,043,283.81		216,727,244.80

Other receivables with provision for bad debts made on an individual basis:

Entity Name	Balance as at December 31, 2022			
	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Nanjing Panda Digital Technology Development Co., Ltd.	812,988.08	812,988.08	100.00	Not expected to be recovered
Total	812,988.08	812,988.08		

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.4 Other receivables (Continued)

16.4.1 Other receivables (Continued)

(2) Disclosure by method of provision for bad debts (Continued)

Provision for bad debts by portfolio

Portfolio: aging portfolio

Item	Amount Balance as at December 31, 2022		
	Book balance	Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	479,815.80		
Including: 0-6 months	479,815.80		
7-12 months			
1-2 years			
2-3 years			
3-4 years			
4-5 years			
Over 5 years	435,591.45	435,591.45	100.00
Total	915,407.25	435,591.45	

Portfolio: other portfolios

Item	Amount Balance as at December 31, 2022		
	Book balance	Provision for bad debts	Proportion of provision (%)
Portfolio of deposit, security deposit and employee reserve fund	73,000.00		
Related party portfolio	196,653,476.74		
Total	196,726,476.74		

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.4 Other receivables (Continued)

16.4.1 Other receivables (Continued)

(3) Details of accrued bad debt provision

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss over the duration (no credit impairment)	Expected credit loss over the duration (credit impairment occurred)	
Balance as at December 31, 2021	230,295.73		812,988.08	1,043,283.81
Balance as at January 1, 2022				
- transfer to second stage				
- transfer to Third stage				
- transfer back to second stage				
- transfer back to first stage				
Accrued in current period	205,295.72			205,295.72
Reversal in current period				
Reseller in current period				
Written-off in current period				
Other changes				
Balance as at December 31, 2022	<u>435,591.45</u>	<u></u>	<u>812,988.08</u>	<u>1,248,579.53</u>

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.4 Other receivables (Continued)

16.4.1 Other receivables (Continued)

(3) Details of accrued bad debt provision (Continued)

Changes in carrying amount of other receivables

Book balance	First stage Expected credit loss in the next 12 months	Second stage Expected credit loss over the duration (no credit impairment)	Third stage Expected credit loss over the duration (credit impairment occurred)	Total
Balance as at December 31, 2021	216,957,540.53		812,988.08	217,770,528.61
Balance as at January 1, 2022				
- transfer to second stage				
- transfer to Third stage				
- transfer back to second stage				
- transfer back to first stage				
Increase in current period	75,515,020.67			75,515,020.67
Current termination recognition	94,830,677.21			94,830,677.21
Other changes				
Balance as at December 31, 2022	<u>197,641,883.99</u>		<u>812,988.08</u>	<u>198,454,872.07</u>

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.4 Other receivables (Continued)

16.4.1 Other receivables (Continued)

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

Item	Balance as at December 31, 2022	Changes in current period		Balance as at December 31, 2022
		Provision for bad debt incurred in current period	Reversed or received Written off	
Other receivable accruing bad debt provision in single item	812,988.08			812,988.08
Other receivables accruing bad debt provision in credit risk characteristic portfolio	230,295.73	205,295.72		435,591.45
Including: aging portfolio Other portfolios	230,295.73	205,295.72		435,591.45
Total	<u>1,043,283.81</u>	<u>205,295.72</u>		<u>1,248,579.53</u>

- (5) There are no other receivables actually written off in the current period.

- (6) Other receivables classified by nature

Nature of receivables	Balance as at December 31, 2022	Balance as at December 31, 2021
Deposit, security deposit	910,988.08	4,349,579.53
Others	196,797,252.40	212,801,311.50
Nature of receivables	<u>746,631.59</u>	<u>619,637.58</u>
Total	<u>198,454,872.07</u>	<u>217,770,528.61</u>

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.4 Other receivables (Continued)

16.4.1 Other receivables (Continued)

(7) The top five debtors of other receivables of Balance as at December 31, 2022

Debtor	Nature of fund	Book balance	Aging	Proportion in total other receivables (%)	Provision for bad debts
Nanjing Panda Electronic Equipment Co., Ltd	Borrowings from related parties	119,979,546.35	More than 5 years	60.46	
Jiaheng Xingye Co., Ltd	Borrowings from related parties	66,163,700.00	0-5 years	33.34	
Nanjing Panda Electromechanical Manufacturing Co., Ltd	Borrowings from related parties	10,243,414.60	1-5 years	5.16	
Nanjing Panda Digital Technology Development Co., Ltd	Current accounts	812,988.08	4-5 years	0.41	812,988.08
Nanjing Lejin Panda Electric Appliance Co., Ltd	Current accounts	185,519.79	0-6 months	0.09	
Total		<u>197,385,168.82</u>		<u>99.46</u>	<u>812,988.08</u>

16.5 Long-term equity investments

Items	Closing balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	1,465,785,546.36		1,465,785,546.36	1,435,785,546.36		1,435,785,546.36
Investments in associates and joint ventures	<u>728,821,587.14</u>	<u>13,192,317.99</u>	<u>715,629,269.15</u>	<u>713,753,331.09</u>	<u>13,192,317.99</u>	<u>700,561,013.10</u>
Total	<u>2,194,607,133.50</u>	<u>13,192,317.99</u>	<u>2,181,414,815.51</u>	<u>2,149,538,877.45</u>	<u>13,192,317.99</u>	<u>2,136,346,559.46</u>

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.5 Long-term equity investments (Continued)

16.5.1 Investment in subsidiaries

Investees	Beginning balance	Increase during the period	Decrease during the period	Closing balance	Provision for impairment during the period	Closing balance of provision for impairment
Nanjing Panda Electronic Technology Development Co., Ltd	700,000,000.00			700,000,000.00		
Nanjing Panda Electronic Equipment Co., Ltd	190,000,000.00			190,000,000.00		
Nanjing Panda Information Industry Co., Ltd	176,736,513.98			176,736,513.98		
Shenzhen Jingwah Electronics Co., Ltd	119,241,304.00			119,241,304.00		
Nanjing Panda Electronics Manufacturing Co., Ltd	111,221,994.10			111,221,994.10		
Nanjing Panda Communication Technology Co., Ltd	98,585,734.28			98,585,734.28		
Chengdu Panda Electronic Technology Co., Ltd	20,000,000.00	30,000,000.00		50,000,000.00		
Nanjing Panda Xinxing Industry Co., Ltd	20,000,000.00			20,000,000.00		
Total	1,435,785,546.36	30,000,000.00		1,465,785,546.36		

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.5 Long-term equity investments (Continued)

16.5.2 Investments in associates and joint ventures

Investee	Beginning balance	Additional investment	Reduced investment	Increase/decrease in 2021						Closing balance	Closing balance of provision for impairment
				Investment gains or losses recognized under the equity method	Adjustments to other comprehensive income	Changes in other equities	Cash dividends or profits declared to be paid	Provision for impairment	Others		
1. Associated companies											
Nanjing Lejin Panda Electric Co.	436,792,555.43			44,701,832.35			60,000,000.00			421,494,387.78	
Nanjing Ericsson Panda Communications Co.	199,768,457.67			30,366,423.70						230,134,881.37	
Beijing Suo Ai Putian Mobile Communication Co.	64,000,000.00									64,000,000.00	13,192,317.99
Subtotal	700,561,013.10			75,068,256.05			60,000,000.00			715,629,269.15	13,192,317.99
Total	700,561,013.10			75,068,256.05			60,000,000.00			715,629,269.15	13,192,317.99

16.6 Operating revenue and operating costs

16.6.1 Operating revenue and operating costs

Item	Year 2022		Year 2021	
	Revenue	Cost	Revenue	Cost
Primary businesses	101,932,677.45	70,004,479.44	105,492,233.40	70,032,510.31
Other businesses	35,726,788.51	14,774,722.25	39,745,639.81	14,997,970.67
Total	137,659,465.96	84,779,201.69	145,237,873.21	85,030,480.98

Notes to the 2022 Financial Statements (Continued)

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

16 Notes to main items in the financial statements of the parent company (Continued)

16.7 Investment income

Items	Year 2022	Year 2021
Investment income from long-term equity investments under the cost method	75,068,256.05	46,692,313.18
Investment income from long-term equity investments under equity method	2,942,093.57	2,773,353.90
Investment income from disposal of financial assets held for trading		2,209,700.00
Investment income from large certificates of deposit		-163,944.48
Interest on discounted bills	102,547,867.14	100,000,000.00
Total	180,558,216.76	151,511,422.60

17 Supplementary information

17.1 Details of non-recurring gains and losses for the period

Items	Amount	Notes
Gain or loss on disposal of non-current assets	800,968.84	
Tax rebates and exemptions that are approved beyond authority or without formal approval documents		
Government subsidies included in current profit or loss (except for those closely related to the business of the enterprise, which are granted on a fixed or quantitative basis in accordance with the national standard)	20,618,422.07	
Fees charged to non-financial enterprises for the occupation of funds included in current profit or loss		
Gains or losses arising from the acquisition of subsidiaries, associates and joint ventures where the cost of the investment is less than the fair value of the identifiable net assets of the investee at the time the investment is acquired		
Gains or losses on exchange of non-monetary assets		
Gains or losses from entrusting others to invest or manage assets		
Provision for impairment of assets due to force majeure factors, such as natural disasters		
Gains and losses on debt restructuring		
Corporate restructuring costs, such as expenses for relocating employees, integration costs, etc.		

Notes to the 2022 Financial Statements (Continued)

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

17 Supplementary information (Continued)

17.1 Details of non-recurring gains and losses for the period (Continued)

Items	Amount	Notes
Gains or losses in excess of fair value arising from transactions where the transaction price is not clearly fair		
Net profit or loss for the period from the beginning of the period to the date of consolidation of subsidiaries arising from business combinations under common control		
Gains or losses arising from contingencies not related to the Company's normal business operations		
Gains or losses from changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment gains on disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective hedging activities related to the Company's normal business operations	11,205,051.48	
Reversal of provision for impairment of receivables and contract assets that are individually tested for impairment	2,379,008.00	
Gains or losses on external entrusted loans		
Gains or losses arising from changes in the fair value of investment properties subsequently measured using the fair value model		
Effect of one-off adjustments to current profit or loss in accordance with tax, accounting and other laws and regulations on current profit or loss		
Custody fee income earned from trustee operations		
Non-operating income and expenses other than those mentioned above	809,513.76	
Other items of profit or loss that meet the definition of non-recurring profit or loss	283,131.80	Personal Tax Handling Fee Refund
Subtotal	36,096,095.95	
Income tax effect	-4,723,249.13	
Minority interest impact (after tax)	-2,019,731.37	
Total	29,353,115.45	

Notes to the 2022 Financial Statements (Continued)

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

17 Supplementary information (Continued)

17.2 Return on net assets and earnings per share

Profits of the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		EPS	EPS
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

NANJING PANDA ELECTRONICS COMPANY LIMITED
March 30, 2023