

PANDA Electronics

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Nanjing Panda Electronics Company Limited

2020 Interim Report

(H Share Stock Code: 0 5 5 3)

(A Share Stock Code: 600775)

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IMPORTANT NOTICE

1. The board of directors (the "Board"), the supervisory committee, the directors, supervisors and senior management of the Company confirm that the information in this interim report is true, accurate and complete and does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the contents herein.
2. All directors of the Company attended the sixteenth meeting of the ninth session of the Board of the Company held on 27 August 2020.
3. The interim financial report of the Company is unaudited.
4. Mr. Xia Dechuan, the Company representative, Mr. Hu Dali, the chief accountant, and Ms. Liu Xianfang, the head of accounting department (person in charge of accounting matters), declared that they confirmed the truthfulness, accuracy and completeness of the financial report contained in this interim report.
5. The Company would not make any profit distribution or capitalization of capital reserve for the first half of 2020.
6. Forward looking statements, including future plans and development strategies, contained in this interim report do not constitute a substantive commitment to investors by the Company. Investors are advised to pay attention to investment risks.
7. Neither the Company's controlling shareholder nor any of its related parties have misappropriated the Company's funds for non-operating purposes.
8. The Company did not provide external guarantees in violation of any specified decision-making procedures.
9. The Company has elaborated the potential risks in this interim report. For their details and the corresponding countermeasures, please refer to the paragraph headed "Potential Risks" under Section IV "Discussion and Analysis of the Operation" in this interim report.

SECTION I DEFINITIONS

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

Definitions of commonly-used terms

Company/NPEC	Nanjing Panda Electronics Company Limited (南京熊猫电子股份有限公司)
Group	Nanjing Panda Electronics Company Limited and its subsidiaries
PEGL	Panda Electronics Group Limited (熊猫电子集团有限公司)
PEGL Group	Panda Electronics Group Limited and its subsidiaries
NEIC	Nanjing Electronics Information Industrial Corporation (南京中电熊猫信息产业集团有限公司)
NEIC Group	Nanjing Electronics Information Industrial Corporation and its subsidiaries
CEC	China Electronics Corporation (中国电子信息产业集团有限公司)
CEC Group	China Electronics Corporation and its subsidiaries
Financial Company	China Electronics Finance Co., Ltd. (中国电子财务有限责任公司)
China Huarong	China Huarong Asset Management Co., Ltd. (中国华融资产管理股份有限公司)
Electronics Equipment Company	Nanjing Panda 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)
Electronic Manufacture Company	Nanjing Panda Electronic Manufacture Co., Ltd. (南京熊猫电子制造有限公司)
Communications Technology Company	Nanjing Panda Communications Technology Co., Ltd. (南京熊猫通信科技有限公司)
Huage Plastic	Nanjing Huage Appliance and Plastic Industrial Co., Ltd. (南京华格电汽塑业有限公司)
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
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Nanjing Panda Electronics Company Limited
AFC	Auto Fare Collection
ACC	AFC Clearing Center
T-CON Board	the timing controller board, which is used to process and control the timing signals necessary for the display panel to function in a synchronized manner and generate control signals to directly drive the display panel;
EMS	Electronic Manufacturing Services

SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

I. Company Information

Chinese name of the Company	南京熊猫电子股份有限公司
Abbreviation of the Chinese name	南京熊猫
English name of the Company	Nanjing Panda Electronics Company Limited
Abbreviation of the English name	NPEC
Legal representative of the Company	Xia Dechuan (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 and Relevant Changes

Registered address	Room 1701, 301 Zhongshan East Road, Xuanwu District, Nanjing, Jiangsu Province, the People's Republic of China
Postal code of the registered address	210002
Office address	7 Jingtian Road, Nanjing, 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
Query index on changes in the Reporting Period	N/A

IV. Places for Information Disclosure and Inspection and Relevant Changes

Designated newspapers for information disclosure	Shanghai Securities News, China Securities Journal
International websites for the publication of the Company's interim report and information disclosure	Shanghai Stock Exchange: http://www.sse.com.cn Hong Kong Stock Exchange: http://www.hkex.com.hk
Place for inspection of the Company's interim report	Office of the Secretary to the Board, 7 Jingtian Road, Nanjing, the People's Republic of China
Query index on changes in the Reporting Period	N/A

V. Information of the Company's Shares

Class of shares	Overview of the Company's shares			Stock abbreviation before change
	Stock exchange on which the shares are listed	Stock abbreviation	Stock code	
A shares	Shanghai Stock Exchange	南京熊猫	600775	N/A
H shares	Hong Kong Stock Exchange	南京熊猫	00553	N/A

VI. Other Relevant Information

N/A

VII. Major Accounting Data and Financial Indicators (Prepared in accordance with the PRC Accounting Standards of Business Enterprises)

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	Reporting Period (January–June 2020)	Corresponding period of last year (January–June 2019)	Change during the Reporting Period from corresponding period of last year (%)
Operating income	1,714,155,014.36	2,129,345,776.54	-19.50
Net profit attributable to shareholders of the Company	12,683,154.91	42,389,523.73	-70.08
Net profit attributable to shareholders of the Company after extraordinary items	928,618.66	30,861,450.97	-96.99
Net cash flow from operating activities	88,278,305.28	-302,748,167.59	N/A
	At the end of the Reporting Period (30 June 2020)	At the end of last year (31 December 2019)	Change at the end of the Reporting Period from the end of last year (%)
Net assets attributable to shareholders of the Company	3,444,776,580.42	3,448,072,752.25	-0.10
Total assets	5,866,752,702.67	6,020,147,479.47	-2.55

(II) Key financial indicators

Unit: Yuan Currency: RMB

Key financial indicators	Reporting Period (January–June 2020)	Corresponding period of last year (January–June 2019)	Change during the Reporting Period from corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.0139	0.0464	-70.08
Diluted earnings per share (RMB/share)	0.0139	0.0464	-70.08
Basic earnings per share after extraordinary items (RMB/share)	0.0010	0.0338	-96.99
Weighted average return on net assets (%)	0.37	1.22	Decreased by 0.85 percentage point
Weighted average return on net assets after extraordinary items (%)	0.03	0.89	Decreased by 0.86 percentage point

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

The decrease in net profit attributable to shareholders of the Company and net profit attributable to shareholders of the Company after deducting extraordinary profit and loss was mainly due to the decrease of the revenue and the decline of efficiency of the Company's intelligent factories and system engineering business, resulting from the increased competition in the industry market during the period. In addition, it was also due to a certain impact on the overall production and operation of the Company caused by the outbreak of the "COVID-19" pandemic and the prevention and control measures against it.

VIII. Differences between Accounting Data Prepared under Overseas and Domestic Accounting Standards

N/A

IX. Extraordinary Items and Amounts

Unit: Yuan Currency: RMB

Extraordinary items	Amount
Gains and losses from disposal of non-current assets	126,613.83
Government grants counted into the current profit and loss, except for those closely related to the ordinary operation of the Company and received constantly at a fixed amount or quantity according to certain standard based on state policies	2,803,032.17
Profit or loss from changes in fair values of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment gains from disposal of Financial assets held for trading, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other debt investments, excluding effective hedging activities related to ordinary business operations of the Company	4,624,960.61
Reversal of impairment provision of accounts receivable that have undergone individual impairment tests	2,411,885.00
Other net non-operating income and expenses other than the aforesaid items	6,349,524.73
Effects attributable to minority interests	-1,116,797.22
Effect of income tax	-3,444,682.87
Total	<u>11,754,536.25</u>

SECTION III OVERVIEW OF COMPANY'S BUSINESS

I. Information on principal activities, operating model and industry overview during the Reporting Period

(I) Principal activities

The Company takes smart manufacturing, smart city and electronic manufacturing services as its three main businesses. In the field of smart manufacturing, the Company committed to providing core equipment of smart manufacturing and smart manufacturing solutions based on Industrial Internet, and focus on developing complete sets of system equipment and system integration services for smart factories; in the field of smart city, it focuses on building a new smart city ecosystem based on 5G communication, artificial intelligence and big data technology, and focus on developing business cluster with smart transportation as its core and comprising of safe city, smart park, smart building and others; in the field of electronic manufacturing services, it provides customers with professional and efficient product R&D and electronic manufacturing services, principally develop green electronic manufacturing services with capabilities to realize smart, flexible, and lean manufacturing, the business covers 3C, new display module components, white electricity man-machine interaction display and control assembly, automotive electronics and communication equipment and other fields, products are widely used in consumer electronics, communications, automotive and other markets.

(II) Operating model

Guided by demands of market and customers, the Company adheres to the basic principle of taking charge of production and operation according to market demands, improves its management through reform and innovation, enhances its core competitiveness through technological innovation, and consolidates its development foundation by overall lean management to contribute to high-quality development of the Company.

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

(III) Industry overview

In the first half of 2020, affected by the outbreak of the "COVID-19" pandemic, the operating income of electronic information manufacturing enterprises decreased significantly, operating cost increased and the overall profits declined. The major impact of the pandemic on enterprises was mainly reflected in: increasing pressure from costs, lack of regular supply of raw material and parts and components from the upstream, and the blocked sales channels for products (services). Since the beginning of the second quarter, the production and operation have gradually resumed.

Since the beginning of 2020, the increasing deepening and refining of the concept of new infrastructure has greatly driven the fast development of smart city, smart manufacturing and electronic manufacturing services. In May 2020, the "Government Work Report" released by the State Council proposed that, the "two new and one heavy", namely, the new infrastructure construction, the new urbanization and the major project construction of transportation and water conservancy, are given priority. The new infrastructure primarily involves three aspects: firstly, the information infrastructure, mainly referring to the infrastructure based on the evolution of a new generation information technology, such as the communication network infrastructure represented by 5G, Internet of Things, industrial Internet, satellite Internet, the new technology infrastructure represented by artificial intelligence, cloud computing, block chain and others, the computing power infrastructure represented by data centre and intelligent computing centre, etc.; secondly, the combined infrastructure, mainly referring to the deep application of the Internet, big data, artificial intelligence and other technologies, for supporting the transformation and upgrading of the traditional infrastructure, and further formulating the combined infrastructure, for instance, the smart transportation infrastructure, smart energy infrastructure, etc.; thirdly, innovative infrastructure, mainly referring to the infrastructure in the nature of public welfare for supporting scientific research, technology development, product research and manufacture, such as major scientific and technological infrastructure, science and education infrastructure, industrial technology innovation infrastructure, etc.

The construction of a new smart city is listed in the national "13th Five-Year Plan" and is one of the important strategic layout of the country. The new smart city refers to the utilize of the next-generation information technology and big data to manage the city's operating system in an integrated and systematic way on the basis of putting emphasis on intelligent infrastructure, public service facilitation, and refined social governance so as to make all functions in the city work intelligently and coordinately, accordingly the comfort and satisfaction of citizens will be comprehensively improved. In the process of the development of new smart cities, 5G and big data will play an important role as new infrastructure. As an important element of smart cities, in 2020, more than 50 urban rail transit lines are expected to be opened nationwide. In addition to urban rail transportation, the suburban railway, intercity railway and high-speed rail also ushered in a huge development space. In particular, with increasing close connection between the central cities and the surrounding areas, the pattern of "central cities – metropolitan areas – urban clusters" is leading to the development of regional economy.

As one of the five major projects of "Made in China 2025" (《中國製造2025》), intelligent manufacturing engineering has become an important channel for China to build itself into a manufacturing power. The industrial internet, as the basis for the development of intelligent manufacturing, combining with technologies such as the Internet of Things (物聯網), big data, artificial intelligence and 5G communications and deeply integrating with traditional manufacturing, has significantly improved the efficiency of manufacturing and driven the transformation and upgrading of traditional manufacturing. The industrial internet would be well integrated with 5G technology and become an important application scenario in the 5G era in the future. From the time the concept of "Industrial Internet" was proposed in 2012 to its inclusion in the "Government Work Report" in 2020 as a part of new infrastructure, the industrial Internet construction of China is accelerating.

With the increasingly enhancement of the overall competitiveness of the electronic manufacturing industry in China and the huge demand in the electronic products consumer market, leading electronic brand owners in the world are advancing into China, transferring the global electronic manufacturing base to China, many EMS providers have made investments to set up factories in China. A relatively complete electronic industrial cluster has been developed in the Yangtze River Delta, the Pearl River Delta and the Bohai Rim, and the upstream and downstream supporting industrial chain centered on such industries as consumer electronics, communication equipment, computer and network equipment has produced an industrial agglomeration effect. On the one hand, a group of EMS providers characterized by contracts and outsourcing as well as a batch of components and devices manufactures have grown up around the multinational electronics brand business enterprise; on the other hand, self-owned brand companies of China also benefit their own production capacity to take the outsourcing electronic manufacturing services for multinational companies while producing their own brand products, which has effectively promoted domestic EMS companies to enter the supply chain system of international brands.

II. Explanation on substantial changes of major assets of the Company during the Reporting Period

As at 30 June 2020, total assets of the Company was RMB5,866,752,700, total liabilities of the Company was RMB2,161,932,900 and asset-liability ratio of the Company was 36.85%. Compared with the end of last year, total assets represent a decrease of 2.55%, asset-liability ratio decreased by 1.88 percentage point. The total assets declined slightly, of which the overseas assets amounted to RMB116,278,400, representing 1.98% of total assets.

III. Analysis of core competitiveness during the Reporting Period

1. The Company adhered to the strategic policy of independent innovation to drive industrial development and actively promoted technological innovation. The Company established an industrial technology research room at its headquarter to strengthen industrial planning and structural adjustment; the industry company currently has nearly 700 in-service R&D personnel, and has 1 state-level and 7 provincial-level R&D centers. The R&D centers have closely integrated with the current industrial development direction of the Company, and have strong ability of digestion, absorption and re-innovation. While satisfying the development of the industry, it actively tracks the cutting-edge technologies in the industry and conducts technical pre-research and prediction.
2. The Company currently has nearly 400 patents, including over 100 patents for invention. At the same time, the Company made great efforts to push forward the intellectual property rights strategy and brand strategy, eliminated "low-value" patents and "dormant" patents, and increased the proportion of basic patents and core patents; it has made new progress in brand promotion, further improving brand awareness and influence.
3. The Company attached great importance to the quality of products, always adhered to the concept of quality for survival, firmly established the awareness of quality first, and continued to promote the improvement of ISO9001 quality management system, ISO14001 environmental management system and ISO45001 occupational health and safety management system of the Company.
4. Smart manufacturing, smart city and electronic manufacturing service, as the main businesses of the Company, are all key industries developed by the country, with great market potential and long industrial life cycle. The Company is actively seeking for opportunities brought by the new infrastructure of the state, keeping up with key technologies in the 5G communications, big data, cloud computing, artificial intelligence and other industries, combining these new generation of information and communications technologies with its own industries, and looking for breakthroughs to comprehensively advance the industrial transformation and upgrading and product innovation of the Company.

Smart manufacturing has transformed from developing and manufacturing automated stand-alone machines to providing customers with overall solutions for smart factories. It has gradually entered the markets of military intelligent manufacturing and intelligentization transformation of traditional enterprises, and successively undertaken several key projects of the state ministries and commissions and the government of Jiangsu Province.

Nanjing NCC Project, constructed by the Company, has been reviewed and approved by the experts, which marked a solid step forward for the "Panda" rail transit industry to the "Diversity" development in NCC system based in big data platform, expanding a new product category, and the NCC system has involved a number of domestic pioneering technologies. The development of ACC/AFC/NCC industry is in the leading position in the first echelon among domestic counterparts. Big data analysis and mobile payment technology have accumulated to a certain extent. At present, the opening of more than 50 lines in 13 cities in China has been completed.

Safety city highlights smart industry solutions based on emergency communication command systems and integrated security systems, expands product categories and industry applications, and focuses on breakthroughs in businesses such as public security and urban management, etc.

The Company has shifted the focus of the smart broadcasting industry to the emergency broadcasting, special power supply and other industries, seeking development with core capabilities. In the face of the sudden outbreak of "COVID-19" pandemic, the "Panda" emergency broadcast system was quickly put into this mass prevention and control battle under the emergency command of multiple provinces and cities, and played a major role in building grassroots pandemic prevention and control propaganda. The main position has formed a good reputation and established brand reputation. The special power supply introduced a technical team, and the overall research and development capabilities have been qualitatively improved, laying the foundation for the next step in the development of standardized products and the new energy power supply market.

Electronics manufacturing actively seeks new customers, and ODM has made substantial progress in its transformation, entering the white goods and automotive electronics fields, and becoming a qualified supplier of many well-known domestic and foreign companies.

SECTION IV DISCUSSION AND ANALYSIS OF THE OPERATION

I. The discussion and analysis of the operation

In the first half of 2020, in response to the complicated situation of significantly increasing risks and challenges in every aspects, the Company accelerated the promotion of industry transformation and upgrade, deeply implemented a comprehensive lean management, strengthened the quality enhancement, cost deduction and efficiency improvement, focused on building its core competitiveness, advanced the high-quality and sustainable development of the Company. During the Reporting Period, the Company recorded the operating income of RMB1,714,155,000, the total profit of RMB48,191,300, and the net profit attributable to the shareholders of the parent company of RMB12,683,200.

(I) Analysis of principal operations

1. Analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Change (%)
Operating income	1,714,155,014.36	2,129,345,776.54	-19.50
Operating costs	1,473,529,076.93	1,823,553,320.49	-19.19
Cost of sales	24,169,354.68	21,892,592.48	10.40
Administrative expenses	111,969,241.96	105,415,293.63	6.22
Financial expenses	897,662.47	-323,696.96	N/A
R&D expenses	82,730,115.43	103,493,120.42	-20.06
Net cash flows from operating activities	88,278,305.28	-302,748,167.59	N/A
Net cash flows from investment activities	56,497,866.06	-167,394,063.22	N/A
Net cash flows from financing activities	-9,948,582.15	-27,932,923.84	N/A
Other income	8,490,572.39	5,766,281.17	47.25
Gain from change in fair value	567,858.44	2,975,260.27	-80.91
Credit impairment losses	-275,560.22	-4,102,573.57	N/A
Assets impairment losses	-3,479,946.92	-13,210,343.27	N/A
Gains on disposal of assets	126,613.83	190,885.76	-33.67
Non-operating income	7,039,751.70	2,607,172.95	170.01
Non-operating expenses	521,218.12	305,589.45	70.56

Reasons for the changes:

- (1) Decrease of operating income: Mainly due to the increase in industrial competition, the decrease in the income from the intelligent factory and system engineering business of the Company during the period, and additionally, a certain impact on the overall production and operation of the Company caused by the outbreak of the "COVID-19" pandemic and the prevention and control measures against it;
- (2) Decrease of operating costs: Mainly due to the decrease in the income and corresponding decrease in costs from the intelligent factory and system engineering business of the Company during the period;
- (3) Increase of cost of sales: Mainly due to the increase in salary and wages expenses of the sales staff;
- (4) Increase of administrative expenses: Mainly due to increase in depreciation amortization during the period;
- (5) Increase of financial expenses: Mainly due to the period-on-period increase in exchange losses as a result of the RMB exchange rate changes;
- (6) Decrease of R&D expenses: Mainly due to the decrease in the R&D expenses related to materials, fuels and power during the period;
- (7) Increase of net cash flows from operating activities: Mainly due to cash received from sales of goods during the period;
- (8) Increase of net cash flows from investment activities: Mainly due to expiration of wealth management products purchased from banks;
- (9) Increase of net cash flows from financing activities: Mainly due to the increase in the notes discounted during the period;
- (10) Increase of other income: Mainly due to the period-on-period increase in government subsidy relating to operations activities during the period;
- (11) Decrease of gain from change in fair value: Mainly due to gains from the change in fair value of financial assets held for trading during the period;

- (12) Decrease of credit impairment losses: Mainly due to the period-on-period decrease in provision for impairment losses of financial assets during the period;
- (13) Decrease of assets impairment losses: Mainly due to provision for impairment of long-term equity investments during the previous period;
- (14) Decrease of gains on disposal of assets: Mainly due to the decrease in gain from the disposal of non-current assets;
- (15) Increase of non-operating income: Mainly due to the tax prepaid in previous period been refunded during the period;
- (16) Increase of non-operating expenses: Mainly due to the period-on-period increase in donation expenses during the period.
2. Others
- (1) Explanation on material changes in the Company's profit structure or sources: N/A
- (2) Others: N/A

(II) Explanation on material changes from non-principal business: N/A

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Remarks
Notes receivable	28,725,176.72	0.49	21,780,418.49	0.36	31.89	Mainly due to the increase in the sales of goods settled by notes during the period
Prepayments	228,701,640.11	3.90	113,341,943.82	1.88	101.78	Mainly due to the advance payment for purchasing raw materials during the period
Other receivables	63,349,358.18	1.08	48,020,435.60	0.80	31.92	Mainly due to the increase in the deposits paid during the period
Contract assets	317,298,448.17	5.41	541,978,173.94	9.00	-41.46	Mainly due to the contract assets recognised at the beginning of the period were included in receivables during the period
Other current assets	30,369,801.01	0.52	55,089,857.84	0.92	-44.87	Mainly due to the receipt of the incremental retention tax credit refunded in the period and others under 2019 No. 39 of Ministry of Finance
Other non-current assets	38,446,885.47	0.66	55,275,624.94	0.92	-30.44	Mainly due to the retention money withdrew from certain projects with retention period over one year during the period
Short-term loans	0	0	60,000,000.00	0.83	-100.00	Mainly due to the repayment of the short-term loans to the bank during the period
Staff salaries payable	22,294,712.91	0.38	39,274,102.16	0.65	-43.23	Mainly due to the payment of salaries, bonuses and wages expenses during the period
Lease liabilities	13,205,076.94	0.23	8,926,407.51	0.15	47.93	Mainly due to the increase in the operating lease with lease period over one year

2. Main restrictions on assets as at the end of the Reporting Period

Unit: Yuan Currency: RMB

Item	Carrying value at the end of the period	Reasons for the restriction
Monetary funds	<u>195,166,323.82</u>	Deposits of acceptance, performance, letter of credit
Total	<u><u>195,166,323.82</u></u>	

3. Other explanations: N/A

(IV) Analysis of investments

1. Overall analysis of equity investment

In the first half of 2020, the Company cautiously and normatively made investments in fixed assets and relevant projects in accordance with the capital expenditure budget and actual operating conditions.

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

Unit: Yuan Currency: RMB

Item	Closing balance	Initial investment cost	Sources of fund	Purchased	Sold	Investment income	Change in fair value
Receivables financing (notes receivable)	291,443,113.33	347,259,336.87	Sales amount	469,165,757.97	524,981,981.51		
Financial assets held for trading (wealth management products)	216,037,684.93	300,000,000.00	Self-owned fund	605,000,000.00	690,000,000.00	4,057,102.17	567,858.44
Investment in other equity instruments (Jiangsu Urban Mass Transit Research & Design Institute Co., Ltd.)	4,052,669.32	3,650,000.00	Self-owned fund				17,130.03
	<u><u> </u></u>	<u><u> </u></u>		<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

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

(VI) Analysis of major subsidiaries and investee companies

1. Information of major subsidiaries

From January to June 2020, the Company has further adjusted its industrial and product structure, "disconnected" industries and products that has no clear development prospects, and actively expanded to new markets and fields. At present, the main subsidiaries are operating in an orderly manner. The overview of major subsidiaries is set out below:

Unit: 0'000 Currency: RMB

Subsidiary	Major products or services	30 June 2020			January to June 2020		
		Registered capital	Percentage of shareholding	Total assets	Net assets	Operating income	Net profit
Nanjing Panda Electronics Equipment Co., Ltd.	Manufacture and sale of automatic transmission equipment and industrial robots	19,000.00	100%	75,821.83	25,635.78	10,005.44	-4,553.36
Nanjing Panda Information Industry Co., Ltd.	Production and sale of AFC and ACC systems and equipment of railway transit, building intellectualization and system integration	USD3,194,6435	82%	137,540.34	46,293.07	38,659.96	2,098.86
Nanjing Panda Electronic Manufacture Co., Ltd.	EMS services	USD2,000	75%	109,977.56	54,438.51	65,554.18	2,281.50
Nanjing Panda Communications Technology Co., Ltd.	Manufacture and sale of mobile communication, digital communication and network communication systems and products	10,000.00	100%	26,576.02	16,411.43	6,392.50	-116.96
Nanjing Panda Xinxing Industrial Co., Ltd.	Property and catering services	2,000.00	100%	6,699.09	4,458.13	5,568.43	34.25
Nanjing Panda Electronic Technology Development Company Limited	Manufacturing of general purpose equipment, software development, and property management	70,000.00	100%	65,840.19	59,803.25	1,430.49	-269.60
Shenzhen Jinghua Electronics Co., Ltd.	Research and development, manufacturing and sales of communication equipment and digital products	11,507.00	43.34%	51,489.21	36,086.69	25,669.19	3,092.74
Chengdu Panda Electronic Technology Co., Ltd.	SMT products	5,000.00	100%	41,993.31	3,867.24	21,116.54	1,676.27

For details of investment cost and its changes, please refer to part of the relevant contents of "Notes to Principal Items of the Parent Company's Financial Statement" in Notes to Financial Statements.

Orders in the intelligent factory and system engineering business of Nanjing Panda Electronics Equipment Co., Ltd. were decreased due to the increase in industrial competition, which resulted in a significant decrease in its operating income and the net profit during the period.

2. Information of major investee companies (January to June 2020)

Unit: 0'000 Currency: RMB

Name of investee company	Operating income	Net Profit	Equity interests held by the Company	Investment Income received by the Company
Nanjing Ericsson Panda Communication Co., Ltd. ("ENC")	462,063.51	9,000.15	27.00%	2,430.04

ENC was set up on 15 September 1992 with a total investment of US\$40.88 million and a registered capital of US\$20.9 million. ENC is held as to 27% by the Company, 51% by Ericsson (China) Company Limited, 20% by China Potevio Co., Ltd., and 2% by Yung Shing Enterprise, Hong Kong. ENC mainly engages in production of mobile telecommunication system equipment and public network communications system equipment, etc. As the biggest production and supply center of Ericsson in the world, ENC is now mainly in charge of the industrialization and mass production of the products that Ericsson Company Limited developed and provides delivery and shipment to customers worldwide.

Operating revenue of ENC from January to June 2020 amounted to RMB4,620,635,100, representing a period-on-period decrease of 6.08%; net profit amounted to RMB90,001,500, representing a period-on-period decrease of 1.27%. Reason(s) for changes in the main indicators: as affected by the pandemic, the decrease in orders resulted in the decrease in operating revenue and net profit over the same period of last year.

(VII) Structured entities controlled by the Company: N/A

II. Other Matters

(I) Warnings on any potential loss in accumulated net profit for the period from the beginning of the year to the end of next Reporting Period or any material changes from the corresponding period of last year and the explanations thereof

The Company's intelligent factories and system engineering business recorded a decrease in revenue and a decline in efficiency during the period, resulting from the increased competition in the industry market. In addition, it was also due to a certain impact on the production and operation of the Company caused by the outbreak of the "COVID-19" pandemic and the prevention and control measures against it. The Company forecasts that the accumulated net profit attributable to the parent company for the period from the beginning of the year to the end of the next Reporting Period will decrease by approximately 65% as compared to the corresponding period of last year.

(II) Potential risks

1. Business Structure and Transformation Risks

Under the impact of the complicated and volatile economic situation at home and abroad, the Company is still facing business structure and transformation risks in its development, which need to be adjusted and controlled for a long term. The smart manufacturing, smart city and electric manufacturing service businesses of the Company are running up against intensive competition, which will bring about challenges for the Company in capturing a niche in the market and seeking for high-quality development in the future. On the one hand, the Company needs to pay close attention to the industry trend and market demand, and meanwhile accomplish internal new products R & D and technological upgrading with breakthrough in key and core equipment and technology based on its actual situation, accelerate the adjustment of industrial structure and product portfolio, to comprehensively improve the Company's operation profit. On the other hand, in terms of the management of the Company, the Company needs to adhere to the in-depth promotion of overall lean management and cost-reducing and efficiency-improving work, ensuring the precision, efficiency and coordination of all aspects of the management of the Company. Moreover, the Company needs to intensify the introduction and cultivation of talent team, and increase efforts on application of new technology and research and development of new products to step up its brand influence, so as to provide a strong driving force and powerful guarantee for the reform and development of the Company.

2. Operating Risks

As core technologies of smart manufacturing such as communication, big data and control algorithm are mainly under the control of foreign companies, the Company is still seeking for breakthroughs in independent core technology and following emerging technologies at the present stage, and is incapable of completely independently master certain core and critical technologies. In particular, the industrialized application of industrial robot products only takes up a small proportion. Considering its current actual condition, the Company will continue to increase input in the facilities, materials, funds and personnel for the R&D of the existing technologies on the one hand, and on the other hand master international and domestic leading technologies at a higher pace through various approaches such as external introduction and internal alliance and industry-university cooperation. In terms of industrial Internet, the Company should, by virtue of the guidance of state industrial policies, deeply explore the value of industrial services, actively seek new business models which are innovative and profitable, targeting at industrial customers; through the deep integration of informatized management and equipment automation, establish an intelligent manufacturing system featuring integrated design and manufacturing, intelligent management, informatized data and automated control. In addition, affected by the factors such as external situation and its own operation, the Company is facing risks related to overdue accounts receivables to some extent. The Company will pay continuous attention to its accounts receivables and relevant situation, strength control throughout the whole process, and take multiple measures to try to control the scale of accounts receivable within the Company's target range.

3. Others

The international economic situation, Sino-US trade war and the rampant spread of the COVID-19 pandemic are the severe and complicated macroeconomic situation faced by the Company. Accordingly, the Company plans to improve its anti-risk ability based on the promotion of the awareness of "compliance with the law" and perfection of risk prevention and response mechanism during its business transaction with foreigners; meanwhile, it will actively seek new business growth point to allocate the loss of business. The Company will continue to pay close attention to the development situation of the pandemic and actively response to its impact on the Company's financial condition and operating results.

(III) Other disclosures

1. Liquidity of capital

As shown in the consolidated financial statements of the Company prepared under the PRC Accounting Standards for Business Enterprises, as at 30 June 2020, the Company's gearing ratio (the ratio of total liabilities to total assets) was 36.85%, current liabilities amounted to RMB2,114 million, liquidity ratio was 1.96, quick ratio was 1.50, bank deposits and cash amounted to RMB999 million, and short-term bank and other loans amounted to RMB0 million.

According to the announcement of the National Interbank Funding Center authorized by the People's Bank of China, during the Reporting Period, as of 22 June 2020, the LPR for 1-year was 3.85%, and the LPR for more than 5-year was 4.65%; as of 20 August 2020, the LPR for 1-year was 3.85%, and the LPR for more than 5-year was 4.65%.

2. Purchase, sale or redemption of the Company's listed shares

During the Reporting Period, the Group did not purchase, sell or redeem any of the Company's listed shares.

3. Pre-emptive rights

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

4. 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 staff of the Company or any of their spouses or children under 18 to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other corporate bodies.

5. Liability insurance for its directors, supervisors and senior management

During the Reporting Period, the Company purchased liability insurance for its directors, supervisors and senior management in compliance with relevant requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

6. Corporate Governance

During the Reporting Period, the Company has complied with the provisions under the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

7. During the Reporting Period, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules regarding securities transactions by the directors. Having made specific enquiries to all directors of the Company, the directors have confirmed that they complied with the Model Code issued by the Hong Kong Stock Exchange.

8. Pursuant to paragraph 40 of Appendix 16 to the Listing Rules, save as disclosed herein, the Company confirms that the current information in relation to those matters set out in paragraph 32 of Appendix 16 to the Listing Rules has no material change as compared to the information disclosed in the 2019 Annual Report of the Company.

9. Audit committee

The audit committee and the management of the Company have reviewed the accounting principles and accounting standards and methods adopted by the Company, discussed the matters relating to internal control and reviewed the interim results for the Reporting Period. The audit committee is of the opinion that the relevant financial report complies with the applicable accounting standards and laws and that adequate disclosure has been made.

The audit committee convened a meeting on 30 March 2020 to review 2019 financial report of the Company and the summary report on audit work in 2019 performed by BDO China Shu Lun Pan Certified Public Accountants LLP and agreed to submit the same to the Board for review. The appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international, domestic and internal control auditors for 2020 was agreed at the meeting and relevant proposal was submitted to the Board for consideration.

Having reviewed the unaudited financial report of the Company for the six months ended 30 June 2020, the audit committee is of the opinion that the financial report complies with the applicable accounting standards and laws and that adequate disclosure has been made.

SECTION V SIGNIFICANT EVENTS

I. 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
2020 first extraordinary general meeting	2020-03-26	www.sse.com.cn	2020-03-27
2020 First A Shareholders Class Meeting	2020-03-26	www.sse.com.cn	2020-03-27
2020 First H Shareholders Class Meeting	2020-03-26	www.sse.com.cn	2020-03-27
2019 annual general meeting	2020-06-29	www.sse.com.cn	2020-06-30

Description of general meeting:

1. The 2020 first extraordinary general meeting, the 2020 First A Shareholders Class Meeting and the 2020 First H Shareholders Class Meeting were held successively on 26 March 2020. At the 2020 first extraordinary general meeting, the following resolutions were considered and approved: the Amendments to the Articles of Association, the Amendment of the Rules of Procedure for the Shareholders' Meeting of the Company, the Election of Directors for the Ninth Session of the Board of the Company. At the 2020 First A Shareholders Class Meeting and the 2020 First H Shareholders Class Meeting, the resolutions in relation to the Amendments to the Articles of Association, the Amendment of the Rules of Procedure for the Shareholders' Meeting of the Company were considered and approved. For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 27 March 2020 and on the website of Hong Kong Stock Exchange on 26 March 2020, respectively.
2. The 2019 annual general meeting of the Company was held on 29 June 2020, at which the resolutions in relation to the following matters were considered and approved: the Work Report of the Board of Directors of the Company for the Year 2019, the Work Report of the Supervisory Committee of the Company for the Year 2019, the Audited Financial Reports of the Company for the Year 2019, the Financial Budget Report of the Company for the Year 2020, the Profit Appropriation Plan of the Company for the Year 2019, the Resolution on the Appointment of the Auditor for the Year 2020, the Resolution in relation to Adjusting the Annual Remuneration Limit for the Company's Senior Management, the 2019 Annual Report of the Company and its Summary, the Report of the Independent Directors of the Company for the Year 2019, and the resolutions in relation to the provision of guarantee to subsidiaries, the election of directors of the ninth session of the Board and the relevant matters, and the election of non-employee supervisor of the ninth session of the supervisory committee of the Company. For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 30 June 2020 and on the website of Hong Kong Stock Exchange on 29 June 2020, respectively.

II. Plan for Profit Distribution or Capitalization of Capital Reserve

(I) Plans for profit distribution and capitalization of capital reserve for the first half year

The Company will not make any profit distribution or to convert any capital reserve into share capital for the first half of 2020.

(II) Implementation of or adjustment to the profit distribution plan during the Reporting Period

The resolution in relation to the profit distribution plan for the year 2019 was considered and approved at the fourteenth meeting of the ninth session of the Board of the Company and the 2019 annual general meeting of the Company, pursuant to which, a cash dividend of RMB0.175 (tax inclusive) for every ten shares was distributed to all the shareholders on the basis of a total share capital of 913,838,529 shares as at 31 December 2019, with the total cash dividend distributed amounting to RMB15,992,174.26 and the remaining profits to be carried forward to next year. The Company would not make any distribution of capital reserve. As at the date of this report, the profit appropriation plan had been duly implemented. For details, please refer to the announcements published by the Company in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 31 March 2020, 30 June 2020 and 7 July 2020 and on the website of Hong Kong Stock Exchange on 30 March 2020, 29 June 2020 and 6 July 2020, respectively.

III. Fulfillment of Undertakings

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

Background of undertakings	Types of undertakings	Party making undertaking	Contents of undertaking	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or no	Description of specific reasons if not perform timely	Description of plans in next steps if not perform 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	CE	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

Background of undertakings	Types of undertakings	Party making undertaking	Contents of undertaking	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or no	Description of specific reasons if not perform timely	Description of plans in next steps if not perform timely
Undertakings relating to refinancing	Avoidance of horizontal competition	PEGL	(1) PEGL and its subsidiaries have no projects or assets which constitute horizontal competition with the principal operations of the Company, (2) PEGL and its subsidiaries would not engage in the same or similar business as/to that of the Company and its subsidiaries in any form (including such forms as investment, acquisition, operation, merger and entrusted operation inside or outside the PRC), (3) In the event of business competition with the Company and its subsidiaries, the PEGL and its subsidiaries would terminate production and operation, or integrate such competing business into the Company, or transfer such competing business to 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 in the business which PEGL and its subsidiaries is engaging in or will engage in, PEGL and its subsidiaries will timely transfer or terminate such business upon objection by the Company, if the Company further requests to acquire such business, PEGL and its subsidiaries will, unconditionally, transfer the aforesaid business and assets to the Company with priority based on the fair price as audited or appraised by agencies qualified to deal in securities and futures related business. (6) If this letter of commitment proves to be untrue or not observed, PEGL will indemnify the Company and its subsidiaries for all direct and indirect losses. (7) PEGL confirms that each commitment contained in this letter of commitment is independently executable, and any one commitment, if deemed invalid or terminated, shall not affect the validity of other commitments. (8) This letter of commitment is effective from the date of signing.	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

Background of undertakings	Types of undertakings	Party making undertaking	Contents of undertaking	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or no	Description of specific reasons if not perform timely	Description of plans in next steps if not perform timely
	Standardization and avoidance of connected transactions	PEGL	(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, comply with approval procedures and the information disclosure obligation in accordance with statutory procedures, and refrain or abstain from voting at board meetings and/or general meetings, so as to procure such connected transaction can be conducted in compliance with the principle of "fairness, justice and openness" and on normal commercial terms and conditions, and ensure such connected transactions will not harm the legitimate interests and rights of the Company and other shareholders.	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
Other undertakings	Others	CEC	Due to the abnormal fluctuation of the domestic stock market, the Company received declaration documents from CEC as follows: (1) as a responsible shareholder, CEC will proactively take social responsibilities and will not decrease its shareholding in the listed company during the abnormal fluctuation period in stock markets.(2) CEC made commitment to actively explore and execute measures including repurchase, increasing shares, etc. within the permitted scope of law and regulations; to increase shareholding of shares in the listed company when the stock price considerably deviates from its share value, in order to protect the benefit of investors.(3) CEC will continue to improve the quality of the 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.	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 had strictly fulfilled their respective undertakings.

IV. Appointment and Removal of Auditors

At the fourteenth meeting of the ninth session of the Board, the resolution in relation to the appointment of the auditors for 2020 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 2020 and that their remuneration be determined within the limit of RMB2.10 million and it was agreed that the same be submitted to the 2019 annual general meeting of the Company for shareholders' consideration.

The 2019 annual general meeting of the Company considered and approved the reappointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the Company's international auditor, PRC auditor and internal control auditor for 2020, and authorized the Board to determine their remuneration within the limit of RMB2.10 million.

For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 31 March 2020 and 30 June 2020 and on the website of Hong Kong Stock Exchange on 30 March 2020 and 29 June 2020.

V. Bankruptcy and restructuring related matter: N/A

VI. 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.	Ni	Litigation	In January 2018, Information Industry Company and Hangzhou Guoxin Vision Technology Co., Ltd. entered into "3256 (Village to Village Special Type) Purchase and Sales Contract". However, Hangzhou Guoxin Vision Technology Co., Ltd. failed to deliver goods according to the time specified in the contract, causing the cancellation of the contract by the customer of Information Industry Company.	1,463.04	N/A	Nanjing Cixia District People's Court has held a hearing on 29 June 2020. The two parties exchanged cross-examination opinions on the evidence of the case, and waited for the notice for next court session to conduct court investigation.		

(III) Other explanations: N/A

VII. Punishment and rectification to the listed Company, its directors, supervisors, senior management, controlling shareholder, ultimate controller and acquirers: N/A

VIII. Explanation on credibility status of the Company, its controlling shareholder and ultimate controller during the Reporting Period: N/A

IX. Share incentive scheme, employee shareholding scheme and other employee incentives and their impacts: N/A

X. Material Connected Transactions

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

1. Matters disclosed in interim announcements with no progress or change in the follow-up implementation: N/A
2. Matters disclosed in interim announcements with progress or change in the follow-up implementation

On 7 November 2018, 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 ninth session of the Board, at which the directors or senior management of the Company were authorized to enter into the Financial Cooperation Agreement. It was stipulated that the cap for the fund settlement balance (deposit services) of the Group with Financial Company maintained at RMB500,000,000 and the cap for the comprehensive credit balance (loans, guarantee and other credit financing services) provided by Financial Company to the Group maintained at RMB600,000,000. The agreement was effective from obtaining approval of independent shareholders at the extraordinary general meeting for a term of three years. The entering into of the Financial Cooperation Agreement was 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. Such continuing connected transaction was considered and approved at the 2018 first extraordinary general meeting of the Company on 28 December 2018. For details, please refer to the relevant announcements published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange respectively on 8 November 2018 and 29 December 2018 and H share circular despatched on 11 December 2018.

On 30 March 2020 and 27 August 2020, the ninth session of the Board of the Company held the fourteenth meeting and sixteenth meeting, respectively, at which the Risk Assessment Reports of China Electronics Financial Co., Ltd. was considered and approved to assess the deposit risk in the Financial Company. After reviewing, no material deficiency in relation to the risk management of financial statements of the Financial Company was found to exist as of 31 December 2019 and 30 June 2020. Please refer to the relevant announcements published on the website of Shanghai Stock Exchange on 31 March 2020 and 28 August 2020 and published on the website of Hong Kong Stock Exchange on 30 March 2020 and 31 August 2020 for more details.

As at 30 June 2020, the comprehensive credit balance (loans, guarantee and other credit financing services) provided by Financial Company to the Group was RMB18,070,000 and the fund settlement balance (deposit services) of the Group with Financial Company was RMB474,350,000. As at 26 August 2020, the comprehensive credit balance (loans, guarantee and other credit financing services) provided by Financial Company to the Group was RMB26,490,000 and the fund settlement balance (deposit services) of the Group with Financial Company was RMB313,820,000. The connected transactions between the Group and Financial Company were also confirmed by the independent non-executive directors that the comprehensive credit balance and fund settlement balance did not exceed the approved annual caps.

3. Matters not disclosed in interim announcements

Unit: 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				891.94	0.84			
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				174.17	0.16			
Nanjing Zhenhua Packing Material Factory	Subsidiary owned by shareholders	Purchase of goods				88.16	0.08			
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				75.31	0.07			
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				46.60	0.04			
Shenzhen China Electronics Investment Company	Subsidiary owned by shareholders	Purchase of goods				40.07	0.04			
China National Electronics Imp.&Exp. Corp (中國電子進出口總公司)	Subsidiary owned by shareholders	Purchase of goods				21.36	0.02			
Nanjing Panda Dasheng Electronics Technology Co., Ltd	Subsidiary owned by shareholders	Purchase of goods				6.42	0.01			
Chengdu China Electronic Panda Display Technology Co., Ltd	Other	Purchase of goods				5.02	0.00			
Nanjing Panda Electronics Import/Export Co., Ltd	Subsidiary owned by shareholders	Purchase of goods				4.31	0.00			
Nanjing China Electronics Panda Appliances Co., Ltd	Subsidiary owned by shareholders	Purchase of goods				4.18	0.00			
Guizhou Zhenhua Qunying Electrical Appliance Co. Ltd	Subsidiary owned by shareholders	Purchase of goods				2.02	0.00			
Guizhou Zhenhua Hualian Electronics Co., Ltd	Subsidiary owned by shareholders	Purchase of goods				1.38	0.00			
Nanjing Panda Handa Technology Co., Ltd	Subsidiary owned by shareholders	Purchase of goods				0.49	0.00			
Nanjing China Electronics Panda Crystal Technology Co., Ltd	Subsidiary owned by shareholders	Purchase of goods				0.25	0.00			

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market price	Reason for the difference between trading price and market price
Nanjing Panda Transport Co., Ltd	Subsidiary owned by shareholders	Receipt of services				230.08	1.28			
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Other	Receipt of services				96.85	0.54			
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				32.24	0.18			
Nanjing Panda Handa Technology Co., Ltd	Subsidiary owned by shareholders	Receipt of services				3.56	0.02			
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				33,413.77	22.72			
Chengdu China Electronic Panda Display Technology Co., Ltd	Other	Sale of goods				25,759.10	17.52			
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				7,518.92	5.11			
Nanjing Panda Handa Technology Co., Ltd	Subsidiary owned by shareholders	Sale of goods				3,532.94	2.40			
Shenzhen Jinghua Network Marketing Co., Ltd	Associate	Sale of goods				752.71	0.51			
Nanjing Panda Electronics Import/Export Co., Ltd	Subsidiary owned by shareholders	Sale of goods				539.60	0.37			
Feisheng (Shanghai) Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				460.21	0.31			
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Sale of goods				186.17	0.13			
Nanjing China Electronics Panda Appliances Co., Ltd	Subsidiary owned by shareholders	Sale of goods				126.62	0.09			
China Greatwall Technology Group Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				114.96	0.08			
Panda Electronics Import and Export (Hong Kong) Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				99.59	0.07			
China Electronic Material Suzhe Company	Subsidiary owned by shareholders	Sale of goods				37.00	0.03			
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				21.77	0.01			

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	Settlement	Reason for the difference between trading price and market price
							the amount of transactions of the same type (%)	method of the connected transaction	
Nanjing Electronics Information Industrial Corporation	Subsidiary owned by shareholders	Sale of goods				18.78	0.01		
Wuhan Zhongyuan Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				10.62	0.01		
Nanjing Huadong Electronic Information & Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				4.89	0.00		
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				4.06	0.00		
Sherzhen China Electronics Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				3.87	0.00		
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.58	0.00		
Nanjing China Electronics Modern Service Industry Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.47	0.00		
Nanjing China Electronics Panda Trade Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.29	0.00		
Panda Electronic Group Co., Ltd.	Controlling shareholder	Sale of goods				0.27	0.00		
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Other	Rendering of services				1,476.64	7.01		
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				236.09	1.12		
Panda Electronic Group Co., Ltd.	Controlling shareholder	Rendering of services				227.49	1.08		
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				174.68	0.83		
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				105.74	0.50		
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				72.21	0.34		
Chengdu China Electronic Panda Display Technology Co., Ltd.	Other	Rendering of services				72.17	0.34		
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Rendering of services				70.12	0.33		
Nanjing CEC Panda Illumination Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				37.56	0.18		

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	Proportion in	Settlement	Market price	Reason for the difference between trading price and market price
						the connected transaction	the amount of transactions of the same type (%)	method of the connected transaction		
Nanjing China Electronics Panda Appliances Co., Ltd	Subsidiary owned by shareholders	Rendering of services				14.14	0.07			
Nanjing Panda Electronics Import/Export Co., Ltd	Subsidiary owned by shareholders	Rendering of services				3.44	0.02			
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				0.73	0.00			
Shenzhen Jinghua Network Marketing Co., Ltd	Associate	Rendering of services				0.22	0.00			
Nanjing Panda Transport Co., Ltd	Subsidiary owned by shareholders	Leasing of assets				71.70	2.23			
Nanjing CEC-Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				33.42	1.04			
Shenzhen Jinghua Intelligent Technology Co., Ltd	Other	Leasing of assets				27.38	0.85			
Nanjing Panda Electronics Import/Export Co., Ltd	Subsidiary owned by shareholders	Leasing of assets				12.37	0.38			
Nanjing Panda Handa Technology Co., Ltd	Subsidiary owned by shareholders	Leasing of assets				7.87	0.24			
Shenzhen Jinghua Network Marketing Co., Ltd	Associate	Leasing of assets				1.16	0.04			
Total			/	/		76,976.92		/		/

Details on return of bulk sales N/A

Explanation on connected transactions During the Reporting Period, the continuing connected transactions conducted between the Group and CEC Group (including Financial Company), NEIIC Group and CEC Home Appliances (the continuing connected transactions which were conducted in the usual course of business and on normal commercial terms) were considered and approved at the extraordinary meeting of the ninth session of the Board of the Company and were approved by independent shareholders at the first extraordinary general meeting of 2018, 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 Shanghai Stock Exchange respectively on 8 November and 29 December 2018 and the H share circular dispatched on 11 December 2018. All connected transactions were confirmed by the independent non-executive directors of the Company and had not exceeded their respective annual caps.

These continuing connected transactions were conducive to the stability of the Group's production and operation, the terms of the connected transaction agreements were fair and reasonable with justice pricing, and the approval procedures were fulfilled in accordance with relevant regulations. In addition, these continuing connected transactions were conducted on normal commercial terms in the ordinary course of business and were in the interests of the Company and the shareholders as a whole, and have not affected the independence of the Company. For details of the continuing connected transactions between the Group and CEC Group (including Financial Company), NEIIC Group and CEC Home Appliances, please refer to the section headed "Related party relationship and transactions" in the notes to the financial statements contained in the 2020 interim report of the Company.

- (II) **No connected transactions in respect of asset or equity acquisition or disposal of the Company existed during the Reporting Period.**
- (III) **During the Reporting Period, the Company had no material connected transactions in respect of joint external investment.**

(IV) Transactions relating to creditor's rights and debts

1. Matters not disclosed in interim announcements

Unit: Yuan Currency: RMB

Connected party	Connected Relationship	Provision of funds to connected parties			Provision of funds to the Company by connected parties		
		Opening balance	Transaction amount	Closing balance	Opening balance	Transaction amount	Closing balance
Panda Electronics Group Limited	Controlling shareholder			6,743,156.84	-1,703,395.64	5,039,761.20	
China Electronics Import and Export Co., Ltd	Subsidiary owned by shareholders			195,539.62		195,539.62	
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder			86,700.00	-40,700.00	46,000.00	
Nanjing Panda Transport Co., Ltd	Subsidiary owned by shareholders			74,057.25	-53,828.50	20,228.75	
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders			22,907.00		22,907.00	
Nanjing Panda Technology Park Development Company Limited	Subsidiary owned by shareholders			20,000.00		20,000.00	
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Subsidiary owned by shareholders			5,880.00		5,880.00	
China Electronics Corporation	Indirect controlling shareholder				29,340.49	29,340.49	
Nanjing Panda Dasheng Electronics Technology Company Limited	Subsidiary owned by shareholders				200.00	200.00	
Nanjing Panda Handa Technology Co., Ltd	Subsidiary owned by shareholders				26,490.00	26,490.00	
Total					7,148,240.71	-1,741,893.65	5,406,347.06

Reason of creditor's rights and debts

Business dealings

Impact of creditor's rights and debts on operating results and financial position of the Company

There is no material impact of creditor's rights and debts on the operating results and financial position of the Company.

(V) Other material connected transactions: N/A

XI. Material Contracts and Their Execution

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

(II) Guarantees

Unit: 0'000 Currency: RMB

Relationship between guarantor and the listed company	Guarantees made by the Company (excluding those in favour of subsidiaries)							Overdue amount	Counter guarantee available	Guarantee provided to the related parties	Relationship
	Secured party	Guaranteed amount	Date of guarantee (agreement execution date)	Commencement date	Expiry date	Type of guarantee	Whether the guarantee has been fulfilled				
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 to subsidiaries)											0
Guarantees provided by the Company for its subsidiaries											
Total amount of guarantees provided to subsidiaries during the reporting period											85,500.00
Total balance of the amount of guarantees provided to subsidiaries at the end of the reporting period (B)											26,890.06
Total amount of guarantees made by the Company (including those in favour of subsidiaries)											
Total amount of guarantees (A+B)											26,890.06
Percentage of total guarantee amount in net assets of the Company (%)											7.81
Including:											
Amount of guarantees provided to shareholders, de facto controller and their related parties (C)											0
Amount of guarantees provided directly or indirectly to parties with a gearing ratio of over 70% (D)											0
Amount of total guarantees in excess of 50% of net assets value (E)											0
Total amount of the above three items (C+D+E)											0
Statement on the contingent joint and several liability in connection with unexpired guarantee											N/A
Statement on guarantee											

The said guarantees are provided by the Company to its subsidiaries. The asset-liability ratio of each secured parties was no higher than 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 in relation to the guarantees provided by the Company for its subsidiaries, please refer to the sections headed "Guarantee in related party transactions" in the notes to the financial statements contained in the 2020 interim report of the Company.

On 28 June 2019, the Company convened the annual general meeting of 2018, at which it was approved that the Company could provide a guarantee for the financing amount of no more than RMB1,030,000,000 in total for the relevant subsidiaries, with effective term from 1 July 2019 to the date of the annual general meeting of 2019, and the General Manager would be authorized to handle the matter, with full authority, regarding the provision of a guarantee for the financing of the subsidiaries during the effective term.

On 29 June 2020, the Company convened the annual general meeting of 2019, at which it was approved that the Company could provide a guarantee for the financing amount of no more than RMB955,000,000 in total for the relevant subsidiaries, with effective term from the date immediately after the conclusion of the annual general meeting of 2019 to the date of the annual general meeting of 2020, and the General Manager would be authorized to handle the matter, with full authority, regarding the provision of a guarantee for the financing of the subsidiaries during the effective term.

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 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.

(III) Other material contracts

Besides the daily business, the provision of guarantee for loans granted to its subsidiaries and wealth management with idle funds, the Company did not enter into other material contracts. Contracts for provision of guarantee for loans granted to its subsidiaries or for wealth management with idle funds had been published in China Securities Journal, Shanghai Securities News and on the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange.

XII. Poverty Alleviation of the Company

(I) Targeted poverty alleviation plan

In 2020, the Company implemented the deployment of the Plan for Ending Poverty and Raising Standard of Living of Nanjing Municipality in the "13th Five-Year Plan" Period (Ning Wei Ban Fa [2016] No. 13), and took great efforts to carry through the spirit of the Notice on Implementation of Partner Assistant Activities of "Ten Thousands of Party Members and Cadres Assisting Ten Thousands of Households" and "Hundreds of Enterprises Assisting Hundreds of Villages" and Promotion of Target Poverty Alleviation (《關於開展「萬名黨員幹部幫萬戶」、「百企掛鉤幫百村」結對幫扶活動·推進精準扶貧工作的通知》) of Nanjing Municipal Party Committee and Municipal Government. By taking into consideration of the actual situation of an undeveloped village paired up in Gaochun District, Nanjing City, the Company seriously researched and formulated efficient schemes for assisting the poverty-stricken households in the target village. The Company also fully implemented the measures on poverty alleviation of its target village to achieve the goals of targeted poverty alleviation set by Nanjing Municipal Party Committee and Municipal Government through a variety of means including the financial aid programs and donation to the poverty-stricken households.

(II) Summary of the targeted poverty alleviation during the Reporting Period

During the Reporting Period, the Company has not carried out the targeted poverty alleviation activities, which will be carried out in the second half of the year in accordance with the work plan.

(III) Results of the targeted poverty alleviation: N/A

(IV) Interim progress on performance of social responsibilities of targeted poverty alleviation: N/A

(V) Subsequent plan for targeted poverty alleviation:

In August 2020, according to the work requirements of the Nanjing Municipal Government on targeted poverty alleviation as well as the annual poverty alleviation plan of the Company, relevant persons in charge of Party-Mass Work Department, Labour Union and Youth League Committee of the Company will visit the village and carry out the activity of "assistance to students in fall semester". In December 2020, the Company will donate to and provide targeted financial assistance to the poverty-stricken families in the village.

XIII. Convertible Corporate Bonds: N/A

XIV. Environmental Information

(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 2020 (《關於印發2020年南京市重點排污單位名錄的通知》) issued by Nanjing Municipal Ecology and Environment Bureau on 27 March 2020, Huage Plastic, a third-tier wholly-owned subsidiary of the Company, was included in the list in terms of the atmosphere and soil (hazardous waste).

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 "Integrated Wastewater Discharge Standards" (《污水綜合排放標準》) (GB8978-1996) (COD \leq 500mg/L, and ammonia nitrogen \leq 35mg/L, suspended matters \leq 400mg/L and petroleum \leq 20mg/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 273.5 mg/L for COD, 4.535 mg/L for ammonia nitrogen, 9.25mg/L for suspended matter and 2.0975mg/L for petroleum respectively, and it had no excessive emission.

Three exhaust gas outlets on the roof of Block 5 Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently emitted toluene, xylene and non-methane hydrocarbon in compliance with the Grade II standard under "Emission Standards for Air Pollutants" (《大氣污染物綜合排放標準》) (GB16297-1996) (toluene \leq 40mg/m³, xylenes \leq 70mg/m³, non-methane hydrocarbons \leq 120mg/m³, 550mg/m³ for sulfur dioxide, 240mg/m³ for nitrogen oxide and 120mg/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 2.41mg/m³ for non-methane hydrocarbon, and no toluene, xylene, sulfur dioxide and nitrogen oxide detected and 12.15mg/m³ for particulate matter respectively, and it had no excessive emission.

2. Construction and operation of pollution prevention and control facilities

Exhaust gas treatment devices: 3 sets in total, the treatment adopted is as follows:

The exhaust gas discharged from the automatic paint coating production lines of the mechanical arms on the first floor of Block 5 Plant is treated by way of regenerative catalytic combustion. The exhaust gas from manual production lines on the second floor of Block 5 Plant is treated by way of activated carbon adsorption. The exhaust gas from the automatic production lines on the third floor of Block 5 Plant is treated by way of activated carbon adsorption and desorption + catalytic combustion. At present, the outlets on the first floor have been installed with online monitoring equipment and connected with the Municipal Environmental Protection Bureau and the Environmental Protection Bureau of Development Zone. It is expected that the installation and networking of the online monitoring equipment for the outlets on the third floor will be completed by the end of August 2020.

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 up to standard regularly every week.

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

Project name: Precision Injection Molding and Mold Making Relocation and Reconstruction Project of Nanjing Huage Appliance and Plastic Industrial Co., Ltd.; document number and time for EIA approval: Ning Huan Biao Fu [2012] No. 006, 8 February 2012; acceptance time and number: 22 October 2012, 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 for EIA approval: Ning Kai Wei Xing Shen Xu Ke Zi [2018] No. 267, 29 August 2018.

4. Emergency plan for emergency environmental incidents

Jiangsu Rainfine Environmental Science and Technology Co., Ltd. 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 320113-2018-038-L.
5. Environmental self-monitoring plan

A third-party institution (currently (Crown Pillar Monitoring Technology (Shanghai) Co., Ltd (頂柱監測技術(上海)股份有限公司) is engaged to carry out 1 to 2 times of wastes inspection each year. Number of the first half of 2020 monitoring report: TCC-HJ-19120504-a
6. Other discloseable environmental information

N/A

(II) Environmental protection by companies other than key pollutant discharging units:

The Company and its subsidiaries other than Huage Plastic do not belong to the key pollutant discharging units published by national environmental protection authorities. The Company practices the development concept of harmonious coexistence between human and nature, and actively responds to the national green development and the call of "protecting green hills and clear waters and building beautiful China", to create green products, green park and green industry and promote green, low-carbon and returnable industrial structure adjustment. In combination with its own business situation, the Company promoted the construction of environmental management system, formulated corresponding environmental management measures, and will continuously improve and implement them.

(III) Reasons for not disclosure of environmental information by the companies other than key pollutant discharging units: N/A

(IV) Description of the follow-up progress or changes in the environmental information disclosed during the Reporting Period: N/A

XV. Other Material Events

(I) Changes in accounting policies, accounting estimates and accounting methods compared with the previous accounting period, reasons thereof and their impact: N/A

(II) In case retrospective restatement is required for major accounting errors during the Reporting Period, the Company shall give explanations on the situation, amount affected, reasons thereof and its impact: N/A

(III) Others

During the Reporting Period, the Company 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, in view of its own actual situation, the Company continued to further refine its corporate governance structure and internal rules and systems, reinforced management of internal control and boosted the standard operation level of the Company. There were no material differences between the actual corporate governance of the Company and the regulative requirements of the Corporate Governance Standards for Listed Companies released by the CSRC. During the Reporting Period, the Company had 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.

SECTION VI CHANGES IN ORDINARY SHARES AND INFORMATION OF SHAREHOLDERS

I. Changes in Shares

(I) Changes in Shares

1. Particulars for changes in shareholdings

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

As at 27 August 2020, the latest practicable and recent date prior to the date of this interim 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 shareholdings: N/A

3. Impact of changes in shares occurred during the Reporting Period to the disclosure date of the interim report on the earnings per share, net asset value per share and other financial indicators (if any): N/A

4. 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. Shareholders

(I) Total number of shareholders

Total number of shareholders as at the end of the reporting period (*account*) 70,788 shareholders (including 70,762 A shareholders and 26 H shareholders)

(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

Name of Shareholder	Shareholdings of top ten shareholders of the Company			Number of shares held subject to trading moratorium	Pledged or locked up Status of shares	Number of shares	Type of shareholders
	Increase/Decrease during the reporting period	Number of shares held at the end of the reporting period	Percentage of shareholding (%)				
HKSCC (Nominees) Limited	6,424,817	250,614,284	27.42	0	Unknown		Overseas legal person
Panda Electronics Group Limited	0	210,661,444	23.05	0	Unknown		State-owned legal person
China Huarong Asset Management Co., Ltd.	-674,800	64,471,891	7.06	0	Unknown		State-owned legal person
Nanjing Electronics Information Industrial Corporation	0	35,888,611	3.93	0	Unknown		State-owned legal person
Guoxin Investment Co., Ltd.	21,720,941	21,720,941	2.38	0	Unknown		State-owned legal person
Yang Tao (楊濤)	2,530,000	2,530,000	0.28	0	Unknown		Domestic natural person
Zhao Dongling (趙東嶸)	-207,500	2,450,600	0.27	0	Unknown		Domestic natural person
Industrial and Commercial Bank of China – Guotai CSI Composite Index Communication Equipment ETF Securities Investment Fund (中國工商銀行股份有限公司-國泰中證全指通信設備交易型開放式指數證券投資基金)	1,076,600	2,098,800	0.23	0	Unknown		Others
Zhong Zhitan (鍾志坦)	749,032	1,849,032	0.20	0	Unknown		Domestic natural person
Cai Yan (蔡炎)	4,000	1,709,145	0.19	0	Unknown		Domestic natural person

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

Name of shareholder	Shares held not subject to trading moratorium		Class and number of shares	
		Class		Number
HKSCC (Nominees) Limited	250,614,284	Overseas listed foreign shares		241,655,470
		RMB ordinary shares		8,958,814
Panda Electronics Group Limited	210,661,444	RMB ordinary shares		210,661,444
China Huarong Asset Management Co., Ltd.	64,471,891	RMB ordinary shares		64,471,891
Nanjing Electronics Information Industrial Corporation	35,888,611	RMB ordinary shares		22,120,611
		Overseas listed foreign shares		13,768,000
Guoxin Investment Co., Ltd.	21,720,941	RMB ordinary shares		21,720,941
Yang Tao (楊濤)	2,530,000	RMB ordinary shares		2,530,000
Zhao Dongling (趙東嶸)	2,450,600	RMB ordinary shares		2,450,600
Industrial and Commercial Bank of China – Guotai CSI Composite Index Communication Equipment ETF Securities Investment Fund (中國工商銀行股份有限公司-國泰中證全指通信設備交易型開放式指數證券投資基金)	2,098,800		RMB ordinary shares	2,098,800
Zhong Zhitan (鍾志坦)	1,849,032	RMB ordinary shares		1,849,032
Cai Yan (蔡炎)	1,709,145	RMB ordinary shares		1,709,145

Details for the connected relationship or party acting in concert among the aforesaid shareholders: NEIC holds 100% equity interests of PEGL, 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 PEGL, representing 23.05% of the total number of shares. In total, NEIC holds 26.98% equity interests of the Company. Save as the 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:

- As at the end of the Reporting Period, HKSCC (Nominees) Limited held 250,614,284 shares (including 241,655,470 H shares and 8,958,814 A shares) of the Company on behalf of several clients, representing 27.42% of the total issued share capital of the Company, which includes 13,768,000 H shares of the Company held by NEIC. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the total issued share capital of the Company.
- On 10 January 2020, the Company received from China Huarong a written plan in relation to reduction of its shareholding in the Company. During the Reporting Period, China Huarong reduced its shareholding in the Company by 674,800 A shares in aggregate from 11 March to 16 March 2020, representing 0.07% of the total share capital of the Company. As at the end of the Reporting Period, China Huarong holds 64,471,891 A shares of the Company, representing 7.06% of total share capital of the Company. For details, please refer to the relevant announcements of the Company published in China Securities Journal, Shanghai Securities News and on the website of Shanghai Stock Exchange on 11 January, 12 May and 11 August 2020 and on the website of the Hong Kong Stock Exchange on 10 January 2020, 11 May 2020 and 10 August 2020.

On 11 August 2020, the Company received from China Huarong a written plan in relation to reduction of its shareholding in the Company. For details, please refer to the relevant announcements of the Company published in China Securities Journal, Shanghai Securities News and on the website of Shanghai Stock Exchange on 12 August 2020 and on the website of the Hong Kong Stock Exchange on 11 August 2020.

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

III. Changes of Controlling Shareholders and the de facto Controllers of the Company

During the Reporting Period, there was no change in the controlling shareholders and the de facto controllers of the Company, being PEGL and CEC, respectively.

As at the end of the Reporting Period, to the best knowledge of the Company having made all reasonable enquiries, CEC confirmed that during the Reporting Period, CEC increased its shareholding in the Company by purchasing an additional 27,414,000 H shares in aggregate through its overseas wholly-owned subsidiary, CEIEC (H.K.) Limited (華電有限公司) from 14 April to 19 June 2020, representing 3.00% of the total issued capital of the Company.

As at 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, NEIIC, representing 3.93% in aggregate of the total issued capital of the Company; it held 210,661,444 A shares in the Company through a wholly-owned subsidiary of NEIIC, PEGL, representing 23.05% of the total issued capital of the Company; it held 27,414,000 H shares in the Company through its overseas wholly-owned subsidiary, CEIEC (H.K.) Limited, representing 3.00% of the total issued capital of the Company.

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

As at 30 June 2020, so far as the directors, supervisors and senior management staff of the Company were aware, and having made all reasonable enquiries, equity or short-positions in shares or 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 filed with the register as pursuant to section 336 of the Securities and Futures Ordinance ("SFO") of the Hong Kong Stock Exchange were as follows: (1) PEGL held 210,661,444 domestic shares, accounting for approximately 31.36% of domestic shares in issue and approximately 23.05% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (2) NEIIC held 22,120,611 domestic shares, accounting for approximately 3.29% of domestic shares in issue and approximately 2.42% of the total shares in issue and held 13,768,000 H shares, accounting for approximately 5.69% of H shares in issue and approximately 1.51% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. NEIIC held 100% equity interest of PEGL and in total held 246,550,055 shares in the Company which was held as corporate interest or in the capacity of 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 interest of NEIIC, 100% equity interest of CEIEC (H.K.) Limited, NEIIC held 100% equity interest of PEGL, CEC held 273,964,055 shares in the Company in total which was held as corporate interest or in the capacity of beneficial owner, accounting for approximately 29.98% of the total shares in issue. (5) China Huarong held 64,471,891 domestic shares, accounting for approximately 9.59% of domestic shares in issue and approximately 7.06% 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 General Technology (Group) Holding Company Limited held 14,912,000 H shares, accounting for approximately 6.16% of H shares in issue and approximately 1.63% of the total shares in issue. (7) China State Shipbuilding Corporation held 14,800,000 H shares in issue and approximately 6.12% of H shares in issue and approximately 1.62% 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.

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

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2020.

SECTION VII INFORMATION ON PREFERRED SHARES

The Company did not have any matters in relation to the preferred shares during the Reporting Period.

SECTION VIII PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Change in shareholdings

(I) Changes in shareholdings of current and the resigned directors, supervisors and senior management during the Reporting Period

During the Reporting Period, the current and the resigned shareholdings of directors, supervisors and senior management remained unchanged.

As of 30 June 2020, none of the directors, supervisors and senior management staff of the Company or their associates had any interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) 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 10 to the Listing Rules. No share incentive scheme was granted to them. 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.

(II) Share options granted to directors, supervisors and senior management staff as incentives during the Reporting Period: N/A

II. Changes in directors, supervisors and senior management staff

Name	Position	Change
Gao Gan	Former non-executive director	Retirement
Li Changjiang	Non-executive director	Election
Song Yunfeng	Former Employee Representative Supervisor	Retirement
Fu Yuanyuan	Non-employee Representative Supervisor	Election
Liu Kun	Former Deputy General Manager	Retirement

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

1. On 8 January 2020, Mr. Gao Gan, the former non-executive director of the Company, resigned as the non-executive director and the relevant positions of the subordinate committees of the Board of the Company due to work adjustment.
2. On 7 February 2020, the nominations of Mr. Li Changjiang as a candidate for non-executive director of the ninth session of the Board of the Company was considered and approved at the thirteenth meeting of the ninth session of the Board of the Company. Mr. Li Changjiang was elected and appointed at the 2019 annual general meeting of the Company convened on 29 June 2020, whose term is in line with the term of the ninth session of the Board of the Company.
3. On 30 March 2020, Mr. Song Yunfeng, the former employee representative supervisor of the Company, resigned as the employee representative supervisor of the Company due to work adjustment.
4. On 30 March 2020, the nomination of Ms. Fu Yuanyuan as a candidate for the non-employee representative supervisor of the ninth session of the Supervisory Committee of the Company was considered and approved at the eleventh meeting of the ninth session of the Supervisory Committee of the Company. Ms. Fu Yuanyuan was elected and appointed at the 2019 annual general meeting of the Company convened on 29 June 2020, whose term is in line with the term of the ninth session of the Supervisory Committee of the Company.
5. On 19 June 2020, Mr. Liu Kun, the former deputy general manager of the Company, resigned as the deputy general manager of the Company due to personal reasons.

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 9 January, 8 February, 31 March, 20 June and 30 June 2020 and on the website of the Hong Kong Stock Exchange on 8 January 2020, 7 February 2020, 30 March 2020, 19 June 2020 and 29 June 2020.

SECTION IX INFORMATION ON CORPORATE BONDS

During the Reporting Period, there were no matters relating to the bonds of the Company.

SECTION X FINANCIAL REPORT

1. Unaudited Interim financial report.
2. Financial statements and accompanying notes(prepared in accordance with PRC Accounting Standards)

Consolidated Balance Sheet

2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Asset	2020/6/30	2019/12/31
Current assets:		
Cash and cash equivalents	1,194,457,090.45	1,053,869,767.19
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets measured at fair value through profit or loss		
Financial assets held for trading	216,037,684.93	300,469,826.49
Derivative financial assets		
Notes receivable	28,725,176.72	21,780,418.49
Accounts receivable	1,024,151,761.34	996,359,257.15
Receivables financing	291,443,113.33	347,259,336.87
Advance to suppliers	228,701,640.11	113,341,943.82
Premium receivables		
Reinsurance receivables		
Reinsurance contract reserve receivable		
Other receivables	63,349,358.18	48,020,435.60
Financial assets held under resale agreements		
Inventories	756,843,882.66	816,955,476.60
Contract assets	317,298,449.17	541,978,173.94
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	30,369,601.01	55,089,857.84
Total current assets	4,151,377,757.90	4,295,124,493.99

Consolidated Balance Sheet (Continued)
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Asset	2020/6/30	2019/12/31
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets		
Held-to-maturity investments		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	300,700,543.19	276,388,843.98
Other equity instruments investments	4,052,669.32	4,035,539.29
Other non-current financial assets		
Investment properties	16,683,796.23	21,096,325.77
Fixed assets	1,156,476,596.94	1,188,174,150.27
Construction in progress	37,952,333.95	31,407,899.18
Biological assets for production		
Fuel assets		
Right-of-use assets	15,733,585.84	12,456,669.33
Intangible assets	120,106,060.66	109,121,914.00
Development expenses		
Goodwill		
Long-term expenses to be amortised	10,010,779.10	11,720,569.43
Deferred income tax assets	15,211,594.07	15,345,449.29
Other non-current assets	38,446,985.47	55,275,624.94
	<hr/>	<hr/>
Total non-current assets	1,715,374,944.77	1,725,022,985.48
	<hr/>	<hr/>
Total assets	5,866,752,702.67	6,020,147,479.47
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Balance Sheet (Continued)
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Liabilities and owners' equity	2020/6/30	2019/12/31
Current liabilities:		
Short-term loans		50,000,000.00
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Placements from banks and other financial institutions		
Financial liabilities at fair value through profit and loss		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	208,495,356.08	234,736,827.23
Accounts payable	1,481,284,635.95	1,628,435,817.44
Advance receipts from customers	2,785,675.65	2,581,558.74
Contract liabilities	207,207,297.38	160,540,186.87
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Staff salaries payable	22,294,712.91	39,274,102.16
Taxes and surcharges payable	27,170,510.15	21,404,214.61
Other payables	97,248,512.33	78,425,560.86
Reinsurers due		
Insurance contract reserves		
Security trading of agency		
Securities underwriting		
Liabilities held for sale		
Non-current liabilities due within one year	3,888,023.78	3,451,972.08
Other current liabilities	63,707,473.82	66,677,266.21
Total current liabilities	2,114,082,197.85	2,285,527,506.20

Consolidated Balance Sheet (Continued)
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Liabilities and owners' equity	2020/6/30	2019/12/31
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	13,205,076.94	8,926,407.51
Long-term payables		
Long-term staff salaries payables	17,894,038.34	19,767,429.75
Accrued liabilities		
Deferred income	16,639,841.85	17,261,888.00
Deferred income tax liabilities	111,723.93	107,441.42
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	47,850,681.06	46,063,166.68
	<hr/>	<hr/>
Total liabilities	2,161,932,878.91	2,331,590,672.88
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Balance Sheet (Continued)
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

	2020/6/30	2019/12/31
Liabilities and owners' equity		
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,470,691,800.13	1,470,691,800.13
Less: treasury share		
Other comprehensive income	302,001.98	289,154.46
Special reserve		
Surplus reserve	258,647,274.54	258,647,274.54
General risk preparation		
Undistributed profits	801,296,974.77	804,605,994.12
	<hr/>	<hr/>
Subtotal equity attributable to the shareholders of the parent company	3,444,776,580.42	3,448,072,752.25
	<hr/>	<hr/>
Minority interests	260,043,243.34	240,484,054.34
	<hr/>	<hr/>
Total shareholders' equity	3,704,819,823.76	3,688,556,806.59
	<hr/>	<hr/>
Total liabilities and shareholders' equity	5,866,752,702.67	6,020,147,479.47
	<hr/> <hr/>	<hr/> <hr/>

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting
Department:
Liu Xianfang

Consolidated Income Statement

January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
1. Total operating income	1,714,155,014.36	2,129,345,776.54
Including: Operating income	1,714,155,014.36	2,129,345,776.54
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	1,705,633,918.28	2,064,686,338.19
Including: Operating costs	1,473,529,076.93	1,823,553,320.49
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	12,338,466.81	10,655,708.13
Selling expenses	24,169,354.68	21,892,592.48
Administrative expenses	111,969,241.96	105,415,293.63
R&D costs	82,730,115.43	103,493,120.42
Financial expenses	897,662.47	-323,696.96
Including: Interest expense	682,708.34	2,305,605.11
Interest income	4,793,080.75	5,294,211.03
Add: Other gains	8,490,572.39	5,766,281.17
Investment income (losses are represented by "-")	27,722,156.71	32,100,053.56
Including: Investment income of associates and joint ventures	24,311,699.21	24,716,024.79
Income on hedging the net exposure (losses are represented by "-")		
Gains arising from changes in fair value (losses are represented by "-")		
Credit impairment loss (losses are represented by "-")	567,858.44	2,975,260.27
Asset impairment loss (losses are represented by "-")	-275,560.22	-4,102,573.57
Gains on disposal of assets (losses are represented by "-")	-3,479,946.92	-13,210,343.27
Exchange gain (losses are represented by "-")	126,613.83	190,885.76
3. Operating profit (losses are represented by "-")	41,672,790.31	88,379,002.27
Add: Non-operating income	7,039,751.70	2,607,172.95
Less: Non-operating expenses	521,218.12	305,589.45

Consolidated Income Statement (Continued)

January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
4. Total profit (total losses are represented by "-")	48,191,323.89	90,680,585.77
Less: Income tax expense	15,948,979.98	20,907,362.66
5. Net profit (net losses are represented by "-")	32,242,343.91	69,773,223.11
(I) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by "-")	32,242,343.91	69,773,223.11
2. Net profit for discontinued operation (net losses are represented by "-")		
(II) Classified by the attribution of the ownership		
1. Minority interests	19,559,189.00	27,383,699.38
2. Net Profit attributable to the equity shareholders of the parent company	12,683,154.91	42,389,523.73
6. Net other comprehensive income after tax	12,847.52	4,694.04
Net other comprehensive income after tax attributable to the equity shareholders of the parent company	12,847.52	4,694.04
(I) Other comprehensive income which will not be reclassified subsequently to profit and loss	12,847.52	4,694.04
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	12,847.52	4,694.04
4. Changes in fair value of the enterprise's own credit risk		
(II) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets		
4. Changes in fair value of other debt investment		
5. A amount of financial assets reclassified to other comprehensive income		
6. Provision for credit impairment of other debt investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority shareholders		
7. Total comprehensive income	32,255,191.43	69,777,917.15
Total comprehensive income attributable to the equity holders of the parent company	12,696,002.43	42,394,217.77
Total comprehensive income attributable to minority shareholders	19,559,189.00	27,383,699.38
8. Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.0139	0.0464
(II) Diluted earnings per share (RMB/share)	0.0139	0.0464

Legal representative:

Xia Dechuan

Chief Accountant:

Hu Dali

Head of the Accounting

Department:

Liu Xianfang

Consolidated Statement of Changes in Shareholders' Equity

January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the Period												
	Equity attributable to the shareholders of parent company												
	Other equity instrument												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total shareholders' equity
I. Balance at the end of prior year	913,888,329.00				1,470,691,800.13		283,154.46		258,647,274.54		894,603,944.12	249,484,054.34	3,686,556,006.59
464: Changes in accounting policies													
Errors correction of previous period													
Business combination monitoring entities under common control													
Others													
II. Balance at the beginning of current year	913,888,329.00				1,470,691,800.13		283,154.46		258,647,274.54		894,603,944.12	249,484,054.34	3,686,556,006.59
III. Changes of current year (Increases are represented by "+")													
(I) Total comprehensive income							12,847.52				-3,300,013.35	19,553,189.00	16,263,071.17
(II) Share capital contributed or withdrawn by shareholders							12,847.52				12,863,154.91	19,553,189.00	32,253,191.43
1. Share capital contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included													
4. Others													
(III) Profit distribution											-15,992,174.26		-15,992,174.26
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to shareholders													
4. Others													
(IV) Internal carry-over with shareholders' equity													
1. Transfer of capital reserve to share capital													
2. Transfer of surplus reserve to share capital													
3. Surplus reserve to cover losses													
4. Change in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Appropriation and application of special reserve													
1. Appropriation of special reserve													
2. Application of special reserve													
(VI) Others													
IV. Balance at the end of the year	913,888,329.00				1,470,691,800.13		302,001.98		258,647,274.54		891,596,947.77	250,043,243.34	3,704,819,822.76

Consolidated Statement of Changes in Shareholders' Equity (Continued)
January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the corresponding period of last year												
	Equity attributable to the shareholders of parent company					Other equity instrument							
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total shareholders' equity
I. Balance at the end of prior year	913,838,329.00			1,470,691,800.13	1,470,691,800.13		1915.1387		258,647,274.54		823,055,181.86	223,454,061.90	3,691,876,361.30
Add: Changes in accounting policies													
Error correction of previous period													
Business combination involving entities under common control													
Others													
II. Balance at the beginning of current year	913,838,329.00			1,470,691,800.13	1,470,691,800.13		1915.1387		258,647,274.54		823,055,181.86	223,454,061.90	3,691,876,361.30
III. Changes of current year (decreases are represented by "-")							4,694.04				-30,717,558.59	27,380,698.36	-3,325,165.17
(I) Total comprehensive income							4,694.04				42,289,520.73	27,380,698.36	68,177,971.15
(II) Share capital contributed or withdrawn by shareholders													
1. Share capital contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included													
4. Others													
(III) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to shareholders													
4. Others													
(IV) Merger/compensate with shareholders' equity													
1. Transfer of capital reserve to share capital													
2. Transfer of surplus reserve to share capital													
3. Surplus reserve to cover losses													
4. Carry over/return changes in net assets or net assets of benefit plan													
5. Others													
(V) Appropriation and application of special reserve													
1. Appropriation of special reserve													
2. Application of special reserve													
(VI) Others													
IV. Balance at the end of the year	913,838,329.00			1,470,691,800.13	1,470,691,800.13		198,207.91		258,647,274.54		794,337,623.27	250,837,761.26	3,688,548,196.13

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dai

Head of the Accounting Department:
Liu Xianfang

Consolidated Cash Flow Statement

January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	1,555,368,670.30	1,917,822,585.46
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 cash amount of reinsurance business		
Net increase in deposits of the insured and investment		
Net increase in disposal of financial assets at fair value through profit or loss		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Refunds of taxes	19,266,637.31	36,995,137.15
Cash receipts relating to other operating activities	145,686,152.79	135,307,177.54
Sub-total of cash inflows from operating activities	1,720,321,460.40	2,090,124,900.15
Cash paid on purchase of goods and services received	1,200,762,009.37	1,948,079,929.87
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Cash paid for interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	195,909,517.10	261,894,614.47
Cash paid for all types of taxes	56,899,545.18	76,227,262.45
Cash payments relating to other operating activities	178,472,083.47	106,671,260.95
Sub-total of cash outflows from operating activities	1,632,043,155.12	2,392,873,067.74
Net cash flows generated from operating activities	88,278,305.28	-302,748,167.59

Consolidated Cash Flow Statement (Continued)

January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
2. Cash flows from investing activities:		
Cash received from disposal and returns of investments		
Cash received from return on investments	4,057,102.17	29,347,027.95
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	304,182.90	3,191,048.10
Net cash received from disposal of subsidiaries and other operating entities		
Cash receipts relating to other investing activities	692,394,283.50	860,000,000.00
Sub-total of cash inflows from investing activities	696,755,568.57	892,538,076.05
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	32,863,419.01	69,932,139.27
Cash paid for investments		
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash payments relating to other investing activities	607,394,283.50	990,000,000.00
Sub-total of cash outflows from investing activities	640,257,702.51	1,059,932,139.27
Net cash flows generated from investing activities	56,497,866.06	-167,394,063.22

Consolidated Cash Flow Statement (Continued)

January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
3. Cash flows from financing activities:		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		95,000,000.00
Cash received from issuing bonds		
Cash receipts relating to other financing activities	43,570,096.40	19,500,580.63
Sub-total of cash inflows from financing activities	43,570,096.40	114,500,580.63
Cash paid on repayment of borrowings	50,000,000.00	140,000,000.00
Cash paid on distribution of dividends or profits, or interests expenses	682,708.34	2,305,605.11
Including: dividend and profit paid to minority shareholders by subsidiaries		
Cash payments relating to other financing activities	2,835,970.21	127,899.36
Sub-total of cash outflows from financing activities	53,518,678.55	142,433,504.47
Net cash flows generated from financing activities	-9,948,582.15	-27,932,923.84
4. Effect of fluctuations in exchange rates on cash and cash equivalents	1,321,800.21	-1,068,186.26
5. Net increase in cash and cash equivalents	136,149,389.40	-499,143,340.91
Add: balance of cash and cash equivalents at the beginning of the period	863,141,377.23	1,292,114,192.80
6. Balance of cash and cash equivalents at the end of the period	999,290,766.63	792,970,851.89

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting
Department:
Liu Xianfang

Balance Sheet

2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Assets	2020/6/30	2019/12/31
Current assets:		
Cash and cash equivalents	98,366,641.29	59,376,665.62
Financial assets measured at fair value through profit and loss		
Financial assets held for trading		120,011,835.62
Derivative financial assets		
Notes receivables		
Accounts receivable	82,395,509.82	77,883,947.57
Receivables financing	3,000,000.00	6,000,000.00
Prepayments	3,342,100.17	1,623,591.01
Other receivables	462,592,804.51	395,937,554.47
Inventories	25,903,550.12	22,621,153.30
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	5,930,017.75	27,552,360.61
Total current assets	681,530,623.66	711,007,108.20
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	1,734,519,244.99	1,710,218,840.58
Other equity instruments investments	4,052,669.32	4,035,539.29
Other non-current financial assets		
Investment properties	158,428,746.99	159,384,219.01
Fixed assets	293,297,157.93	302,786,588.45
Construction in progress	2,319,713.81	2,319,713.81
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	11,590,121.53	12,090,267.24
Development expenses		
Goodwill		
Long-term expenses to be amortised	3,523,267.53	3,922,128.00
Deferred income tax assets		
Other non-current assets		
Total non-current assets	2,207,730,922.10	2,194,757,296.38
Total assets	2,889,261,545.76	2,905,764,404.58

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting
Department:
Liu Xianfang

Balance Sheet (Continued)

2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Liabilities and shareholders' equity	2020/6/30	2019/12/31
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value through profit or loss		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	8,217,113.84	2,525,779.62
Accounts payable	50,815,726.00	63,661,767.44
Advance receipts from customers		160,842.29
Contract liabilities	4,129,040.00	157,964.60
Staff salaries payable	1,686,495.50	2,134,066.65
Taxes payable	2,257,680.25	1,685,195.08
Other payables	131,191,410.43	119,765,500.53
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		20,535.40
Total current liabilities	198,297,466.02	190,111,651.61
Non-current liabilities:		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long term staff salaries payable	2,199,894.87	1,961,534.25
Accrued liabilities		
Deferred income		
Deferred income tax liabilities	100,667.34	96,384.83
Other non-current liabilities		
Total non-current liabilities	2,300,562.21	2,057,919.08
Total liabilities	200,598,028.23	192,169,570.69

Balance Sheet (Continued)

2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

	2020/6/30	2019/12/31
Liabilities and shareholders' equity		
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	302,001.98	289,154.46
Special reserve		
Surplus reserve	258,647,274.54	258,647,274.54
Undistributed profits	81,004,877.73	105,949,041.61
	<hr/>	<hr/>
Total shareholders' equity	2,688,663,517.53	2,713,594,833.89
	<hr/>	<hr/>
Total liabilities and shareholders' equity	2,889,261,545.76	2,905,764,404.58
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Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting
Department:
Liu Xianfang

Income Statement

January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
1. Total operating income	40,444,561.03	35,979,155.19
Less: Operating costs	19,153,274.41	19,445,018.71
Business taxes and surcharge	4,384,606.92	2,194,620.77
Selling expenses	1,557,866.74	1,026,123.63
Administrative expenses	52,583,629.17	45,751,952.85
R&D costs	8,335,095.66	9,966,410.41
Financial expenses	-4,934,265.71	-1,177,208.75
Including: Interest expense		
Interest income	324,305.23	865,310.60
Add: Other gains	165,830.09	25,993.99
Investment income (losses are represented by "-")	25,760,703.16	31,318,523.30
Including: Investment income of associates and joint ventures	24,300,404.41	24,613,457.41
Income on hedging the net exposure (losses are represented by "-")		
Income from change in fair value (losses are represented by "-")	-11,835.62	2,169,095.89
Credit impairment loss		
Assets impairment loss		-13,188,717.99
Gains on disposal of assets (losses are represented by "-")	9,680.10	-32,467.60
2. Operating profit (losses are represented by "-")	-14,711,268.43	-20,935,334.84
Add: Non-operating income	6,109,278.81	
Less: Non-operating expenses	350,000.00	204,500.00
3. Total profit (total losses are represented by "-")	-8,951,989.62	-21,139,834.84
Less: Income tax expense		
4. Net profit (net losses are represented by "-")	-8,951,989.62	-21,139,834.84
(1) Net profit for going concern (net losses are represented by "-")	-8,951,989.62	-21,139,834.84
(2) Net profit for discontinued operation (net losses are represented by "-")		

Income Statement (Continued)

January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
5. Net other comprehensive income after tax	12,847.52	4,694.04
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	12,847.52	4,694.04
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	12,847.52	4,694.04
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investments as available- for-sale financial assets		
4. Changes in fair value of other debt investment		
5. Amount of financial assets reclassified to other comprehensive income		
6. Provision for credit impairment of other debt investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority shareholders		
6. Total comprehensive income	-8,939,142.10	-21,135,140.80
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting
Department:
Liu Xianfang

Statement of Changes in Shareholders' Equity January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period											
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total shareholders' equity
I. Balance at the end of prior year	913,338,529.00				1,434,870,834.28		286,154.46		258,847,274.54		105,949,041.61	2,713,394,833.89
Add: Changes in accounting policies												
Error correction of previous period												
Others												
II. Balance at the beginning of current year	913,338,529.00				1,434,870,834.28		286,154.46		258,847,274.54		105,949,041.61	2,713,394,833.89
III. Changes of current year (decrease are represented by "-")												
(I) Total comprehensive income							12,847.52				-94,944,183.88	-81,096,636.36
(II) Share capital contributed or withdrawn by shareholders											-8,951,688.82	-8,951,688.82
1. Share capital contributed by shareholders												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included												
4. Others												
(III) Profit distribution											-15,982,174.26	-15,982,174.26
1. Appropriation of surplus reserve												
2. Appropriation of general risk reserve												
3. Appropriation of profit to shareholders												
4. Others												
(IV) Internal carry-over within shareholders' equity												
1. Transfer of capital reserve to share capital												
2. Transfer of surplus reserve to share capital												
3. Surplus reserve to cover losses												
4. Change in defined benefit plan carried over to defined savings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Appropriation and application of special reserve												
1. Appropriation of special reserve												
2. Application of special reserve												
(VI) Others												
IV. Balance at the end of the year	913,338,529.00				1,434,870,834.28		302,001.98		258,847,274.54		81,004,877.35	2,686,853,173.33

Statement of Changes in Shareholders' Equity (Continued)
January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Other equity instrument							Total shareholders' equity
	Share capital	Preference shares	Prepaid bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	
I. Balance at the end of prior year	913,333,333.00			1,434,870,834.28			191,513.87	2,838,977,783.15
Add: Changes in accounting policies								
Error correction of previous period								
Others								
II. Balance at the beginning of current year	913,333,333.00			1,434,870,834.28			191,513.87	2,838,977,783.15
III. Changes of current year (Increases are represented by "+")								
(I) Total comprehensive income							4,694.04	-94,242,223.12
(II) Share capital contributed or withdrawn by shareholders							4,694.04	-21,133,634.84
1. Share capital contributed by shareholders								
2. Capital contributed by holders of other equity instruments								
3. Amount of share-based payment included								
4. Others								
(III) Profit distribution								-73,107,082.32
1. Appropriation of surplus reserve								
2. Appropriation of general risk reserve								
3. Appropriation of profit to shareholders								
4. Others								
(IV) Internal carry-over with shareholders' equity								-73,107,082.32
1. Transfer of capital reserve to share capital								
2. Transfer of surplus reserve to share capital								
3. Surplus reserve to cover losses								
4. Change in defined benefit plan carried over to retained earnings								
5. Other comprehensive income transferred over to retained earnings								
6. Others								
(V) Appropriation and application of special reserve								
1. Appropriation of special reserve								
2. Application of special reserve								
(VI) Others								
IV. Balance at the end of the year	913,333,333.00			1,434,870,834.28			196,207.91	2,744,735,560.83

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dai

Head of the Accounting Department:
Liu Xianfang

Cash Flow Statement

January–June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	42,174,758.90	31,358,826.06
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 cash amount of reinsurance business		
Net increase in deposits of the insured and investment		
Net increase in disposal of financial assets held for trading		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Refunds of taxes		
Cash receipts relating to other operating activities	148,931,577.34	23,617,416.01
Sub-total of cash inflows from operating activities	191,106,336.24	54,976,242.07
Cash paid on purchase of goods and services received	20,147,602.22	18,722,950.81
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Cash paid for interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	44,180,444.25	50,093,202.73
Cash paid for all types of taxes	6,365,304.04	3,792,973.03
Cash payments relating to other operating activities	203,141,392.76	73,226,772.04
Sub-total of cash outflows from operating activities	273,834,743.27	145,835,898.61
Net cash flows generated from operating activities	-82,728,407.03	-90,859,656.54

Cash Flow Statement (Continued)
January–June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
2. Cash flows from investing activities:		
Cash received from disposal and returns of investments		
Cash received from return on investments	1,460,298.75	25,564,905.44
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	34,480.25	
Net cash received from disposal of subsidiaries and other operating entities		
Cash receipts relating to other investing activities	390,000,000.00	670,000,000.00
Sub-total of cash inflows from investing activities	391,494,779.00	695,564,905.44
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	2,203,411.20	
Cash paid for investments		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash payments relating to other investing activities	270,000,000.00	730,000,000.00
Sub-total of cash outflows from investing activities	272,203,411.20	730,000,000.00
Net cash flows generated from investing activities	119,291,367.80	-34,435,094.56

Cash Flow Statement (Continued)

January–June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
3. Cash flows from financing activities:		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		
Cash received from issuing bonds		
Cash receipts relating to other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interests expenses		
Including: dividend and profit paid to minority shareholders by subsidiaries		
Cash payments relating to other financing activities		
Sub-total of cash outflows from financing activities		
Net cash flows from financing activities		
4. Effect of fluctuations in exchange rates on cash and cash equivalents	91.69	
5. Net increase in cash and cash equivalents	36,563,052.46	-125,294,751.10
Add: balance of cash and cash equivalents at the beginning of the period	56,919,306.88	236,485,704.31
6. Balance of cash and cash equivalents at the end of the period	93,482,359.34	111,190,953.21

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting
Department:
Liu Xianfang

NANJING PANDA ELECTRONICS COMPANY LIMITED

Notes to Financial Statements from January to June 2020

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

I. INFORMATION ABOUT THE COMPANY

(I) Company profile

Nanjing Panda Electronics Company Limited (hereinafter as the "Company") was reorganised by the only initiator of Panda Electronics Group Company Limited under the approval of Ning Ti Gai (1992) No.034 by Nanjing Economic Reform Committee on 27 April 1992. Panda Electronics Group Company Limited took total net assets of RMB480,000,000.00 in exchange for 480,000,000 shares of state-owned enterprise legal person. The registered capital of the Company at the time of establishment was RMB515,000,000.00, of which 480,000,000 shares (RMB1 per share) were held by state-owned enterprise legal person and 35,000,000 shares (RMB1 per share) were held by employees. The Company obtained the legal enterprise business license of 13488315-2 on 29 April 1992. The approved business scope of the Company are radio communication equipment products, radio and television equipment products, hardware and electrical equipment products, electronic components products, instrument and apparatus products, electrical machinery products and equipment, standard machinery products, medical equipment products, the development, manufacture and sale of electronic equipment products and technical services, electronic computer fitting products, and the development, manufacture and sale of cultural and office machinery products and tooling products and technical services.

A special resolution was passed at a general meeting of the Company, which approved to split and recombine the assets and liabilities of Company and Panda Electronics Group Company and reconfirmed the shareholding of state-owned enterprise legal person and the board of directors was fully authorised to the public offering and listing of H shares and A shares of the Company on 27 May 1994. According to this special resolution, the net assets of the Company were adjusted to RMB322,873,348.00 on 29 June 1994, including the registered capital of RMB322,870,000.00. 287,870,000 shares were held by state-owned enterprise legal person, 35,000,000 shares were held by employees and the rest of RMB3,348.00 was adjusted to capital reserve.

Confirmed by the document (Guo Zi Qi Fa [1996] No. 12) issued by State Administration of State Property in February 1996, the net assets of the Company after evaluation were RMB864,714,000, the share capital was 322,870,000, of which 287,870,000 shares were held by Panda Electronics Group Company Limited and 35,000,000 shares were held by employees. Panda Electronics Group Company Limited made use of the estimated land-use right valued to RMB41,300,000 and creditor's right valued to RMB62,000,000 to invest in the Company and the total share capital changed to 390,015,000 shares, of which 355,015,000 shares were held by state-owned enterprise legal person and 35,000,000 shares were held by employees. The State Commission for Restructuring the Economic System approved this restructuring report on 11 March 1996.

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

After the approval of the document (Zheng Wei Fa (1996) No. 6) issued by the Securities Commission of the State Council on 2 April 1996, the Company issued 242,000,000 H shares in Hong Kong 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 the document (Zheng Jian Fa (1996) No. 304) issued by the Securities Commission of the State Council on 30 October 1996, the Company issued 23,000,000 ordinary shares to the public and the issue price was RMB5.10 per share. The Company got the entire fund on 14 November 1996 and listed on the Shanghai Stock Exchange on 18 November 1996. 5,000,000 out of 35,000,000 shares held by employees were listed on the Shanghai Stock Exchange at the same date of issuing and the rest of 30,000,000 shares were listed and traded in 1999.

The Company obtained the legal enterprise business license of Qi Su Ning Zong Fu Zi No. 003967 on 18 April 1997. The registered capital was RMB655,015,000.00 and the approved business scope includes the development, manufacture and sale of communication equipment, computers and other electronic equipment; meters and instruments, cultural and office machinery; electrical machinery and equipment; plastic products; general equipment such as fans, scales, and packing equipment; special equipment for the processing of chemical, wood and non-metallic products; PTD and control products; environmental, public safety and other equipment; financial and tax control devices; power products; molds; computer services, software services and systems integration; property management; as well as after-sale services and technical services for the aforesaid businesses.

The Company received the new legal enterprise business license numbered 320100400008823 on 6 January 2011. The registered capital is RMB655,015,000. Approved business scope includes the development, production and sale of wireless television broadcasting equipment, together with the after-sale and technical services for the aforesaid businesses, the development, production and sale of communication equipment, computers and other electronic equipment; meters and instruments, cultural and office machinery; electrical machinery and equipment; plastic products; general equipment such as fans, scales and packaging equipment; special equipment for the processing of chemical, wood and non-metallic products; PTD and control equipment; environmental, public safety and related equipment; financial and tax control devices; power products; molds; computer services, software services and system integration; property management; as well as after-sale services and technical services for the aforesaid businesses. (For those business areas that require permission, business activities are conducted after relevant approval). The registered address is Floors 1 and 2 on North side of No. 5 Building, Nanjing High Technology Development District. The legal representative is Xia Dechuan and the parent of the Company is Panda Electronics Group Limited.

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

In 2012, according to the approval of "Reply to the Provincial Government on the Indirect Transfer of Listed Companies' Shares held by Panda Electronics Group Co., Ltd. and Nanjing Huadong Electronics Group Co., Ltd." (Su Zheng Fu [2009] No. 45) by Jiangsu Provincial People's Government, the "Reply to Issues Concerning the Free Alteration of Part of State-owned Property Rights of Panda Electronics Group Co., Ltd." (Su Guo Zi Fu [2012] No. 22) by the State-owned Assets Supervision and Administration Commission of Jiangsu Provincial People's Government, the "Reply to Relevant Issues Concerning the Change of the Actual Controller of Nanjing Panda Electronics Company Limited" (Guo Zi Chan Quan [2012] No. 158) by the State-owned Assets Supervision and Administration Commission of the State Council, the "Reply to Acquisition Report of China Electronics Corporation on Nanjing Panda Electronics Company Limited and the Exemption from the Obligation to Offer" (Zheng Jian Xu Ke [2012] No. 770) by China Securities Regulatory Commission, Jiangsu Guoxin Asset Management Group Co., Ltd., Nanjing Xingang Development Corporation and Nanjing State-owned Assets Management (Holdings) Co., Ltd. freely transferred the 21.59%, 22.07% and 4.32% equity interests in Panda Group respectively to NEIIC, a subsidiary of China Electronics Corporation (hereinafter referred to as "CEC"). Panda Group completed the change of industrial and commercial registrations on 21 September 2012. After the completion of the aforesaid transfer of shareholdings, CEC held 51.10% shares of the Company and became the de facto controller via holding 56.85% shares of Panda Group through NEIIC, a subsidiary of CEC with 70.00% shares.

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

The Company had finished the change of industrial and commercial registration on 26 November 2013 and the registered capital was RMB913,838,529.00 after the change.

Prior to the non-public offering, Panda Group, the controlling shareholder of the Company, held 334,715,000 of the Company's shares, with a shareholding proportion of 51.10%. After the non-public offering, Panda Group, that held 36.63% of the total shares, remains to be the controlling shareholder of the Company. CEC, via holding 70.00% equity interests of NEIIC, remains as the actual controller of the Company by holding 56.85% equity interests of Panda Group. 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 AEGON-INDUSTRIAL Global Fund Management Co., Ltd. who participated in the subscription with 10 accounts), except for NEIIC, shall not be transferred within 12 months since the closing date of issuance. On 30 June 2014, except for NEIIC, the shares subscribed by the other eight investors had lifted restricted conditions, and could be transferred in the share market.

In June 2015, Panda Group reduced its shareholding of the Company by 27,069,492 shares (accounting for 2.96% of the total share capital of the Company) through the trading system of Shanghai Stock Exchange. After the reduction of shareholdings, Panda Group holds 307,645,508 shares of the Company, accounting for 33.67% of total share capital of the Company.

In August 2015, with the approval of the “Reply to the Issues Regarding Panda Electronic Group Co., Ltd. to Transfer Part of its Shares of Nanjing Panda Electronics Co., Ltd. under Negotiation” (Guo Zi Chan Quan [2015] No. 697) issued by the State-owned Assets Supervision and Administration Commission of the State Council, Panda Group transferred 82,811,667 and 14,172,397 A shares to China Huarong Asset Management Co., Ltd. and China Great Wall Asset Management Corporation under a negotiation transfer. After the transfer, Panda Group now holds 210,661,444 shares of the Company, accounting for 23.05% of the total share capital of the Company. Panda Group still holds 5 out of 9 members of the board, indicating it is still in control position of the Company.

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

In 2019, NEIC exchanged 18,276,000 A shares directly held in the Company for the fund units of Harvest CSI Central SOE Innovation-driven ETF Securities Investment Fund (嘉實中證央企創新驅動交易型開放式指數證券投資基金), of same market value, and exchanged 9,138,000 A shares directly held in the Company for the fund units of Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund (博時中證央企創新驅動交易型開放式指數證券投資基金), of same market value, representing 3.00% of the total share capital of the Company.

From 14 April to 19 June 2020, CEC, the controlling shareholder of NEIC, increased its shareholding in the Company by purchasing an additional 27,414,000 H shares in aggregate through its overseas wholly-owned subsidiary, CEIEC (H.K.) Limited (華電有限公司), representing 3.00% of the total share capital of the Company. As at 30 June 2020, NEIC held, 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 share capital of the Company. NEIC held 210,661,444 A shares of the Company through Panda Group, a subsidiary, representing 23.05% of the total share capital of the Company, and the shareholding of the Company was 26.98% in total. CEC, the controlling shareholder of NEIC, held 27,414,000 H shares of the Company through its overseas wholly-owned subsidiary, CEIEC (H.K.) Limited, representing 3.00% of the total share capital of the Company. The ultimate controller of the Company was still CEC, the controlling shareholder of NEIC.

The Company is a joint stock company with limited liability (a Taiwan, Hong Kong, Macao and domestic joint venture and a listed company). The principal business involves computer, communication and other electronic equipment manufacturing industry, including smart manufacture, smart city, electronic manufacturing services, etc. The operating period is from 5 October 1996 to the unlimited period.

As at 30 June 2020, the Company had an aggregate of 913,838,529 share capital in issue with a registered capital of RMB913,838,529. The registered address is Room 1701, 301 Zhongshan East Road, Xuanwu District, Nanjing. The business scope of the Company are the development, production and sale of wireless television broadcasting equipment, together with the after-sale service and technical services for the aforesaid businesses; development, production and sale of communication equipment, computer and other electronic devices; meters and instruments, cultural and office machinery; electronic apparatus and equipment; plastic products; general equipments such as fans, scales and packaging equipment; special equipment for the processing of chemical, wood and non-metallic products; PTD and control equipment; environmental, public safety and other equipment; financial and tax control devices; power products; molds; computer services, software services and systems integration; property management; as well as after-sale services and technical services for the aforesaid businesses. (As for the items approved legally, the Company can operate the business after the approval of related department). The Parent of the Company is Panda Electronics Group Co., Ltd.

The financial statements were approved for submission by all directors (the board of directors) of the Company on 27 August 2020.

(II) Scope of consolidated financial statements

As of 30 June 2020, the subsidiaries in the Company's scope of consolidated financial statements are as follows:

Name of subsidiaries

Nanjing Panda Communication Technology Co., Ltd
Shenzhen Jinghua Electronics Technology Co., Ltd.
Nanjing Panda Information Industry Co., Ltd.
Nanjing Panda Electronic Manufacture Co., Ltd.
Chengdu Panda Electronic Technology Co., Ltd
Nanjing Panda Electronic Equipment Co., Ltd.
Nanjing Panda Industrial Enterprise Co., Ltd.
Nanjing Panda Electronic Technology Development Co., Ltd.
Chengdu Panda Electronics Manufacturing Co., Ltd.
Galant Limited

Details of the scope of the consolidated financial statement for the period and its changes were set out in "VI. Changes in the consolidated scope" and "VII. Equity in other entities" of the note.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(I) Basis of Preparation

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

(II) Going concern

For the 12 months since the end of the reporting period, the Company it has ability to continue as a going concern and there's no significant risk affecting its ability to continue as a going concern.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Notes to specific accounting policies and accounting estimates:

The following disclosures cover the specific accounting policies and accounting estimates formulated by the Company according to the characteristics of its production and operation. Please refer to the notes "III. (XI) Impairment of receivables", "III. (XXVIII) Revenue".

(I) Statement of compliance of accounting standards for business enterprises

The financial statements have been prepared by the Company in conformity with requirements of the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, and present truly and completely the consolidation of the Company and the parent company's financial position, as at 31 December 2019 as well as the consolidation of the Company and the parent company's operating results and cash flow for 2019.

(II) Accounting period

The accounting period of the Company is from 1 January to 31 December of each calendar year.

(III) Operating Cycle

The Company's operating cycle is 12 months.

(IV) Reporting currency

The reporting currency of the Company is Renminbi ("RMB").

(V) Accounting treatments for business combinations involving entities under and not under common control

Business combinations involving entities under common control: The assets and liabilities acquired by the combining party in business combination shall be measured at the carrying value of the assets and liabilities of the acquiree (including goodwill incurred in the acquisition of the acquiree by the 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 the share premiums in the capital reserves. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient.

Business combinations involving entities not under common control: The assets paid and liabilities incurred or committed as a consideration of business combination by the purchaser 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, such difference shall be recognised 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 recognised 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 recognised as the initial recognition amount of equity securities or debt securities.

(VI) Preparation of consolidated financial statements

1. Scope of consolidation

The scope of consolidation of the consolidated financial statements of the Company is based on controlling interests, the Company and all its subsidiaries are included in the scope of consolidation.

2. Consolidation method

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 subsidiaries that are within the scope of the consolidation shall have the same accounting policies and the accounting periods with those of the Company. In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving entities not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets on the date of acquisition. For subsidiaries acquired from a business combination involving entities under common control, the individual financial statements of the subsidiaries are adjusted based on 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.

The owner's equity, the net profit or loss and the comprehensive income attributable to minority shareholders of a subsidiary of the current period are presented separately under the owners' equity in the consolidated balance sheet, the net profit and the total comprehensive income in the consolidated income statement respectively. Where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders' interest entitled in the shareholders' equity of the subsidiary at the beginning of the period, the excess is allocated against the minority shareholders interest.

(1) Acquisition of subsidiaries or business

For acquisition of subsidiaries or business due to business combination involving entities under common control during the reporting period, the opening balance of the consolidated balance sheet shall be adjusted; the revenue, expense and profit of such subsidiaries or business from the beginning to the end of the reporting period when the merger occurs are included in the consolidated income statement; the cash flows of such subsidiaries or business from the beginning to the end of the reporting period when the merger occurs are included in the consolidated cash flow statement, and the comparative figures of the financial statements should be adjusted simultaneously as if the consolidated reporting entity had been in existence since the beginning of the control by the ultimate controlling party.

An investor that may impose control over the investee under joint control due to additional investment shall be deemed a party participating in the combination, and shall be adjusted at current status when the ultimate controlling party begins the control. The equity investment held before gaining the control of the combined party is recognised as relevant profit or loss, other comprehensive income and changes in other net assets at the later of the date of acquisition of the original equity and the date when the combining and the combined parties are under joint control, and shall be written down to the opening balance retained earnings or current profit or loss in the comparative reporting period.

For acquisition of subsidiaries or business due to business combination involving entities not under common control during the reporting period, the opening balance of consolidated balance sheet needs not be adjusted; the revenue, expense and profit of such subsidiaries or business from the date of acquisition to the end of the reporting period are included in the consolidated income statement; the cash flows of such subsidiaries or business from the date of acquisition to the end of the reporting period are included in the consolidated cash flow statement.

In connection with imposing control over the investee not under common control as a result of additional investment and other reasons, the equity of acquiree held before acquisition date shall be remeasured by the Company at the fair value of such equity on the acquisition date and the difference between fair value and carrying amount shall be recognised as investment income in current period; if the acquiree's equity held before the acquiring date contains other comprehensive income and the other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions under the equity method, the related other comprehensive income and changes in other owner's equity shall be transferred to investment gains or losses on the date of acquisition, excluding the other comprehensive income derived from changes of net liabilities or net assets due to re-measurement on defined benefit plan by the investee.

(2) Disposal of subsidiaries or business

① *General treatment*

For disposal of subsidiaries or business during the reporting period, the revenue, expense and profit of such subsidiaries or business from the beginning of the period to the date of disposal are included in the consolidated income statement; the cash flows of such subsidiaries or business from the beginning of the period to the date of disposal are included in the consolidated cash flow statement.

Where control of the investee is lost due to partial disposal of the equity investment, or any other reasons, the remaining equity investment is remeasured to fair value at the date in which control is lost. The sum of consideration received from disposal of equity investment and the fair value of the remaining equity investment, net of the difference between the sum of the Company's previous share of the subsidiary's net assets recorded from the acquisition date or combination date and goodwill, is recognised in investment income in the period in which control is lost. Other comprehensive income or net profit and loss related to the previous equity investment in the subsidiary, changes in other owner's equity except the other comprehensive income and profit distribution, are transferred to investment income of the current period when control is lost, except the other comprehensive income as a result of the changes arising from the remeasurement of the net liabilities and net assets of the investee's defined benefit plan.

Where loss of control is due to the decrease in the Company's shareholding as a result of the increase in capital contribution to the subsidiary by other investing parties, the accounting principle described above will be applied.

② *Disposal of subsidiary achieved by stages*

When disposal of equity interests of subsidiaries through multiple transactions until control is lost, generally transactions in stages are treated as a package deal in accounting if the transaction terms, conditions, and economic impact of disposal of the subsidiary's equity interests comply with one or more of the following:

- i. These transactions are achieved at the same time or the mutual effects on each other are considered;
- ii. A complete set of commercial results can be achieved with reference to the series of transactions as a whole;
- iii. Achieving a transaction depends on at least achieving one of the other transactions;
- iv. One transaction recognised separately is not economical, but it is economical when considered together with other transactions.

If losing control of a subsidiary in disposal of equity interests through multiple transactions is recognised as a package deal, these transactions shall be in accounting treated as loss control of a subsidiary in disposal of equity interests achieved. However, the differences between price on each disposal and disposal of investment on the subsidiary's net assets shall be recognised in other comprehensive income in the consolidated financial statements, and included in profit or loss for the period when the control is lost.

If all transactions in disposal of equity interests of subsidiaries until losing control are not a package deal, accounting treatment for partial disposal of equity investments of subsidiary without losing control shall be applied before control is lost. When control is lost, general accounting treatment for disposal of a subsidiary shall be used.

(3) Acquisition of minority interest of subsidiaries

The Company shall adjust the share premium in the capital reserve of the consolidated balance sheet with respect to any difference between the long-term equity investment arising from the purchase of minority interest and the net assets attributing to the subsidiaries continuously calculated on the basis of the newly increased share proportion as of the acquisition date (or date of combination) or, adjust the retained earnings in case the share premium in the capital reserve is insufficient for write-down.

(4) Partial disposal of equity investment in subsidiaries without losing control

The difference between disposal consideration of long-term equity investment in subsidiaries partially disposed by the Group without losing control and the share of net assets calculated from the date of acquisition or combination date shall be adjusted to share premium in the capital reserve in the consolidated balance sheet. Adjustments shall be made to retained earnings in the event that the share premiums in the capital reserves are not sufficient.

(VII) Classification of the joint arrangements and accounting method

A joint arrangement is classified as either a joint operation or a joint venture.

The Company is engaged in joint operation when the Company is a joint operator of joint arrangement, being entitled to the assets and assuming the liabilities relating to the arrangement.

The Company recognizes the following items in relation to its interest in a joint operation, and carries out corresponding accounting treatment in accordance with relevant accounting standards:

- (1) The Company's solely-held assets, and the Company's share of any assets held jointly;
- (2) The Company's solely-assumed liabilities, and the Company's share of any liabilities incurred jointly;
- (3) The Company's revenue from the sale of its share of the output arising from the joint operation;
- (4) The Company's share of the revenue from the sale of the output by the joint operation;
- (5) Its solely-incurred expenses and the Company's share of any expenses incurred jointly.

Please refer to Note "III. (XV) Long-term equity investment" for the Company's accounting policy of investment of joint venture.

(VIII) Determination of cash and cash equivalents

In preparing the cash flow statement, the cash on hand and deposits that are available for payment at any time of the Company are recognised as cash. The short-term (due within 3 months from the date of purchase) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of value change are recognised as cash equivalents.

(IX) Foreign currency transactions and translation of foreign currency financial statements

1. Foreign currency transactions

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

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

2. Translation of foreign currency financial statements

All assets and liabilities items in the balance sheet are translated based on spot exchange rate on the balance sheet date; owners' equity items other than "undistributed profit" are translated at a spot exchange rate when accrued. Revenue and expense items in the income statement are translated at a spot exchange rate at the transaction occurrence date.

For disposal of overseas operation, the difference arising from the translation of the foreign currency financial statements of the overseas operation, is accounted for in the profit and loss account in the current period from owners' equity items.

(X) Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

1. Classification of the financial instruments

According to the business model of the Company's management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as: Financial assets measured at amortised cost, financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments), and financial assets that are measured at fair value through profit or loss.

The goal of financial instrument is to collect the contract cash flow which merely includes the payment of the principal and the interest based on the outstanding principal amount. This financial asset shall be classified as the financial assets measured by the amortized cost. Financial assets whose business model is to receive contract cash flow and sell the financial assets, and its contract cash flow which merely includes the payment of the principal and the interest based on the outstanding principal amount, shall be classified as financial assets (debt instruments) measured at fair value with changes included in other comprehensive income. Other financial assets are classified as financial assets measured at fair value with changes included in current profit and loss.

For non-trading equity instrument investments, the Company determines at the initial recognition whether it is designated as a financial asset (equity instrument) that is measured at fair value and whose changes are included in other comprehensive income. The Company may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets, at initial recognition, measured at financial liabilities measured at fair value through profit or loss, and amortised cost.

When meeting the criteria as followed, the Company may, at initial recognition, designate a financial liability as measured at fair value through profit or loss:

- 1) It eliminates or significantly reduces a measurement or recognition inconsistency.
- 2) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.
- 3) The financial liabilities conclude embedded derivatives which can be split separately.

2. Recognition and measurement of financial instruments

- (1) Financial assets measured at amortised cost

Financial assets measured at amortised cost include notes receivable, accounts receivable, other receivables, long-term receivables, and debt investment, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount; Accounts receivable that do not contain significant financing components and accounts receivable that the Company has decided not to consider for a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated by the effective interest method during the period of holding is included in the current profit and loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in the current profit and loss.

- (2) Financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments)

Financial assets (debt instruments) that are measured at fair value and whose changes are included in other comprehensive income include receivables financing, other debt investments, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value. Changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains and losses calculated using the effective interest method.

When the recognition is terminated, the accumulated gain or loss previously recognised in other comprehensive income is transferred from other comprehensive income and recognised in profit or loss.

- (3) Financial assets measured at fair value and whose changes are included in other comprehensive income (equity instruments)

Financial assets measured by fair value and whose changes are included in other comprehensive income (equity instruments), including other equity instruments investment, are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profits and losses.

When the recognition is terminated, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in retained earnings.

- (4) Financial assets measured at fair value through profit or loss

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

- (5) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss, including held-for-trading financial liabilities, derivative financial liabilities, etc., are initially measured at fair value, and related transaction expense is recognized in profit or loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are recognised in profit or loss.

When the recognition is terminated, the difference between the book value and the consideration is included in the profit and loss.

- (6) Financial liabilities measured at amortised cost

Financial liabilities measured at amortized cost include short-term borrowings, bills payable, accounts payable, other payables, long-term borrowings, bonds payable, long-term payables, initially measured at fair value, and related transaction costs are included in the initial recognition amount.

Interest calculated by the effective interest method during the period of holding is included in the current profit and loss.

When the derecognition is terminated, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss.

3. Recognition and measurement of transfer of financial assets

When a financial asset is transferred by the Company, a financial asset shall be derecognised while the Company has transferred nearly all the risks and rewards related to the ownership of the financial asset to the transferee, and it shall not be derecognised if the Company has retained nearly all the risks and rewards related to the ownerships of the financial asset.

The substance-over-form principle shall be adopted while making a judgment on whether the transfer of financial assets satisfies the above conditions for termination of recognition.

The transfer of financial assets could be classified into entire transfer and partial transfer. If the transfer of an entire financial asset satisfies the conditions for termination of recognition, the difference between the two amounts below shall be recorded into profit or loss for the period:

- (1) The carrying amount of the financial asset transferred;
- (2) The consideration received as a result of the transfer, plus the accumulative amount of the change in fair value previously recorded into the owners' equities directly (in cases where the transferred financial assets are financial assets (debt instruments) measured at fair value with changes included in other comprehensive income).

If the partial transfer of financial assets satisfies the conditions for termination of recognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognised part and the remaining part, and the difference between the two amounts below shall be recorded into profit or loss for the current period:

- (1) The carrying amount of the derecognised portion;
- (2) The sum of consideration of the derecognised portion and the corresponding portion of accumulated change in fair value previously recorded into owners' equity (in cases where the transferred financial assets are financial assets (debt instruments) measured at fair value with changes included in other comprehensive income).

Financial assets will still be recognised if they fail to satisfy the conditions for termination of recognition, with the consideration received recognised as a financial liability

4. Conditions for de-recognition of financial liabilities

When the current obligation under a financial liability is completely or partially discharged, the whole or relevant portion of the liability is derecognised; an agreement is entered between the Company and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, derecognize the original financial liabilities as well as recognize the new financial liabilities.

If all or part of the contract terms of the original financial liabilities are substantially amended, the original financial liabilities will be derecognised in full or in part, and the financial liabilities whose terms have been amended shall be recognised as a new financial liability.

When financial liabilities is derecognised in full or in part, the difference between the carrying amount of the financial liabilities derecognised and the consideration paid (including transferred non-cash assets or new financial liability) is recognised in profit or loss for the current period.

Where the Company repurchases part of its financial liabilities, the carrying amount of such financial liabilities will be allocated according to the relative fair value between the continued recognised part and derecognised part on the repurchase date. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid (including transferred non-cash assets or new financial liability) is recognised in profit or loss for the current period.

5. Method of determining the fair values of financial assets and liabilities

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. The Company uses the valuation technique when it is applicable under current conditions and there are enough available data and other information to support and the technique should maximize the use of relevant observable. Unobservable inputs are used under the circumstance that the relevant observable inputs cannot be obtained or not feasible. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

6. Testing methodology and accounting for impairment of financial assets

The Company considers all reasonable and evidenced information, including forward-looking information, to estimate the expected credit losses of financial assets measured at amortized cost and financial assets (debt instruments) measured at fair value through other comprehensive income, either individually or in combination. The measurement of expected credit losses depends on whether the financial assets have increased significantly since the initial recognition.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision at the amount equivalent to the expected credit loss for the entire life of the financial instrument; If the credit risk of the financial instrument has not increased significantly since the initial confirmation, the Company measures its loss provision at the amount equivalent to the expected credit loss for the financial instrument over the next 12 months. The increase or return of the loss provision resulting therefrom shall be credited to the current profit or loss as an impairment loss or gain.

Usually more than 30 days overdue, the Company considers that the credit risk of the financial instrument has significantly increased, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the credit risk of a financial instrument on the balance sheet date is low, the Company does not consider that the credit risk of the financial instrument has increased significantly since its initial recognition.

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

For accounts receivable and contract assets, regardless of whether they contain significant financing elements or not, the Company always measures its loss reserves in accordance with the amount equivalent to the expected credit loss in the whole duration.

For lease receivables and long-term receivables formed by the Company through the sale of goods or the provision of services, the Company always chooses to measure its loss reserves in accordance with the amount equivalent to the expected credit loss in the whole duration.

(XI) Impairment of receivables

Receivables of the Company mainly include receivables, notes receivable, receivables financing, 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 recognises the impairment loss based on the difference between the carrying amount and the present value of estimated future cash flows.

1. Accounts receivable and notes receivable

For accounts receivable or notes receivable, whether it contains significant financing components, the Company always measures its loss 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.

- (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	Considering the credit rating of the acceptance bank or the acceptor as the credit risk characteristic of portfolios
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

The Company combines the portfolio of accounts receivables with similar credit risk characteristics and the Company 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 its book value.

2. Receivables financing

When the notes receivable and accounts receivable meet the following conditions at the same time: 1) the contract cash flow is the payment of the principal and the interest based on the outstanding principal amount; 2) the Company's business model for managing notes receivable and accounts receivable are both of collecting the contract cash flow and the selling.

The Company classified it into financial assets measured at fair value with the changes included in other comprehensive income and list it as receivables financing in the statement. Please refer to Note "III. (X) financial instruments" in the note for relevant specific accounting treatment methods.

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 notes receivable and accounts receivable divided into combinations, the impairment loss measurement method of the aforesaid accounts receivable shall be applied.

3. Other receivables

For the measurement of impairment loss of other receivables, it is treated in accordance with the measurement method of impairment loss of the aforementioned accounts receivable.

4. Others

For other receivables such as advanced payment, interests 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 book value.

(XII) Inventories

1. Category of inventory

Inventories include raw materials, circulating materials, stored commodities, work in progress, delivered commodities, consigned commodities, cost of contract performance and so on.

2. Determination of cost of inventories

Cost of inventories is determined using the weighted average method.

3. Basis for the determination of net realisable value of different type of inventories

Net realisable value of held-for-sale commodity stocks, such as finished goods, goods-in-stock, and held-for-sale materials, during the normal course of production and operation, shall be determined by their estimated selling price less the related selling expenses and taxes; the net realizable value of material inventories, which need to be processed, during the normal course of production and operation, shall be determined by the amount after deducting the estimated cost of completion, estimated selling expenses and relevant taxes from the estimated selling price of finished goods; the net realisable value of inventories held for execution of sales contracts or labour contracts shall be calculated on the ground of the contracted price. If an enterprise holds more inventories than the quantity stipulated in the sales contract, the net realisable value of the exceeding part shall be calculated on the ground of general selling price.

Decline in value of inventories is made on an item-by-item basis at the end of the period. For large quantity and low value items of inventories, provision may be made based on categories of inventories; for items of inventories relating to a product line that is produced and marketed in the same geographical area and with the same or similar end uses or purposes, which cannot be practicably evaluated separately from other items in that product line, provision for decline in value of inventories may be determined on an aggregate basis.

Unless there is evidence clearly shows that abnormality in market price exists as of the balance sheet date, the net realisable value of inventories is determined based on the market price as of the balance sheet date.

The net realisable value of inventories at the end of current period is determined based on the market price of the balance sheet date.

4. Inventory system

The perpetual inventory system is adopted.

5. Amortisation of low-value consumables and packaging materials

(1) Low-value consumables are amortised using the immediate write-off method;

(2) Packaging materials are amortised using the immediate write-off method.

(XIII) Contract assets

1. Recognition methods and standards of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The right (the right is determined by other factors except times) to collect consideration on account of has transferred the goods or provided services to customers is listed as contract assets. Contract assets and liabilities under the same contract are presented in net amount.

2. Recognition and accounting treatment of expected credit loss of contract assets

For the recognition and accounting treatment of expected credit loss of contract assets, please refer to Note "(X) 6. Testing methodology and accounting for impairment of financial assets".

(XIV) Assets classified as held-for-sale

The Company recognises non-current assets or disposal groups which meet the following conditions as assets held for sale:

- (1) The assets or disposal groups must be available for sale immediately under the current conditions according to the usual terms of the sale of such assets or disposal groups in similar transactions;
- (2) The assets are highly likely to be sold, namely, the Company has made a resolution on a disposal of the assets, and obtained a confirmed purchase commitment and the disposal will be completed within 1 year. If regulation needs to be approved by the relevant authorities or supervision department of the Company, such approval has been obtained.

(XV) Long-term equity investments

1. Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. The Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over the investee, the investee is an associate of the Company.

2. Determination of initial investment cost

- (1) Long-term equity investments formed through business combination of entities

For business combinations involving entities under common control: where the Company pays cash, transfers non-cash assets, bear debts or issue equity securities as consideration of combinations, the initial investment cost of long-term equity investments are the share with reference to the book value of the shareholders' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, on the combination date, the initial cost of long-term equity investments shall be determined based on share of carrying amounts in the consolidated financial statement of the ultimate controlling party by net assets of the combined party after the combination. The difference between initial investment cost and the carrying value of long term equity investment before combination and the sum of carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

Business combinations involving entities not under common control: the cost of the combination ascertained on the date of acquisition shall be taken as the initial investment cost of the long-term equity investments. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost when changing to the cost method shall be the sum of the carrying value of the equity investment originally held and the newly increased initial investment cost.

- (2) Long-term equity investments acquired by other means

The initial cost of investment of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which it is actually paid.

The initial cost of investment of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

If the non-monetary assets transaction has commercial nature and the fair value of the assets received or surrendered can be reliably measured, the fair value is considered as the basic measurement. If the fair value of the assets received or surrendered can be reliably measured, initial cost of investment of a long-term equity investment received shall be determined on the basis of the fair value of the assets surrendered and the related tax payable, unless there are concrete evidence that the fair value of the assets received is more reliable. For non-monetary assets transaction which is not commercial in nature, or the fair value of the assets received or surrendered cannot be reliably measured, the initial cost of investment of a long-term equity investment received shall be the book value of the assets surrendered and the relevant taxes payable.

For the long-term equity investment obtained by the Company through debt restructurings, its carrying value shall be determined based on the fair value of the surrendered creditor's rights and taxes directly attributable to the asset and other costs. And the difference between the fair value and carrying value of the surrendered creditor's rights is included in current profit and loss.

3. Subsequent measurement and recognition of profit or loss

- (1) Long-term equity investment accounted for by cost method

Long-term equity investment in subsidiaries of the Company is accounted for by cost method, except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains is recognised as the Company' shares of the cash dividends or profits declared by the investee.

- (2) Long-term equity investment accounted for by equity method

Long-term equity investments of associates and jointly controlled entities are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period.

The Company recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realised by the investee which it shall be entitled or shared respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments; The carrying value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions of the investee, the carrying value of long-term equity investments shall be adjusted and included in owner's equity.

When determining the amount of proportion of net profit or loss in the investee which it entitles, fair value of each identifiable assets of the investee at the time when the investment is obtained shall be used as basis, and according to the accounting policies and accounting period of the Company, adjustment shall be made to the net profit of the investee. During the period of holding investments, when preparing consolidated financial statements by the investee, the accounting shall be based on the amounts attributable to the investee in the net profit, other comprehensive income and other changes of the owner's equity in the consolidated financial statements.

The unrealised profit or loss resulting from transactions between the Company and its associates or joint venture shall be eliminated in portion to the investor's equity interest of investee, based on which investment income or loss shall be recognised. Any losses resulting from transactions, which are attributable to impairment of assets, shall be fully recognised. Transactions of the assets casted and sold that are able to constitute an agreement between the Company and associates, joint venture shall be dealt with in accordance with Note "III. (V) Accounting method for business combination involving enterprises under common control and not under common control" and Note "III. (VI) Preparation of consolidated financial statements".

In recognition of share of losses in the investee, the Company treats it in the following order: Firstly, the Company will write off the carrying value of long-term equity investments. Secondly, in the event the aforesaid carrying value is insufficient for write off, it shall continue to recognize investment loss and write off carrying values of long-term receivables to the extent of the carrying amount of the long-term equity which substantively constitutes the net investment in the investee. Finally, after the above treatment, for the additional obligations which shall be still assumed by entities according to investment contract or agreement, the estimated liabilities shall be recognised based on the obligations which are expected to assume and included in the investment loss for the current period.

(3) Disposal of long-term equity investments

For disposal of long-term equity investment, the difference between the book value and the consideration actually received shall be included in the current profit or loss.

For the long-term equity investment under the equity method, when disposing of such investment, part of amounts that shall be originally included in other comprehensive income shall be accounted for in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. The owner's equity which is recognised due to other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions shall be transferred in proportion into the current profit or loss, excluding the other comprehensive income derived from changes of net liabilities or net assets due to re-measurement on defined benefit plan by the investee.

When the Group loses the controls or material influence over the investee due to partially disposal of equity investment and other reasons, the remaining equities shall be accounted for in accordance with the standards on recognition and measurement of financial instruments, and the difference between the fair value and the carrying value at the date of losing control or material influence shall be included in current profit or loss. For other comprehensive income recognised in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. All owner's equities which are recognised due to other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions shall be transferred into the current profit or loss when ceasing to use the equity method.

When the Group loses the controls over the investee due to partially disposal of equity investment and other reasons, the remaining equities after disposal shall be accounted for under equity method in preparation of individual financial statements provided that common control or material influence over the investee can be imposed, and shall be adjusted as if such remaining equities has been accounted for under the equity method since they are obtained. Where the remaining equities after disposal cannot impose common control or material influence over the investee, it shall be accounted for according to relevant provisions of the standards on recognition and measurement of financial instruments, and the difference between fair value and the carrying value on the date of losing control shall be included in the current profit or loss.

The disposed equity interest was acquired in a business combination as resulted from such as making additional investment, the remaining equity interest after disposal will be accounted for using cost method or equity method when preparing the separate financial statements. Other comprehensive income and other owners' equity recognised when the equity investment held on the acquisition date is accounted for using equity method and shall be transferred on pro rata basis; For the remaining equity interest after disposal accounted for using the recognition and measurement standard of financial instruments, other comprehensive income and other owners' equity shall be fully transferred.

(XVI) Investment property

Investment property is held to earn rentals or for capital appreciation or both which include leased land use rights; land use rights held for sale after appreciation; leased buildings (including buildings after self-completion of construction or development for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in future).

The Company's existing investment property is measured at cost. Investment property measured at cost – buildings held for leasing shall adopt the same depreciation policy for fixed assets of the company, land use rights held for leasing shall adopt the same amortization policy for the intangible assets.

(XVII) Fixed assets

1. Conditions for recognition 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 recognised 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.

2. Method for depreciation

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. 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
<hr/>				
Operating leased fixed assets:				
Housing and building	straight line method	20-30	5	3.17-4.75
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3. Recognition basis and measurement method of fixed assets under finance lease (applicable before 1 January 2019)

Where any one of the following conditions is provided in the lease agreement between the Company and the lesser, assets under finance lease will be recognised:

- (1) upon the expiry of lease, the ownership of the leased asset is transferred to the Company;
- (2) the Company has the option to purchase the leased asset, the purchase consideration entered into is expected to be far less than the fair value of the leased asset upon the exercise of the option;
- (3) the lease term accounts for the majority of the useful life of the leased asset;
- (4) the present value of the minimum lease payment upon the commencement of the lease is substantially the same as the fair value of the leased asset.

On the commencement of the lease, the leased asset shall be recorded at an amount equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments. And the minimum lease payments shall be recorded as the carrying amount of long-term payables. The difference between the recorded amount of the leased asset and the minimum lease payments shall be accounted for as unrecognised finance charge.

(XVIII) Construction in progress

Criteria and time point for construction in progress being transferred to the fixed asset Construction in progress is measured at all the expenditures incurred to bring the fixed assets ready for their intended use. If the construction in progress of fixed assets constructed are ready for their intended use but the final account of completed project has not been issued, it should be transferred to fixed assets at an estimated cost according to the construction budget, construction price or actual cost, and depreciation should be provided according to depreciation policy for fixed assets from the date when the assets are ready for their intended use. When the final account of completed project is issued, the estimated cost will be adjusted according to the actual cost, while the original depreciation charge will not be adjusted.

(XIX) Borrowing costs

1. Criteria for recognition of capitalised borrowing costs

Borrowing costs refers to the borrowing interests, amortization of discounts or premiums, ancillary costs and exchange differences arising from foreign currency borrowings, etc.

For borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets qualified for capitalisation, the costs will be capitalized and included in the costs of the related assets. Other borrowing costs shall be recognised as expense in the period in which they are incurred and included in profit or loss for the current period.

Assets qualified for capitalisation are assets (fixed assets, investment property, inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

Capitalisation of borrowing costs begins when the following three conditions are fully satisfied:

- (1) expenditures for the assets (including cash paid, transferred non-currency assets or expenditure for holding debt liability for the acquisition, construction or production of assets qualified for capitalisation) have been incurred;
- (2) borrowing costs have been incurred;
- (3) acquisition, construction or production that are necessary to enable the asset reach its intended usable or saleable condition have commenced.

2. Capitalisation period of borrowing costs

The capitalisation period shall refer to the period between the commencement and the cessation of capitalisation of borrowing costs, excluding the period in which capitalization of borrowing costs is temporarily suspended.

Capitalisation of borrowing costs shall be suspended during periods in which the qualifying asset under acquisition and construction or production ready for the intended use or sale.

If part of an asset being acquired, constructed or produced has been completed respectively and put into use individually, capitalisation of borrowing costs should be suspended.

If different parts of the assets acquired, constructed or produced are completed separately, but such asset will not be ready for the intended use or sale until all parts have been completed, then the borrowing costs will be capitalized until the completion of all parts of the said asset.

3. Suspension of capitalisation period

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, when the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition and construction or production ready for the intended use or sale, the capitalisation of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recognized as profits and losses of the current period. When the acquisition and construction or production of the asset resumes, the capitalisation of borrowing costs continues.

4. Calculation of capitalisation rate and amount of borrowing costs

Specific borrowings for the acquisition, construction or production of assets qualified for capitalisation, borrowing costs of the specific borrowings actually incurred in the current period minus the interest income earned on the unused borrowing loans as a deposit in the bank or as investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalisation.

General borrowings for the acquisition, construction or production of assets qualified for capitalisation, the to-be-capitalized amount of interests on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specifically borrowed loans by the capitalisation rate of the general borrowing used. The capitalisation rate shall be calculated and determined according to the weighted average interest rate of the general borrowing.

(XX) Intangible assets

1. Valuation method of intangible assets

- (1) Intangible assets are initially measured at cost upon acquisition:

The costs of an externally purchased intangible asset include the purchase price, relevant taxes and expenses paid, and other expenditures directly attributable to putting the asset into condition for its intended use. If the payment for an intangible asset is delayed beyond the normal credit conditions and it is of financing nature in effect, the cost of the intangible assets shall be ascertained based on the present value of the purchase price.

The amount of intangible assets acquired from debt restructuring shall be recorded at the fair value of the surrendered creditor's rights and other costs directly attributable to the taxes and putting the assets into the condition for its intended use, and the difference between the fair value of the surrendered creditor's rights and the book value shall be included in the current profit and loss.

If the non-monetary assets transaction is commercial in nature and the fair value of the assets received or surrendered can be reliably measured, the fair value is considered as the basic measurement. If the fair value of the assets received or surrendered can be reliably measured, initial cost of investment of an intangible asset received shall be determined on the basis of the fair value of the surrendered assets and the related tax payable, unless there are concrete evidence that the fair value of the assets received is more reliable. For non-monetary assets transaction which has commercial nature or in which assets received or surrendered cannot be reliably measured or has no commercial nature, the initial cost of investment of an intangible received shall be the book value of the assets surrendered and the relevant taxes payable.

- (2) Subsequent measurement

The Company shall analyse and judge the useful life of intangible assets upon acquisition.

As for intangible assets with a finite useful life, they are amortized using the straight-line method over the term in which economic benefits are brought to the firm; If the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortised.

2. Estimated useful lives for the intangible assets with finite useful life:

Item	Estimated useful lives (years)	Amortisation method
Land use rights	16.75-50	Straight line method
Trademark rights	10	Straight line method
Computer software	5-10	Straight line method
Patents	10	Straight line method
Software copyright	10	Straight line method
Non-patented technology	5	Straight line method

3. Judgment basis and review procedure of intangible assets with indefinite useful life

The useful life of intangible assets with indefinite useful life is reviewed at the end of each period.

4. Specific criteria for the division of research phase and development phase

The expenses for internal research and development projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: Scheduled innovative investigations and research activities to obtain and understand scientific or technological knowledge.

Development phase: Apply the research outcomes or other knowledge to a plan or design prior to a commercial production or use in order to produce new or essentially-improved materials, devices, products, etc.

5. Specific criteria for capitalisation at development phase

Expenses arising from development phase and fulfil all following criteria shall be recognized as intangible assets.

- 1) It is technically feasible to complete the intangible assets so that they can be used or sold;
- 2) The management has the intention to complete the intangible assets and use or sell them;
- 3) It can be proven that the intangible assets will generate economic benefits;
- 4) Company has sufficient technical, financial and other resources support to complete the development of the intangible assets, thereafter, has the ability to use it or sell it;
- 5) The expenditure attributable to the development stage of the intangible assets can be reliably measured.

Expenditures in the development stage that do not satisfy the above criteria shall be included in the current profit and loss as incurred. The development expenditure that has been included in the profit and loss in the earlier period shall not be recognized as assets in the later period. The capitalized expenditure in the development stage is listed as the development expenditure on the balance sheet, and is transferred to intangible assets from the date when the project reaches the expected usable state.

When the recoverable amount of development expenditure is lower than its book value, the book value is written down to the recoverable amount.

(XXI) Impairment of long-term assets

Long-term assets, such as long-term equity investment, investment properties, fixed assets, projects under construction, right-of-use assets, intangible assets with a finite useful life 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 recognised 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 recognised 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 recognised, it will not be reversed in the subsequent accounting periods.

(XXII) Long-term expenses to be amortised

Long-term expenses to be amortised are expenses which have occurred but will benefit over 1 year and shall be amortized over the current period and subsequent periods.

The long-term expenses to be amortised of the Company take the price according to the actual cost and average amortization based on the expected benefit period, for the Long-term expenses to be amortised which cannot make the benefit of the future accounting period, in the determination of the project's amortised value shall be included in the current profit and loss.

(XXIII) Contract Liabilities

The Company shall list the contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payment. The obligation of the Company to transfer goods or provide services to customers due to the consideration received or receivable from customers is listed as contract liabilities. Contract assets and liabilities under the same contract are presented in net amount.

(XXIV) Employee Remuneration

1. Method of accounting treatment for short-term remuneration

During the accounting period when the staff provides service, the Company will recognize the short-term remuneration actually incurred as liabilities, and the liabilities would be charged into current profits and loss or costs of relevant assets.

The Company will pay social insurance and housing funds, and will make provision of trade union funds and staff education costs in accordance with the requirements. During the accounting period when the staff provides service, the Group will determine the relevant amount of employee benefits in accordance with the required provision basis and provision ratios.

Non-currency employee benefits will be accounted for in accordance with their fair value if they can be measured reliably.

2. Method of accounting treatment for retirement benefit plan

(1) Defined contribution scheme

The Company will pay basic pension insurance and unemployment insurance in accordance with the relevant provisions of the local government for the staff. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognised as liabilities, and the liabilities would be charged into current profits and loss or costs of assets.

In addition to basic pension insurance, the Company also established the enterprise annuity payment system according to relevant policy of national enterprise annuity system. The Company makes payment to local social insurance agencies based on a certain proportion of total staff remunerations. Corresponding expenditure is included in the profit or loss for the current period or costs of related assets.

(2) Defined benefit scheme

The welfare responsibilities generated from defined benefit scheme based on the formula determined by projected unit credit method would be vested to the service period of the staff and charged into current profits and loss or costs of relevant assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognised as net liabilities or net assets. When the defined benefit scheme has surplus, the company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual reporting period during which the staff provided service, were discounted based on the bond market yield of sovereign bond matching the term of defined benefit plans obligations and currency or corporate bonds of high quality in the active market on the balance sheet date.

The service cost incurred by defined benefit scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged into the current profits and loss or relevant costs of assets. The changes generated from the re-calculation of the net liabilities or net assets of the defined benefit scheme would be included in the other comprehensive income and are not reversed to profit or loss in a subsequent accounting period.

When the defined benefit scheme is settled, the gain or loss is confirmed based on the difference between the present value of obligations and the settlement price of the defined benefit scheme as at the balance sheet date.

3. Method of accounting treatment for termination benefits

The Company will pay termination benefits when the group can no longer withdraw the offer of termination plan or layoff proposal or when the Group recognizes costs for restructuring which involving the payment of termination benefits (whichever the earliest). The remuneration incurred by the termination benefits will be recognised as liabilities which would be charged into current profits and loss.

(XXV) Estimated liabilities

1. Recognition criteria for estimated liabilities

The Company shall recognise the obligations related to contingencies involving litigations, guarantees provided to debts, loss-making contracts, restructuring as estimated liabilities, when all of the following conditions are satisfied:

- (1) the obligation is a present obligation of the group;
- (2) it is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) the amount of the obligation can be measured reliably.

2. Method of measuring the various estimated liabilities

Estimated liabilities shall be initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors pertaining to a contingency such as risk, uncertainties, and time value of money shall be taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, the best estimate shall be determined by discounting the related future cash outflow.

The best estimate will be dealt with separately in the following circumstances:

The expenses required have a successive range (or band), in which the possibilities of occurrence of each result are the same, and the best estimate should be determined as the middle value for the range, i.e. the average of the upper and lower limit.

The expenses required does not have a successive range (or band), or although there is a successive range (or band), the possibilities of occurrence of each result are not the same, if the contingency is related to individual item, the best estimate should be determined as the most likely amount; where the contingency is related to a number of items, the best estimate should be calculated and determined according to the possible results and the relevant possibilities.

Where some or all of the expenditure required to settle an estimated liability is expected to be reimbursed by a third party, the reimbursement is separately recognised as an asset when it is virtually certain that the reimbursement will be received. The amount recognized for the reimbursement is limited to the carrying amount of the liability recognised.

(XXVI) Share-based payment

The Company's share-based payment represents transactions in which the Company receives services from employees or other parties by granting equity instruments or incurring liabilities that are based on the price of the equity instruments to the employee or other suppliers. The Company's share-based payments included equity-settled share-based payments and cash-settled share-based payments.

1. Equity-settled share-based payment and equity instrument

As to an equity-settled share-based payment in return for services of employees, calculation will be based on the fair value of the equity instrument granted to the employees. If the Company make the share-based payment by restricted shares, employees will subscribe the share but those shares shall not be listed on the market or transferred before it fulfill the unlocking condition and unlocked. If the unlocking conditions stipulated in the equity incentive scheme cannot be fulfilled eventually, the Company will repurchase those shares based on the predetermined price. Upon obtaining the payment for subscribing restricted shares made by the employees, the Company will recognized the share capital and capital reserve (share capital premium) according to the payment it received, while fully recognize a liability for its repurchasing obligation as well as its treasury shares. On each balance sheet date within the vesting period, the Company will make the best estimation of the number of vested equity instruments based on the subsequent information such as the updated changes in the number of executives and the achievement of performance standard. Based on the above results, the services received in the current period will be included in the relevant cost or expense based on the fair value on the date of grant, and the capital reserve will be increased accordingly. The recognized cost or expense and owners' interest will not be adjusted after the vesting date. However, equity instruments vested immediately after the date of grant will be included in the relevant cost or expense based on its fair value on the date of grant, and the capital reserve will be increased accordingly.

For the share-based payments that are not vested eventually, no cost or expense will be recognised, except the vesting condition is market condition or non-exercisable condition. Under such circumstances, no matter whether the market condition or non-exercisable condition can be fulfilled, the share-based payment will be deemed as vested as long as all the non-market conditions in the vesting condition are fulfilled.

If the terms of the equity-settled share-based payment are amended, the Company shall recognize the services received at least based on the situation before the amendment was made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to the staff on the amendment date, will be recognised as an increase in the service received.

If the equity-settled share-based payment is cancelled, it will be accounted for as accelerated exercise on the cancellation date and the unrecognised amount will be recognized immediately. Employees and other parties are able to satisfy the non-vesting conditions. If the conditions are not fulfilled during the vesting period, the equity settled share-based payment will be deemed as cancelled. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to cancelled equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument.

2. Cash-settled share-based payments and equity instrument

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 Group. It is initially measured at fair value on the date of grant, taking account into the terms and conditions of the equity instrument granted. Please refer to Note "XXVI. Share-based payment" for details. If the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise. For each of the balance sheet date and settlement date before the settlement of the relevant liabilities, fair value of the liabilities will be remeasured and the changes will be included in the profit or loss for the current period.

(XXVII) Preference shares, perpetual bonds and other financial instruments

The Company classifies the issued preference shares/perpetual bonds as financial assets, financial liabilities or equity instruments upon initial recognition in accordance with the terms of the contract and the economic substance reflected therein rather than in legal form only.

Financial instruments such as perpetual bonds/preference shares issued by the Company meet one of the following conditions, shall be classified as financial liabilities as a whole or its components at initial recognition:

- (1) The Company cannot unconditionally avoid contractual obligations performing by delivering cash or other financial assets;
- (2) Contract obligations including delivery of variable number of own equity instruments for settlement;
- (3) It includes derivative instruments (such as equity transfer, etc.) that are settled by their own equity, and the derivative instruments cannot exchange fixed amount of cash or other financial assets with fixed amount of their own equity instruments for settlement;
- (4) There are contract terms that indirectly form contractual obligations;
- (5) When the issuer liquidates, the perpetual bonds are in the same order as the ordinary bonds and other debts issued by the issuer.

Financial instruments such as perpetual bonds/preference shares that do not meet any of the above conditions shall be classified as equity instruments at initial recognition.

(XXVIII) Revenue

1. Principle of recognition of revenue

The Company shall determine at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

If one of the following criteria is met, the Company satisfy a performance obligation over time, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Company performs; (2) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; (3) the Company's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date during the term of the contract.

For each performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The Company may not be able to reasonably measure the outcome of a performance obligation, but the entity expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the entity shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. The Company shall recognise revenue when the Company satisfies a performance obligation at a point in time by transferring a promised good or service to a customer and customer obtains control of a promised asset. The Company shall consider indicators of the transfer of control, which include the following: (1) The Company has a present right to receive the payment, i.e. a customer has a present right to payment for the asset; (2) The Company has transferred the legal title of the goods to the customer, i.e. the customer already owns the legal title of the goods. (3) The Company has transferred physical possession of the goods to the customer, i.e. the customer has possessed the goods; (4) The Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e. the customer has the significant risks and rewards of ownership of the asset; (5) The customer has accepted the goods; (6) Other indications that the customer has obtained control of goods.

2. Principle of measurement of revenue

- (1) The Company measure revenue through allocating the transaction price to each performance obligation. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties or amounts expected to be refunded to a customer.
- (2) If the consideration promised in a contract includes a variable amount, the Company shall estimate the amount of consideration by using either of the expected value or the most likely amount. But the transaction price which concludes the variable consideration does not exceed the amount that the accumulative recognised income is unlikely to undergo a major reversal when the relevant uncertainty is eliminated.
- (3) Where there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash when it is assumed that the customer has taken the control of goods or services. The difference between the transaction price and the contract consideration is amortised using the effective interest method during the contract period. On the contract start date, the Company does not consider the major financing components in the contract when it expects that the difference between customer taking control of the purchase of goods or services and the payment of the customer price is not more than one year.
- (4) Where the contract includes two or more performance obligations, the Company shall amortise the transaction price to each individual performance obligation on the contract start date in line with the relative proportion of the individual selling prices of the goods.

3. Specific circumstances of revenue recognition

(1) Revenue recognition at a point in time

The sales of industrial robots, electronic manufacturing products, information network equipment and electronic products and etc. are performance obligations fulfilled at a point in time to recognize revenue. The recognition of the revenue of domestic products should meet the following conditions: the company has delivered the products to the customer based on contract and the customer has accepted the goods; the payment has been recovered or the receipt of goods has been obtained; the relevant economic benefits are likely to flow in; the main risk of ownership of the goods has been transferred, and the legal title of the goods has been transferred. The recognition of the revenue of the exported products should meet the following conditions: the company has declared the goods according to the contract, obtained the bill of lading, has recovered the payment or obtained the receipt certificate and the relevant economic benefits are likely to flow in, and the main risks and rewards of the ownership of the goods have been transferred. The legal title of the goods has been transferred.

(2) Revenue recognition over time

For the service of providing intelligent factory system integration, intelligent transportation and building installation, the Company recognise revenue over time because the customer simultaneously receives and consumes the benefits provided by the Company as the Company performs obligation performance and the Company has the right to ask for payment for the part of the performance that has been completed so far throughout the contract period, unless the performance of the performance cannot be reasonably determined. The Company determines the progress of the performance of the service in accordance with the output method. If the performance of the Company is expected to be compensated if the performance cannot be reasonably determined, the revenue will be recognised according to the amount of cost incurred, until the performance of the performance can be reasonably determined.

(3) Others

Others are applicable to rent leasing, property management, etc. Revenue shall be recognized according to the straight line method during the lease period stipulated in the contract.

(XXIX) Contractual costs

Contract costs are divided into contract performance costs and contract acquisition costs.

The costs incurred by the Company for the performance of the contract are recognised as an asset as contract performance costs when the following conditions are met:

1. This cost is directly related to a current or expected contract.
2. This cost increases the resources of the company to fulfill its performance obligations in the future.
3. The cost is expected to be recovered.

The Company shall recognise as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs.

Assets related to the cost of the contract are amortized on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortization period of the contract acquisition cost is less than one year, the Company will account for the current profits and losses when incurred.

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognize it as asset impairment loss:

1. The remaining price expected to be obtained by the transfer of goods or services related to the asset;
2. Estimate costs that will occur in order to transfer the relevant goods or services.

If the above-mentioned asset impairment provision is reversed, the book value of the transferred asset shall not exceed the book value of the asset on the reversal date without presuming the provision for impairment.

(XXX) Government grant

1. Types

Government grants are transfer of monetary assets or non-monetary assets from the government to the company at no consideration, and are classified into government grant related to asset and government grant related to income.

Government grants related to assets is obtained by the Company for the purposes of constructing or forming long-term assets in other ways including funds allocation for purchase of fixed assets or intangible assets, financial discount of special loans for fixed assets. Government grants related to revenue refer to the government grants other than those related to assets.

2. Recognition time point

Government grants related to revenue is recognised when the grant is received.

3. Accounting treatment

Government grants related to assets should be presented as deferred income. Government grants are recognised in profit or loss on a systematic basis over the periods (recognised as other income when related to operating activities; and recognised as non-operating income when not related to operating activities);

A government grant related to income is used for compensation for related expenses or losses to be incurred by the Company in subsequent periods, the grant shall be recognised as deferred income, and recognised as other income for daily operating activities and non-operating income for non-operating activities over the periods in which the related costs are recognised; if the grant is a compensation for related expenses or losses already incurred by the Company, the grant shall be recognised immediately in profit or loss for the current period, alternatively, they are deducted in reporting the related expense.

The Company receives the loan interest with policy reference and treats in different ways in accordance with two situations below:

- (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.

(XXXI) Deferred income tax assets and liabilities

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized. For deductible losses and tax credits that can be reversed in the future period, deferred tax assets shall be recognised to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save as the exceptions, deferred income tax liabilities shall be recognised for the taxable temporary difference.

The exceptions for not recognition of deferred income tax assets and liabilities include: the initial recognition of the goodwill; other transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur.

After granted the legal rights of net settlement and with the intention to use net settlement or obtain assets, repay debt, the Group, at the same time, the net amount after offsetting its current income tax assets and current income tax liabilities shall be recorded.

The Group was granted the legal rights of net settlement of current income tax assets and current income tax liabilities. Deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax collection and management authority or related to different entities liable to pay tax, but the relevant entity liable to pay tax is intended to apply net settlement of current income tax assets and liabilities or, at the same time, obtain assets, repay debt whenever every deferred income tax assets and liabilities with importance would be reversed in the future, the Group records the net amount after offsetting its current income tax assets and current income tax liabilities.

(XXXII) Leases

Accounting policy applicable after January 1st, 2019

Lease refers to a contract in which the lessor transfers the right to use the assets to the lessee for consideration within a certain period.

On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party of a contract transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration, the contract is a lease or includes a lease.

If the contract includes multiple separate leases at the same time, the lessee and the lessor shall separate the contract and conduct accounting treatment for each separate lease. If the contract includes both lease and non-lease parts, the lessee and the lessor shall separate the lease and non-lease parts.

1. The Company as lessee

(1) right of use asset

At the beginning of the lease term, the Company recognizes the right of use assets for leases other than short-term leases and low value asset leases. The right of use assets are initially measured at cost. This cost includes:

- The initial measurement amount of the lease liability;
- Amount of lease payment paid on or before the lease term, if there is lease incentive, the relevant amount of the enjoyed lease incentive shall be deducted;
- Initial direct expenses incurred by the Company;
- The estimated cost incurred by the Company to dismantle and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the status which agreed in the lease terms. The Company shall recognize and measure the cost in accordance with the recognition standards and measurement methods described in "III. (XXV) estimated liabilities" in this note. The cost is included in the inventory cost incurred for the production of inventory.

The Company adopts the average life method to accrue depreciation for the right of use assets. If the company can reasonably identify the ownership of the leased asset at the end of the lease term, the right of use asset shall be depreciated within the remaining useful life of the leased asset; if the company cannot reasonably identify the ownership of the leased asset at the end of the lease term, the depreciation shall be accrued within the shorter one of the lease term or the remaining use life of the leased asset.

Accounting policy applicable after January 1st, 2019 (Continued)

1. The Company as lessee (Continued)

(2) Lease liability

At the beginning of the lease term, the company recognizes lease liabilities for leases other than short-term leases and low value asset leases. Lease liabilities are initially measured at the present value of the unpaid lease payments. Lease payments include:

- Fixed payment amount (including actual fixed payment amount), if there is lease incentive, deduct the relevant amount of lease incentive;
- Variable lease payments depending on index or ratio;
- The estimated amount to be paid according to the guarantee residual value provided by the company;
- The exercise price of the purchase option, provided that the company reasonably determines that it will exercise the option;
- The payment to be paid for the exercise of the option to terminate the lease, provided that the lease term reflects that the company will exercise the option to terminate the lease.

The Company adopts the implicit interest rate in lease as the discount rate, but if the interest rate implicit in lease cannot be reasonably determined, the incremental borrowing interest rate of the company shall be used as the discount rate.

The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and includes it in the current profit and loss or related asset cost.

The variable lease payments excluded from the measurement of lease liabilities shall be included in the current profit and loss or relevant asset costs when they are actually incurred.

After the commencement date of the lease term, in case of any of the following circumstances, the company shall remeasure the lease liabilities according to the present value of the changed lease payments.

- Changes in the expected amount payable according to the guarantee residual value;
- Changes in the index or ratio used to determine the amount of lease payments;

Accounting policy applicable after January 1st, 2019 (Continued)

1. The Company as lessee (Continued)

(2) Lease liability (Continued)

- The Company's evaluation results of purchase option, renewal option or termination option have changed, or the actual exercise of renewal option or termination option is inconsistent with the original evaluation results.

When remeasuring the lease liabilities, the company shall adjust the book value of the right of use assets accordingly. If the book value of the right to use asset has been reduced to zero, but the lease liability still needs to be further reduced, the company shall record the remaining amount into the current profit and loss.

(3) Short-term lease and low value asset lease

The Company chooses not to recognize the right of use assets or lease liabilities for short-term lease or low-value asset lease, and records the relevant lease payments into the current profit and loss or relevant asset costs according to the straight-line method in each period of the lease term. Short term lease refers to the lease with a lease term of no more than 12 months and no purchase option at the beginning of the lease term. Low value asset leasing refers to the leasing with lower value when the single leased asset is a new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low value asset lease.

(4) Change of lease

If the lease changes and meets the following conditions at the same time, the company will treat the lease change as a separate lease for accounting treatment:

- The lease change expands the lease scope by adding the one or more right of use assets;
- The increased consideration is equivalent to the adjusted amount of individual prices which adjusted according to the conditions of the contract for the expansion of the lease scope.

If the lease change is not deemed as a separate lease, on the effective date of the lease change, the company shall redistribute the consideration of the changed contract, redetermine the lease term, and remeasure the lease liability according to the present value of the changed lease payment and the revised discount rate.

Accounting policy applicable after January 1st, 2019 (Continued)

2. The Company as lessor

On the lease commencement date, the Company divides the lease into financial lease and operating lease. Financial leasing refers to the leasing that transfers almost all the risks and returns related to the ownership of the leased asset, regardless of whether the ownership is ultimately transferred or not. The term "operating lease" refers to a lease other than a financial lease. When the company is the sublessee, the sublease is classified based on the use right assets generated from the original lease contract.

(1) Accounting for operating lease

The lease receipts of operating leases are recognized as rental income according to the straight-line method in each period of the lease term. The company capitalizes the initial direct expenses related to operating lease and amortizes them into the current profit and loss according to the same basis as the recognition of rental income during the lease term. The variable lease payments excluded from the lease receipts shall be included in the current profits and losses when they are actually incurred.

(2) Accounting for financial lease

On the lease commencement date, the company recognizes the financial lease receivable and derecognizes the financial lease assets. The net investment in the lease is taken as the entry value of the financial lease receivable as the company initially measures the financial lease receivable. The net investment in a lease is the sum of the present value of the unguaranteed residual value and unreceived lease receipts at the beginning of the lease term, discounted at the interest rate implicit in lease.

The company calculates and recognizes the interest income of each period in the lease term according to the fixed periodic interest rate. The derecognition and impairment of financial lease receivables shall be accounted for in accordance with "III. (X) financial instruments" in this note.

The variable lease payments excluded from the measurement of net investment in lease shall be included in the current profit and loss when they are actually incurred.

(XXXII) Leases (Continued)

Accounting policy applicable after January 1st, 2019 (Continued)

3. Sale-leaseback transaction

The Company assesses and determines whether the asset transfer in the sale-leaseback transaction accounts for the sale according to the principle of "III. (XXVIII) income" in the note.

(1) The Company as lessee

If the asset transfer in the sale-leaseback transaction accounts for the sales, the company, as the lessee, measures the right of use assets according to the book value of the original assets regarding the right of use obtained by the leaseback, and only recognizes the relevant gains or losses for the right transferred to the lessor. If the asset transfer in the sale-leaseback transaction does not account for the sales, the company, as the lessee, continues to recognise the transferred assets and recognise a financial liability whose amount equal to the transferred income at the same time. For the accounting treatment of financial liabilities, please refer to "III. (X) financial instruments" in this note.

(2) The Company as a lessor

If the asset transfer in the sale-leaseback transaction is considered as sales, the company, as the lessor, shall record the asset purchase and the asset lease in accordance with the aforesaid "(2) The Company, as the lessor". If the asset transfer in the sale-leaseback transaction is not considered as sales, the company, as the lessor, shall not recognize the transferred asset, but recognize an equal amount in financial assets. For the accounting treatment of financial assets, please refer to "III. (X) financial instruments" in this note.

Accounting policies applicable before January 1st, 2019

1. Accounting of operating lease

- (1) As the lessee of operating leases, rental payments under operating leases are recognised as costs or expenses on a straight line basis over the lease term (including rent free periods). Initial direct costs that are attributable to an operating lease incurred by the Company are charged to current expenses.

When the lesser bears the lease related expenses which should be undertaken by the Company, the Company shall deduct this part of expense from the rent and amortize the net amount over the lease term and include it in the current expenses.

(XXXII) Leases (Continued)

Accounting policies applicable before January 1st, 2019 (Continued)

1. Accounting of operating lease (Continued)

- (2) Leasing charges received by the Company for the assets leased out shall be amortized in a straight-line basis over the lease term without deducting the rent-free periods, and recognised as leasing income. The initial direct fee related to the leasing transactions paid by the Company shall be charged to current expenses; if the amount is significant, it shall be capitalized and charged to current income evenly on the same basis as the leasing income is recognised over the lease term.

When the Company bears the lease related expenses which should be undertaken by the lessee, the Company shall deduct this part of expense from the rent income, and amortize the net amount over the lease term.

2. Accounting of finance lease

- (1) When the Company is a lessee, the leased asset is recorded at the amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the beginning of the lease period. The difference between the recorded amount of the leased asset and the minimum lease payments is accounted for as unrecognised finance charge and is amortized using the effective interest method over the period of the lease. The Company, by means of the real interest method, amortizes the unacknowledged financial charges during the lease term of the assets and includes them into financing expenses. Initial direct cost incurred by the Company will be included in the leased asset value.
- (2) When the Company is a lessor, the difference between the sum of finance lease receivables and the unguaranteed residual value, and the present value thereof is accounted for as unrecognised finance income and is recognised as rental income over the period when rental is received in the future. Initial direct costs shall be included in the initial accounting of the lease payment receivables and deduct by the revenue recognised over the lease term.

(XXXIII) Segment reporting

The Company determines the operating segments based on the internal organizational structure, management requirements and internal reporting system, and determines the reporting segments and discloses the segment information based on the operating segments.

Operating segment refers to the component parts of the Company that meet the following conditions at the same time: (1) the business unit can generate income and expenses in daily activities; (2) the management of the Company can regularly evaluate the operating results of the business unit to decide allotment of resources and evaluate its performance; (3) the Company can obtain the financial status, operating results and cash flow and other relevant accounting information. If two or more business segments have similar economic characteristics and meet certain conditions, they can be combined into one operation segment.

(XXXIV) The change in significant accounting policies and accounting estimates

1. The change in significant accounting policies

There is no change in significant accounting policies for the reporting period.

2. The change in significant accounting estimates

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

IV. TAXATION

(I) Main types of taxes and corresponding rates

Tax Type	Tax basis	Tax rate
Value-added Tax ("VAT")	Output VAT is calculated on product sales and taxable services revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable	16%, 13%, 10%, 9%, 6%, 5%, 3%
City maintenance and construction tax	Based on VAT actually paid	7%, 5%
Enterprise income tax	Based on taxable profits	25%, 20%, 15%, 16.5%

Companies subject to different income tax rates are disclosed as follows:

Name of the companies	Income tax rate
Nanjing Panda Electronic Manufacture Co., Ltd.	15.00%
Nanjing Panda Communication Technology Co., Ltd.	15.00%
Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	15.00%
Nanjing Panda Information Industry Co., Ltd.	15.00%
Nanjing Panda Electromechanical Instrument Technology Co., Ltd	15.00%
Shenzhen Jinghua Information Technology Co., Ltd	15.00%
Nanjing Panda Electronic Equipment Co., Ltd.	15.00%
Shenzhen Jinghua Property Management Co., Ltd	20.00%
Parking lot of Shenzhen Jinghua Electronic Co., Ltd	20.00%
Shenzhen Jingjia Property Management Co., Ltd	20.00%
Galant Limited	16.50%
JWD Trading (HK) Co., Ltd	16.50%

IV. TAXATION (CONTINUED)

(II) Tax Preference

1. Nanjing Panda Electronic Manufacture Co., Ltd., a subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Science & Technology Commission and other commission on 7 December 2017, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201732003580). Accordingly, it paid income taxes by 15% of taxable income during this period.
2. Nanjing Panda Communication Technology Co., Ltd., a subsidiary of the Company, is recognised as a high-tech enterprise by Jiangsu Science & Technology Commission and other commission on 7 December 2017, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201732003313). Accordingly, it paid income taxes by 15% of taxable income during this period.
3. Nanjing Huage Appliance and Plastic Industrial Co., Ltd., a sub-subsidiary of the Company, is recognised as a high-tech enterprise by Jiangsu Science & Technology Commission on 7 December 2017, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201732002602). Accordingly, it paid income taxes by 15% of taxable income during this period.
4. Nanjing Panda Information Industry Co., Ltd., a subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Science & Technology Commission on 28 November 2018, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201832002286). Accordingly, it paid income taxes by 15% of taxable income during this period.
5. Nanjing Panda Electromechanical Instrument Technology Co., Ltd., a sub-subsidiary of the Company, has passed the review of high-tech enterprise by Jiangsu Science & Technology Commission on 28 November 2018, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201832002778). Accordingly, it paid income taxes by 15% of taxable income during this period.
6. Shenzhen Jinghua Information Technology Co., Ltd., a sub-subsidiary of the Company, has passed the review of high-tech enterprise by Guangdong Science & Technology Commission on 9 November 2018, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201844204258). Accordingly, it paid income taxes by 15% of taxable income during this period.
7. Nanjing Panda Electronic Equipment Co., Ltd., a sub-subsidiary of the Company, has passed the application of high-tech enterprise by Jiangsu Science & Technology Commission on 28 November 2018, with an effective period of 3 years and it was issued a high-tech enterprise certificate (Certificate No. GR201832001770). Accordingly, it paid income taxes by 15% of taxable income during this period.
8. The fourth level subsidiaries of the company, Shenzhen Jingjia Property Management Co., Ltd., Shenzhen Jinghua Property Management Co., Ltd. and Parking lot of Shenzhen Jinghua Electronics Co., Ltd., are recognized as low profit small enterprises in the current period. According to the "the Enterprise Income Tax Law of the People's Republic of China" and its implementing regulations, the "Circular of the Ministry of Finance and the State Taxation Administration on the Implementation of the Inclusive Tax Relief Policy for Small and Micro Enterprises", etc, from January 1st, 2019 to December 31, 2021, for the low profit small enterprises' annual taxable income which not exceeding RMB1 million, the preferential policy of reducing the amount of taxable income to 25% and paying the enterprise income tax by rate of 20%. And for the part of the annual taxable income exceeding RMB1 million but not exceeding RMB3 million, the preferential policy reduce the amount of taxable income to 50% and paying the income tax by rate of 20%.
9. The companies registered in Hong Kong, such as Galant Limited and JWD Trading (HK) Co., Ltd are applicable to the profit tax rate of 16.5%.
10. Nanjing Panda Industrial Enterprise Co., Ltd., the second tier subsidiary of the Company, enjoys the preferential policy of 10% of the added value tax deduction from April 1, 2019 to December 31, 2021 according to the "announcement on deepening the VAT reform" (Announcement No. 39, 2019 of the General Administration of Customs of the Ministry of Finance). According to the "announcement on defining the added value tax deduction policy of the life service industry" (Announcement of the Ministry of Finance, State Taxation Administration No. 87, 2019), from October 1, 2019 to December 31, 2021, the company enjoy the preferential policy of 15% of added value tax deduction.

11. Shenzhen Jinghua Property Management Co., Ltd., the fourth level subsidiary of the Company, enjoys the preferential policy of 10% of added value tax deduction from April 1, 2019 to December 31, 2021 in accordance with the "announcement on policies related to deepening the reform of value-added tax" (Announcement No. 39, 2019 of the General Administration of Customs of the Ministry of finance). According to the "announcement on defining the added value tax deduction policy of the life service industry" (Announcement No. 87, 2019 of the State Taxation Administration of the Ministry of Finance), from October 1, 2019 to December 31, 2021, the company enjoy the preferential policy of 15% of added value tax deduction.
12. The Parking Lot of Shenzhen Jinghua Electronics Co., Ltd. and Shenzhen Jingjia Property Management Co., Ltd., both the four tier subsidiaries of the Company, enjoy the preferential policy of "six taxes and two fees" levied by Shenzhen City on small-scale VAT taxpayers at a reduced rate of 50% in accordance with the "Circular of the Ministry of Finance and the State Taxation Administration on the Implementation of the Inclusive Tax Relief Policy for Small and Micro Enterprises" (CS [2019] No. 13).
13. According to "Taxation on Value-added Tax Policies for Software Products" (CS [2011] No. 110), if general VAT taxpayers sell self-developed and produced software products or sell the imported software products after localization and transformation, after VAT has been collected at a tax rate of 16%, the refund-upon-collection policy shall be applied to the part of actual VAT burden in excess of 3%. The second-tier subsidiary of the Company, Nanjing Panda Communication Technology Co., Ltd. could enjoy this preferential policy.

V. NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENT

I. Monetary Capital

Items	Closing balance	Closing balance at preceding year
Cash	202,369.84	399,930.44
Bank deposit	999,088,396.79	862,741,446.79
Other currency	195,166,323.82	190,728,389.96
Total	1,194,457,090.45	1,053,869,767.19
Among: total amount of currency in foreign countries	21,637,279.25	16,773,237.20

The monetary capital which was limited to use by mortgage, pledge, and being frozen, or limited to remit to China in foreign countries are as following:

Items	Closing balance	Closing balance at preceding year
The bank acceptance deposit	90,855,728.82	98,037,989.50
Guarantee deposit	104,224,246.58	92,604,083.63
The L/C deposit	7.57	7.51
Financial capital supervision account	86,340.85	86,309.32
Total	195,166,323.82	190,728,389.96

(II) Financial assets held for trading

Items	Closing balance	Closing balance at preceding year
Financial assets at fair value through profit or loss	216,037,684.93	300,469,826.49
Including: Investment in debt instruments	50,124,315.07	50,211,438.36
Investment in equity instruments		
Derivative financial assets	165,913,369.86	250,258,388.13
Others		
Total	216,037,684.93	300,469,826.49

Note: The trading financial assets of the Company at the end of the period are all bank financial products. Including:

Debt instrument investment: The principal is RMB50 million, which is the No.2 legal person extension financial product of ICBC principal guaranteed "Shuixin E". It was purchased on May 28, 2020, and the maturity date is September 1, 2020. The product is intended to invest 0% – 80% of high liquidity assets such as bonds and deposits, 20% – 100% of creditor's rights assets, 0% – 80% of other assets or asset portfolio. At the end of the period, the fair value is adjusted according to the performance benchmark interest rate of the product and recorded into the income from changes in fair value of RMB124,315.07.

Derivative financial assets: (1) China Merchants Bank's three-tier gold linked three-month structured deposit product of RMB50 million, which was purchased by the Company on June 2, 2020, and whose income is linked to the gold price; (2) Shanghai Pudong Development Bank's structured deposit linked to financial derivatives, RMB115 million was purchased by the Company on April 7, 2020 and May 28, 2020, respectively, and the income of the product is linked to the one month US dollar inter-bank lending rate in London (USD 1M LIBOR). At the end of the period, after adjusting the fair value according to the expected rate of return of the above products, the recorded amount of income from changes in fair value is RMB913,369.86.

(III) Notes receivable

1. Notes receivable shown as classification

Items	Closing balance	Closing balance at preceding year
Bank acceptance bills	28,725,176.72	21,780,418.49
Commercial acceptance bills		
Total	28,725,176.72	21,780,418.49

2. There is no notes receivable which was pledged at the end of the period

3. The Company has no notes receivable that have been endorsed or discounted and is undue on the balance sheet date at the end of the period

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

5. Notes receivable at the end of the period all will be expired within 6 months

(IV) Accounts receivable

1. Accounts receivable shown by aging

Aging	Closing balance	Closing balance at preceding year
Within 1 year (including 1 year)	824,432,778.48	888,517,226.88
Including: 0-6 months	715,891,316.49	831,972,710.15
7-12 months	108,541,461.99	56,544,516.73
1-2 years	104,073,710.47	71,782,021.94
2-3 years	98,779,112.97	37,383,185.91
3-4 years	10,160,092.64	14,855,019.84
4-5 years	24,275,594.60	21,275,141.86
Over 5 years	8,870,606.90	8,724,891.67
Subtotal	1,070,591,896.06	1,042,537,488.10
Less: bad debt provision	46,440,134.72	46,178,230.95
Total	1,024,151,761.34	996,359,257.15

2. Accounts receivable disclosed by classification by means of bad debt provision

Type	Closing balance					Closing balance at preceding year				
	Carrying Amount		Bad debt Provision		Carrying Value	Carrying Amount		Bad debt Provision		Carrying Value
	Value	Percentage (%)	Value	Provision percentage (%)		Value	Percentage (%)	Value	Provision percentage (%)	
Accounts receivable accruing bad debt provision on an individual basis	72,395,277.10	6.76	25,427,733.34	35.12	46,967,543.76	65,612,136.43	8.21	26,441,239.05	30.88	58,170,897.38
Accounts receivable accruing bad debt provision on a portfolio basis	998,196,618.96	93.24	21,012,401.38	2.11	977,184,217.58	956,925,351.67	91.79	19,736,981.90	2.06	937,188,359.77
Among which: Aging portfolio	570,378,952.62	53.28	20,754,884.75	3.64	549,624,067.87	520,032,228.45	49.88	19,479,475.27	3.75	500,552,753.18
Other portfolio	427,817,666.34	39.96	257,516.63	0.06	427,560,149.71	436,893,123.22	41.91	257,516.63	0.06	436,635,606.59
Total	1,070,591,896.06	100.00	46,440,134.72		1,024,151,761.34	1,042,537,488.10	100.00	46,178,230.95		996,359,257.15

Single item of bad debt provision:

Name	Carrying amount	Closing balance		Reasons for provision
		Bad debt provision	Provision percentage (%)	
NARI Technology Co., Ltd.	39,702,870.90	4,502,747.19	11.34	Expected partly not to be recovered
Nanjing Yougete Communication Equipment Co., Ltd.	14,275,594.00	14,275,594.00	100.00	Expected not to be recovered
Jiangsu Cable Network Development Co. Ltd. Sihong Branch	5,284,000.00	696,600.00	13.18	Expected partly not to be recovered
Bwton Technology Co., Ltd.	4,560,000.00	675,568.97	14.82	Expected partly not to be recovered
China Cable Television Network Co., Ltd. Hainan Branch	2,297,700.00	326,410.00	14.21	Expected partly not to be recovered
Information Department of XX Military Region Command	2,023,000.00	2,023,000.00	100.00	Expected not to be recovered
Zhejiang Bajun Plastic Industry Co., Ltd.	1,600,000.00	1,600,000.00	100.00	Expected not to be recovered
Beijing Zhonghua original technology Co., Ltd.	995,000.00	149,250.00	15.00	Expected partly not to be recovered
Changzhou Hengcheng Plastic Machinery Co., Ltd.	512,258.90	512,258.90	100.00	Expected not to be recovered
Jabil Circuit (Wuxi) Co., Ltd.	497,198.08	38,379.29	7.72	Expected partly not to be recovered
Lianyungang Yintai Real Estate Development Co., Ltd.	424,000.00	424,000.00	100.00	Expected not to be recovered
Subtotal of other petty amount	223,655.22	203,924.99	91.18	Expected partly not to be recovered
Total	72,395,277.10	25,427,733.34		

Bad debt provision by portfolio:

Provision by portfolio: Aging portfolio

Name	Accounts receivable	Closing balance		Provision percentage (%)
		Bad debt provision		
Within 1 year (inclusive)	519,990,450.01	4,907,333.71		
Among which: 0-6 months	421,843,775.73			
7-12 months	98,146,674.28	4,907,333.71		5.00
1-2 years	13,761,561.20	1,376,156.12		10.00
2-3 years	16,522,083.10	2,478,312.47		15.00
3-4 years	7,873,478.32	2,362,043.50		30.00
4-5 years	5,200,682.07	2,600,341.04		50.00
Over 5 years	7,030,697.92	7,030,697.92		100.00
Total	570,378,952.62	20,754,884.75		

Provision by portfolio: Other portfolio

Name	Accounts receivable	Closing balance Bad debt provision	Provision percentage (%)
Related parties portfolio	<u>427,817,666.34</u>	<u>257,516.63</u>	<u>0.06</u>
Total	<u><u>427,817,666.34</u></u>	<u><u>257,516.63</u></u>	

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

Type	Change amount for current period				
	Balance at the end of last year	Provision	Recovery or reversal	Transfer or write-off	Closing balance
Single item of bad debt provision	26,441,239.05	1,398,379.29	2,411,885.00		25,427,733.34
Accounts receivable with provision for bad debts based on credit risk characteristics portfolio	19,736,991.90	2,087,572.93	812,163.45		21,012,401.38
Among them: Aging portfolio	19,479,475.27	2,087,572.93	812,163.45		20,754,884.75
Related parties portfolio	<u>257,516.63</u>				<u>257,516.63</u>
Total	<u><u>46,178,230.95</u></u>	<u><u>3,485,952.22</u></u>	<u><u>3,224,048.45</u></u>		<u><u>46,440,134.72</u></u>

The significant amount of provision recovery or reversal of bad debts provision in the period:

Name of debtors	Amount reversed or recovered	Reason for bad debt provision and the rationality	Reason for return or recovery	Approach
Beijing Zhonghua original technology Co., Ltd.	1,005,750.00	Individual portfolio	Debt collection	Cash and Bank
Xinjiang Uygur Autonomous Region Press and Publications Bureau of Radio and Television	1,290,542.09	Individual portfolio	Debt collection	Cash and Bank
Summary of other small sum	927,756.36	Aging portfolio, Individual portfolio, related party portfolio	Debt collection	Cash and Bank
Total	<u><u>3,224,048.45</u></u>			

4. **There were no accounts receivable written off in the period**

5. **Status of top five accounts receivable according to the closing balance collected by the debtor**

Name	Accounts receivable	Closing balance percentage of total accounts receivable (%)	Provision for bad debt
Chengdu CEC-Panda Display Technology Co.,Ltd.	192,781,119.92	18.01	
Nanjing CEC-Panda Flat Panel Technology Co., Ltd.	72,577,118.99	6.78	
Nanjing Panda Handa Technology Company Limited	62,918,640.78	5.88	11,242.63
Chengdu Rail Transit Group Co. Ltd.	58,178,565.20	5.43	
Nanjing CEC-Panda LCD Technology Co., Ltd.	48,350,446.16	4.52	
Total	<u>434,805,891.05</u>	<u>40.62</u>	<u>11,242.63</u>

6. **At the end of the period, the Company had no derecognized accounts receivable due to the transfer of financial assets**

7. **At the end of the period, the Company had no amount of assets and liabilities from transferred accounts receivable and continuing to be involved in**

8. **Overdue accounts receivable at the end of the period**

Items	Closing balance
Account not overdue or impaired	872,252,975.36
Overdue but not impaired amount – within 3 months	32,413,454.86
Overdue but not impaired amount – over 3 months	119,485,331.12
Total	<u>1,024,151,761.34</u>

(V) **Receivables financing**

1. Details of receivables financing

Items	Closing balance	Closing balance at preceding year
Notes receivable	291,443,113.33	347,259,336.87
Accounts receivable		
Total	291,443,113.33	347,259,336.87

2. Changes of receivables financing and fair value in current period

Item	Closing balance at preceding year	Increase in current period	Derecognised in current period	Other changes	Closing balance	Accumulated loss reserves recognized in other comprehensive income
Bank acceptance	346,658,459.87	350,374,379.31	524,381,104.51		172,651,734.67	
Commercial acceptance	600,877.00	118,791,378.66	600,877.00		118,791,378.66	
Total	347,259,336.87	469,165,757.97	524,981,981.51		291,443,113.33	

3. There is no notes receivable which was pledged at the end of the period

4. Notes receivable endorsed or discounted and not yet due at the balance sheet date at the end of the period

Item	Derecognised amount at the end of the period	Recognised amount at the end of the period
Bank acceptance	152,853,828.15	
Commercial acceptance		
Total	152,853,828.15	

5. Notes receivable at the end of the period are all within 6 months

(VI) Advances paid

1. Categorized by aging

Aging	Closing balance		Closing balance at preceding year	
	Carrying amount	Percentage (%)	Carrying amount	Percentage (%)
Within 1 year	211,626,476.34	92.53	98,901,982.73	87.26
1 to 2 years	8,617,101.65	3.77	9,314,341.38	8.22
2 to 3 years	3,916,735.66	1.71	2,478,350.60	2.19
Over 3 years	4,541,326.46	1.99	2,647,269.11	2.33
Total	<u>228,701,640.11</u>	<u>100.00</u>	<u>113,341,943.82</u>	<u>100.00</u>

The advances payment with aging over 1 year amounts to RMB17,075,163.77, most of which is goods and projects payment and not settled due to projects not finished.

2. Top five largest advance payments at the end of the period by the balance collected regarding receivers of advances

Receivers of advances	Closing balance	Attributed shares in aggregate closing balance of advance payments (%)
Yukawa Co., Ltd. (淀川恵株式会社)	25,008,507.46	10.93
Shanghai Charmhope Information Technology Co., Ltd. (上海長合信息技術股份有限公司)	18,090,433.07	7.91
China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd.	16,986,478.77	7.43
Shanghai Aiji Information Technology Co., Ltd.	14,837,680.40	6.49
Urumqi Weirui Innovation Information Technology Co., Ltd. (烏魯木齊威銳創新信息科技有限公司)	9,592,910.17	4.19
Total	<u>84,516,009.87</u>	<u>36.95</u>

(VII) Other receivables

Items	Closing balance	Closing balance at preceding year
Interest receivable		
Dividends receivable		
Other receivables	63,349,358.18	48,020,435.60
Total	<u>63,349,358.18</u>	<u>48,020,435.60</u>

1. Other receivables

(1) Other receivables by aging

Aging	Closing balance	Closing balance at preceding year
Within 1 year (including 1 year)	49,232,137.29	33,903,214.71
Including: 0-6 months	37,496,220.79	31,873,589.43
7-12 months	11,735,916.50	2,029,625.28
1-2 years	8,104,574.32	7,314,793.66
2-3 years	8,033,390.79	6,412,833.98
3-4 years	909,622.06	2,956,348.85
4-5 years	8,322,835.58	7,787,082.34
Over 5 years	3,434,056.07	4,319,763.54
Sub-total	78,036,616.11	62,694,037.08
Less: bad debt provision	14,687,257.93	14,673,601.48
	63,349,358.18	48,020,435.60

(2) Other receivables classified by classification

Classification	Closing balance					Closing balance at preceding year				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
Amount	Percentage (%)	Amount	Provision percentage (%)	Amount		Percentage (%)	Amount	Provision percentage		
Provision for bad debts by single item	8,353,802.68	10.71	8,353,802.68	100.00	8,353,802.68	13.32	8,353,802.68	100.00		
Provision for bad debts by portfolio	69,682,813.43	89.29	6,333,455.25	9.09	63,349,358.18	54,340,234.40	86.68	6,319,798.60	11.63	48,020,435.60
Including: aging portfolio	46,822,553.77	60.00	5,513,701.61	11.78	41,308,852.16	36,456,923.76	58.15	5,500,045.16	15.09	30,956,878.60
Other portfolios	22,860,259.66	29.29	819,753.64	3.59	22,040,506.02	17,883,310.64	28.53	819,753.64	4.58	17,063,557.00
Total	78,036,616.11	100.00	14,687,257.93		63,349,358.18	62,694,037.08	100.00	14,673,601.48		48,020,435.60

Provision for bad debts by single item:

Name	Carrying amount	Closing balance		Reason
		Bad debt provision	Provision percentage (%)	
MCT Worldwide LLC	6,937,000.00	6,937,000.00	100	Not expected to be recovered
Nanjing Panda Digital Technology Development Co., Ltd.	812,988.08	812,988.08	100	Not expected to be recovered
Nanjing Huipai Communication Technology Co., Ltd.	300,000.00	300,000.00	100	Not expected to be recovered
Hugele, Japan	78,342.00	78,342.00	100	Not expected to be recovered
Nanjing Kuangshi Material Co., Ltd.	74,300.00	74,300.00	100	Not expected to be recovered
Shanye (Shanghai) Trading Co., Ltd.	62,560.00	62,560.00	100	Not expected to be recovered
Summary of other small sums	88,612.60	88,612.60	100	Not expected to be recovered
Total	8,353,802.68	8,353,802.68		

Provision for bad debts by portfolio:

Portfolio: aging portfolio

Aging	Other receivables	Closing balance	
		Bad debt provision	Provision percentage (%)
Within 1 year (including 1 year)	31,635,683.72	553,981.64	
Including: 0-6 months	20,556,051.01		
7-12 months	11,079,632.71	553,981.64	5
1-2 years	7,216,973.50	721,697.35	10
2-3 years	3,945,734.04	591,860.11	15
3-4 years	414,733.86	124,420.16	30
4-5 years	175,372.58	87,686.29	50
Over 5 years	3,434,056.07	3,434,056.07	100
Total	46,822,553.77	5,513,701.61	

Portfolio: other portfolios

Item	Other receivables	Closing balance	
		Bad debt provision	Provision percentage (%)
Portfolio of deposit, security deposit and employee reserve fund	22,860,259.66	819,753.64	3.59
Total	22,860,259.66	819,753.64	

(3) Details of accrued bad debt provision

Bad debt provision	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)	
Closing balance last year	6,319,798.80		8,353,802.68	14,673,601.48
Opening balance				
--transfer to second stage				
--transfer to third stage				
-- transfer back to second stage				
--transfer back to first stage				
Accrued in current period	18,604.02			18,604.02
Reversal in current period	4,947.57			4,947.57
Transfer in current period				
Written-off in current period				
Other changes				
Closing balance	6,333,455.25		8,353,802.68	14,687,257.93

Changes in carrying amount of other receivables:

Carrying amount	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)	
Closing balance last year	54,340,234.40		8,353,802.68	62,694,037.08
Opening balance				
--transfer to second stage				
--transfer to third stage				
-- transfer back to second stage				
--transfer back to first stage				
Accrued in current period	34,153,681.36			34,153,681.36
Direct write down in current period				
Derecognised in current period	18,811,102.33			18,811,102.33
Other changes				
Closing balance	69,682,813.43		8,353,802.68	78,036,616.11

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

Classification	Closing balance at preceding year	Changes in current period			Closing balance
		Provision	Recovery or reversal	Transfer or write-off	
Other receivable accruing bad debt provision by single item	8,353,802.68				8,353,802.68
Other receivables accruing bad debt provision by portfolio	6,319,798.80	18,604.02	4,947.57		6,333,455.25
Including: aging portfolio	5,500,045.16	18,604.02	4,947.57		5,513,701.61
Other portfolios	819,753.64				819,753.64
Total	14,673,601.48	18,604.02	4,947.57		14,687,257.93

- (5) There are no other receivables written off in the current period
- (6) Other receivables classified by nature

Nature of other receivables	Closing balance	Closing balance at preceding year
Deposit, security deposit and employee reserve fund	69,590,634.58	51,729,358.87
Export tax refund	2,454,174.64	6,698,760.48
Others	5,991,806.89	4,265,917.73
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Total	78,036,616.11	62,694,037.08
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- (7) Other receivables with top 5 balances at the end of the period classified by borrowers

Debtor	Nature	Closing balance	Aging	Proportion of the total amount of closing balance of other receivables (%)	Closing balance of bad debt provision
Guoxin Tendering Co.,Ltd.	Security deposit	8,367,890.00	Within 1 year	10.72	
MCT Worldwide LLC	Deposit	6,937,000.00	3-5 years	8.89	6,937,000.00
Hangzhou Lin'an District People's Court	Litigation security	4,870,000.00	Within 1 year	6.24	
Nantong Urban Rail Transit Co., Ltd.	Security deposit	3,000,000.00	Within 1 year	3.84	
Anhui Garments Import & Export Co., Ltd.	Security deposit	2,946,744.00	Within 1 year	3.78	
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Total		26,121,634.00		33.47	6,937,000.00
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(VIII) Inventories

1. Inventories by category

Items	Carrying amount	Closing balance		Closing balance at preceding year		
		Inventory impairment provision and contract performance cost impairment provision	Carrying value	Carrying amount	Inventory impairment provision and contract performance cost impairment provision	Carrying value
Raw materials	239,025,021.67	24,716,774.74	214,308,246.93	240,068,489.16	23,341,648.59	216,726,840.57
Contract performance cost	350,684,532.54		350,684,532.54	378,623,946.12		378,623,946.12
Stored commodities	94,347,139.08	18,431,224.78	75,915,914.30	105,389,831.63	16,807,177.60	88,582,654.03
Delivered commodities	87,446,420.66	6,237,011.65	81,209,409.01	95,209,552.39	6,237,011.65	88,972,540.74
Goods in process	36,802,342.32	5,431,801.63	31,370,540.69	45,337,290.47	5,432,029.03	39,905,261.44
Circulating materials	3,967,371.51	612,132.32	3,355,239.19	4,756,366.02	612,132.32	4,144,233.70
Total	<u>812,272,827.78</u>	<u>55,428,945.12</u>	<u>756,843,882.66</u>	<u>869,385,475.79</u>	<u>52,429,999.19</u>	<u>816,955,476.60</u>

2. Inventory impairment provision and contract performance cost impairment provision

Items	Closing balance at preceding year	Increment in current period		Reduction in current period		Closing balance
		Provision	Others	Reversal	Written-off	
Raw materials	23,341,648.59	1,638,369.96		263,243.81		24,716,774.74
Stored commodities	16,807,177.60	2,159,688.04		54,639.87	481,000.99	18,431,224.78
Delivered commodities	6,237,011.65					6,237,011.65
Goods in process	5,432,029.03			227.40		5,431,801.63
Circulating materials	612,132.32					612,132.32
Total	52,429,999.19	<u>3,798,058.00</u>		<u>318,111.08</u>	<u>481,000.99</u>	<u>55,428,945.12</u>

(IX) Contract assets

1. Details of contract assets

Items	Carrying amount	Closing balance		Closing balance at the end of last year		
		Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying amount
Intelligent factory	206,241,858.64	2,150,369.83	204,091,488.81	371,864,195.95	2,150,369.83	369,713,826.12
Intelligent traffic	32,463,300.16		32,463,300.16	90,869,620.80		90,869,620.80
Intelligent construction	81,282,593.38	538,933.18	80,743,660.20	80,743,660.20	538,933.18	80,204,727.02
Information network equipment and consumer electronics				1,190,000.00		1,190,000.00
Total	<u>319,987,752.18</u>	<u>2,689,303.01</u>	<u>317,298,449.17</u>	<u>544,667,476.95</u>	<u>2,689,303.01</u>	<u>541,978,173.94</u>

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

Items	Changed amount	Reason of changes
Intelligent factory	-165,622,337.31	Transfer of contract assets recognized at the beginning of the year into account receivables
Intelligent traffic	-58,406,320.64	Transfer of contract assets recognized at the beginning of the year into account receivables
Intelligent construction	538,933.18	Amount increased due to the change of measurement of performance progress
Information network equipment and consumer electronics	-1,190,000.00	Transfer of contract assets recognized at the beginning of the year into account receivables
Total	<u>-224,679,724.77</u>	

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

Items	Closing balance at the end of last year	Provision in current period	Reversal in current period	Written-off in current period	Closing balance	Reasons
Intelligent factory	2,150,369.83				2,150,369.83	
Intelligent construction	538,933.18				538,933.18	
Total	<u>2,689,303.01</u>	<u></u>	<u></u>	<u></u>	<u>2,689,303.01</u>	

(X) **Other current assets**

Items	Closing balance	Closing balance at preceding year
Input tax to be deducted, Input tax to be credited and Input tax to be certified	23,896,691.71	51,655,838.01
Enterprise Income Tax paid in advance	6,472,909.30	3,434,019.83
Total	30,369,601.01	55,089,857.84

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

Investee	Closing balance at preceding year	The current period changes							Closing balance	Impairment provision at the end of the period
		Increase	Decrease	Under the equity method to confirm the investment profit and loss	Other comprehensive income adjustment	Other equity changes	Declaration of cash dividends or profits	Provision for impairment		
1. Associates										
Nanjing Ericsson Panda Communication Co., Ltd.	210,433,294.22			24,300,404.41					234,733,698.63	
Beijing SE Putian Mobile Communications Co., Ltd.	64,000,000.00								64,000,000.00	13,192,317.99
Sherchen Jinghua Network Marketing Co., Ltd.	1,688,388.04			11,316.92					1,699,704.96	
Sherchen Chebao Information Technology Co., Ltd.	267,161.72			-22.12					267,139.60	
Subtotal	276,388,843.98			24,311,699.21					300,700,543.19	13,192,317.99
Total	276,388,843.98			24,311,699.21					300,700,543.19	13,192,317.99

Note: On March 28, 2019, the board of directors of Beijing Sony Ericsson Putian Mobile Communication Co., Ltd., an associate of the Company, announced that Beijing Sony Ericsson Putian Mobile Communication Co., Ltd. entered the liquidation period, and the impairment was accrued according to the recoverable amount at the end of 2019.

(XII) Other debt investment

1. Details of other debt investment

Item	Closing balance	Closing balance at preceding year
Jiangsu Urban Mass Transit Research & Design Institute Co., Ltd.	<u>4,052,669.32</u>	<u>4,035,539.29</u>
Total	<u><u>4,052,669.32</u></u>	<u><u>4,035,539.29</u></u>

2. Details of non-trading equity instrument investment

Item	The dividend recognised in the current period	Accumulated profits	Accumulated losses	The amount of other comprehensive income transferred into retained earning	The reason for designating as financial assets at fair value through comprehensive income	The reason of other comprehensive income transferred into retained earning
Jiangsu Urban Mass Transit Research & Design Institute Co., Ltd.		402,669.32			Non-trading equity instrument investment	

(XIII) Investment property

1. Investment properties measured by cost

Items	Housing and buildings	Land-use right	Construction in progress	Total
1. Original carrying value				
(1) Closing balance at preceding year	89,492,954.28			89,492,954.28
(2) Increase in the period	360,514.61			360,514.61
– inventory/ fixed assets transferred from construction in progress	360,514.61			360,514.61
(3) Decrease in the period	2,366,961.48			2,366,961.48
– reversal of fixed assets	2,366,961.48			2,366,961.48
(4) Closing balance	87,486,507.41			87,486,507.41
2. Accumulated depreciation and accumulated amortisation				
(1) Closing balance at preceding year	68,396,628.51			68,396,628.51
(2) Increase in the period	2,553,328.59			2,553,328.59
– provision or amortisation	2,474,496.88			2,474,496.88
– transferred from fixed assets	78,831.71			78,831.71
(3) Decrease in the period	147,245.92			147,245.92
– reversal of fixed assets	147,245.92			147,245.92
(4) Closing balance	70,802,711.18			70,802,711.18
3. Provision for impairment				
(1) Closing balance at preceding year				
(2) Increase in the period				
– provision				
(3) Decrease in the period				
– disposal				
(4) Closing balance				
4. Carrying Value				
(1) Carrying value at the end of the period	16,683,796.23			16,683,796.23
(2) Carrying value at the end of last year	21,096,325.77			21,096,325.77

2. There are no investment properties without property certificate

3. The investment properties of the Company are all landed in China Mainland and leased for office-use in a short-term (within 10 years).

(XIV) Fixed assets

1. Fixed assets and fixed assets disposal

Item	Closing balance	Closing balance at preceding year
Fixed assets	1,156,450,195.67	1,188,139,053.46
Fixed assets disposal	26,401.27	35,096.81
Total	1,156,476,596.94	1,188,174,150.27

2. Status of fixed assets

Items	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Other equipment	Total
1. Original carrying value						
(1) Closing balance at preceding year	1,106,253,772.70	524,132,723.04	26,115,600.34	74,325,076.26	61,405,989.93	1,792,233,142.27
(2) Increase in the period	2,426,128.07	6,337,495.97	360,924.83	1,943,808.62	987,100.37	11,935,457.86
- acquired		4,492,721.92	360,924.83	846,520.04	811,015.66	6,513,182.45
- transferred from construction in progress	59,166.59	1,844,774.05	0.00	1,095,288.58	56,084.71	3,055,313.93
- reversal of investment properties	2,366,961.48					2,366,961.48
(3) Decrease in the period	360,514.61	268,376.07	930,104.14	471,192.24		2,030,167.06
- disposal or retired		268,376.07	930,104.14	471,192.24		1,669,672.45
- transferred out to investment properties	360,514.61					360,514.61
(4) Closing balance	1,108,319,386.16	530,201,842.94	25,546,421.03	75,797,892.64	62,273,070.30	1,802,138,413.07
2. Accumulated depreciation						
(1) Closing balance at preceding year	216,477,636.20	280,105,315.59	17,982,678.55	48,763,291.61	40,724,558.29	604,053,481.24
(2) Increase in the period	17,403,365.07	17,463,285.78	843,002.15	4,245,460.95	3,289,282.55	43,244,396.50
- provision	17,256,119.15	17,463,285.78	843,002.15	4,245,460.95	3,289,282.55	43,097,150.58
- reversal of investment properties	147,245.92					147,245.92
(3) Decrease in the period	78,831.71	225,400.78	855,002.80	445,382.38	32,300.00	1,636,917.67
- disposal or retired		225,400.78	855,002.80	445,382.38	32,300.00	1,558,085.96
- transferred out to investment properties	78,831.71					78,831.71
(4) Closing balance	233,802,169.56	297,343,200.59	17,970,678.90	52,563,370.18	43,891,540.84	645,660,960.07
3. Provision for impairment						
(1) Closing balance at preceding year		10,700.00		29,907.57		40,607.57
(2) Increase in the period						
- provision						
(3) Decrease in the period		10,700.00		2,650.24		13,350.24
- disposal or retired		10,700.00		2,650.24		13,350.24
(4) Closing balance				27,257.33		27,257.33
4. Carrying Value						
(1) Carrying value at the end of the period	874,517,216.60	232,858,642.35	7,575,742.13	23,207,065.13	18,291,529.46	1,156,450,195.67
(2) Carrying value at the end of last year	889,776,136.50	244,016,707.45	8,132,920.79	25,531,877.08	20,881,411.64	1,188,139,053.46

The amount of depreciation provided in the year is RMB43,097,150.58 and recorded in profit and loss in accordance with beneficiaries. The transferring out in the period is due to the transferring to investment properties.

3. Fixed assets without property certificate

Items	Carrying value	Reasons for failing to obtain property certificate
Housing and building	14,585,281.99	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	5,835,002.92	The certificate is in progress

4. Fixed assets leased out through operating leases

Items	Carrying value at the end of the period	Carrying value at the end of last year
Housing and building	10,116,545.60	10,637,000.72
Motor vehicles	998,594.23	1,163,389.13
Total	<u>11,115,139.83</u>	<u>11,800,389.85</u>

5. Other explanation

The situation of fixed assets used in China mainland:

Located in China	Closing balance	Opening balance
Medium-term (10-50 years)	874,517,216.60	889,776,136.50
Short-term (within 10 years)	<u>281,932,979.07</u>	<u>298,362,916.96</u>

6. Disposal of fixed asset

Items	Closing balance	Closing balance at the end of last year
Machinery and equipment	819.45	
Electronic equipment	<u>25,581.82</u>	35,096.81
Total	<u>26,401.27</u>	<u>35,096.81</u>

(XV) Construction in process

1. Construction in process and construction material

Items	Closing balance	Closing balance at preceding year
Construction in process	37,952,333.95	31,407,899.18
Construction materials		
Total	37,952,333.95	31,407,899.18

2. Status of construction in progress

Items	Carrying amount	Closing balance Provision for impairment	Carrying value	Closing balance at preceding year		
				Carrying amount	Provision for impairment	Carrying value
Supporting Facilities for Electronic Equipment Industry Park (Phase 1)	17,184,757.42		17,184,757.42	11,655,011.17		11,655,011.17
Intelligent transformation of panda equipment sheet metal processing workshop	13,891,297.03		13,891,297.03	11,319,817.81		11,319,817.81
Park construction project	4,232,382.68		4,232,382.68	3,669,606.21		3,669,606.21
Second Stage of SAP	2,319,713.81		2,319,713.81	2,319,713.81		2,319,713.81
Regenerative catalytic oxidation unit				1,490,980.95		1,490,980.95
Machinery and Equipment	122,123.90		122,123.90	428,123.90		428,123.90
Other sporadic projects	202,059.11		202,059.11	524,645.33		524,645.33
Total	37,952,333.95		37,952,333.95	31,407,899.18		31,407,899.18

3. Changes in key construction in progress in the period

Project	Budget	Closing	Amount transfer	Other	Closing	Ratio of	Accumulated	Including:	Rate of	Source of
		balance				to the				
		at preceding	to fixed assets	decreased	balance	to budget	amount of	amount of	of interest	funding
		year	in the period	in the period		(%)	interest	in the period	in the period	
Supporting Facilities for Electronic										
Equipment Industry Park (Phase I)	114,500.00	11,655,011.17	5,529,746.25		17,184,757.42	23.19	23.19			Owned fund
Intelligent transformation of panda										
equipment sheet metal processing										
workshop	19,980,000.00	11,319,917.81	2,571,479.22		13,891,397.03	69.49	69.49			Owned fund
Park construction project	87,500,000.00	3,699,606.21	562,776.47		4,262,382.68	76.06	76.06			Owned fund
Second Stage of SAP	15,000,000.00	2,319,713.81			2,319,713.81	40.91	40.91			Owned fund
Regenerative catalytic oxidation unit	/	1,490,980.95	353,793.10	1,844,774.05						Owned fund
Machinery and Equipment	/	429,123.90	34,000.00	340,000.00	122,123.90					Owned fund
Other sporadic projects	/	524,645.33	828,787.07	1,151,373.29	202,059.11					Owned fund
Total		31,407,899.18	9,880,582.11	3,336,147.34	37,952,333.56					

(XVI) Right-of-use assets

Items	Housing and building	Machinery and equipment	Total
1. Original carrying value			
(1) Opening balance	11,082,420.71	6,641,154.01	17,723,574.72
(2) Increase in current period	7,767,097.48		7,767,097.48
– Addition in lease	7,767,097.48		7,767,097.48
– increase in mergers			
– revaluation adjustment			
(3) Decrease in current period			
– transferred out to fixed asset			
– disposal			
(4) Closing balance	18,849,518.19	6,641,154.01	25,490,672.20
2. Accumulated depreciation			
(1) Opening balance	1,072,492.33	4,194,413.06	5,266,905.39
(2) Increase in current period	2,367,008.59	2,123,172.38	4,490,180.97
– Accrued	2,367,008.59	2,123,172.38	4,490,180.97
(3) Decrease in current period			
– transferred out to fixed asset			
– disposal			
(4) Closing balance	3,439,500.92	6,317,585.44	9,757,086.36
3. Provision for impairment			
(1) Opening balance			
(2) Increase in current period			
– provision			
(3) Decrease in current period			
– transferred out to fixed asset			
(4) Closing balance			
4. Carrying value			
(1) Carrying value at the end of the period	15,410,017.27	323,568.57	15,733,585.84
(2) Carrying value at the beginning of the year	10,009,928.38	2,446,740.95	12,456,669.33

(XVII) Intangible assets

1. Status of intangible assets

Items	Land use right	Trademark use right	Computer software	Patents	Software copyright	Non-patented technology	Total
1. Original carrying value							
(1) Closing balance at preceding year	91,907,351.90	158,340,000.00	20,151,511.54	30,105.00	9,768,026.49	40,650,482.98	321,047,477.91
(2) Increase in the period	13,289,552.22		3,400,964.61	700,000.00		340,000.00	17,730,516.83
- acquired	13,289,552.22		3,400,964.61	700,000.00		340,000.00	17,730,516.83
- internal research and development							
(3) Decrease in the period							
- disposal							
(4) Closing balance	105,196,904.12	158,340,000.00	23,552,476.15	730,105.00	9,768,026.49	41,190,482.98	338,777,994.74
2. Accumulated amortisation							
(1) Closing balance at preceding year	16,442,157.51	158,340,000.00	10,199,528.59	26,662.12	2,659,543.89	24,257,471.80	211,925,583.91
(2) Increase in the period	1,179,719.38		924,885.54	1,067.74	460,889.32	4,179,808.19	6,746,370.17
- provision	1,179,719.38		924,885.54	1,067.74	460,889.32	4,179,808.19	6,746,370.17
(3) Decrease in the period							
- disposal							
- invalid and derecognised							
(4) Closing balance	17,621,876.89	158,340,000.00	11,124,414.13	27,929.86	3,120,433.21	28,437,279.99	216,671,934.08
3. Provision for impairment							
(1) Closing balance at preceding year							
(2) Increase in the period							
- provision							
(3) Decrease in the period							
- disposal							
- invalid and derecognised							
(4) Closing balance							
4. Carrying value							
(1) Carrying value at the end of the period	87,575,027.23		12,428,062.02	702,175.14	6,647,593.28	12,753,202.99	120,106,060.66
(2) Carrying value at the end of last year	75,465,194.39		9,951,982.95	3,242.88	7,108,482.60	16,593,011.18	109,121,914.00

Intangible assets generated from internal R & D of the company accounted for 13.42% of the remaining intangible assets at the end of the period. The amortization of intangible assets in the period was RMB4,272,804.74 and recorded in the profit and loss.

2. There were no land use rights without property certificates

3. Other explanation

All intangible assets of the company are in Mainland China. The life span was stated as following:

Items	Closing balance	Opening balance
Long-term (not less than 50 years)	52,572,865.09	53,192,585.12
Short-term (5-50 years)	67,533,195.57	55,929,328.88

(XVIII) Long-term deferred expenses

Items	Closing balance at preceding year	Increase in the period	Amortised in the period	Other decreased amount	Closing balance
Smart city exhibition hall project	3,922,128.00		398,860.47		3,523,267.53
Decoration project of equipment Park	2,863,020.75		415,464.20		2,447,556.55
Decoration project of information software building	2,584,032.30		494,990.69		2,089,041.61
Decoration project of Jinghua dormitory building	1,553,779.98	125,000.00	216,929.97		1,461,850.01
Purification Room Renovation Project	383,666.99		230,199.96		153,467.03
Decoration of Xingang office area	118,404.54		24,905.08		93,499.46
Other Sporadic Project	295,536.87		53,439.96		242,096.91
Total	11,720,569.43	125,000.00	1,834,790.33		10,010,779.10

(XIX) Deferred income tax assets and deferred income tax liabilities**1. Deferred income tax assets not yet eliminated**

Items	Closing balance		Closing balance at preceding year	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	76,980,513.92	11,613,244.41	70,714,690.60	10,756,302.32
Unrealised profit from intergroup transactions			1,401,953.53	320,872.65
Accrued expenses	4,842,110.67	1,009,472.76	4,842,110.69	1,009,472.76
Salaries payable	13,470,308.79	2,588,876.90	17,936,473.25	3,258,801.56
Total	95,292,933.37	15,211,594.07	94,895,228.07	15,345,449.29

2. Deferred income tax liabilities not yet eliminated

Items	Closing balance		Closing balance at preceding year	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
The changes of fair value of other equity instrument investment	402,669.35	100,667.34	385,539.32	96,384.83
Depreciation of fixed assets	73,710.60	11,056.59	73,710.60	11,056.59
Total	476,379.95	111,723.93	459,249.92	107,441.42

(XX) Other non-current assets

Items	Closing balance		Closing balance at preceding year			
	Carrying amount	Provision for impairment	Carrying value	Carrying amount	Provision for impairment	Carrying value
Intelligent traffic	19,142,293.10		19,142,293.10	35,970,932.57		35,970,932.57
Intelligent factory	13,700,202.37		13,700,202.37	13,700,202.37		13,700,202.37
Information net equipment and consumer electronics	5,604,490.00		5,604,490.00	5,604,490.00		5,604,490.00
Total	38,446,985.47		38,446,985.47	55,275,624.94		55,275,624.94

Note: Other non-current assets are each project's quality assurance deposit with a warranty period exceeding one year.

(XXI) Short-term loans**1. Type of short-term loans**

Item	Closing balance	Closing balance at preceding year
Guaranteed loans		50,000,000.00
Total		50,000,000.00

(XXII) Notes payable

Type	Closing balance	Closing balance at preceding year
Bank acceptance bills	208,495,356.08	234,736,827.23
Commercial acceptance bills		
Total	208,495,356.08	234,736,827.23

There are no notes payable expired but not repaid.

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

Items	Closing balance	Closing balance at preceding year
Within 1 year (including 1 year)	1,186,791,045.29	1,354,289,654.38
1 to 2 years (including 2 years)	221,832,519.63	186,252,779.24
2 to 3 years (including 3 years)	45,872,605.19	45,350,521.82
Over 3 years	26,788,465.84	42,542,862.00
Total	1,481,284,635.95	1,628,435,817.44

2. Significant accounts payable aged over 1 year

Items	Closing balance	Reasons for unsettled or carried forward
Sankyo Co., Ltd.	53,136,715.06	Not settled
Yukawa Co., Ltd.	34,362,109.70	Not settled
Iwasaki Manufacturing Co., Ltd.	23,651,957.53	Not settled
Jiangsu Bodyuan Electronic Technology Co., Ltd	12,400,707.86	Not settled
Hefei Tongcai Automation Equipment Co., Ltd.	12,262,041.03	Not settled
Suzhou Fuqiang Technology Co., Ltd.	8,280,448.46	Not settled
Suzhou Golden Brain Intelligent System Engineering Co. Ltd.	6,606,065.99	Not settled
Shanghai Zhongka Smart Card Co., Ltd.	5,729,840.00	Not settled
Chuzhou Mingfeng Composite Materials Co., Ltd.	5,613,484.19	Not settled
China Railway Communication Signal Shanghai Engineering Bureau Group Co., Ltd.	5,415,329.07	Not settled
Beijing Xingwangweitong Technology Development Co., Ltd.	5,027,660.49	Not settled
Beijing Sumavision Technologies Co., Ltd.	4,807,042.65	Not settled
Chengdu Guoheng Technology Engineering Co., Ltd.	4,722,413.80	Not settled
NIVEK Co., Ltd.	3,943,782.71	Not settled
Hangzhou Linanzixin Cable Co., Ltd.	3,347,639.90	Not settled
Nanjing Longwei Construction Service Co., Ltd.	3,200,000.00	Not settled
Motorola Systems (China) Co., Ltd.	3,191,315.93	Not settled
Nanjing Hua Hao Buildings Technology Co., Ltd.	3,156,895.61	Not settled
GRG Banking Equipment Co., Ltd.*	2,898,128.00	Not settled
Zhongtian Radio Frequency Cable Co., Ltd.	2,860,908.40	Not settled
Jiangsu Yunsai Information Engineering Co., Ltd.	2,813,010.00	Not settled
Jiangsu Hengxin Technology Co., Ltd.	2,811,759.88	Not settled
Kunshan Judong Photoelectric Equipment Co., Ltd.	2,658,180.00	Not settled
Total	212,897,436.26	

3. Classified by nature:

Items	Closing balance	Closing balance at the end of last year
Payment for goods	1,118,113,922.94	1,172,838,445.91
Project funds	322,065,321.76	412,609,654.32
Processing and maintenance funds	15,466,597.16	23,100,766.77
Logistics warehousing funds	4,040,260.94	4,536,666.39
Others	21,598,533.15	15,350,284.05
Total	1,481,284,635.95	1,628,435,817.44

(XXIV) Advances received

1. List of advances received

Item	Closing balance	Closing balance at preceding year
Service fees and others	2,785,675.65	2,581,558.74
Total	2,785,675.65	2,581,558.74

2. There are no significant advanced receipts aged over 1 year

(XXV) Contract liabilities

1. Details of contract liabilities

Items	Closing balance	Closing balance at the end of last year
Intelligent traffic	116,422,365.29	81,760,438.00
Intelligent construction	61,603,955.50	46,786,393.06
Electronic manufacturing service	10,900,979.35	22,275,571.73
Intelligent factory	16,586,257.46	8,172,912.03
Information net equipment and consumer electronics	1,693,739.78	1,544,872.05
Total	207,207,297.38	160,540,186.87

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

Items	Amount of change	Reasons of change
Intelligent traffic	34,661,927.29	Receipt of contract
Intelligent construction	14,817,562.44	Receipt of contract
Electronic manufacturing service	-11,374,592.38	Contract liabilities at the beginning of the period was recognized as revenue in current period
Intelligent factory	8,413,345.43	Receipt of contract
Information net equipment and consumer electronics	148,867.73	Receipt of contract
Total	46,667,110.51	

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

Items	Closing balance at preceding year	Increase in the period	Decrease in the period	Closing balance
Short-term remuneration	31,934,785.75	242,490,107.94	258,566,255.92	15,858,637.77
Post-employment benefit – established withdrawal and deposit scheme	301,785.37	13,339,378.12	13,618,923.82	22,239.67
Termination benefits	7,037,531.04	3,448,916.65	4,072,612.22	6,413,835.47
Other benefits due within 1 year				
Total	39,274,102.16	259,278,402.71	276,257,791.96	22,294,712.91

2. List of short-term remuneration

Items	Closing balance at preceding year	Increase in the period	Decrease in the period	Closing balance
(1) Salary, inducement, allowance and subsidies	27,752,868.76	174,198,679.89	188,507,518.67	13,444,029.98
(2) Employee benefits fee		15,854,963.64	15,854,963.64	
(3) Social insurance fee	161,989.97	7,621,606.60	7,605,495.46	178,101.11
Including: Medical insurance fee	149,070.10	6,589,913.46	6,575,099.83	163,883.73
Work injury insurance fee	2,153.29	77,200.44	79,008.45	345.28
Maternity insurance fee	10,766.58	954,492.70	951,387.18	13,872.10
(4) Housing provident fund	924,826.76	18,110,171.55	18,229,113.18	805,885.13
(5) Staff union fee and staff training cost	830,790.82	3,594,931.40	3,676,070.80	749,651.42
(6) Labour fee	764,309.44	22,778,398.46	22,861,737.77	680,970.13
(7) Short-term profit sharing scheme	1,500,000.00	331,356.40	1,831,356.40	
Total	31,934,785.75	242,490,107.94	258,566,255.92	15,858,637.77

3. Established withdrawal and deposit scheme

Items	Closing balance at preceding year	Increase in the period	Decrease in the period	Closing balance
Basic retirement insurance	288,546.96	6,365,514.71	6,612,709.46	41,352.21
Unemployment insurance fee	13,238.41	217,869.42	227,851.78	3,256.05
Corporate annuity		6,755,993.99	6,778,362.58	-22,368.59
Total	301,785.37	13,339,378.12	13,618,923.82	22,239.67

(XXVII) Tax Payable

Tax items	Closing balance	Closing balance at preceding year
Enterprise income tax	13,172,911.02	10,641,432.76
Value-added tax	8,137,130.27	4,901,046.85
Individual income tax	2,038,379.71	2,555,539.28
Property Tax	2,491,437.26	1,826,507.87
Land-use tax	577,954.39	411,870.21
Urban maintenance and construction tax	388,805.11	530,134.69
Educational surtax	170,324.15	237,256.98
Local educational surtax	107,422.49	141,468.67
Stamp tax	45,037.44	148,455.37
Other taxes	41,108.31	10,501.93
Total	27,170,510.15	21,404,214.61

(XXVIII) Other Payables

Items	Closing balance	Closing balance at preceding year
Interest payable		
Dividend payable	20,498,903.21	4,529,410.46
Other payables	76,749,609.12	73,896,150.40
Total	97,248,512.33	78,425,560.86

1. Dividend Payable

Item	Closing balance	Closing balance at preceding year
Ordinary share dividends	20,498,903.21	4,529,410.46
Total	20,498,903.21	4,529,410.46

Dividend payable over one year amounts to RMB4,116,592.95 which is dividend payable to minority shareholders from subsidiary .

2. Other Payables

(1) List of other payables by nature

Items	Closing balance	Closing balance at preceding year
Deposit	36,867,518.91	32,980,132.65
Transaction costs	23,922,482.41	18,562,292.72
Accounts with operating	10,997,324.43	17,309,430.55
Others	4,962,283.37	5,044,294.48
Total	76,749,609.12	73,896,150.40

(2) Significant other payables aged over 1 year

Items	Closing balance	Reasons for outstanding
Panda Electronics Group Limited	5,039,761.20	Transaction costs
Shenzhen Jingji Baina Business Management Co.,Ltd.	3,626,146.00	Undue security deposit
Sichuan Bohou Information Engineering Co., Ltd. (四川博厚信息工程有限公司)	2,125,000.00	Undue security deposit
Jiangsu Xcmg Information Technology Co.,Ltd.	1,400,000.00	Undue security deposit
Jiangsu Huimin Auto Parts Manufacturing Co., Ltd.	1,063,198.17	Undue security deposit
	<u>13,254,105.37</u>	

(XXIX) Non-current liabilities due within one year

Item	Closing balance	Closing balance at preceding year
Lease liabilities due within one year	3,888,023.78	3,451,972.08
Total	<u>3,888,023.78</u>	<u>3,451,972.08</u>

(XXX) Other current liabilities

Items	Closing balance	Closing balance at preceding year
Output VAT	14,987,473.62	16,964,618.46
Special Project for Technical Transformation of Electronic Information Industry for the year of 2017	30,000,000.00	30,000,000.00
Jiangsu Province new industrial development special fund Allocation for new model project	10,000,000.00	10,000,000.00
New display product green supply chain construction project of East China Electronic	4,550,000.00	4,550,000.00
Research, development and industrialization of high-speed traffic management integrated platform based on Artificial Intelligence	1,000,000.00	1,000,000.00
AFC ticketing system on Internet	800,000.00	800,000.00
Special funds for provincial high-end equipment catching up project	620,000.00	620,000.00
Development of intelligent monitoring system for oil and gas pipeline based on distributed optical fibre sensing and the Internet	450,000.00	450,000.00
AFC regional center (ZLC)	300,000.00	300,000.00
Others		992,647.75
Total	<u>63,707,473.62</u>	<u>66,677,266.21</u>

(XXXI) Lease liabilities

Items	Closing balance	Closing balance at preceding year
Lease payment	14,608,965.99	10,252,965.99
Less: Unrecognized financing cost	1,403,889.05	1,326,558.48
Total	<u>13,205,076.94</u>	<u>8,926,407.51</u>

(XXXII) Long-term staff salaries payable**1. List of long-term staff salaries payable**

Items	Closing balance	Closing balance at preceding year
1. Post-employment benefits – net liabilities of defined benefit plan		
2. Termination benefits	17,894,038.34	19,767,429.75
3. Other long-term employee benefits		
Total	<u>17,894,038.34</u>	<u>19,767,429.75</u>

(XXXIII) Deferred income

Item	Closing balance at preceding year	Increase during the period	Decrease during the period	Closing balance	Reason
Government grants	17,261,888.00	1,195,500.00	1,817,546.15	16,639,841.85	Allotment
Total	<u>17,261,888.00</u>	<u>1,195,500.00</u>	<u>1,817,546.15</u>	<u>16,639,841.85</u>	

The project related to government grants:

Items	Closing balance at preceding year	The government grants given in the year	The amount recorded in profits and losses	Other changes	Closing balance	Related to assets/ income
Auto-transferring system industrialisation of new panel display industry	6,166,059.09		442,082.52		5,723,976.57	
R & D and industrialization of high localization industrial robot and intelligent complete equipment	7,271,929.26		536,990.04		6,734,939.22	Related to assets
Nanjing industrial enterprise technology and equipment investment inclusive award supplement fund	1,136,000.00		142,000.00		994,000.00	Related to assets
Special fund for Preschool Education – average cost per student	2,687,899.65	1,195,500.00	696,473.59		3,186,926.06	Related to assets
Total	<u>17,261,888.00</u>	<u>1,195,500.00</u>	<u>1,817,546.15</u>		<u>16,639,841.85</u>	

(XXXIV) Share capital

Item	Closing balance at the end of last year	Changes during the period (increase(+), decrease (-))					Closing balance
		Issue new shares	Bonus shares	Capitalization of capital reserve	Others	Sub-total	
Total shares	913,838,529.00						913,838,529.00

(XXXV) Capital reserve

Items	Closing balance at the end of last year	Increase during the period	Decrease during the period	Closing balance
Capital surplus (share premium)	1,450,743,806.12			1,450,743,806.12
Other capital surplus	19,947,994.01			19,947,994.01
Total	1,470,691,800.13			1,470,691,800.13

(XXXVI) Other comprehensive income

Item	Closing balance at the end of last year	Current amount before the income tax	Amount in the current period				Closing balance
			Less: Included in other comprehensive income in the previous period and transferred into profit and loss in the current period	Less: Included in other comprehensive income in the previous period and transferred into retained earning in the current period	Less: income tax expense	After tax attribution to the parent company	
1. Other comprehensive income not reclassified subsequently to profit or loss	289,154.46	17,130.03			4,282.51	12,847.52	302,001.98
Including: Changes by							
remeasurement of defined benefit plan							
Changes in fair value of other equity instruments investment	289,154.46	17,130.03			4,282.51	12,847.52	302,001.98
Total other comprehensive income	289,154.46	17,130.03			4,282.51	12,847.52	302,001.98

(XXXVII) Surplus reserve

Items	Closing balance at preceding year	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	188,270,633.21			188,270,633.21
Discretionary surplus reserve	70,376,641.33			70,376,641.33
Total	<u>258,647,274.54</u>	<u></u>	<u></u>	<u>258,647,274.54</u>

(XXXVIII) Undistributed profit

Items	Current period	Preceding year
Balance before adjustment at the end of preceding year	804,605,994.12	825,055,181.86
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	804,605,994.12	825,055,181.86
Add: Net profit attributable to owners of the parent company	12,683,154.91	52,657,894.58
Less: Appropriation of statutory surplus reserve		
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Dividend payable on ordinary shares	15,992,174.26	73,107,082.32
Dividend on ordinary share converted to share capital		
Closing balance	<u>801,296,974.77</u>	<u>804,605,994.12</u>

(XXXIX) Operating revenue and operating cost**1. Operating revenue and operating cost**

Items	Current period		Preceding period	
	Revenue	Cost	Revenue	Cost
Main operation	1,696,495,362.41	1,469,416,892.70	2,114,190,750.98	1,819,973,412.88
Other operation	17,659,651.95	4,112,184.23	15,155,025.56	3,579,907.61
Total	<u>1,714,155,014.36</u>	<u>1,473,529,076.93</u>	<u>2,129,345,776.54</u>	<u>1,823,553,320.49</u>

Details of operating revenue:

Items	Amount in current period	Amount in preceding period
Smart city industry	670,623,745.03	839,423,275.78
Electronic manufacturing services	928,765,424.26	852,153,901.49
Intelligent manufacturing industry	87,810,213.74	396,994,444.66
Others	26,955,631.33	40,774,154.61
Total	<u>1,714,155,014.36</u>	<u>2,129,345,776.54</u>

2. Details of income from contracts

Categories of contracts	Intelligent manufacturing industry	Smart city industry	Electronic manufacturing service	Others	Eliminations among segments	Total
Categorised by operating region:						
Nanjing District	106,519,925.11	500,519,013.29	935,162,601.28	35,582,951.95	-120,321,414.92	1,457,463,076.71
Shenzhen District		208,797,603.62	38,950,428.24	8,943,905.79		256,691,937.65
Total	<u>106,519,925.11</u>	<u>709,316,616.91</u>	<u>974,113,029.52</u>	<u>44,526,857.74</u>	<u>-120,321,414.92</u>	<u>1,714,155,014.36</u>
Categorised by transfer time of commodities:						
Recognised at a point in time	35,252,258.46	334,844,214.41	974,113,029.52	44,526,857.74	-112,773,973.68	1,275,962,386.25
Recognised over time	<u>71,267,666.65</u>	<u>374,472,402.50</u>			<u>-7,547,441.04</u>	<u>438,192,628.11</u>
Total	<u>106,519,925.11</u>	<u>709,316,616.91</u>	<u>974,113,029.52</u>	<u>44,526,857.74</u>	<u>-120,321,414.92</u>	<u>1,714,155,014.36</u>

3. Performance obligation

The Company shall recognise revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service to a customer who obtains control of that asset. Whether performance obligations satisfied over time or at a point in time is based on the contracts and related law regulations. The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the performance obligations satisfied over time, the Company will recognise revenue via contract performance schedule, otherwise the Company satisfies the performance obligation at a point in time. Contract performance schedule is based on the value of the goods that have been transferred to the customer to determine the contract performance schedule.

4. Transaction price allocating to remaining performance obligations

Performance Obligation	Estimated to be recognised as revenue for the year of 2020
Intelligent city industry	<u>323,982,000.00</u>
Total	<u>323,982,000.00</u>

(XL) Taxes and surcharges

Items	Current period	Preceding period
Property tax	5,487,805.53	3,303,665.72
City maintenance and construction tax	3,251,679.66	3,365,401.98
Education surcharge	1,825,253.84	2,398,398.99
Land-use tax	1,053,129.10	716,007.84
Stamp tax	644,194.36	808,798.84
Others	76,404.32	63,434.76
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Total	12,338,466.81	10,655,708.13
	<hr/> <hr/>	<hr/> <hr/>

(XLI) Selling expenses

Items	Current period	Preceding period
Salaries and Benefits	13,259,286.72	9,416,985.17
Transport and storage fee	6,289,773.12	6,930,480.76
Advertising and exhibition fee	1,137,297.23	1,438,240.04
Travelling and transportation expenses	817,719.02	1,293,248.91
Entertainment expenses	737,567.64	804,559.96
Loading and unloading fees	581,473.00	469,926.00
Office expenses	502,367.69	574,452.51
Others	843,870.26	964,699.13
	<hr/>	<hr/>
Total	24,169,354.68	21,892,592.48
	<hr/> <hr/>	<hr/> <hr/>

(XLII) Administrative expenses

Items	Current period	Preceding period
Salaries and benefits	67,691,901.46	67,615,645.78
Depreciation and amortization	14,657,408.66	10,329,125.37
Labour expenses	5,287,986.68	2,731,480.03
Agent fee (such as fees for listing, auditing, lawyers and consulting)	5,016,964.33	3,990,601.15
Travelling and transportation expenses	4,717,821.74	5,740,847.75
Office, telephone, meeting expenses	3,767,281.34	4,901,991.21
Leasing charges	3,696,666.50	1,875,538.91
Entertainment expenses	1,598,650.02	1,646,224.57
Transportation and vehicle expenses	1,351,736.99	1,725,522.55
Repair expenses	1,277,443.04	2,898,397.69
Others	2,905,381.00	1,959,918.62
	<hr/>	<hr/>
Total	111,969,241.96	105,415,293.63
	<hr/> <hr/>	<hr/> <hr/>

(XIII) Research and development expenses

Items	Current period	Preceding period
Salaries and benefits	60,386,920.73	70,042,034.88
Materials, fuel and power	10,020,563.91	18,807,767.73
Depreciation and amortisation	5,930,322.72	7,037,986.35
Commissioned development fee	2,603,727.83	2,411,266.70
Rent expenses	1,119,550.22	744,086.37
Travelling expenses	802,880.66	1,360,164.95
Testing, inspection and maintenance expenses	697,452.22	1,338,712.71
Design fees		187,315.45
Others	1,168,697.14	1,563,785.28
Total	82,730,115.43	103,493,120.42

(XLIV) Financial expenses

Items	Current period	Preceding period
Interest expenses	682,708.34	2,305,605.11
Including: interest expenses of lease liabilities	248,755.59	8,252.25
Less: interest income	4,793,080.75	5,294,211.03
Exchange gain and loss	3,120,162.28	742,118.62
Handling charges and others	1,887,872.60	1,922,790.34
Total	897,662.47	-323,696.96

(XLV) Other income

Item	Current period	Preceding period
Government grants	8,490,572.39	5,766,281.17
Total	8,490,572.39	5,766,281.17

Government grants recorded into other income

Items	Current period	Preceding period	Related to assets/ Related to income
Tax refund	244,504.36	996,583.10	Related to income
Steady post subsidies	3,651,715.08		Related to income
High-speed SMT line technology transformation project for 5G products	1,240,000.00		Related to income
Special fund for Preschool Education – average cost per student	696,473.59	270,452.49	Related to income
Grants from Shenzhen Science and Technology Innovation Committee	583,000.00		Related to income
R & D and industrialization of high localization industrial robot and intelligent complete equipment	536,990.04		Related to assets
Auto-transferring system industrialisation of new panel display industry	442,082.52	467,047.98	Related to assets
Unemployment insurance premium refunds	399,231.03		Related to income
Input tax additional deduction	387,287.84		Related to income
Nanjing industrial enterprise technology equipment investment inclusive award and supplementary fund	142,000.00		Related to assets
Subsidies for industrial and commercial electricity use granted by Shenzhen government	80,023.13	34,837.60	Related to income
Special fund for business development	72,700.00	527,700.00	Related to income
Waste discharging subsidies	7,864.80		Related to income
Vocational training subsidies	5,700.00		Related to income
Employment information monitoring award	1,000.00	1,160.00	Related to income
Special funds for transformation of provincial scientific and technological achievements		2,000,000.00	Related to income
Enterprise research and development funding scheme in 2018		936,000.00	Related to income
Economic and technological development special funds for special support for technological transformation in Longgang District, Shenzhen		351,000.00	Related to income
Nanjing municipal pollution prevention and clean production project subsidy		160,000.00	Related to income
Development zone intellectual property reward funds		21,500.00	Related to income
	<hr/>	<hr/>	
Total	8,490,572.39	5,766,281.17	

(XLVI) Investment income

Items	Current period	Preceding period
Income from long-term equity investments under equity method	24,311,699.21	24,716,024.79
Investment return on disposal of trading financial assets	4,057,102.17	7,511,928.13
Discounted interest of receivables financing	-646,644.67	-127,899.36
Total	<u>27,722,156.71</u>	<u>32,100,053.56</u>

(XLVII) Gains from changes in fair value

Source of gains from changes in fair value	Current period	Preceding period
Financial assets held for trading	567,858.44	2,975,260.27
Including: Gains from changes in fair value from derivative financial instrument	654,981.73	2,975,260.27
Gains from changes in fair value of debt instrument investment	-87,123.29	
Total	<u>567,858.44</u>	<u>2,975,260.27</u>

(XLVIII) Loss in credit impairment

Items	Current period	Preceding period
Bad debt losses of accounts receivable	261,903.77	4,102,573.57
Bad debt losses of other receivables	13,656.45	
Contract asset impairment loss		
Total	<u>275,560.22</u>	<u>4,102,573.57</u>

(XLIX) Assets impairment loss

Items	Current period	Preceding period
Inventory impairment and contract performance cost provision loss	3,479,946.92	21,625.28
Long-term equity investment impairment loss		13,188,717.99
Total	<u>3,479,946.92</u>	<u>13,210,343.27</u>

(L) Gains on disposal of assets

Item	Current period	Preceding period	Amount included in non-recurring profit or loss
Gains on disposal of non-current asset ("-" for losses)	126,613.83	190,885.76	126,613.83
Including: gains on disposal of fixed asset ("-" for losses)	126,613.83	190,885.76	126,613.83
Total	<u>126,613.83</u>	<u>190,885.76</u>	<u>126,613.83</u>

(LI) Non-operating income

Items	Current period	Preceding period	Amount included in non-recurring profit or loss
Government grants	169,008.85	1,951,900.00	169,008.85
The amount do not need to pay			
Others	6,870,742.85	655,272.95	6,870,742.85
Total	7,039,751.70	2,607,172.95	7,039,751.70

Government grants recorded into non-operating income

Items	Current period	Preceding period	Related to assets/income
Intelligence property performance reward granted by the Finance Bureau of Xuanwu District	40,000.00		Related to income
Incentives and subsidies of Shenzhen for early elimination of old cars	35,500.00	18,000.00	Related to income
Special fund for intelligence property granted by the Finance Bureau	27,000.00		Related to income
Intelligence property reward and fund granted by Nanjing Economic and Technological Development Zone	26,500.00		Related to income
Domestically authorized invention patent fund at municipal level in Nanjing	12,000.00		Related to income
Reward and subsidies granted by the Science and Technology Bureau of Xuanwu District	12,000.00		Related to income
Reward for outstanding projects in 2019	10,000.00		Related to income
Intellectual property reward funds in 2019	4,500.00		Related to income
Provincial patent award in 2019	1,508.85		Related to income
Reward for High-tech Enterprises		1,500,000.00	Related to income
Business development special funds in 2018		428,900.00	Related to income
Golden Bridge Project reward for key projects of 2018		5,000.00	Related to income
Total	169,008.85	1,951,900.00	

(LII) Non-operating expenses

Items	Current period	Preceding period	Amount included in non-recurring profit or loss
Donation to external parties	352,000.00	50,000.00	352,000.00
Others	169,218.12	255,589.45	169,218.12
Total	521,218.12	305,589.45	521,218.12

(LIII) Income tax expenses

1. List of income tax expenses

Items	Current period	Preceding period
Current income tax	15,815,124.76	20,722,418.32
Deferred income tax	133,855.22	184,944.34
Total	15,948,979.98	20,907,362.66

2. Explain of the relationship of income tax expenses and accounting profit

Items	Current period
Total profit	48,191,323.89
Income tax expenses calculated at the statutory or applicable tax rate	12,047,830.97
Different tax rate of subsidiaries	9,331,121.14
Adjustment on previous income tax	759,792.72
Income not subject to tax	
Expenses not deductible for tax purposes	
Utilisation of previously unrecognised tax losses	133,855.22
Unrecognised deductible temporary difference and deductible tax loss	
Effect of additional deductible cost under tax law	-6,323,620.07
Total income tax expenses	15,948,979.98

(LIV) Earnings per share

1. Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to the common shareholders of the parent company by the weighted average number of common shares issued by the company:

Items	Current period	Preceding period
Consolidated net profit attributable to common shareholders of the parent company	12,683,154.91	42,389,523.73
Weighted average number of common shares issued by the company	913,838,529.00	913,838,529.00
Basic earnings per share	0.0139	0.0464
Including: Basic earnings per share of continuing operation	0.0139	0.0464
Basic earnings per share of discontinued operations		

The weighted average of common shares is calculated as follows:

Items	Current period	Preceding period
Number of ordinary shares issued at the beginning of the year	913,838,529.00	913,838,529.00
Add: weighted number of common shares issued in the current period		
Less: weighted number of common shares repurchased in the current period		
Weighted number of common shares outstanding at the end of the year	913,838,529.00	913,838,529.00

2. Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit (diluted) attributable to the common shareholders of the parent company by the weighted average number (diluted) of the common shares issued by the company:

Items	Current period	Preceding period
Consolidated net profit attributable to common shareholders of the parent company (diluted)	12,683,154.91	42,389,523.73
Weighted average number of common shares issued by the company (diluted)	913,838,529.00	913,838,529.00
Diluted earnings per share	0.0139	0.0464
Including: Diluted earnings per share of continued operation	0.0139	0.0464
Diluted earnings per share of discontinued operation		

The weighted average number (diluted) of common shares is calculated as follows:

Items	Current period	Preceding period
Weighted average number of common shares outstanding at the end of the year when calculating basic earnings per share	913,838,529.00	913,838,529.00
Effect of convertible bonds impact of share options		
Weighted average number of common shares at the end of the year (diluted)	913,838,529.00	913,838,529.00

(LV) Items in cash flow statements

1. Cash receipts relating to other operating activities

Items	Current period	Preceding period
Cash receipts from acceptance deposit & commitment deposit	124,817,372.23	118,784,954.88
Government grants	7,650,247.25	8,699,411.18
Interest income	4,793,080.75	5,294,211.03
Others	8,425,452.56	2,528,600.45
Total	145,686,152.79	135,307,177.54

2. Cash payments relating to other operating activities

Items	Current period	Preceding period
Payment of security deposit and restricted funds	128,995,149.74	58,630,565.21
Payment of expenses	46,867,684.03	45,719,504.01
Handling expenses	1,887,872.60	1,922,790.34
Others	721,377.10	398,401.39
Total	178,472,083.47	106,671,260.95

3. Cash receipts relating to other investing activities

Items	Current period	Preceding period
Principal of bank wealth investment products	690,000,000.00	860,000,000.00
Deposits of letter of credit	2,394,283.50	
Total	692,394,283.50	860,000,000.00

4. Cash payments relating to other investing activities

Items	Current period	Preceding period
Principal of bank wealth investment products	605,000,000.00	990,000,000.00
Deposits of letter of credit	2,394,283.50	
Total	607,394,283.50	990,000,000.00

5. Cash receipts relating to other financing activities

Items	Current period	Preceding period
Cash received from notes discounted	43,570,096.40	19,500,580.63
Other financing		
Total	43,570,096.40	19,500,580.63

6. Cash payments relating to other financing activities

Items	Current period	Preceding period
Cash paid for lease liability	2,835,970.21	
Others		127,899.36
Total	2,835,970.21	127,899.36

(LVI) Supplementary information of cash flow statements

1. Supplementary information of cash flow statements

Supplementary information	Current period	Preceding period
1. Reconciliation of net profit to cash flow of operating activities		
Net profit	32,242,343.91	69,773,223.11
Add: Credit impairment losses	275,560.22	5,244,333.52
Assets impairment losses	3,479,946.92	13,210,343.27
Depreciation of fixed assets and investment property	45,571,647.46	36,745,554.23
Depreciation of right of use	4,490,180.97	
Amortisation of intangible assets	6,746,370.17	5,367,423.02
Amortisation of long-term deferred expenses	1,834,790.33	383,847.81
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains stated with "-")	-126,613.83	-190,885.76
Loss on scrapped fixed assets (gains stated with "-")	-83,382.38	
Loss on change in fair value (gains stated with "-")	-567,858.44	-2,975,260.27
Financial expenses (gains stated with "-")	682,708.34	2,305,605.11
Investment loss (gains stated with "-")	-27,722,156.71	-32,100,053.56
Decrease in deferred tax assets (increase stated with "-")	133,855.22	-184,944.34
Increase in deferred tax liabilities (decrease stated with "-")		
Decrease in inventories (increase stated with "-")	57,112,648.01	-10,648,567.21
Decrease of operating receivables (increase stated with "-")	83,119,832.55	-510,238,967.03
Increase of operating payables (decrease stated with "-")	-118,911,567.46	120,560,180.51
Others		
Net cash flows from operating activities	88,278,305.28	-302,748,167.59
2. Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
Convertible company bonds due within one year		
Fixed assets held under finance leases		
3. Net movement in cash and cash equivalents		
Cash at the end of the period	999,290,766.63	792,970,851.89
Less: cash at the beginning of period	863,141,377.23	1,292,114,192.80
Add: cash equivalents at end of the period		
Less: cash equivalents at beginning of the period		
Net increase in cash and cash equivalents	136,149,389.40	-499,143,340.91

2. No cash paid for acquisition of subsidiaries during the period

3. No cash received for disposal of subsidiaries during the period

4. The composition of cash and cash equivalents

Items	Balance at the end of the period	Closing balance at preceding year
1. Cash	999,290,766.63	863,141,377.23
Including: Cash on hand	202,369.84	399,930.44
Bank deposit available for payment at any time	999,088,396.79	862,741,446.79
Other monetary funds available for payment at any time		
Deposits in central banks available for payment		
2. Cash equivalents		
Including: Bond investment due in three months		
3. Cash and cash equivalents at the end of the period	999,290,766.63	863,141,377.23
Including: Cash and cash equivalents which are restricted to be used by the parent company or subsidiaries of the Group		

(LVII) Assets with title or use right restrictions

Item	Closing carrying amount	The reason
Cash and bank balances	195,166,323.82	Deposits of acceptance, performance, guarantee, letter of credit
Total	<u>195,166,323.82</u>	

(LVIII) Foreign currency monetary items

1. Foreign currency monetary items

Items	Foreign currency at the end of the period	Exchange rate	Converted into RMB at the end of the period
Cash and bank balances			110,583,218.74
Including: USD	15,137,463.06	7.0795	107,165,669.73
Euro	150,444.13	7.9610	1,197,685.72
HKD	246,133.23	0.9134	224,818.09
JYP	30,316,150.00	0.0658	1,995,045.20
Accounts receivable			25,888,826.29
Including: USD	3,033,998.43	7.0795	21,479,191.89
Euro	43,297.71	7.9610	344,693.07
JYP	61,769,714.00	0.0658	4,064,941.34
Other receivables			733,171.20
Including: USD	103,007.78	7.0795	729,243.58
HKD	4,300.00	0.9134	3,927.62
Accounts payable			194,805,777.21
Including: USD	14,289,775.33	7.0795	101,164,464.45
JYP	1,422,947,252.00	0.0658	93,641,312.76
Other Payables			2,291,954.32
Including: USD	321,913.78	7.0795	2,278,988.61
HKD	14,195.00	0.9134	12,965.71

(LIX) Government grants**1. Government grants related to assets**

Project	Amount	Closing balance	Items presented in the balance sheet	Amount included in current profit and loss or offset loss of relevant costs and expenses		Item included in current profit and loss or offset loss of relevant costs and expenses
				Current period	Preceding period	
Special Project for Technical Transformation of Electronic Information Industry for the year of 2017	30,000,000.00	30,000,000.00	Other current liabilities			
Jiangsu Province new industrial development special fund	10,000,000.00	10,000,000.00	Other current liabilities			
Allocation for new model project	5,000,000.00	4,550,000.00	Other current liabilities			
Special funds for provincial high-end equipment catching up project	620,000.00	620,000.00	Other current liabilities			
High localization rate of industrial robots and intelligent equipment development and industrialisation	8,120,000.00	6,734,939.22	Deferred income	536,990.04		Other income
Auto-transferring system industrialisation project of new panel display industry	30,000,000.00	5,723,976.57	Deferred income	442,082.52	467,047.98	Other income
Nanjing industrial enterprise technology and equipment investment inclusive award and supplementary fund	1,420,000.00	994,000.00	Deferred income	142,000.00		Other income

2. Government grants related to income

Project	Amount	Amount included in current profit and loss or offset loss of relevant costs and expenses		Item included in current profit and loss or offset loss of relevant costs and expenses
		Current period	Preceding period	
New display product green supply chain construction project of East China Electronic	1,000,000.00			
Research & development and industrialization of high-speed traffic management integrated platform based on Artificial Intelligence	1,000,000.00			
AFC ticketing system on Internet	800,000.00			
Development of intelligent monitoring system for oil and gas pipeline based on distributed optical fibre sensing and the Internet	450,000.00			
AFC regional centre (ZLC)	300,000.00			
Tax refund	244,504.36	244,504.36	996,583.10	Other income
Steady post subsidies	3,651,715.08	3,651,715.08		Other income
High-speed SMT line technology transformation project for 5G products	1,240,000.00	1,240,000.00		Other income
Special fund for preschool education – average cost per student	696,473.59	696,473.59	270,452.49	Other income
Fund from Shenzhen Science and Technology Innovation Committee	583,000.00	583,000.00		Other income

Project	Amount	Amount included in current profit and loss or offset loss of relevant costs and expenses		Item included in current profit and loss or offset loss of relevant costs and expenses
		Current period	Preceding period	
High localization rate of industrial robots and intelligent equipment development and industrialisation	536,990.04	536,990.04		Other income
Auto-transferring system industrialisation of new panel display industry	442,082.52	442,082.52	467,047.98	Other income
Unemployment insurance refunds	399,231.03	399,231.03		Other income
Input tax additional deduction	387,287.84	387,287.84		Other income
Nanjing industrial enterprise technology and equipment investment inclusive award and supplement fund	142,000.00	142,000.00		Other income
Shenzhen industrial and commercial power cost subsidy	80,023.13	80,023.13	34,837.60	Other income
Business development special fund	72,700.00	72,700.00	527,700.00	Other income
Allowance for pollution discharge	7,864.80	7,864.80		Other income
Allowance for professional training	5,700.00	5,700.00		Other income
Employment information monitoring reward	1,000.00	1,000.00	1,160.00	Other income
Special fund for transformation of provincial scientific and technological achievements			2,000,000.00	Other income
Enterprise research and development funding plan in 2018			936,000.00	Other income
Special fund for technical transformation of special funds for economic and technological development of Longgang District, Shenzhen			351,000.00	Other income
Subsidy for pollution prevention and clean production projects in Nanjing			160,000.00	Other income
Development zone intellectual property reward funds			21,500.00	Other income
Intellectual property performance incentives from the Finance Bureau of Xuanwu District	40,000.00	40,000.00		Non-operating income
Incentives and subsidies of Shenzhen for early elimination of old cars	35,500.00	35,500.00	18,000.00	Non-operating income
Special fund for intellectual property from Finance Bureau	27,000.00	27,000.00		Non-operating income
Intellectual property reward funds for Nanjing Economic and Technological Development Zone	26,500.00	26,500.00		Non-operating income
Subsidy for domestic authorized inventions and patents in Nanjing	12,000.00	12,000.00		Non-operating income
Reward and subsidy from the Science and Technology Bureau of Xuanwu District	12,000.00	12,000.00		Non-operating income
"Talk about ideal, make contribution" characteristic project subsidy by municipal bureau of finance for the year of 2019	10,000.00	10,000.00		Non-operating income
Intellectual property reward funds in 2019	4,500.00	4,500.00		Non-operating income
Reward and subsidy for provincial patents in 2019	1,508.85	1,508.85		Non-operating income
Reward for High-tech Enterprises			1,500,000.00	Non-operating income
Business development special fund in 2018			428,900.00	Non-operating income
Golden bridge project reward for key projects of 2018			5,000.00	Non-operating income

VI. CHANGES IN CONSOLIDATED SCOPE

(I) Business combination not involving enterprises under common control

There was no business combination not involving enterprises under common control in the current period.

(II) Business combination involving enterprises under common control

There was no business combination involving enterprises under common control in the current period.

(III) Reversed purchase

There was no reversed purchase in the current period.

(IV) Disposal of subsidiaries

There was no disposal of subsidiaries in the current period.

(V) Other reasons that resulted in changes in the range of consolidation

There were no other reasons that resulted in changes in the range of consolidation in the current period.

VII. INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Structure of the Group

Name of subsidiaries	Business operating location/place of incorporation	Registered capital (RMB'000)	Business nature	Proportion of shareholdings (%)		
				Direct	Indirect	Way of procurement
Nanjing Panda Electronic Manufacture Co., Ltd.[1]	Nanjing	2,000.00	Manufacturing	75.00	25.00	Establishment
Nanjing Panda Industrial Enterprise Co., Ltd.	Nanjing	2,000.00	Service	100.00		Establishment
Nanjing Panda Electronic Equipment Co., Ltd.	Nanjing	19,000.00	Manufacturing	100.00		Establishment
Galant Limited	Hong Kong		Investment	100.00		Establishment
Nanjing Panda Information Industry Co., Ltd.[1]	Nanjing	3,194.6435	Manufacturing	82.00	18.00	Establishment
Nanjing Panda Communication Technology Co., Ltd.	Nanjing	10,000.00	Manufacturing	100.00		Business combination under common control
Nanjing Panda Electronic Technology Development Co., Ltd.	Nanjing	70,000.00	Manufacturing	100.00		Establishment
Chengdu Panda Electronic Technology Co., Ltd.	Chengdu	2,000.00	Manufacturing	100.00		Establishment
Chengdu Panda Electronics Manufacturing Co., Ltd.	Chengdu	5,000.00	Manufacturing	100.00		Establishment
Shenzhen Jinghua Electronics Co., Ltd [2]	Shenzhen	11,507.00	Service industry	43.34		Business combination under common control

Note1: Nanjing Panda Electronic Manufacture Co., Ltd and Nanjing Panda Information Industry Co., Ltd. registered capital of US dollars.

Note2: Shenzhen Jinghua Electronics Co., Ltd is in the type of company limited (unlisted). Other subsidiaries are in the type of limited liability company.

2. Significant non-wholly owned subsidiaries

Name of subsidiaries	Proportion of minority shareholdings	Profit or loss attributable to minority interests in the current period	Dividend attributable to minority interests in the current period	Balance of minority interests at the end of period
Shenzhen Jinghua Electronics Co., Ltd.	56.66%	19,559,189.00		260,043,243.34

Note: The Company recommended 4 candidates out of 7 members of the board of directors, of Shenzhen Jinghua Electronics Co., Ltd., and thus, the Company holds 57.14% right to vote.

3. Key financial information of significant non-wholly owned subsidiaries

Name of subsidiaries	Current assets	Non-current assets	Balance at the end of period			Total liabilities
			Total assets	Current liabilities	Non-current liabilities	
Shenzhen Jinghua Electronics Co., Ltd	470,210,722.96	44,681,344.80	514,892,067.76	87,981,945.23	10,535,533.19	98,517,478.42

Name of subsidiaries	Current assets	Non-current assets	Balance at the beginning of year			Total liabilities
			Total assets	Current liabilities	Non-current liabilities	
Shenzhen Jinghua Electronics Co., Ltd	481,712,516.46	41,384,706.20	523,097,222.66	133,742,287.55	3,907,708.96	137,649,996.51

Name of subsidiaries	Current period			
	Operating income	Net income	The comprehensive income	Cash flow from operating activities
Shenzhen Jinghua Electronics Co., Ltd.	256,691,937.65	30,927,363.19	30,927,363.19	33,431,468.13

Name of subsidiaries	Preceding period			
	Operating income	Net income	The comprehensive income	Cash flow from operating activities
Shenzhen Jinghua Electronics Co., Ltd.	334,847,375.38	43,083,975.35	43,083,975.35	26,346,687.39

(II) The Company does not have transactions with changes in equity of the subsidiary's share of owners and without losing control of the subsidiary

(III) Interests in joint arrangements or associates

1. Significant joint ventures or associates

Name of joint ventures or associates	Principal place of business	Place of registration	Business nature	Proportion of shareholding (%)		Accounting treatment for investment in joint ventures or associates	Strategic significance to the Company's or activities
				Direct	Indirect		
Nanjing Ericsson Panda Communication Co., Ltd.	Nanjing	Nanjing	Manufacturing	27.00		Equity method	Negative

2. Key financial information of significant associates

Items	Closing balance/ current period Nanjing Ericsson Panda Communication Co., Ltd.	Opening balance/ preceding period Nanjing Ericsson Panda Communication Co., Ltd.
Current assets	2,859,159,893.25	2,264,774,000.00
Non-current assets	1,745,055,578.89	1,897,516,000.00
Total assets	4,604,215,472.14	4,162,290,000.00
Current liabilities	3,731,010,974.34	3,374,097,000.00
Non-current liabilities		4,990,000.00
Total liabilities	3,731,010,974.34	3,379,087,000.00
Minority interest		
Equity attributable to shareholders of the parent company	873,204,497.80	783,203,000.00
Proportionate share in net assets	235,765,214.41	211,464,810.00
Adjustments	-1,031,515.78	-1,031,515.78
– Goodwill		
– Internal offset of unrealised profit	-934,251.78	-934,251.78
– Others	-97,264.00	-97,264.00
Carrying amount of investments in associates	234,733,698.63	210,433,294.22
Fair value of equity investments in associates with quoted price		
Operating income	4,620,635,144.57	4,919,699,865.68
Net profit	90,001,497.80	91,160,953.37
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	90,001,497.80	91,160,953.37
Dividend from joint ventures received		

3. Combined financial information of immaterial joint ventures and associates

	Closing balance/ current period	Opening balance/ preceding period
Associates:		
Total carrying amount of investment	65,966,844.56	65,955,549.76
The followings were calculated by percentage of shareholding		
– Net profit	28,218.60	259,484.81
– Other comprehensive income		
– Total comprehensive income	28,218.60	259,484.81

VIII. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company faces various financial risks in the course of its business: credit risk, market risk and liquidity risk. The Board of Directors is responsible for the determination of overall risk management objectives and policies and assumes ultimate responsibility for risk management objectives and policies. The internal auditors also audit the risk management objectives and policies and record the results to the audit committee.

The overall objective of the Company's risk management is to formulate risk management policies which can minimise risks without excessively affecting the Company's competitiveness and adaptability.

(I) Credit risks

Credit risk refers to the risk that the party of a financial instrument does not fulfil its obligations and creates financial losses on the other party. The Company is mainly faced with credit risk caused by credit sales. Prior to signing the new contract, the Company will evaluate the credit risk of the new customer, including the external credit rating and, in some cases, the bank credit certificate (when this information is available). The Company sets a credit limit for each customer, which is the maximum amount that does not require additional approval.

The Company ensures that the Company's overall credit risk is within control of the Company through quarterly monitoring of existing customer credit ratings and monthly review of accounts receivable aging analysis. When monitoring the customer's credit risk, they are grouped according to their credit characteristics. Customers rated as "high-risk" will be placed on the list of restricted customers, and the Company can only sell them on the premise of additional approval, otherwise they must be required to pay in advance.

(II) Market risks

The market risk of financial instruments refers to the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in market prices, including foreign exchange risk, interest rate risk and other price risks.

(1) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in market interest rates. The interest rate risk faced by the Company mainly comes from short-term bank loans.

(2) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in foreign exchange rates. The Company tries to match the revenue and cost in foreign currencies in order to reduce the exchange rate risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to achieve the purpose of avoiding exchange rate risk. In current and previous period, the Company did not sign any forward exchange agreement and currency swap agreement.

The main foreign exchange risk is the financial assets and financial liabilities denominated in USD. The amount of the financial assets and liabilities in foreign currencies converted into RMB is as follows:

Item	Closing balance			Opening balance		
	USD	Other currency	Total	USD	Other currency	Total
Monetary capital	107,165,669.73	3,417,549.01	110,583,218.74	95,803,593.09	2,940,187.04	98,743,780.13
Account receivables	21,479,191.89	4,409,634.41	25,888,826.29	29,819,635.89	4,073,801.47	33,893,437.36
Other receivables	729,243.58	3,927.62	733,171.20	8,016,754.50	3,851.94	8,020,606.44
Subtotal	<u>129,374,105.20</u>	<u>7,831,111.04</u>	<u>137,205,216.24</u>	<u>133,639,983.48</u>	<u>7,017,840.45</u>	<u>140,657,823.93</u>
Account payable	101,164,464.45	93,641,312.76	194,805,777.21	97,484,549.43	123,820,381.60	221,304,931.03
Other payables	2,278,988.61	12,965.71	2,291,954.32	3,149,689.98	27,561.60	3,177,251.58
Subtotal	<u>103,443,453.05</u>	<u>93,654,278.47</u>	<u>197,097,731.53</u>	<u>100,634,239.41</u>	<u>123,847,943.20</u>	<u>224,482,182.61</u>

The effects of exchange rate fluctuation are as follows:

Items	Closing balance			Opening balance		
	Exchange increase/ (decrease)	Total profit increase/ (decrease)	Shareholder equity increase/ (decrease)	Exchange increase/ (decrease)	Total profit increase/ (decrease)	Shareholder equity increase/ (decrease)
Depreciation of RMB against USD	5%	1,296,532.61	1,296,532.61	5%	1,650,287.20	1,650,287.20
Appreciation of RMB against USD	5%	-1,296,532.61	-1,296,532.61	5%	-1,650,287.20	-1,650,287.20
Depreciation of RMB against JPY	5%	-4,379,066.31	-4,379,066.31	5%	-5,908,830.40	-5,908,830.40
Appreciation of RMB against JPY	5%	4,379,066.31	4,379,066.31	5%	5,908,830.40	5,908,830.40

(III) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter capital shortage when performing obligations that are settled by delivering cash or another financial asset. The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department control the liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts of cash flow for the next 12 months, the finance department will ensure the Company has sufficient fund to settle its debts under all reasonable foreseeable circumstances.

The maturity profile of the Company's financial liabilities at each balance sheet date based on contractual undiscounted payments is analysed below:

Items	Within 1 year	Closing balance		Total
		1-3 years	3 years above	
Short-term borrowings	208,495,356.08			208,495,356.08
Notes payable	1,481,284,635.95			1,481,284,635.95
Accounts payable	207,207,297.38			207,207,297.38
Contract liabilities	97,248,512.33			97,248,512.33
Other payables				
Total	<u>1,994,235,801.74</u>			<u>1,994,235,801.74</u>

Items	Within 1 year	Opening balance		Total
		1-3 years	3 years above	
Short-term borrowings	50,000,000.00			50,000,000.00
Notes payable	234,736,827.23			234,736,827.23
Accounts payable	1,628,435,817.44			1,628,435,817.44
Contract liabilities	160,540,186.87			160,540,186.87
Other payables	78,425,560.86			78,425,560.86
Total	<u>2,152,138,392.40</u>			<u>2,152,138,392.40</u>

IX. FAIR VALUE DISCLOSURE

The inputs used to measure fair value are categorised into three hierarchies:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The level of fair value measurement is determined by the lowest level inputs that are significant to the fair value measurement as a whole.

(I) Closing fair value of assets and liabilities measured at fair value

Type	Level 1 Fair Value Measurement	Fair value at the end of period		Total
		Level 2 Fair Value Measurement	Level 3 Fair Value Measurement	
I. Continuing fair value measurement				
◆ Trading financial assets			216,037,684.93	216,037,684.93
1. Financial assets at fair value through profit and loss			216,037,684.93	216,037,684.93
(1) Debt instrument investment			50,124,315.07	50,124,315.07
(2) Equity instrument investment				
(3) Derivative assets			165,913,369.86	165,913,369.86
(4) Others				
◆ Receivables financing			291,443,113.33	291,443,113.33
◆ Other debt investment				
◆ Other equity instrument investment			4,052,669.32	4,052,669.32
◆ Other non-current assets				
Total continuing assets measured at fair value			<u>511,533,467.58</u>	<u>511,533,467.58</u>

(II) Regarding continuing and discontinued third level fair value measurement items, valuation technology adopted and qualitative & quantitative information of important parameters

- The trading financial assets measured at the third level of fair value measurement held by the Company are bank wealth investment product. At the end of the period, the fair value is adjusted according to the expected return rate or performance benchmark interest rate of financial products.
- The receivables financing measured at the third level of fair value held by the Company are notes receivables with the intention of endorsement, and the remaining maturity is short with the book value equalled to its fair value.
- The other equity investment instruments measured at the third level of fair value measurement held by the Company is that 7.30% equity of Jiangsu Urban Mass Transit Research & Design Institute Co., Ltd. The company is a non-listed company, and the fair value is determined by the net asset basis method as of the balance sheet date.

(III) Adjustment information between the carrying value of opening and closing balance, and sensitivity analysis of unobservable parameters for continuous project with level 3 of the fair value hierarchy

1 Adjustment information of continuous project with level 3 of the fair value hierarchy

Type	Opening balance	Transfers in level 3	Transfers out of level 3	Gains (losses) recognised in the period		Purchase, issue, selling and settlement				Closing balance	For assets held at the end of the reporting period, the gains or losses are not realised in the current period of profit or loss.
				In profits and losses	In other comprehensive income	Purchase	issue	selling	settlement		
◆Trading financial assets	300,469,826.49	605,000,000.00		567,668.44				660,000,000.00		216,037,664.93	
Financial assets at fair value through profit and loss	300,469,826.49	605,000,000.00		567,668.44				660,000,000.00		216,037,664.93	
- Debt instrument investment	50,211,438.36	100,000,000.00		-67,123.29				100,000,000.00		50,124,315.07	
- Equity instrument investment											
- Derivative assets	250,258,388.13	505,000,000.00		634,891.73				560,000,000.00		165,913,349.86	
- Others											
◆Receivable financing	347,259,336.67	469,165,757.67	524,981,981.51							291,443,113.33	
◆Other creditor investment											
◆Other equity instrument investment	4,036,539.29				17,130.03					4,032,669.02	
Total	651,794,702.65	1,074,165,757.67	524,981,981.51	567,668.44	17,130.03			660,000,000.00		511,533,467.58	

Including: profit and loss related to financial assets

Profit and loss related to non-financial assets

X. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

(I) Details of parent company

Name of parent company	Place of registration	Business nature	Registered Capital	Holding proportion over the Company (%)	Voting right Proportion over the Company (%)
Panda Electronics Group Limited	Nanjing	Manufacturing	1,632,970,000	23.05	55.56

Ultimately controlled by: China Electronics Corporation. Registered place: Beijing, China

Note: the voting right proportion of Company's parent company higher than the proportion of shareholdings is due to the situation that 5 of 9 board of directors are recommended by the parent company.

(II) Details on the Company's subsidiaries

Please refer to "VII. Interests in other entities" of the note for details on the Company's subsidiaries.

(III) Details on the Company's joint ventures and associates

Please refer to "VII. Interests in other entities" of the note for details on the Company's significant joint ventures and associates.

Information of the Company's other joint ventures or associates, that had transactions with the company in current period, or balances resulted from transactions with the Company in the prior period is as follows:

The name of joint ventures or associates	The Company's relationship with Joint venture or associate
Nanjing Ericsson Panda Communication Co., Ltd.	The Company's associates
Beijing SE Putian Mobile Communications Co., Ltd	The Company's associates
Shenzhen Chebao Information Technology Co., Ltd.	Subsidiary's associates
Shenzhen Jinghua Network Marketing Co., Ltd.	Subsidiary's associates

Notes: Beijing Sony Ericsson Putian Mobile Communication Co., Ltd. claimed to entered the liquidation period at the board meeting held on March 28, 2019.

(IV) Details on other related parties

Other related parties Name	The Company relationships with other related party
Nanjing Panda Handa Technology Co., Ltd	Subsidiary of the Group
Nanjing Panda Investment Development Co., Ltd	Subsidiary of the Group
Nanjing Panda Electronics Import/Export Co., Ltd	Subsidiary of the Group
Nanjing China Electronics Panda Appliances Co., Ltd	Subsidiary of the Group
Nanjing Panda Technology Park Development Company Limited	Subsidiary of the Group
Nanjing Panda Dasheng Electronics Technology Co., Ltd	Subsidiary of the Group
Nanjing Zhenhua Packing Material Factory	Subsidiary of the Group
Nanjing Panda Transport Co., Ltd	Subsidiary of the Group
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Subsidiary of the Group
Panda Electronics Import and Export (Hong Kong) Co., Ltd.	Subsidiary of the Group
Panda (Beijing) International Information Technology Co., Ltd	Subsidiary of the Group
Nanjing CEC panda flat panel display technology Co., Ltd.	Ultimately controlled by the same party
Nanjing Zhongdian panda LCD Technology Co., Ltd	Ultimately controlled by the same party
China Great Wall Technology Group Co., Ltd	Ultimately controlled by the same party
China Electronic Finance Co., Ltd	Ultimately controlled by the same party
Nanjing CEC Panda Real Estate Co., Ltd.	Ultimately controlled by the same party
Nanjing Zhongdian panda Information Industry Group Co., Ltd	Ultimately controlled by the same party
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen Zhongdian Power Technology Co., Ltd	Ultimately controlled by the same party
Nanjing China Electronics Modern Service Industry Co., Ltd	Ultimately controlled by the same party

Other related parties Name

Nanjing Panda Jinling Hotel Co., Ltd	Ultimately controlled by the same party
Nanjing Huadong Electronic Information Technology Co., Ltd	Ultimately controlled by the same party
Guizhou Zhenhua E-Chem Co., Ltd	Ultimately controlled by the same party
Caihong Group Co., Ltd	Ultimately controlled by the same party
Langfang China Electronics Panda Crystal Technology Co., Ltd.	Ultimately controlled by the same party
Xianyang CE Caihong Group Holdings Co., Ltd.	Ultimately controlled by the same party
China Electronics Import and Export Co., Ltd	Ultimately controlled by the same party
Shanghai Panda Huning Electronic Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen China Electronics Investment Company	Ultimately controlled by the same party
China Electronics Equipment International Co., Ltd.	Ultimately controlled by the same party
Xianyang Caihong Intelligent Equipment Co., Ltd.	Ultimately controlled by the same party
Nanjing Zhongdian panda Property Management Co., Ltd	Ultimately controlled by the same party
China Zhenhua Group Yunke Electronics Co., Ltd	Ultimately controlled by the same party
Guizhou Zhenhua Hualian Electronics Co., Ltd	Ultimately controlled by the same party
Nanjing CEC Panda illumination Co., Ltd.	Ultimately controlled by the same party
Nanjing China Electronics Panda Crystal Technology Co., Ltd	Ultimately controlled by the same party
Guizhou Zhenhua Qunying Electrical Appliance Co. Ltd	Ultimately controlled by the same party
Nanjing Caihong New Energy Co., Ltd.	Ultimately controlled by the same party
Nanjing Changjiang Electronics Information Industry Group Co., Ltd.	Ultimately controlled by the same party
Shenzhen China Electronics International Information Technology Co., Ltd	Ultimately controlled by the same party
China Electronics International Exhibition Advertising Co., Ltd	Ultimately controlled by the same party
China Academy of Information Security Co., Ltd	Ultimately controlled by the same party
Nanjing Huadong Electronics Group Co., Ltd	Ultimately controlled by the same party
Feisheng (Shanghai) Electronic Technology Co., Ltd	Ultimately controlled by the same party
N CEC Materials Suzhe Corporation	Ultimately controlled by the same party
Wuhan Zhongyuan Electronics Group Co., Ltd	Ultimately controlled by the same party
Nanjing Sanle Electronic Information Co., Ltd	Ultimately controlled by the same party
Nanjing China Electronics Panda Trade Development Co., Ltd	Ultimately controlled by the same party
China Tongguang Electronics Co., Ltd	Ultimately controlled by the same party
Wuhan Zhongyuan Electronics Information Co., Ltd	Ultimately controlled by the same party
China Electric Pengcheng Intelligent Equipment Co., Ltd	Ultimately controlled by the same party
Chengdu China Electronic Panda Display Technology Co., Ltd	Other related parties
Xianyang Caihong Optoelectronics Technology Co., Ltd	Other related parties
IRICO (Hefei) LCD Glass Co., Ltd.	Other related parties
Shenzhen Jinghua Intelligent Technology Co., Ltd	Other related parties

The Company relationships with other related party

(V) **Related parties transactions**

1. Purchase and sale of goods, rendering and receiving services in related party transactions

Purchase of goods/receiving of service

Related parties	Type of transaction	Amount for the current period	Amount for the prior period
China Electronics Equipment International Co., Ltd.	Purchase of goods	8,919,393.47	
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Purchase of goods	1,741,653.47	7,714,538.46
Nanjing Zhenhua Packing Material Factory	Purchase of goods	881,588.37	1,273,459.28
Shanghai Panda Huning Electronic Technology Co., Ltd.	Purchase of goods	753,103.45	322,586.22
Nanjing CEC Panda LCD Technology Co., Ltd.	Purchase of goods	467,971.29	6,272.00
Shenzhen China Electronics Investment Company	Purchase of goods	400,653.11	
China Electronics Import and Export Co., Ltd.	Purchase of goods	213,628.77	
Nanjing Panda Dasheng Electronics Technology Company Limited	Purchase of goods	64,152.09	23,613.21
Chengdu China Electronic Panda Display Technology Co., Ltd.	Purchase of goods	50,156.05	
Nanjing Panda Electronics Import/Export Co., Ltd.	Purchase of goods	43,081.30	139,775.22
Nanjing China Electronics Panda Appliances Co., Ltd.	Purchase of goods	41,846.90	47,814.55
Guizhou Zhenhua Qunying Electrical Appliance Co. Ltd.	Purchase of goods	20,176.99	40,530.97
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Purchase of goods	13,815.93	43,952.00
Nanjing Panda Handa Technology Co., Ltd.	Purchase of goods	4,942.48	
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Purchase of goods	2,547.12	367,915.34
Xianyang IRICO Intelligent Equipment Co., Ltd.	Purchase of goods		3,362,068.97
Sub-total		<u>13,618,710.79</u>	<u>13,342,526.22</u>
Nanjing Panda Electronics Transportation Company	Receipt of services	2,300,750.25	2,797,691.30
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Receipt of services	968,524.00	3,809,112.00
Nanjing CEC Panda LCD Technology Co., Ltd.	Receipt of services	322,376.11	821,371.61
Nanjing Panda Handa Technology Co., Ltd.	Receipt of services	35,625.28	32,883.02
Caihong Group Co., Ltd	Receipt of services		754,716.98
China Electronics Import and Export Co., Ltd.	Receipt of services		84,251.44
Sub-total		<u>3,627,275.64</u>	<u>8,300,026.35</u>

Sales of goods/rendering the service

Related parties	Type of transaction	Amount for the current period	Amount for the prior period
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Sales of goods	334,137,651.84	256,102,645.35
Chengdu China Electronic Panda Display Technology Co., Ltd.	Sales of goods	257,590,961.42	451,258,478.41
Nanjing CEC Panda LCD Technology Co., Ltd.	Sales of goods	75,189,242.48	92,697,235.72
Nanjing Panda Handa Technology Co., Ltd.	Sales of goods	35,329,449.86	23,116,688.65
Shenzhen Jinghua Network Marketing Co., Ltd.	Sales of goods	7,527,124.87	14,697,952.61
Nanjing Panda Electronics Import/Export Co., Ltd.	Sales of goods	5,395,950.37	9,162,252.53
Feisheng (Shanghai) Electronic Technology Co., Ltd	Sales of goods	4,602,135.82	
Nanjing Ericsson Panda Communication Co., Ltd.	Sales of goods	1,861,716.01	6,993,178.78
Nanjing China Electronics Panda Appliances Co., Ltd.	Sales of goods	1,266,193.82	1,787,999.99
China Greatwall Technology Group Co., Ltd.	Sales of goods	1,149,645.95	901,484.07
Panda Electronics Import and Export (Hong Kong) Co., Ltd.	Sales of goods	995,899.38	1,970,501.75
N CEC Materials Suzhe Corporation	Sales of goods	369,992.45	395,244.35
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Sales of goods	217,685.04	684,503.29
Nanjing Electronics Information Industrial Corporation	Sales of goods	187,807.55	196,449.07
Wuhan Zhongyuan Electronics Group Co., Ltd.	Sales of goods	106,194.69	
Nanjing Huadong Electronic Information & Technology Co., Ltd.	Sales of goods	48,934.04	11,760.38
Nanjing Panda Electronics Transportation Company	Sales of goods	40,597.40	66,109.43
Shenzhen China Electronics Technology Co., Ltd.	Sales of goods	38,746.06	19,694.57
Nanjing Panda Investment Development Co., Ltd.	Sales of goods	5,820.75	13,173.58
Nanjing China Electronics Modern Service Industry Co., Ltd.	Sales of goods	4,650.94	13,450.01
Nanjing China Electronics Panda Trade Development Co., Ltd.	Sales of goods	2,858.49	4,549.06
Panda Electronics Group Limited	Sales of goods	2,728.66	557,226.67
Xianyang CE Caihong Group Holdings Co., Ltd.	Sales of goods		15,101,912.49
Caihong Group Co., Ltd	Sales of goods		9,465,517.24
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Sales of goods		751,624.15
Nanjing Sanle Electronic Information Co., Ltd.	Sales of goods		436,164.80
Nanjing Panda Technology Park Development Company Limited	Sales of goods		64,909.48
Nanjing CEC Panda Real Estate Co., Ltd.	Sales of goods		42,453.62
Guizhou Zhenhua Yilong New Materials Co., Ltd.	Sales of goods		15,757.52
		726,071,987.89	886,528,917.57
Sub-total			

Related parties	Type of transaction	Amount for the current period	Amount for the prior period
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Rendering of services	14,766,392.39	2,489,773.34
Nanjing Panda Handa Technology Co., Ltd.	Rendering of services	2,360,932.60	26,924.82
Panda Electronics Group Limited	Rendering of services	2,274,940.79	2,036,475.48
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Rendering of services	1,746,750.49	566,005.09
Nanjing Panda Investment Development Co., Ltd.	Rendering of services	1,057,407.16	
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Rendering of services	722,140.30	443,690.97
Chengdu China Electronic Panda Display Technology Co., Ltd.	Rendering of services	721,698.09	
Nanjing Ericsson Panda Communication Co., Ltd.	Rendering of services	701,164.11	
Nanjing CEC Panda illumination Co., Ltd.	Rendering of services	375,556.80	
Nanjing China Electronics Panda Appliances Co., Ltd.	Rendering of services	141,431.43	152,308.45
Nanjing Panda Electronics Import/Export Co., Ltd.	Rendering of services	34,357.94	72,991.42
Nanjing CEC Panda LCD Technology Co., Ltd.	Rendering of services	7,264.95	2,625,395.46
Shenzhen Jinghua Network Marketing Co., Ltd.	Rendering of services	2,249.01	4,347.09
Beijing SE Putian Mobile Communications Co., Ltd.	Rendering of services		13,643,514.09
IRICO (Hefei) LCD Glass Co., Ltd.	Rendering of services		5,800,000.00
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	Rendering of services		4,582,803.15
Nanjing Caihong New Energy Co., Ltd.	Rendering of services		28,301.89
Sub-total		<u>24,912,286.06</u>	<u>32,472,531.25</u>

2. Leases in related party transactions

Asset leased to related parties:

Name of lessee	Types of leased assets	Rental income recognised in this period	Rental income recognised in prior period
Nanjing Panda Electronics Transportation Company	Lease of houses	593,405.02	25,216.97
Nanjing China Electronics Panda Appliances Co., Ltd	Lease of houses	334,211.04	332,691.88
Shenzhen Jinghua Intelligent Technology Co., Ltd.	Lease of houses	273,805.71	268,827.43
Nanjing Panda Electronics Import/Export Co., Ltd.	Lease of houses	123,655.02	123,092.97
Nanjing Panda Handa Technology Co., Ltd.	Lease of houses	78,715.60	78,715.60
Shenzhen Jinghua Network Marketing Co., Ltd.	Lease of houses	11,600.00	25,500.00
Nanjing Panda Electronics Transportation Company	Lease of cars	123,565.52	168,950.71
Panda Electronics Group Limited	Lease of cars		20,372.72
Sub-total		1,538,957.91	1,043,368.28

3. Guarantee in related party transactions

Guarantee provided to related parties:

Secured party	Guarantee amount (RMB)	Guarantee start date	Expiry date (extension period inclusive)	Whether the guarantee has been fulfilled
Nanjing Panda Information Industry Co., Ltd. [1]	280,000,000.00	2020-3-16	2023-1-8	No
Nanjing Panda Information Industry Co., Ltd. [2]	50,000,000.00	2020-5-12	2024-5-11	No
Nanjing Panda Electronics Equipment Co., Ltd. [3]	150,000,000.00	2019-11-20	2022-9-16	No
Nanjing Panda Electronics Equipment Co., Ltd. [4]	100,000,000.00	2019-12-30	2022-12-30	No
Nanjing Panda Electronics Equipment Co., Ltd. [5]	40,000,000.00	2020-3-16	2023-1-8	Yes
Nanjing Panda Electronic Manufacture Co., Ltd. [6]	60,000,000.00	2019-12-6	2022-12-5	No
Nanjing Panda Electronic Manufacture Co., Ltd. [7]	60,000,000.00	2020-5-14	2024-5-13	No
Nanjing Panda Electronic Manufacture Co., Ltd. [8]	50,000,000.00	2020-3-16	2023-1-8	No
Nanjing Huage Appliance and Plastic Industrial Co., Ltd. [9]	50,000,000.00	2019-12-30	2022-12-30	No
Nanjing Panda Machine Electricity Manufacturing Co., Ltd. [10]	15,000,000.00	2019-12-9	2022-12-8	No

- Note 1:* The Company provides the maximum irrevocable guarantee for the bank comprehensive credit line of RMB280,000,000.00 to Nanjing Panda Information Industry Co., Ltd., a secondary subsidiary, in Nanjing Branch of Shanghai Pudong Development Bank Co., Ltd., with the credit period from March 16, 2020 to January 8, 2021. The guarantee period is calculated according to each creditor's right, from the date when the performance period of each creditor's right contract expires to two years later. As of June 30, 2020, Nanjing Panda Information Industry Co., Ltd. has used a total credit line of RMB93,217,460.91. And the amount of performance guarantee provided by the Company for the secondary subsidiary Nanjing Panda Information Industry Co., Ltd. is RMB93,217,460.91.
- Note 2:* The Company provides the maximum amount of irrevocable guarantee for the bank comprehensive credit line of RMB50,000,000.00 to the secondary subsidiary Nanjing Panda Information Industry Co., Ltd. in China Merchants Bank Co., Ltd. Nanjing Branch. The credit period is from May 12, 2020 to May 11, 2021. The guarantee liability period is from the effective date of this guarantee, to the maturity date of each loan; or other financing under the credit agreement; or the receivable creditor's rights transferred by the bank; three years after the date of each advances. If any specific credit extension is extended, the guarantee period will accordingly extend to three years after the expiration of the extension period. As of June 30, 2020, Nanjing Panda Information Industry Co., Ltd. has used a total credit line of RMB47,805,098.28. The amount of performance guarantee provided by the Company for the secondary subsidiary Nanjing Panda Information Industry Co., Ltd. is RMB47,805,098.28.
- Note 3:* The Company provides the highest amount of irrevocable guarantee for the bank comprehensive credit line of RMB150,000,000.00 for the secondary subsidiary Nanjing Panda Electronic Equipment Co., Ltd. in the Industrial Bank Co., Ltd., Central Road branch. And the credit period is from November 20th, 2019 to September 16th, 2020. The guarantee last for two years from the expire date of the debtor's obligation. As of June 30, 2020, Nanjing Panda Electronic Equipment Co., Ltd. has used a total credit line of RMB15,097,693.74. The guarantee provided by the Company for the subsidiary is RMB2,934,275.40., and the guarantee amount of bank acceptance is RMB6,388,154.09, and the guarantee of letter of credit is RMB5,775,264.25.
- Note 4:* The Company provides the maximum amount of irrevocable guarantee for the bank comprehensive credit line of RMB100,000,000.00 to the secondary subsidiary Nanjing Panda Electronic Equipment Co., Ltd. in China Electronic Finance Co., Ltd. And the credit period is from December 30th, 2019 to December 30th, 2020. The guarantee period is calculated according to the debt performance period stipulated in each specific credit business contract under the comprehensive credit contract. The guarantee period under each specific credit business contract is two years from the date of the debt performance period stipulated in the specific credit business contract. As of June 30, 2020, Nanjing Panda Electronic Equipment Co., Ltd. has used a total credit line of RMB12,986,196.44. The guarantee amount of performance guarantee provided by the Company for the secondary subsidiary is RMB12,986,196.44.
- Note 5:* The Company provides the maximum amount of irrevocable guarantee for the bank comprehensive credit line of RMB40,000,000.00 to its secondary subsidiary of Nanjing Panda Electronics Manufacturing Co., Ltd. in Nanjing Branch of Shanghai Pudong Development Bank Co., Ltd. from March 16, 2020 to January 8, 2021. The guarantee period is calculated according to each creditor's right, from the date when the performance period of each creditor's right contract expires to two years later. As of June 30, 2020, Nanjing Panda Electronics Manufacturing Co., Ltd. has used a total credit line of RMB0.

Note 6: The Company provides the maximum amount guarantee for the bank comprehensive credit line of RMB60,000,000.00 to its secondary subsidiary of Nanjing Panda Electronics Manufacturing Co., Ltd. in Industrial Bank Co., Ltd. from December 6, 2019 to December 5, 2020. The guarantee period last two year after debt performance period expires. As of June 30, 2020, Nanjing Panda Electronics Manufacturing Co., Ltd. has used a total credit line of RMB43,828,734.32. The bank acceptance as the guarantee provided by the Company for the secondary subsidiary is RMB43,828,734.32.

Note 7: The Company offers maximum guarantee of RMB60,000,000.00, which is the comprehensive bank credit amount offered by China Merchants Bank Co., Ltd., Nanjing Branch, to Nanjing Panda Electronics Manufacturing Co., Ltd, subsidiary of The Company. The bank credit has duration from May 14, 2020 to May 13, 2021, and the guarantee lasts for 3 years from the deadline of performance of the debtor. As of June 30, 2020, Nanjing Panda Electronics Manufacturing Co., Ltd has used RMB9,695,981.03 of its total comprehensive bank credit. The bank acceptance as the guarantee provided by the Company for the secondary subsidiary is RMB9,695,981.03.

Note 8: The Company provides the maximum irrevocable guarantee for the bank comprehensive credit line of RMB50,000,000.00 to Nanjing Panda Electronics Manufacturing Co., Ltd, a secondary subsidiary, in Nanjing Branch of Shanghai Pudong Development Bank Co., Ltd., with the credit period from March 16, 2020 to January 8, 2021. The guarantee period is calculated according to each creditor's right, from the date when the performance period of each creditor's right contract expires to two years later. As of June 30, 2020, Nanjing Panda Electronics Manufacturing Co., Ltd. has used a total credit line of RMB23,535,371.99. And the guarantee provided by the Company for the secondary subsidiary Nanjing Panda Information Industry Co., Ltd. is RMB23,535,371.99.

Note 9: The Company provides the maximum irrevocable guarantee for the bank comprehensive credit line of RMB50,000,000.00 to Nanjing Huage Electronics Plastic Industry Co., Ltd, a third subsidiary, in China Electronic Finance Co., Ltd, with the credit period from December 30, 2019 to December 30, 2020. The guarantee period is calculated according to each creditor's right, from the date when the performance period of each creditor's right contract expires to two years later. As of June 30, 2020, Nanjing Huage Electronics Plastic Industry Co., Ltd. has used a total credit line of RMB17,994,036.63. And the guarantee provided by the Company for the third subsidiary Nanjing Huage Electronics Plastic Industry Co., Ltd. is RMB17,994,036.63.

Note 10: The Company provides the highest amount of irrevocable guarantee for the bank comprehensive credit line of RMB15,000,000.00 to Nanjing Panda electromechanical Manufacturing Co., Ltd., a third tier subsidiary, in Industrial Bank Co., Ltd. Nanjing Branch, with the credit period from December 9th, 2019 to December 8th, 2020. The Guarantee period is two years from the date of the expiration of the debt performance period under the financial business. As of June 30, 2020, Nanjing Panda electromechanical Manufacturing Co., Ltd. has used a total credit line of RMB4,740,000.00. The bank acceptance as guarantee provided by the Company for the third level subsidiary Nanjing Panda electromechanical Manufacturing Co., Ltd. is RMB4,740,000.00.

In conclusion, as of June 30, 2020, the amount of guarantee provided by the Company for the subsidiary is RMB268,900,573.34, including the bank acceptance at RMB106,182,278.06. The guarantee is RMB156,943,031.03. and the guarantee amount of letter of credit is RMB5,775,264.25 (June 30, 2019, the amount of guarantee provided by the Company for subsidiaries is RMB405,982,169.94, including RMB137,379,672.51 for bank acceptance, RMB163,032,830.89 for letter of guarantee, RMB50,000,000.00 for credit loan and RMB55,569,666.54 for letter of credit).

4. Capital borrowing and lending with related party

There is no related party funds lending in current period.

5. Other related party transactions

Company name	Type of transaction	Current period	Preceding period
China Electronics Finance Co., Ltd [1]	Receipt of interests	2,092,948.87	1,394,517.71
China Electronics Finance Co., Ltd [1]	Payment of interest	682,708.34	1,093,541.67
China Electronics Finance Co., Ltd [1]	Payment of discounted interest	646,644.67	127,899.36

Note 1: The Company resigned "Financial Service Agreement (hereafter referring as the "Service Agreement") with Financial Company in the year of 2018. According to the Service Agreement, under the circumstance of national laws and regulations as well as financial institutions operating principles, Financial Company provides financial services for the Company, including but not limited to handling financial and financing consulting, credit visa service, other related consulting, agency service, offering for guarantee, notes bills, notes discounted, deposit service and other financial services. The ceiling for the integrated credit balance to be provided by Financial Company to the Company amounted to RMB600.00 million and the ceiling for the fund settlement balance with Financial Company amounted to RMB500.00 million. The validity period is 3 years from the effective date of the Service Agreement. The above agreement had been approved at the first extraordinary general meeting at 28 December 2018.

By the end of 30 June 2020, loan balance of the Company in the Financial Company was RMB0, deposit balance was RMB474,347,376.17, receipt of discounted notes was RMB43,570,096.40, and payment of discounted interest was RMB646,644.67. As of June 30, 2020, the Company's discounted but not derecognized amount in China Electronics Finance Co., Ltd. is RMB0.00.

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

Items	Related parties	Closing balance		Beginning balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Chengdu China Electronic Panda Display Technology Co., Ltd.	192,781,119.92		106,877,946.54	
	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	72,577,118.99		143,771,883.80	
	Nanjing Panda Handa Technology Co., Ltd.	62,918,640.78	11,242.63	66,559,947.19	11,242.63
	Nanjing CEC Panda LCD Technology Co., Ltd.	48,350,446.16		87,410,809.47	
	Nanjing Panda Investment Development Co., Ltd.	16,774,327.20		16,771,367.20	
	Xianyang Caihong Optoelectronics Technology Co., Ltd.	16,651,723.64		618,927.76	
	Nanjing Panda Electronics Import/Export Co., Ltd.	6,619,171.55	76,756.38	6,062,492.19	76,756.38
	Shenzhen Jinghua Network Marketing Co., Ltd.	5,555,560.00		5,926,810.00	
	Xianyang CE Caihong Group Holdings Co., Ltd.	2,000,000.00			
	Nanjing Ericsson Panda Communication Co., Ltd.	1,754,528.88	1,404.00	440,774.32	1,404.00
	China Greatwall Technology Group Co., Ltd.	611,750.46		745,828.56	
	Nanjing China Electronics Panda Appliances Co., Ltd.	572,744.58		1,321,726.40	
	Panda Electronics Group Limited	344,567.93	146,659.19	148,722.19	146,659.19
	Nanjing CEC Panda Real Estate Co., Ltd.	158,803.63	15,880.36	158,803.63	15,880.36
	Nanjing CEC Panda LCD Materials Technology Co., Ltd.	80,732.50		10,047.01	
	Nanjing Electronics Information Industrial Corporation	29,432.00		47,960.00	
	Shenzhen China Electronics Technology Co., Ltd.	21,910.02		8,065.86	
	Nanjing Panda Electronics Transportation Company	7,621.00			
	Langfang China Electronics Panda Crystal Technology Co., Ltd.	3,240.00	3,240.00	3,240.00	3,240.00
	Contract assets	Nanjing Panda Jinling Hotel Co., Ltd.	2,227.10	334.07	2,227.10
Wuhan Zhongyuan Electronics Group Co., Ltd.		2,000.00	2,000.00	2,000.00	2,000.00
Nanjing China Electronics Modern Service Industry Co., Ltd.				2,704.00	
Nanjing Huadong Electronic Information & Technology Co., Ltd.				840.00	
Chengdu China Electronic Panda Display Technology Co., Ltd.		59,328,632.31		168,198,568.37	
Xianyang Caihong Optoelectronics Technology Co., Ltd.		28,003,283.57		31,688,714.40	
IRICO Group Company Limited		22,255,733.22		22,171,595.29	
Nanjing China Electronics Panda Panel Display Technology Co., Ltd.		16,947,101.65		36,678,777.57	
IRICO (Hefei) LCD Glass Co., Ltd.		8,696,800.00		14,026,800.00	
Guizhou Zhenhua Yilong New Materials Co., Ltd.		7,981,923.88		8,055,327.88	
Xianyang CE Caihong Group Holdings Co., Ltd.	3,914,759.65		6,546,087.83		
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	1,903,958.02				
Nanjing CEC Panda LCD Technology Co., Ltd.			3,097,299.95		
Nanjing CEC Panda LCD Materials Technology Co., Ltd.			1,004,599.40		

Items	Related parties	Closing balance		Beginning balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other non-current assets	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	6,393,399.36		6,393,399.36	
	Xianyang Caihong Optoelectronics Technology Co., Ltd.	4,105,644.82		4,105,644.82	
	Chengdu China Electronic Panda Display Technology Co., Ltd.	1,390,983.97		1,390,983.97	
	IRICO Group Company Limited	905,534.48		905,534.48	
	Nanjing CEC Panda LCD Technology Co., Ltd.	300,000.00		300,000.00	
	Xianyang CE Caihong Group Holdings Co., Ltd.	219,316.24		219,316.24	
Notes receivable	Nanjing Panda Handa Technology Co., Ltd.	33,900,000.00		13,000,000.00	
Receivables financing	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	154,704,078.66		64,690,797.81	
	Chengdu China Electronic Panda Display Technology Co., Ltd.	57,592,907.12		216,349,424.73	
	Nanjing CEC Panda LCD Technology Co., Ltd.	21,651,591.97		10,258,476.00	
	IRICO Group New Energy Company Limited*	3,247,976.08			
	Nanjing Panda Handa Technology Co., Ltd.	3,000,000.00		6,000,000.00	
	Nanjing China Electronics Panda Appliances Co., Ltd.	2,772,160.00			
	IRICO Group Company Limited	2,640,000.00		10,992,586.20	
	Hefei IRICO Epilight Technology Co., Ltd.	1,000,000.00			
	China Greatwall Technology Group Co., Ltd.	350,000.00		409,116.56	
Advance payment	Nanjing China Electronics Panda Panel Display Technology Co., Ltd.	955,522.59		76,362.01	
	Nanjing Panda Handa Technology Co., Ltd.	316,800.00			
	China Electronics Import and Export Co., Ltd.	109,990.80		800.00	
	Nanjing China Electronics Panda Appliances Co., Ltd.	68,900.00		155,579.04	
	Nanjing CEC Panda LCD Technology Co., Ltd.	15,000.00		54,857.36	
	Chengdu China Electronic Panda Display Technology Co., Ltd.	10,400.00		10,400.00	
	Nanjing Panda Electronics Import/Export Co., Ltd. Panda Electronics Group Limited	5,529.61		69,921.75	

2. Amounts due to related parties

Items	Related parties	Closing balance	Opening balance	
Accounts payable	Panda Electronics Group Limited	3,558,714.49	3,546,942.49	
	Nanjing Panda Handa Technology Co., Ltd.	2,599,946.60	94,218.00	
	China Electronics Equipment International Co., Ltd.	1,367,462.06	1,533,605.95	
	Shanghai Panda Huning Electronic Technology Co., Ltd.	851,006.90		
	Xianyang CE Caihong Group Holdings Co., Ltd.	800,000.00	800,000.00	
	Nanjing Panda Electronics Transportation Company	773,321.25	1,112,314.39	
	Nanjing Panda Electronics Import/Export Co., Ltd.	658,695.45	845,695.45	
	Nanjing Panda Dasheng Electronics Technology Company Limited	478,610.10	95,858.00	
	Xianyang IRICO Intelligent Equipment Co., Ltd.	390,000.00	975,000.00	
	Nanjing Zhenhua Packing Material Factory	383,756.96	1,907,635.82	
	Nanjing China Electronics Panda Appliances Co., Ltd.	149,165.01	147,600.40	
	Guizhou Zhenhua Hualian Electronics Co., Ltd.	104,541.21	97,706.00	
	IRICO Group Company Limited	80,000.00	800,000.00	
	Guizhou Zhenhua Qunying Electrical Appliance Co. Ltd.	28,030.00		
	China Zhenhua Group Yunke Electronics Co., Ltd.	17,632.00	17,632.00	
	Nanjing China Electronics Panda Crystal Technology Co., Ltd.	380.78	380.78	
	Nanjing CEC Panda Illumination Co., Ltd.		22,224.00	
	Notes payable	Nanjing Zhenhua Packing Material Factory	940,826.35	200,000.00
		Xianyang IRICO Intelligent Equipment Co., Ltd.	585,000.00	1,755,000.00
		Guizhou Zhenhua Hualian Electronics Co., Ltd.	97,706.00	
Other payables	Panda Electronics Group Limited	5,039,761.20	6,743,156.84	
	China Electronics Import and Export Co., Ltd.	195,539.62	195,539.62	
	Nanjing Electronics Information Industrial Corporation	46,000.00	86,700.00	
	China Electronics Corporation	29,340.49		
	Nanjing Panda Handa Technology Co., Ltd.	26,490.00		
	Shanghai Panda Huning Electronic Technology Co., Ltd.	22,907.00	22,907.00	
	Nanjing Panda Electronics Transportation Company	20,228.75	74,057.25	
	Nanjing Panda Technology Park Development Company Limited	20,000.00	20,000.00	
	Liyang Panda Cuizhuyuan Hotel Co., Ltd	5,880.00	5,880.00	
	Nanjing Panda Dasheng Electronics Technology Company Limited	200.00		
Contract liabilities	Nanjing CEC Panda LCD Technology Co., Ltd.	311,301.42		
	Panda Electronics Import and Export (Hong Kong) Co., Ltd.		47,089.35	
	Liyang Panda Cuizhuyuan Hotel Co., Ltd		0.01	
Advanced receipts	Nanjing CEC Panda Illumination Co., Ltd.	54,500.00		
	China Electric Pengcheng Intelligent Equipment Co., Ltd	25,538.90		

XI. SHARE-BASED PAYMENT

There is no share-based payment incurred during the period.

XII. COMMITMENTS AND CONTINGENCIES

(I) Significant commitments

The total future minimum lease payment according to irrevocable operating lease contracts signed by the Company is summarised below:

Items	Closing balance	Opening balance
Within 1 year	6,788,848.28	8,204,976.42
1 to 2 years	5,579,414.52	2,714,982.00
2 to 3 years	4,127,414.52	2,714,982.00
Over 3 years	3,383,423.00	4,054,217.00
Total	<u>19,879,100.32</u>	<u>17,689,157.42</u>

At the balance sheet date, capital commitment made by the Company that has been contracted but not listed on the balance sheet is shown below:

Items	Closing balance	Opening balance
Housing and building	18,225,373.52	16,323,594.44
Machinery and equipment	370,300.00	3,821,505.00
Intangible assets/software	1,418,000.00	2,790,001.00
Total	<u>20,013,673.52</u>	<u>22,935,100.44</u>

(II) Contingencies

1. Please refer to Note "X. (V). 3" for the Company's guarantee for bank loans of subsidiaries.
2. Except for the above contingencies, as of 30 June 2020, the Company has no significant contingencies that need to be disclosed.

XIII EVENTS AFTER THE BALANCE SHEET DATE

(I) No significant non-adjusted events after the balance sheet date for the current period

(II) Sales return

There is no significant sales return after the balance sheet date.

(III) Notes to events after the balance sheet date

1. Epidemic of coronavirus

Since the outbreak of coronavirus (COVID-19) in China in January 2020, the prevention and control of the epidemic has been carried out nationwide. The Company actively responds to the initiatives of government and strictly implements the party's and government's regulations and requirements at all levels on the prevention and control of epidemic. For controlling epidemic while production, the employees of the Company and its subsidiaries have gradually returned to work in succession. The company supports the country in the battle against epidemic in many ways, including supply security, social responsibility and internal management.

The prevention and control measures against the epidemic will have a certain temporary impact on the production and operation of the Company. The Company will continue to pay close attention to the development of the pneumonia epidemic and actively respond to its impact on the Company's financial situation, operational results and other aspects.

As of August 27, 2020, the Company has no other events to be disclosed after the balance sheet day.

XIV. CAPITAL MANAGEMENT

The main objectives of the Company's capital management are:

- To ensure the Company's abilities of going concern, therefore, the Company can provide continuing returns to shareholders and other stakeholders;
- Pricing the products and services according to the risk level, so as to provide sufficient returns to shareholders.

The Company has set a capital amount that is proportional to the risk. The capital structure is adjusted according to the change of economic environment and the risk characteristics of the target assets. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, the capital returned to shareholders, otherwise, issue new shares or sell assets to reduce liabilities.

The Company monitors capital based on the adjusted debt/capital ratio.

The Company's adjusted debt/capital ratio at the balance sheet date is as follows:

	Closing balance	Opening balance
Total liabilities	2,161,932,878.91	2,331,590,672.88
Less: Cash and cash equivalent	999,290,766.63	863,141,377.23
Adjusted net liabilities	1,162,642,112.28	1,468,449,295.65
Shareholder's equity	3,704,819,823.76	3,688,556,806.59
Adjusted capital	3,704,819,823.76	3,688,556,806.59
Adjusted debt/capital ratio	31.38	39.81

XV. OTHER SIGNIFICANT EVENTS

(I) Accounting error correction of prior period

There is no accounting error correction of prior period occurred in the Reporting Period.

(II) Annuity plan

Apart from basic endowment insurances, the Company established an enterprise annuity plan based on the relevant policies of the national annuity system. The annuity plan fits for officially employed employees and the employees who have worked for the Company for over one year. The annuity maintenance model adopts a certain type of mode. The Company pays annuity for employees is based is on total salary of the previous year. The contribution rate is temporarily set at 5.00%, and the personal contribution ratio is temporarily set at 1.00%. The corresponding expenditure is recognised in profits and losses.

Apart from basic endowment insurances, Shenzhen Jinghua Electronics Co., Ltd., a subsidiary of the Company, also establishes annuity plan according to relevant policies of the enterprise annuity system of the state. Formal employees and shareholder representatives who hold Shenzhen citizenship and currently work for the Company are eligible for the plan. The annuity plan uses a defined-contribution model, in which the percentage of contribution is determined by previous year's economic performance. Eligible employees pay to the plan on a monthly basis at a certain amount according to their job levels, and Shenzhen Jinghua covers all contribution at an amount no more than 15.00% of eligible employee's total annual salary, the amount is brought to profit or loss for the year.

Apart from the above, the Company and its subsidiaries makes no major social security commitments to their employees.

(III) Lease

1. Company as a Lessee

Items	Current period
Interest expense on lease liabilities	248,755.59
Simplified short term lease expense included in current profit and loss	4,006,140.12
Simplified lease expenses of low value assets (excluding short-term lease expenses of low value assets) included in the current profit and loss	
Variable lease payments not included in lease liabilities	
Income from sublease of right of use assets	
Total cash outflow related to lease	4,254,895.71
Relevant profit and loss arising from leaseback transactions	
	<hr/> <hr/>

The Company's future potential cash outflow not included in lease liabilities mainly comes from the committed lease committed which was not yet implemented.

The Company's committed lease which was not yet implemented. The expected cash outflow in the future is as follows:

Remaining leasing term	Undiscounted lease payment
Within one year	6,788,848.28
1 to 2 years	5,579,414.52
2 to 3 years	4,127,414.52
3 years above	3,383,423.00
	<hr/>
Total	19,879,100.32
	<hr/> <hr/>

2. Company as a lessor

(1) Operating lease

	Current period
Operating lease income	31,880,031.03
Including: Income related to variable lease payments not included in lease receipts	

The undiscounted lease receipts to be received after the balance sheet date are as follows:

Remaining lease term	Undiscounted lease payment
Within 1 year	52,506,906.35
1 to 2 year	7,780,736.87
2 to 3 year	235,310.00
3 to 4 year	
4 to 5 year	
5 years above	
Total	60,522,953.22

(2) Financial lease

There is no financial lease in current period.

(IV) Segment information

1. The basis of determination and accounting policy for segment information

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

The transfer price between different segments is based on the actual transaction price, and cost indirectly assumed by each segment is allocated in accordance of the corresponding proportion. Assets are allocated in accordance of business performance and location. Segment liabilities include the liabilities produced by business activities which belong to its own segment. If the costs related to a joint liability, the liability would be allocated to different segments at the proportion.

Non-current assets are divided into different areas. All the non-current assets of the Company are located in the China Mainland.

2. Financial information of the segment

Item	Intelligent city industry	Electronic manufacturing service	Intelligent manufacturing industry	Other products	Undistributed	Elimination among segments	Total
Trade income from third party	670,623,745.03	928,765,424.26	87,810,213.74	26,955,631.33			1,714,155,014.36
Trade income between segments	36,692,871.88	45,347,605.26	18,709,711.37	17,571,226.41		-120,321,414.92	
Investment income from associated enterprises and joint ventures		11,294.80			24,300,404.41		24,311,699.21
Assets impairment loss	-24,812.52	3,557,062.49		-52,303.05			3,479,946.92
Credit impairment loss	-1,075,790.04	-8,649.74	1,360,000.00				275,560.22
Depreciation and amortisation expense	6,400,191.49	22,537,265.33	5,822,102.96	15,108,434.89	8,774,994.26		58,642,988.93
Total profit (Total losses)	33,660,477.93	71,139,705.69	-45,533,585.42	-15,118,091.72	5,284,725.10	-1,241,907.69	48,191,323.89
Income tax expense	2,306,330.39	13,642,649.59					15,948,979.98
Net profit (Net losses)	31,354,147.54	57,497,056.10	-45,533,585.42	-15,118,091.72	5,284,725.10	-1,241,907.69	32,242,343.91
Total assets	1,988,461,665.51	2,081,075,799.31	823,754,701.44	714,496,939.69	2,891,223,933.16	-2,632,260,336.44	5,866,752,702.67
Total liabilities	1,176,477,710.85	1,076,972,137.26	609,591,083.92	151,097,116.65	162,214,663.07	-914,419,833.04	2,161,932,878.91
Other non-cash expense beside Depreciation and amortisation expense							
Long term equity investment in associated enterprises and joint ventures		1,966,844.56			298,733,698.63		300,700,543.19
Increase in other non-current assets besides long-term equity investment	-18,732,081.07	4,001,019.96	2,249,030.21	-6,987,467.13	-10,813,037.61	-3,677,204.28	-33,959,739.92

XVI. NOTES TO PRINCIPAL ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENT

(I) Accounts receivable

1. Accounts receivable shown by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	72,378,947.04	64,817,181.88
Including: 0-6 months	41,087,537.28	64,169,690.95
7-12 months	31,291,409.76	647,490.93
1-2 years	2,535,042.67	8,018,132.60
2-3 years	9,014,534.96	5,081,647.94
3-4 years	1,831,066.96	1,831,066.96
4-5 years	262,400.00	262,400.00
Over 5 years	1,290,053.12	2,790,053.12
Sub-total	87,312,044.75	82,800,482.50
Less: bad debt provision	4,916,534.93	4,916,534.93
Total	82,395,509.82	77,883,947.57

2. Accounts receivable shown by classification of bad debt provisions

Classification	Carrying amount		Current period Bad debt provision		Carrying value	Closing balance at preceding year		Bad debt provision	Carrying value	
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)			Amount
Accounts receivable accruing bad debt provision in individual portfolio	7,581,700.00	8.68	1,023,010.00	13.49	6,558,690.00	11,192,839.16	13.52	1,095,223.62	9.79	10,097,615.54
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	79,730,344.75	91.32	3,893,524.93	4.88	75,836,819.82	71,607,643.34	86.48	3,821,311.31	5.34	67,786,332.03
Including:										
Aging portfolio	47,634,180.02	54.56	3,893,524.93	8.17	43,740,655.09	33,206,502.02	40.10	3,821,311.31	11.51	29,385,190.71
Other portfolios	32,096,164.73	36.76			32,096,164.73	38,401,141.32	46.38			38,401,141.32
Total	87,312,044.75	100.00	4,916,534.93		82,395,509.82	82,800,482.50	100.00	4,916,534.93		77,883,947.57

Accounts receivable accruing bad debt provision in individual portfolio:

Debtor	Carrying amount	Closing balance		Reason
		Bad debt provision	Percentage (%)	
Jiangsu Cable Network Development Co. Ltd., Sihong Branch	5,284,000.00	696,600.00	13.18	Expected partly not to be recovered
China Cable Television Network Co., Ltd., Hainan Branch	2,297,700.00	326,410.00	9.96	Expected partly not to be recovered
Total	7,581,700.00	1,023,010.00		

Accounts receivable accruing bad debt provision in portfolio:

Items for provision portfolio: Portfolio of aging

Item	Closing balance		Percentage (%)
	Account receivable	Bad debt provision	
Within 1 year (including 1 year)	39,913,697.88		
including: 0-6 months	38,343,175.48		
7-12 months	1,570,522.40	78,526.12	5
1-2 years	1,622,374.10	162,237.41	10
2-3 years	1,214,587.97	182,188.20	15
3-4 years	1,831,066.96	549,320.09	30
4-5 years	262,400.00	131,200.00	50
Over 5 years	2,790,053.11	2,790,053.11	100
Total	47,634,180.02	3,893,524.93	

Items for provision portfolio: Other portfolios

Item	Closing balance		Percentage (%)
	Account receivable	Bad debt provision	
Portfolio of related parties	32,096,164.73		
Total	32,096,164.73		

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

Classification	Closing balance at preceding year	Changes in current period			Closing balance
		Provision	Recovery or reversal	Written-off	
Accounts receivable accruing bad debt provision in single item	1,095,223.62		72,213.62		1,023,010.00
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	3,821,311.31	72,213.62			3,893,524.93
Including: Aging portfolio	3,821,311.31				3,821,311.31
Other portfolios					0.00
Total	4,916,534.93				4,916,534.93

Note: The bad debt reversal in single item is transfer between portfolios, and there is no actual reversal in the current period.

4. No accounts receivable effectively verified in the period

5. The top five debtors of accounts receivable at the end of the period

Name of debtor	Account receivable	Closing balance Proportion of total accounts receivable (%)	Bad debt provision
Sony mobile communication products (China) Co., Ltd	33,200,000.00	38.02	
Nanjing Panda Handa Technology Co., Ltd.	16,927,940.22	19.39	
Jiangsu Cable Network Development Co. Ltd., Sihong Branch	5,284,000.00	6.05	696,600.00
Nanchang Shuntang Green Technology Co., Ltd.(南昌舜唐綠電科技有限公司)	4,646,450.75	5.32	
Nanjing Panda Electronic Manufacture Co., Ltd.	4,200,000.00	4.81	
Total	64,258,390.97	73.60	696,600.00

(II) Receivables financing

1. Receivables financing

Item	Closing balance	Opening balance
Notes receivables	3,000,000.00	6,000,000.00
Account receivables		
Total	3,000,000.00	6,000,000.00

2. Changes of receivables financing in current period and changes in fair value

Item	Opening balance	Increase in current period	Derecognised in current period	Other changes	Closing balance	Accumulated loss provision recognized in other comprehensive income
Bank acceptance	6,000,000.00	38,000,000.00	41,000,000.00		3,000,000.00	
Commercial acceptance						
Total	<u>6,000,000.00</u>	<u>38,000,000.00</u>	<u>41,000,000.00</u>		<u>3,000,000.00</u>	

(III) Other receivables

Items	Closing balance	Closing balance at preceding year
Interest receivable		
Dividend receivable		
Other receivables	<u>462,592,804.51</u>	<u>395,937,554.47</u>
Total	<u>462,592,804.51</u>	<u>395,937,554.47</u>

1. Other receivables

(1) Other receivables shown by aging:

Aging	Closing balance	Closing balance at preceding year
Within 1 year (including 1 year)	212,070,413.57	145,149,363.53
Including: 0-6 months	72,342,913.57	145,073,755.53
7-12 months	139,727,500.00	75,608.00
1-2 years	3,961,138.08	4,452,529.53
2-3 years	3,410,591.45	3,000,000.00
3-4 years	201,323.85	31,741,223.85
4-5 years	52,220,635.95	151,377,742.18
Over 5 years	191,891,282.61	61,379,276.38
Sub-total	<u>463,755,385.51</u>	<u>397,100,135.47</u>
Less: bed debt provision	1,162,581.00	1,162,581.00
Total	<u>462,592,804.51</u>	<u>395,937,554.47</u>

(2) Other receivables shown by classification of bad debt provisions

Classification	Closing balance					Closing balance at preceding year				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Other receivable accruing bad debt provision in single item	812,988.08	0.18	812,988.08	100		812,988.08	0.20	812,988.08	100.00	
Other receivable accruing bad debt provision in credit risk characteristic portfolio	462,942,397.43	99.82	349,592.92	0.08	462,592,804.51	396,287,147.39	99.80	349,592.92	0.09	395,937,554.47
Including:										
Aging portfolio	8,569,336.56	1.85	349,592.92	4.08	8,219,743.64	4,684,734.41	1.18	349,592.92	7.46	4,335,141.49
Other portfolios	454,373,060.87	97.97			454,373,060.87	391,602,412.98	98.82			391,602,412.98
Total	463,755,385.51	100.00	1,162,581.00		462,592,804.51	397,100,135.47	100.00	1,162,581.00		395,937,554.47

Other receivable accruing bad debt provision in single item:

Name	Carrying amount	Closing balance at preceding year		Reason
		Bad debt provision	Percentage (%)	
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		

Bad debt provision by portfolio:

Portfolio: Aging portfolio

Item	Other receivables	Closing balance Bad debt provision	Percentage (%)
Within 1 year (Including 1 year)	7,870,740.91		
Including: within 6 months	5,109,157.04		
7-12 months	2,761,583.87		
1 to 2 years			
2 to 3 years	410,591.45	61,588.72	15.00
3 to 4 years			
4 to 5 years			
5 years above	288,004.20	288,004.20	100.00
Total	8,569,336.56	349,592.92	

Portfolio: Other portfolios

Item	Other receivables	Closing balance Bad debt provision	Percentage (%)
Related parties	454,103,410.87		
Deposit, security and employee reserve fund	269,650.00		
Total	454,373,060.87		

(3) Details of bad debt provision

	First stage	Second stage	Third stage	
	Expected credit	Expected	Expected credit	
	loss in the next	credit loss over	loss over the	
	12 months	the duration	duration (credit	
Bad debt provision		(no credit	impairment	Total
		impairment)	occurred)	
Closing balance last year	349,592.92		812,988.08	1,162,581.00
Opening balance				
- transfer to second stage				
- transfer to Third stage				
- transfer back to second stage				
- transfer back to first stage				
Accrued in current period				
Reversal in current period				
Transfer in current period				
Written-off in current period				
Other changes				
Closing balance	349,592.92		812,988.08	1,162,581.00

Changes in carrying amount of other receivables:

	First stage	Second stage	Third stage	
	Expected credit	Expected credit	Expected credit	
	loss in the next	loss over the	loss over the	
	12 months	duration	duration (credit	
Carrying amount		(no credit	impairment	Total
		impairment)	occurred)	
Closing balance last year	396,287,147.39		812,988.08	397,100,135.47
Opening balance				
- transfer to second stage				
- transfer to Third stage				
- transfer back to second stage				
- transfer back to first stage				
Accrued in current period	73,726,782.18			73,726,782.18
Direct write down in current period				
Derecognised in current period	7,071,532.14			7,071,532.14
Other changes				
Closing balance	462,942,397.43		812,988.08	463,755,385.51

(4) Provision, reversal and recovery of bad debts in the period

Classification	Opening balance	Provision	Current period Recovery or reversal	Written-off	Closing balance
Accounts receivable accruing bad debt provision in single item	812,988.08				812,988.08
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	349,592.92				349,592.92
Including: Aging portfolio	349,592.92				349,592.92
Other portfolios					
Total	1,162,581.00				1,162,581.00

(5) There is no other receivables written off in current period

(6) Other receivables classified by nature

Nature of receivables	Closing balance	Opening balance
Operating current account	462,454,386.82	391,176,588.29
Deposit	377,650.00	4,058,450.00
Others	923,348.69	1,865,097.18
Total	463,755,385.51	397,100,135.47

(7) The top five debtors of accounts receivable at the end of the period:

Company's name	Nature	Closing balance	Age of account	Percentage (%)	Closing balance of bad debt provision
Chengdu Panda Electronic Technology Co., Ltd	Current account	196,923,062.50	Within 1 year	42.46	
Nanjing Panda Electronic Equipment Co., Ltd	Current account	121,244,067.18	5 years above	26.14	
Galant Limited	Current account	66,273,900.00	1-5 years	14.29	
Nanjing Panda Electronic Technology Development Co., Ltd	Current account	54,729,600.00	3-5 years	11.80	
Nanjing Panda electromechanical Manufacturing Co., Ltd	Current account	5,243,414.60	1-5 years	1.13	
Total		444,414,044.28		95.82	

(IV) Long-term equity investment

Items	Carrying amount	Closing Balance		Closing balance at preceding year		
		Bad debt Provision	Carrying value	Carrying amount	Bad debt Provision	Carrying value
Investment in subsidiaries	1,435,785,546.36		1,435,785,546.36	1,435,785,546.36		1,435,785,546.36
Investment in associates and joint ventures	311,926,016.62	13,192,317.99	298,733,698.63	287,625,612.21	13,192,317.99	274,433,294.22
Total	1,747,711,562.98	13,192,317.99	1,734,519,244.99	1,723,411,158.57	13,192,317.99	1,710,218,840.58

1. Investment in subsidiaries

Investee	Opening balance	Increase	Decrease	Closing balance	Provision for	Closing balance
					impairment made	of provision for
					in current period	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 Jinghua Electronic Co., Ltd.	119,241,304.00			119,241,304.00		
Nanjing Panda Electronic Manufacture Co., Ltd.	111,221,994.10			111,221,994.10		
Nanjing Panda Communication Technology Co., Ltd.	98,585,734.28			98,585,734.28		
Nanjing Panda Industrial Enterprise Co., Ltd.	20,000,000.00			20,000,000.00		
Chengdu Panda Electronic Technology Co., Ltd.	20,000,000.00			20,000,000.00		
Shanghai Panda Robot Technology Co., Ltd.						
Total	1,435,785,546.36			1,435,785,546.36		

2. Investment in associates and joint ventures

Investee	Opening balance	Investments increased	Investments decreased	Increase/Decrease		Other changes in equity	Provision for impairment	Others	Closing balance	Closing balance of provision for impairment
				Investment income or loss recognised under equity method	Adjustments in other comprehensive income					
Associates										
Nanjing Ericsson Panda Communication Co., Ltd.	210,433,294.22			24,300,404.41					234,733,698.63	
Beijing SE Putian Mobile Communications Co., Ltd.	64,000,000.00								64,000,000.00	13,192,317.99
Subtotal	274,433,294.22			24,300,404.41					298,733,698.63	13,192,317.99
Total	274,433,294.22			24,300,404.41					298,733,698.63	13,192,317.99

(V) Operating income and operating cost

1. Operating income and operating cost

Items	Current period		Preceding period	
	Revenue	Cost	Revenue	Cost
Main operation	21,948,130.31	15,153,546.32	16,383,603.44	16,070,766.68
Other operation	18,496,430.72	3,999,728.09	19,595,551.75	3,374,252.03
Total	<u>40,444,561.03</u>	<u>19,153,274.41</u>	<u>35,979,155.19</u>	<u>19,445,018.71</u>

(VI) Investment income

Items	Current period	Preceding period
Investment income from long-term equity investments under cost method		
Investment income from long-term equity investments under equity method	24,300,404.41	24,613,457.41
Investment income from disposal of long-term equity investment		
Investment income of trading financial assets during the holding period	<u>1,460,298.75</u>	<u>6,705,065.89</u>
Total	<u>25,760,703.16</u>	<u>31,318,523.30</u>

XVII. SUPPLEMENTARY INFORMATION

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

Items	Amount	Note
Gain or loss on disposal of non-current assets	126,613.83	
Tax refund or exemption with unauthorised approval or no formal approval document		
Government grants included in current profits or losses (excluding those government grants that are closely relevant to the Group's business and are received with fixed amounts or with fixed percentage based on unified standards promulgated by government)	2,803,032.17	
Capital use fee received from non-financial enterprises recognised as gain or loss for the period		
Gain on the difference between investment cost of acquiring subsidiaries, associates and joint ventures and the share of the fair value of the investee's identifiable net assets, where investment cost is less than the share of the fair value		
Gains or losses on exchange of non-monetary assets		
Gains or losses on entrusted investment or management of assets		
Provision for impairment of assets due to force majeure such as natural disasters		
Gains or losses on debt restructuring		
Expenses for reorganization such as expenditure for staffing and integration expenses, etc		
Gains or losses on the excess beyond fair value in the transaction with unfair price		
Current gains or losses of subsidiaries from combination of enterprises under common control from the beginning of the period till the date of combination, net		
Gains or losses on contingencies that is in no connection with the normal operation of the Company		
Gain or loss on changes in fair value arising from trading financial assets and trading financial liabilities held (excluding the valid hedging of the Company in its ordinary course of business), as well as investment gains received from disposal of trading financial asset, trading financial liabilities and financial assets available for sale	4,624,960.61	
Reversal of provisions for impairment of trade receivables, contract assets individually subjected to impairment test	2,411,885.00	
Profit or losses from external entrusted loans		
Gains or losses on changes in fair value in the investment property that are subsequently measured at fair value		
Effects of one-off adjustments as required by taxation, accounting laws and regulations on the gains or losses for current period		
Trustee fee income from entrusted operations		
Other non-operating income and expenses other than the aforementioned items	6,349,524.73	
Other items of gain or loss in accordance with the definition of extraordinary profit and loss		
Subtotal	16,316,016.34	
Impact of income tax	-3,444,682.87	
Impact of minority shareholders' interests (after taxation)	-1,116,797.22	
Total	<u>11,754,536.25</u>	

(II) Return on net assets and earnings per share:

Profits of the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	0.37	0.0139	0.0139
Net profit after deducting extraordinary profit and loss attributable to ordinary shareholders of the Company	0.03	0.0010	0.0010

Nanjing Panda Electronics Company Limited
Company Chop

27th August 2020

SECTION XI DOCUMENTS AVAILABLE FOR INSPECTION

- I. 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 (person in charge of accounting matters).
- II. Original copies of all documents and announcements of the Company publicly disclosed on websites designated by the CSRC during the Reporting Period.
- III. The interim report published on the Hong Kong Stock Exchange.

Nanjing Panda Electronics Company Limited

Chairman: **Zhou Guixiang**

Date of approval by the Board for submission: 27th August 2020