

PANDA Electronics

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Nanjing Panda Electronics Company Limited

2023
Interim
Report

(H Share Stock Code: 0 5 5 3)

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DOCUMENTS AVAILABLE FOR INSPECTION	1. Original financial statements signed and sealed under the hand of the head of the Company, the chief accountant and the head of the accounting department (accounting supervisor) of the Company.
	2. Original copies of all documents and announcements of the Company publicly disclosed on websites designated by the CSRC during the Reporting Period.
	3. The interim report published on the Hong Kong Stock Exchange.

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 19th meeting of the tenth session of the Board of the Company held on 28 August 2023.
3. The interim financial report of the Company is unaudited.
4. Mr. Hu Huichun, the head of the Company, Mr. Hu Dali, the chief accountant of the Company, and Ms. Liu Xianfang, the head of the accounting department (accounting supervisor) of the Company, have 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 2023.
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. There is no such situation where the majority of the Directors cannot warrant the truthfulness, accuracy and completeness of the information in the Company.
10. 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 III "Management Discussion and Analysis" in this interim report.

SECTION I DEFINITIONS

In this report, unless the context otherwise requires, the following terms have the following meanings:

Definitions of commonly-used terms

Company or 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
NEIIC	Nanjing Electronics Information Industrial Corporation (南京中电熊猫信息产业集团有限公司)
NEIIC Group	Nanjing Electronics Information Industrial Corporation and its subsidiaries
CEC	China Electronics Corporation (中国电子信息产业集团有限公司)
CEC Group	China Electronics Corporation and its subsidiaries
Financial Company	China Electronics Finance Co., Ltd. (中国电子财务有限责任公司)
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	Nanjing Panda Communications Technology Co., Ltd. (南京熊猫通信科技有限公司)
Chengdu Electronic Technology	Chengdu Panda Electronic Technology Co., Ltd. (成都熊猫电子科技有限公司)
Technology Development Company	Nanjing Panda Electronic Technology Development Company Limited (南京熊猫电子科技发展有限公司)
Xinxing Industrial	Nanjing Panda Xinxing Industrial Co., Ltd.
Huage Plastic	Nanjing Huage Appliance and Plastic Industrial Co., Ltd. (南京华格电气塑业有限公司)
Shenzhen Jingwah	Shenzhen Jingwah Electronics Co., Ltd. (深圳市京华电子股份有限公司)
ENC	Nanjing Ericsson Panda Communication Co., Ltd. (南京爱立信熊猫通信有限公司)
LG Panda Appliances	Nanjing LG Panda Appliances Co., Ltd. (南京乐金熊猫电器有限公司)

Chengdu Display Technology	Chengdu BOE Display Technology Co., Ltd. (成都京東方顯示科技有限公司)
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
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	Hu Huichun (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	7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Changes in the registered address of the Company	The registered address was changed to Room 1701, 301 Zhongshan East Road, Xuanwu District, Nanjing, Jiangsu Province, the People's Republic of China in 2019; the registered address was changed to 7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China in 2021
Office address	7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Postal code of the office address	210033
Company website	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. Stock Profile

Class of shares	Stock exchange on which the shares are listed	Stock Profile		Stock abbreviation before change
		Stock abbreviation	Stock code	
A shares	Shanghai Stock Exchange	南京熊猫	600775	N/A
H shares	Hong Kong Stock Exchange	Nanjing Panda (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 for Business Enterprises)

(I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	Reporting Period (January-June 2023)	Corresponding period of last year (January-June 2022)	Change from corresponding period of last year (%)
Operating income	1,362,865,645.74	2,033,290,915.24	-32.97
Net profit attributable to shareholders of the Company	-27,340,386.93	12,000,168.67	-327.83
Net profit attributable to shareholders of the Company after deducting extraordinary profit and loss	-38,368,903.27	956,526.34	-4,111.28
Net cash flow from operating activities	-129,525,399.05	93,063,171.19	-239.18
	At the end of the Reporting Period (30 June 2023)	At the end of last year (31 December 2022)	Change from the end of last year (%)
Net assets attributable to shareholders of the Company	3,514,689,652.41	3,554,025,351.32	-1.11
Total assets	5,656,812,111.90	5,863,034,744.88	-3.52

(II) Key financial indicators

Unit: Yuan Currency: RMB

Key financial indicators	Reporting Period (January-June 2023)	Corresponding period of last year (January-June 2022)	Change from corresponding period of last year (%)
Basic earnings per share (RMB/share)	-0.0299	0.0131	-328.24
Diluted earnings per share (RMB/share)	-0.0299	0.0131	-328.24
Basic earnings per share after extraordinary items (RMB/share)	-0.0420	0.0010	-4,300.00
Weighted average return on net assets (%)	-0.77	0.34	Decreased by 1.11 percentage points
Weighted average return on net assets after extraordinary items (%)	-1.08	0.03	Decreased by 1.12 percentage points

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

The decreases in net profit attributable to shareholders of the Company and net profit attributable to shareholders of the Company after deducting extraordinary profit and loss were mainly due to the adjustment of some of the Company's business segments, the overall market that was weaker than expectations and the adjustment of the delivery cycle of certain businesses which did not reach the settlement requirements, therefore resulting in year-on-year decrease in both incomes and profits. During the Reporting Period, the Company recorded significant decline in revenue from Industrial Internet and smart manufacturing, green and service-oriented electronic manufacturing. Meanwhile, the Company earnestly fulfilled the social responsibility and the obligation of promoting regional development as a participant of regional economy, further cutting rents for tenants of micro-and small-sized enterprises and privately-owned businesses in the Reporting Period, which affected net profit attributable to shareholders of the Company, net profit attributable to shareholders of the Company after deducting extraordinary profit and loss, basic earnings per share and diluted earnings per share to some extent. The decrease of net cash flow from operating activities was primarily attributable to the decrease in cash received from sales of goods and provision of services in the period.

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	Notes (where appropriate)
Gain or loss on disposal of non-current assets	-41,738.56	
Government grants included in current profit or loss (excluding those government grants that are closely related to the Group's business and are received at fixed amounts or at fixed percentage based on unified standards promulgated by government)	5,798,472.77	
Gain or loss on changes in fair values of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities (excluding the valid hedging of the Company in its ordinary course of business), as well as investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments	4,174,069.97	
Reversal of impairment provisions for accounts receivable and contract assets subject to individual impairment test	199,014.10	
Other non-operating income and expenses other than the aforesaid items	1,642,637.27	
Other items of gain or loss in accordance with the definition of extraordinary profit and loss	267,350.61	Refund of service charges related to individual income tax
Effect on minority interests	322,764.74	
Less: Effect on income tax	688,525.08	
Total	11,028,516.34	

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

I. Overview of the Industry and the Principal Activities of the Company during the Reporting Period

(I) Industry development

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

The added value of electronic information manufacturers of designated scale in the first half of 2023 levelled with that of the corresponding period of previous year, turning from negative growth to positive growth. In June, the added value of electronic information manufacturers of designated scale recorded year-on-year increase of 1.2%; electronic information manufacturers of designated scale achieved operating income of RMB6.78 trillion, operating costs of RMB5.93 trillion, total profit of RMB241.8 billion, indicating profit margin of 3.6%, and year-on-year growth of 9.4% in fixed asset investment, expanding by 0.5 percentage points as compared to the industrial investment of the period.

Affected by the lasting Russia-Ukraine conflict, the mild recovery of global industry chain, the high level of core inflation and factors such as the gradual transfer of production capacity by major developed economies to their homelands or neighboring countries have made the overall economic recovery situation at home and abroad not optimistic, which has brought many disadvantages to the Company's market development and product cost control. Facing such difficulties, the Company adopted a proactive approach to cope with changes and challenges, which included strengthening refined management of supply chain, adjusting deployment of supply chain, further expanding supply channels, reasonably reserve core raw materials in consideration of market situation and controlling procurement costs of raw materials; meanwhile, it continues to develop and innovate to further facilitate the optimization of industrial structure and enhance scientific research capabilities.

The year 2023 is an important year for implementation of the 14th Five-Year Plan. The State Council proposed in the Report on the Work of the Government in March 2023 to develop the digital economy, speed up the digitalization of traditional industries and SMEs to make them higher-end, smarter and more eco-friendly. In the Circular on Further Promoting Digitalization of State-owned Enterprises (《關於加快推進國有企業數字化轉型工作的通知》), the State-owned Assets Supervision and Administration Commission of the State Council stated that state-owned enterprises should serve as the pacesetter in the new wave of technological evolution and industrial transformation. Facing the needs of enterprises' digital transformation, state-owned enterprises should strengthen resource integration and optimization, innovate systems and mechanisms, cultivate industry-leading digital service companies, develop and export digital transformation products and system solutions. At the meeting convened on 28 April 2023, the Political Bureau of the CPC Central Committee attached importance to development of Artificial General Intelligence, creation of innovation ecosystem and underscored risk prevention, which would open a new space for the industrialized application of Artificial Intelligence. The digital city construction would become a strong pillar to the formation of dual-circulation development paradigm and an indispensable part of the development of China's digital economy, which is associated with smart transportation, smart travel, safe city and other aspects.

(1) Smart transportation

Jointly released by the CPC Central Committee and the State Council, the Outline for Building a Country with Strong Transportation Network and the Guidelines on Developing Comprehensive Transport Network proposed to fully leverage the comparative advantages of multi-system rail transportation network comprising the inter-city railway system and the urban rail transit system to promote the "four network integration" and integrated development of regional multi-layer rail transportation system, build the "National 123 Transportation Circle", advance the integration of regional multi-layer rail transportation system to higher quality, thereby contributing to the construction of a country with strong transportation network. The Jiangsu Provincial Department of Transportation issued a Three-year Action Plan for the Development of Digital Transportation in Jiangsu (2022-2024). Focusing on the main line of "R&D-Application-Industry", the department formulated a digital "innovation chain" as the driving force and "Industrial Chain" as the starting point, with the focus on building a digital transportation application field covering "basic infrastructure facilities, transportation services, and industry governance", and is committed to building a development system for Jiangsu digital transportation featuring "innovation chain + industrial chain + application + digital security". In the first half of the year, the Company won the bids for multiple projects, including AFC System of Nanjing Metro Line 6, AFC Service Provision for Nanjing Metro Line 9, AFC Service Provision for Phase II, Nanjing Metro Line 10, and AFC System of Phase I, Zhengzhou Rail Transit Line 7, which marked a new milestone of expanding the urban rail transit business in other key cities outside the province. In the meantime, "My Nanjing" APP was officially launched and connected to the mobile payment platform of Nanjing Metro. Remaining customer oriented, the Company continuously improved the technological standard of smart urban rail transit solutions and strengthened the project implementation capability, therefore maintaining a leading position in the urban rail transit market.

(2) Safe city

Driven by the top-level policy of the "14th Five-Year Plan", the Construction of Safe China was advanced further and stimulated city management to transform to intelligent and refined management relying on artificial intelligence and big data technologies, promoting the implementation of digital city construction at the same time. According to the forecast of AskCI Corporation, as the safe city is transforming to smart city gradually, the market value will grow rapidly, and the overall growth will maintain at high levels. It is expected that the total market value of safe city in China will exceed RMB698.0 billion by 2025. For the digital park, the State Council proposed clearly in the Roadmap for Development of Digital Economy during the 14th Five-Year Plan Period (《“十四五”數字經濟發展規劃》) to "facilitate the digitalization of industrial parks and industrial clusters". Going forward, the digital park will focus on the requirements of governments, operators, enterprises and people and grow into an organic complex of "ecology + production + life + growth" with the in-depth penetration of new-generation information technology. Jointly released by nine ministries including the Ministry of Civil Affairs and the Ministry of Industry and Information Technology, the Opinions on Further Promoting Construction of Smart Communities (《關於深入推進智慧社區建設的意見》) planned to basically build the smart community service platform characterized by grid-based management, refined services, information technology support, openness and sharing by 2025, preliminarily build the new digital community of wisdom, sharing, harmonious co-governance, and significantly improve the intelligence level of community governance and services. With strong efforts in product and system development in the fields of satellite communication terminal, digital park system, smart terminal for digital city and energy storage power supply, the Company gained remarkable rewards in market development.

(3) Industrial Internet and intelligent manufacturing

Under the profound influence of new wave of technological evolution and industrial transformation, intelligent manufacturing is setting the direction for the global manufacturing industry to develop and reform, becoming a new commanding technological height of innovation in the manufacturing industry and a new growth engine for the world's economy. To promote intelligent upgrading of the manufacturing sector, eight ministries including the Ministry of Industry and Information Technology jointly released the "Outline for Development of Intelligent Manufacturing during the 14th Five-Year Plan Period" (《“十四五”智能製造發展規劃》), proposing that the progress of intelligent manufacturing should be based on the original aspiration of the manufacturing sector, fully manifest the characteristics of intelligence, present the knowledge-driven, green and low-carbon intelligent manufacturing system that integrates virtuality and reality, achieves dynamic improvements and ensures security and efficiency, with processing techniques and equipment as the core, data as the basis and manufacturing units, workshops, plants and supply chain as the carrier, and conduce to the digital transformation, network coordination and intelligence-driven reform of the manufacturing sector. The objective was that intelligent manufacturing would enable quality improvement and upgrading of the manufacturing sector, facilitate the deep integration of advanced manufacturing industry and modern service industry, boost the development of new industrialization pattern, and support the deep integration of the digital economy and the real economy. To seize the opportunities, the Company has been dedicated to the sector for years and has been improving intelligent manufacturing technology and capacity. In the first half of the year, the Company won the bid for the production line of glass substrate for crystal display of Hongyang Display, breaking the monopoly of foreign-invested players in the field of advanced-generation glass for more than a decade and contributing to the development of relevant industries in China with the "Made in China" power.

(4) Green and service-oriented electronic manufacturing

In the first half of the year, as the production in the electronic manufacturing industry recovered gradually and witnessed significant rebound in efficiency, the added value of smart consumer goods manufacturers recorded year-on-year increase of 15.3%; the green and low-carbon transition progressed further; new-energy products reported rapid growth. These positive results boosted the overall performance of industry sector considerably, and became an important contributor to the growth of industrial economy. The thriving development of 5G and new energy segments in China will continuously empower the development of electronic manufacturing industry and it is expected to maintain steady growth in the second half of the year. Amid the complex international economic situation in the recent two years, China's electronic information manufacturers are faced with greater external pressure in the course of transformation, but have been strengthening the capability of cultivating endogenous drive, unearthing a new space of quality and efficiency improvement when achieving "higher-end, smarter and more eco-friendly" development.

In the field of electronic manufacturing service, the Company focused on core businesses and adopted a proactive approach to adapt to market changes. While maintaining the existing core businesses, it expanded to the fields of white home appliances and automotive electronics, attained new achievements in the communications field, and further improved the customer structure, which strongly boosted the high-quality development. In the first half of the year, orders of white home appliances remained stable; the demand for crystal T-CON module rebounded; newly launched products of the communications segment realized mass delivery; the category of automotive electronic doors maintained steady growth in business volume.

(II) Principal activities

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

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

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

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

(III) Operating model

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

Being committed to independent R&D and innovation, the Company takes in-depth understanding of national strategies and exhaustive analysis of market and customer demands as the basis, and upholds the "response action + guiding plans" dual-drive R&D pattern and the "Three Closely" R&D strategy, closely following the country's strategies, closely tracking technological development trends and closely monitoring market demands, so as to maintain creative vitality and industry-leading advantage.

The Company organizes R&D and production according to market and customer needs, and realizes the delivery of product and system overall solutions and system engineering projects. Meanwhile, it actively responds to the needs of customers and continuously carries out technical update iteration. Through providing integrated services to customer, the Company continuously strengthens the depth and breadth of cooperation with customers, creates more value for them and ultimately achieves development for both the Company and customers.

II. Analysis of core competitiveness during the Reporting Period

1. Further progress in construction of innovation system and platform, and enhancement of the fundamental R&D strength. Seizing the opportunities arising from the digital economy, the new-generation information technology and the goals of "carbon peaking and carbon neutrality", the Company accelerated market and digital transformation, further improved the technological innovation system, strengthened the role of innovation in driving corporate development and vigorously promoted the construction of R&D platform and independent innovation capacity to consolidate the core competitiveness. So far, the Company has 11 platforms recognized by governments of various levels, and major subsidiaries for core businesses all maintain the accreditation of high-tech enterprise. The Digital Park Operation System (DPOS), independently developed by the Institute of Digital-intelligence Industry by relying on the innovation ecosystem of core digital technology matrix, is a platform of integrated park application that is highly compatible with digital park scenarios and based on the framework of Ubiquitous Operating System, and has been connected to multiple proprietary applications and third-party applications, leveraging the super computing power and the accurate information matching capability of digital technologies to improve innovation efficiency and developing the core strength of digitality-reality integration and digital-intelligence empowerment to accelerate the evolution of innovation pattern in traditional industries.
2. Greater R&D capability and fruitful innovation achievements. The Company strongly supports R&D innovation activities, and the weight of R&D investment to the total investment in the first half of the year exceeded 5%. The national key R&D "Industrial Software" projects "Key Technologies to Support Intelligence-enabled Business Decisions of Equipment Manufacturers in Dynamic Restructuring" ("支持動態重構的裝備製造企業智能運營決策關鍵技術") and the key provincial projects of Jiangsu, "Development of Key Technologies for Integration of Multi-modal Human-Computer Interaction Systems Based on the Brain-Computer Interface Technology" ("基於腦機接口技術的多模態人機交互系統集成關鍵技術研發") and "Development of Key Technologies for Digital-twin Emergency Warning System Targeted for Precise Monitoring of Optical Cables" ("面向光纜精準監測的數字孪生應急預警系統關鍵技術研發") undertaken by the Company are progressing steadily according to the project plan. Five-for-one Drone Data Chain, the project developed by Communications Technology, passed the acceptance review and has been delivered to the customer. The project breaks the limit of traditional one drone for one point technology and supports the single-objective flight scenario, the success of which marks another progress in the industrialization of drone data chain system. The Blue Paper on Innovation-driven Development of Smart Transportation Industry in the Digital Era (《數字時代智慧交通行業創新發展藍皮書》) and the Standards for Data Elements of Data-based Traffic Supported by Digital Technologies (《數字技術數據交通數據要素規範》), mainly edited by the Institute of Digital-intelligence Industry, were released successfully in group's standard.

3. Remarkable breakthroughs in development and application of intellectual property, and continuous expansion of the patent pool for core business segments. In the first half of 2023, 8 patent applications were accepted, including 4 invention patents; 42 national patents were granted, including 14 invention patents; 11 items of software copyright were acquired. Currently, the Company has 650 valid patents, including 192 invention patents, and 199 items of software copyright. It has renewed 5 registered trademarks in the first half of the year and currently possesses 160 valid registered trademarks. Electronic Manufacture Company was accredited as Nanjing High-Value Patent Cultivation Center 2023.
4. Strong emphasis on quality of products and projects. The Company remains committed to the concept of survival by quality, firmly upholds the awareness of quality comes first, maintains the ISO9001 quality management system, ISO14001 environmental management system, ISO45001 occupational health and safety management system certification qualifications, and continues to improve and enhance. The Company has established a sound after-sales service system and maintains the five-star after-sales service certification. In addition, the Company's subsidiaries have also passed the information security management system certification, information technology service management system certification, CMMI5 software capability maturity level 5 model certification, information system construction and service capability evaluation CS4 level (excellent level), IATF16949 automotive industry quality management system certification. The "Nanjing-Jurong Inter-city Rail Transit Project (Jurong Section)", in which Information Industry Company participated in the construction, was honored with "Yangzi Cup" Jiangsu Quality Project Award 2022 in the first half of 2023.

III. The Discussion and Analysis on the Operation

In the first half of 2023, the Company's overall operating results declined due to the combined effect of various factors such as furious external market competition, structural adjustment to internal production and transformation of business model. During the Reporting Period, the Company recorded revenue of RMB1,362,865,600, total profit of RMB1,666,500 and net profit attributable to the parent company of RMB-27,340,400.

During the Reporting Period, some business segments of the Company underwent adjustments; the overall market was weaker than expected; certain businesses adjusted the delivery cycle and failed to meet the settlement requirements, which led to year-on-year decrease in both incomes and profits. The Company also recorded significant decline in revenue from Industrial Internet and smart manufacturing, green and service-oriented electronic manufacturing in the Reporting Period. Meanwhile, the Company earnestly fulfilled the social responsibility and the obligation of promoting regional development as a participant of regional economy, further cutting rents for tenants of micro-and small-sized enterprises and privately-owned businesses in the Reporting Period.

Significant changes in the Company's business operations during the Reporting Period and those events occurring during the Reporting Period with significant impact on the business operations of the Company or expected to have a significant impact in the future: N/A

IV. Principal Operations during the Reporting Period

(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	1,362,865,645.74	2,033,290,915.24	-32.97
Operating costs	1,164,944,388.28	1,783,237,901.63	-34.67
Cost of sales	22,266,432.31	19,195,793.89	16.00
Administrative expenses	122,809,936.74	116,077,148.70	5.80
Financial expenses	-5,247,662.54	936,528.15	-660.33
R&D expenses	97,087,795.96	114,297,434.42	-15.06
Net cash flows from operating activities	-129,525,399.05	93,063,171.19	-239.18
Net cash flows from investing activities	165,528,840.46	35,919,510.23	360.83
Net cash flows from financing activities	16,133,385.86	-32,148,271.49	N/A
Other income	7,589,937.04	11,160,362.03	-31.99
Gain from change in fair value	-2,586,155.54	-1,483,336.59	N/A
Credit impairment losses	-4,912,421.80	-1,560,256.71	N/A
Asset impairment losses	1,121,190.71	-8,169,906.19	N/A
Gains on disposal of assets	-20,702.97	120,045.79	-117.25
Non-operating income	1,718,066.03	972,116.26	76.73
Non-operating expenses	96,464.35	144,390.35	-33.19

Reasons for change:

- (1) Reasons for the change in operating income: mainly due to the adjustment of some of the Company's business segments, the overall market that was weaker than expectations and the adjustment of the delivery cycle of certain businesses which did not reach the settlement requirements, resulting in year-on-year decrease in incomes;
 - (2) Reasons for the change in operating costs: mainly due to the adjustment of some of the Company's business segments, the overall market that was weaker than expectations and the adjustment of the delivery cycle of certain businesses which did not reach the settlement requirements, resulting in year-on-year decrease in costs;
 - (3) Reasons for the change in cost of sales: mainly due to the year-on-year increase in labor costs of sales staff and advertising and exhibition expenses;
 - (4) Reasons for the change in administrative expenses: mainly due to the year-on-year increase in depreciation and amortization;
 - (5) Reasons for the change in financial expenses: mainly due to the year-on-year decrease in exchange losses affected by the fluctuation of RMB exchange rate;
 - (6) Reasons for the change in R&D expenses: mainly due to the year-on-year decrease in labor costs of R&D staff and material, fuel and power costs;
 - (7) Reasons for the change in net cash flows from operating activities: mainly due to the decrease in cash received from sales of goods and provision of services during the period;
 - (8) Reasons for the change in net cash flows from investing activities: mainly due to the decrease in the purchase of financial products during the period;
 - (9) Reasons for the change in net cash flows from financing activities: mainly due to the payment of dividends for the previous period to some minority shareholders;
 - (10) Reasons for the change in other income: mainly due to the decrease in government grants related to operations during the period;
 - (11) Reasons for the change in gain from change in fair value: mainly due to the reversal of gain or loss on fair value changes recognized for financial products that remain outstanding at the end of the previous year;
 - (12) Reasons for the change in credit impairment losses: mainly due to the provision for bad debts related to certain accounts receivable in the period;
 - (13) Reasons for the change in asset impairment losses: mainly due to the reversal of certain provision for decline in value of inventories for the period;
 - (14) Reasons for the change in gains on disposal of assets: mainly due to the increase in loss on disposal of non-current assets in the period;
 - (15) Reasons for the change in non-operating income: mainly due to the decrease in payments in the period;
 - (16) Reasons for the change in non-operating expenses: mainly due to the decrease in relevant charges and other expenditures in the period.
2. Explanation on material change in the business type or profit composition or source of the Company during the Reporting Period: N/A

(II) Explanation on material change in profits due to 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 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
Monetary Funds	1,087,831,832.83	19.23	1,059,391,006.10	18.07	2.68	
Accounts receivable	1,222,858,410.96	21.62	1,184,902,968.01	20.21	3.20	
Inventories	544,204,531.08	9.62	601,451,915.31	10.26	-9.52	
Contract assets	133,366,406.47	2.36	192,997,877.85	3.29	-30.90	Mainly due to the transfer of contract assets recognized at the beginning of the year to accounts receivable
Investment property	209,435,506.94	3.70	215,564,833.38	3.68	-2.84	
Long-term equity investments	697,249,546.89	12.33	717,388,041.95	12.24	-2.81	
Fixed assets	819,828,278.67	14.49	854,263,641.46	14.57	-4.03	
Construction in progress	311,414.66	0.01	1,218,625.66	0.02	-74.45	Mainly due to the transfer of certain items of construction in progress to long-term amortization during the period
Right-of-use assets	8,893,673.78	0.16	11,757,911.22	0.20	-24.36	
Financial assets held for trading	291,224,637.07	5.15	503,810,792.61	8.59	-42.20	Mainly due to maturity of outstanding banking products at the beginning of the period
Financing receivables	74,685,151.06	1.32	53,346,403.19	0.91	40.00	The increase in bank acceptance bills of high credit ratings, held by the Company mainly for the purpose of endorsement or discounting, which the Company classified as financing receivables
Other current assets	226,826,874.80	4.01	121,751,216.36	2.08	86.30	Mainly due to the increase in certificates of deposit to be transferred within one year during the period
Long-term expenses to be amortised	16,399,258.03	0.29	10,962,839.77	0.19	49.32	Mainly due to the increase in renovation projects during the period
Other non-current assets	28,678,806.53	0.51	16,690,475.03	0.28	71.83	Mainly due to the increase in project guarantee deposit of more than one year

Item	Amount at the end of the period	Amount at the end of the period as 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
Short-term loans	18,113,510.72	0.32				N/A	Mainly due to the amount received from the transfer of certain accounts receivable in respect of the factoring business with recourse during the period
Contract liabilities	94,656,569.69	1.67	67,641,115.11	1.15	39.94		Mainly due to the increase in advance receipts from customers during the period
Lease liabilities	3,070,315.51	0.05	5,196,356.93	0.09	-40.91		Mainly due to the rental payments during the period
Notes payables	95,910,943.76	1.70	140,306,918.37	2.39	-31.64		Mainly due to the decrease in bank's acceptance bills payable during the period
Advance receipts from customers	901,371.73	0.02	126,201.33	0.00	614.23		Mainly due to the increase in rentals received in advance during the period
Staff salaries payable	27,293,672.46	0.48	54,607,592.56	0.93	-50.02		Mainly due to the payment of salaries, bonuses and salary expenses during the period
Taxes payable	34,259,650.44	0.61	52,072,391.92	0.89	-34.21		Mainly due to the decrease in value-added tax and enterprise income tax payable at the end of the period
Special reserve	864,952.00	0.02				N/A	Mainly due to the provision for unused production safety costs

2. Overseas assets

(1) Asset size

Including: Overseas assets in the amount of RMB119,653,101.41, accounting for 2.12% of the total assets.

3. Major restricted assets as at the end of the Reporting Period

Unit: Yuan Currency: RMB

Item	Closing carrying amount	Reasons for restriction
Monetary Funds	82,623,079.87	Security deposits for performance bonds, letters of guarantee, bank acceptances and lock exchange
Notes receivables	18,269,137.80	Guarantee for bank's acceptance bill issued at notes pool
Other receivables	10,000,000.00	Security deposit for litigation
Total	110,892,217.67	

4. Other explanations: N/A

(IV) Analysis of investments

1. Overall analysis of equity investment

In the first half of 2023, the Company proceeded with investments in fixed assets and relevant projects in a prudent, standardized and disciplined manner as required by the Board and in strict compliance 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

Asset Class	Opening Balance	Gains and losses from changes in fair value in the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Current purchase amount	Current sale/redemption amount	Other changes	Opening Balance
Other equity instrument investments	2,385,926.53							2,385,926.53
Financial assets held for trading	503,810,792.61	-2,886,155.54			990,000,000.00	600,000,000.00		291,224,637.07
Financing receivables	53,346,403.19				185,616,901.64	164,278,153.77		74,685,151.06
Total	559,543,122.33	-2,886,155.54			575,616,901.64	764,278,153.77		366,295,714.66

(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 in 2023, the Company delved into its three principal businesses and exerted great efforts in expanding the market. The overview of major subsidiaries is set out below:

Unit: 0'000 Currency: RMB

Subsidiary	Major products or services	Registered capital	30 June 2023		January to June 2023		
			Percentage of shareholding	Total assets	Net assets	Operating income	Net profit
Electronics Equipment Company	Manufacture and sale of automatic transmission equipment and industrial robots	19,000.00	100%	35,549	436	4,209	-5,644
Information Industry Company	Production and sale of AFC and ACC systems and equipment of railway transit, building intellectualization and system integration	USD3,194,6435	82%	153,608	54,665	37,083	2,085
Electronic Manufacture Company	EMS services	USD2,000	75%	72,385	50,371	32,565	-521
Communications Technology Company	Manufacture and sale of mobile communication, digital communication and network communication systems and products	10,000.00	100%	28,906	18,030	6,435	500
Xinxing Industrial Technology Development Company	Property and catering services	2,000.00	100%	5,994	4,352	3,346	-10
	Manufacturing of general purpose equipment, software development, and property management	70,000.00	100%	55,425	55,168	756	-529
Shenzhen Jingwah	Research and development, manufacturing and sales of communication equipment and digital products	11,507.00	43.34%	59,706	44,350	33,652	3,472
Chengdu Electronic Technology	Electronic manufacturing services	5,000.00	100%	25,106	11,871	15,178	443

Note: On 17 April 2023, an extraordinary meeting of the tenth session of the Board of the Company was convened, at which the resolution on the Absorption and Merger of Nanjing Panda Electronic Technology Development Company Limited was considered and passed, and the Company and Technology Development Company entered into a Merger Agreement, pursuant to which, the Company intended to merge Technology Development Company by way of absorption and merger. The matter was considered and approved at the 2022 annual general meeting of the Company. Upon the merger, Technology Development Company will be dissolved and deregistered, and all of its assets, creditor's rights and liabilities will be inherited by the Company in accordance with the law. The absorption and merger will not affect the net assets and current profit in the consolidated statement of the Company. At present, the Company is in the process of implementing the industrial and commercial, taxation and other related work in an orderly manner in accordance with the requirements of the relevant national laws and regulations.

2. Information of major investee companies (January to June 2023)

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

Unit: 0'000 Currency: RMB

Name of investee company	Investment Income received by the Company			
	Operating income	Net Profit	Equity interests held by the Company	Company
ENC	272,425.95	5,499.99	27.00%	1,485

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, and is now mainly in charge of the industrialization and mass production of the products that Ericsson developed and makes delivery and shipment to customers worldwide.

Operating income of ENC from January to June 2023 amounted to RMB2,724,259,500, representing a year-on-year increase of 8.08%; net profit amounted to RMB54,999,900, representing a year-on-year increase of 37.77%. Reason(s) for changes in the main indicators: During the same period last year, there was backlog of other materials and higher provision for decline in value of inventories resulted from a shortage of semiconductor components, the situation is better this year, resulting in significant increase in net profit.

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

Unit: 0'000 Currency: RMB

Invested company	Operating income	Net profit	Shareholding of the Company	Investment income received by the Company
LG Panda Appliances	210,242.76	11,707.42	30%	2,501.17

LG Panda Appliances was established on 21 December 1995 with a registered capital of USD35.70 million. The Company holds 30%, LG Electronics Co., Ltd. holds 50%, and LG Electronics (China) Co., Ltd. holds 20%. LG Panda Appliances is mainly engaged in the development and production of fully automatic washing machines and related parts. It is currently the largest washing machine production base other than LGE's local company in Korea.

From January to June 2023, the operating income of LG Panda Appliances amounted to RMB2,102,427,600, representing a year-on-year decrease of 29.69%; net profit amounted to RMB117,074,200, representing a year-on-year decrease of 0.89%. Reason(s) for changes in the main indicators: the decrease in revenue due to the decline of orders, but offset by the increase in gross profit of bulk items, which resulted in a slight decrease of net profit.

3. Others

In April 2023, an extraordinary meeting of the tenth session of the Board of the Company was convened, at which the resolution on the Liquidation and Deregistration of Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. was considered and passed. Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. (hereinafter referred to as "**Jiangsu Rail Transit Institute**") was established on 23 August 2011 with a registered capital of RMB50 million in which a capital of RMB3.65 million was contributed by Nanjing Panda Electronics Company Limited, accounting for 7.3% of the total share capital. Jiangsu Rail Transit Institute was mainly engaged in planning, design and consultation of rail transit, construction and operation of rail transit projects, project supervision, research and development, testing and examination of rail transit products and other businesses. In view of the current actual operation situation of Jiangsu Rail Transit Institute, the shareholders intended to liquidate and deregister it. The liquidation of Jiangsu Rail Transit Institute would not affect the profit and loss of the Company for the current period and would not have any significant impact on the net assets of the Company.

(VII) Changes in structured entities controlled by the Company: N/A

V. Other Disclosures

(I) Potential Risks

1. Market risks

The three main businesses of the Company are exposed to full competition, and the complexity and changeability of the market would affect the Company's business operation and development. On top of that, the Company may not develop an expansion pattern with appealing innovative elements amid new market situations or may not acquire accurate information and analysis of the target market, which may result in the failure of promoting wide application of products in relevant industries. For countermeasures to market risks, the Company will continuously advance the construction of business segments, further strengthen business expansion, adopt targeted policies and efficiently employ customer resources from all sources on the basis of strengthened market research and analysis and close monitoring of market development and trends, thereby improving market shares of all products. Meanwhile, the Company will adjust allocation of capitals, manpower, technological elements and other resources and increase investment in technological R&D to reinforce product innovation and technological upgrading; reduce production, operation and management costs for the purpose of better business efficiency.

2. Technological risks

In the digital-intelligence equipment field with rapid technological evolution, the Company is baffled by lack of high-level talents, weak ambience of innovation-driven development, inadequate acquisition of common key technologies and proprietary key technologies, and the outcome in development of core technologies and technological transformation is not significant. To further improve the R&D capability, the Company will enhance construction of the Institute of Digital-intelligence Industry Research Centre, fully utilize the institute's integrated leading role in R&D activities, and consolidate the building of R&D team, introducing, reasonably employing and retaining high-caliber and high-level talents who are able to lead the team to a higher level.

(II) 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 of 30 June 2023, the Company's gearing ratio (the ratio of total liabilities to total assets) was 32.96%; current liabilities amounted to RMB1.805 billion; liquidity ratio was 2.07; quick ratio was 1.74; bank deposits and cash amounted to RMB1,009 million; and short-term bank and other loans amounted to RMB18 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 20 June 2023, the loan prime rate ("LPR") for 1-year was 3.55%, and the LPR for more than 5-year was 4.2%; as of 21 August 2023, the LPR for 1-year was 3.45%, and the LPR for more than 5-year was 4.2%.

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 under the relevant PRC laws and the Articles of Association of the Company.

4. Arrangements for Directors, supervisors and senior management to acquire shares or bonds

At no time during the Reporting Period was the Company a party to any arrangement whereby any Directors, supervisors or senior management of the Company or their respective spouses or children under 18 years of age could obtain benefits by acquiring shares or debentures of the Company or any other corporation.

5. Liability insurance for Directors, supervisors and senior management

During the Reporting Period, the Company maintained 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 Code

The Company and Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company so as to achieve effective accountability.

During the Reporting Period, the Company has been in compliance with the code provisions stated in the CG Code contained in Appendix 14 of the Listing Rules.

7. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code")

During the Reporting Period, the Company adopted and complied with the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to the Directors, all Directors have confirmed that they complied with the Model Code during the Reporting Period.

8. Pursuant to paragraph 40 of Appendix 16 to the Listing Rules, except as disclosed herein, the Company confirms that there is no material change between the current information of the Company in respect of matters required to be disclosed under paragraph 32 of Appendix 16 to the Listing Rules and the information disclosed in the Company's 2022 Annual Report.

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 2023 to review 2022 financial report of the Company and the summary report on audit work in 2022 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 2023 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 2023, 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 IV CORPORATE GOVERNANCE

I. Overview of General Meeting

Session of the meeting	Date of the meeting	Query index of the designated website where the resolutions were published	Disclosure date of the resolutions	Resolutions of the meeting
2022 annual general meeting	27 June 2023	www.sse.com.cn	28 June 2023	A total of 19 resolutions were considered and passed at the meeting, and no resolution was vetoed

Description of general meeting:

On 27 June 2023, the Company held the 2022 annual general meeting, considered and approved the resolutions on the 2022 Annual Work Report of the Board of Directors, 2022 Annual Work Report of the Supervisory Committee, the 2022 Report of Financial Final Accounts, the Financial Budget for 2023, the Profit Distribution Plan for 2022, the Appointment of Auditor for 2023, the 2022 Annual Report and its Summary, the 2022 Work Report of Independent Directors, the Plan on Purchasing Directors' Liability Insurance for 2023, and in relation to provision of guarantees for subsidiaries, election of directors of the tenth session of the Board and non-employee representative supervisor of the tenth session of the supervisory committee. A total of 19 resolutions were reviewed and passed at the meeting, and there was no veto of the resolutions. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 28 June 2023.

II. Changes in Directors, Supervisors and Senior Management of the Company

Name	Position	Reasons for changes
Xia Dechuan	Chairman	Election
Liu Jianfeng	Director	Election
Fan Laiying	Chairman of Supervisory Committee	Election
Wan Lei	Deputy General Manager	Appointment
Zhou Guixiang	Former Chairman and Executive Director	Resignation
Zhao Ji	Former Chairman of Supervisory Committee	Resignation

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

1. On 3 January 2023, the Company held the 14th meeting of the tenth session of the Board and appointed Mr. Wan Lei as the Deputy General Manager, with a term in line with that of the tenth session of the Board.
2. On 6 June 2023, Mr. Zhou Guixiang, the Chairman, resigned as the chairman and a director of the tenth session of the Board and the relevant positions in the committees under the Board due to adjustment of work arrangements.
3. On 6 June 2023, Mr. Zhao Ji, Chairman of Supervisory Committee, resigned as the chairman and a supervisor of the tenth session of the supervisory committee as he has reached the age of retirement.
4. On 6 June 2023, the Company held the 17th meeting of the tenth session of the Board and elected Mr. Xia Dechuan as the chairman of the tenth session of the Board.
5. On 6 June 2023, the Company held the 17th meeting of the tenth session of the Board and nominated Mr. Liu Jianfeng as a candidate for non-executive director of the tenth session of the Board, who was then elected and appointed at the 2022 annual general meeting convened on 27 June 2023, with a term in line with that of the tenth session of the Board.
6. On 6 June 2023, the Company held the tenth meeting of the tenth session of the supervisory committee and nominated Mr. Fan Laiying as a candidate for non-employee representative supervisor of the tenth session of the supervisory committee, who was then elected and appointed at the 2022 annual general meeting convened on 27 June 2023, with a term in line with that of the tenth session of the supervisory committee.
7. On 27 June 2023, the Company held the 18th meeting of the tenth session of the Board and elected Mr. Liu Jianfeng as a member of the Strategy Committee of the tenth session of the Board, and Mr. Xia Dechuan (chairman of the Board) as the chairman of the Strategy Committee of the tenth session of the Board, Mr. Xia Dechuan as a member of the Nomination Committee of the tenth session of the Board, and Mr. Liu Jianfeng as a member of the Remuneration and Appraisal Committee of the tenth session of the Board, while Mr. Deng Weiming ceased to act as a member of the Remuneration and Appraisal Committee of the tenth session of the Board.
8. On 27 June 2023, the Company held the 11th meeting of the tenth session of the supervisory committee and elected Mr. Fan Laiying as the chairman of the tenth session of the supervisory committee, with a term in line with that of the tenth session of the supervisory committee.

For details of the above, please refer to the announcements of the Company published on the websites of the Shanghai Stock Exchange and in China Securities Journal and Shanghai Securities News on 4 January, 7 June and 28 June 2023, and on the website of Hong Kong Stock Exchange on 3 January, 6 June and 27 June 2023.

III. 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 convert any capital reserve into share capital for the first half of 2023.

(II) Implementation of plans for profit distribution and capitalization of capital reserve

The resolution in relation to the profit distribution plan for the year 2022 was considered and approved at the 15th meeting of the tenth session of the Board and the 2022 annual general meeting of the Company, pursuant to which, a cash dividend of RMB0.14 (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 2022, with the total cash dividend distributed amounting to RMB12,793,739.41, and the remaining profits will be carried forward to next year. The Company would not make any capitalization of capital reserve. As at the date of this report, the profit distribution plan had been duly implemented. For details, please refer to the announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 31 March, 28 June and 5 July 2023.

IV. Share incentive scheme, employee share ownership scheme and other employee incentives and their impacts: N/A

SECTION V ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

I. Environmental Information

(I) Environmental practices of companies and their major subsidiaries that are on the list of key pollutant discharging units released by environmental protection authorities

1. Discharge and emissions

One wastewater outlet, located at the west side of Block 5 Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently discharges wastewater containing COD, ammonia nitrogen, suspended matter and petroleum, and is required to comply with the Grade III standards under the Integrated Wastewater Discharge Standards (《污水綜合排放標準》) (GB8978-1996) (COD≤500mg/L, ammonia nitrogen≤35mg/L, suspended matters≤400mg/L, and petroleum≤20mg/L). The total amount of pollutants allowed to be discharged include 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 404mg/L for COD, 4.31mg/L for ammonia nitrogen, 86mg/L for suspended matter, 1.18mg/L for petroleum and it had no excessive emission. Seven exhaust gas outlets in Blocks 5# and 4# Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently emitted toluene, xylene and non-methane hydrocarbon in compliance with the Table 1 limitation under the Emission Standards for Air Pollutants (《大氣污染物綜合排放標準》) (DB32/4041-2021) (toluene≤10mg/m³, xylene≤10mg/m³, nonmethane hydrocarbons≤60mg/m³, 200mg/m³ for sulfur dioxide, 100mg/m³ for nitrogen oxide and 20mg/m³ for particulate matter) of Jiangsu province. 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: for FQ-01 (paint coating): 5.6mg/m³ particulate matter, 0.014mg/m³ benzene, toluene and xylene detected zero, 1.74mg/m³ non-methane hydrocarbon; FQ-02 (paint coating): detected zero due to discontinued production; FQ-03 (wastewater room): 1.63mg/m³ non-methane hydrocarbon, 0.010mg/m³ hydrogen sulphide; FQ-04 (hazardous waste storage): 20.7mg/m³ non-methane hydrocarbon; FQ-05 (precision injection workshop): 26.2mg/m³ non-methane hydrocarbon; FQ-06 (regular injection workshop): 25.2mg/m³ non-methane hydrocarbon; FQ-07 (extrusion workshop): 8.76mg/m³ non-methane hydrocarbon, indicating no excessive emission.

2. Construction and operation of pollution prevention and control facilities

Exhaust gas treatment devices: 7 sets in total, the processing method is as follows:

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

02: The exhaust gas emitted 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 two outlets mentioned above have been installed with online monitoring equipment and connected with the Municipal Environmental Protection Bureau and the Environmental Protection Bureau of Development Zone;

03: The waste gas treatment device in the wastewater room is alkaline water washing + activated carbon adsorption;

04: The waste gas of the hazardous waste storage is disposed of by activated carbon adsorption;

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

06: The regular injection workshop in Southern Building of Block 4# Plant adopts installing gas collecting hoods at the side of machines, and the tail end adopts the form of secondary activated carbon absorption for disposal;

07: The extrusion workshop on the first floor of Block 5# Plant adopts installing gas collecting hoods at the side of machines, and the tail end adopts the form of secondary activated carbon absorption for disposal.

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

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

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

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

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

The environmental self-monitoring plan has been prepared, filed with the environmental monitoring station of the development zone and published on the "one company, one file" management system platform of pollution sources in Jiangsu Province.
6. Administrative penalties imposed due to environmental issues during the Reporting Period: N/A
7. Other environmental information required to be disclosed: N/A

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

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

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

Following the principles of energy conservation, emission and pollution reduction, and protection of the environment, and strictly abiding by national and local laws related to environmental management, including Environmental Protection Law and Environmental Protection Tax Law, the Company has formulated the Quality, Environment and Occupational Health & Safety Manual with distinctive corporate characteristics with reference to the Environment Management System Requirements and Guidance for Use and other relevant standards, to consolidate the environmental management system and boost the eco-friendly and sustainable development of the Company through environmental management technologies and measures. Meanwhile, the Company further revised the Identification and Evaluation Procedures of Environmental Factors, the Identification and Evaluation Procedures of Hazardous Sources and other environmental management regulations to refine management requirements and strengthen the capacity of environmental protection and management.

Leveraging the full potential of R&D and innovation, the Company incorporated the philosophy of environmental protection into production, operation and other processes via green corporate operation, green supply chain management and green digital empowerment. Specifically, it improved resource efficiency and energy utilization effectively, strictly controlled waste discharge and promotes green office to reduce greenhouse gas emissions; continuously strengthened the systematization and comprehensiveness of environmental information management and enhanced the ability to cope with climate risks.

The Company integrated the environmental protection concept of "conservation, reuse, and recycling" into every session in business operation, strictly managed energy consumption and actively implemented the philosophy of circular economy. To incorporating the energy conservation concept into every aspect of life, the Company adopted multiple measures: improving the energy management system, formulating energy management measures, strictly implementing the Regulations on Energy Conservation Management, regularly inspecting and maintaining energy equipment and facilities, supervising use of the central air conditioning system, adopting electric water boilers with timing devices, promoting the lighting system with intelligent and digital control functions and equipping restrooms, passages and other public areas of office buildings with energy-conserving lighting fixtures. In its continuous exploration of sustainable water management, the Company installed separate water meter for every restroom in workplace for the purpose of separate measurement and recording, and adopted sensor faucets to ensure that water stops flowing when people leave, so as to eliminate any waste of water resources. Further, the Company has built the sewage treatment station within the industrial park to treat wastewater generated in the process of production in a timely manner, closely monitor the water quality and strictly control discharge of wastewater in accordance with relevant standards..

The Company actively advanced environmental protection promotion and education activities to significantly improve employees' awareness in this respect, and advocated green and low-carbon production and lifestyle. To reduce consumption of office supplies, the Company promoted paper saving and paperless office, advocated double-sided printing, and encouraged online office and online document delivery via e-mail and other network media. Meanwhile, it put up necessary posters to remind employees to turn off energy-consuming facilities such as air conditioners, computers and drinking fountains in the office area and to eliminate long standby of electrical appliance, and adopted green lighting models to reduce energy consumption and waste in workplace. The Company regularly organized employees to provide volunteer services in communities, thereby enhancing the awareness and resolution of employees and community residents to work together to maintain environmental sanitation. With the self-inspection and self-improvement for energy conservation and emission reduction, the Environmental Protection Promotion Month and other special-theme activities, the Company enriched the work and life of employees and further promoted the philosophy of environmental protection for all.

(V) Measures taken to reduce carbon emissions during the Reporting Period and the results thereof

To fully implement the new development concept, we focus on improving energy efficiency and aim for higher sustainable development potential of the Company. We strive to reduce the carbon footprint in the process of production and operation, minimize our negative impact on the environment, and contribute our share to addressing global climate change by developing green products and strengthening waste management.

With strong emphasis on energy conservation and consumption reduction, the Company properly managed and treated waste generated in the operation process to strictly control pollution discharge and improve environmental quality. For emission reduction: The Company's greenhouse gas emissions mainly come from indirect emissions from natural gas, gasoline and diesel as well as purchased electricity used in workplace and operation sites. In the process of operation, the Company has taken continuous actions to reduce greenhouse gas emissions. The exhaust gas emitted from coating was treated with regenerative catalytic and oxidation combustion, and the waste gas from injection molding and extrusion was treated with activated carbon adsorption. There were 8 sets of waste gas treatment facilities equipped in coating, molding and extrusion, to realize the organized and up-to-standard emissions of waste gas. For waste management: Committed to designing and developing environmentally-friendly and recyclable products, the Company implemented professional management of solid waste. For example, it engaged environmental protection companies to recycle waste generated reasonably to considerably improve energy utilization efficiency, and actively advocated the waste sorting within the whole organization.

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

SECTION VI SIGNIFICANT EVENTS

I. 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 undertakings	Contents of undertaking	Date and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
Undertakings made in acquisition reports or equity change reports	Avoidance of horizontal competition	CEC	Prior to this acquisition, CEC and its controlled enterprises had no projects or assets which constituted horizontal competition with the principal operations of the Company. Upon completion of this acquisition, CEC and its controlled enterprises would not be directly or indirectly engaged in business which constitutes horizontal competition with the principal operations of the Company, nor invest in enterprises or projects which have direct or indirect competition with the principal operations of the Company	Date: 25 April 2012; Term: effective for as long as CEC is the ultimate controller of the Company.	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	CEC	Upon completion of the acquisition, CEC undertook to take the following measures to standardize potential connected transactions: (1) try to avoid or reduce connected transactions with the Company and its subsidiaries; (2) as for those that cannot be avoided or exist for reasonable reasons, standard connected transaction agreements shall be entered into with the Company according to law, and approval procedures shall be performed in accordance with relevant laws, rules, regulations, other regulatory documents and the Articles of Association. The price of such connected transactions shall be determined on the pricing principle of "reference to the market price and no less than the price of non-connected transactions then", so as to ensure the fairness of connected transaction prices; undertake to perform information disclosure obligation in compliance with relevant requirements of laws, regulations and the Articles of Association; (3) undertake not to illegally transfer the capital or profit of the Company, or harm the interest of the Company and its non-connected shareholders through connected transactions.	Date: 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.	Date: 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 undertakings	Contents of undertaking	Date and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
Undertakings relating to refinancing	Avoidance of horizontal competition	PEGL	(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 nonrelated 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.	Date: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Avoidance of horizontal competition	NEIC	The contents are the same as those of PEGL for "avoidance of horizontal competition".	Date: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertaking	Date and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
	Standardization and avoidance of connected transactions	PEGL	<p>(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.</p> <p>(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.</p>	Date: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
	Standardization and avoidance of connected transactions	NEIC	The contents are the same as those of PEGL for "standardization and avoidance of connected transactions".	Date: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
Other undertakings	Other undertakings	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 on social responsibilities and will not decrease its shareholding in the 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 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 Company through asset restructuring and capital injection, supporting the economic structural adjustment and industrial transformation and equip the Company with an upgraded healthy and comprehensive long term reward mechanism to achieve continuous improvement of the return level of investors.	Date: 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.

II. Misappropriation of the Company's funds by controlling shareholders and other related parties for non-operating purposes during the Reporting Period: N/A

III. Provision of guarantee in violation of rules and requirements: N/A

IV. Audit of the Interim Report:

(I) Appointment and removal of auditors

At the fifteenth meeting of the tenth session of the Board, the resolution in relation to the Appointment of the Auditors for 2023 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 2023 and that their remuneration be determined within the limit of RMB2.48 million and it was agreed that the same be submitted to the 2022 annual general meeting of the Company for shareholders' consideration.

The 2022 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 2023, and authorized the Board to determine their remuneration within the limit of RMB2.48 million.

For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 31 March 2023 and 28 June 2023.

(II) Explanations on the "modified audit report" issued by the Company's external auditors: N/A

V. Changes in matters relating to the modified audit opinion contained in the annual report of the previous year and the actions taken therefor: N/A

VI. Matters Related to Bankruptcy Reorganization: N/A

VII. Material Litigation and Arbitration

(I) **Litigation and arbitration disclosed in interim announcements with no subsequent developments:**
N/A

(II) **Litigation and arbitration not disclosed in the interim announcement or with subsequent developments**

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)	Provisions and relevant amount		Progress of the litigation (arbitration)	Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
					Amount subject to the litigation (arbitration)	amount of the litigation (arbitration)			
Nanjing Panda Electronics Equipment Co., Ltd.	Jiangsu Jinmao Robot Technology Co., Ltd.	Ni	Litigation	From 18 July 2017 to 1 November 2018, Electronics Equipment Company and Jiangsu Jinmao Robot Technology Co., Ltd. executed four purchase and sales contracts, but a payment of RMB22,493,200 remained unpaid. Electronics Equipment Company repeatedly demand for this payment but in vain and filed a lawsuit against Jiangsu Jinmao.	2,299.32	N/A	On 21 January 2022, Electronics Equipment Company filed a lawsuit with the court; On 30 May, 13 July, and 12 October 2022, the court held hearings and decided to start quality identification procedures. The case is currently in the process of quality identification.	Not yet concluded	Not yet concluded
Nanjing Panda Information Industry Co., Ltd.	Xuzhou Suning Real Estate Co., Ltd.	Ni	Litigation	On 18 June 2012, Information Industry Company won the bid for "Xuzhou Suning Square Building Automatic Control System Project", and subsequently signed the "Building Automatic Control System Contract", of which contractor still has RMB6,611,200 of project payment overdue.	661.12	N/A	On 30 May 2022, Information Industry Company filed a lawsuit with Gulou District Court of Xuzhou City. Later, the case was transferred to Nanjing Intermediate People's Court for centralized management. It is currently in the court process.	Not yet concluded	Not yet concluded
Suzhou RS Technology Co., Ltd.	Nanjing Panda Electronics Equipment Co., Ltd.	Ni	Litigation	From 2016 to 2020, Suzhou RS Technology Co., Ltd. signed a number of procurement purchase contracts and purchase and sales contracts with Electronics Equipment Company, Suzhou RS Technology Co., Ltd. alleged that there was an outstanding payment of RMB8,688,200 by Electronics Equipment Company.	868.82	N/A	The first hearing was held on 16 February 2023, and on July 2023, the court held that Electronics Equipment Company has to pay the amount of RMB8,688,200, Electronics Equipment Company has filed an appeal.	Not yet concluded	Not yet concluded

(III) **Other explanations:** N/A

VIII. Penalties imposed on the Company, its Directors, Supervisors, senior management, controlling shareholder, ultimate controller and acquirers and the rectification thereof: N/A

IX. Credit standing of the Company, its controlling shareholder and ultimate controller during the Reporting Period: 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

Overview	Search index
(1) Chengdu Electronic Technology, a wholly-owned subsidiary of the Company, sells materials and components and provides subcontracting services to Chengdu Display Technology for an annual cap not exceeding RMB171,000,000 (inclusive). Given that the existing business pattern will be maintained and the business volume is expected to grow amid stability in the future, the annual cap has been adjusted to no more than RMB400,000,000 (inclusive).	Please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 21 March, 18 May and 28 June 2023.
(2) Relevant subsidiaries of the Company sell materials and components and provides subcontracting services to LG Panda Appliances for an annual cap not exceeding RMB11,000,000.	
(3) Relevant subsidiaries of the Company sell materials and components and provides subcontracting services to ENC for an annual cap not exceeding RMB46,000,000.	

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

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

At the 15th meeting of the tenth session of the Board of the Company held on 30 March 2023 and the 19th meeting of the tenth session of the Board convened on 28 August 2023, the resolution in relation to the Risk Assessment Report of China Electronics Financial Co., Ltd. was considered and approved, respectively, which assessed the deposit risk in Financial Company. According to the assessment, there were no material defects found in the risk control systems in respect of funds, credit, investment, audit and information management regarding the financial statements of Financial Company as of 31 December 2022 and 30 June 2023, as detailedly published in the relevant announcements of the Company on the website of the Shanghai Stock Exchange on 31 March 2023 and 29 August 2023.

As at 30 June 2023, the fund settlement balance of the Group with Financial Company was RMB492,462,500; the comprehensive credit balance provided by Financial Company to the Group was zero; the other financial services provided by Financial Company to the Group had no amount incurred. As at 27 August 2023, the fund settlement balance of the Group with Financial Company was RMB274,492,000; the comprehensive credit provided by Financial Company to the Group (loans, guarantees and other credit and financing services) was RMB1,248,400; the other financial services provided by Financial Company to the Group had no amount incurred.

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

3. Matters not disclosed in interim announcements

Unit: Yuan 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 Settlement amount of the transactions of the same connected transaction		Market price	Reason for the difference between trading price and market price
							type	method		
China Electronics Equipment International Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				5,954,398.23		0.65		
Nanjing IRICO New Energy Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				2,050,273.37		0.22		
TPV Audio and Visual Technology (Shenzhen) Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				857,535.50		0.10		
Nanjing Zhenhua Packing Material Factory	Subsidiary owned by shareholders	Purchase of goods				367,399.97		0.06		
Chengdu BOE Display Technology Co., Ltd.	Other related parties	Purchase of goods				292,805.75		0.03		
Guizhou Zhenhua Fengguang Semiconductor Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				151,061.95		0.02		
Shenzhen SED Technology Development Co., Ltd.	Other related parties	Purchase of goods				105,676.11		0.01		
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				103,204.47		0.01		
China Zhenhua Group Yunke Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				102,754.08		0.01		
Nanjing Panda Dasheng Electronic Technology Co., LTD	Subsidiary owned by shareholders	Purchase of goods				65,294.68		0.01		
Chengdu Sino-Microelectronics Technology Co., Ltd. (成都攀华电子科技股份有限公司)	Subsidiary owned by shareholders	Purchase of goods				62,212.39		0.01		
Shenzhen Zhenhua Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				29,666.18		0.00		
Guizhou Zhenhua Huailian Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				17,435.40		0.00		
Panda Electronics Group Limited	Controlling shareholder	Purchase of goods				11,058.82		0.00		
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				1,500.00		0.00		
Nanjing Panda Medical Services Co., Ltd.	Other related parties	Purchase of goods				426.05		0.00		
Nanjing CEC Panda Lighting Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				306.00		0.00		
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				2,408,828.13		2.22		
Nanjing Panda Medical Services Co., Ltd.	Other related parties	Receipt of service				969,768.19		0.89		
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Other related parties	Receipt of services				689,493.95		0.64		
Nanjing Huadong Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				227,100.00		0.21		
Panda Electronics Group Limited	Controlling shareholder	Receipt of services				48,368.93		0.04		
Nanjing CEC Panda Property Management Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				19,000.00		0.02		
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				10,849.06		0.01		
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Receipt of services				3,862.38		0.00		
Shenzhen Chebao Information Technology Co., Ltd.	Associate	Receipt of services				247.03		0.00		
Chengdu BOE Display Technology Co., Ltd.	Other related parties	Sale of goods				144,208,935.94		13.03		
NPEC Handa Technology Co., Ltd. (南京熊猫汉达科技有限公司)	Subsidiary owned by shareholders	Sale of goods				48,078,766.07		4.34		
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				10,830,792.35		0.98		
Shenzhen Zhongdian Investment Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				7,838,896.43		0.71		
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Sale of goods				5,550,773.00		0.50		
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Sale of goods				3,296,838.04		0.30		
Nanjing CEC Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				2,685,092.38		0.24		
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder	Sale of goods				932,982.06		0.08		
Great Wall Power Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				908,784.92		0.08		
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				70,193.96		0.01		
Panda Electronics Group Limited	Controlling shareholder	Sale of goods				65,031.12		0.01		
Shenzhen Zhongdian Power Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				56,576.01		0.01		
Nanjing CEC Panda Magnetelectric Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				54,615.08		0.00		
Nanjing Panda Dasheng Electronic Technology Co., LTD	Subsidiary owned by shareholders	Sale of goods				37,610.62		0.00		
Nanjing CEC Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				19,065.32		0.00		
Nanjing LG Panda Appliances Co., Ltd.	Associate	Sale of goods				6,226.42		0.00		
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				2,791.67		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	Proportion		Market price	Reason for the difference between trading price and market price
						Amount of the connected transaction	in the amount of transactions of the same type (%)		
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1,698.11	0.00		
Nanjing IRICO New Energy Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				14.07	0.00		
NPEC Harnda Technology Co., Ltd. (南京熊猫赛迪科技有限公司)	Subsidiary owned by shareholders	Rendoring of services				34,304,211.19	16.79		
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Rendoring of services				23,409,402.55	11.46		
Chengdu BOE Display Technology Co., Ltd.	Other related parties	Rendoring of services				6,598,778.42	3.23		
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Rendoring of services				6,283,097.94	3.07		
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder	Rendoring of services				2,789,302.34	1.36		
Nanjing CEO Panda LCD Technology Co., Ltd.	Subsidiary owned by shareholders	Rendoring of services				1,446,867.89	0.71		
Panda Electronics Group Limited	Controlling shareholder	Rendoring of services				1,228,679.22	0.60		
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Rendoring of services				484,941.30	0.24		
Liyang Panda Cuzhuyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Rendoring of services				436,697.25	0.21		
Nanjing CEO Panda LCD Materials Technology Co., Ltd.	Subsidiary owned by shareholders	Rendoring of services				255,078.18	0.12		
Xianyang IRICO Photovoltaic Power Technology Co., Ltd.	Other related parties	Rendoring of services				183,027.88	0.09		
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Rendoring of services				55,542.39	0.03		
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Rendoring of services				31,171.78	0.02		
Nanjing CEO Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Rendoring of services				21,179.76	0.01		
Nanjing LG Panda Appliances Co., Ltd.	Associate	Rendoring of services				17,117.69	0.01		
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				188,594.50	0.37		
Sharzhen Jingwah Intelligent Technology Co., Ltd.	Other related parties	Leasing of assets				174,250.02	0.35		
Nanjing CEO Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				93,622.02	0.19		

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of the transactions of the same type	Settlement method of the connected transaction	Market price	Reason for the difference between trading price and market price
							(%)			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				92,242.20	0.18			
Sherchen Jingwah Network Marketing Co., Ltd.	Associate	Leasing of assets				28,000.02	0.06			
Sherchen Chetao Information Technology Co., Ltd.	Associate	Leasing of assets				1,999.98	0.00			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				26,991.15	0.05			
Panda Electronics Group Limited	Controlling shareholder	Leasing of assets				6,858.41	0.01			
Liyang Panda Cuihuiyuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				5,309.73	0.01			
Total						317,839,362.00				

Details on return of bulk sales N/A

Explanation on connected transactions The continuing connected transactions conducted between the Group, and CEC Group (including Financial Company) and NEIC Group (the continuing connected transactions which were conducted in the usual course of business and on normal commercial terms) were considered and approved at the extraordinary meeting of the tenth session of the Board of the Company, and some continuing connected transactions subject to the approval of independent shareholders were approved by independent shareholders at the second extraordinary general meeting of 2021, the procedures of which were in compliance with relevant requirements. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange respectively on 16 November and 29 December 2021 and H share circular holders despatched on 13 December 2021.

The ordinary connected transactions Chengdu Electronic Technology, a wholly-owned subsidiary of the Company, and relevant subsidiaries entered into with Chengdu Display Technology, LG Panda Appliances and ENC in 2023 were considered and approved at the extraordinary meeting of the tenth session of the Board of the Company. Given that the existing business pattern will be maintained and the business volume is expected to grow amid stability in the future, Chengdu Electronic Technology and Chengdu Display Technology have adjusted the cap of ordinary connected transactions for 2023 to no more than RMB400,000,000 (inclusive). The adjustment has been considered and approved at the extraordinary meeting of the tenth session of the Board of the Company and approved by independent shareholders at the 2022 annual general meeting, the procedures of which have complied with relevant regulations. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange respectively on 21 March, 18 May and 28 June 2023.

In addition, the Company entered into the Trademark Licensing Contracts with CEC Home Appliances and Panda Zhicheng successively based on the Trademark Licensing Agreement (2022–2024) between the Company and NEIC with a total trademark licensing fee of no more than RMB500,000 per year.

All the abovementioned 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. In addition, the terms of the connected transactions were fair and reasonable with fair pricing and had performed approval procedures in accordance with relevant requirements, and these continuing connected transactions were conducted in the usual course of business and on normal commercial terms, were in the benefit of the Company and the shareholders as a whole and did not affect the Company's independence.

(II) **The Company had no connected transactions in relation to acquisition or disposal of assets or equity interests during the Reporting Period.**

(III) **During the Reporting Period, the Company had no material connected transactions in relation to joint external investment.**

(IV) **Transactions relating to claims and debts**

- Matters disclosed in interim announcements with no progress or change in the follow-up implementation: N/A
- Matters disclosed in interim announcements with progress or change in the follow-up implementation: N/A
- 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
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder				9,790,000.00		9,790,000.00
Panda Electronics Group Limited	Controlling shareholder				3,780,430.99	-11,819.68	3,768,611.31
NPEC Handa Technology Co., Ltd. (南京熊猫汉达科技有限公司)				223,211.28	-223,211.28		
China Electronics Import and Export Co., Ltd.	Subsidiary owned by shareholders			195,539.62	-		195,539.62
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders			22,907.00	-		22,907.00
Nanjing Panda Science and Technology Park Development Co., Ltd.	Subsidiary owned by shareholders			20,000.00	-		20,000.00
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders			1,600.00	22,578.00		24,178.00
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders				392,567.50		392,567.50
Nanjing CEC Panda Real Estate Co., Ltd.	Subsidiary owned by shareholders				5,000.00		5,000.00
Total				14,033,688.89	185,114.54		14,218,803.43
Causes of the claims and debts	Business dealings						
Impact of the claims and debts on the operating results and financial position of the Company	These claims and debts do not have any material effect on the operating results and financial position of the Company.						

(V) **Transaction relating to financial services between the Company and Financial Company and other the connected parties**

- Deposit services

Unit: Yuan Currency: RMB

Connected party	Connected relationship	Maximum daily deposit balance	Interest rate range	Opening balance	Transaction amount		Closing balance
					Total amount of deposit in the current period	Total amount of withdrawal in the current period	
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	500,000,000.00	0.42%-2%	497,892,953.53	1,003,845,261.01	1,009,275,676.32	492,462,538.22
Total	/	/	/	497,892,953.53	1,003,845,261.01	1,009,275,676.32	492,462,538.22

2. Loan services: N/A
3. Credit granting or other financial services : N/A
4. Other explanations: N/A

(VI) Other Material Connection Transactions: N/A

XI. Material Contracts and Performance Thereof

1. Matters relating to trust, contracting and lease

- (1) Matters relating to trust: N/A
- (2) Matters relating to contracting: N/A
- (3) Leases

Unit: 0'000 Currency: RMB

Lessor	Lessee	Leased assets	Amount of the leased assets	Start date	End date	Rental income	Basis for determining rental income	Effect of rental income on Company	Connected transaction or not	Connected relationship
Nanjing Panda Electronics Company Limited	Nanjing Guosheng Enterprise Management Co., Ltd.	The 1st to 4th floors (including 1 mezzanine floor) and 14th to 17th floors of Panda Building, No. 301 Zhongshan Road East, Nanjing and the ancillary equipment and facilities thereof, with an aggregate area of 29,944.66 square meters	The net value of the leased assets at the end of June 2023 was RMB201,031,900. The total guaranteed rent is RMB266,216,800	1 December 2020	30 September 2021	The total guaranteed rent during the lease term is RMB266,216,800. If the annual rent receivable by the lessee in terms of the entire building to which the leased properties are situated (the leased area other than the parking space(s)) is in excess of RMB110,230,000, the lessee shall pay 10.65% of the excess as the turnover rent. The rent for the first half of 2023 was RMB6,246,200.	Lease Contract	The effect on the Company's profit or loss for the first half of 2023 amounts to RMB3,802,900.	No	No

Note:

For further details of the lease, please refer to the announcement of Company in relation to the entering into of the lease agreement published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 9 January 2021.

2. Material guarantees discharged and outstanding during the Reporting Period

Unit: Yuan Currency: RMB

Guarantor	Relationship between guarantor and the Company	Secured party	Guarantees made by the Company (excluding those provided for subsidiaries)						Whether the guarantee has been fulfilled	Overdue amount	Counter guarantee available	Guarantee provided to the related parties	Connected relationship
			Guaranteed amount	Effective date of guarantee agreement execution date	Commencement date	Expiry date	Type of guarantee						
Guarantees made by the Company (excluding those provided for subsidiaries)													
Total amount of guarantees during the Reporting Period (excluding those provided for subsidiaries)												0	
Total balance of the amount of guarantees at the end of the Reporting Period (A) (excluding those provided for subsidiaries)												0	
Guarantees provided by the Company for its subsidiaries													
Total amount of guarantees provided for subsidiaries during the Reporting Period													
Total balance of the amount of guarantees provided for subsidiaries at the end of the Reporting Period (B)												55,212,178.94	
Total amount of guarantees made by the Company (including those provided for subsidiaries)													
Total amount of guarantees (A+B)												55,212,178.94	
Percentage of total guarantee amount in net assets of the Company (%)												1.57	
Including:													
Amount of guarantees provided for shareholders, de facto controller and their related parties (C)												0	
Amount of guarantees provided directly or indirectly for parties with a gearing ratio of over 70% (D)												6,646,773.49	
The amount by which the total guarantee exceeds 50% of the net assets (E)												0	
Total amount of the above three items (C+D+E)												6,646,773.49	
Statement on the contingent joint and several liability in connection with unexpired guarantee												N/A	
Description of the guarantees												N/A	

Electronics Equipment Company, Nanjing Panda Mechatronics Instrument Technology Co., Ltd., Communications Technology and Huage Plastic recorded gearing ratios of over 70%. The Company did not provide any guarantee to any independent third parties other than its subsidiaries, nor to its controlling shareholder, de facto controller or their connected parties. For details about the guarantees provided by the Company to its subsidiaries, please refer to "Related-party guarantees" in notes to the financial statements for the first half of 2023.

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

At the 2022 annual general meeting of the Company held on 27 June 2023, it was approved that the Company could provide guarantees for an aggregate financing amount of no more than RMB368,000,000 for the relevant subsidiaries, during the period from the date immediately after the conclusion of the 2022 annual general meeting to the date of the 2023 annual general meeting, and the general manager of the Company was authorized to handle the matters relating to the provision of guarantees for the financing of the subsidiaries during the period.

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

3. Other material contracts

Except for the daily business, the provision of guarantee for loans granted to its subsidiaries and the use of idle funds for wealth management, the Company did not enter into any 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 and Shanghai Securities News and on the websites of the Shanghai Stock Exchange.

XII. Other Significant Events: N/A

XIII. Others

At the 19th meeting of the tenth session of the Board of the Company convened on 28 August 2023, the Resolution on Change of Accounting Policy was considered and approved. According to the "Interpretation No. 16 of Accounting Standards for Business Enterprises" (Cai Kuai [2022] No. 31) released by the Ministry of Finance, for a single transaction that is not a business combination and does not affect the accounting profit nor taxable income (or deductible losses) at the time of the transaction, and the initial recognition of assets and liabilities results in the creation of equivalent taxable temporary differences and deductible temporary differences (including any lease transaction in which the lessee initially recognises lease liability at the commencement date of the lease term and includes it in the right-of-use asset, and any transaction in which the lessee recognises an estimated liability and includes it in the cost of the related assets because there is an abandonment obligation for fixed assets, etc., and other transactions falling within the scope of this interpretation), the requirement that being exempt from the initial recognition of deferred tax liabilities and deferred tax assets under Clause 11(II) and Clause 13 of Accounting Standards for Business Enterprises No. 18 – Income Tax shall not apply. For taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in respect of the transaction, enterprises should recognise the corresponding deferred income tax liabilities and deferred income tax assets respectively at the time of the transaction in accordance with the relevant provisions under the Accounting Standards for Business Enterprises 18 – Income Taxes.

The change of accounting policy is a reasonable adjustment in accordance with the relevant rules stipulated in the "Interpretation No. 16 of Accounting Standards for Business Enterprises" (Cai Kuai [2022] No. 31) released by the Ministry of Finance, which can objectively and fairly reflect the Company's financial position and business performance and align with the Company's actual conditions. The procedures comply with relevant laws, regulations and the Articles of Association, and the change of accounting policy has no significant impact on the Company's current financial position and business performance. For details, please refer to the Announcement of NPEC on Change of Accounting Policy (Lin 2023-029) published by the Company in China Securities Journal, Shanghai Securities News and on the website of Shanghai Stock Exchange on 29 August 2023.

SECTION VII CHANGES IN SHARES AND INFORMATION OF SHAREHOLDERS

I. Changes in Shares

(I) Statement of changes in shares

1. Particulars of changes in shares

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

2. Explanations on changes in shares: N/A

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

4. Other information that the Company deems necessary or the securities regulators 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

36,049 shareholders (including 36,022 A shareholders
and 27 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: shares

Full Name of Shareholder	Shareholdings of top ten shareholders				Pledged or frozen		Type of shareholders
	Increase/decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage of shareholding (%)	Number of shares held subject to trading moratorium	Status of shares	Number of shares	
HKSCC (Nominees) Limited	93,588	245,706,736	26.89	0	Unknown		Overseas legal person
Panda Electronics Group Limited	0	210,661,444	23.05	0	Pledged	105,081,430	State-owned legal person
CITIC Securities – China Huarong Asset Management Company Limited – CITIC Securities – Yunfan Single Asset Management Plan (雲帆單一資產管理計劃)	26,580,555	44,741,255	4.89	0	Unknown		Other
Nanjing Electronics Information Industrial Corporation	0	35,888,611	3.93	0	Unknown		State-owned legal person
Lu Ping (呂平)	-886,700	7,642,600	0.83	0	Unknown		Domestic natural person
Chen Linfa (陳林法)	0	3,976,500	0.43	0	Unknown		Domestic natural person
Tang Jun (唐俊)	1,298,500	2,998,500	0.33	0	Unknown		Domestic natural person
Jinzhou Beifa Investment Co., Ltd. (錦州北發投資有限責任公司)	2,740,000	2,740,000	0.30	0	Unknown		Other
Chen Hui (陳輝)	579,700	2,333,200	0.25	0	Unknown		Domestic natural person
Liu Jinhua (劉金華)	355,800	2,070,000	0.22	0	Unknown		Domestic natural person

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

Name of Shareholder	Number of shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
HKSCC (Nominees) Limited	245,706,736	Overseas listed foreign shares	241,673,450
		RMB ordinary shares	4,033,286
Panda Electronics Group Limited	210,661,444	RMB ordinary shares	210,661,444
CITIC Securities – China Huarong Asset Management Company Limited – CITIC Securities – Yunfan Single Asset Management Plan (雲帆單一資產管理計劃)	44,741,255	RMB ordinary shares	44,741,255
Nanjing Electronics Information Industrial Corporation	35,888,611	RMB ordinary shares	22,120,611
		Overseas listed foreign shares	13,768,000
Lu Ping (呂平)	7,642,600	RMB ordinary shares	7,642,600
Chen Linfa (陳林法)	3,976,500	RMB ordinary shares	3,976,500
Tang Jun (唐俊)	2,998,500	RMB ordinary shares	2,998,500
Jinzhou Beifa Investment Co., Ltd. (錦州北發投資有限責任公司)	2,740,000	RMB ordinary shares	2,740,000
Chen Hui (陳輝)	2,333,200	RMB ordinary shares	2,333,200
Liu Jinhua (劉金華)	2,070,000	RMB ordinary shares	2,070,000

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

N/A

Explanation on the aforesaid shareholders entrusting voting rights, being entrusted with voting rights, and waiving voting rights

N/A

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

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

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

N/A

Notes:

1. As at the end of the Reporting Period, HKSCC (Nominees) Limited held 245,706,736 shares (including 241,673,450 H shares and 4,033,286 A shares) of the Company on behalf of a number of clients, representing 26.89% of the total issued share capital of the Company, which includes 13,768,000 H shares held by NEIC and 27,414,000 H shares held by CEIEC (H.K.) Limited (華電有限公司), a wholly-owned subsidiary of CEC. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the total issued share capital of the Company.
2. On 2 August 2021, the Company received a notice from PEGL, the controlling shareholder of the Company, that part of the shares it held in the Company were pledged. Pursuant to the notice, PEGL pledged 105,091,430 shares in the Company, accounting for 49.89% of the total shares it held in the Company and 11.50% of the total share capital of the Company. For details, please refer to the relevant announcement of the Company published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 3 August 2021.

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

III. Directors, Supervisors and Senior Management

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

During the Reporting Period, there was no change in the shareholdings of current and retired Directors, supervisors and senior management of the Company during the Reporting Period.

As at 30 June 2023, none of the Directors, supervisors and senior management members 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) or 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 Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the 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 pursuant to Section 352 of the SFO; or (c) which were required to be otherwise notified to the Company or the Hong Kong 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 options were granted to any of them as incentives. None of the Directors or supervisors or their respective 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 as incentives during the Reporting Period: N/A

(III) Other explanations: N/A

IV. Change in the Controlling Shareholder or the De Facto Controller

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

V. Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares of the Company

As at 30 June 2023, so far as the Directors, Supervisors and senior management staff of the Company were aware, and having made all reasonable enquiries, interests or short positions in shares and underlying shares of the Company held by substantial shareholders (exclusive of Directors, Supervisors and senior management staff of the Company) which were required to be recorded in the register pursuant to section 336 of the Securities and Futures Ordinance ("SFO") of the Hong Kong Stock Exchange were as follows: (1) PEGL held 210,661,444 domestic shares, accounting for approximately 31.36% of domestic shares in issue and approximately 23.05% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (2) 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 interests in PEGL and in total held 246,550,055 shares in the Company which was held in the capacity of controlled corporation and beneficial owner, accounting for approximately 26.98% of the total shares in issue. (3) CEIEC (H.K.) Limited held 27,414,000 H shares, accounting for approximately 11.33% of H shares in issue and approximately 3.00% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (4) CEC held 79.24% equity interests in NEIIC and 100% equity interests in CEIEC (H.K.) Limited. NEIIC held 100% equity interests in PEGL, and CEC held 273,964,055 shares in the Company in total which was held in the capacity of controlled corporation, accounting for approximately 29.98% of the total shares in issue. (5) China State Shipbuilding Corporation held 16,998,000 H shares, accounting for approximately 7.02% of H shares in issue and approximately 1.86% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of controlled corporation.

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 2023.

SECTION VIII INFORMATION ON PREFERRED SHARES

There were no matters relating to the preferred shares of the Company during the Reporting Period.

SECTION IX INFORMATION ON CORPORATE BONDS

There were no matters relating to the bonds of the Company during the Reporting Period.

SECTION X FINANCIAL REPORT

1. The 2023 interim financial report is unaudited.
2. Financial statements and accompanying notes (prepared in accordance with PRC Accounting Standards)

SECTION X FINANCIAL REPORT

1. The 2023 interim financial report is unaudited.

Consolidated Balance Sheet

As at 30 June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

ASSETS	Closing balance	Opening balance
Current assets:		
Cash and cash equivalents	1,087,831,832.83	1,059,391,006.10
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets held for trading	291,224,637.07	503,810,792.61
Derivative financial assets		
Notes receivable	51,934,594.67	74,058,103.09
Accounts receivable	1,222,858,410.96	1,184,902,988.01
Receivables financing	74,685,151.06	53,346,403.19
Advance to suppliers	50,493,934.99	44,898,734.03
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	46,318,369.46	44,370,789.73
Financial assets held under resale agreements		
Inventories	544,204,531.08	601,451,915.31
Contract assets	133,366,408.47	192,997,877.85
Held-for-sale assets		
Non-current assets due within one year	1,244,897.62	1,747,508.96
Other current assets	226,826,874.80	121,751,216.36
Total current assets	3,730,989,643.01	3,882,727,335.24

Consolidated Balance Sheet (Continued)

As at 30 June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

ASSETS	Closing balance	Opening balance
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	697,249,546.89	717,388,041.95
Other equity instruments investments	2,385,926.53	2,385,926.53
Other non-current financial assets		
Investment properties	209,435,508.94	215,564,833.38
Fixed assets	819,828,278.67	854,263,641.46
Construction in progress	311,414.66	1,218,625.66
Biological assets for production		
Fuel assets		
Right-of-use assets	8,893,673.78	11,757,911.22
Intangible assets	121,101,637.55	130,570,044.29
Development expenses	-	-
Goodwill		
Long-term expenses to be amortised	16,399,258.03	10,982,839.77
Deferred income tax assets	21,538,417.31	19,485,070.35
Other non-current assets	28,678,806.53	16,690,475.03
	<hr/>	<hr/>
Total non-current assets	1,925,822,468.89	1,980,307,409.64
	<hr/>	<hr/>
Total assets	5,656,812,111.90	5,863,034,744.88
	<hr/> <hr/>	<hr/> <hr/>

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the
Accounting Department:
Liu Xianfang

Consolidated Balance Sheet (Continued)

As at 30 June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Liabilities and owners' equity	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	18,113,510.72	-
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	95,910,943.76	140,306,918.37
Accounts payable	1,382,751,660.71	1,533,543,158.65
Advance receipts from customers	901,371.73	126,201.33
Contract liabilities	94,656,569.69	67,641,115.11
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Staff salaries payable	27,293,672.46	54,607,592.56
Taxes payable	34,259,650.44	52,072,391.92
Other payables	113,196,270.78	105,899,337.51
Reinsurers due		
Security trading of agency		
Securities underwriting		
Liabilities held for sale		
Non-current liabilities due within one year	6,712,016.16	6,117,127.14
Other current liabilities	30,996,921.57	27,520,425.14
Total current liabilities	1,804,792,588.02	1,987,834,267.73

Consolidated Balance Sheet (Continued)

As at 30 June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Liabilities and owners' equity	Closing balance	Opening balance
Non-current liabilities:		
Long-term loan	-	-
Bonds payables	-	-
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	3,070,315.51	5,196,356.93
Long-term payables	-	-
Long-term staff salaries payables	7,352,887.79	8,729,912.08
Estimated liabilities	-	-
Deferred income	43,576,342.13	46,537,325.13
Deferred income tax liabilities	5,638,382.10	4,422,747.53
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	59,637,927.53	64,886,341.67
	<hr/>	<hr/>
Total liabilities	1,864,430,515.55	2,052,720,609.40
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Balance Sheet (Continued)

As at 30 June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Liabilities and owners' equity	Closing balance	Opening balance
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,470,691,800.13	1,470,691,800.13
Less: Treasury shares		
Other comprehensive income	-948,055.10	-948,055.10
Special reserve	864,952.00	-
Surplus reserve	286,530,634.83	286,530,634.83
General risk reserve		
Undistributed profit	843,711,791.55	883,912,442.46
	<hr/>	<hr/>
Subtotal of equity attributable to the shareholders of the parent company	3,514,689,652.41	3,554,025,351.32
	<hr/>	<hr/>
Minority interests	277,691,943.94	256,288,784.16
	<hr/>	<hr/>
Total shareholders' equity	3,792,381,596.35	3,810,314,135.48
	<hr/>	<hr/>
Total liabilities and shareholders' equity	5,656,812,111.90	5,863,034,744.88
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Legal representative:

Hu Huichun

Chief Accountant:

Hu Dali

Head of the
Accounting Department:

Liu Xianfang

Consolidated Income Statement

January – June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
1. Revenue	1,362,865,645.74	2,033,290,915.24
Including: Operating income	1,362,865,645.74	2,033,290,915.24
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	1,413,123,794.72	2,044,277,446.23
Including: Operating costs	1,164,944,388.28	1,783,237,901.63
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	11,262,903.97	10,532,639.44
Selling expenses	22,266,432.31	19,195,793.89
Administrative expenses	122,809,936.74	116,077,148.70
R&D costs	97,087,795.96	114,297,434.42
Financial expenses	-5,247,662.54	936,528.15
Including: Interest expense	230,894.62	209,404.12
Interest income	6,843,795.85	7,982,407.86
Add: Other gains	7,589,937.04	11,160,362.03
Investment income		
(losses are represented by "-")	49,111,183.90	43,958,109.96
Including: Investment income of associates and joint ventures	39,861,504.94	37,273,948.13
Income on hedging the net exposure		
(losses are represented by "-")		
Gains arising from changes in fair value (losses are represented by "-")	-2,586,155.54	-1,483,336.59
Credit impairment loss		
(losses are represented by "-")	-4,912,421.80	-1,560,256.71
Asset impairment loss		
(losses are represented by "-")	1,121,190.71	-8,169,906.19
Gains on disposal of assets		
(losses are represented by "-")	-20,702.97	120,045.79
Exchange gain (losses are represented by "-")		
3. Operating profit (losses are represented by "-")	44,882.36	33,038,487.30
Add: Non-operating income	1,718,066.03	972,116.26
Less: Non-operating expenses	96,464.35	144,390.35

Consolidated Income Statement (Continued)

January – June 2023

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 "-")	1,666,484.04	33,866,213.21
Less: Income tax expense	7,604,131.78	8,598,947.17
5. Net profit (net losses are represented by "-")	-5,937,647.74	25,267,266.04
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by "-")	-5,937,647.74	25,267,266.04
2. Net profit for discontinued operation (net losses are represented by "-")		
(2) Classified by the attribution of the ownership		
1. Net Profit attributable to the shareholders of the parent company	-27,340,386.93	12,000,168.67
2. Minority interest	21,402,739.19	13,267,097.37
6. Net other comprehensive income after tax	-	-82,916.29
Net other comprehensive income after tax attributable to the shareholders of the parent company	-	-82,916.29
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	-	-82,916.29
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	-	-82,916.29
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Changes in fair value of other equity instruments investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other bonds investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		
Net other comprehensive income after tax attributable to minority shareholders		
7. Total comprehensive income	-5,937,647.74	25,184,349.75
Total comprehensive income attributable to the equity holders of the parent company	-27,340,386.93	11,917,252.38
Total comprehensive income attributable to minority shareholders	21,402,739.19	13,267,097.37
8. Earnings per share:		
(1) Basic earnings per share (RMB/share)	-0.0299	0.0131
(2) Diluted earnings per share (RMB/share)	-0.0299	0.0131

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the
Accounting Department:
Liu Xianfang

Consolidated Statement of Changes in Shareholders' Equity

January – June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period												
	Other equity instrument					Equity attributable to the shareholders of parent company						Total shareholders' equity	
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Minority interests
I. Balance at the end of prior year	910,263,520.00	-	-	-	1,470,091,000.13	-	-940,055.10	-	266,530,634.03	-	883,912,449.45	256,289,734.45	3,810,114,105.48
ADD: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-45,524.57	420.59	-46,103.98
Other contribution in previous period	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination involving entities under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	910,263,520.00	-	-	-	1,470,091,000.13	-	-940,055.10	-	266,530,634.03	-	883,945,917.89	256,289,204.75	3,810,240,031.50
III. Changes of current year (Increases are represented by "+")	-	-	-	-	-	-	-	864,920.00	-	-	-41,134,126.34	21,402,739.19	-17,866,435.15
(A) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-27,340,036.93	21,402,739.19	-5,937,647.74
(B) 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 in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-

Consolidated Statement of Changes in Shareholders' Equity (Continued)

January – June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period												
	Equity attributable to the shareholders of parent company												
	Other equity instrument					Total shareholders' equity							
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total shareholders' equity
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-12,793,738.41	-	-12,793,738.41
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Appropriation of profit to shareholders	-	-	-	-	-	-	-	-	-	-	-12,793,738.41	-	-12,793,738.41
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 retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried over to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Appropriation and application of special reserve	-	-	-	-	-	-	-	864,632.00	-	-	-	-	864,632.00
1. Appropriation for the current period	-	-	-	-	-	-	-	1,029,344.82	-	-	-	-	1,029,344.82
2. Application for the current period	-	-	-	-	-	-	-	164,302.82	-	-	-	-	164,302.82
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the year	913,683,520.00	-	-	-	1,470,091,000.13	-	-96,055.10	864,632.00	265,530,814.93	-	843,711,791.55	277,691,943.94	3,792,361,696.35

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the
Accounting Department:
Liu Xianfang

Consolidated Statement of Changes in Shareholders' Equity (Continued)

January – June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for corresponding period of last year												
	Other equity instrument						Equity attributable to the shareholders of parent company					Total shareholders' equity	
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		Minority interests
I. Balance at the end of prior year	913,868,520.00	-	-	-	1,470,681,800.13	-	-75,601.84	-	276,018,152.13	-	866,732,910.94	275,153,466.92	3,802,351,288.28
ADD: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Errata correction of previous period	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination involving entities under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	913,868,520.00	-	-	-	1,470,681,800.13	-	-75,601.84	-	276,018,152.13	-	866,732,910.94	275,153,466.92	3,802,351,288.28
III. Changes of current year (Increases are represented by "+")													
(I) Total comprehensive income	-	-	-	-	-	-	-82,916.29	113,174.20	-	-	-7,965,710.74	-38,889,281.03	-38,592,533.86
(II) Share capital contributed or withdrawn by shareholders	-	-	-	-	-	-	-82,916.29	-	-	-	12,000,188.67	13,267,87.37	25,184,349.75
(III) Profit distribution													
1. Share capital contributed by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Profit distribution													
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-12,793,738.41	-31,153,736.40	-64,850,117.81
2. Appropriation of general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Appropriation of profit to shareholders	-	-	-	-	-	-	-	-	-	-	-12,793,738.41	-31,153,736.40	-64,850,117.81
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-

Consolidated Statement of Cash Flows (Continued)
January – June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for corresponding period of last year											
	Other equity instrument					Equity attributable to the shareholders of parent company					Total shareholders' equity	
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit
(VI) Internal company 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 changes arising from remeasurement of net liabilities or net assets under defined benefit plan	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-	-
(VII) Appropriation and application of special reserve	-	-	-	-	-	-	-	173,174.20	-	-	-	-
1. Appropriation for the current period	-	-	-	-	-	-	-	1,030,033.71	-	-	-	-
2. Application for the current period	-	-	-	-	-	-	-	879,859.51	-	-	-	-
(VIII) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the year	913,263,520.00				1,470,691,800.13		-156,516.13	173,174.20	276,018,152.13		866,938,332.20	236,264,205.89

Legal representative:
Hu HuichunChief Accountant:
Hu DaliHead of the
Accounting Department:
Liu Xianfang

Consolidated Statement of Cash Flows

January – June 2023

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	1,520,841,111.80	2,219,145,838.54
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from banks and other financial institutions		
Cash received from premiums of original insurance contract		
Net amount of reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Refunds of taxes	15,766,440.80	27,439,959.03
Cash received relating to other operating activities	58,106,044.74	153,106,543.93
Sub-total of cash inflows from operating activities	1,594,713,597.34	2,399,692,341.50
Cash paid on purchase of goods and services received	1,215,783,083.41	1,738,728,564.01
Net increase in loans and advances		
Net increase in deposits in the central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements with banks and other financial institutions		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	325,749,316.85	343,210,495.88
Cash paid for all types of taxes	82,127,989.05	64,955,659.45
Cash paid relating to other operating activities	100,578,607.08	159,734,450.97
Sub-total of cash outflows from operating activities	1,724,238,996.39	2,306,629,170.31
Net cash flows generated from operating activities	-129,525,399.05	93,063,171.19
2. Cash flows from investing activities		
Cash received from disposal of investments	-	-
Cash received from return on investments	69,049,539.06	67,071,091.21
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	127,820.00	1,830,151.34
Net cash received from disposal of subsidiaries and other operating entities	-	-
Cash received relating to other investing activities	610,000,000.00	680,000,000.00
Sub-total of cash inflows from investing activities	679,177,359.06	748,901,242.55
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	3,648,518.60	12,981,732.32
Cash paid for investments	-	-
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities	-	-
Cash paid relating to other investing activities	510,000,000.00	700,000,000.00

Consolidated Statement of Cash Flows (Continued)

January – June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
Sub-total of cash outflows from investing activities	513,648,518.60	712,981,732.32
Net cash flows generated from investing activities	165,528,840.46	35,919,510.23
3. Cash flows generated from financing activities		
Cash received from investment	-	-
Including: Cash received by subsidiaries from minority shareholders' investment	-	-
Cash received from borrowings	18,113,510.72	
Cash received from issuing bonds		
Cash received relating to other financing activities	-	
Sub-total of cash inflows from financing activities	18,113,510.72	-
Cash paid on repayment of borrowings	-	
Cash paid on distribution of dividends or profits, or interest expenses	48,822.24	25,810,923.64
Including: Bonus and profit paid to minority shareholders by subsidiaries	48,822.24	25,810,923.64
Cash paid relating to other financing activities	1,931,302.62	6,337,347.85
Sub-total of cash outflows from financing activities	1,980,124.86	32,148,271.49
Net cash flows generated from financing activities	16,133,385.86	-32,148,271.49
4. Effect of fluctuation in exchange rate on cash and cash equivalents	2,127,635.84	977,150.93
5. Net increase in cash and cash equivalents	54,264,463.11	97,811,560.86
Add: Balance of cash and cash equivalents at the beginning of the period	954,544,289.85	848,233,503.66
6. Balance of cash and cash equivalents at the end of the period	1,008,808,752.96	946,045,064.52

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the
Accounting Department:
Liu Xianfang

Balance Sheet

As at 30 June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

ASSETS	Closing balance	Opening balance
Current assets:		
Cash and cash equivalents	99,882,979.28	124,596,356.25
Financial assets held for trading	160,599,671.23	151,001,712.33
Derivative financial assets		
Notes receivable	5,824,816.80	29,223,397.62
Accounts receivable	135,665,101.84	99,507,284.59
Receivables financing	-	-
Prepayments	4,444,922.33	3,092,196.84
Other receivables	260,172,940.46	197,206,292.54
Inventories	32,116,252.64	55,204,331.62
Contract assets	-	-
Held-for-sale assets	-	-
Non-current assets due within one year	-	-
Other current assets	-	110,596.19
Total current assets	698,706,684.58	659,942,167.98
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	2,161,276,456.50	2,181,414,815.51
Other equity instruments investments	2,385,926.53	2,385,926.53
Other non-current financial assets		
Investment properties	326,617,575.26	337,298,667.83
Fixed assets	68,844,515.01	68,531,092.35
Construction in progress	213,184.57	1,265,605.52
Biological assets for production		
Fuel assets		
Right-of-use assets	-	-
Intangible assets	13,789,840.33	14,477,449.20
Development expenses		
Goodwill		
Long-term expenses to be amortised	16,312,055.49	9,457,514.64
Deferred income tax assets	316,018.37	316,018.37
Other non-current assets		
Total non-current assets	2,589,755,572.06	2,615,147,089.95
Total assets	3,288,462,256.64	3,275,089,257.93

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the
Accounting Department:
Liu Xianfang

Balance Sheet (Continued)

As at 30 June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Liabilities and shareholders' equity	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings	-	-
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	14,694,242.55	14,239,366.64
Accounts payable	50,911,334.90	49,025,777.54
Advance receipts from customers	386,021.46	-
Contract liabilities	241,746.97	761,551.50
Staff salaries payable	1,262,069.29	1,453,976.33
Taxes payable	10,984,517.91	9,107,274.08
Other payables	242,314,617.62	249,453,197.30
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	5,856,243.91	10,929,328.19
	<hr/>	<hr/>
Total current liabilities	326,650,794.61	334,970,471.58
	<hr/>	<hr/>
Non-current liabilities:		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term staff salaries payables	1,026,387.70	1,219,802.89
Estimated liabilities	-	-
Deferred income		
Deferred income tax liabilities	149,917.81	250,428.08
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	1,176,305.51	1,470,230.97
	<hr/>	<hr/>
Total liabilities	327,827,100.12	336,440,702.55
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Balance Sheet (Continued)

As at 30 June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Liabilities and shareholders' equity	Closing balance	Opening balance
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,434,870,834.28	1,434,870,834.28
Less: Treasury shares	-	-
Other comprehensive income	-948,055.10	-948,055.10
Special reserve		
Surplus reserve	286,530,634.83	286,530,634.83
Undistributed profit	326,343,213.51	304,356,612.37
Total shareholders' equity	2,960,635,156.52	2,938,648,555.38
Total liabilities and shareholders' equity	3,288,462,256.64	3,275,089,257.93

Legal representative:

Hu Huichun

Chief Accountant:

Hu DaliHead of the
Accounting Department:**Liu Xianfang**

Income Statement
January – June 2023

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	80,747,179.50	61,037,754.88
Less: Operating costs	60,288,936.11	38,296,670.41
Business taxes and surcharges	2,382,154.63	2,173,507.10
Selling expenses	2,142,202.33	2,901,671.52
Administrative expenses	48,872,301.03	47,063,438.60
R&D expenses	13,920,379.13	15,338,398.62
Financial expenses	-3,097,215.64	-3,794,397.03
Including: Interest expense		
Interest income	670,997.61	216,335.52
Add: Other gains	59,332.90	80,186.39
Investment income (losses are represented by "-")	78,737,481.00	140,283,123.62
Including: Investment income of associates and joint ventures	39,861,640.99	37,355,313.34
Income on hedging the net exposure (losses are represented by "-")		
Income from changes in fair value (losses are represented by "-")	-402,041.10	7,857.54
Credit impairment loss	25,346.50	-24,392.00
Asset impairment loss	-	-
Gains on disposal of assets (losses are represented by "-")	-	-
2. Operating profit (losses are represented by "-")	34,658,541.21	99,405,241.21
Add: Non-operating income	22,146.87	89,583.04
Less: Non-operating expenses	857.80	-
3. Total profit (total losses are represented by "-")	34,679,830.28	99,494,824.25
Less: Income tax expense	-100,510.27	1,964.39
4. Net profit (net losses are represented by "-")	34,780,340.55	99,492,859.86
(1) Net profit for going concern (net losses are represented by "-")	34,780,340.55	99,492,859.86
(2) Net profit for discontinued operation (net losses are represented by "-")		
5. Net other comprehensive income after tax	-	-82,916.29
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	-	-82,916.29
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	-	-82,916.29
4. Changes in fair value of the enterprise's own credit risk		

Income Statement (Continued)

As at 30 June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
(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	34,780,340.55	99,409,943.57
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the
Accounting Department:
Liu Xianfang

Statement of Changes in Shareholders' Equity (Continued)
January – June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period												
	Share capital	Other equity instrument				Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total shareholders' equity
		Preference shares	Perpetual bonds	Others	Others								
(V) Internal carry-over within shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	
1. Transfer of capital reserve to share capital	-	-	-	-	-	-	-	-	-	-	-	-	
2. Transfer of other comprehensive income to share capital	-	-	-	-	-	-	-	-	-	-	-	-	
3. Surplus reserve to other losses	-	-	-	-	-	-	-	-	-	-	-	-	
4. Changes in defined benefit plan carried over to related earnings	-	-	-	-	-	-	-	-	-	-	-	-	
5. Other comprehensive income carried over to related earnings	-	-	-	-	-	-	-	-	-	-	-	-	
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	
(VI) Appropriation and application of special reserve	-	-	-	-	-	-	-	-	-	-	-	-	
1. Appropriation of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-	
2. Application of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-	
(VII) Others	813,889,529.07	-	-	-	1,434,870,834.26	-	-948,055.10	-	286,530,634.83	-	326,343,219.51	2,990,651,166.52	
IV. Balance at the end of the year													

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the
Accounting Department:
Liu Xianfang

Statement of Changes in Shareholders' Equity (Continued)
January – June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Other equity instrument					Amount for corresponding period of last year					Total shareholders' equity	
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit
(VI) Internal earn-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 contribution to related earnings	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income carried over to related earnings	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
(VII) Appropriation and application of special reserved special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-
2. Application of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-
(VIII) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV Balance at the end of the year	910,328,520.00	-	-	-	1,424,670,894.28	-	-565,181.13	-	276,016,152.13	-	309,231,171.90	2,953,826,125.18

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the
Accounting Department:
Liu Xianfang

Statement of Cash Flows

January – June 2023

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	60,147,933.26	53,640,146.21
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from 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	777,704.39	-
Cash received relating to other operating activities	15,979,806.96	86,695,521.37
Sub-total of cash inflows from operating activities	76,905,444.61	140,335,667.58
Cash paid on purchase of goods and services received	33,664,401.63	31,251,911.53
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 interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	59,253,148.64	52,757,389.29
Cash paid for all types of taxes	7,294,781.30	3,480,258.47
Cash paid relating to other operating activities	23,020,726.59	219,905,290.07
Sub-total of cash outflows from operating activities	123,233,058.16	307,394,849.36
Net cash flows generated from operating activities	-46,327,613.55	-167,059,181.78
2. Cash flows from investing activities		
Cash received from disposal of investments	-	
Cash received from return on investments	73,048,390.41	143,001,772.87
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	16,000.00	100,800.00
Net cash received from disposal of subsidiaries and other operating entities	-	-
Cash received relating to other investing activities	262,000,000.00	150,000,000.00
Sub-total of cash inflows from investing activities	335,064,390.41	293,102,572.87

Statement of Cash Flows (Continued)

January – June 2023

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	1,222,880.58	4,630,643.50
Cash paid for investments	-	-
Net cash paid on acquisition of subsidiaries and other operating entities	-	-
Cash paid relating to other investing activities	299,000,000.00	110,000,000.00
Sub-total of cash outflows from investing activities	300,222,880.58	114,630,643.50
Net cash flows generated from investing activities	34,841,509.83	178,471,929.37
3. Cash flows generated from financing activities		
Cash received from investment	-	-
Including: Cash received by subsidiaries from minority shareholders' investment	-	-
Cash received from borrowings	-	-
Cash received from issuing bonds	-	-
Cash received relating to other financing activities	285,000,000.00	-
Sub-total of cash inflows from financing activities	285,000,000.00	-
Cash paid on repayment of borrowings	-	-
Cash paid on distribution of dividends or profits, or interest expenses	-	-
Including: dividend and profit paid to minority shareholders by subsidiaries	-	-
Cash paid relating to other financing activities	300,000,000.00	-
Sub-total of cash outflows from financing activities	300,000,000.00	-
Net cash flows generated from financing activities	-15,000,000.00	-
4. Effect of fluctuations in exchange rates on cash and cash equivalents	206.06	265.94
5. Net increase in cash and cash equivalents	-26,485,897.66	11,413,013.53
Add: balance of cash and cash equivalents at the beginning of the year	119,425,285.13	33,601,208.20
6. Balance of cash and cash equivalents at the end of the year	92,939,387.47	45,014,221.73

Legal representative:
Hu Huichun

Chief Accountant:
Hu Dali

Head of the
Accounting Department:
Liu Xianfang

The following is the account section only:

Unless otherwise stated, the amounts are denominated in RMB

Amount in the current period covers: January to June 2023

Amount in the corresponding period of last year covers: January to June 2022

Balance as at the end of last year/Opening balance relates to: 31 December 2022

Closing balance relates to: 30 June 2023

NANJING PANDA ELECTRONICS COMPANY LIMITED

Notes to Financial Statements for the Period from January to June 2023

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

1 BASIC INFORMATION OF THE COMPANY

1.1 Company profile

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

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

Confirmed by document Guo Zi Qi Fa [1996] No. 12 issued by State Administration of State Property in February 1996, the net assets were RMB864,714,000, the share capital was 322,870,000 shares, of which 287,870,000 shares were held by Panda Electronics Group Limited and 35,000,000 shares were held by employees after evaluation. Panda Electronics Group Limited making use of the land-use right valued at RMB41,300,000 and creditor's right valued to RMB620,000,000 to invest in the Company and the share capital changed to 390,015,000 shares, of which 355,015,000 shares were held by state-owned legal person and 35,000,000 shares were held by employees. The State Commission for Restructuring the Economic System approved this report on 11 March 1996.

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

After the approval of 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 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 document Zheng Jian Fa [1996] No. 304 issued by 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 Stock Exchange of Shanghai on 18 November 1996. 5,000,000 out of 35,000,000 shares held by employees were in trade at the same date of issuing and the rest of shares were in trade in the year of 1999.

The Company 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 and the approved businesses were development, manufacture, sales of communication equipments, computer and other electronics equipment; apparatus products, cultural and office machinery products; electrical machinery products; plastic products; general equipment such as fan, scales, and packing equipment; chemical engineering processing products, wood processing products, non-metal processing products, PTD products; environmental, society public safety and other products; financial and tax control products; power supplies; moulding products; computing service, software products, SI service, property management; and the after service and technical-support service of aforesaid businesses.

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

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

In 2012, according to the approval of "Reply of the provincial government on the indirect transfer of listed companies' shares held by Panda Electronics Group Limited and Nanjing Huadong Electronics Group Co., Ltd." (Su Zheng Fu No. [2009]45) by Jiangsu Province People's Government, "Reply of issues concerning the free alteration of part state owned property rights of Panda Electronics Group Limited (Su Guo Zi Fu [2012]22) by The State Owned Assets Supervision and Administration Commission of the Jiangsu Provincial People's Government, "Reply of the relevant issues concerning the change of the actual controller of Nanjing Panda Electronic Limited"(Guo Zi Chan Quan [2012]158) by State owned assets supervision and Administration Commission of the State Council, "Reply of acquisition report of China Electronics Corporation's subsidiary 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. transferred the shareholdings of 21.59%, 22.07% and 4.32% respectively for free to China Electronics Corporation, holding shares of NEIC (referred to as "CEC" below). PEGE Group completed the change of business registration on 21 September 2012. After the transfer of shareholdings, CEC held 51.10% shares of the Company and became the real controller via holding 70% shares of the NEIC which held 56.85% shares of PEGE Group.

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

The company had finished the change of business registration, and the capital had been changed to RMB913,838,529.00 on 26 November 2013. Prior to the non-public offering, PEGE Group, the controlling shareholder of the Company, held 334,715,000 of the Company's shares, with a shareholding ratio of 51.10%. After the non-public offering, PEGE Group, that held 36.63% of the total shares, remains to be the controlling shareholder of the Company. CEC, via holding 70.00% shares of NEIC, remains the actual controller of the Company by holding 56.85% of the shares. After the non-public offering, controlling shareholder and actual controller's positions have not been changed. The newly issued shares are tradable shares with restricted conditions; NEIC is a related party of the company, and the 39,215,686 shares it subscribed shall not be transferred within 36 months since the closing date of issuance. While the shares subscribed by the other eight Investors (including Societe General Global Fund Management Co., Ltd. who participated in the subscription with 10 accounts) shall not be transferred within 12 months since the closing date of issuance.

On June 30, 2014, except for NEIC, the shares subscribed by the other eight Investors had lifted restricted conditions, and could be traded in the share market.

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

On August 2015, by the approval of "The approval of the issues regarding Panda Electronics Group Limited to transfer part of its shares of Nanjing Panda Electronics Company Limited by Agreement" (SASAC [2015] No. 697) issued by the State-Owned Assets Supervision And Administration Commission of China, PEGL Group transferred 82,811,667 shares and 14,172,397 A shares to China Huarong Asset Management Co., Ltd. and China Great Wall Asset Management Corporation by Agreement. After the transfer, PEGL Group held 210,661,444 shares of the company, with a shareholding ratio of 23.05%. PEGL Group still nominates 5 out of 9 members of the board, indicating its controlling position of the Company.

From 17 July 2015 to 31 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, representing 1.13% of the total share capital of the Company. The accumulated shareholdings of the Company is 13,768,000 H shares, representing 1.51% of the total share capital of the Company. After the increase, NEIC held 49,534,611 A shares of the Company, representing 5.42% of the total share capital, and held 13,768,000 H shares of the Company, representing 1.51% of the total share capital. NEIC held the 23.05% of the Company through the subsidiary of PEGL Group. The total shares held by NEIC was in an aggregate of 29.98%.

In 2019, NEIC exchanged 18,276,000.00 directly held A shares of the Company for the corresponding fund units (in market value) of Harvest CSI Central SOE Innovation-driven ETF Securities Investment Fund. NEIC exchanged 9,138,000.00 directly held A shares of the Company for the corresponding fund unit (in market value) of Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund. These shares represent 3.00% of the total share capital of the Company.

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

In 2020, China Huarong Asset Management Co., Ltd., the major shareholder of the Company, reduced its holding of 674,800 A shares, accounting for 0.07% of the total share capital of the company. In 2021, China Huarong Asset Management Co., Ltd. reduced its holding of 9,133,604 A shares, accounting for 1% of the total share capital of the Company. In 2022, China Huarong Asset Management Co., Ltd. reduced its holding of 21,343,463.00 A shares, accounting for 2.34% of the total share capital of the Company. In 2023, China Huarong Asset Management Co., Ltd. accumulatively reduced its entire shareholding of the Company.

As of June 30, 2023, China Huarong Asset Management Co., Ltd. no longer holds any shares of the Company.

As of June 30, 2023, the Company has issued a total of 913,838,529 shares, with a registered capital of RMB913,838,529. China Electronics Corporation holds 232,782,055 A shares and 41,182,000 H shares of the company. The total number of shares held accounting for 29.98% of the Company's total share capital. Among them: Nanjing Electronics Information Industrial Corporation, its subsidiary, holds 22,120,611 A shares and 13,768,000 H shares of the Company through the asset management plan, accounting for 3.93% of the total share capital of the Company; through Panda Electronics Group Limited, a wholly-owned subsidiary of Nanjing Electronics Information Industrial Corporation, holds 210,661,444 A shares of the Company, accounting for 23.05% of the Company's total share capital; and holds 27,414,000 H shares of the Company through Huadian Co., Ltd., an overseas wholly-owned subsidiary, accounting for the total share capital of the company 3.00% of share capital.

The parent company of the Company is Panda Electronics Group Limited. China Electronics Corporation is still the ultimate controller of the company.

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

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

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

The financial statements were approved by all directors of the Board of Directors of the Company and published on August 28, 2023.

1.2 The scope of consolidated financial statements

The relevant information of the Company's subsidiaries can be referred to "7. Equity in Other Entities" in this note.

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

2 BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

2.1 Basis of preparation

The financial statements have been prepared in accordance with the basic and specific standards of the Accounting Standards for Business Enterprises, the Application Guidance for Accounting Standards 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 relevant requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 General Provisions on Financial Reporting issued by the China Securities Regulatory Commission. In addition, the financial statements comply with the applicable disclosure provisions of the Securities listing rules issued by the Stock Exchange of Hong Kong Limited and with the applicable disclosure provisions of the Hong Kong Companies Ordinance.

2.2 Going concern

This financial statement is prepared on a going concern basis.

3 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Tips for specific accounting policies and accounting estimates:

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

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the CAS issued by the Ministry of Finance, and truly and completely reflect the Company's and PEG's financial position as at June 30, 2023, as well as the operating results and cash flows of the Company and PEG for the first half of 2023.

3.2 Accounting period

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

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

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

3.5 Business combinations under common control and not under common control

Business combinations involving entities under common control: The assets and liabilities acquired by the Company in business combination shall be measured at the carrying value of the assets, liabilities of the acquiree (including goodwill from the acquisition of the acquiree by ultimate controlling party) in the financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. Adjustments shall be made to retained earnings in the event that the share premium in the capital reserve is 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 Company were measured at fair value on the date of acquisition and the difference between the fair value and its carrying value shall be charged to the profit or loss for the period. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognize such difference as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to the profit or loss for the current period.

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

3.6 Preparation methods of the consolidated financial statements

3.6.1 Scope of consolidation

The scope of consolidation of consolidated financial statements of the Company is based on the controlling interests. All subsidiaries (including separate entities under the control of the Company) and the Company are included in the consolidated financial statements. Control means that the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee and has the ability to affect the variable return by using its power over the investee.

3.6.2 Procedures for consolidation

The Company treats the Group in its entirety as a single accounting entity and prepare its consolidated financial statements in accordance with the unified accounting policies to reflect the Group's overall financial position, operating results and cash flow. The effects of internal transactions between the Company and its subsidiaries and between subsidiaries shall be offset. Where an internal transaction indicates an impairment loss on the relevant asset, such loss shall be recognized in full. Where the accounting policies and accounting periods adopted by subsidiaries are inconsistent with those of the Company, the financial statements of such subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company.

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 operating results and 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 financial statements, and the opening balance set out in the consolidated financial statements and relevant items in the comparative 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.

Where control can be exercised on the investee under the common control for additional investment or other reasons, the opening balance of retained earnings or current profit or loss in the comparative statements shall be reduced by the equity investment held before acquisition of control over the investee, and the gains or losses, other comprehensive income and other changes in net asset recognised for the period from the date when the original equity is acquired (or the date when the combining party and the combined party are under the common control, whichever is later) to the combination date.

For acquisition of subsidiaries or business due to business combination involving entities not under common control during the Reporting Period, all of the identifiable assets, liabilities and contingent liabilities shall be included in the consolidated financial statements from the acquisition date at their respective fair value recognized at the date of acquisition.

Where control can be exercised on the investee not under common control due to additional investment or other reasons, the equity of the investee held before the acquisition date shall be re-measured at the fair value at such acquisition date, with the difference between the fair value and the carrying amount included in current profit or loss. Other comprehensive income to be subsequently reclassified to profit or loss and changes of other owner's equity under the equity method, which are related to the equity of the investee held before the acquisition date, shall be transferred to current investment income as at the acquisition date.

(2) Disposal of subsidiaries

① *General processing methods*

When the Company loses the control over the investee due to disposal of partial equity investments or other reasons, the remaining equity investments after the disposal will be re-measured by the Company at fair value on the date of loss of the control. The sum of the consideration of equity disposal and the fair value of the remaining equity, less the sum of the share of net assets of the subsidiary attributable to the Company calculated continuously since the acquisition date or the combination date in accordance with the original shareholding ratio and the goodwill, shall be included in the investment income for the current period when the control losses. Other comprehensive income to be subsequently reclassified to profit or loss and changes in other owner's equity under the equity method, which are related to equity investment of the original subsidiary, are transferred to investment income of the current period when control is lost.

② *Disposal of subsidiaries by stages*

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

- I. These transactions are concluded at the same time or under the consideration of mutual effect;
- II. These transactions must be taken as one to form a complete commercial event;
- III. The occurrence of a transaction depends on that of at least one other transactions;
- IV. The transactions are non-economically feasible when we look at it individually but they would become economically feasible when we look at them as a whole.

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

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

(3) Acquisition of minority interest of subsidiary

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

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

The difference between disposal consideration 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.

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

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation is a joint arrangement under which joint operators are entitled to the assets whilst assuming relevant liabilities.

The Company recognizes the following items related to its interests in a joint operation:

- (1) The Company's solely owned assets and the Company's share in the jointly-owned assets;
- (2) The Company's sole liability and the Company's share on the joint operation;
- (3) The revenue generated from the sale of the Company's share in the product in the joint operation;
- (4) The revenue from the sale of the product in accordance with the Company's share in the joint operation;
- (5) The costs incurred solely by the Company and the costs of the joint operation according to its share in the joint operation.

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

3.8 Recognition criteria of cash and cash equivalents

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

3.9 Foreign currency transactions and translation of foreign currency statements

3.9.1 Foreign currency transactions

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

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

3.9.2 Translation of foreign currency financial statements

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

Where the Company disposes of an overseas business, the difference from the translation of foreign currency financial statement of the overseas business shall be transferred from shareholder's equity item to current profit and loss.

3.10 Financial instruments

When the Company becomes a party to a financial instrument contract, the company recognizes a financial asset, financial liability or equity instrument.

3.10.1 Classification of financial instruments

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

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

- The business model is aiming to collect contract cash flow;
- Contract cash flow is only used for the payment of the principal amount and the interest from the outstanding principal amount.

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

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

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

In addition to the aforementioned financial assets measured at amortized cost and measured at fair value and whose changes are included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value and whose changes are included in current profit and loss. The Company may, at initial recognition, irrevocably designate a financial asset that shall be otherwise reclassified as financial assets measured at amortized cost or at fair value through other comprehensive income as financial assets that are measured at fair value through profit or loss if doing so would eliminate or significantly reduce any accounting mismatch.

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

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

- 1) This designation can eliminate or significantly reduce the accounting mismatch.
- 2) A group of financial liabilities or a mix of 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 contain the embedded derivative which needs to be separated.

3.10.2 Recognition basis and measurement method of financial instruments

- (1) Financial assets measured in amortized cost

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

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

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

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

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

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

- (3) Financial assets measured at fair value through other comprehensive income (equity instruments)
- Financial assets (equity instruments) measured at fair value through other comprehensive income include other equity instruments, which are initially measured at fair value, with relevant transaction costs included in the initially recognized amount, and are subsequently measured at fair value, with the changes in fair value included in other comprehensive income and the dividends gained included in the current profit or loss.
- During de-recognition, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in the retained earnings.
- (4) Financial assets measured at fair value through the current profit or loss
- Financial assets measured at fair value through the current profit or loss include financial assets held for trading, derivative financial assets and other non-current financial assets, which are initially measured at fair value, with relevant transaction costs included in the current profit or loss and are subsequently measured at fair value, with the changes in fair value included in the current profit or loss.
- (5) Financial liabilities measured at fair value through the current profit or loss
- Financial liabilities measured at fair value through the current profit or loss include financial liabilities held for trading and derivative financial assets, which are initially measured at fair value, with relevant transaction costs included in the current profit or loss, and are subsequently measured at fair value, with the changes in fair value included in the current profit or loss.
- During de-recognition, the difference between the consideration paid and the book value of the financial liability is included in the current profit or loss.
- (6) Financial liabilities measured by amortized cost
- Financial liabilities measured at amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, which are initially measured at fair value, with relevant transaction costs included in the initially recognized amount.
- Interest calculated using the effective interest rate method during the holding period is included in the current profit or loss.
- During de-recognition, the difference between the consideration paid and the book value of the financial liability is included in the current profit or loss.

3.10.3 Derecognition and the transfer of financial assets

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

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

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

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

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

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

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

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

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

3.10.4 Derecognition of financial liabilities

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

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

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

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

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

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

3.10.6 Test method and accounting treatment of impairment of financial assets

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

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

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

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

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

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

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

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

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

3.11 Impairment of receivables

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

3.11.1 Accounts receivable and notes receivable

For accounts receivable or notes receivable, whether it contains significant financing components, the Company always measures its loss reserves in accordance with the amount of expected credit losses for the entire life, 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

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 on a group basis

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 on an individual basis, the Company divides it into several portfolio according to the characteristics of credit risk, and calculates the expected credit loss on a group basis. The basis for grouping 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, security deposit and reserve fund	Considering the nature of accounts receivable as the credit risk characteristic of portfolios

The method of accruing bad debt provision

The portfolio of notes	Other method
The portfolio of aging	Accruing bad debt provision based on aging
The portfolio of related parties	Other method
The portfolio of deposit, security deposit and reserve fund	Other method

The Company combines the portfolio of accounts receivables with similar credit risk characteristics and estimates the proportion of accruing bad debt provision based on all reasonable and evidenced information, including forward-looking information:

Aging	Proportion (%)
0-6 months	0
7-12 months	5
1-2 years	10
2-3 years	15
3-4 years	30
4-5 years	50
Over 5 years	100

In the portfolio, other methods are used to accrual provision for bad debts:

When there is objective evidence that the Company will not be able to recover all the amount in accordance with the original terms of the receivables, the impairment test is carried out separately and the provision for bad debts is made based on the difference between the present value of its future cash flow and book value.

3.11.2 Receivable financing

When the accounts receivable and notes receivable meets the following conditions at the same time, the Company classified it into financial assets measured at fair value with the changes included in other comprehensive income and list it as receivables financing in the statement. Please refer to "3.10 Financial Instruments" in the note for relevant specific accounting treatment methods.

- (1) The contract cash flow is the payment of the principal and the interest incurred on the outstanding principal amount.
- (2) The company's business model for managing notes receivable and accounts receivable are both aimed at collecting the contract cash flow and selling.

Where the expected credit losses of notes receivable and accounts receivable cannot be assessed at reasonable cost on an individual basis, the Company classifies them into several groups according to the characteristics of credit risk, and calculates the expected credit losses on a group basis. If there is objective evidence showing that notes receivable or accounts receivable have suffered credit impairment, the Company shall provide for bad debts for such receivables on an individual basis and recognize expected credit loss accordingly. For the notes receivable and accounts receivable divided into groups, the impairment loss measurement method of the aforesaid accounts receivable shall be adopted.

3.11.3 Other receivables

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

3.11.4 Others

For other receivables such as advanced payment, interest receivable, long-term receivables, the provision for bad debts is made based on the difference between the present value of future cash flows and its book value.

3.12 Inventories

3.12.1 Classification of inventories and costs

Inventories include raw materials, circulating materials, goods in stock, work in progress, goods in transit, materials commissioned for processing and so on.

Inventories are initially measured at cost, which includes procurement costs, processing costs, and other expenses incurred to bring the inventory to its current location and condition.

3.12.2 The valuation method of costs of delivery of inventory

Valuation of the costs of delivery of inventories is based on a weighted average method.

3.12.3 Determination method for net realizable values of different types of inventories

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. Where the cost of an inventory exceeds its net realizable value, a provision shall be made for the decline of the inventory price. Net realizable value refers to the estimated selling price of inventories in daily activities after deducting the estimated costs to be incurred at the time of completion, the estimated sales expenses and the relevant taxes and fees.

In normal operation process, for merchandise inventories for direct sales such as finished goods, stock commodities and materials for sale, their net realizable values are determined at the estimated selling prices minus the estimated selling expenses and relevant taxes and surcharges; in normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

If the net realizable value of the inventory is higher than its book value due to the disappearance of the factors that previously wrote down the value of the inventory after the withdrawal of the inventory depreciation provision, it shall be reversed within the amount of the inventory depreciation provision that has been originally withdrawn, and the reversed amount shall be recorded into the current profit and loss.

3.12.4 Inventory system

The perpetual inventory system is adopted.

3.12.5 Amortization of low-value consumables and packaging materials

- (1) Low-value consumables are amortized using the immediate write-off method.
- (2) Packaging materials are amortized using the immediate write-off method.

3.13 Contractual assets

3.13.1 Determination method and standards for contractual assets

The Company presents contractual assets or contractual liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration (except for receivables) that the Company has the right to collect for transferring goods or providing services to customers is listed as contractual assets; Under the same contract, contractual assets and contractual liabilities are presented in net amounts. The Company's rights to receive payment from customers are presented separately as receivables if such rights are unconditional (only when lapse of time is required before payment is due).

3.13.2 Determination method and accounting method for expected credit loss

Details of determination method and accounting method for expected credit loss of contractual assets, please refer to the Notes "3.10.6 Test method and accounting treatment of impairment of financial assets" "3.11 Impairment of receivables".

3.14 Assets held for sale

Those whose book value is recovered mainly through the sale (including the exchange of non-monetary assets of a commercial nature) rather than through the continuous use of a non-current asset or disposal group are classified as held for sale.

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

- (1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;
- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale can be done only upon the approval of relevant authorities or regulatory authorities of the Company as required by relevant provisions, the approval has been obtained.

If the book value of non-current assets (excluding financial assets, deferred income tax assets, and assets formed by employee compensation) or disposal groups held for sale is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses. The written down amount shall be recognized as asset impairment loss and included in the current profit and loss, and a provision for impairment of held for sale assets shall be made accordingly.

3.15 Long-term equity investments

3.15.1 Judgment criteria for common control and significant influence

Common 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 investee, but not the power to control, or jointly control with other parties, the formulation of such policies with other parties. Where the Company is able to exert significant influence over the investee, the investee is its associate.

3.15.2 Determination of initial investment cost

- (1) A long-term equity investment as a result of merger

For a long-term equity investment in a subsidiary arising from a merger under common control, the initial investment cost shall be the book value of the owners' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combination. The difference between the initial investment cost of the long-term equity investment and the book value of the consideration paid shall be used to adjust the share premium in the capital reserve; and if the share premium in the capital reserve is insufficient to be offset, retained earnings shall be adjusted. In connection with imposing control over the investee under common control as a result of additional investment and other reasons, the difference between initial investment cost of the long-term equity investment recognized under the abovementioned principles and the book value of long-term equity investment before merger and the sum of book value of consideration paid for additional shares acquired on the date of merger shall be used to adjust share premium. If the balance of share premium is insufficient to offset, any excess is adjusted to retained earnings.

Merger of enterprises under different controlling group: The Company recognizes the merger cost determined on the merger date as the initial cost of long-term equity investments. Where the Company can control the investee not under common control from additional investments, the initial investment cost shall be changed to be accounted for under the cost method and recognized at the sum of the book value of equity investments originally held and newly increased investment cost.

- (2) Long-term equity investment acquired by other methods

For long-term equity investments acquired from making payments in cash, the initial cost is the actual payment of purchase price.

For long-term equity investments acquired from issuing equity securities, the initial investment cost is the fair value of the issued equity securities.

3.15.3 Subsequent measurements and recognition method of profit or loss

- (1) Long-term equity investments accounted for by the equity method

The Company's long-term equity investments in associates and joint ventures are accounted for by using the equity method. If the initial investment cost is greater than the share of the fair value of the investee's identifiable net assets at the time of investment, the initial investment cost of the long-term equity investment will not be adjusted; if the initial investment cost is less than the share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in the current profit and loss, and the cost of long-term equity investment is adjusted at the same time.

The Company recognizes the investment income and other comprehensive income according to the share of the net profit or loss and other comprehensive income realized by the investee that it should be entitled to or shared, and adjusts the book value of the long-term equity investment at the same time; The book value of the long-term equity investment shall be correspondingly reduced for the part that the Company should be enjoyed in the calculation of dividends and profit by the investee; for other changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution (referred to as "other changes in owner's equity"), the long-term equity investment book value shall be adjusted, and include the owner's equity.

When confirming the share of the investee's net profit or loss, other comprehensive income and other changes in owner's equity, it is based on the fair value of the investee's identifiable net assets when the investment is obtained, and in accordance with the company's accounting policies and accounting periods, adjustment shall be made to the net profit and other comprehensive income of the investee.

The unrealized profit and loss of internal transactions between the Company and its associates and joint ventures shall be calculated according to the share attributable to the Company and offset, and the investment income shall be recognized on this basis, but the assets invested or sold constitute part of the business except. If the unrealized internal transaction loss with the invested unit is an asset impairment loss, it shall be recognized in full.

The Company's net losses in joint ventures or joint ventures, except for the obligation to bear additional losses, the Company may share the losses to the extent that the book value of long-term equity investments and other long-term interests that substantially constitute net investment in joint ventures or joint ventures are written off to zero. If the joint venture or associated enterprise realizes net profit in the future, the Company shall restore the recognition of the profit share after the share of the profit cover the unrecognized share of losses.

(2) Disposal of long-term equity investments

For the disposal of long-term equity investment, the difference between its book value and the actual acquisition price shall be included into the current profit and loss.

For partial disposal of long-term equity investment accounted by equity method, if the remaining equity is still accounted by equity method, the other comprehensive income recognized by the original equity method shall be carried forward on the same basis as the corresponding proportion of invested unit's direct disposal of relevant assets or liabilities. And other changes in owner's equity shall be carried forward to the current profit and loss according to the proportion.

If the Company's common control or significant influence on the investee is lost due to the disposal of equity investment and other reasons, the other comprehensive income recognized by the original equity investment due to the adoption of equity method shall be treated as the direct disposal of the invested unit when the equity method cease to be used. Other changes in owner's equity are all transferred to current profit and loss when the equity method cease to be used.

3.16 Investment properties

The investment property refers to the real estate held for earning rentals or/and capital appreciation. Investment properties include leased land use right, land use right held for transfer upon appreciation and leased building (including buildings used for lease after the self-completion of construction or development and buildings used for lease in the future in the process of construction or development).

Subsequent expenditures related to investment properties are included in the cost of investment properties when the relevant economic benefits are likely to flow in and the cost can be measured reliably. Otherwise, it shall be included in the current profit and loss when is incurred.

The company adopts the cost model to measure the existing investment properties. For the investment properties measured according to the cost model – for buildings for lease, the same depreciation policy as the Company's fixed assets is adopted, and for the right of the land for rental, the amortization policy as intangible assets would be implemented.

3.17 Fixed assets

3.17.1 Recognition conditions and initial measurement of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have a useful life of more than one accounting year. Fixed asset is recognized when it meets the following conditions:

- (1) It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) Its cost can be reliably measured

Fixed assets are initially measured at cost (taking into account the impact of expected disposal costs).

The subsequent expenditures related to the fixed assets shall be included in the cost of the fixed assets when the related economic benefits are likely to flow in and the cost can be measured reliably. For the replaced part, the recognition of its carrying value shall be terminated; all other subsequent expenditures are recorded into current profit and loss when incurred.

3.17.2 Depreciation methods of fixed assets

Fixed assets are depreciated by categories using the straight-line method, and the annual depreciation rates are determined by categories based upon their estimated useful lives and their estimated residual values. Where the parts of a fixed asset have different useful lives or cause economic benefits for the enterprise in different ways, different depreciation rates or depreciation methods shall apply, and each part is depreciated separately.

The depreciation method, useful life of depreciation, residual value and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Useful lives of depreciation (years)	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
Transportation	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
<hr/> <hr/>				

3.17.3 Fixed assets disposal

When a fixed asset is disposed of or is not expected to generate economic benefits through use or disposal, the fixed asset shall be de-recognized. The disposal income from the sale, transfer, scrapping or damage of fixed assets, after deducting its book value and relevant tax fees, is booked into the current profit and loss.

3.18 Construction in progress

The construction in progress is measured according to the actual cost incurred. Actual costs include construction costs, installation costs, capitalized borrowing costs, and other expenses necessary to bring the work in progress to a predetermined usable state. When the progress in construction reaches expected serviceable state, it shall accrue to fixed assets and the depreciation shall be accrued from the next month.

3.19 Borrowing costs

3.19.1 Recognition principles of capitalization of borrowing costs

The borrowing costs incurred by the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization and shall be capitalized and included in relevant asset costs; other borrowing costs shall be recognized as costs in the relevant amount when it is incurred and be included into the current profit and loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

3.19.2 Capitalization period of borrowing costs

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation; period of suspension for capitalization is excluded.

The borrowing costs shall not be capitalized unless they simultaneously satisfied the following requirements:

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

Capitalization of borrowing costs shall cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale.

3.19.3 Period of suspension for capitalization

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three consecutive months, the capitalization of borrowing costs shall be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for its intended use or sale, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit and loss and continue to be capitalized until the acquisition, construction or production of the asset restarts.

3.19.4 Calculation of capitalization amount of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the borrowings unused and deposited in bank or return on temporary investment shall be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the expenses of general borrowings to be capitalized shall be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements (as at the end of each month) exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

During the capitalization period, the difference between the exchange of the principal and interest of the special foreign currency loan shall be capitalized and accounted into the cost of the assets eligible for capitalization. The exchange difference arising from the principal and interest of foreign currency borrowings other than special foreign currency borrowings is booked into the current profit or loss.

3.20 Intangible assets

3.20.1 Measurement method of intangible assets

- (1) The Company initially measures intangible assets at cost on acquisition;

The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended uses.

- (2) Subsequent measurement of intangible assets

The useful life of intangible assets are analyzed and determined on their acquisition.

As for intangible assets with limited useful life, straight-line amortization method is adopted in the period when the intangible assets generate economic benefit for the enterprise; if the period when the intangible assets generate economic benefit for the enterprise cannot be forecasted, the intangible assets should be deemed as those with indefinite useful life and should not be amortized.

3.20.2 Estimate of useful lives of intangible assets with definite useful lives:

Item	Estimated useful lives (year(s))	Amortization method
Land use rights	16.75-50	Straight line method
Trademark rights	10	Straight line method
Computer software	5-10	Straight line method
Patents	10	Straight line method
Software copyright	10	Straight line method
Non-patented techniques	5	Straight line method

3.20.3 Specific standards for classification of research and development phase of internal research and development projects

The Company's expenditures for its internal research and development projects are classified into research expenditures and development expenditures.

Research stage: the stage for the creative and unique planned investigation and research to acquire and understand new scientific or technical knowledge.

Development stage: the stage for the application of research achievements and other knowledge to a certain plan or design, prior to the commercial production or use, so as to produce new material, device or product, or substantially improved material, device and product.

3.20.4 Specific standard for development expenditures eligible for capitalization

The research expenditure incurred is included in the current profit or loss. The development expenditure shall be recognized as intangible assets only when the following conditions are simultaneously satisfied; otherwise, included in the current profit or loss:

- (1) It is technically feasible to finish intangible assets for use or sale;
- (2) It is intended to finish and use or sell the intangible asset;
- (3) The ways whereby the intangible asset is to generate economic benefits, including those whereby it is able prove that there is a potential market for the products manufactured by applying this intangible asset or that there is a potential market for the intangible asset itself; if the intangible asset is used internally, its usefulness will be proved;
- (4) With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible assets, and it is able to use or sell the intangible assets; and
- (5) The expenditures attributable to the intangible assets during their development phase can be reliably measured.

If impracticable to distinguish between the research expenditures and development expenditures, all the R&D expenditure incurred shall be included in the current profit and loss.

3.21 Impairment of long-term assets

Long-term assets, such as long-term equity investment, investment properties, fixed assets, construction in progress, right of use asset, intangible assets that measured at cost are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its book value, a provision for impairment and an impairment loss are recognized for the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Impairment test to goodwill, intangible asset with uncertain useful life and intangible assets that have not yet reached a usable state, shall be book out at least at the end of each year, irrespective of whether there is indication of impairment.

When the Company carry out impairment test to goodwill, the Company shall, as of the purchasing day, allocate on a reasonable basis the book 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 book 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 book value of these asset groups or sets of asset groups with the recoverable amount. Where the recoverable amount of the relevant assets or sets of the asset groups is lower than the book value thereof, the amount of the impairment loss is first set off against the book value of goodwill allocated to the asset group or sets of asset groups and then set off against the book value of each other asset in the asset group or sets of asset group on a pro-rata basis based on the proportion of the book value of other assets.

Once the above asset impairment loss is recognized, it will not be reversed in the subsequent accounting periods.

3.22 Long-term deferred expenses

Long-term deferred expenses refer to all expenses that have occurred but should be amortized during the current period and subsequent periods and with an amortization period of more than one year.

Long-term deferred expenses are measured at the actual costs and amortized evenly over the estimated beneficial period. If an item of long-term deferred expense cannot bring any benefit in future accounting periods, the amortized value of such item shall all be transferred to the current profit or loss.

3.23 Contract Liabilities

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

3.24 Employee remuneration

3.24.1 Short-term remuneration

During the accounting period in which employees provide service to the Company, the short-term remuneration actually incurred is recognized as liabilities and included into the current profit or loss or the cost of relevant assets.

The Company pays social insurance premium and housing provident fund for the employees and withdraw the cost of union and education fees as required. During the accounting period when employees work for the Company, the corresponding amount of employee compensation is calculated and determined according to the required provision ratio and on provision basis as regulated.

The employee welfare expenses incurred by the Company shall be recorded into the current profit and loss or the cost of relevant assets according to the actual amount when it is incurred, and the non-monetary welfare shall be measured at its fair value.

3.24.2 Post-employment benefits

(1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees work for the Company, the paid amount which is calculated based on the payment base and proportion as required by the local government is recognized as liabilities and included in the current profit or loss or cost for relevant assets. In addition to the basic pension insurance, the Company also joins up the enterprise annuity plan/supplementary pension insurance approved by relevant national department. The Company makes payments to the local social insurance institutions/annuity plan in proportion to the total wage of an employee, corresponding expenses is included in the current profit or loss or cost of relevant asset.

(2) Defined benefit plan

According to the formula determined based on expected cumulative unit method, the Company accounts the expenses from the welfare obligations deriving from the defined benefit plan during the period the employees work for the Company, it is included in current profit or loss or cost of relevant asset.

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising out of the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plan, the Company shall measure net assets of such defined benefit plan by the lower of the surplus of defined benefit plan or the upper limit of assets thereof.

All obligations of defined benefit plan include the obligation of payment during the 12 months after the end of the annual reporting period of expected receipt of services from employees, and are discounted according to the market yields of state bond with the same currency or high-quality corporate bond according to date in the balance sheet and the obligation period of defined benefit plan.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or assets-related costs; changes in the re-measurement of net liabilities or net assets under the defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the undistributed profits.

For the settlement of the defined benefit plan, the balance between the present value and the settlement price under the defined benefit plan confirmed on the settlement date shall be recognized and settled as gains or losses.

3.24.3 Dismissal welfare

When the Company fails to unilaterally withdraw the dismissal benefits offered due to the termination of the labor relation plan or layoff proposal, or confirms the costs or fees associated with the reorganization involving the payment of the dismissal benefits (whichever is earlier), the employee compensation liabilities arising from the confirmation of dismissal benefits are included in the current profit or loss.

3.25 Estimated liabilities

The Company recognizes the obligation related to contingencies which meeting the following conditions at the same time as estimated liabilities:

- (1) The obligation is a present obligation undertaken by the Company;
- (2) The performance of such obligation is likely to result in outflow of economic benefits from the Company;
- (3) The amount of the obligation can be measured reliably.

Estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of the relevant present obligations.

The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. If the influence on the time value of money is significant, the best estimate shall be determined after discounting the relevant future outflow of cash.

If there is a continuous range of required expenses and the likelihood of various outcomes occurring within that range is the same, the best estimate is determined based on the median value within that range; in other cases, the best estimate is treated as follows:

- If a contingency involves a single project, it shall be determined based on the most likely amount to occur.
- If a contingency involves multiple projects, it shall be calculated and determined based on various possible results and related probabilities.

When all or part of the expenses necessary for the settlement of estimated liabilities of the Company are expected to be compensated by a third party, the compensation shall be separately recognized as an asset only when it is basically certain to be received. The compensation recognized shall not exceed the book value of the estimated liabilities.

The Company reviews the book value of the expected liabilities on the balance sheet date, and if there is conclusive evidence that the book value cannot reflect the current best estimate, it shall adjust the book value according to the current best estimate.

3.26 Share-based payment

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees (or other parties). The share-based payments of the Company consist of equity-settled share-based payments and cash-settled share-based payments.

3.26.1 Equity-settled share-based payment and equity instruments

In case of the equity-settled share-based payment for the service provided by employees, the measurement is based on the fair value of the equity instruments granted to employees. For share-based payment transactions where the rights can be exercised immediately after the grant, the fair value of the equity instrument at the grant date should be included in relevant costs or expenses, with increase of capital reserve recognized accordingly. For share-based payment transactions where the rights can be exercised only when services in the vesting period have been completed or the required performance targets have been achieved after the grant, the services received in the vesting period should be included in relevant costs and expenses at each balance sheet date in the vesting period, measured at the fair value at the grant date and based on best estimate of the number of equity instruments that are exercisable, with increase of capital reserve recognized accordingly.

If the terms of equity-settled share-based payments are modified, at least the services obtained shall be confirmed in accordance with the unmodified provisions. In addition, any modification increasing the fair value of equity instruments granted, or favorable changes to the employees on modification date are all confirmed to increase services.

If equity-settled share-based payments are cancelled, then they shall be handled on cancellation date as accelerated vesting, and the unconfirmed amount shall be recognized immediately, together with capital reserve. However, if a new equity instrument is granted, and it is confirmed on the grant date to replace the equity instrument cancelled, then the way of handling of such equity instrument shall be the same as the terms and conditions and the modification of the same of the original equity instrument.

3.26.2 Cash-settled share-based payment and equity instruments

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. Where equity-settled share-based payments are immediately exercised after the grant, they shall be included in the relevant cost or expenses based on the fair value upon the grant, with increase of liabilities recognized accordingly; if the right can be exercised only when the services within the vesting period come to an end or until the prescribed performance conditions are met, then the services obtained in the current period shall be included in the relevant costs or expenses at each balance sheet date in the vesting period, based on the best estimate of the equity instruments with vesting rights within the vesting period and according to the fair value of the liabilities incurred, and include in the corresponding liabilities. The Company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes into the current profit or loss.

The Company modifies the terms and conditions of the cash-settled share-based payment agreement to make it an equity settled share-based payment. On the modification date (whether occurring during or after the vesting period), the Company measures the equity settled share-based payment at its fair value on the date of granting the equity instrument, and includes the services obtained in the capital reserve. At the same time, the recognition of cash-settled share-based payments that have been recognized as liabilities on the modification date is terminated, and the difference between the two is recorded in the current profit and loss. If the vesting period is extended or shortened due to modifications, the Company will conduct accounting treatment according to the modified vesting period.

3.27 Preferred shares, perpetual bond and other financial instruments

The Company classifies the financial instruments or their components as financial assets, financial liabilities or equity instruments at the initial recognition, in accordance with contractual terms relating to the preferred stocks or perpetual bonds issued and economic substance reflected, and in combination with the definition of financial assets, financial liabilities and equity instruments.

The preferred stocks/perpetual bonds and other financial instruments issued by the Company shall, in whole or in part, be classified as financial liabilities at the initial recognition when meeting one of the following conditions:

- (1) There is any contractual obligation that the Company is unable to avoid the unconditional delivery of cash or other financial assets to fulfill;
- (2) The financial instruments contain any contractual obligation of delivering a variable number of their own equity instruments for settlement;
- (3) The financial instruments contain any derivative instrument settled with their own equity (such as equity transfer, etc.), which is not settled with a fixed amount of their own equity instruments in exchange for a fixed amount of cash or other financial assets;
- (4) There is any contract term that indirectly forms any contract obligation;
- (5) When the issuer liquidates, the perpetual bonds are liquidated in the same order as the ordinary bonds and other debts issued by the issuer.

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

3.28.1 General principles of revenue recognition

The Company has fulfilled the performance obligation in the contract, that is, the revenue is recognized when the customer obtains the control of relevant goods or services. Obtaining control over relevant goods or services means being able to dominate the use of such goods or services and obtain almost all economic benefits therefrom.

If the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation, in accordance with the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the commencement date of the contract. The Company measures the revenue according to the transaction price apportioned to each individual performance obligation.

Transaction price refers to the amount of consideration that the Company is expected to be entitled to receive, because of the transfer of goods or services to customers, excluding the amount collected on behalf of a third party or the amount expected to be returned to customers. The Company determines the transaction price according to the contract terms and previous customary practices; influence of variable consideration; major financing components in the contract; non cash consideration; consideration payable to customers and other factors. The Company determines the transaction price including variable consideration at an amount that does not exceed the amount that is probably not to be significantly reversed when the relevant uncertainty is eliminated. If there are significant financing components in the contract, the Company determines the transaction price according to the amount payable assuming that the customer will pay in cash when obtaining the control of goods or services, and amortizes the difference between the transaction price and the contract consideration by using the effective interest rate method during the contract period.

If one of the following conditions is fulfilled, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain point in time:

- While the Company performs the contract, the customer obtains and consumes the economic benefits brought by performance of the Company.
- The customer can control the goods under construction during the performance of the contract.
- The goods produced during the performance of the contract by the Company have irreplaceable uses, and the Company has the right to collect payment for the performance part that has been completed so far in the whole contract period.

For the obligations performed within a certain period of time, the Company shall recognize the revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. Considering the nature of goods or services, the Company adopts the output method or input method to determine the performance progress. When the performance progress cannot be reasonably determined and the costs incurred are expected to be able to be compensated, the Company recognizes the revenue according to the amount of costs incurred until the performance progress can be reasonably determined.

For the obligations performed at a certain point, the Company recognizes the revenue when the customer obtains the control of relevant goods or services. When judging whether the customer has obtained the control of goods or services, the Company considers the following signs:

- The Company has the current right to receive consideration for the commodity or services, that is, the customer has the current payment obligation for the commodity or services.
- The Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the goods.
- The Company has transferred the commodity to the customer.
- The Company has transferred the main risks and rewards of the ownership of the commodity to the customer, that is, the customer has obtained the main risks and rewards from ownership of the commodity.
- The customer has accepted the goods or services.

3.28.2 Revenue measurement principle

- (1) The Company measures the income according to the transaction price apportioned to each individual performance obligation. The transaction price refers to the amount of consideration that the Company is expected to be entitled to receive from the transfer of goods or services to customers, excluding the amount collected on behalf of a third party and the amount expected to be returned to customers.
- (2) If there is a variable consideration in the contract, the Company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the amount that the accumulated recognized income is unlikely to be significantly reversed when the relevant uncertainty is eliminated.
- (3) If there is a significant financing component in the contract, the Company shall determine the transaction price according to the payable amount assumed to be paid in cash when the customer obtains the control over the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. On the commencement date of the contract, if the Company expects that the interval between the customer's acquisition of control over the goods or services and the customer's payment of the price is no more than one year, the major financing components in the contract will not be considered.
- (4) If the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation on the contract commencement date according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation.

3.28.3 Specific methods of revenue recognition

- (1) Revenue recognized at a point in time

The sales of safe city products, intelligent manufacturing core components and green service electronic manufacturing products are the performance obligations to be performed at a point in time. The revenue recognition of domestic products shall meet the following conditions: the Company has delivered the products to the customers according to the contract; the control of the goods has been transferred; the payment for goods has been recovered or the collection certificate has been obtained; and the relevant economic benefits are likely to flow in; the main risks and rewards of the ownership of the goods have been transferred; and the legal ownership of the goods has been transferred. The revenue recognition of exported products shall meet the following conditions: the products has finished custom clearance according to the contract; bill of lading has been obtained; payment has been received with relevant receipt and the relevant economic benefits are likely to flow in; the main risks and rewards of the ownership of the products have been transferred; and the legal ownership of the products has been transferred.

- (2) Revenue recognized according to performance progress

The Company provides intelligent transportation integration, intelligent factory and system engineering installation and other service. Since the customer can control the goods or services under construction during the performance of the contract while the Company performs the contract, the Company regards it as the performance obligation to be performed over time, and recognizes the income according to the performance progress, unless the performance progress cannot be reasonably determined. The Company shall determine the performance progress of providing services according to the output method. If the cost incurred by the Company is expected to be compensated when the performance progress cannot be reasonably determined, the revenue shall be recognized according to the amount of the cost incurred until the performance schedule can be reasonably determined.

- (3) Leasing services

If the Company provides leasing services, it shall be recognized as rental income according to the straight-line method within the lease term agreed in the lease contract or agreement (the rent free period shall be considered if there is a rent free period). Refer to Notes 3.32 Relevant Disclosure of Lease Accounting Policies for details.

(4) Other

Others are applicable to property management and park service, and the income is recognized according to the straight-line method as agreed in the contract.

3.29 Contract cost

Contract cost includes contract performance cost and contract acquisition cost.

If the cost incurred by the Company for performing the contract does not fall within the scope of relevant standards and specifications such as inventory, fixed assets or intangible assets, it shall be recognized as an asset when the following conditions are fulfilled:

- The cost is directly related to a current or expected contract.
- This cost increases the Company's future resources for performance obligations.
- The cost is expected to be recovered.

If the incremental cost incurred by the Company to obtain the contract is expected to be recovered, the contract acquisition cost shall be recognized as an asset.

The assets related to the contract cost are amortized on the same basis as the recognition of the income from goods or services related to the assets. However, if the amortization period of contract acquisition cost does not exceed one year, the Company will accrue it into the current profit and loss when it occurs.

When the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company shall withdraw the impairment provision for the excess part and recognize it as asset impairment loss:

1. The residual consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. The estimated cost to be incurred for the transfer of the relevant goods or services.

If the impairment factors in the previous period change later, so that the above difference is higher than the book value of the asset, the Company will reverse the originally accrued impairment provision and record it into the current profit and loss, but the book value of the asset after reversal will not exceed the book value of the asset on the reversal date assuming that the impairment provision is not withdrawn.

3.30 Government grants

3.30.1 Classification

Government grants are monetary or non-monetary assets obtained by the Company from the government free of charge, which are divided into asset related government grants and income related government grants.

Government grants related to assets refer to the grants obtained by the Company, use for for the purchase and construction by the Company or formed by other ways as long term asset of the Company. Government grants related to income refer to government grants other than those related to assets.

3.30.2 Recognition

The Company recognizes government grants only when there is reasonable assurance that the Company complies with the conditions attached to them and the grants has been received.

3.30.3 Accounting practice

Asset related government grants offset the book value of relevant assets or be recognized as deferred income. If it is recognized as deferred income, it shall be included in the current profit and loss by stages according to a reasonable and systematic method within the service life of relevant assets (if it is related to the daily activities of the Company, it shall be included in other income; if it is not related to the daily activities of the Company, it shall be included in non-operating revenue);

Income related government grants, which are used to compensate the relevant costs, expenses or losses of the Company in the future, are recognized as deferred income, and are included in the current profit and loss (those related to the daily activities of the Company are included in other income; those unrelated to the daily activities of the Company are included in non-operating revenue) or offset the relevant costs, expenses or losses during the period when the relevant costs, expenses or losses are recognized; Those used to compensate the relevant costs, expenses or losses incurred by the Company shall be directly included in the current profit or loss (those related to the daily activities of the Company shall be included in other income; those unrelated to the daily activities of the Company shall be included in non-operating revenue) or offset the relevant costs, expenses or losses.

The policy-based preferential loan interest discount obtained by the Company is divided into the following two situations, and the accounting treatment is carried out respectively:

- (1) If the interest grants paid to the bank and then the bank provides bank loans to the 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.

3.31 Deferred income tax assets and deferred income tax liabilities

Income tax includes current income tax and deferred income tax. Except for the income tax arising from the business merger and the transaction or event directly booked into the owners' equity (including other comprehensive income), the Company will record the current income tax and deferred income tax into the current profit and loss.

Deferred income tax assets and deferred income tax liabilities shall be calculated and recognized on the basis of the difference (temporary difference) between the tax basis of the assets and liabilities and their carrying value.

For the deductible temporary difference, deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized. For the deductible loss and tax credit that can be carried forward to subsequent years, deferred income tax liabilities are recognized to the extent that it is probable that taxable profits will be available against which the deductible loss and tax credit can be utilized.

Taxable temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognized include:

- The initial recognition of goodwill;
- Other transactions or matters excluding business merger, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

Deferred income tax liability is recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless the Company can control the timing of reversal of such temporary differences and such temporary differences are likely not to be reversed in the foreseeable future. For the deductible temporary differences related to the investments of subsidiaries, associates and joint ventures, deferred tax assets are recognized when the temporary differences are likely to be reversed in the foreseeable future and the taxable income amount used to offset the deductible temporary differences is likely to be obtained in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured in accordance with the applicable tax rate during the period of expected recovery of the relevant assets or settlement of the relevant liabilities in accordance with the provisions of the tax law.

On the balance sheet date, the Company reviews the book value of the deferred income tax assets. If it is likely that sufficient taxable income will not be obtained to offset the profit of the deferred income tax asset in the future, the book value of the deferred income tax asset will be written down and it will be reversed when sufficient taxable income is likely to be obtained.

The current income tax assets and current income tax liabilities shall be reported at the net offset amount when the legal right to settle on a net basis is obtained and the intention is to settle or acquire assets on a net basis and pay liabilities occur simultaneously.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are presented in net amount after set-off when the following conditions are all satisfied:-

- Taxpayers have the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- The deferred income tax assets and deferred tax liabilities are relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred income tax assets or liabilities are expected to be reversed.

3.32 Lease

Lease refers to a contract in which the lessor assigns the right to use the property to the lessee within a certain period to obtain consideration. On the contract commencement date, the Company evaluates whether the contract is or includes a lease. If a party to the contract assigns the control of the right to use one or more identified properties for a certain period of time in exchange for consideration, the contract is or includes a lease.

If a contract contains multiple separate leases at the same time, the lessee and the lessor may split the contract, and account for each lease separately. If the contract includes both lease and non-lease parts, the lessee and the lessor shall split them.

For rental concessions such as rent reductions, deferred payments, etc. directly caused by the Covid-19 or agreed between parties on existing lease, if the following conditions are met at the same time, the Company adopts a simplified method for all lease options, and does not evaluate whether there is a lease change, also lease classification is not reassessed:

- The lease consideration after the concession is reduced or basically unchanged compared with that before the concession, and the lease consideration can be not discounted or discounted at the discount rate before the concession;
- After comprehensive consideration of qualitative and quantitative factors, it is determined that there is no significant change in other terms and conditions of the lease.

3.32.1 The Company as the lessee

(1) Right-of-use assets

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

- The initial measurement amount of the lease liability;
- The lease payment made on or before the commencement of the lease term, or the relevant amount after deducting the lease incentive already enjoyed if any;
- Initial direct costs incurred by the Company;
- The estimated cost incurred by the Company to dismantle and remove the leased assets, restore the site where the leased assets are located or restore the leased assets to the status as agreed in the lease terms, excluding the costs attributable to the production of inventories.

The Company adopts straight-line method to accrue the depreciation of the right to use assets. If the ownership of the leased assets can be reasonably determined upon expiration of the lease term, the Company shall deduct depreciation over the remaining useful life of the leased assets. Otherwise, depreciation of the leased asset shall be accrued in the shorter period between the lease period and the remaining useful life of the leased asset.

The Company shall determine whether the impairment of the right to use assets has occurred according to the principles stated in "3.21 Impairment of Long-term Assets" in this Note, and shall conduct accounting treatment for the recognized impairment losses.

(2) Lease Liabilities

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

- Fixed payment (including substantial fixed payment), and the relevant amount after deducting the lease incentive if any;
- Variable lease payments depending on index or ratio;
- Estimated payments of the residual value guaranteed by the Company;
- Strike price of the purchase option, provided that the Company reasonably determines that the option will be exercised;
- The amount to be paid for the exercise the option to terminate the lease, provided that the lease term reflects that the Company will exercise the options to terminate the lease;

The Company uses the interest rate implicit in lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the Company uses the incremental borrowing rate as the discount rate.

The Company calculates the interest expense of the lease liabilities in each the lease term at a fixed periodic interest rate, and includes it in the current profit or loss or related asset costs.

Variable lease payments that are not included in the lease liabilities are included in current profit or loss or related asset costs when incurred.

After the commencement date of the lease term, in case of any of the following circumstances, the Company shall re-measure the lease liabilities, and adjust the corresponding right-of-use assets. If the carrying amount of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the difference is included in the current profit or loss:

- When the Company's assessment on purchase options, lease renewal options, or lease termination options change, or the actual exercise of lease renewal options or lease termination options is inconsistent with the original assessment, the Company re-measures the lease liabilities according to the present value of lease payment after such change and the revised discount rate;
- When the actual fixed payment amount change, the expected payable amount of the guarantee residual value changes, or the index or ratio used to determine the lease payment amount changes, the Company re-measures the lease liability according to the lease payment amount after the change and the present value calculated by the original discount rate. However, if the change of lease payment derive from the change of floating interest rate, the revised discount rate shall be used to calculate the present value.

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

The Company chooses not to recognize the right-of-use assets and lease liabilities for short-term and low-value asset leases, and includes the related lease payments in the current profit or loss or related asset costs with the straight-line method in each lease term. Short-term lease refers to a lease that lasts for no more than 12 months and includes no purchase options at the commencement of the lease term. Low-value asset lease refers to a lease with lower value when the individual leased assets are brand new assets. If the Company sublets or anticipates subletting the leased assets, the original lease is not a low-value asset lease.

(4) Lease change

If a lease changes and meets all the following conditions, the Company will account for the lease change as a separate lease:

- The lease change expands the scope of the lease by adding one or more rights to use the leased assets;
- The increased consideration is equivalent to the individual price of the expanded part adjusted according to the contract.

If the lease change is not accounted for as a separate lease, the Company shall, on the effective date of the lease change, re-allocate the consideration of the changed contract, re-determine the lease term, and re-measure the lease liabilities at the present value calculated based on the changed lease payment and the revised discount rate.

If a change in the lease results in a reduction in the lease scope or a shorter lease term, the Company shall reduce the book value of the right to use assets accordingly and record the relevant gains or losses arising from the partial or complete termination of the lease into the current profit and loss. If other lease changes result in the re-measurement of lease liabilities, the Company shall adjust the book value of the right asset accordingly.

(5) Rent reduction due to COVID-19 pandemic

The relevant regulations of the "Notice of the Ministry of Finance on Adjusting the Scope of Application of the Provisions on Accounting Treatment of COVID-19 Related Rent Concessions" (Cai Kuai [2021] No. 9) is applicable to the Company as a lessee, and allows the adoption of simplified accounting method for concessions made for the "lease payments due before 30 June 2022".

For simplified methods related to COVID-19 pandemic, the Company does not assess whether leasing changes occur, it continues to calculate the interest costs of leased liabilities in accordance with the discount rate before concession, and accrue them to the current profit or loss, and it also continues to accrue depreciation of right-of-use asset in accordance with the method before concession. In case of rent reduction, the Company will treat the reduced rent as the amount of variable lease payment. When the original rent payment obligation is relieved by reaching a concession agreement, the cost or expense of relevant assets will be offset according to the discount amount of the undiscounted or pre concession discount rate, and the lease liabilities will be adjusted accordingly; If the payment of rent is delayed, the Company shall offset the lease liabilities recognized in the previous period at the time of actual payment.

For short-term leases and low-value asset leases, the Company continues to include the original contract rent into the relevant asset costs or expenses in the same way as before the concession. In case of rent reduction, the Company will treat the reduced rent as the variable lease payment and offset the relevant asset costs or expenses during the reduction period; If the payment of rent is delayed, the Company recognizes the rent payable as payable in the original payment period and offsets the payable recognized in the previous period when it is actually paid.

3.32.2 The Company as the lessor

The leases are classified as finance lease and operating lease at the beginning of the lease. Finance lease refers to the lease under which all the risks and rewards relevant to the ownership of assets are materially transferred, regardless of whether the ownership is ultimately transferred. Operating lease refers to the leases other than finance lease. When the Company is a sub-lessor, it classifies the sublease based on the right-of-use assets generated from the original lease.

(1) Accounting treatment of operating lease

Lease payment received from operating leases during each lease term shall be recognized as rental income with the straight-line method. The Company capitalizes the initial direct costs incurred in relation to operating leases, and allocates the same to the current profit or loss on the same basis as that for rental income recognized during the lease term. Variable lease payments that are not included in rental income are included in current profit or loss when incurred.

(2) Accounting treatment of finance lease

On the commencement date of the lease term, the Company recognizes the finance lease receivables and derecognizes the assets acquired under finance lease. When the Company initially measures the finance lease receivables, the net lease investment is taken as the book-entry value of the finance lease receivables. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease payment that have not been received at the commencement of the lease term and discounted at the interest rate in lease.

The Company calculates and recognizes the interest income in each lease term at a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted in accordance with Note "3.10 Financial Instruments".

Variable lease payments that are not included in the net lease investment are included in current profit or loss when incurred.

If the financial lease is changed and the following conditions are met at the same time, the Company will treat the change as a separate lease for accounting treatment:

- The change expands the scope of the lease by adding the right of use on one or more leased assets;
- The increased consideration is equal to the individual price of the extended scope of the lease adjusted according to the conditions of the contract.

If the modification of a financial lease is not accounted for as a separate lease, the Company handles the modified lease in the following circumstances:

- If the change takes effect on the lease commencement date, the lease will be classified as an operating lease, and the Company will account for it as a new lease from the effective date of the change and the lease investment net amount before the change becomes effective would be treated as the book value of the leased asset;
- If the change takes effect on the lease commencement date, the lease will be classified as a finance lease, and the company will conduct accounting treatment in accordance with the policy on modifying or renegotiating the contract in "3.10 Financial Instruments" in this note.

3.32.3 Sale-and-leaseback deals

The Company evaluates and determines whether the asset transfer in the sale-and-leaseback deals is a sale in accordance with the principles described in Note "3.28 Revenue".

(1) As a lessee

If the asset transfer in the sale-and-leaseback deal is a sale, the Company, as the lessee, measures the right-of-use asset according to the book value of original assets regarding the right of use obtained by leaseback, and only recognizes the relevant gains or losses for the rights transferred to lessor; If the asset transfer in the sale-and-leaseback deal is not a sale, the Company, as the lessee, continues to recognize the transferred assets and a financial liability which the amount is equal to the transfer income at the same time. Refer to Note "3.10 Financial Instruments" for the accounting treatment of financial liabilities.

(2) As a lessor

Where the asset transfer in the sale-leaseback transactions is a sale, the Company as the lessor conducts the accounting treatment for purchase of assets, and conducts the lease of assets in accordance with the policies on "2. The Company as a lessor" hereinabove; where the asset transfer in the sale-leaseback transactions is not a sale, the Company as the lessor does not recognize the transferred assets, but recognize an equivalent amount in financial asset. Refer to Note "3.10 Financial Instruments" for the accounting treatment of financial assets.

3.33 Termination of operation

Discontinued operation refers to the component meeting any of the following conditions that can be separately distinguished and that has been disposed of by the Company or classified as held for sale by the Company:

- (1) The component represents an independent major business or a sole major business area;
- (2) The component is a part of the plan on intended disposal of an independent major business or a sole major business area; or
- (3) The component is a subsidiary acquired only for re-sale.

The profit and loss from continuing operation and the profit and loss from discontinuing operation are separately presented in the profit statement. Operating gains and losses, such as impairment loss and reversal amount, and disposal gains and losses of terminated operations are reported as profit and losses of terminated operations. For the termination of operation reported in the current period, the Company will present the information originally presented as profit and loss from continuing operation as profit and loss from termination of operation for the comparable accounting period in the current financial statements.

3.34 Production safety cost

In accordance with the relevant provisions of the Notice on Distributing the Measures for the Administration of the Withdrawal and Use of Work Safety Expenses of Enterprises (Cai Zi [2022] No. 136) issued by the Ministry of Finance, the Company withdraws work safety expenses according to the income percentage specified by the industry.

Production safety cost shall be included in the cost of relevant products or current profit or loss when withdrawn, and shall be included in the "Special reserves".

When the withdrawn production safety fee is used within the specified scope, it is considered as expense expenditure, it shall be directly offset against the special reserve; If fixed assets are formed, the expenses incurred are collected through the "construction in progress" subject, and are recognized as fixed assets when the safety project is completed and reaches the expected usable state; At the same time, the special reserve shall be offset according to the cost of forming fixed assets, and the accumulated depreciation of the same amount shall be recognized. The fixed assets will not be depreciated in future periods.

3.35 Segmental reporting

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

Operating Segments refer to the components of the Company that meet the following conditions at the same time:(1) It is able to generate revenue and incur expenses in its daily activities; (2) The management of the Company can regularly evaluate the operating results of the component to determine the allocation of resources to it and evaluate its performance; (3) The Company can obtain relevant accounting information such as the financial position, operating results and cash flow of the component. If two or more operating segments have similar economic characteristics and meet certain conditions, they may be merged into one operating segment.

3.36 Main accounting estimates and judgments

Estimates and judgments are continuously assessed based on past experience and other factors (including reasonable predictions of future events in relevant circumstances). Estimates were continuously assessed and were based on historical experience and other factors, including expectations of future events that were considered to be justified in this context. Estimates and assumptions of a significant adjustment risk for the carrying amount of assets and liabilities in the next year are as follows:

3.36.1 Estimated service life and net residual value of fixed assets

The management of the Company confirms the estimated service life, net residual value and related depreciation costs based on the historical experience of the actual service life of the buildings, machinery and equipment with similar properties or functions. Management will adjust depreciation costs when previously estimated useful life is different or obsolete or sold technically obsolete or when there are nonstrategic assets. The actual economic life may differ from the expected useful life, and the actual net residual value may also differ from the expected one. Regular inspection of depreciable life, estimated net residual value may cause changes and changes in depreciation costs for future periods.

3.36.2 Net realizable value of the inventory

The net realizable value of the inventory is equal to the estimated selling price in the daily business activities minus the estimated cost occur at completion, the estimated sales expenses, and related taxes and fees. The estimate is based on current market conditions and historical experience of producing and selling products of the same nature, which may change significantly by technological innovation, and the competitors' behavior in response to serious industry cycles. Management will reassess the estimate on the balance sheet date.

3.36.3 Current period and deferred income tax

The Company shall pay income tax in different jurisdictions and make significant decision on the provision of income tax in each jurisdiction. In daily operations, the final determined tax involved in some transactions and calculations is uncertain. Considering the long-term nature and complexity of existing provisions, there will be differences between actual results and assumptions, and relevant assumptions will change in the future, thus affecting the determination of current income tax and deferred income tax.

When the management believes that it is likely to deduct sufficient temporary difference or income tax loss in the future, the deferred income tax assets related to the temporary difference or income tax loss are recognized. When the expected result is different from that before, the difference will affect the recognition of deferred income tax assets and current income tax expenses, which are included in the current period of the estimated change.

3.36.4 Impairment of financial assets

The provisions for impairment of financial assets are calculated based on assumptions of risk of default and expected loss rates. The Group makes assumptions and selects the calculated input values against the past account ages, existing market conditions and forward-looking estimates at the end of each reporting period. Note 3.10 and 3.11 disclose information related to all key assumptions.

3.36.5 Impairment of non-financial assets

The management of the Company needs to decide the asset impairment on the balance sheet date, especially when evaluating long-term assets, including fixed assets, projects under construction, intangible assets, etc. The recoverable amount is the higher value between the fair value of the asset minus the disposal expense and the present value of the expected future cash flow. The revaluation recoverable amount can be adjusted at each impairment test. Note 3.21 discloses the relevant information.

3.37 Changes in significant accounting policies and accounting estimates

3.37.1 Changes in significant accounting policies

The Ministry of Finance published the "Interpretation No. 16 of Accounting Standards for Business Enterprises" (Cai Kuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16") on 30 November 2022.

Interpretation No. 16 stipulates that for a single transaction that is not a merger combination and does not affect the accounting profit nor taxable income (or deductible losses) at the time of the transaction, and the initial recognition of assets and liabilities results in the creation of equivalent taxable temporary differences and deductible temporary differences (including any individual lease transaction in which the lessee initially recognises lease liability at the commencement date of the lease term and includes it in the right-of-use asset, and any transaction in which the lessee recognises an estimated liability and includes it in the cost of the related assets because there is an abandonment obligation for fixed assets, etc.), the requirement that being exempt from initially recognising deferred tax liabilities and deferred tax assets under Clause 11(II) and Clause 13 of Accounting Standards for Business Enterprises No. 18 – Income Tax shall not apply. For taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in respect of the transaction, enterprises should recognize the corresponding deferred income tax liabilities and deferred income tax assets respectively at the time of the transaction in accordance with the relevant provisions under the Accounting Standards for Business Enterprises 18 – Income Taxes.

"Accounting treatment for exempt from initial recognition shall not apply to deferred income taxes related to assets and liabilities arising from a single transaction" is effective from 1 January 2023. The impact of the implementation of this regulation on the consolidated financial statements of the Company is as follows:

Item	31 December 2022	1 January 2023	After adjustment
Deferred income tax assets	19,485,070.35	21,740,136.73	2,255,066.38
Deferred income tax liabilities	4,422,747.53	6,743,917.89	2,321,170.36
Undistributed profit	883,912,442.46	883,845,917.89	-66,524.57
Minority interest	256,288,784.16	256,289,204.75	420.59

The implementation of this requirement did not have a material impact on the financial position and results of operations of the parent company of the Company.

3.37.2 Changes in significant accounting estimates

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

4 TAXATION

4.1 Major tax types and tax rates

Tax type	Basis of tax calculation	Applicable tax rate
Value-added tax ("VAT")	A sales tax that is calculated based on the income from the sale of goods and taxable services in accordance with the tax law. After deducting the input tax allowed to be deducted in the current period, the difference is the value-added tax payable	13% for domestic sales of ordinary goods, utilities, etc., 9% for domestic provision of engineering services and leasing services, 6% for domestic provision of technical services, property services, etc., 5% for simple tax calculation of leasing services, 3% for simple tax calculation of some other services, and 1% for small-scale taxpayers
Urban maintenance and construction tax	Levied on the basis of the actual VAT paid	7%
Enterprise income tax	Levied based on taxable income	25%, 20%, 16.50%, 15%
Education surcharge	Levied on the basis of the actual VAT paid	3%
Local education surcharges	Levied on the basis of the actual VAT paid	2%

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

Name of the enterprise	Income tax rate
Nanjing Panda Electronic Manufacture Co., Ltd.	15.00%
Nanjing Panda Communications Technology Co., Ltd.	15.00%
Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	15.00%
Nanjing Panda Information Industry Co., Ltd.	15.00%
Nanjing Panda Mechatronics Instrument Technology Co., Ltd.	15.00%
Shenzhen Jinghua Information Technology Co., Ltd.	15.00%
Nanjing Panda Electronics Equipment Co., Ltd.	15.00%
Shenzhen Jingyu Electronics Co., Ltd.	15.00%
Chengdu Panda Electronic Technology Co., Ltd.	15.00%
Shenzhen Jinghua Property Management Co., Ltd.	20.00%
Jingwah Digital Technology Co., Ltd.	20.00%
Shenzhen Jinghua Media Technology Co., Ltd.	20.00%
Shenzhen Jingjia Property Management Co., Ltd.	20.00%
Galant Limited	16.50%
JWD Trading (HK) Co., Ltd.	16.50%

4.2 Tax preference

1. Nanjing Panda Electronic Manufacture Co., Ltd., a second-tier subsidiary of the Company, passed the re-assessment for high-tech enterprise recognition on 2 December 2020, and obtained the High-tech Enterprise Certificate (certificate number GR202032007426) issued by Jiangsu Provincial Science and Technology Department. The certificate is valid for 3 years. During such period, Nanjing Panda Electronic Manufacture Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
2. Nanjing Panda Communications Technology Co., Ltd., a second-tier subsidiary of the Company, passed the re-assessment for high-tech enterprise recognition on 2 December 2020, and obtained the High-tech Enterprise Certificate (certificate number GR202032006826) issued by Jiangsu Provincial Science and Technology Department. The certificate is valid for 3 years. During such period, Nanjing Panda Communications Technology Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
3. Nanjing Huage Appliance and Plastic Industrial Co., Ltd., a third-tier subsidiary of the Company, passed the re-assessment for high-tech enterprise recognition on 2 December 2020, and obtained the High-tech Enterprise Certificate (certificate number GR202032006058) issued by Jiangsu Provincial Science and Technology Department. The certificate is valid for 3 years. During such period, Nanjing Huage Appliance and Plastic Industrial Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
4. Nanjing Panda Information Industry Co., Ltd., a second-tier subsidiary of the Company, passed the re-assessment for high-tech enterprise recognition on 30 November 2021, and obtained the High-tech Enterprise Certificate (certificate number GR202132006189) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years. During such period, Nanjing Panda Information Industry Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
5. Nanjing Panda Electromechanical Instrument Technology Co., Ltd., a third-tier subsidiary of the Company, passed the re-assessment for high-tech enterprise recognition on 30 November 2021, and obtained the High-tech Enterprise Certificate (certificate number GR202132007415) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years. During such period, Nanjing Panda Electromechanical Instrument Technology Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
6. Shenzhen Jinghua Information Technology Co., Ltd., a third-tier subsidiary of the Company, passed the re-assessment for high-tech enterprise recognition on 23 December 2021, and obtained the High-tech Enterprise Certificate (certificate number GR202144202917) jointly issued by Shenzhen Municipal Science and Technology Innovation Committee and other government bodies. The certificate is valid for 3 years. During such period, Shenzhen Jinghua Information Technology Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
7. Nanjing Panda Electronics Equipment Co., Ltd., a second-tier subsidiary of the Company, passed the re-assessment for high-tech enterprise recognition on 30 November 2021, and obtained the High-tech Enterprise Certificate (certificate number GR202132008673) jointly issued by Jiangsu Provincial Science and Technology Department and other government bodies. The certificate is valid for 3 years. During such period, Nanjing Panda Electronics Equipment Co., Ltd. shall pay enterprise income tax at 15% of the taxable income.
8. Shenzhen Jingyu Electronics Co., Ltd., the third-tier subsidiary of the company, was recognized as a high-tech enterprise on 23 December 2021, and obtained the "High and New Technology Enterprise Certificate" (certificate number: GR202144201989) jointly issued by the Shenzhen Municipal Science and Technology Innovation Commission, with a validity period of 3 years. During this period, Shenzhen Jingyu Electronics Co., Ltd. paid enterprise income tax at 15% of the taxable income.

9. According to the Announcement on the Continuation of the Enterprise Income Tax Policy for the Development of the Western Region of the Ministry of Finance and the State Administration of Taxation and the National Development and Reform Commission (the Announcement No. 23 of 2020 of the Ministry of Finance and the State Administration of Taxation and the National Development and Reform Commission), from 1 January 2021 to 31 December 2030, enterprises in encouraged industries located in the western region will be taxed at a reduced rate of 15% of the taxable income. Chengdu Panda Electronic Technology Co., Ltd., a second-level subsidiary of the Company, satisfied the requirements for those enterprises qualified for preferential tax rate as stated in the Catalogue of Encouraged Industries in the Western Region implemented by the State Administration of Taxation, which stipulates that an enterprise, with its location set up in the western region, shall engage in a principal activity included in the State's encouraged industrial projects and record a revenue from such principal activity of more than 60% of its total revenue for the year of assessment. Chengdu Panda Electronic Technology Co., Ltd. is entitled to the enterprise tax rate of 15% in accordance with the provisions of the administrative measures for enterprises to make their own applications, not subject to review and confirmation by the tax authorities, and the relevant information is kept by the company for future inspection.
10. Shenzhen Jingjia Property Management Co., Ltd., Shenzhen Jinghua Property Management Co., Ltd., Jingwah Digital Technology Co., Ltd. and Shenzhen Jinghua Media Technology Co., Ltd. all being third-level subsidiaries of the Company, were recognized as low-profit small enterprises in the current period. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Further Implementation of Preferential Income Tax Policies for Small and Micro Profit Enterprises (Announcement No. 13 of the Ministry of Finance and the State Administration of Taxation, 2022) and the Announcement of the Ministry of Finance and the State Administration of Taxation on the Preferential Income Tax Policies for Small and Micro Enterprises and Self-Employed Individuals (Announcement of MOF and SAT [2023] No. 6), from 1 January 2023 to 31 December 2024, for low-profit small enterprises' annual taxable income not exceeding RMB3 million, the enterprise income tax shall be calculated at the rate of 20% based on the amount of taxable income being reduced to 25% thereof.
11. The profits tax rate for Galant Limited, a second-level subsidiary, and JWD Trading (HK) Co., Ltd, a fourth-level subsidiary, registered in Hong Kong is 16.5%.
12. According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Policy of Pre-Tax Addition and Deduction of R&D Expenses" (Announcement No. 7 of the Ministry of Finance and the State Administration of Taxation in 2023) issued by the Ministry of Finance and the State Administration of Taxation, if the R&D expenses actually incurred in the R&D activities of enterprises do not form intangible assets and are included in the current profit and loss, additional deduction as 100% of the actual amount shall be deducted from taxable income, since 1 January 2023; If intangible assets are formed, intangible assets shall be amortized before tax according to 200% of the cost, since 1 January 2023. The second-level subsidiaries of the Company including Nanjing Panda Electronics Equipment Co., Ltd., Nanjing Panda Information Industry Co., Ltd., Nanjing Panda Electronic Manufacturing Co., Ltd., Nanjing Panda Communications Technology Co., Ltd., Chengdu Panda Electronic Technology Co., Ltd., and the third-level subsidiaries of the Company including Nanjing Panda electromechanical instrument technology Co., Ltd., Nanjing Huage Appliance and Plastic Industrial Co., Ltd., Shenzhen Jinghua Information Technology Co., Ltd. and Shenzhen Jingyu Electronics Co., Ltd. enjoys the tax preference of additional deduction as 100% of the actual amount of R&D expenses before tax.
13. Nanjing Panda Xinxing Industrial Co., Ltd. and Nanjing Panda Electronic Technology Development Company Limited, second-level subsidiaries of the Company, and Shenzhen Jinghua Property Management Co., Ltd, a third-level subsidiary of the Company, enjoy the preferential policy of 5% of the VAT deduction from 1 January 2023 to 31 December 2023 according to the Announcement on the Clarification of Policies on Reduction and Exemption of Value-added Tax and Other Policies for Small Scale VAT Taxpayers (Announcement No. 1 of the Ministry of Finance and the State Administration of Taxation, 2023).
14. The Parking lot of Shenzhen Jinghua Electronics Co., Ltd, a third-level subsidiary of the Company, enjoys the preferential policy for small-scale VAT taxpayers, "six taxes and two fees" reduced by 50% according to the "Announcement on Further Implementation of the Policy of Reducing and Waiving 'Six Local Taxes and Two Fees' for Small and Micro Businesses" ([2022] No.10 of Finance and Taxation).
15. According to "Taxation on Value-added Tax Policies for Software Products" (Cai Shui [2011] No. 100), if general VAT taxpayers sell self-developed and produced software products or sell the imported software products after localization, after VAT has been collected at a tax rate of 13%, the refund-upon-collection policy shall be applied to the part of actual VAT burden in excess of 3%. A second-level subsidiary of the company, Nanjing Panda Communications Technology Co., Ltd. could enjoy this preferential policy.

5 NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and cash equivalents

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Cash on hand	70,117.35	66,238.15
Digital currency		
Bank deposits	1,008,738,635.61	954,478,051.70
Other monetary funds	79,023,079.87	104,846,716.25
Total	1,087,831,832.83	1,059,391,006.10
Including: funds deposited abroad	24,895,075.69	18,298,769.74
funds at internal finance company	492,462,538.22	497,892,953.53

The details of monetary funds with restrictions on use due to mortgage, pledge, or freezing are as follows:

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Deposit for bank acceptance bill	31,649,793.90	64,122,207.60
Performance and guarantee deposit	47,373,285.97	40,724,508.65
Frozen funds ^[1]	3,600,000.00	
Total	82,623,079.87	104,846,716.25

Note [1]: The frozen fund is the frozen bank deposit of the Suzhou Zetong case. For details, please refers to Note "12.

(2) 1, (4)".

5.2 Financial assets held for trading

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Financial assets measured at fair value through the current profit or loss	291,224,637.07	503,810,792.61
Including: Debt instrument investments		
Equity instrument investments		
Derivative financial assets ^[1]	-60,787.58	506,052.31
Others ^[2]	291,285,424.65	503,304,740.30
Total	291,224,637.07	503,810,792.61

Notes:

[1] Derivative financial assets at the end of the period represent changes in the fair value of forward exchange settlement and trading;

[2] Others included in the financial assets held for trading represent the financial products issued by banks and their fair value changes.

5.3 Notes receivable

1. Classification of notes receivable

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Bank acceptance bill	33,441,562.34	21,768,110.69
Finance company acceptance bill	3,430,000.00	8,345,812.54
Commercial acceptance bill	15,063,032.33	43,944,179.86
	<hr/>	<hr/>
Total	51,934,594.67	74,058,103.09
	<hr/> <hr/>	<hr/> <hr/>

2. The Company has no pledged notes receivable at the end of the period.

3. Notes receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill		12,444,321.00
Finance company acceptance bill		600,000.00
Commercial acceptance bill		5,224,816.80
	<hr/>	<hr/>
Total		18,269,137.80
	<hr/> <hr/>	<hr/> <hr/>

4. Notes converted into accounts receivable by the Company due to the issuer's failure to perform at the end of the period

Items	Amount transferred to accounts receivable at the end of the period
Commercial acceptance bill	569,080.44
	<hr/>
Total	569,080.44
	<hr/> <hr/>

5.4 Accounts receivable

1. Accounts receivable shown by aging

Aging	Closing balance	Balance at the end of last year
Within 1 year	1,007,982,457.25	985,647,452.14
Including: 0-6 months	733,738,878.35	847,147,582.61
7-12 months	274,243,578.90	138,499,869.53
1-2 years	128,584,394.01	120,527,972.44
2-3 years	100,858,143.39	87,109,893.37
3-4 years	39,336,486.45	39,520,949.35
4-5 years	8,005,371.91	9,893,818.22
Over 5 years	16,946,672.06	16,575,570.76
Subtotal	1,301,713,525.07	1,259,275,656.28
Less: bad debt provision	78,855,114.11	74,372,668.27
Total	1,222,858,410.96	1,184,902,988.01

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

2. Accounts receivable shown by classification of bad debt provisions

Type	Carrying Amount		Closing balance		Carrying Value	Balance at the end of last year		Carrying Value		
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)			
Accounts receivable accruing bad debt provision in individual portfolio	46,840,856.35	3.6	35,544,281.35	75.88	11,296,575.00	47,039,870.45	3.74	35,743,295.45	75.99	11,296,575.00
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	1,254,872,668.72	96.40	43,310,832.76	3.45	1,211,561,835.96	1,212,235,786.83	96.26	38,629,372.82	3.19	1,173,606,413.01
Among which:										
Aging portfolio	853,849,818.71	65.59	43,292,725.30	5.07	810,557,093.41	811,050,976.93	64.40	38,613,158.39	4.76	772,437,818.54
Others portfolio	401,022,850.01	30.81	18,107.46		401,004,742.55	401,184,808.90	31.86	16,214.43		401,168,594.47
Total	1,301,713,525.07	100.00	78,855,114.11		1,222,858,410.96	1,259,275,656.28	100.00	74,372,668.27		1,184,902,988.01

Individual Provision for bad debts:

Name	Carrying Amount	Closing balance		Reasons
		Provision for bad debts	Proportion of provision (%)	
Jiangsu Jinmao Robot Technology Co., Ltd.	22,593,150.00	11,296,575.00	50.00	Expected part cannot be recovered
Xuzhou Suning Real Estate Co., Ltd.	6,611,197.07	6,611,197.07	100.00	Expected cannot be recovered
Jiangsu Zhongshi Environment Technology Co., Ltd.	6,500,000.00	6,500,000.00	100.00	Expected cannot be recovered
Nanchang Shuntang Green Power Technology Co., Ltd.	3,258,250.75	3,258,250.75	100.00	Expected cannot be recovered
Wenzhou Zhongdian Xingxin Intelligent Technology Co., Ltd.	2,040,000.00	2,040,000.00	100.00	Expected cannot be recovered
Command of a military region	2,023,000.00	2,023,000.00	100.00	Expected cannot be recovered
Zhejiang Bajun Plastics Co., Ltd.	1,600,000.00	1,600,000.00	100.00	Expected cannot be recovered
Subtotal of other petty amount	2,215,258.53	2,215,258.53	100.00	Expected cannot be recovered
Total	<u>46,840,856.35</u>	<u>35,544,281.35</u>		

Bad debt provision by portfolio:

Provision by portfolio: Aging portfolio:

Name	Accounts receivable	Closing balance		Proportion (%)
		Provision for bad debts		
Within 1 year	643,801,064.45	7,786,252.54		
Including: 0-6 months	488,076,013.68			
7-12 months	155,725,050.77	7,786,252.54		5.00
1-2 years	97,203,025.74	9,720,302.57		10.00
2-3 years	87,331,493.74	13,099,724.06		15.00
3-4 years	13,513,069.64	4,053,920.89		30.00
4-5 years	6,737,279.81	3,368,639.91		50.00
Over 5 years	5,263,885.33	5,263,885.33		100.00
Total	<u>853,849,818.71</u>	<u>43,292,725.30</u>		

Provision by portfolio: Other combinations

Name	Accounts receivable	Closing balance		Proportion (%)
		Provision for bad debts		
The portfolio of related parties	<u>401,022,850.01</u>	<u>18,107.46</u>		
Total	<u>401,022,850.01</u>	<u>18,107.46</u>		

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

Type	Balance at the end of last year	Changes during the period		Closing balance
		Accrual	Reversal or recovery	
Provision for bad debts on individual basis	35,743,295.45		199,014.10	35,544,281.35
Provision for bad debts on portfolio basis	38,629,372.82	7,732,001.20	3,050,541.26	43,310,832.76
Including: Aging portfolio	38,613,158.39	7,730,108.17	3,050,541.26	43,292,725.30
Other combinations	16,214.43	1,893.03		18,107.46
Total	<u>74,372,668.27</u>	<u>7,732,001.20</u>	<u>3,249,555.36</u>	<u>78,855,114.11</u>

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

Name of debtors	Amount reversed or recovered	Reason for bad debt provision and the rationality	Reason for reversal or recovery	Approach
Nanchang Shuntang Green Power Technology Co., Ltd.	100,000.00	On individual basis	Debt collection	Cash and Bank
Bwton Technology Co., Ltd.	<u>99,014.10</u>	On individual basis	Debt collection	Cash and Bank
Total	<u>199,014.10</u>			

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

5. Status of top five debtors in the closing balance of accounts receivable

Name	Accounts receivable	Closing balance Proportion in total accounts receivable (%)	Provision for bad debts
Nanjing Metro Group Co., Ltd.	115,076,632.85	8.84	697,799.91
Nanjing BOE Display Technology Co., Ltd.	104,460,204.82	8.02	47,053.42
CEC Defense Technology Co., Ltd.	97,299,493.92	7.47	
Chengdu BOE Display Technology Co., Ltd.	82,483,078.75	6.34	
Nantong Rail Transit Group Co., Ltd.	<u>73,463,854.95</u>	<u>5.64</u>	<u>1,531,314.73</u>
Total	<u>472,783,265.29</u>	<u>36.32</u>	<u>2,276,168.06</u>

6. During the reporting period, the Company had no derecognized accounts receivable due to the transfer of financial assets.

7. During the reporting period, the Company had no assets or liabilities resulting from its continuing involvement in receivables transferred.

8. Overdue receivables at the end of the period

Items	Closing balance
Accounts not overdue and not impaired	889,080,756.23
Overdue but not impaired amount – within 3 months	130,318,219.93
Overdue but not impaired – over 3 months	203,459,434.80
	<hr/>
Total	1,222,858,410.96
	<hr/> <hr/>

5.5 Receivables financing

1. Financing of accounts receivable

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Notes receivable	74,685,151.06	53,346,403.19
Accounts receivable		
	<hr/>	<hr/>
Total	74,685,151.06	53,346,403.19
	<hr/> <hr/>	<hr/> <hr/>

2. Movement of receivables financing and changes of fair value

Items	Balance as at December 31, 2022	Increase	Derecognition	Other changes	Balance as at June 30, 2023	Accumulated impairment loss recognized in other comprehensive income
Notes receivable	53,346,403.19	185,616,901.64	164,278,153.77		74,685,151.06	
Accounts receivable						
	<hr/>	<hr/>	<hr/>		<hr/>	
Total	53,346,403.19	185,616,901.64	164,278,153.77		74,685,151.06	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>		<hr/> <hr/>	

3. The Company has no pledged receivables financing at the end of the period.

4. Financing of receivables endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill	328,546,642.54	
Commercial acceptance bill		
	<hr/>	<hr/>
Total	328,546,642.54	
	<hr/> <hr/>	<hr/> <hr/>

5.6 Advances to suppliers

1. Prepayments are listed by aging

Aging	Balance as at June 30, 2023		Balance as at December 31, 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	47,484,489.69	94.04	40,258,254.56	89.67
1 to 2 years	929,590.25	1.84	3,006,820.64	6.70
2 to 3 years	474,148.81	0.94	437,544.79	0.97
Over 3 years	1,605,706.24	3.18	1,196,114.04	2.66
Total	<u>50,493,934.99</u>	<u>100</u>	<u>44,898,734.03</u>	<u>100.00</u>

Note: The aging of the advance payment is disclosed based on the aging of the entry date.

2. Prepayments of the top five ending balances collected by prepayment object

Unit Name	Balance as at June 30, 2023	Proportion in total ending balance of prepayment (%)
Nanjing Panda Zhicheng Technology Co., Ltd.	7,977,768.30	15.8
EmdoorVR Technology Co., Ltd.	4,580,701.30	9.07
China RAILWAY Signal & Communication Shanghai Engineering BUREAU Group Co., Ltd.	4,369,539.75	8.65
Nanjing Keyong Technology Co., Ltd.	2,987,897.99	5.92
Shenzhen Ruibo Technology Co., Ltd.	2,641,650.00	5.23
Total	<u>22,557,557.34</u>	<u>44.67</u>

5.7 Other receivables

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Interest receivable		
Dividend receivable		
Other receivables	46,318,369.46	44,370,789.73
Total	46,318,369.46	44,370,789.73

1. Other receivables

- (1) Other receivables shown by aging

Aging	Balance as at June 30, 2023	Balance as at December 31, 2022
Within 1 year	29,418,645.40	29,724,983.92
Including: 0-6 months	26,863,040.86	26,110,783.29
7-12 months	2,555,604.54	3,614,200.63
1-2 years	6,363,812.38	4,188,234.23
2-3 years	9,357,156.75	8,746,107.58
3-4 years	2,014,041.82	2,242,863.35
4-5 years	1,580,943.52	1,840,478.92
Over 5 years	12,348,086.10	11,962,462.28
Sub-total	61,082,685.97	58,705,130.28
Less: provision for bad debts	14,764,316.51	14,334,340.55
Total	46,318,369.46	44,370,789.73

Note: The aging of other receivables is disclosed based on the aging on the entry date.

- (2) Disclosure by method of provision for bad debts

Category	Balance as at June 30, 2023				Book value	Balance as at December 31, 2022				Book value
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Provision for bad debts on individual basis	9,829,433.08	16.09	9,829,433.08	100.00		9,829,433.08	16.74	9,829,433.08	100.00	
Provision for bad debts by portfolio	51,253,252.89	83.91	4,934,883.43	9.63	46,318,369.46	48,875,697.20	83.26	4,504,907.47	9.22	44,370,789.73
Including:										
Aging portfolio	18,106,892.07	29.65	4,005,326.16	22.12	14,101,566.91	11,363,286.44	19.34	4,003,207.00	35.26	7,350,079.44
Other portfolios	33,146,360.82	54.26	929,557.27	2.80	32,216,803.55	37,522,410.76	63.92	501,700.47	1.34	37,020,710.29
Total	61,082,685.97	100.00	14,764,316.51		46,318,369.46	58,705,130.28	100.00	14,334,340.55		44,370,789.73

Other receivables with provision for bad debts made on an individual basis:

Entity Name	Book balance	Balance as at June 30, 2023		Reason for provision
		Provision for bad debts	Proportion of provision (%)	
MCT Worldwide LLC	6,937,000.00	6,937,000.00	100.00	Not expected to be recovered
Chongqing Ruyang Communication Technology Co., Ltd.	1,400,000.00	1,400,000.00	100.00	Not expected to be recovered
Other petty amounts	1,492,433.08	1,492,433.08	100.00	Not expected to be recovered
Total	<u>9,829,433.08</u>	<u>9,829,433.08</u>		

Provision for bad debts by portfolio

Portfolio: aging portfolio

Item	Amount Balance as at June 30, 2023		
	Other receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	11,152,018.22	38,230.40	
Including: 0-6 months	10,387,410.24		
7-12 months	764,607.98	38,230.40	5.00
1-2 years	589,934.85	58,993.49	10.00
2-3 years	1,263,831.46	189,574.72	15.00
3-4 years	1,468,431.82	440,529.55	30.00
4-5 years	709,355.44	354,677.72	50.00
Over 5 years	2,923,320.28	2,923,320.28	100.00
Total	<u>18,106,892.07</u>	<u>4,005,326.16</u>	

Portfolio: other portfolios

Item	Amount Balance as at June 30, 2023		
	Other receivable	Provision for bad debts	Proportion of provision (%)
Portfolio of deposit, security deposit and reserve fund	<u>33,146,360.82</u>	<u>929,557.27</u>	<u>2.80</u>
Total	<u>33,146,360.82</u>	<u>929,557.27</u>	

(3) Details of accrued 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)	
Provision for bad debts				
Balance as at December 31, 2022	4,504,907.47		9,829,433.08	14,334,340.55
Balance as at January 1, 2023				
- transfer to second stage				
- transfer to third stage				
- transfer back to second stage				
- transfer back to first stage				
Accrued in current period	712,240.46			712,240.46
Reversal in current period	282,264.50			282,264.50
Carry-forward in current period				
Written-off in current period				
Other changes				
Balance as at June 30, 2023	<u>4,934,883.43</u>	<u></u>	<u>9,829,433.08</u>	<u>14,764,316.51</u>

Changes in carrying amount of other receivables:

	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)	
Book balance				
Balance as at December 31, 2022	48,875,697.20		9,829,433.08	58,705,130.28
Balance as at January 1, 2023				
- transfer to second stage				
- transfer to third stage				
- transfer back to second stage				
- transfer back to first stage				
Increase in current period	119,921,552.27			119,921,552.27
Derecognition in current period	117,543,996.58			117,543,996.58
Other changes				
Balance as at June 30, 2023	<u>51,253,252.89</u>	<u></u>	<u>9,829,433.08</u>	<u>61,082,685.97</u>

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

Type	Balance as at December 31, 2022	Changes in current period			Balance as at 30 June, 2023
		Provision for bad debt incurred in current period	Reversed or received	Carried forward or written off	
Other receivable accruing bad debt provision on individual basis	9,829,433.08				9,829,433.08
Other receivables accruing bad debt provision by portfolio	4,504,907.47	712,240.46	282,264.50		4,934,883.43
Including: aging portfolio	4,003,207.00	273,283.66	271,164.50		4,005,326.16
Other portfolios	501,700.47	438,956.80	11,100.00		929,557.27
Total	14,334,340.55	712,240.46	282,264.50		14,764,316.51

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

Name of debtor	Amount reversed or recovered	Reason for bad debt provision and the rationality	Reason for reversal or recovery	Approach
Jiangsu Jianxie Whole-process Engineering Consulting Co., Ltd.	200,000.00	Aging portfolio	Debt collection	Collection in monetary terms
Total	200,000.00			

(5) There are no other receivables actually written off in the current period.

(6) Other receivables classified by nature

Nature of receivables	Balance as at June 30, 2023	Balance as at December 31, 2022
Deposit, security deposit	47,072,337.40	53,394,871.47
Export tax refund	1,424,990.55	
Others	12,585,358.02	5,310,258.81
Total	61,082,685.97	58,705,130.28

(7) Top five items of other receivables in terms of balance as at June 30, 2023 by debtor

Debtor	Nature of fund	Book balance	Aging	Proportion in total other receivables (%)	Provision for bad debts
Nanjing Qixia District People's Court ¹⁾	Security deposit	10,000,000.00	0-6 months	16.37	
MCT Worldwide LLC	Deposit	6,937,000.00	More than 5 years	11.36	6,937,000.00
Nantong Rail Transit Group Co., Ltd.	Security deposit	3,400,000.00	2-4 years	5.57	120,000.00
Nanjing Metro Operation Co., Ltd.	Security deposit	2,132,865.86	0-3 years	3.49	31,354.65
Ningbo Public Resources Trading Center (Ningbo Administrative Service Guarantee Center)	Security deposit	1,500,000.00	Within 1 year	2.46	
Total		<u>23,969,865.86</u>		<u>39.25</u>	<u>7,088,354.65</u>

Note[1]: This security deposit is paid for the Suzhou RS Technology case. See Note "12.2.1 (1)" for details.

5.8 Inventories

1. Classification of inventories

Items	Balance as at June 30, 2023			Balance as at December 31, 2022		
	Book balance	Provision for impairment loss	Book value	Book balance	Provision for impairment loss	Book value
Raw materials	184,164,501.99	16,400,678.75	167,763,823.24	185,411,284.98	19,846,191.47	165,465,093.51
Revolving materials	758,598.41	31,789.66	726,808.75	1,641,396.86	31,789.66	1,609,607.20
Goods in progress	126,159,912.81	6,423,642.20	119,736,270.61	92,442,413.22	6,423,642.20	86,018,771.02
Stored commodities	123,254,200.49	26,017,019.51	97,237,180.98	123,325,008.88	27,486,076.44	95,838,932.44
Delivered commodities	42,776,619.41	4,618,149.58	38,158,469.83	65,322,484.20	2,845,442.90	62,377,041.30
Contract performance cost	122,038,763.86	1,456,786.19	120,581,977.67	191,599,256.03	1,456,786.19	190,142,469.84
Total	<u>599,152,596.97</u>	<u>54,948,065.89</u>	<u>544,204,531.08</u>	<u>659,741,844.17</u>	<u>58,289,928.86</u>	<u>601,451,915.31</u>

2. Provision for inventory write down and impairment of contract performance costs

Item	Amount Balance as at December 31, 2022	Increase in current period		Decrease in current period		Amount Balance as at June 30, 2023
		Provision	Others	Reversal	Carry-forward	
Raw materials	19,946,191.47	1,334,640.77		3,824,861.09	1,055,272.40	16,400,678.75
Revolving materials	31,789.66					31,789.66
Goods in progress	6,423,642.20					6,423,642.20
Stored commodities	27,486,076.44	22,945.31		470,859.38	1,021,142.86	26,017,019.51
Delivered commodities	2,945,442.90	1,668,584.06		15,877.38		4,618,149.58
Contract performance cost	1,456,786.19					1,456,786.19
Total	58,289,928.86	3,046,170.14		4,311,617.85	2,076,415.26	54,948,065.89

5.9 Contract assets

1. Details of contract assets

Item	Carrying Amount	Closing balance		Balance at the end of last year		
		Provision for impairment	Carrying Value	Carrying Amount	Provision for impairment	Carrying value
Smart Transportation and Safe City	122,693,790.78		122,693,790.78	182,325,260.16		182,325,260.16
Industrial Internet and Intelligent Manufacturing	10,672,617.69		10,672,617.69	10,672,617.69		10,672,617.69
Total	133,366,408.47		133,366,408.47	192,997,877.85		192,997,877.85

2. Amount and reasons: Significant changes in carrying value during the reporting period

Project	Amount of change	Reason of change
Smart Transportation and Safe City	-59,631,469.38	Receivables transferred from contract assets confirmed at the beginning of the year
Total	-59,631,469.38	

3. Contract assets classified and disclosed by provision of impairment losses

Type	Closing balance				Balance at the end of last year				
	Carrying Amount	Proportion (%)	Provision for impairment	Carrying Value	Carrying Amount	Proportion (%)	Provision for impairment	Proportion (%)	Carrying Value
Provision for bad debts by individual accrual									
Provision for impairment by portfolio	133,366,408.47	100.00		133,366,408.47	192,997,877.85	100.00			192,997,877.85
Including: Aging portfolio	122,669,329.25	91.98		122,669,329.25	182,300,798.63	94.46			182,300,798.63
Other portfolio	10,697,079.22	8.02		10,697,079.22	10,697,079.22	5.54			10,697,079.22
Total	133,366,408.47	100.00		133,366,408.47	192,997,877.85	100.00			192,997,877.85

Provision for bad debts by portfolio:

Portfolio: Aging portfolio

Item	Contract Assets	Closing balance Provision for bad debts	Proportion of provision (%)
0-6 months	122,669,329.25		
Total	122,669,329.25		

Portfolio: Other portfolio

Item	Contract Assets	Closing balance Provision for bad debts	Proportion of provision (%)
Related party portfolio	10,697,079.22		
Total	10,697,079.22		

5.10 Non-current assets maturing within one year

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Warranty payment	1,244,897.62	1,747,508.96
Total	1,244,897.62	1,747,508.96

5.11 Other current assets

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Large-amount certificates of deposit	220,605,753.42	110,000,000.00
Enterprise Income Tax paid in advance		5,546,878.42
VAT allowance, Input tax to be credited and Input tax to be certified	6,221,121.38	6,204,337.94
Total	<u>226,826,874.80</u>	<u>121,751,216.36</u>

5.12 Long-term equity investments

Investee	Balance as at December 31, 2022	Additional investment	Reduced investment	Increase/decrease in the period				Provision for impairment	Others	Balance as at June 30, 2023	Balance of provision for impairment Balance as at June 30, 2023
				Investment gains or losses recognized under the equity method	Adjustments to other comprehensive income	Changes in other equities	Cash dividends or profits declared to be paid				
I. Associates											
Nanjing Ericsson Panda Communications Co., Ltd.	230,134,881.37			14,849,978.24						244,984,859.61	
Beijing Sa Potevio Mobile Communications Co., Ltd.	64,000,000.00									64,000,000.00	13,192,317.99
Nanjing LG Panda Appliances Co., Ltd.	421,494,387.78			25,011,662.75			60,000,000.00			386,506,050.53	
Shenzhen Jingwah Network Marketing Co., Ltd.	1,455,076.31			325.93						1,455,702.24	
Shenzhen Chebao Information Technology Co., Ltd.	303,396.49			-461.98						302,934.51	
Subtotal	717,388,041.95			39,861,504.94			60,000,000.00			697,249,546.89	13,192,317.99
Total	<u>717,388,041.95</u>			<u>39,861,504.94</u>			<u>60,000,000.00</u>			<u>697,249,546.89</u>	<u>13,192,317.99</u>

5.13 Other equity instrument investments

1. Details of other equity instruments

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd.	2,385,926.53	2,385,926.53
Total	<u>2,385,926.53</u>	<u>2,385,926.53</u>

Note: Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. is in the process of liquidation.

2. Details of equity instrument investment not held for trading

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

5.14 Investment property

1. Investment properties measured by cost

Items	Housing and buildings	Total
1. Original book value		
(1) Balance as at December 31, 2022	306,225,928.57	306,225,928.57
(2) Increase in the period		
– Transfer from fixed assets		
(3) Decrease in the period	4,252,962.34	4,252,962.34
– Transfer into fixed assets	4,252,962.34	4,252,962.34
(4) Balance as at June 30, 2023	301,972,966.23	301,972,966.23
2. Accumulated depreciation and amortization		
(1) Balance as at December 31, 2022	90,661,095.19	90,661,095.19
(2) Increase in the period	3,736,051.02	3,736,051.02
– Accrued or amortized	3,736,051.02	3,736,051.02
(3) Decrease in the period	1,859,688.92	1,859,688.92
– Transfer into fixed assets	1,859,688.92	1,859,688.92
(4) Balance as at June 30, 2023	92,537,457.29	92,537,457.29
3. Provision for impairment		
(1) Balance as at December 31, 2022		
(2) Increase in the period		
– Accrued		
(3) Decrease in the period		
– Disposal		
(4) Balance as at June 30, 2023		
4. Book value		
(1) Balance as at June 30, 2023	209,435,508.94	209,435,508.94
(2) Balance as at December 31, 2022	215,564,833.38	215,564,833.38

5.15 Fixed assets

1. Fixed assets and disposal of fixed assets

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Fixed assets	819,819,494.83	854,254,857.62
Disposal of fixed assets	8,783.84	8,783.84
Total	<u>819,828,278.67</u>	<u>854,263,641.46</u>

2. Breakdown of fixed assets

Items	Housing and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Other equipment	Total
1. Original book value						
(1) Balance as at December 31, 2022	921,958,424.80	554,132,146.55	20,448,173.14	86,436,663.47	72,471,957.19	1,655,447,365.15
(2) Increase in the period	4,252,962.34	383,097.31	6,637.17	355,918.77	810,831.42	5,809,447.01
- Purchase		383,097.31	6,637.17	355,918.77	724,592.89	1,470,246.14
- Transfer-in of construction in progress					86,238.53	86,238.53
- Transfer-in of investment property	4,252,962.34					4,252,962.34
(3) Decrease in the period		164,219.66	838,677.41	114,203.67	3,091,847.62	4,208,948.36
- Disposal or scrapping		164,219.66	838,677.41	114,203.67	3,091,847.62	4,208,948.36
- Transferred into investment property						
(4) Balance as at June 30, 2023	<u>926,211,387.14</u>	<u>554,251,024.20</u>	<u>19,616,132.90</u>	<u>86,678,578.57</u>	<u>70,190,940.99</u>	<u>1,657,047,863.80</u>
2. Accumulated depreciation						
(1) Balance as at December 31, 2022	307,869,824.89	351,588,274.65	16,698,511.72	67,387,840.13	55,423,804.80	798,947,856.19
(2) Increase in the period	16,967,692.44	16,197,999.28	517,803.87	3,477,470.89	2,925,897.85	40,086,864.33
- Provision	15,108,003.32	16,197,999.28	517,803.87	3,477,470.89	2,925,897.85	38,227,175.41
- Reversal of investment property	1,859,688.92					1,859,688.92
(3) Decrease in the period		159,476.07	778,475.29	113,276.90	2,999,774.63	4,051,002.89
- Disposal or retired		159,476.07	778,475.29	113,276.90	2,999,774.63	4,051,002.89
- Transferred into investment property						
(4) Balance as at June 30, 2023	<u>324,837,517.33</u>	<u>367,626,797.86</u>	<u>16,437,840.30</u>	<u>70,731,834.12</u>	<u>55,349,728.02</u>	<u>834,983,717.63</u>
3. Provision for impairment						
(1) Balance as at December 31, 2022		1,831,227.61	198,528.41	214,895.32		2,244,651.34
(2) Increase in the period						
- Provision						
(3) Decrease in the period						
- Disposal or scrapping						
(4) Balance as at June 30, 2023		<u>1,831,227.61</u>	<u>198,528.41</u>	<u>214,895.32</u>		<u>2,244,651.34</u>
4. Book value						
(1) Balance as at June 30, 2023	601,373,869.81	184,892,998.73	2,979,764.19	15,731,649.13	14,841,212.97	819,819,494.83
(2) Balance as at December 31, 2022	614,088,599.91	200,712,644.29	3,551,133.01	18,854,128.02	17,048,352.39	854,254,857.62

3. The Company has no significant temporarily idle fixed assets in the current period.

4. Fixed assets leased out by operating lease

Items	Housing and buildings	Transportation equipment	Total
1. Original book value			
(1) Balance as at December 31, 2022	48,541,209.00	1,890,022.55	50,431,231.55
(2) Increase in the period – Purchase			
(3) Decrease in the period – Disposal or scrapping – Others ^[1]	3,165,868.62		3,165,868.62
(4) Balance as at June 30, 2023	45,375,340.38	1,890,022.55	47,265,362.93
2. Accumulated depreciation			
(1) Balance as at December 31, 2022	39,601,967.14	1,525,591.83	41,127,558.97
(2) Increase in the period – Provision	500,733.89	85,465.01	586,198.90
(3) Decrease in the period – Disposal or scrapping – Others ^[1]	1,615,314.20	85,465.01	1,615,314.20
(4) Balance as at June 30, 2023	38,487,386.83	1,611,056.84	40,098,443.67
3. Provision for impairment			
(1) Balance as at December 31, 2022			
(2) Increase in the period – Provision			
(3) Decrease in the period – Disposal or scrapping			
(4) Balance as at June 30, 2023			
4. Book value			
(1) Balance as at June 30, 2023	6,887,953.55	278,965.71	7,166,919.26
(2) Balance as at December 31, 2022	8,939,241.86	364,430.72	9,303,672.58

Note [1]: Other transfer outs are reduced operating lease amounts in the current period.

5. Fixed assets with unfinished certificate

Items	Book value	Reasons for unfinished certificate
Housing and building (Shenzhen Long Gang Jingwah Electronics Co., Ltd.)	8,730,032.47	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	5,011,279.93	The certificate is in progress
Plant in Chengdu Park	50,933,516.44	The certificate is in progress

6. Other instructions

The useful lives of fixed assets in Mainland China:

Located in China	Balance as at June 30, 2023	Balance as at December 31, 2022
Medium term (10–50 years)	601,373,869.81	614,088,599.91
Short term (within 10 years)	218,445,625.02	240,166,257.71

7. Disposal of fixed asset

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Electronic equipment	8,373.84	8,373.84
Machinery and equipment	410.00	410.00
Total	8,783.84	8,783.84

5.16 Construction in progress

1. Construction in progress and project materials

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Construction in progress	311,414.66	1,218,625.66
Project materials		
Total	311,414.66	1,218,625.66

2. Status of construction in progress

Items	Balance as at June 30, 2023			Balance as at December 31, 2022		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Xingang Park Apartment 9 New Project				963,720.42		963,720.42
Other sporadic projects	311,414.66		311,414.66	254,905.24		254,905.24
Total	311,414.66		311,414.66	1,218,625.66		1,218,625.66

3. Changes of important construction in progress in the period

Project	Budget	Balance as at December 31, 2022	Increase in the period	Amount transferred into fixed assets in the period	Other decreases in the period	Balance as at June 30, 2023	Ratio of cumulative input in total budget (%)	Project progress (%)	Accumulated capitalization amount of interest	Including: capitalization amount of the interest of the period	Capitalization rate of the interest of the period (%)	Source of funds
Xingang Park Apartment 9 New Project ⁽¹⁾	5,500,000.00	963,720.42	2,573,893.21		3,537,613.63	70.77	100.00					funds raised by oneself
Other sporadic projects		254,905.24	142,747.85	86,238.53		311,414.66						funds raised by oneself
Total		1,218,625.66	2,716,641.16	86,238.53	3,537,613.63	311,414.66						

Note [1]: Other decreases represent transfer to long-term expenses to be amortised in the current period.

5.17 Right-of-use assets

Items	Buildings and constructions	Total
1. Original book value		
(1) Balance as at December 31, 2022	29,204,368.42	29,204,368.42
(2) Increase in the period		
– New lease	382,894.88	382,894.88
(3) Decrease in the period		
– Disposal		
– others ^[1]	832,890.56	832,890.56
(4) Balance as at June 30, 2023	28,754,372.74	28,754,372.74
2. Accumulated depreciation		
(1) Balance as at December 31, 2022	17,446,457.20	17,446,457.20
(2) Increase in the period		
– Provision	2,976,393.97	2,976,393.97
(3) Decrease in the period		
– others ^[1]	562,152.21	562,152.21
(4) Balance as at June 30, 2023	19,860,698.96	19,860,698.96
3. Provision for impairment		
(1) Balance as at December 31, 2022		
(2) Increase in the period		
– Provision		
(3) Decrease in the period		
– Disposal		
(4) Balance as at June 30, 2023		
4. Book value		
(1) Balance as at June 30, 2023	8,893,673.78	8,893,673.78
(2) Balance as at December 31, 2022	11,757,911.22	11,757,911.22

Note [1]: Others represent termination of lease, without renewal of the contract.

5.18 Intangible assets

5.18.1 Breakdown of intangible assets

Items	Land use right	Using Rights of Trademark	Computer software	Patents	Software copyright	Non-patented technology	Total
1. Original book value							
(1) Balance as at December 31, 2022	105,196,904.12	158,340,000.00	30,804,370.75	730,105.00	9,768,026.49	91,003,997.32	395,843,403.68
(2) Increase in the period			155,000.00				155,000.00
- Purchase			155,000.00				155,000.00
- Transferred from construction in progress							
(3) Decrease in the period							
- Disposal							
(4) Balance as at June 30, 2023	105,196,904.12	158,340,000.00	30,959,370.75	730,105.00	9,768,026.49	91,003,997.32	395,998,403.68
2. Accumulated amortization							
(1) Balance as at December 31, 2022	24,627,936.64	158,340,000.00	17,297,567.37	210,913.56	4,978,637.98	56,255,384.29	261,710,439.84
(2) Increase in the period	1,401,211.95		1,242,242.72	35,024.77	473,795.10	6,471,132.20	9,623,406.74
- Provision	1,401,211.95		1,242,242.72	35,024.77	473,795.10	6,471,132.20	9,623,406.74
(3) Decrease in the period							
- Disposal							
(4) Balance as at June 30, 2023	26,029,148.59	158,340,000.00	18,539,810.09	245,938.33	5,452,433.08	62,726,516.49	271,333,846.58
3. Provision for impairment							
(1) Balance as at December 31, 2022						3,562,919.55	3,562,919.55
(2) Increase in the period							
- Provision							
(3) Decrease in the period							
- Disposal							
(4) Balance as at June 30, 2023						3,562,919.55	3,562,919.55
4. Book value							
(1) Balance as at June 30, 2023	79,167,755.53		12,419,560.66	484,166.67	4,315,593.41	24,714,561.28	121,101,637.55
(2) Balance as at December 31, 2022	80,568,967.48		13,506,803.38	519,191.44	4,789,388.51	31,185,693.48	130,570,044.29

Intangible assets formed through internal research and development of the Company accounted for 24.09% of the balance of intangible assets at the end of the period.

5.18.2 During the reporting period, there was no land use right that had not been issued with a property right certificate.

5.18.3 Other instructions

Useful lives of intangible assets in Mainland China:

	Balance as at June 30, 2023	Balance as at December 31, 2022
Located in China		
Medium term (Not less than 50 years)	48,854,549.04	49,474,268.48
Short term (Less than 50 years but not less than 5 years)	72,247,088.51	81,095,775.81

5.19 Long-term deferred expenses

Item	Balance as at December 31, 2022	Increase in the period	Amortization in the period	Other decreases	Balance as at June 30, 2023
Decoration of Xingang Office Area	6,565,515.20	7,881,628.23	1,641,593.85		12,805,549.58
Smart City Exhibition Hall Project	1,611,611.98		420,420.52		1,191,191.46
Supporting facilities of electronic equipment industrial park phase I	797,946.92		140,814.16		657,132.76
Equipment park decoration project	432,583.49		130,337.70		302,245.79
Jingwah Dormitory Building Decoration Project	399,266.71		209,413.40		189,853.31
Other sporadic engineering projects	1,175,915.47	361,834.17	284,464.51		1,253,285.13
Total	10,982,839.77	8,243,462.40	2,827,044.14		16,399,258.03

5.20 Deferred income tax assets and deferred income tax liabilities

5.20.1 Deferred income tax assets without offset

Item	Balance as at June 30, 2023		Balance as at December 31, 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	80,779,776.61	12,137,638.54	78,088,323.49	11,722,193.31
Unrealized profit from internal transactions	3,697,041.08	621,674.66	3,828,080.93	648,273.94
Depreciation and amortization	5,360,229.73	804,034.46	6,344,528.02	951,679.20
Employee compensation payable	6,203,857.52	1,171,361.23	6,922,857.85	1,298,112.55
Accrued expenses	3,852,076.02	192,603.80	3,987,068.12	199,353.41
Deductible loss	27,996,263.80	4,199,439.57	27,996,263.80	4,199,439.57
Changes in fair value of investments in other equity instruments	1,264,073.47	316,018.37	1,264,073.47	316,018.37
Lease liabilities and non-current liabilities due within one year	9,782,331.67	1,936,528.54		
Government grants	1,000,000.00	150,000.00	1,000,000.00	150,000.00
Changes in fair value of financial assets held for trading	60,787.58	9,118.14		
Total	139,996,437.48	21,538,417.31	129,431,195.68	19,485,070.35

5.20.2 Deferred income tax liabilities without offset

Item	Balance as at June 30, 2023		Balance as at December 31, 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of trading financial assets	1,285,424.65	321,356.17	3,810,792.61	798,570.96
Right-of-use assets	8,893,673.78	1,797,528.67		
Accelerated depreciation of fixed assets	22,631,171.08	3,519,497.26	23,329,033.16	3,624,176.57
Total	32,810,269.51	5,638,382.10	27,139,825.77	4,422,747.53

5.21 Other non-current assets

Item	Balance as at June 30, 2023			Balance as at December 31, 2022		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Prepaid equipment and project funds				241,740.11		241,740.11
Warranty payment	28,678,806.53		28,678,806.53	16,448,734.92		16,448,734.92
Total	28,678,806.53		28,678,806.53	16,690,475.03		16,690,475.03

5.22 Short-term borrowings

5.22.1 Short-term borrowings by category

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Pledged borrowings [1]	18,113,510.72	
Secured borrowings		
Guaranteed loan		
Credit loans		
Total	18,113,510.72	

Note [1]: Receipts from the transfer of accounts receivable by factoring with recourse.

5.23 Notes payable

Category	Balance as at June 30, 2023	Balance as at December 31, 2022
Bank acceptance bill	95,910,943.76	140,306,918.37
Total	95,910,943.76	140,306,918.37

5.24 Accounts payable

5.24.1 Detail of Accounts payable

Item	Closing balance	Balance at the end of last year
Within 1 year (inclusive)	1,165,002,761.94	1,221,115,359.23
1–2 years (including 2 years)	110,057,624.97	200,049,737.02
2–3 years (including 3 years)	40,764,897.00	52,796,286.38
Over 3 years	66,926,376.80	59,581,776.02
Total	1,382,751,660.71	1,533,543,158.65

Note: The aging of the accounts payable is disclosed based on the aging on the entry date.

5.24.2 Significant account payables aged over 1 year

Item	Closing balance	Reasons for unsettled or carried forward
Nanjing Changxin Technology Co., Ltd.	23,253,610.93	Not settled
Guangzhou GRG Intelligent Technology Solution Co., Ltd.	19,302,598.14	Not settled
Motorola Solutions (China) Co., Ltd.	13,754,871.46	Not settled
Beijing Addsun Technology Co., Ltd.	10,821,345.04	Not settled
Suzhou RS Technology Co., Ltd.	9,210,929.87	Not settled
Jiangsu HENGXIN Technology Co., Ltd.	7,331,591.74	Not settled
Nanjing Youzhijie Technology Information Co., Ltd.	7,050,000.00	Not settled
XCMG Hanyun Technology Co., Ltd.	6,482,137.03	Not settled
Chipone (Hong Kong) Co., Ltd.	5,677,539.38	Not settled
Guangzhou Victel Technology Co., Ltd.	4,790,018.15	Not settled
Xuzhou Metro Information Technology Co., Ltd.	4,677,532.15	Not settled
Jiangsu Gaocheng Electronic Technology Co., Ltd.	4,127,673.67	Not settled
Nanjing Yingnuowei Information Technology Co., Ltd.	3,366,690.00	Not settled
Nanjing Longwei Construction Service Co., Ltd.	3,200,000.00	Not settled
Total	123,046,537.56	

5.25 Advances received

5.25.1 Details of advances received

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Advance rent collection	901,371.73	126,201.33
Total	901,371.73	126,201.33

5.26 Contractual liabilities

5.26.1 Breakdown of contract liabilities

Item	Closing balance	Balance at the end of last year
Smart Transportation and Safe City	42,377,204.60	32,048,265.67
Industrial Internet and Intelligent Manufacturing	31,868,143.07	22,527,820.98
Green and Service-oriented Electronic Manufacturing	20,411,222.02	13,005,733.76
Others		59,294.70
Total	94,656,569.89	67,641,115.11

5.26.2 Significant changes in book value during the Reporting Period and reasons therefor

Item	Amount of change	Reasons for change
Smart Transportation and Safe City	10,328,938.93	Amounts increased due to receipt of cash
Industrial Internet and Intelligent Manufacturing	9,340,322.09	Amounts increased due to receipt of cash
Green and Service-oriented Electronic Manufacturing	7,405,488.26	Amounts increased due to receipt of cash
Others	-59,294.70	Contract liabilities at the beginning of the period was recognized as revenue in current period
Total	27,015,454.58	

5.27 Employee compensation payable

5.27.1 Breakdown of employee compensation payable

Item	Balance as at December 31, 2022	Increase in the period	Decrease in the period	Balance as at June 30, 2023
Short-term compensation	49,030,607.55	261,776,964.95	288,030,875.35	22,776,697.15
Post-employment benefits				
– defined contribution plans	306,899.52	31,766,390.55	31,799,525.41	273,764.66
Dismissal welfare	5,270,085.49	2,557,398.03	3,584,272.87	4,243,210.65
Other benefits due within one year				
Total	54,607,592.56	296,100,753.53	323,414,673.63	27,293,672.46

5.27.2 Movement of short-term compensation

Item	Balance as at December 31, 2022	Increase in the period	Decrease in the period	Balance as at June 30, 2023
(1) Salaries, bonuses, allowances and subsidies	44,591,068.83	175,375,956.17	203,849,732.21	16,117,292.79
(2) Employee welfare		16,509,503.98	16,509,503.98	
(3) Social insurance premiums	156,700.84	12,523,188.36	12,487,647.38	192,241.82
Including: Medical insurance premium	129,970.00	10,522,664.03	10,489,648.17	162,985.86
Work-related injury insurance premium	14,325.63	870,031.86	867,639.86	16,717.63
Maternity insurance premium	12,405.21	1,130,492.47	1,130,359.35	12,538.33
(4) Housing provident funds	864,972.86	24,492,028.86	24,512,786.86	844,214.86
(5) Labor union expenditures and employee education funds	186,760.53	3,928,726.26	3,837,505.12	277,981.67
(6) Short-term compensated absences				
(7) Short-term profit sharing plan	2,000,000.00	200,000.00		2,200,000.00
(8) Non-monetary benefits				
(9) Labor cost	1,231,104.49	28,747,561.32	26,833,699.80	3,144,966.01
Total	49,030,607.55	261,776,964.95	288,030,875.35	22,776,697.15

5.27.3 Breakdown of defined contribution plans

Item	Balance as at December 31, 2022	Increase in the period	Decrease in the period	Balance as at June 30, 2023
Basic endowment insurance premium	271,822.25	24,247,190.59	24,254,419.88	264,592.96
Unemployment insurance premium	8,493.19	876,790.83	876,548.40	8,735.62
Enterprise annuity payment	26,584.08	6,642,409.13	6,668,557.13	436.08
Total	306,899.52	31,766,390.55	31,799,525.41	273,764.66

5.28 Taxes and surcharges payable

	Balance as at June 30, 2023	Balance as at December 31, 2022
Taxes and surcharges		
VAT	22,694,716.11	35,733,386.47
Enterprise income tax	6,865,042.98	8,482,192.07
Housing property tax	1,797,937.34	1,531,503.66
Urban maintenance and construction tax	1,013,369.32	1,957,033.00
Educational surcharges	723,835.43	1,397,907.03
Individual income tax	527,836.02	2,333,484.45
Land use tax	470,386.10	429,886.10
Other taxes and dues	166,527.14	206,999.14
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Total	34,259,650.44	52,072,391.92
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5.29 Other payables

	Balance as at June 30, 2023	Balance as at December 31, 2022
Taxes and surcharges		
Interest payable		
Dividends payable	18,083,696.51	5,338,779.34
Other payables	95,112,574.27	100,560,558.17
	<hr/>	<hr/>
Total	113,196,270.78	105,899,337.51
	<hr/> <hr/>	<hr/> <hr/>

5.29.1 Dividends payable

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Ordinary share dividends	18,083,696.51	5,338,779.34
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Total	18,083,696.51	5,338,779.34
	<hr/> <hr/>	<hr/> <hr/>

5.29.2 Other payables

(1) Breakdown of other payables by nature

Items	Balance as at June 30, 2023	Balance as at December 31, 2022
Security deposit	40,828,992.23	43,772,390.57
Operating activity related	22,178,508.44	21,787,830.54
Current accounts	22,773,977.97	26,358,249.83
Others	9,331,095.63	8,642,087.23
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Total	95,112,574.27	100,560,558.17
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(2) Significant other payables with the aging exceeding one year

Items	Balance as at June 30, 2023	Reason for arrearage
Nanjing Electronics Information Industrial Corporation	9,790,000.00	Current accounts
Nanjing Changxin Technology Co., Ltd.	5,356,262.42	The guarantee fund has not yet expired
Nanjing Gusheng Enterprise Management Co., Ltd.	4,400,000.00	The deposit has not yet expired
Shanghai Qiangdong Electronic Technology Co., Ltd.	4,331,804.76	The guarantee fund has not yet expired
Shenzhen Jingji Baina Business Management Co., Ltd.	3,848,094.00	The deposit has not yet expired
Panda Electronics Group Co., Ltd.	3,780,430.99	Current accounts
	<hr/>	
Total	31,506,592.17	
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5.30 Non-current liabilities maturing within one year

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Leasing liabilities due within one year	6,712,016.16	6,117,127.14
Total	6,712,016.16	6,117,127.14

5.31 Other current liabilities

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Tax amount for output to be transferred	2,982,783.77	4,224,786.10
Acceptance bills that have not been terminated for confirmation	18,269,137.80	12,505,639.04
Unaccepted government subsidies	9,745,000.00	10,790,000.00
Total	30,996,921.57	27,520,425.14

Unaccepted government subsidies:

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Industry foresight and key core technology projects	2,100,000.00	2,100,000.00
Research and development of key technologies for special polymer materials and products for 5G communications	1,200,000.00	1,200,000.00
The development and industrialization of the integrated platform of high-speed traffic management based on artificial intelligence	1,000,000.00	1,000,000.00
East China Electronics New Display Product Green Supply Chain Construction Project	1,000,000.00	1,000,000.00
Special fund for 2022 provincial science and technology plan	900,000.00	900,000.00
Internet AFC ticketing system	800,000.00	800,000.00
No. 1 pass & intelligent cloud gate machine for face recognition	600,000.00	600,000.00
Development of an intelligent monitoring system for oil and gas pipelines based on distributed optical fiber sensing and the Internet of Things	600,000.00	600,000.00
Key R&D Plan of Jiangsu Province in 2021	510,000.00	510,000.00
Research and development of key technologies for new edge network collaborative control equipment	435,000.00	435,000.00
AFC System Regional Centre (ZLC)	300,000.00	300,000.00
Enterprise Patent Navigation Project for New Generation Information Technology Patents	300,000.00	300,000.00
Research on the Application of New Electronic Identification Technology in the Transportation Industry		1,045,000.00
Total	9,745,000.00	10,790,000.00

5.32 Lease liabilities

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Lease payment	9,782,331.67	11,313,484.07
Including: financing charges unrecognized	300,921.36	466,799.18
Less: non-current liabilities due within 1 year	<u>6,712,016.16</u>	<u>6,117,127.14</u>
Total	<u><u>3,070,315.51</u></u>	<u><u>5,196,356.93</u></u>

5.33 Long-term payables

5.33.1 Detailed statement of long-term employee salaries payable

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Post-employment benefit – net liabilities of defined benefit plans	7,352,887.79	8,729,912.08
Dismissal welfare		
Other long-term benefits		
Total	<u><u>7,352,887.79</u></u>	<u><u>8,729,912.08</u></u>

5.34 Deferred income

Item	Balance as at December 31, 2022	Increase in the period	Decrease in the period	Balance as at June 30, 2023	Forming reason
Government grants	46,537,325.13	2,310,000.00	5,270,983.00	43,576,342.13	Government Grant
Total	<u><u>46,537,325.13</u></u>	<u><u>2,310,000.00</u></u>	<u><u>5,270,983.00</u></u>	<u><u>43,576,342.13</u></u>	

Items involving government grants:

Item	Balance as at December 31, 2022	New grants in the period	Amount included in the current profit or loss in the period	Other changes	Balance as at June 30, 2023	Related to assets/income
2017 Special Project for Technological Transformation of Electronic Information Industry	25,270,285.46		1,891,885.82		23,378,399.64	Related to assets
Provincial emerging industry guidance fund	9,146,341.46		731,707.32		8,414,634.14	Related to assets
R & D and industrialization of high localization industrial robot and intelligent complete equipment	4,605,672.84		444,376.07		4,161,296.77	Related to assets
Auto-transferring system industrialization of new panel display industry	3,210,059.16		492,666.66		2,717,392.50	Related to assets
New Model Project Grants	2,678,571.43		214,285.71		2,464,285.72	Related to assets
Provincial high-end equipment catch-up project special funds	680,783.30		54,804.18		625,979.12	Related to assets
Special fund for Preschool Education – average cost per student	580,011.48	2,310,000.00	1,278,857.24		1,611,154.24	Related to income
Nanjing industrial enterprise technology and equipment investment inclusive award and subsidies fund	365,600.00		162,400.00		203,200.00	Related to assets
Total	46,537,325.13	2,310,000.00	5,270,983.00		43,576,342.13	

5.35 Share capital

Item	Balance as at December 31, 2022	Changes during the period (increase +, decrease -)				Sub-total	Balance as at June 30, 2023
		Issue of new shares	Bonus shares	Conversion of the capital reserves into shares	Others		
Total shares	913,838,529.00						913,838,529.00

5.36 Capital reserves

Item	Balance as at December 31, 2022	Increase in the period	Decrease in the period	Balance as at June 30, 2023
Capital premium (share premium)	1,450,743,806.12			1,450,743,806.12
Other capital reserves	19,947,994.01			19,947,994.01
Total	1,470,691,800.13			1,470,691,800.13

5.37 Other comprehensive income

Item	Balance as at December 31, 2022	For the period					After tax attributable to minority shareholders	Balance as at June 30, 2023
		Amount before income tax in the current period	Less: amount previously included in the other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	After tax attributable to the parent company		
1. Other comprehensive income that cannot be reclassified to profit or loss	-948,055.10							-948,055.10
Including: Changes in fair value of other equity instruments investment	-948,055.10							-948,055.10
Total other comprehensive income	-948,055.10							-948,055.10

5.38 Special reserves

Item	Balance as at December 31, 2022	Increase in the period	Decrease in the period	Balance as at June 30, 2023
Work safety-related expenses		1,029,344.82	164,392.82	864,952.00
Total		1,029,344.82	164,392.82	864,952.00

5.39 Surplus reserves

Item	Balance as at December 31, 2022	As at January 1, 2023	Increase in the period	Decrease in the period	Balance as at June 30, 2023
Statutory surplus reserve funds	216,153,993.50				216,153,993.50
Discretionary surplus reserve	70,376,641.33				70,376,641.33
Total	286,530,634.83				286,530,634.83

5.40 Undistributed profits

Item	Current period	Last period
Balance at the beginning of the year before adjustment	883,912,442.46	866,732,902.94
Increase at the beginning of the year due to adjustment (or less: decrease)	-66,524.57	
Balance at the beginning of the year after adjustment	883,845,917.89	866,732,902.94
Add: Net profit attributable to owners of the parent company	-27,340,386.93	40,485,761.62
Less: Appropriation of statutory surplus reserve		10,512,482.70
Appropriation of discretionary surplus reserve		
General risk reserves withdrawn		
Cash dividends distributed in the year ⁽¹⁾	12,793,739.41	12,793,739.40
Transfer to paid-in capital		
Other		
	843,711,791.55	883,912,442.46
Balance at the end of the year		

Note [1]:

According to the 2022 profit distribution plan adopted by the 15th meeting of the tenth session of the board of directors and the 2022 annual shareholders' meeting of the Company, distribution will be made based on the total share capital of the Company being 913,838,529.00 shares. Cash dividend of RMB0.14 (tax inclusive) will be distributed for every 10 shares, totaling RMB12,793,739.41 (tax inclusive).

5.41 Operating revenue and operating costs

5.41.1 Operating revenue and operating costs

Item	Current period		Last period	
	Income	Cost	Income	Cost
Principal business	1,350,426,863.77	1,157,181,913.78	2,020,978,306.55	1,773,262,772.44
Other business	12,438,781.97	7,762,474.50	12,312,608.69	9,975,129.19
Total	1,362,865,645.74	1,164,944,388.28	2,033,290,915.24	1,783,237,901.63

(1) Details of operating revenue:

Item	Amount for current period	Amount for last period
Revenue from customer contracts	1,312,390,384.13	1,991,981,200.88
Rental income – operating leases	50,475,261.61	41,309,714.36
Total	1,362,865,645.74	2,033,290,915.24

(2) Presented by industry:

Item	Amount for current period	Amount for last period
Green and Service-oriented Electronic Manufacturing	607,714,414.81	646,589,702.47
Smart Transportation and Safe City	716,688,720.65	1,269,906,170.51
Industrial Internet and Intelligent Manufacturing	38,462,510.28	116,795,042.26
Total	<u>1,362,865,645.74</u>	<u>2,033,290,915.24</u>

5.41.2 Breakdown of income from contracts

The breakdown of income for the period is as follows:

Category of contract	Smart Transportation and Safe City	Green and Service-oriented Electronic Manufacturing	Industrial Internet and Intelligent Manufacturing	Elimination among segments	Total
Categorized by operating region:					
Nanjing	563,914,203.12	328,982,627.19	46,465,102.25	-73,516,156.26	865,845,776.30
Shenzhen	48,983,488.44	403,425,382.64		-157,279,785.10	295,129,085.98
Chengdu		151,775,178.64		-359,656.79	151,415,521.85
Total	<u>612,897,691.56</u>	<u>884,183,188.47</u>	<u>46,465,102.25</u>	<u>-231,155,598.15</u>	<u>1,312,390,384.13</u>
Categorized by transfer time of commodities:					
Recognized at a certain point of time	250,364,364.65	884,183,188.47	42,309,812.34	-222,480,323.40	954,377,042.06
Recognized during a certain period	362,533,326.91		4,155,289.91	-8,675,274.75	358,013,342.07
Total	<u>612,897,691.56</u>	<u>884,183,188.47</u>	<u>46,465,102.25</u>	<u>-231,155,598.15</u>	<u>1,312,390,384.13</u>

5.41.3 Description of performance obligations

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

1. The customer obtains and consumes the economic benefits brought by the Company's performance of the contract at the same time as the Company performs the contract.
2. The customer can control the assets under construction during the performance of the Company.
3. The assets produced by the Company during the performance of the contract have irreplaceable uses, and the Company is entitled to receive payments for the portion of the performance that has been completed so far over the entire contract period.

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

5.41.4 Transaction price allocated to remaining performance obligations

As of June 30, 2023, the transaction price corresponding to the performance obligations that have been signed but have not yet been performed or completed is RMB1,171,180,285.00, and it is expected that revenue will be recognized during the period from the second half of 2023 to 2024.

5.42 Taxes and surcharges

Item	Amount in the period	Amount in the corresponding period of last year
Housing property tax	4,012,574.31	3,813,708.81
Urban maintenance and construction tax	3,024,555.68	2,839,372.39
Educational surcharges	2,161,475.17	2,032,901.08
Land use tax	1,053,705.15	1,053,705.15
Stamp duty	1,002,272.19	781,606.64
Others	8,321.47	11,345.37
Total	11,262,903.97	10,532,639.44

5.43 Selling expenses

Item	Amount in the period	Amount in the corresponding period of last year
Salary and welfare of sales staff	17,060,355.88	15,462,791.69
Advertising and exhibition fees	2,191,264.51	906,082.11
Business entertainment	1,094,398.40	847,264.86
Travel expenses	854,558.48	461,981.31
Loading and unloading fees	579,289.72	721,224.63
Office expenses	274,082.91	352,117.30
Others	212,482.41	444,331.99
Total	22,266,432.31	19,195,793.89

5.44 General and administrative expenses

Item	Amount in the period	Amount in the corresponding period of last year
Wage and Co-ordination	81,607,941.12	83,554,311.86
Depreciation and amortization	21,840,397.42	10,208,826.32
Listing fees, attorney and consulting fees	4,106,884.43	5,558,956.87
Labor cost	3,183,085.90	3,666,714.80
Office fee, telephone fee and conference fee	2,694,037.98	2,353,711.59
Business entertainment	1,981,756.49	2,007,702.53
Travel expenses and transport expense	1,656,289.40	1,257,889.15
Lease expenses	1,178,313.51	1,465,349.80
Transportation fee and vehicle-related expenses	997,333.74	908,474.11
Repair charges	952,763.04	2,177,565.31
Others	2,611,133.71	2,917,646.36
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Total	122,809,936.74	116,077,148.70
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5.45 Research and development expenses

Item	Amount in the period	Amount in the corresponding period of last year
Labor charges	76,700,220.12	85,030,935.57
Materials, fuels and power	7,624,720.69	14,021,372.05
Depreciation and amortization	6,194,795.99	6,434,138.63
Commissioned development fee	1,689,760.23	3,422,706.95
Travel expenses	1,405,512.98	1,450,147.40
Leasing management fee	718,162.96	1,496,632.78
Test, inspection and maintenance costs	383,392.35	1,478,792.99
Others	2,371,230.64	962,708.05
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Total	97,087,795.96	114,297,434.42
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5.46 Financial expenses

Item	Amount in the period	Amount in the corresponding period of last year
Interest expense	230,894.62	209,404.12
Including: Interest expense on lease liabilities	230,894.62	209,404.12
Less: Interest income	6,843,795.85	7,982,407.86
Net exchange gains and loss	649,926.40	7,853,500.23
Service charge and others	715,312.29	856,031.66
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Total	-5,247,662.54	936,528.15
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5.47 Other income

Item	Amount in the period	Amount in the corresponding period of last year
Government grants	7,119,220.76	10,630,330.48
Input tax additional deduction	154,514.68	394,980.55
Personal income tax refund	267,350.61	135,051.00
The value added tax that software enterprise collects namely refunds	48,850.99	
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Total	7,589,937.04	11,160,362.03
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Government grants recorded into other income:

Item	Amount in the period	Amount in the corresponding period of last year	Related to assets/ related to income
2017 Special Project for Technological Transformation of Electronic Information Industry	1,891,885.82	1,891,885.82	Related to assets
Special funds for preschool education – average cost per student	1,278,857.24	1,402,281.18	Related to income
Research on the Application of New Electronic Identification Technology in the Transportation Industry	1,100,000.00		Related to income
Provincial emerging industry guiding funds	731,707.32		Related to assets
Auto-transferring system industrialization of new panel display industry	492,666.66	492,666.66	Related to assets
R&D and industrialization of high localization industrial robot and intelligent complete equipment	444,376.07	444,376.07	Related to assets
New Model Project Grants	214,285.71	214,285.71	Related to assets
The third batch of funding for the cultivation of independent high-tech enterprises in 2023	200,000.00		Related to income
Refund of union funds	182,196.08	130,688.14	Related to income
Nanjing industrial enterprise technology and equipment investment inclusive award and subsidies fund	162,400.00	162,400.00	Related to assets
2023 Specialized and Sophisticated SMEs Funding by Shenzhen SME Service Bureau	100,000.00		Related to income
One-time subsidy for employment of poverty alleviation workers	58,251.70		Related to income
Social security subsidies	56,229.23	196,201.08	Related to income
Provincial high-end equipment catch-up project special funds	54,804.18	54,804.18	Related to assets
Employment stabilization subsidies	41,890.75	135,726.45	Related to income
2023 annual science and technology development plan and technology funding	40,000.00		Related to income
High-tech enterprise innovation award	20,000.00		Related to income
Social security subsidies for recruitment of college and university graduates	16,000.00	54,000.00	Related to income
Grants from Shenzhen Science and Technology Innovation Committee	10,600.00	200,000.00	Related to income
Training subsidies	9,000.00	13,000.00	Related to income
Employment expansion subsidy	9,000.00		Related to income
Technology-oriented SME incentives	4,000.00		Related to income
Subsidy for Shenzhen Hong Kong cross-border waterway transportation	1,070.00		Related to income
Special fund for reconstruction of national industrial base and high-quality development of manufacturing industry in 2021		3,500,000.00	Related to income
Special fund for Nanjing's industrial and information technology development in 2022		1,075,000.00	Related to income
Municipal-level award for advanced and new technology enterprise accreditation		300,000.00	Related to income
Special award for little giant		125,000.00	Related to income
First batch of one-off retained workers training grants in 2022		115,875.00	Related to income
Bonus funds to incentivize industrial enterprises		75,000.00	Related to income
Receipt of subsidies from Pinghu Subdistrict Public Affairs Center, Longgang District, Shenzhen		40,000.00	Related to income
Refund of "six taxes and two fees" for small and micro enterprises		3,079.44	Related to income
Deduction for half of stamp tax		3,060.75	Related to income
Subsidies for employment information monitoring		1,000.00	Related to income
Total	7,119,220.76	10,630,330.48	

5.48 Investment income

Source of investment income	Amount in the period	Amount in the corresponding period of last year
Income from long-term equity investments calculated under equity method	39,861,504.94	37,273,948.13
Investment gains from the disposal of financial assets held for trading	6,760,225.51	4,613,406.24
Investment income from large-amount certificates of deposit	2,489,453.45	2,070,755.59
Total	49,111,183.90	43,958,109.96

5.49 Gains from changes in fair value

Sources of income from changes in fair value	Amount in the period	Amount in the corresponding period of last year
Financial assets held for trading	-2,586,155.54	-1,483,336.59
Total	-2,586,155.54	-1,483,336.59

5.50 Losses from credit impairment

Item	Amount in the period	Amount in the corresponding period of last year
Losses from impairment of accounts receivable	4,482,445.84	1,216,991.91
Losses from impairment of others receivable	429,975.96	343,264.80
Total	4,912,421.80	1,560,256.71

5.51 Losses from asset impairment

Item	Amount in the period	Amount in the corresponding period of last year
Losses from inventory depreciation and impairment of contract performance costs	-1,265,447.71	8,169,906.19
Losses from bad debts	144,257.00	
Total	-1,121,190.71	8,169,906.19

5.52 Income from disposal of assets

Item	Amount in the period	Amount in the corresponding period of last year	Amount included in non-recurring profit or loss in the period
Gain on disposal of non-current assets (loss marked with "-")	-20,702.97	120,045.79	-20,702.97
Total	-20,702.97	120,045.79	-20,702.97

5.53 Non-operating income

Item	Amount in the period	Amount in the corresponding period of last year	Amount included in current non-recurring gains and losses
Gains from damage and scrapping of non-current assets	3,098.77	675,347.56	3,098.77
Including: Fixed assets	3,098.77	675,347.56	3,098.77
Payment required not to be paid	1,238,902.41	94,956.93	1,238,902.41
Government grants		30,000.00	
Income from liquidated damages	56,062.64		56,062.64
Others	420,002.21	171,811.77	420,002.21
Total	1,718,066.03	972,116.26	1,718,066.03

Details of government grants calculated as non-operating income:

Item	Amount in the period	Amount in the corresponding period of last year	Related to assets/related to income
Pandemic prevention and disinfection subsidy		15,000.00	Related to income
Support for pandemic prevention supplies		10,000.00	Related to income
Outstanding project reward granted by the Association of Science and Technology in respect of the event of "Aspiration Pursuit and Contribution Comparison"		5,000.00	Related to income
Total		30,000.00	

5.54 Non-operating expenses

Item	Amount in the period	Amount in the corresponding period of last year	Amount included in non-recurring profit or loss in the period
Loss of non-current assets damaged and scrapped	24,134.36	17,154.91	24,134.36
Including: Loss from damage and scrapping of fixed assets	24,134.36	17,154.91	24,134.36
Others	72,329.99	127,235.44	72,329.99
Total	96,464.35	144,390.35	96,464.35

5.55 Income tax expenses

5.55.1 Table of income tax expenses

Item	Amount in the period	Amount in the corresponding period of last year
Current income tax	8,507,948.15	8,604,119.30
Deferred income tax	-903,816.37	-5,172.13
Total	7,604,131.78	8,598,947.17

5.55.2 Adjustment process of accounting profits and income tax expenses

Item	Amount in the period
Total profits	1,666,484.04
Income tax expenses calculated at statutory [or applicable] tax rate	416,621.01
Effect of the different tax rates applicable to subsidiaries	-1,998,080.62
Effect of adjustment on income tax in previous periods	61,843.06
Effect of non-taxable income	-19,094,611.70
Influence of non-deductible costs, expenses and losses	
Effect of using the deductible losses related to deferred income tax assets unrecognized in previous periods	
Effect of deductible temporary differences or deductible losses from deferred income tax assets unrecognized in the current period	33,264,765.57
R&D provides for the effect of additional deductible expenses	-5,046,405.54
Income tax expenses	7,604,131.78

5.56 Earnings per share

5.56.1 Basic earnings per share

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

Item	Amount in the period	Amount in the corresponding period of last year
Consolidated net profit attributable to ordinary shareholders of the parent company	-27,340,386.93	12,000,168.67
Weighted average number of common shares issued by the Company	913,838,529.00	913,838,529.00
Basic earnings per share	-0.0299	0.0131
Including: Basic earnings per share of continuing operation	-0.0299	0.0131
Basic earnings per share of discontinued operation		

5.56.2 Diluted earnings per share

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

Item	Amount in the period	Amount in the corresponding period of last year
Consolidated net profit attributable to ordinary shareholders of the parent company (diluted)	-27,340,386.93	12,000,168.67
Weighted average number of ordinary shares issued by the Company (diluted)	913,838,529.00	913,838,529.00
Diluted earnings per share	-0.0299	0.0131
Including: Diluted earnings per share of continued operation	-0.0299	0.0131
Diluted earnings per share of discontinued operation		

5.57 Information of cash flow statement

5.57.1 Other cash received relating to operating activities

Items	Amount in the period	Amount in the corresponding period of last year
Cash receipts from security deposits & restricted funds	38,780,535.05	136,025,755.36
Government grants	3,113,237.76	7,555,180.86
Interest Income	6,843,795.85	7,982,407.86
Others	9,368,476.08	1,543,199.85
Total	58,106,044.74	153,106,543.93

5.57.2 Other cash paid relating to operating activities

Items	Amount in the period	Amount in the corresponding period of last year
Payment of security deposit, earnest money and restricted funds	50,955,235.48	109,812,705.07
Payment of expenses	46,128,230.77	48,077,624.65
Handling charges	608,979.32	856,031.66
Others	2,886,161.51	988,089.59
Total	100,578,607.08	159,734,450.97

5.57.3 Other cash receipt related to investment activities

Items	Amount in the period	Amount in the corresponding period of last year
Principal of wealth management products	600,000,000.00	680,000,000.00
Principal of large-amount deposit certificate	10,000,000.00	
Total	610,000,000.00	680,000,000.00

5.57.4 Other cash paid related to investment activities

Items	Amount in the period	Amount in the corresponding period of last year
Principal of wealth management products	390,000,000.00	700,000,000.00
Principal of large-amount deposit certificate	120,000,000.00	
Total	510,000,000.00	700,000,000.00

5.57.5 Other cash paid related to financing activities

Items	Amount in the period	Amount in the corresponding period of last year
Cash paid for lease liability	1,931,302.62	6,337,347.85
Total	1,931,302.62	6,337,347.85

5.58 Supplementary information to the statement of cash flow

5.58.1 Supplementary information to the statement of cash flows

Supplementary information	Amount in the period	Amount in the corresponding period of last year
1. Net profit adjusted to cash flows from operating activities:		
Net profit	-5,937,647.74	25,267,266.04
Plus: Impairment loss for credit assets	-4,912,421.80	-1,560,256.71
Provision for impairment of assets	1,121,190.71	-8,169,906.19
Depreciation of fixed assets and investment property	41,963,226.43	43,229,551.92
Depreciation of the right-of-use assets	2,976,393.97	2,677,714.18
Amortization of intangible assets	9,623,406.74	9,605,320.83
Amortization of long-term deferred expenses	2,827,044.14	2,338,240.11
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	20,702.97	-120,045.79
Losses on write-off of fixed assets ("-" for gains)	21,035.59	-658,192.65
Losses on changes in fair value ("-" for gains)	2,586,155.54	1,483,336.59
Financial expenses ("-" for gains)	230,894.62	209,404.12
Investment losses ("-" for gains)	-49,111,183.90	-43,958,109.96
Decreases in deferred income tax assets ("-" for increases)	-2,053,346.96	241,874.39
Increases in deferred income tax liabilities ("-" for decreases)	1,215,634.57	-274,685.29
Decreases in inventories ("-" for increases)	60,589,247.20	100,461,897.94
Decreases in operating receivable ("-" for increases)	15,576,814.39	26,507,244.80
Increases in operating payables ("-" for decreases)	-206,262,545.52	-64,217,483.14
Others		
Net cash flow from operating activities	-129,525,399.05	93,063,171.19
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financing leases		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	1,008,808,752.96	946,045,064.52
Less: beginning balance of cash	954,544,289.85	848,233,503.66
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	54,264,463.11	97,811,560.86

5.58.2 Breakdowns of cash and cash equivalents

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
I. Cash	1,008,808,752.96	954,544,289.85
Including: Cash on hand	70,117.35	66,238.15
Unrestricted digital currency		
Unrestricted bank deposit	1,008,738,635.61	954,478,051.70
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Closing balance of cash and cash equivalents	1,008,808,752.96	954,544,289.85

5.59 Assets with restrictions on the ownership or right of use

Items	Book value Balance as at June 30, 2023	Reason for restriction
Monetary funds	82,623,079.87	Bank acceptance, letter of guarantee, performance bond and frozen fund
Notes receivable	18,269,137.80	Notes that have been endorsed but have not expired and have not been derecognized
Other receivables	10,000,000.00	Litigation deposit, see "12.2.1"
Total	110,892,217.67	

5.60 Monetary items in foreign currency

Item	Balance in foreign currency Balance as at June 30, 2023	Exchange rate	Balance converted into RMB Balance as at June 30, 2023
Monetary funds			40,321,576.13
Including: USD	4,595,184.66	7.2258	33,203,885.32
EUR	376,691.00	7.8771	2,967,232.68
HKD	574,009.32	0.9220	529,236.59
JPY	72,279,871.00	0.0501	3,621,221.54
Accounts receivable			5,942,333.31
Including: USD	718,318.24	7.2258	5,190,423.94
EUR	4,613.34	7.8771	36,339.74
JPY	14,282,827.00	0.0501	715,569.63
Accounts payable			47,465,951.62
Including: USD	6,299,869.00	7.2258	45,521,593.42
JPY	38,809,545.00	0.0501	1,944,358.20
Other receivables			770,906.35
Including: USD	101,137.50	7.2258	730,799.35
HKD	43,500.00	0.9220	40,107.00
Other payables			2,194,493.52
Including: USD	303,702.50	7.2258	2,194,493.52

5.61 Government grants

5.61.1 Asset-related government grants

Category	Amount	Balance as at June 30, 2023	Items presented in the balance sheet	Amount included in the current profit or loss or used to offset the related costs or losses		Item in the current profit or loss or used to offset the related costs or losses
				Amount in the period	Amount in the corresponding period of last year	
2017 Technical Transformation Special Project of Electronic Information Industry	30,000,000.00	23,378,399.64	Deferred income	1,891,885.82	1,891,885.82	Other income
Provincial emerging industry guidance fund	10,000,000.00	8,414,634.14	Deferred income	731,707.32		Other income
High localization rate of industrial robots and intelligent complete sets of equipment research and development and industrialization	8,120,000.00	4,161,296.77	Deferred income	444,376.07	444,376.07	Other income
New flat panel display factory automation transplanting system industrialization project	30,000,000.00	2,717,392.50	Deferred income	492,666.66	492,666.66	Other income
New model project grant	3,500,000.00	2,464,285.72	Deferred income	214,285.71	214,285.71	Other income
Provincial high-end equipment catch-up project special funds	900,000.00	625,979.12	Deferred income	54,804.18	54,804.18	Other income
Nanjing Industrial Enterprise Technology and Equipment Input Inclusive Incentive Fund	1,624,000.00	203,200.00	Deferred income	162,400.00	162,400.00	Other income
	=====	=====		=====	=====	

5.61.2 Government grants related to income

Category	Amount	Amount included in the current profit or loss or used to offset the related costs or losses		Item in the current profit or loss or used to offset the related costs or losses
		Amount in the period	Amount in the corresponding period of last year	
Industry foresight and key core technology projects	2,100,000.00			
Research and development of key technologies for special polymer materials and products for 5G communication	1,200,000.00			
East China Electronics New Display Product Green Supply Chain Construction Project	1,000,000.00			
Research and industrialization of an integrated platform for high-speed transportation and management based on artificial intelligence	1,000,000.00			
Special fund for 2022 provincial science and technology plan	900,000.00			
Internet AFC ticketing system	800,000.00			
One Number Communication & Intelligent Cloud Gate for Face Recognition	600,000.00			
Research and development of intelligent monitoring system for oil and gas pipelines based on distributed optical fiber sensing and the Internet of Things	600,000.00			
Key R&D Plan of Jiangsu Province in 2021	510,000.00			
Research and development of key technologies for new edge network collaborative control equipment	435,000.00			
Automatic Fare Collection AFC System Regional Center (ZLC)	300,000.00			
Enterprise patent navigation project for new generation information technology patents	300,000.00			
Special fund for preschool education – average cost per student	1,278,857.24	1,278,857.24	1,402,281.18	Other Income
Income from research on the application of new electronic identification technology in the transportation industry	1,100,000.00	1,100,000.00		Other Income
Third batch of funding for independence cultivation of hi-tech enterprises in 2023	200,000.00	200,000.00		Other Income
Refund of trade union expense	182,196.08	182,196.08	130,688.14	Other Income
2023 Specialized and Sophisticated SMEs Funding by Shenzhen SME Service Bureau	100,000.00	100,000.00		Other Income
One-time subsidy for employment of poverty alleviation workers	58,251.70	58,251.70		Other Income
Social security allowance	56,229.23	56,229.23	196,201.08	Other Income
Job stabilization subsidies	41,890.75	41,890.75	135,726.45	Other Income
2023 annual science and technology development plan and technology funding	40,000.00	40,000.00		Other Income

Category	Amount	Amount included in the current profit or loss or used to offset the related costs or losses		Item in the current profit or loss or used to offset the related costs or losses
		Amount in the period	Amount in the corresponding period of last year	
High-tech Enterprise Innovation Award	20,000.00	20,000.00		Other Income
Social security subsidies for recruitment of college and university graduates	16,000.00	16,000.00	54,000.00	Other Income
Grants from Shenzhen Science and Technology Innovation Committee	10,600.00	10,600.00	200,000.00	Other Income
Training subsidies	9,000.00	9,000.00	13,000.00	Other Income
Post expansion subsidy	9,000.00	9,000.00		Other Income
Incentives for technology-based SMEs	4,000.00	4,000.00		Other Income
Subsidy for Shenzhen Hong Kong cross-border waterway transportation	1,070.00	1,070.00		Other Income
Special fund for reconstruction of national industrial base and high-quality development of manufacturing industry in 2021			3,500,000.00	Other Income
Special fund for Nanjing's industrial and information technology development in 2022			1,075,000.00	Other Income
Municipal-level award for advanced and new technology enterprise accreditation			300,000.00	Other Income
Special award for little giant			125,000.00	Other Income
First batch of one-off stay training grants in 2022			115,875.00	Other Income
Bonus funds to incentivize industrial enterprises			75,000.00	Other Income
Receipt of subsidies from Pinghu Street Public Affairs Center, Longgang District, Shenzhen			40,000.00	Other Income
"Six taxes and two fees" exemption for SME			3,079.44	Other Income
Deduction for half of stamp tax			3,060.75	Other Income
Subsidies for employment information monitoring			1,000.00	Other Income
Pandemic prevention and disinfection subsidy			15,000.00	Non-operating Income
Support for pandemic prevention supplies			10,000.00	Non-operating Income
Outstanding project reward granted by the Association of Science and Technology in respect of the event of "Aspiration Pursuit and Contribution Comparison"			5,000.00	Non-operating Income

5.62 Lease

5.62.1 The Company as the lessee

Item	Amount in the period	Amount in the corresponding period of last year
Interest expense on lease liabilities	230,894.62	209,404.12
Short-term lease payments with simplified treatment charged to the cost of the related asset or to current profit or loss	2,119,193.86	160,664.67
Simplified Lease charges for low-value assets (short-term lease charges for low-value assets excluded) included in the cost of the relevant asset or in the current profit or loss		
Variable lease payments not included in the measurement of the lease liability that are charged to the cost of the related asset or to current profit or loss		
Including: Portion arising from sale-and-leaseback transactions		
Income from subletting of right-to-use assets	1,125,566.19	
Total cash outflows relating to leases	3,120,186.72	6,506,045.75

The Company's potential future cash outflows not measured as lease liabilities mainly come from leases that have been committed but not yet started by the lessee.

The expected cash outflows for leases that the Company has committed but not yet started in the future are as follows:

Remaining lease term	Undiscounted lease payments
Within 1 year	24,000.00
Total	24,000.00

5.62.2 The Company as the lessor

- (1) Operating lease

	Amount in the period	Amount in the corresponding period of last year
Revenue from operating lease	50,475,261.61	41,309,714.36

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

Remaining lease term	Amount in the period	Amount in the corresponding period of last year
Within 1 year	70,309,770.56	97,206,067.40
1 – 2 years	45,391,617.75	45,132,838.00
2 – 3 years	37,866,586.00	29,867,925.00
3 – 4 years	29,867,925.00	29,867,925.00
4 – 5 years	31,323,987.00	29,867,925.00
Over 5 years	105,447,966.25	129,304,972.00
Total	320,207,852.56	361,247,652.40

6 CHANGES IN CONSOLIDATED SCOPE

6.1 Merger of enterprises under different control

No merger occurred under different control during current period.

6.2 Merger of enterprises under common control

No merger occurred under common control during current period.

6.3 Reverse Purchasing

No reverse purchases occurred during current period.

6.4 Disposal subsidiary

No disposal of subsidiaries occurred during current period.

6.5 Other reasons for changes in the scope of the merger

No changes in the scope of the merger occurred during current period.

7 INTERESTS IN OTHER ENTITIES

7.1 Interests in subsidiaries

7.1.1 Components of the enterprise group

Unit: ten thousand

Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered Capital	Shareholding (%)		Access
					Direct	Indirect	
Nanjing Panda Electronics Manufacturing Co., Ltd. [1]	Nanjing	Nanjing	Manufacturing	2,000.00	75.00	25.00	Establishment
Nanjing Panda Xinxing Industrial Co., Ltd.	Nanjing	Nanjing	Services	2,000.00	100.00		Establishment
Nanjing Panda Electronics Equipment Co., Ltd. Galant Limited [2]	Nanjing	Nanjing	Manufacturing	19,000.00	100.00		Establishment
	Hong Kong	Hong Kong	Investment	1 HKD	100.00		Establishment
Nanjing Panda Information Industry Co., Ltd. [1]	Nanjing	Nanjing	Manufacturing	3,194.64	82.00	18.00	Establishment
Nanjing Panda Communications Technology Co., Ltd.	Nanjing	Nanjing	Manufacturing	10,000.00	100.00		Business combinations under common control
Nanjing Panda Electronic Technology Development Company Limited	Nanjing	Nanjing	Manufacturing	70,000.00	100.00		Establishment
Chengdu Panda Electronic Technology Co., Ltd.	Chengdu	Chengdu	Manufacturing	5,000.00	100.00		Establishment
Nanjing Panda Electromechanical Instrument Technology Co., Ltd.	Nanjing	Nanjing	Manufacturing	1,000.00		100.00	Establishment
Nanjing Panda Electromechanical Manufacturing Co., Ltd.	Nanjing	Nanjing	Manufacturing	3,500.00		100.00	Business combinations under common control
Nanjing HUAGE Appliance and Plastic Industrial Co., Ltd.	Nanjing	Nanjing	Manufacturing	6,000.00		100.00	Business combinations under common control
Shenzhen Jingwah Electronics Co., Ltd. [3]	Shenzhen	Shenzhen	Services	11,507.00	43.34		Business combinations under common control
Shenzhen Jingwah Property Management Company Limited [4]	Shenzhen	Shenzhen	Services	100.00		43.34	Establishment
Shenzhen Jingya Property Management Company Limited [4]	Shenzhen	Shenzhen	Services	100.00		43.34	Establishment
Shenzhen Jinghua Information Technology Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	2,000.00		26.67	Establishment
Shenzhen Jingwah Digital Technology Company Limited [4]	Shenzhen	Shenzhen	Manufacturing	500.00		26.67	Establishment
JWD Trading (HK) Co., Ltd. [1][2][4]	Shenzhen	Shenzhen	Manufacturing	10.00		26.67	Establishment
Shenzhen Jingwah Multimedia Technology Company Limited [4]	Shenzhen	Shenzhen	Manufacturing	500.00		43.34	Establishment
Shenzhen Jingyu Electronics Co. [4]	Shenzhen	Shenzhen	Manufacturing	931.41		43.34	Establishment
Shenzhen Longgang Jingwah Electronics Co., Ltd. [4]	Shenzhen	Shenzhen	Services	350.00		39.01	Establishment

Note:

[1] The registered capital of Nanjing Panda Electronic Manufacture Co., Ltd., Nanjing Panda Information Industry Co., Ltd., and JWD Trading (HK) Co., Ltd. is USD.

[2] Galant Limited has not actually contributed capital, and its registered capital is Hong Kong dollars.

[3] Shenzhen Jingwah Electronics Co., Ltd. is a joint stock limited company (non listed), while the other companies mentioned above are limited liability companies.

[4] This part of affiliated enterprises is held by Shenzhen Jingwah Electronics Co., Ltd. Among the 7 members of the board of directors of Shenzhen Jingwah Electronics Co., Ltd., the Company recommends 4 directors. The articles of association stipulate that a resolution of the board of directors must be passed by a majority of all directors unless otherwise stipulated by law. Therefore, the Company can control Shenzhen Jingwah Electronics Co., Ltd.

7.1.2 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 Jingwah Electronics Co., Ltd. [1]	56.66%	-27,340,386.93		277,691,943.94

Explanation of the difference between the shareholding ratio of minority shareholders in subsidiaries and the voting rights ratio:

Note [1]: Among the 7 members of the board of directors of Shenzhen Jingwah Electronics Co., Ltd., the Company recommends 4 directors. The articles of association stipulate that a resolution of the board of directors must be passed by a majority of all directors, unless otherwise stipulated by law.

7.1.3 Key financial information of significant non-wholly owned subsidiaries

Name of subsidiary	Current assets	Non-current assets	Closing balance		Non-current liabilities	Total liabilities
			Total assets	Current Liabilities		
Shenzhen Jingwah Electronics Co., Ltd.	565,157,841.26	31,898,733.74	597,056,575.00	145,586,392.26	7,965,733.99	153,552,128.25

Name of subsidiary	Current assets	Non-current assets	Balance at the end of the previous year		Non-current liabilities	Total liabilities
			Total assets	Current liabilities		
Shenzhen Jingwah Electronics Co., Ltd.	509,843,936.52	35,002,429.06	544,846,365.58	128,896,565.03	5,981,427.78	134,877,992.81

Name of subsidiary	Amount in the current period			Amount in the previous period				
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen Jingwah Electronics Co., Ltd.	336,517,789.77	34,715,386.81	34,715,386.81	49,334,256.80	388,658,737.54	21,745,181.02	21,745,181.02	19,549,770.79

7.2 Equity in associates

7.2.1 Significant associates

Unit: USD ten thousand

Name of associated company	Main Place of business	Place of registration	Nature of business	Registered Capital	Shareholding (%)		Accounting for investments in associates	Strategic to the Company's activities
					Direct	Indirect		
Nanjing LG Panda Appliances Co., Ltd.	Nanjing	Nanjing	Electrical machinery and equipment manufacturing	3,570.00	30.00		Equity method	Yes
Nanjing Ericsson Panda Communication Co., Ltd.	Nanjing	Nanjing	Computer, communications, and other electronic equipment manufacturing	2,090.00	27.00		Equity method	Yes

7.2.2 Key financial information on significant associates

	Closing balance/amount for the period		Prior year-end balance/prior period amount	
	Nanjing LG Panda Appliances Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd.	Nanjing LG Panda Appliances Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd.
Current assets	2,318,388,170.97	1,623,795,909.76	2,352,128,293.68	2,094,035,168.04
Non-current assets	657,189,684.61	1,739,061,890.79	647,228,525.82	1,761,234,001.69
Total assets	2,975,577,855.58	3,362,857,800.55	2,999,356,819.50	3,855,269,169.73
Current liabilities	2,014,934,685.21	2,454,982,196.64	1,930,823,568.29	3,002,917,757.23
Non-current liabilities	308,525.92	524,272.00	6,672,131.35	
Total liabilities	2,015,243,211.13	2,455,506,468.64	1,937,495,699.64	3,002,917,757.23
Minority interests				
Equity attributable to shareholders of parent company	960,334,644.45	907,351,331.91	1,061,861,119.86	852,351,412.50
Share of net assets based on percentage of shareholding	288,100,393.34	244,984,859.61	318,558,335.96	230,134,881.37
Adjustment [1]	98,405,657.19		102,936,051.82	
Carrying value of equity investments in associates	386,506,050.53	244,984,859.61	421,494,387.78	230,134,881.37
Fair value of equity investments in associates where publicly quoted prices exist				
Operating income	2,102,427,554.63	2,724,259,461.37	2,990,251,436.64	2,520,478,860.73
Net profit	117,074,211.27	54,999,919.41	118,122,602.00	39,921,609.82
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	117,074,211.27	54,999,919.41	118,122,602.00	39,921,609.82
Dividends received from associates during the period	60,000,000.00		60,000,000.00	

Note[1]: The adjustment item is the amount where the initial investment cost is greater than the fair value of the identifiable net assets of the invested entity that should be enjoyed at the time of investment.

7.2.3 Summary financial information of unimportant associates

	Closing balance/ current amount	Balance at the end of the previous year/amount of the previous period
Associated enterprises:		
Total book value of investment	65,758,636.75	65,758,772.80
Total of the following items calculated based on shareholding ratio		
– Net profit	-136.05	-201,309.25
– Other comprehensive income		
– Total comprehensive income	-136.05	-201,309.25

8 RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Company faces various financial risks in the course of its operations: credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and other price risks). The above financial risks and the risk management policies adopted by the Company to reduce these risks are as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly specify specific risks, covering market risk, credit risk, liquidity risk management, and many other aspects. The Company regularly evaluates changes in the market environment and its business activities to determine whether to update its risk management policies and systems. The Company's risk management is carried out by the Risk Management Committee in accordance with policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates, and avoids related risks through close cooperation with other business departments of the Company. The internal audit department of the Company conducts regular audits of risk management controls and procedures, and reports the audit results to the Company's audit committee.

The Company diversifies the risk of financial instruments through appropriate diversified investments and business portfolios, and reduces the risk of concentration in a single industry, specific regions, or specific counterparties by formulating appropriate risk management policies.

8.1 Credit risk

Credit risk refers to the risk of financial losses incurred by the Company due to the failure of counterparties to fulfill contractual obligations.

The Company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, accounts receivable financing, contractual assets, other receivables, creditor's rights investments, other creditor's rights investments, and financial guarantee contracts, as well as debt instrument investments and derivative financial assets that are not included in the scope of impairment assessment and measured at fair value and whose changes are included in the current profit and loss. On the balance sheet date, the book value of the Company's financial assets has represented its maximum credit risk exposure.

The Company's monetary funds are mainly bank deposits deposited in state-owned banks with good reputation and high credit ratings, as well as other large and medium-sized listed banks. The Company believes that there is no significant credit risk and there is almost no significant loss caused by bank default.

In addition, the Company sets relevant policies to control credit risk exposure for notes receivable, accounts receivable, accounts receivable financing, contract assets, and other receivables. The Company assesses the credit qualifications of customers and sets corresponding credit periods based on their financial status, the possibility of obtaining guarantees from third parties, credit records, and other factors such as current market conditions. The Company will regularly monitor customer credit records. For customers with poor credit records, the Company will adopt written reminders, shorten or cancel the credit period, to ensure that the Company's overall credit risk is within a controllable range.

8.2 Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation to settle by delivering cash or other financial assets.

The Company's policy is to ensure that it has sufficient cash to repay its debts as they fall due. Liquidity risk is centrally controlled by the financial department of the Company. The finance department ensures that the Company has sufficient funds to repay its debts under all reasonable forecasts by monitoring cash balances, marketable securities that can be realized at any time, and rolling forecasts of cash flows for the next 12 months. At the same time, it continuously monitors whether the Company complies with the provisions of the loan agreement and obtains commitments from major financial institutions to provide sufficient reserve funds to meet short-term and long-term funding needs.

The Company's various financial liabilities are listed as follows based on the undiscounted contractual cash flow and maturity date:

Items	Immediate reimbursement	Closing balance				Total
		Less than 1 year	1-2 years	2-5 years	5 years above	
Short-term borrowings		18,113,510.72				18,113,510.72
Notes payable		95,910,943.76				95,910,943.76
Accounts payable		1,382,751,660.71				1,382,751,660.71
Other payables		113,196,270.78				113,196,270.78
Non-current liabilities						
due within one year		6,897,698.68				6,897,698.68
Lease liabilities			2,171,254.35	1,014,300.00		3,185,554.35
Total		1,616,870,084.65	2,171,254.35	1,014,300.00		1,620,055,639.00

Items	Immediate reimbursement	Balance at the end of the previous year				Total
		Less than 1 year	1-2 years	2-5 years	5 years above	
Short-term borrowings						
Notes payable		140,306,918.37				140,306,918.37
Accounts payable		1,533,543,158.65				1,533,543,158.65
Other payables		105,899,337.51				105,899,337.51
Non-current liabilities						
due within one year		6,312,523.20				6,312,523.20
Lease liabilities			3,545,960.05	1,921,800.00		5,467,760.05
Total		1,786,061,937.73	3,545,960.05	1,921,800.00		1,791,529,697.78

8.3 Market risk

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

8.3.1 Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates.

Interest bearing financial instruments with fixed and floating interest rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed and floating interest rate instruments based on market environment, and maintains an appropriate combination of fixed and floating interest rate instruments through regular review and monitoring. When necessary, the Company will use interest rate swap tools to hedge interest rate risk.

8.3.2 Exchange rate risk

Exchange rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in foreign exchange rates.

The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign currency risks it faces. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risk. During the current and previous periods, Shenzhen Jinghua Information Technology Co., Ltd., the Company's third level subsidiary, signed forward foreign exchange contracts to lock in the US dollar exchange rate. However, fundamentally, the risk faced by the Company remains the US dollar exchange rate risk.

The Company's exposure to exchange rate risk arises mainly from financial assets and financial liabilities denominated in United States dollars, and the amounts of foreign currency financial assets and foreign currency financial liabilities translated into RMB are set out below:

Items	Closing balance			Prior year-end balance		
	USD	Other currency	Total	USD	Other currency	Total
Currency funds	33,203,865.32	7,117,690.81	40,321,576.13	43,666,231.00	6,767,292.56	50,433,523.56
Accounts receivable	5,190,423.94	751,909.37	5,942,333.31	11,743,338.63	837,516.59	12,581,455.22
Other receivables	730,799.35	40,107.00	770,906.35	22,287.14	5,359.80	27,646.94
Subtotal	<u>39,125,108.61</u>	<u>7,909,707.18</u>	<u>47,034,815.79</u>	<u>55,432,456.77</u>	<u>7,610,168.95</u>	<u>63,042,625.72</u>
Accounts payable	45,521,593.42	1,944,358.20	47,465,951.62	46,530,956.51	5,310,894.32	51,841,850.83
Other payables	2,194,493.52		2,194,493.52	2,615,921.17		2,615,921.17
Subtotal	<u>47,716,086.94</u>	<u>1,944,358.20</u>	<u>49,660,445.14</u>	<u>49,146,877.68</u>	<u>5,310,894.32</u>	<u>54,457,772.00</u>

The effect of changes in exchange rates is as follows:

Items	Closing balance		Prior year-end balance	
	Increase/(decrease) in exchange rates	Increase/(decrease) in total profit	Increase/(decrease) in exchange rates	Increase/(decrease) in total profit
RMB depreciates against the USD	5%	-429,548.92	5%	314,278.95
RMB appreciates against the USD	5%	429,548.92	5%	-314,278.95
RMB depreciates against the JPY	5%	119,621.65	5%	-38,742.88
RMB appreciates against the JPY	5%	-119,621.65	5%	38,742.88

8.3.3 Other price risks

Other price risks refer to the risk that the fair value or future cash flows of financial instruments will fluctuate due to market price changes other than exchange rate risk and interest rate risk.

Other price risks of the Company mainly arise from various equity instrument investments, and there is a risk of price changes in equity instruments.

9 FAIR VALUE DISCLOSURES

The input values used for fair value measurement are divided into three levels:

The first level input value is the unadjusted quoted price of the same assets or liabilities that can be obtained on the measurement date in the active market.

The second level input values are directly or indirectly observable input values for related assets or liabilities in addition to the first level input values.

The third level input value is the unobservable input value of the relevant asset or liability.

The level of fair value measurement results is determined by the lowest level of input values that are important to the fair value measurement as a whole.

9.1 Closing fair value of assets and liabilities measured at fair value

Items	Fair value closing balance			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuing fair value measurement				
◆ Financial assets held for trading			291,224,637.07	291,224,637.07
1. Financial assets at fair value through profit or loss			291,224,637.07	291,224,637.07
(1) Investments in debt instruments				
(2) Investment in equity instruments				
(3) Derivative financial assets			-60,787.58	-60,787.58
(4) Others			291,285,424.65	291,285,424.65
2. Financial assets designated as at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Others				
◆ Receivable financing			74,685,151.06	74,685,151.06
◆ Other debt investments				
◆ Investments in other equity instruments				
			<u>2,385,926.53</u>	<u>2,385,926.53</u>
Total assets measured at fair value on an ongoing basis			<u><u>368,295,714.66</u></u>	<u><u>368,295,714.66</u></u>

9.2 Continuing and discontinuing third level fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters

- The trading financial assets held by the Company at the third level of fair value measurement are bank financial products and forward settlement and sales of foreign exchange products. At the end of the period, the fair value is adjusted based on the expected return rate (1.0% – 3.40%) of the financial products or the performance benchmark interest rate.
- The Company holds receivables measured at the third level of fair value as notes receivable, which are held for endorsement purposes and have a short remaining term. The book value is equal to the fair value.
- The Company holds other equity instrument investments measured at fair value at the third level, which are 7.30% of the equity held by Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. The company is an unlisted company and currently is in the process of liquidation.

9.3 Reconciliation between the book value at the end of previous year and that at the end of period and sensitivity analysis of unobservable parameters for the third level fair value measurement items

9.3.1 Reconciliation of continuous third level fair value measurement items

Items	Prior year-end balance	Moving to the third level	Moving out of the third level	Total gain or loss for the period		Purchase, issue, sales and settlement				Closing balance	For assets held at the end of the reporting period, unrealized gains or changes in profit or loss for the period	
				Charged to profit or loss	Included in other comprehensive income	Purchase	Issue	Sales	Settlement			
◆ Financial assets held for trading	503,810,792.61			4,174,069.97		390,000,000.00		606,760,225.51			291,224,637.07	1,224,637.07
Financial assets at fair value through profit or loss	503,810,792.61			4,174,069.97		390,000,000.00		606,760,225.51			291,224,637.07	1,224,637.07
- Investments in debt instruments												
- Investments in equity instruments												
- Derivative financial assets	506,062.31			-566,839.89							-60,787.58	-60,787.58
- Other	503,304,740.30			4,740,909.86		390,000,000.00		606,760,225.51			291,285,424.65	1,285,424.65
◆ Financing of receivables	53,346,403.19					165,616,901.64		164,278,153.77			74,685,151.06	
◆ Other debt investments												
◆ Investments in other equity instruments	2,365,926.53										2,365,926.53	
Total	559,543,122.33			4,174,069.97		575,616,901.64		771,038,379.28			368,295,714.66	1,224,637.07
Including: Gains and losses relating to financial assets				4,174,069.97								1,224,637.07
Gains and losses relating to non-financial assets												

10 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

10.1 Parent company of the Company

Name of parent company	Registration place	Nature of business	Registered capital	Shareholding ratio of the parent company in the Company (%)	Voting ratio of the parent company in the Company (%)
Panda Electronics Group Limited	Nanjing, China	Manufacturing	RMB1,632.97 million	23.05	55.56

Note:

[1] As of June 30, 2023, the total number of shares held by China Electronics Corporation accounted for 29.98% of the Company's total share capital. Among them, the holding subsidiary Nanjing Electronics Information Industrial Corporation holds 22,120,611 A shares and 13,768,000 H shares of the Company through the asset management plan, accounting for 3.93% of the total capital stock of the Company; Panda Electronics Group Limited, a wholly-owned subsidiary of Nanjing Electronics Information Industrial Corporation, holds 210,661,444 A shares of the Company, accounting for 23.05% of the total share capital of the Company; Huadian Co., Ltd., a wholly-owned overseas subsidiary, holds 27,414,000 H shares of the Company, accounting for 3.00% of the Company's total share capital. China Electronics Corporation remains the ultimate controller of the Company, with its registered place in Beijing, China.

[2] The parent company has a higher proportion of voting rights in the Company than the shareholding ratio, which is due to the recommendation of the parent company to appoint five directors among the nine members of the Board of Directors of the Company. The Company's articles of association stipulate that the Board of Directors must make a resolution, which must be passed by a majority of all directors unless otherwise stipulated by law.

10.2 Subsidiaries of the Company

Details of the Company's subsidiaries are set out in note "7. Interests in other entities" in this note.

10.3 Company's joint ventures and associates

Details of the Company's significant joint ventures or associates are set out in note "7. Interests in other entities" in this note.

Other joint ventures or associates with which the Company had related-party transactions forming the balance during current period or in the previous period are as follows:

Name of joint ventures or associates	Relationship with the Company
Nanjing Ericsson Panda Communication Co., Ltd.	Associate of the Company
Beijing Se Potevio Mobile Communications Co., Ltd.	Associate of the Company
Nanjing LG Panda Appliances Co., Ltd.	Associate of the Company
Shenzhen Chebao Information Technology Co., Ltd.	Associate of subsidiary
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate of subsidiary

10.4 Other related parties

Name of other related parties	Relationship with the Company
Nanjing Electronics Information Industrial Corporation	Shareholder of the Company
Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.	Subsidiary of the parent company
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Subsidiary of the parent company
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary of the parent company
Nanjing Panda Science and Technology Park Development Co., Ltd.	Subsidiary of the parent company
Nanjing Panda Investment Development Co., Ltd.	Subsidiary of the parent company
Nanjing Panda Transportation Co., Ltd.	Subsidiary of the parent company
Nanjing Zhenhua Packaging Material Factory	Subsidiary of the parent company
Nanjing Zhongdian Panda Home Appliance Co., Ltd.	Subsidiary of the parent company
Ji Cheng Xing Ye (Hong Kong) Co., Ltd.	Subsidiary of the parent company
China Electronics International Exhibition Advertising Co., Ltd	Ultimately controlled by the same party
CEC Defense Technology Co., Ltd.	Ultimately controlled by the same party
Beijing Zhongsoft Wanwei Network Technology Co., Ltd.	Ultimately controlled by the same party
IRICO Group Co., Ltd.	Ultimately controlled by the same party
Faisheng (Shanghai) Electronic Technology Co., Ltd.	Ultimately controlled by the same party
Gansu Changfeng Electronic Technology Co., Ltd.	Ultimately controlled by the same party
TPV Electronic Technology Co., Ltd.	Ultimately controlled by the same party
TPV Audio-Visual Technology (Shenzhen) Co., Ltd.	Ultimately controlled by the same party
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Ultimately controlled by the same party
Guizhou Zhenhua Quying Electric Co., Ltd. (State owned Factory No. 891)	Ultimately controlled by the same party
Guizhou Zhenhua Yilong New Materials Co., Ltd.	Ultimately controlled by the same party
Nanjing Rainbow New Energy Co., Ltd.	Ultimately controlled by the same party
Nanjing Huadong Electronics Group Co., Ltd.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Crystal Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Trading Development Co., Ltd.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Property Management Co., Ltd.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Modern Service Industry Co., Ltd.	Ultimately controlled by the same party
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing CEC Panda LCD Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Lighting Co., Ltd.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Real Estate Co., Ltd.	Ultimately controlled by the same party
Shanghai Panda Huning Electronic Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen Sandar Wireless Communication Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen Zhongdian Power Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen Zhongdian Port Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen Zhongdian Investment Co., Ltd.	Ultimately controlled by the same party
Wuhan Zhongyuan Communication Co., Ltd.	Ultimately controlled by the same party
Xianyang Zhongdian Rainbow Group Holdings Co., Ltd.	Ultimately controlled by the same party
Great Wall Power Technology Co., Ltd.	Ultimately controlled by the same party
CEC Industrial Internet Co., Ltd.	Ultimately controlled by the same party
China Electronics Finance Co., Ltd.	Ultimately controlled by the same party
China Electronics Industry Development Co., Ltd.	Ultimately controlled by the same party
China Electronics Import & Export Co., Ltd.	Ultimately controlled by the same party
China Electronic Equipment International Co., Ltd.	Ultimately controlled by the same party
China Electronics Materials SuZhe Company	Ultimately controlled by the same party
China Great Wall Technology Group Co., Ltd.	Ultimately controlled by the same party
China Zhenhua Group Yunke Electronics Co., Ltd.	Ultimately controlled by the same party
Nanjing Sanle Group Co., Ltd.	Ultimately controlled by the same party
Zhongdian Tai Risheng Maanshan Technology Co., Ltd.	Ultimately controlled by the same party
CEC Wangchen Technology Co., Ltd.	Ultimately controlled by the same party
Nanjing Zhongdian Panda Magnetolectric Technology Co., Ltd	Ultimately controlled by the same party
Shenzhen Zhenhua Electronics Co., Ltd	Ultimately controlled by the same party
Guizhou Zhenhua New Material Co., Ltd	Ultimately controlled by the same party
Guizhou Zhenhua Fengfeng Semiconductor Co., Ltd	Ultimately controlled by the same party
CEC Great Wall Shengfan Information System Co., Ltd	Ultimately controlled by the same party

Name of other related parties	Relationship with the Company
China Zhenhua (Group) Xinyun Electronic Components Co., Ltd. (State-owned 4326 Factory)	Ultimately controlled by the same party
China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned 873 Factory)	Ultimately controlled by the same party
Nanjing Runjingtai Hotel Co., Ltd.	Ultimately controlled by the same party
Chengdu Sino-Microelectronics Technology Co., Ltd.	Ultimately controlled by the same party
Shenzhen SED Technology Development Co., Ltd	Other related parties
Rainbow (Hefei) LCD Glass Co., Ltd.	Other related parties
Chengdu BOE Display Technology Co., Ltd.	Other related parties
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Other related parties
Xianyang Rainbow Optoelectronics Technology Co., Ltd.	Other related parties
Nanjing Panda Medical Services Co., Ltd.	Other related parties
Panda Technology Beijing Co., Ltd.	Other related parties

10.5 Related-party transactions

10.5.1 Related-party transactions on purchase and sales of goods, rendering and receipt of services

Purchase of goods/receipt of services

Related party	Content of related party transactions	Amount in the period	Amount in the corresponding period of last year
China Electronic Equipment International Co., Ltd.	Purchase of goods	5,954,386.23	8,646,908.05
Nanjing IRICO New Energy Co., Ltd.	Purchase of goods	2,050,273.37	1,455,750.11
TPV Audio-Visual Technology (Shenzhen) Co., Ltd.	Purchase of goods	957,535.50	839,991.00
Nanjing Zhenhua Packaging Material Factory	Purchase of goods	567,399.97	628,902.33
Chengdu BOE Display Technology Co., Ltd.	Purchase of goods	292,805.75	
Guizhou Zhenhua Fengguang Semiconductor Co., Ltd.	Purchase of goods	151,061.95	
Shenzhen SED Technology Development Co., Ltd.	Purchase of goods	105,876.11	
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Purchase of goods	103,204.47	21,378.98
China Zhenhua Group Yunke Electronics Co., Ltd.	Purchase of goods	102,754.08	
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Purchase of goods	65,294.68	267,350.70
Chengdu Sino-Microelectronics Technology Co., Ltd.	Purchase of goods	62,212.39	
Shenzhen Zhenhuafu Electronics Co., Ltd.	Purchase of goods	29,666.18	
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Purchase of goods	17,435.40	19,106.19
Panda Electronics Group Limited	Purchase of goods	11,058.82	7,347.07
Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.	Purchase of goods	1,500.00	
Nanjing Panda Medical Services Co., Ltd.	Purchase of goods	426.05	
Nanjing Zhongdian Panda Lighting Co., Ltd.	Purchase of goods	306.00	
CEC Defense Technology Co., Ltd.	Purchase of goods		8,830,220.36
Shenzhen Sandar Wireless Communication Technology Co., Ltd.	Purchase of goods		1,521,196.44
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Purchase of goods		507,194.25
Nanjing Huadong Electronics Group Co., Ltd.	Purchase of goods		313,435.75
Shenzhen China Electronics Investment Company	Purchase of goods		10,678.42
Nanjing Zhongdian Panda Home Appliance Co., Ltd.	Purchase of goods		1,946.90
Nanjing Panda Transport Co., Ltd.	Receipt of services	2,408,828.13	3,216,529.85
Nanjing Panda Medical Services Co., Ltd.	Receipt of services	969,768.19	55,440.00
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Receipt of services	689,493.95	507,194.25
Nanjing Huadong Electronics Group Co., Ltd.	Receipt of services	227,100.00	
Panda Electronics Group Limited	Receipt of services	48,368.93	147,170.24
Nanjing CEC Panda Property Management Co., Ltd.	Receipt of services	19,000.00	
CEC Defense Technology Co., Ltd.	Receipt of services	10,849.06	188,921.71
Shenzhen Jingwah Network Marketing Co., Ltd.	Receipt of services	3,862.38	
Shenzhen Chebao Information Technology Co., Ltd.	Receipt of services	247.03	576,889.11
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Receipt of services		5,058.94

Related party	Content of related party transactions	Amount in the period	Amount in the corresponding period of last year
Chengdu BOE Display Technology Co., Ltd.	Sale of goods	144,208,935.94	275,849,415.52
Nanjing Panda Handa Technology Co., Ltd.	Sale of goods	48,078,766.07	
CEC Defense Technology Co., Ltd.	Sale of goods	10,830,792.35	63,784,093.88
Shenzhen CEC Investment Co., Ltd.	Sale of goods	7,838,896.43	
Nanjing Ericsson Panda Communication Co., Ltd.	Sale of goods	5,550,773.00	8,018,625.90
Shenzhen Jingwah Network Marketing Co., Ltd.	Sale of goods	3,296,838.04	2,899,348.67
Nanjing CEC Panda LCD Technology Co., Ltd.	Sale of goods	2,685,092.38	64,354,099.60
Nanjing Electronics Information Industrial Corporation	Sale of goods	932,982.06	394,769.80
Great Wall Power Technology Co., Ltd.	Sale of goods	908,784.92	1,006,485.74
Nanjing Panda Transport Co., Ltd.	Sale of goods	70,193.96	120,002.98
Panda Electronics Group Limited	Sale of goods	65,031.12	132,055.66
Shenzhen Zhongdian Power Technology Co., Ltd.	Sale of goods	56,576.01	65,327.30
Nanjing CEC Panda Magnetolectric Technology Co., Ltd.	Sale of goods	54,615.08	37,918.87
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Sale of goods	37,610.62	361,805.31
Nanjing Zhongdian Panda Home Appliance Co., Ltd.	Sale of goods	19,065.32	11,152.62
Nanjing LG Panda Appliances Co., Ltd.	Sale of goods	6,226.42	
Nanjing Panda Zhicheng Technology Co., Ltd.	Sale of goods	2,791.67	134,081.96
Nanjing Panda Investment Development Co., Ltd.	Sale of goods	1,698.11	7,235.85
Nanjing IRICO New Energy Co., Ltd.	Sale of goods	14.07	
Guizhou Zhenhua Yilong New Materials Co., Ltd.	Sale of goods		48,138,053.23
Rainbow (Hefei) LCD Glass Co., Ltd.	Sale of goods		26,619,469.12
Beijing Zhongsoft Wanwei Network Technology Co., Ltd.	Sale of goods		13,055,392.82
CEC Industrial Internet Co., Ltd.	Sale of goods		1,226,004.37
CEC Wangchen Technology Co., Ltd.	Sale of goods		409,015.49
Wuhan Zhongyuan Communications Co., Ltd.	Sale of goods		215,929.21
Nanjing Zhongdian Panda Real Estate Co., Ltd.	Sale of goods		14,526.90
Nanjing Panda Technology Park Development Co., Ltd.	Sale of goods		13,326.55
Xianyang IRICO Photovoltaic Power Technology Co., Ltd.	Sale of goods		7,000.00
Nanjing Zhongdian Panda Modern Service Industry Co., Ltd.	Sale of goods		3,474.53
Nanjing Panda Medical Services Co., Ltd.	Sale of goods		3,071.70
TPV Electronic Technology Co., Ltd.	Sale of goods		1,586.42
Nanjing Panda Handa Technology Co., Ltd.	Provision of services	34,304,211.19	
Nanjing Panda Investment Development Co., Ltd.	Provision of services	23,409,402.55	3,748,637.46
Chengdu BOE Display Technology Co., Ltd.	Provision of services	6,598,778.42	68,840.6
CEC Defense Technology Co., Ltd.	Provision of services	6,283,097.94	14,213,963.15
Nanjing Electronics Information Industrial Corporation	Provision of services	2,769,302.34	69,400.00
Nanjing CEC Panda LCD Technology Co., Ltd.	Provision of services	1,446,867.89	1,956,410.87
Panda Electronics Group Limited	Provision of services	1,228,679.22	1,075,129.37
Nanjing Ericsson Panda Communication Co., Ltd.	Provision of services	484,941.30	126,200.00
Liyang Panda Cuizhuyuan Hotel Co., Ltd.	Provision of services	436,697.25	
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Provision of services	255,078.18	637,294.27
Xianyang IRICO Photovoltaic Power Technology Co., Ltd.	Provision of services	183,027.88	145,412.07
Nanjing Panda Zhicheng Technology Co., Ltd.	Provision of services	55,542.39	45,467.28
Nanjing Panda Transport Co., Ltd.	Provision of services	31,171.78	155,210.34
Nanjing Zhongdian Panda Home Appliance Co., Ltd.	Provision of services	21,179.76	140,064.61
Nanjing LG Panda Appliances Co., Ltd.	Provision of services	17,117.69	
CEC Industrial Internet Co., Ltd.	Provision of services		676,963.98
Nanjing IRICO New Energy Co., Ltd.	Provision of services		28,301.89
Shenzhen Chebao Information Technology Co., Ltd.	Provision of services		4,113.90
Shenzhen Jingwah Network Marketing Co., Ltd.	Provision of services		3,929.79

10.5.2 Related-party lease

The Company as the lessor:

Name of the lessee	Type of leased asset	Lease revenue recognized in the period	Lease revenue recognized in the corresponding period of last year
Nanjing Panda Zhicheng Technology Co., Ltd.	Leasing of buildings	188,594.50	137,922.93
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Leasing of buildings	174,250.02	157,447.32
Nanjing Zhongdian Panda Home Appliances Co., Ltd.	Leasing of buildings	93,622.02	317,716.51
Nanjing Panda Transportation Co., Ltd.	Leasing of buildings	92,242.20	596,328.44
Shenzhen Jingwah Network Marketing Co., Ltd.	Leasing of buildings	28,000.02	25,300.00
Shenzhen Chebao Information Technology Co., Ltd.	Leasing of buildings	1,999.98	27,107.14
Nanjing Panda Transportation Co., Ltd	Vehicle rental	26,991.15	
Panda Electronics Group Limited	Vehicle rental	6,858.41	
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Vehicle rental	5,309.73	

The Company acted as the guarantor:

The guaranteed	Guarantee amount	Commencement	Maturity date of guarantee	Whether or not the guarantee performance has been completed
		date of guarantee		
Chengdu Panda Electronic Technology Co., Ltd. [1]	88,000,000.00	2022/8/30	2026/8/29	Not yet
Nanjing Panda Electromechanical Manufacturing Co., Ltd. [2]	14,000,000.00	2022/3/23	2026/1/27	Not yet
Nanjing Panda Information Industry Co., Ltd. [3]	50,000,000.00	2020/5/12	2024/5/11	Not yet
Nanjing Panda Electronics Equipment Co., Ltd. [4]	20,000,000.00	2023/5/12	2027/5/11	Not yet
Nanjing Panda Electronics Equipment Co., Ltd. [5]	40,000,000.00	2022/8/26	2026/6/29	Not yet
Nanjing Panda Electronics Equipment Co., Ltd. [6]	40,000,000.00	2021/8/17	2025/6/10	Not yet

Note:

- [1] The Company provides a maximum guarantee for the comprehensive bank credit line of RMB88,000,000.00 for the secondary subsidiary Chengdu Panda Electronic Technology Co., Ltd. in Shuangliu Branch of Bank of Chengdu Co., Ltd., with the credit period from August 30, 2022 to August 29, 2023. There is no counter guarantee for this guarantee. The various financial businesses provided by the creditor to the debtor on and off the balance sheet shall be three years from the date of expiration of the debt performance period under the financial business. As of June 30, 2023, the Company's subsidiary, Chengdu Panda Electronic Technology Co., Ltd., had a total credit line of RMB39,975,748.33. The amount of bank acceptance guarantee provided by the Company to the secondary subsidiary Chengdu Panda Electronic Technology Co., Ltd. is RMB39,975,748.33.
- [2] The Company provides a maximum amount of guarantee for the comprehensive bank credit line of RMB14,000,000.00 granted by Nanjing Panda Electromechanical Manufacturing Co., Ltd., a third level subsidiary, in Industrial Bank Co., Ltd., Jizhaoyuan Sub-branch. The credit period is from March 23, 2022 to January 27, 2023, and there is no counter guarantee for this guarantee. The guarantee period is calculated separately based on each financing provided by the creditor to the debtor under the main contract. For each financing, the guarantee period is three years from the expiration date of the debt performance period under the financing. As of June 30, 2023, the Company's subsidiary, Nanjing Panda Mechanical and Electrical Manufacturing Co., Ltd., used a total credit line of RMB2,046,000.00. The amount of bank acceptance guarantee provided by the Company to the third level subsidiary Nanjing Panda Mechanical and Electrical Manufacturing Co., Ltd. is RMB2,046,000.00.
- [3] The Company provides a maximum guarantee for the comprehensive bank credit line of RMB50,000,000.00 granted by the secondary subsidiary Nanjing Panda Information Industry Co., Ltd. to China Merchants Bank Co., Ltd. Nanjing Branch. The credit period is from May 12, 2020 to May 11, 2021, and there is no counter guarantee for this guarantee. The various financial businesses provided by the creditor to the debtor on and off the balance sheet shall be three years from the date of expiration of the debt performance period under the financial business. As of June 30, 2023, the Company's subsidiary Nanjing Panda Information Industry Co., Ltd. had a total credit line of RMB8,589,657.12. Among them, the Company provided a performance guarantee for its secondary subsidiary, Nanjing Panda Information Industry Co., Ltd., with an amount of RMB8,589,657.12.

- [4] The Company provides a maximum amount guarantee for the comprehensive bank credit line of RMB20,000,000.00 for Nanjing Panda Electronics Equipment Co., Ltd., a secondary subsidiary, in Nanjing Branch of Everbright Bank Co., Ltd. The credit period is from May 12, 2023 to May 11, 2024. There is no counter guarantee for this guarantee. The guarantee period for each specific credit business under the comprehensive credit agreement shall be calculated separately, and shall be three years from the expiration date of the fiduciary's performance of the debt specified in the specific credit business contract or agreement. As of June 30, 2023, the Company's subsidiary Nanjing Panda Electronics Equipment Co., Ltd. had a total credit line of RMB1,466,378.99. The amount of bank acceptance guarantee provided by the Company to the secondary subsidiary Nanjing Panda Electronics Equipment Co., Ltd. is RMB1,466,378.99.
- [5] The Company provides a maximum guarantee for the comprehensive bank credit line of RMB40,000,000.00 for the secondary subsidiary Nanjing Panda Electronics Equipment Co., Ltd. in Bank of China Limited Nanjing Chengdong Sub-branch. The credit period is from August 26, 2022 to June 29, 2023. There is no counter guarantee for this guarantee. The guarantee period is calculated based on the debt performance period agreed in each specific credit business contract under the Comprehensive Credit Contract, and the guarantee period under each specific credit business contract is three years from the expiration date of the debt performance period agreed in the specific credit business contract. As of June 30, 2023, the Company's subsidiary Nanjing Panda Electronics Equipment Co., Ltd. had a total credit line of RMB3,052,959.30. The amount of bank acceptance guarantee provided by the Company to the secondary subsidiary Nanjing Panda Electronics Equipment Co., Ltd. is RMB2,542,473.59, and the guarantee for performance bond is RMB510,485.71.
- [6] The Company provides a maximum guarantee for the comprehensive bank credit line of RMB40,000,000.00 granted by Nanjing Panda Electronics Equipment Co., Ltd., a secondary subsidiary, in Industrial Bank Co., Ltd. Jizhaoyuan Sub-branch. The credit period is from August 17, 2021 to June 10, 2022, and there is no counter guarantee for this guarantee. The various financial businesses provided by the creditor to the debtor on and off the balance sheet shall be three years from the date of expiration of the debt performance period under the financial business. As of June 30, 2023, the Company's subsidiary Nanjing Panda Electronics Equipment Co., Ltd. had a total credit line of RMB81,435.20. The performance guarantee provided by the Company to the secondary subsidiary Nanjing Panda Electronics Equipment Co., Ltd. is RMB81,435.20.

To sum up, as of June 30, 2023, the amount of guarantee provided by the Company to its subsidiaries was RMB55,212,178.94, including RMB46,030,600.91 for bank acceptance bills. The guarantee amount is RMB9,181,578.03 (On 30 June 2022, the guarantee amount provided by the Company to its subsidiaries was RMB113,719,486.21, of which the guarantee amount for bank acceptance bills was RMB78,410,345.98, and the guarantee amount was RMB35,309,140.23).

10.5.3 Other related transactions

Related parties	Content	Amount in the period	Amount in the corresponding period of last year
China Electronics Finance Co., Ltd. [1]	Receiving interest	786,203.55	1,271,686.87

Note:

[1] In 2018, the Company signed a new Financial Services Agreement with China Electronics Finance Co., Ltd. (hereinafter referred to as the "Service Agreement"). According to the Service Agreement, China Electronics Finance Co., Ltd., on the premise of complying with national laws and regulations and the operating rules of financial institutions, provides the Company with financial services including but not limited to handling financial and financing consulting, credit visa, other related consulting, agency services, and providing guarantees, bill acceptance, discount, deposit services, etc. The upper limit of the comprehensive credit balance is RMB600 million. The upper limit of the fund settlement balance is RMB500 million, and the validity period is three years from the effective date of the Service Agreement. The above Service Agreement has been reviewed and approved by the resolution of the first extraordinary shareholders' meeting of the Company on December 28, 2018. The Company held the 10th interim meeting of the Board of Directors on November 15, 2021, and reviewed and approved the agreement to renew the existing continuous related party transactions and annual caps with China Electronics Finance Co., Ltd. The upper limit of the comprehensive credit balance approved in this agreement is RMB600 million, the upper limit of the fund settlement balance is RMB500 million, and the upper limit of transaction fees for other financial services business is RMB2 million. The validity period is three years from the effective date of the Service Agreement.

As of June 30, 2023, the Company's loan balance with China Electronics Finance Co., Ltd. was RMB0.00, and the deposit balance was RMB492,462,538.22.

10.6 Receivables from and payables to related parties

10.6.1 Receivables

Accounts	Related parties	Balance as at June 30, 2023		Balance as at December 31, 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Monetary funds	China Electronics Finance Co., Ltd.	492,462,538.22		497,892,953.53	
Accounts receivable	CEC Defense Technology Co., Ltd.	97,299,493.92		147,148,329.00	
	Nanjing Panda Handa Technology Co., Ltd.	92,673,133.43			
	Chengdu BOE Display Technology Co., Ltd.	82,483,078.75		103,937,404.52	
	Nanjing Panda Investment Development Co., Ltd.	40,035,067.80		15,623,937.49	
	Nanjing CEC Panda LCD Technology Co., Ltd.	27,019,654.46		32,019,654.46	
	Beijing Zhongsoft Wanwei Network Technology Co., Ltd.	18,149,121.19		20,979,121.19	
	IRICO Group Co., Ltd.	9,663,448.27		9,663,448.27	
	Guizhou Zhenhua New Materials Co., Ltd.	8,370,000.00		28,950,000.00	
	Rainbow (Hefei) LCD Glass Co., Ltd.	6,859,824.00		9,127,824.00	
	Gansu Changfeng Electronic Technology Co., Ltd.	6,555,512.00		6,555,512.00	
	Nanjing Ericsson Panda Communication Co., Ltd.	3,737,882.53		17,277,134.40	
	Nanjing Electronics Information Industrial Corporation	3,410,932.55		722,447.00	
	Panda Electronics Group Limited	2,283,742.90		4,138,747.01	
	TPV Audio-Visual Technology (Shenzhen) Co., Ltd.	732,042.71		635,891.32	
	CEC Industrial Internet Co., Ltd.	614,845.96		614,845.96	
	Liyang Panda Cuiyuan Hotel Co., Ltd.	481,999.99		879,375.26	
	Great Wall Power Technology Co., Ltd.	286,091.77		320,510.71	
	Nanjing Zhongdian Panda Real Estate Co., Ltd.	156,803.63	15,880.36	158,803.63	15,880.36
	Xianyang IRICO Photovoltaic Power Technology Co., Ltd.	153,637.50		61,468.87	
	Shenzhen China Electronics Technology Co., Ltd.	21,003.25		14,232.32	
	Nanjing CEC Panda Magnetolectric Technology Co., Ltd.	10,494.00		10,620.00	
	Nanjing Panda Zhicheng Technology Co., Ltd.	8,812.30		24,625.87	
	Nanjing Runjingtai Hotel Co., Ltd.	2,227.10	2,227.10	2,227.10	334.07
	Nanjing Huedong Electronics Group Co., Ltd.			2,133,992.11	
	Nanjing CEC Panda LCD Materials Technology Co., Ltd.			172,977.41	
	Nanjing Zhongdian Panda Home Appliance Co., Ltd.			11,679.00	
Notes receivable	CEC Defense Technology Co., Ltd.	29,022,184.06		47,876,058.50	
	Beijing Zhongsoft Wanwei Network Technology Co., Ltd.	2,830,000.00			
	Great Wall Power Technology Co., Ltd.	202,315.28		392,698.69	
	Nanjing CEC Panda LCD Technology Co., Ltd.			5,953,389.19	
	Panda Electronics Group Limited			3,131,500.00	
Financing receivables	CEC Defense Technology Co., Ltd.	509,966.20		4,904,611.00	
	Great Wall Power Technology Co., Ltd.			86,274.29	
Prepayments	Nanjing Panda Zhicheng Technology Co., Ltd.	7,977,768.30			
	China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned 873 Factory)	16,020.00			

10.6 Receivables from and payables to related parties

10.6.1 Receivables

Accounts	Related parties	Balance as at June 30, 2023		Balance as at December 31, 2022	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Shenzhen Zhenhua Electronics Co., Ltd.	9,888.49			
	China Electronics Import and Export Co., Ltd.	1,500.00		1,500.00	
	Nanjing CEC Panda LCD Technology Co., Ltd.			15,000.00	
Contract assets	Guizhou Zhenhua Yilong New Materials Co., Ltd.	3,150,000.00		3,150,000.00	
	Xianyang IRICO Photovoltaic Power Technology Co., Ltd.	2,887,617.69		2,887,617.69	
	Guizhou Zhenhua New Materials Co., Ltd.	2,790,000.00		2,790,000.00	
	Rainbow (Hefei) LCD Glass Co., Ltd.	1,845,000.00		1,845,000.00	
	Panda Electronics Group Limited	16,111.53		16,111.53	
	Nanjing Panda Investment Development Co., Ltd.	8,350.00		8,350.00	
Other non-current assets	Panda Electronics Group Limited	39,010.09		39,010.09	
	CEC Defense Technology Co., Ltd.	13,963.14		13,963.14	
	Nanjing Panda Investment Development Co., Ltd.			8,374,399.59	

10.6.2 Payables

Item	Related party	Balance as at	Balance as at	
		June 30, 2023	December 31, 2022	
Accounts payable	Panda Electronics Group Limited	1,441,833.94	1,441,833.94	
	Nanjing Zhenhua Packaging Material Factory	1,189,439.59	1,325,316.31	
	CEC Defense Technology Co., Ltd.	915,678.63	952,443.63	
	Nanjing Panda Transport Co., Ltd.	645,252.19	849,747.65	
	Chengdu BOE Display Technology Co., Ltd.	354,354.30	316,289.55	
	Nanjing Zhongdian Panda Home Appliance Co., Ltd.	320,681.66	320,681.66	
	Xianyang Zhongdian Rainbow Group Holdings Co., Ltd.	320,000.00	320,000.00	
	China Zhenhua Group Yunke Electronics Co., Ltd.	111,832.20	95,166.65	
	Shenzhen SED Technology Development Co., Ltd.	105,600.00	88,000.00	
	Nanjing Panda Dasheng Electronic Technology Co., Ltd.	80,458.04	455,346.89	
	Guizhou Zhenhua Hualian Electronics Co., Ltd.	13,300.00	32,469.00	
	Nanjing China Electronics Panda Crystal Technology Co., Ltd.	5,430.78	68,471.20	
	China Electronic Equipment International Co., Ltd.		10,551,540.69	
	Shenzhen Sandar Wireless Communication Technology Co., Ltd.		1,762,195.20	
	Guizhou Zhenhua Fengguang Semiconductor Co., Ltd.		219,276.73	
	Guizhou Zhenhua Qunying Electric Co., Ltd. (State-owned Factory No. 891)		95,398.23	
	Nanjing CEC Panda LCD Technology Co., Ltd.		72,402.05	
	Nanjing Zhongdian Panda Lighting Co., Ltd.		306.00	
	Notes payable	Guizhou Zhenhua Fengguang Semiconductor Co., Ltd.	204,390.00	
		Shenzhen SED Technology Development Co., Ltd.	88,000.00	
Chengdu Sino-Microelectronics Technology Co., Ltd.		56,000.00		
China Zhenhua Group Yunke Electronics Co., Ltd.		29,940.00		
Nanjing China Electronics Panda Crystal Technology Co., Ltd.			12,660.00	
Other payables	Nanjing Electronics Information Industrial Corporation	9,790,000.00	9,790,000.00	
	Panda Electronics Group Limited	3,780,430.99	3,768,611.31	
	Nanjing Panda Handa Technology Co., Ltd.	223,211.28		
	China Electronics Import and Export Co., Ltd.	195,539.62	195,539.62	
	Shanghai Panda Huning Electronic Technology Co., Ltd.	22,907.00	22,907.00	
	Nanjing Panda Technology Park Development Co., Ltd.	20,000.00	20,000.00	
	Nanjing Panda Transport Co., Ltd.	1,600.00	24,178.00	
	CEC Defense Technology Co., Ltd.		392,567.50	
	Nanjing Zhongdian Panda Real Estate Co., Ltd.		5,000.00	
	Contract liabilities	Zhicheng Xingye (Hong Kong) Co., Ltd.		47,011.05

10.7 Related-party commitments

There are no significant related party commitments in this period.

10.8 Centralized funds management

10.8.1 The main contents of the centralized fund management arrangement that the Company participates in and implements are as follows:

The project in which the Company participates in and implements centralized fund management is to sign a Financial Services Agreement with China Electronics Finance Co., Ltd. to deposit funds to China Electronics Finance Co., Ltd. within the upper limit of fund settlement balance, with no restrictions on deposit withdrawal.

10.8.2 Funds collected to the group

Funds directly deposited by the Company into Financial Company without being collected into the group's parent company account

Item	Balance as at June 30, 2023		Balance as at December 31, 2022	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Cash and cash equivalent	492,462,538.22		497,892,953.53	
Total	492,462,538.22		497,892,953.53	
Including: Restricted cash and cash equivalent due to the centralized funds management				

Note:

[1] For details of the current deposit interest and the Financial Services Agreement with China Electronics Finance Co., Ltd., see Section 10.5.3. Other related transactions.

[2] The Company has no funds collected into the accounts of the parent company of the Group.

10.8.3 The Company has no funds borrowed from the parent company or member units of the group.

10.8.4 The parent company or member unit of the group has no funds borrowed from the Company.

10.8.5 The parent company or member unit of the group has no funds collected to the Company.

11 SHARE-BASED PAYMENT

There are no share-based payments in this period.

12 COMMITMENTS AND CONTINGENCIES

12.1 Significant commitments

Among them, unconfirmed commitments related to related parties are detailed in the corresponding content of "10 Related Parties and Related-party Transactions" in this note; For lease related commitments, see "5.62 Lease" in this note.

The Company has no significant capital expenditure commitments that have been signed and need not be listed on the balance sheet date.

12.2 Contingencies

12.2.1 Important litigation and arbitration matters

Number	Basic Information of Litigation (Arbitration)	Amount involved (RMB in million)	Whether estimated liabilities are formed	Progress of litigation (arbitration)
1	Dispute case on sales contract between Suzhou RS Technology Co., Ltd. and the Company and Nanjing Panda Electronics Equipment Co., Ltd.	RMB9.21 million	No	<p>From 2016 to 2020, Nanjing Panda Electronics Equipment Co., Ltd. (hereinafter referred to as "Electronic Equipment") and Suzhou Fuqiang Technology Co., Ltd. (hereinafter referred to as "Suzhou Fuqiang") successively signed "Purchase Contract", "Purchase and Sales Contract", etc. As of June 30, 2023, there was still a balance of RMB9.21 million unpaid on the book.</p> <p>In February 2022, Suzhou Fuqiang filed a lawsuit with the People's Court of Qixia District, Nanjing City, Jiangsu Province (hereinafter referred to as "Qixia Court"), demanding payment of RMB8.69 million for electronic equipment, as well as overdue payment interest calculated at 1.5 times the loan market quoted rate (LPR) published by the National Interbank Funding Center from March 1, 2021 to October 18, 2022 based on this base. Based on the preservation application of Suzhou Fuqiang, Qixia Court issued a ruling (2022) Su 0113 Min Chu 13290 on November 30, 2022, freezing the bank account under the name of electronic equipment. On December 19, 2022, Electronic Equipment remitted RMB10 million to the designated account of Qixia Court as a guarantee to apply for the cancellation of the previous preservation measures. On December 20, 2022, Qixia Court issued a ruling (2022) Su 0113 Min Chu 13290, which lifted the original freeze on the bank account of Panda Electronic Equipment. The court is currently awaiting a second hearing.</p>
2	Dispute case on sales contract between Nanjing Panda Electronics Equipment Co., Ltd. and Jiangsu Jinmao Robot Technology Co., Ltd.	RMB22.6 million	No	<p>From 2018 to 2019, Nanjing Panda Electronics Equipment Co., Ltd. signed a purchase and sales contract with Jiangsu Jinmao Robot Technology Co., Ltd. As of June 30, 2023, there were still accounts receivable of RMB22.6 million on the book.</p> <p>In June 2021, Grandall Law Firm (Nanjing) sent a lawyer's letter to Jiangsu Jinmao, requesting Jiangsu Jinmao to pay the remaining payment and corresponding liquidated damages within five working days after receiving the lawyer's letter. Jiangsu Jinmao failed to perform. On January 21, 2022, the Company submitted application materials to the People's Court of Qixia District, Nanjing City, Jiangsu Province. On March 3, 2022, the Company investigated and preserved the assets of Jiangsu Golden Cat. On March 7, 2022, the People's Court of Qixia District, Nanjing City, Jiangsu Province issued a civil ruling (2022), Su 0113, No. 943, to seal up and freeze the property of the respondent Jiangsu Jinmao Robot Technology Co., Ltd. worth RMB23 million, and freeze bank deposits of RMB4.57 and the real estate of Jiangsu Jinmao Robot Technology Co., Ltd. located in Buildings 1-4 on the east side of Zhengxian Road, south side of Binlu Avenue and north side of Fujia Road in Pizhou City. After several rounds of court interviews, on February 20, 2023, the court organized both parties to conduct on-site inspections of the equipment in Pizhou. On April 15, 2023, the court organized another on-site inspection of the equipment in Pizhou for both parties. Currently, the Company is waiting for further notice from the court.</p>

Number	Basic Information of Litigation (Arbitration)	Amount involved (RMB in million)	Whether estimated liabilities are formed	Progress of litigation (arbitration)
3	Nanjing Panda Information Industry Co., Ltd. v. Xuzhou Suning Real Estate Co., Ltd. Construction Contract Dispute Case	RMB6.6112 million	No	<p>On June 18, 2012, Nanjing Panda Information Industry Co., Ltd. (hereinafter referred to as "Panda Information") won the bid for "Xuzhou Suning Plaza Building Automatic Control System Project", and subsequently signed a "Building Automatic Control System Contract" with Xuzhou Suning Real Estate Co., Ltd., with the total contract price tentatively set at RMB23.637 million. On December 6, 2018, the project passed the acceptance, and the amount approved by the second audit was RMB21.77 million. In December 2020, the warranty period of the project expired and the "Project Warranty Period Completion Report" was obtained. As of June 30, 2023, there were still accounts receivable of RMB6.6112 million on the book.</p> <p>On May 30, 2022, Panda Information filed a lawsuit with the Gulou District Court of Xuzhou City, and later the case was transferred to the centralized jurisdiction of the Nanjing Intermediate Court. The case number was (2022) Su 01 Min Chu No. 2044. On November 4, 2022, the two sides held a hearing in the Nanjing Intermediate Court. After the hearing, the two sides communicated on the settlement plan, but failed to reach an agreement. On February 16, 2023, both parties held a hearing in the Nanjing Intermediate Court. The outcome of the court hearing is currently pending.</p>
4	Dispute case on sales contract among Suzhou Zetong Automation Equipment Co., Ltd., the Company and Nanjing Panda Electronics Equipment Co., Ltd.	RMB3.4 million	No	<p>In 2019, Nanjing Panda Electronics Equipment Co., Ltd. ("Electronics Equipment") signed a purchase and sales contract with Suzhou Zetong Automation Equipment Co., Ltd. ("Suzhou Zetong"). As of June 30, 2023, there was still a balance of RMB3.4 million unpaid on the book.</p> <p>In April 2023, Suzhou Zetong filed a lawsuit with the Qixia District Court of Nanjing City, requesting Electronics Equipment to pay the purchase price, interest, attorney's fees and other costs related to the lawsuit. On June 12, 2023, the Qixia District Court announced the ruling 2023 Su 0113 Zhi Bao No. 1601, freezing the bank deposits of RMB3.6 million of Electronics Equipment. On July 16, 2023, the Qixia District Court held a hearing for the parties. Currently, the parties are waiting for further notice from the court.</p>

12.2.2 Unexpired guarantee

As of June 30, 2023, the bank guarantee issued by the Company still had an unexpired amount of RMB214,062,917.77.

13.3.2 Proposed merger of subsidiary Nanjing Panda Electronic Technology Development Co., Ltd

According to the interim resolution of the 10th session of the Board of Directors dated April 17, 2023 and the resolution of the 2022 annual general meeting, the Company plans to absorb and merge its wholly-owned subsidiary Nanjing Panda Electronic Technology Development Company Limited (hereinafter referred to as "Technology Development"). After the merger, the Company inherits the creditor's rights and debts of Technology Development, and Technology Development shall be deregistered. This merger and acquisition will not affect the net assets and current profits of the Company's consolidated statements.

13.3.3 Provision of guarantees for subsidiaries

On July 11, 2023, the Company provided a guarantee for Nanjing Panda Electronics Equipment Co., Ltd., its second-tier subsidiary, for its financing in China Electronics Finance Co., Ltd. in the amount of RMB20 million, which is valid until July 11, 2024. The guarantee period is calculated separately according to the performance period of the debts under each specific credit contract under the Integrated Credit Contract. The guarantee period under each specific credit contract is two years from the expiry of the performance period of the debts under the specific credit contract. If it is agreed in a specific credit contract under the Integrated Credit Contract that the debtor may perform the debt in installments, the guarantee period of the debts shall be from the expiry of the performance period of the debts for each installment to two years after the expiry of the performance period of the debts for the last installment. The guarantee period for discounting and acceptance of commercial acceptance bills is two years from the maturity of the discounted or accepted bills. There is no counter-guarantee for this guarantee.

As of August 27, 2023, the actual balance of the guarantee provided by the Company for Nanjing Panda Electronics Equipment Co., Ltd. was RMB5.5265 million, which was within the amount approved by the general meeting.

On July 11, 2023, the Company provided a guarantee for Nanjing Huage Appliance and Plastic Industrial Co., Ltd., its third-tier subsidiary, for its financing in China Electronics Finance Co., Ltd. in the amount of RMB20 million, which is valid until July 11, 2024. The guarantee period is calculated separately according to the performance period of the debts under each specific credit contract under the Integrated Credit Contract. The guarantee period under each specific credit contract is two years from the expiry of the performance period of the debts under the specific credit contract. If it is agreed in a specific credit contract under the Integrated Credit Contract that the debtor may perform the debt in installments, the guarantee period of the debts shall be from the expiry of the performance period of the debts for each installment to two years after the expiry of the performance period of the debts for the last installment. The guarantee period for discounting and acceptance of commercial acceptance bills is two years from the maturity of the discounted or accepted bills. There is no counter-guarantee for this guarantee.

As of August 27, 2023, the actual balance of the guarantee provided by the Company for Nanjing Huage Appliance and Plastic Industrial Co., Ltd. was RMB1.2484 million, which was within the amount approved by the general meeting.

As of August 27, 2023, the Company has no other significant events after the balance sheet date that need to be disclosed.

14 CAPITAL MANAGEMENT

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

Ensure the Company's ability to continue as a going concern in order to continuously provide returns to shareholders and other stakeholders;

Pricing products and services based on risk levels, in order to provide sufficient returns to shareholders.

The Company sets a capital amount proportional to risk, manages and adjusts its capital structure based on changes in the economic environment and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, the capital returned to shareholders, issue new shares, or sell assets to reduce liabilities.

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

The adjusted debt/capital ratio of the Company on the balance sheet date is as follows:

	Closing balance	Balance at the end of last year
Total liabilities	1,864,430,515.55	2,052,720,609.40
Less: Cash and cash equivalents	<u>1,008,808,752.96</u>	<u>954,544,289.85</u>
Adjusted net debt	855,621,762.59	1,098,176,319.55
Owner's equity	3,792,381,596.35	3,810,314,135.48
Adjusted capital	3,792,381,596.35	3,810,314,135.48
Adjusted debt/capital ratio (%)	<u>22.56</u>	<u>28.82</u>

15 OTHER SIGNIFICANT EVENTS

15.1 Correction of previous accounting errors

During the reporting period, no previous accounting error correction occurred.

15.2 Annuity plan

In addition to basic social pension insurance, the Company establishes an enterprise annuity plan in accordance with the relevant policies of the national annuity system. The annuity plan is applicable to employees who are officially employed in the Company and have worked for the Company for over one year. The annuity plan adopts a deterministic model. The unit contribution base is the total salary of the previous year, with the contribution ratio tentatively set at 5% and the individual contribution ratio tentatively set at 1%. The corresponding expenses are included in the current profit and loss.

Shenzhen Jingwah Electronics Co., Ltd., a secondary subsidiary of the Company, establishes an enterprise annuity plan in accordance with the relevant policies of the national enterprise annuity system, in addition to the basic social endowment insurance. The plan is applicable to the regular employees with registered residence in Shenzhen, on the job employees of the Company, and the employees assigned by shareholders. The annuity plan adopts a payment determination model, which determines the current withdrawal ratio based on the economic benefits of the previous period. Employees are applicable to make monthly fixed payments based on their rank. Within the maximum amount not exceeding 15% of the total salary of employees participating in the enterprise annuity, Shenzhen Jingwah will fully bear the corresponding expenses, and the corresponding expenses will be included in the current profit and loss.

In addition, the Company and its subsidiaries have no other significant employee social security commitments.

15.3 Segment Information

15.3.1 Determination basis and accounting policies of reporting segments

According to the Company's internal organizational structure, management requirements, and internal reporting system, three reporting segments have been identified, namely: smart transportation and safe city, green service-oriented electronic manufacturing, industrial internet and intelligent manufacturing. Each reporting segment of the Company provides different products or services, or engages in business activities in different regions. Due to the need for different technologies or market strategies for each segment, the management of the company separately manages the operating activities of each reporting segment, regularly evaluates the operating results of these reporting segments, and decides to allocate resources to them and evaluate their performance.

The transfer price between segments is determined based on the actual transaction price, and the expenses indirectly attributable to each segment are allocated between segments in accordance with the corresponding proportion. Assets are allocated based on the operation of the segment and the location of the assets. Segment liabilities include liabilities attributable to the segment arising from its operating activities. If expenses related to liabilities jointly borne by multiple operating segments are allocated to these operating segments, the jointly borne liabilities are also allocated to these operating segments.

Non current assets are classified according to the region where the assets belong, and the Company's non current assets are located in China.

15.3.2 Financial information of the reporting segment

Items	Smart Transportation and Safe City	Green		Unallocated amount	Offset	Total
		Service-oriented Electronic Manufacturing	Industrial Internet and Intelligent Manufacturing			
Revenue from external transactions	607,714,414.81	716,688,720.65	38,462,510.28			1,362,865,645.74
Income from inter-segment transactions	68,166,415.16	167,494,467.82	8,002,591.97		-243,663,474.95	
Income from investments in associates and joint ventures	-136.05			39,861,640.99		39,861,504.94
Impairment losses on assets	292,895.18	828,295.53				1,121,190.71
Credit impairment losses	-4,976,230.50	63,808.70				-4,912,421.80
Depreciation and amortisation charges	19,725,541.47	15,412,587.65	10,591,800.50	12,558,372.43	-898,230.77	57,390,071.28
Total profit (Total loss)	40,376,081.11	9,892,020.78	-56,587,757.60	44,843,378.55	-36,857,238.80	1,666,484.04
Income tax expense	7,162,811.84	515,230.93		-100,510.27	26,599.28	7,604,131.78
Net profit (Net loss)	33,213,269.27	9,376,789.85	-56,587,757.60	44,943,868.82	-36,863,638.08	-5,937,647.74
Total assets	2,885,195,892.22	1,313,134,730.25	382,743,103.32	3,385,823,116.16	-2,290,084,730.05	5,666,812,111.90
Total liabilities	1,279,133,266.82	475,041,066.76	358,564,069.92	337,660,636.65	-585,968,524.60	1,864,430,515.55
Long-term equity investments in associates and joint ventures	1,758,636.75			695,490,910.14		697,249,546.89
Increase in non-current assets other than long-term equity investments	-4,335,175.16	-14,454,465.86	-10,612,917.91	-4,382,276.48	-561,610.28	-34,346,445.69

15.4 Others

On August 2, 2021, the Company received a notice from the controlling shareholder of the Company, Panda Electronics Group Limited, that some of its shares in the Company were pledged. Panda Electronics Group Limited pledged 105,091,430 shares of the Company, accounting for 49.89% of its total shares in the Company and 11.50% of the Company's total share capital. For details, please refer to the relevant announcements published by the Company on the websites of China Securities Journal, Shanghai Securities Journal, and Shanghai Stock Exchange on August 3, 2021. This pledge begins on July 30, 2021, and ends on December 14, 2023.

16 NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

16.1 Notes receivable

16.1.1 Classification of notes receivable

Category	Closing balance	Balance at the end of last year
Bank acceptance bill		91,069.70
Finance company acceptance bill	600,000.00	4,300,000.00
Commercial acceptance bill	5,224,816.80	24,832,327.92
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Total	5,824,816.80	29,223,397.62
	<hr/> <hr/>	<hr/> <hr/>

16.1.2 The Company has no pledged notes receivable at the end of the period.

16.1.3 Notes receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

Category	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bill		
Finance company acceptance bill		600,000.00
Commercial acceptance bill		5,224,816.80
	<hr/>	<hr/>
Total		5,824,816.80
	<hr/> <hr/>	<hr/> <hr/>

16.1.4 At the end of the period, the Company had no bills that were converted into accounts receivable due to the issuer's failure to perform.

16.2 Accounts receivable

16.2.1 Disclosure of accounts receivable by aging

Aging	Closing balance	Balance at the end of last year
Within 1 year (including 1 year)	114,323,111.09	83,413,898.68
Including: 0-6 months	89,748,832.71	66,358,608.14
7-12 months	24,574,278.38	17,055,290.54
1-2 years	7,201,300.19	1,153,186.85
2-3 years	20,211,516.25	20,959,871.25
3-4 years	620,725.30	656,725.30
4-5 years	20,773.67	61,273.67
Over 5 years	1,896,592.86	1,896,592.86
Subtotal	144,274,019.36	108,141,548.61
Less: bad debt provision	8,608,917.52	8,634,264.02
Total	135,665,101.84	99,507,284.59

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

Provision for bad debts on individual basis:

Name	Book balance	Closing balance		Reason for provision
		Provision for bad debts	Proportion of provision (%)	
Nanchang Shuntang Green Power Technology Co., Ltd.	3,258,250.75	3,258,250.75	100.00	It is estimated that it cannot be recovered
Total	<u>3,258,250.75</u>	<u>3,258,250.75</u>		

Provision for bad debts on portfolio basis:

Portfolio accrual item: aging portfolio

Portfolio name	Accounts receivable	Closing balance		Proportion of provision (%)
		Provision for bad debts		
Within 1 year (including 1 year)	46,229,293.69	388,514.76		
Including: 0-6 months	38,458,998.57			
7-12 months	7,770,295.12	388,514.76		5.00
1-2 years	4,094,736.88	409,473.69		10.00
2-3 years	17,509,990.80	2,626,498.62		15.00
3-4 years	64,000.00	19,200.00		30.00
4-5 years	20,773.67	10,386.84		50.00
Over 5 years	1,896,592.86	1,896,592.86		100.00
Total	<u>69,815,387.90</u>	<u>5,350,666.77</u>		

Portfolio accrual items: other portfolios

Portfolio name	Accounts receivable	Closing balance	
		Provision for bad debts	Proportion (%)
Related party portfolio	71,200,380.71	_____	_____
Total	<u>71,200,380.71</u>	<u>_____</u>	<u>_____</u>

16.2.3 Provision, reversal or recovery of provision for bad debts in the period

Category	Balance at the end of last year	Movement		Closing balance
		Provision	Recovery or Reversal	
Provision for bad debts on individual basis	3,358,250.75		100,000.00	3,258,250.75
Provision for bad debts on portfolio basis	5,276,013.27	105,600.00	30,946.50	5,350,666.77
Including: Aging portfolio Other portfolios	5,276,013.27	105,600.00	30,946.50	5,350,666.77
Total	<u>8,634,264.02</u>	<u>105,600.00</u>	<u>130,946.50</u>	<u>8,608,917.52</u>

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

Debtor	Amount recovered or reversed	Basis and reasonability for recognizing the original provision for bad debts	Reason for reversal or recovery	Method for recovery
Nanchang Shuntang Green Power Technology Co., Ltd.	100,000.00	Provision for bad debts on individual basis	Collection	Currency collection
Total	<u>100,000.00</u>			

16.2.4 There are no accounts receivable actually written off in the current period.

16.2.5 Accounts receivable of the top five ending balances collected by debtors

Unit Name	Accounts receivable	Closing balance	Provision for bad debts
		Proportion in total accounts receivable (%)	
Nanjing Panda Handa Technology Co., Ltd.	41,295,672.46	28.62	
Nanjing Gusheng Enterprise Management Co., Ltd	31,761,130.68	22.01	
China Electronics Defense Technology Co., Ltd	17,913,600.11	12.42	
Sony Mobile Communication Products (China) Co., Ltd	17,075,200.00	11.84	2,561,280.00
Nanjing Panda Information Industry Co., Ltd	11,846,670.94	8.21	
Total	<u>119,892,274.19</u>	<u>83.10</u>	<u>2,561,280.00</u>

16.3 Other receivables

Item	Closing balance	Balance at the end of last year
Interest receivable		
Dividend receivable	26,000,000.00	
Other receivables	<u>234,172,940.46</u>	<u>197,206,292.54</u>
Total	<u>260,172,940.46</u>	<u>197,206,292.54</u>

16.3.1 Other receivables

(1) Other receivables shown by aging

Aging	Closing balance	Balance at the end of last year
Within 1 year (including 1 year)	45,848,379.51	8,876,731.59
Including: 0–6 months	45,848,379.51	8,876,731.59
7–12 months		
1–2 years	5,000,000.00	5,000,000.00
2–3 years	18,000.00	18,000.00
3–4 years	50,000.00	50,000.00
4–5 years	812,988.08	817,988.08
Over 5 years	<u>183,692,152.40</u>	<u>183,692,152.40</u>
Sub-total	<u>235,421,519.99</u>	<u>198,454,872.07</u>
Less: provision for bad debts	<u>1,248,579.53</u>	<u>1,248,579.53</u>
Total	<u>234,172,940.46</u>	<u>197,206,292.54</u>

Note: The aging of other receivables is disclosed based on the aging on the entry date.

(2) Disclosure by method of provision for bad debts

Category	Closing balance				Balance at the end of last year			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Provision for bad debts on individual basis	812,988.08	0.35	812,988.08	100.00	812,988.08	0.41	812,988.08	100.00
Provision for bad debts on portfolio basis	234,808,531.91	99.65	435,591.45	0.19	197,641,888.99	99.59	435,591.45	0.22
Including:								
Agro portfolio	5,648,434.03	2.40	435,591.45	7.71	915,407.25	0.46	435,591.45	47.58
Other portfolios	228,960,097.88	97.25			196,726,476.74	99.13		197,206,476.74
Total	235,421,519.99	100.00	1,248,579.53		198,454,872.07	100.00	1,248,579.53	197,206,292.54

Other receivables with provision for bad debts made on an individual basis:

Entity Name	Book balance	Closing balance		Reason for provision
		Provision for bad debts	Proportion of provision (%)	
Nanjing Panda Digital Technology Development Co., Ltd.	812,988.08	812,988.08	100.00	Not expected to be recovered
Total	812,988.08	812,988.08		

Provision for bad debts by portfolio:

Portfolio: aging portfolio

Item	Other receivables	Closing balance Provision for bad debts	Proportion of provision (%)
Within 1 year (including 1 year)	5,212,842.58		
Including: 0-6 months	5,212,842.58		
7-12 months			
1-2 years			
2-3 years			
3-4 years			
4-5 years			
Over 5 years	435,591.45	435,591.45	100.00
Total	5,648,434.03	435,591.45	

Portfolio: other portfolios

Item	Other receivables	Closing balance Provision for bad debts	Proportion of provision (%)
Portfolio of deposit, security deposit and employee reserve fund	68,000.00		
Related party portfolio	228,892,097.88		
Total	228,960,097.88		

(3) Details of accrued bad debt provision

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss over the duration (no credit impairment)	Expected credit loss over the duration (credit impairment occurred)	
Balance as at December 31, 2022	435,591.45		812,988.08	1,248,579.53
Balance as at January 1, 2023				
- 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				
Reseller in current period				
Written-off in current period				
Other changes				
Closing balance	435,591.45		812,988.08	1,248,579.53

Changes in carrying amount of other receivables

Book balance	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss over the duration (no credit impairment)	Expected credit loss over the duration (credit impairment occurred)	
Balance as at December 31, 2022	197,641,883.99		812,988.08	198,454,872.07
Balance as at January 1, 2023				
- transfer to second stage				
- transfer to Third stage				
- transfer back to second stage				
- transfer back to first stage				
Increase in current period	106,476,622.64			106,476,622.64
Current termination recognition	69,509,974.72			69,509,974.72
Other changes				
Balance as at June 30, 2023	234,608,531.91		812,988.08	235,421,519.99

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

Item	Changes in current period				Balance as at June 30, 2023
	Balance as at December 31, 2022	Provision for bad debt incurred in current period	Reversed or received	Written off	
Provision for bad debt on individual basis	812,988.08				812,988.08
Provision for bad debt on group basis	435,591.45				435,591.45
Including: aging portfolio Other portfolios	435,591.45				435,591.45
Total	1,248,579.53				1,248,579.53

- (5) There are no other receivables actually written off in the current period.

- (6) Other receivables classified by nature

Nature of receivables	Balance as at June 30, 2023	Balance as at December 31, 2022
Deposit, security deposit	905,988.08	910,988.08
Current Accounts	228,587,482.56	196,797,252.40
Others	5,928,049.35	746,631.59
Total	235,421,519.99	198,454,872.07

(7) The top five debtors in terms of closing balance of other receivables

Debtor	Nature of fund	Book balance	Aging	Proportion in total other receivables at the end of the period (%)	Closing balance of provision for bad debts
Nanjing Panda Electronics Equipment Co., Ltd	Borrowings from related parties	119,979,546.35	More than 5 years	50.96	
Galant Limited	Borrowings from related parties	66,645,100.00	0-5 years	29.16	
Nanjing Panda Electromechanical Manufacturing Co., Ltd	Borrowings from related parties	25,243,414.60	0-5 years	10.72	
Nanjing Panda Communications Technology Co., Ltd.	Borrowings from related parties	12,000,000.00	0-6 months	5.10	
Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	Current accounts	1,465,750.62	0-6 months	0.62	
Total		227,333,811.57		96.56	

16.4 Long-term equity investments

Items	Closing balance		Balance at the end of last year			
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	1,465,785,546.36		1,465,785,546.36	1,465,785,546.36		1,465,785,546.36
Investments in associates and joint ventures	708,683,228.13	13,192,317.99	695,490,910.14	728,821,587.14	13,192,317.99	715,629,269.15
Total	2,174,468,774.49	13,192,317.99	2,161,276,456.50	2,194,607,133.50	13,192,317.99	2,181,414,815.51

16.4.1 Investment in subsidiaries

Investees	Balance at the end of last year	Increase during the period	Decrease during the period	Closing balance	Provision for impairment during the period	Closing balance of provision for impairment
Nanjing Panda Electronic Technology Development Company Limited	700,000,000.00			700,000,000.00		
Nanjing Panda Electronics Equipment Co., Ltd	190,000,000.00			190,000,000.00		
Nanjing Panda Information Industry Co., Ltd	176,736,513.98			176,736,513.98		
Shenzhen Jingwah Electronics Co., Ltd	119,241,304.00			119,241,304.00		
Nanjing Panda Electronic Manufacture Co., Ltd	111,221,994.10			111,221,994.10		
Nanjing Panda Communications Technology Co., Ltd	98,585,734.28			98,585,734.28		
Chengdu Panda Electronic Technology Co., Ltd	50,000,000.00			50,000,000.00		
Nanjing Panda Xinxing Industrial Co., Ltd	20,000,000.00			20,000,000.00		
Total	1,465,785,546.36			1,465,785,546.36		

16.4.2 Investments in associates and joint ventures

Investee	Balance at the end of last year	Additional investment	Reduced investment	Investment gains or losses recognized under the equity method	Increase/decrease in the period			Closing balance of provision for impairment
					Adjustments to other comprehensive income	Changes in other equities	Cash dividends or profits declared to be paid	
								Closing balance
1. Associates/companies								
Nanjing LG Panda Appliances Co., Ltd.	421,194,387.78			25,011,682.75		60,000,000.00		386,506,053.53
Nanjing Ericsson Panda Communications Co.	230,134,881.37			14,840,976.24				244,994,858.61
Beijing Sino AI-Patent Mobile Communication Co.	64,000,000.00							64,000,000.00
Subtotal	715,629,269.15			39,851,640.99		60,000,000.00		685,490,910.14
Total	715,629,269.15			39,851,640.99		60,000,000.00		685,490,910.14
								13,192,317.99
								13,192,317.99
								13,192,317.99

16.5 Operating revenue and operating costs

16.5.1 Operating revenue and operating costs

Item	Amount for the period		Amount for the last period	
	Income	Cost	Income	Cost
Primary businesses	65,555,710.59	53,172,010.60	44,409,982.01	30,831,045.27
Other businesses	15,191,468.91	7,116,925.51	16,627,772.87	7,465,625.14
Total	80,747,179.50	60,288,936.11	61,037,754.88	38,296,670.41

16.6 Investment income

Items	Amount for the period	Amount for the last period
	period	last period
Investment income from long-term equity investments under equity method	39,861,640.99	37,355,313.34
Investment income from disposal of financial assets held for trading	2,875,840.01	379,943.14
Investment income from long-term equity investments under the cost method	36,000,000.00	102,547,867.14
Total	78,737,481.00	140,283,123.62

17 SUPPLEMENTARY INFORMATION

17.1 Details of non-recurring gains and losses for the period

Items	Amount	Notes
Gain or loss on disposal of non-current assets	-41,738.56	
Tax rebates and exemptions that are approved beyond authority or without formal approval documents		
Government subsidies included in current profit or loss (except for those closely related to the business of the enterprise, which are granted on a fixed or quantitative basis in accordance with the national standard)	5,798,472.77	
Fees charged to non-financial enterprises for the occupation of funds included in current profit or loss		
Gains or losses arising from the acquisition of subsidiaries, associates and joint ventures where the cost of the investment is less than the fair value of the identifiable net assets of the investee at the time the investment is acquired		
Gains or losses on exchange of non-monetary assets		
Gains or losses from entrusting others to invest or manage assets		
Provision for impairment of assets due to force majeure factors, such as natural disasters		
Gains and losses on debt restructuring		
Corporate restructuring costs, such as expenses for relocating employees, integration costs, etc.		
Gains or losses in excess of fair value arising from transactions where the transaction price is not clearly fair		
Net profit or loss for the period from the beginning of the period to the date of consolidation of subsidiaries arising from business combinations under common control		
Gains or losses arising from contingencies not related to the Company's normal business operations		
Gains or losses from changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment gains on disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective hedging activities related to the Company's normal business operations	4,174,069.97	
Reversal of provision for impairment of receivables and contract assets that are individually tested for impairment	199,014.10	
Gains or losses on external entrusted loans		
Gains or losses arising from changes in the fair value of investment properties subsequently measured using the fair value model		
Effect of one-off adjustments to current profit or loss in accordance with tax, accounting and other laws and regulations on current profit or loss		
Custody fee income earned from trustee operations		
Non-operating income and expenses other than those mentioned above	1,642,637.27	
Other items of profit or loss that meet the definition of non-recurring profit or loss	267,350.61	Personal Tax Handling Fee Refund
	<hr/>	
Subtotal	12,039,806.16	
	<hr/>	
Income tax effect	688,525.08	
Minority interest impact (after tax)	322,764.74	
	<hr/>	
Total	11,028,516.34	
	<hr/> <hr/>	

17.2 Return on net assets and earnings per share

Profits of the reporting period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per Share	Diluted earnings per Share
Net profit attributable to ordinary shareholders of the Company	-0.77	-0.0299	-0.0299
Net profit after deducting extraordinary profit and loss attributable to ordinary shareholders of the Company	-1.08	-0.0420	-0.0420

Nanjing Panda Electronics Company Limited

Chairman: **Xia Dechuan**

Report date approved by the Board of Directors: August 28, 2023