

PANDA Electronics

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Nanjing Panda Electronics Company Limited

2025

Interim Report

(H Share Stock Code: 0 5 5 3)

(A Share Stock Code: 600775)

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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 6th meeting of the eleventh session of the Board of the Company held on 26 August 2025.
3.	The interim financial report of the Company is unaudited.
4.	Mr. Hu Huichun, the head of the Company, Mr. Hu Shoujun, the chief accountant of the Company, and Mr. Xue Gang, 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 2025.
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 (南京熊猫電子股份有限公司)
Group	Nanjing Panda Electronics Company Limited and its subsidiaries
PEGL	Panda Electronics Group Limited (熊猫電子集團有限公司)
PEGL Group	Panda Electronics Group Limited and its subsidiaries
NEIIC	Nanjing Electronics Information Industrial Corporation (南京中電熊猫信息產業集團有限公司)
NEIIC Group	Nanjing Electronics Information Industrial Corporation and its subsidiaries
CEC	China Electronics Corporation (中國電子信息產業集團有限公司)
CEC Group	China Electronics Corporation and its subsidiaries
Financial Company	China Electronics Finance Co., Ltd. (中國電子財務有限責任公司)
Electronics Equipment Company	Nanjing Panda Electronics Equipment Co., Ltd. (南京熊猫電子裝備有限公司)
Information Industry Company	Nanjing Panda Information Industry Co., Ltd. (南京熊猫信息產業有限公司)
Electronic Manufacture Company	Nanjing Panda Electronic Manufacture Co., Ltd. (南京熊猫電子製造有限公司)
Communications Technology Company	Nanjing Panda Communications Technology Co., Ltd. (南京熊猫通信科技有限公司)
Chengdu Electronic Technology	Chengdu Panda Electronic Technology Co., Ltd. (成都熊猫電子科技有限公司)
Xinxing Industrial Company	Nanjing Panda Xinxing Industrial Co., Ltd.
Huage Plastic	Nanjing Huage Appliance and Plastic Industrial Co., Ltd. (南京華格電汽塑業有限公司)
Shenzhen Jingwah	Shenzhen Jingwah Electronics Co., Ltd. (深圳市京華電子股份有限公司)
ENC	Nanjing Ericsson Panda Communication Co., Ltd. (南京愛立信熊猫通信有限公司)
LG Panda Appliances	Nanjing LG Panda Appliances Co., Ltd. (南京樂金熊猫電器有限公司)

Chengdu BOE	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	南京熊猫電子股份有限公司
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 2025)	Corresponding period of last year (January-June 2024)	Change from corresponding period of last year (%)
Operating income	1,042,651,233.72	1,250,346,512.09	-16.61
Total profit	-6,768,483.31	-36,574,327.28	N/A
Net profit attributable to shareholders of the Company	-45,584,145.10	-68,198,110.51	N/A
Net profit attributable to shareholders of the Company after deducting extraordinary profit and loss	-61,518,464.90	-76,549,286.77	N/A
Net cash flow from operating activities	-144,931,633.58	-133,262,704.33	N/A
	At the end of the Reporting Period (30 June 2025)	At the end of last year (31 December 2024)	Change from the end of last year (%)
Net assets attributable to shareholders of the Company	3,068,265,743.01	3,114,294,647.60	-1.48
Total assets	5,086,054,275.35	5,320,807,895.66	-4.41

(II) Key financial indicators

Key financial indicators	Reporting Period (January-June 2025)	Corresponding period of last year (January-June 2024)	Change from corresponding period of last year (%)
Basic earnings per share (RMB/share)	-0.0499	-0.0746	N/A
Diluted earnings per share (RMB/share)	-0.0499	-0.0746	N/A
Basic earnings per share after extraordinary items (RMB/share)	-0.0673	-0.0838	N/A
Weighted average return on net assets (%)	-1.47	-2.09	Increased by 0.62 percentage point
Weighted average return on net assets after extraordinary items (%)	-1.99	-2.34	Increased by 0.35 percentage point

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

The year-on-year decrease in operating revenue for the period was mainly due to a reduction in orders for the Company's export business, resulting in a year-on-year decrease in revenue; fewer project completions, inspections, and settlements in the industrial internet and smart manufacturing segments during the first half of the year, leading to a year-on-year decrease in revenue; intense competition in the existing market for power supply and communications businesses, resulting in a year-on-year decrease in revenue; the year-on-year increase in net profit attributable to shareholders of the Company was mainly due to a year-on-year increase in income from the Company's investment in its associate, LG Panda, and gains on disposal generated from the completion of the liquidation of the Company's associate, Beijing Se Potevio Mobile Communications Co., Ltd., during the period. The year-on-year decrease in net cash flows generated from operating activities was mainly due to a decrease in cash received from sales of goods and rendering of services.

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/loss from disposal of non-current assets (including the portion offset with the provision for impairment of assets)	11,035,112.38	
Government grants recognised in gain/loss of current period (excluding those closely related to the Company's normal operating business, complied with national policies and regulations, granted according to established standards, and continuously affecting the Company's gain/loss)	1,386,789.44	
Gains and losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial corporations and gains and losses arising from the disposal of financial assets and financial liabilities (excluding the valid hedging of the Company in its ordinary course of business)	5,038,173.73	
Reversal of impairment provisions for accounts receivable subject to individual impairment test	115,104.48	
Other non-operating income and expenses other than the aforesaid items	124,243.43	
Other items of gain or loss in accordance with the definition of extraordinary profit and loss		
Less: Effect on income tax	820,318.97	
Impact of minority interests (after tax)	944,784.69	
Total	15,934,319.80	

X. Net Profit After the Impact of Deducting Share-Based Payments to be Disclosed by Choice for Companies With Share Incentive and Employee Share Schemes

Not Applicable

XI. Others

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.

As a strategic, fundamental and leading industry of the national economy, the electronic information manufacturing industry plays a pivotal role in stabilizing industrial economic growth, safeguarding national security, and fortifying the material and technological foundation for Chinese-style modernization. In the first half of 2025, it demonstrated steady growth, structural optimization and innovation-driven development, emerging as a vital force supporting the recovery and high-quality development of the industrial economy. According to data from the Ministry of Industry and Information Technology, over the past six months, the added value of electronic information manufacturing industry above designated size increased by 11.1% year-on-year, the accumulated export delivery value increased by 3.3% year-on-year, the operating income amounted to RMB6.49 trillion, representing a year-on-year increase of 9.4%; the operating costs amounted to RMB5.7 trillion, representing a year-on-year increase of 9.4%; and the total profits amounted to RMB216.2 billion, representing a year-on-year increase of 11.9%. These figures exceed the growth rates of other industries during the same period, demonstrating the robust momentum.

(II) Impact of new policies on the industry where we operate

The Company keeps pace with the policy dynamics of the government at all levels and actively seizes upon the opportunities arising from such policies to develop progressively and further poise itself at main business in a timely and appropriate manner.

The National Data Administration issued the "Digital China 2025 Action Plan", outlining eight major initiatives: institutional innovation, local brand development, "AI+" infrastructure improvement, data industry cultivation, digital talent cultivation, optimization of digital development environment and enhancement of digital empowerment. Regarding the deployment of the "AI+" initiative, on one hand, it will deeply explore AI application scenarios and actively promote the construction of high-quality AI datasets; on the other hand, it will focus on developing next-generation intelligent terminals and intelligent manufacturing equipment, including intelligent connected new-energy vehicles, AI-powered smartphones and computers, and intelligent robots.

The "Implementation Plan for Digital Transformation in the Light Industry", jointly issued by the Ministry of Industry and Information Technology, the Ministry of Education and the State Administration for Market Regulation, proposes that by 2030, digital transformation will be widely implemented among light industry enterprises above designated size, establishing a digital ecosystem characterized by "intelligent transformation, digital transition and network integration", significantly enhancing the industry's level in high-end, intelligent and green development. Four major initiatives have been deployed: empowering with next-generation information technologies, innovating and applying new models and business forms, promoting high-quality industrial development, and strengthening foundational support, which drive a progressive transformation and upgrading of "digital workshops – smart factories – intelligent supply chains" and overall leap in digital capability through the traction of digital scenarios.

The "Implementation Plan for Digital Transformation in the Electronic Information Manufacturing Industry", jointly issued by the Ministry of Industry and Information Technology, the National Development and Reform Commission and the National Data Administration, proposes: focusing on expanding the breadth and depth of digital transformation and intelligent upgrading in the electronic information manufacturing industry, consolidating its intrinsic momentum for stable growth, continuously intensifying the empowerment of electronic information technology and product for digital transformation in other industries, and contributing to the advancement of new industrialization and the construction of national strength in manufacturing. By 2027, the numerical control rate of key processes in electronic information manufacturing enterprises above designated size will exceed 85%, with comprehensive coverage of typical scenario solutions and significantly enhanced service capabilities. By 2030, a relatively complete data foundation system for the electronic information manufacturing industry will be established, a range of landmark intelligent products will be developed, and the environment for digital services and standards supporting transformation will be fundamentally improved, achieving new breakthroughs in extending to the high-end of the global value chain.

The executive meeting of the State Council considered and approved the "Opinions on the In-depth Implementation of the "AI+" Initiative". The release of this policy document marks a significant new round of national-level industrial development deployment following the 2015 "Internet+" initiative. It calls for a deep implementation of the "AI+" initiative, vigorous promotion of large-scale commercial applications of artificial intelligence, fully leveraging China's advantages in a comprehensive industrial system, vast market scale and diverse application scenarios, to accelerate the widespread adoption and deep integration of AI across all sectors of economic and social development, and foster a virtuous cycle where innovation drives application and application fuels innovation.

(III) Principal operations and products

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 and data analysis means, focuses on the development of smart transportation and safe city business clusters, and further expands smart urban rail, safe city communications, digital park, high-tech electronics, energy storage power supply and other businesses.

In the field of industrial Internet and intelligent manufacturing, the Company applies new generation information technologies to deeply integrate 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, and focuses on providing intelligent factory system solutions with independent intellectual property rights for the automation, informatization, digitization and intelligent construction, transformation and upgrading of industrial enterprises.

In the field of green and service-oriented electronic manufacturing, through intelligent, flexible and lean management, it provides domestic and foreign brand manufacturers with complete manufacturing services, such as R&D, process design, procurement management, manufacturing and warehousing of 3C, new display module components, core components of white appliances, automotive electronics, communication equipment and other electronic products.

(IV) Operating model

1. Management model

The Company adapts to the times and flexibly responds to new circumstances and tasks, actively integrates into China Electronics' development strategy, implements industrial restructuring and integration, further optimizes the industrial fields, continuously deepens corporate transformation and upgrading, strengthens the R&D system, talent pool and capability development. Consistently centering on three major business lines: smart transportation and safe city, industrial Internet and intelligent manufacturing, and green and service-oriented electronic manufacturing industry, the Company coordinates the integration of internal and external resources, comprehensively promotes the construction of industry system, improves the layout of the ecologic chain of the industry. Through providing industry-leading system solutions and services for major system engineering, the Company is committed to becoming an important support for national intelligent manufacturing field and assisting high-quality development of the manufacturing industry.

2. R&D model

The Company always adheres to self-dependent innovation and insists on "response + guiding"-based two-way driven R&D model. By carefully integrating the national strategic direction, fully studying the market and customer needs and practically implementing "three-tight" R&D strategy, the Company closely follows the national strategic direction, keeps up with the technological development trend, and keeps abreast of the market demand and orientation. Through this strategy, the Company ensures it maintains a leading position in technology research and development as well as product innovation, and continues to enhance its core competitiveness. Meanwhile, the Company places significant emphasis on industry-academia-research co-operation, integrates internal and external resources, promotes the transformation of technological achievements, provides customers with more forward-looking and practical solutions, and contributes to the progress and sustainable development of the industry.

3. Production & service delivery model

Guided by market and customer demands, the Company organizes R&D and production, and devotes itself to the delivery of product and system overall solutions and system engineering projects. Meanwhile, the Company actively and quickly responds to the needs of customers and continuously promotes technical update iteration. Through providing integrated services to customer, the Company deepens and broadens the cooperative relationship with customers, creates more value for them and ultimately achieves growth and development for both the Company and customers.

4. Marketing model

The Company implements a full-staff marketing model, through the development of a series of training and incentive mechanisms, encourages all employees to break through the past limitations, actively participate in the Company's marketing activities, vigorously expand new areas, attract new customers, and expand new categories, at the same time, the Company maximizes the potential of employees, integrates internal resources, and effectively promotes the enhancement of both the Company's brand influence and performance.

(V) Market presence and key performance

In the fields of intelligent transportation and safe city, the Company focuses on three core business segments: smart transportation, safe city, and digital park. By integrating superior resources and strengthening technological R&D and scenario implementation capabilities, it is committed to becoming an integrated hardware and software solution provider for urban rail transit, dedicated emergency communications, and digital park. In the first half of 2025, in terms of the smart transportation business, the Company deeply engaged in the intelligent construction of urban rail transit across multiple regions, providing core solutions covering subway communication, AFC and payment systems, contributing to smart subway and intelligent mobility, resulting in successful bids for AFC system and communication system equipment procurement projects in several cities; in terms of the digital park business, the Company provided comprehensive intelligent solutions for scenarios such as healthcare, transportation and industrial park, covering modules including building intelligence, weak current system, smart security and energy management, resulting in successful bids for 30 intelligent engineering projects and related projects; in terms of the safe city business, the Company achieved continuous breakthroughs in the fields of emergency communication, dedicated network communication and smart security, providing highly reliable communication and intelligent equipment for public safety, emergency rescue and special industries, and successfully winning multiple supply projects.

In the field of industrial Internet and intelligent manufacturing, the Company deepened its strategic deployment during the first half of 2025, achieving business breakthroughs in flexible assembly, intelligent warehousing and electronic glass, and successfully signed 16 new key projects covering major regions including Wuhu, Nanjing, Harbin and Xianyang. Projects encompassed intelligent conveyor lines, automated assembly systems, smart logistics warehousing and high-end electronic glass manufacturing equipment, with a double increase in the number of awarded projects and contract value, enhancing market competitiveness.

In the field of green manufacturing services, the Company is accelerating the transformation and upgrading of the green service-oriented electronic manufacturing business. Efforts are intensified to expand external markets for the green service-oriented electronic manufacturing business, with automotive electronics business focusing on advancing cooperation with several leading customers, and white goods business prioritizing deeper collaboration with strategic clients.

Elaboration on newly added significant non-principal business during the Reporting Period: N/A

II. The Discussion and Analysis on the Operation

In the first half of 2025, the Company remained steadfast in pursuing its annual core objectives, firmly adhered to the two lifelines of development and safety, focused on improving quality and efficiency, overcame the challenges in the difficult in-depth reforms, strictly prevented and controlled risks, and waged the "three major battles" of industrial restructuring, scientific research and innovation, and team building, demonstrating greater determination, more practical measures, and stronger responsibility, and striving to complete all annual objectives and tasks, thereby laying a solid foundation for the Company's development under the "15th Five-Year Plan".

In the first half of 2025, the Company's export orders decreased due to the macroeconomic situation, resulting in a year-on-year decline in revenue. The Company's industrial Internet and intelligent manufacturing business is in a transitional period of transformation and adjustment, with fewer project completions, acceptance inspections, and settlements in the first half of 2025, which had a certain impact on operating revenue and net profit attributable to shareholders of the parent company. The Company's power supply and communications business is experiencing fierce competition in the existing market, resulting in a year-on-year decline in revenue, which also had a certain impact on net profit attributable to shareholders of the parent company. During the Reporting Period, the Company recorded operating revenue of RMB1,042,651,200, total loss of RMB6,768,500, and net loss attributable to shareholders of the Company of RMB45,584,100.

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

III. Analysis of Core Competitiveness during the Reporting Period

1. The Company continues to enhance its technological innovation system, with the foundation of the scientific research base being gradually solidified. The 8 major subsidiaries of the Company maintain high-tech enterprise certifications, while 4 subsidiaries have been recognized and retained their status as provincial-level new enterprises with specialized expertise and refined operation. There are 14 R&D platforms at provincial and municipal levels, including 6 provincial engineering (technology) research centers, 4 provincial enterprise technology centers, 1 municipal enterprise technology center and 3 municipal engineering research (technology) centers. The Company strengthens the construction of the Digital Intelligence Industry Research Institute, and builds a scientific and technological innovation system that combines unified management and separate implementation, with the research institute focusing on tackling key core technologies and its subsidiaries focusing on industrial expansion and application, ensuring effective alignment between technological breakthroughs and industrial demands. A more reasonable and differentiated assessment approach has been implemented, featuring tailored evaluation metrics that provide robust institutional support and incentive guidance for technological innovation.
2. The Company attaches great importance to R&D investment and has achieved remarkable results in scientific and technological innovation. In the first half of 2025, the accumulated investment in science and technology exceeded RMB100 million, achieving breakthroughs in a series of key core technologies within the digital-intelligent equipment field. Three scientific research achievements passed the appraisal of scientific and technological achievements organized by the Jiangsu Association of Science and Technology Innovation, with all project achievements reaching domestically leading standards. The Company advances the implementation of major scientific and technological projects. The 2023 special project of MIIT Industrial Internet Innovation and Development Project "Intelligent Operation and Maintenance System of Production Equipment in Key Industries Based on Industrial Internet Platform" passed project acceptance in February 2025; the 2022 Ministry of Science and Technology Key R&D Program "Key Technologies for Intelligent Operation Decision-Making of Equipment Manufacturing Enterprises Supporting Dynamic Reconstruction" completed the operational decision-making system framework design and system R&D, system data interface development, and optimization and reconfiguration of tool integration; the 2022 Jiangsu Provincial Key R&D Plan "Research and Development of Key Technologies for Multimodal Human-machine Interaction System Integration Based on Brain-Computer Interface Technology" completed the development and debugging optimization of brain-controlled intelligent terminals; and the 2022 Jiangsu Provincial Key R&D Plan "Key Technologies Research and Development of Digital Twin Emergency Early Warning System for Optical Cable Accurate Monitoring" recently underwent project acceptance. The "Smart Ticketing Integration System for Urban Rail Transit in Metropolitan Areas" received the RT Rail Transit Excellent Solution Award; the "Green Travel Application Scenario (Green Travel Passenger Service Scenario for Rail Transit in Metropolitan Areas)" was selected for the Jiangsu Major Scenario Project for Digital Society. The "Digital Park Operating System Platform (DPoS)" received the "Two New" Technology Product Certification from the Jiangsu Provincial Department of Industry and Information Technology. The Company was successfully selected as a member unit of the Nanjing Low-altitude Economy Standardization Technical Committee, administered by the Nanjing Market Supervision Administration.
3. The Company has achieved continuous breakthroughs in intellectual property rights and standardization efforts, further strengthening the industrial competitiveness in the fields of digital city and smart manufacturing. In the first half of 2025, there were 20 patent applications accepted, of which 20 were invention patents; 17 patents were granted, of which 10 were granted for invention patents. As of 30 June 2025, there were 578 valid patents, including 207 core invention patents and 535 software copyrights. It actively leads or participates in the formulation of national, industry and group standards to secure industry influence. To date, the Company and its subsidiaries have participated in or led the formulation of 10 national standards, 8 local standards, 2 industry standards and 15 group standards.
4. The Company has a sound quality control system and has established a complete quality database. The Company always adheres to the business philosophy of quality- and service-orientation, and maintained the certifications of ISO9001 Quality Management System, ISO14001 Environmental Management System, ISO45001 Occupational Health and Safety Management System, and ATF16949 Automotive Industry Quality Management System, among others. The Company has a complete after-sales service system and maintains five-star commodity after-sales service certification, information technology service management system certification, information system construction and service capability evaluation CS4 (excellent) certification. In the first half of 2025, the Company successfully obtained relevant certifications for multiple new fields, including ISO 13485 Medical Device Quality Management System and ISO 50001 Energy Management System. Its subsidiary, the Electronic Manufacture Company, actively developed a smart factory and was recognized as a "2025 Jiangsu Provincial Advanced Smart Factory" by the Jiangsu Provincial Department of Industry and Information Technology. Since the smart factory was established, product development cycles have shortened by 33.3%, picking efficiency has increased by 75%, labor productivity of all employees has risen by 11.7%, and supplier collaboration efficiency has improved by 11%, effectively supporting business expansion.
5. The Company actively promotes deep integration of industry, academia and research, continuously advancing technological collaborative innovation and transformation of scientific research achievements. The Company engages in scientific and technological innovation cooperation and exchange with Nanjing University, Southeast University, Nanjing University of Aeronautics and Astronautics, Nanjing University of Science and Technology, Nanjing University of Posts and Telecommunications and many other universities through conducting joint R&D projects, and co-building of R&D platforms and industrial technology innovation alliances. In the first half of 2025, focusing on the needs of scenarios such as intelligent networking, low-altitude applications and integrated communications, the Company initiated technical cooperation with Nanjing University of Posts and Telecommunications in the field of next-generation information and communications, with a success in securing approval for the Nanjing Next-generation Autonomous and Controllable Intelligent Communications Network Innovation Consortium.

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	1,042,651,233.72	1,250,346,512.09	-16.61
Operating costs	881,242,988.19	1,087,598,858.49	-18.97
Cost of sales	20,891,732.02	23,290,719.32	-10.30
Administrative expenses	114,512,870.03	119,385,910.50	-4.08
Financial expenses	-4,527,196.16	-7,823,878.43	N/A
R&D expenses	99,991,645.72	109,855,250.05	-8.98
Net cash flows from operating activities	-144,931,633.58	-133,262,704.33	N/A
Net cash flows from investing activities	267,138,820.66	115,436,141.90	131.42
Net cash flows from financing activities	-8,729,418.84	30,138,541.71	-128.96
Gain from change in fair value	4,412,265.15	-1,481,275.69	N/A
Expected credit loss	-6,698,654.55	-4,246,517.83	N/A
Asset impairment losses	1,194,286.77	-21,313.55	N/A
Gains on disposal of assets	2,152.11	8,373.69	-74.30
Non-operating income	207,324.72	471,339.02	-56.01
Non-operating expenses	82,289.21	174,101.74	-52.73

Reasons for change:

- (1) Reasons for the change in operating income: mainly due to a reduction in orders for the Company's export business, resulting in a year-on-year decrease in revenue; fewer project completions, inspections, and settlements in the industrial internet and smart manufacturing segments during the first half of the year, leading to a year-on-year decrease in revenue; intense competition in the existing market for power supply and communications businesses, resulting in a year-on-year decrease in revenue;
- (2) Reasons for the change in operating income: mainly due to a reduction in orders for the Company's export business, resulting in a year-on-year decrease in revenue and costs; fewer project completions, inspections, and settlements in the industrial internet and smart manufacturing segments during the first half of the year, leading to a year-on-year decrease in revenue and costs; intense competition in the existing market for power supply and communications businesses, resulting in a year-on-year decrease in revenue and costs;

- (3) Reasons for the change in cost of sales: mainly due to a year-on-year decrease in advertising and exhibition expenses;
 - (4) Reasons for the change in administrative expenses: mainly due to a year-on-year decrease in staff salaries;
 - (5) Reasons for the change in financial expenses: mainly due to a year-on-year decrease in interest income and exchange gains;
 - (6) Reasons for the change in R&D expenses: mainly due to a year-on-year decrease in material expenses and entrusted R&D costs;
 - (7) Reasons for the change in net cash flows from operating activities: mainly due to the year-on-year decrease in cash received from the sale of goods and rendering of services;
 - (8) Reasons for the change in net cash flows from investing activities: mainly due to the completion of the liquidation of an associate and the recovery of investment funds, as well as a year-on-year decrease in the purchase of structural deposits during the period;
 - (9) Reasons for the change in net cash flows from financing activities: mainly due to the discounts on notes not terminated for recognition for the previous period;
 - (10) Reasons for changes in gain on changes in fair value: mainly due to a year-on-year increase in gains and losses recognized on changes in the fair value of structural deposits for the period;
 - (11) Reasons for changes in credit impairment losses: mainly due to a year-on-year increase in expected credit loss on accounts receivable for the period as compared with the previous period;
 - (12) Reasons for changes in assets impairment losses: mainly due to a year-on-year increase in the reversal of contract asset impairment for the period;
 - (13) Reasons for changes in gain from the disposal of assets: mainly due to a year-on-year decrease in gains on disposal of non-current assets during the period;
 - (14) Reasons for changes in non-operating income: mainly due to a year-on-year decrease in gains from the destruction and scrapping of non-current assets during the period;
 - (15) Reasons for changes in non-operating expenses: mainly due to a year-on-year decrease in relevant charges and other expenditures during 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 Analysis of assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets	Amount at the end of the previous year	Amount at the end of the previous year 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 year	Remarks
		(%)		(%)	(%)	
Monetary Funds	833,316,771.39	16.38	757,643,131.44	14.24	9.99	
Accounts receivable	1,329,939,375.67	26.15	1,407,009,242.46	26.44	-5.48	
Inventories	580,653,581.28	11.42	487,807,239.73	9.17	19.03	
Contract assets	137,166,343.09	2.70	144,611,505.52	2.72	-5.15	
Investment property	179,685,691.71	3.53	182,988,535.58	3.44	-1.80	
Fixed assets	748,659,362.25	14.72	764,716,893.66	14.37	-2.10	
Construction in progress	2,377,750.38	0.05	1,506,311.96	0.03	57.85	Mainly due to the fact that certain items of construction in progress hadn't transferred to fixed assets yet
Right-of-use assets	6,773,695.28	0.13	8,464,815.42	0.16	-19.98	
Notes receivable	24,153,385.62	0.47	98,477,213.49	1.85	-75.47	Mainly due to the decrease in both bank acceptance bills not derecognized at the end of the period and commercial acceptance bills
Prepayments	38,086,465.61	0.75	27,410,781.74	0.52	38.95	Mainly due to an increase in prepayments for materials for rail transit projects
Non-current assets due within one year	-	-	730,582.81	0.01	-100.00	Mainly due to the transfer of the portion of warranty payments due within one year that matured during the period to accounts receivable, and the recovery of a portion of those payments
Long-term equity investments	389,991,205.34	7.67	492,969,930.44	9.27	-20.89	
Other non-current assets	23,400.00	0.00	5,329,316.34	0.10	-99.56	Mainly due to a decrease in prepayments for the purchase of long-term assets
Short-term loans	-	-	42,326,327.88	0.80	-100.00	Due to the maturity of discounted bank acceptance bills not derecognized and the maturity and factored accounts receivable not derecognized as at the end of the previous year
Notes payable	33,484,535.53	0.66	110,289,431.12	2.07	-69.64	Due to a decrease in bank acceptance bills payable at the end of the period
Contract liabilities	95,147,136.31	1.87	108,769,990.54	2.04	-12.52	
Staff salaries payable	30,760,321.04	0.60	59,341,157.51	1.12	-48.16	Mainly due to payment of salaries, bonuses and fringe benefit during the period
Taxes payable	23,956,617.46	0.47	39,829,425.41	0.75	-39.85	Mainly due to a decrease in value-added tax and individual income tax payable
Other current liabilities	41,806,484.14	0.82	84,356,494.83	1.59	-50.44	Mainly due to a decrease in endorsed but derecognized acceptance bills and supply chain finance invoices
Lease liabilities	3,683,182.73	0.07	4,628,222.00	0.09	-20.42	
Estimated liabilities	-	-	1,800,000.00	0.03	-100.00	Mainly due to the transfer of product quality guarantees to non-current liabilities due within one year

2. Overseas assets

(1) Asset size

Including: Overseas assets in the amount of RMB87,149,740.92, accounting for 1.71% 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	51,805,272.91	Acceptance bill, performance, deposit for letter of guarantee
Notes receivables	10,648,755.38	Notes endorsed that are not yet due and not derecognized
Accounts Receivables	8,276,712.67	Supply chain financial statements that have been endorsed and are not yet due for derecognition
Total	70,730,740.96	

4. Other explanations: N/A

(IV) Analysis of investments

1. Overall analysis of equity investment

In the first half of 2025, 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 annual capital expenditure budget and actual operating situation.

(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	Closing balance
Financial assets held for trading	491,594,758.95	4,412,265.15			595,000,000.00	684,004,590.04		407,002,434.06
Financing receivables	30,350,019.89				106,754,068.59	102,813,589.79		34,290,498.69
Total	521,944,778.84	4,412,265.15	-	-	701,754,068.59	786,818,179.83	-	441,292,932.75

Investment in securities

☐ Applicable ☒ Not Applicable

Description of investment in securities

☐ Applicable ☒ Not Applicable

Investment in private equity funds

☐ Applicable ☒ Not Applicable

Derivatives investments

☐ Applicable ☒ Not Applicable

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

(VI) Analysis of major subsidiaries and investee companies

Major subsidiaries and associate companies affecting 10% or more of the Company's net profit

Unit: 0'000 Currency: RMB

Company name	Company type	Major business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Electronics Equipment Company	Subsidiary	Manufacture and sale of automatic transmission equipment and industrial robots	19,000.00	31,605.96	-16,650.73	4,256.25	-4,734.71	-4,719.92
Information Industry Company	Subsidiary	Production and sale of AFC and ACC systems and equipment of railway transit, building intellectualization and system integration	21,681.4228	157,611.12	43,762.53	40,916.16	2,267.95	2,210.52
Electronic Manufacture Company	Subsidiary	EMS services	USD2,000	73,106.32	25,268.29	26,081.73	-962.29	-967.52
Communications Technology Company	Subsidiary	Manufacture and sale of mobile communication, digital communication and network communication systems and products	10,000.00	21,904.76	9,565.90	1,897.82	-1,926.06	-1,925.59
Xinxing Industrial Company	Subsidiary	Property and catering services	2,000.00	5,736.42	4,384.81	2,609.70	14.76	4.46
Shenzhen Jingwah	Subsidiary	Research and development, manufacturing and sales of communication equipment and digital products	11,507.00	58,749.45	48,151.57	24,543.33	5,447.93	4,294.56
Chengdu Electronic Technology	Subsidiary	Electronic manufacturing services	5,000.00	12,446.83	9,634.57	3,272.72	-415.19	-417.11
LG Panda	Associate company	Development and production of fully automatic washing machines and related parts	USD3,570	347,682.18	105,632.16	357,762.03	25,805.74	19,371.23

Conditions of the subsidiaries acquired or disposed of during the Reporting Period: N/A

Other Explanations

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

LG Panda was established on 21 December 1995 with a registered capital of US\$35.7 million. LG Panda is currently owned as to 30%, 50% and 20% by the Company, LG Electronics Co., Ltd., and LG Electronics (China) Co., Ltd., respectively. LG Panda is mainly engaged in the development and production of fully automatic washing machines and related components.

In the first half of 2025, LG Panda recorded operating revenue of RMB3,577,620,300, representing a year-on-year increase of 2.71%, and net profit of RMB193,712,300, representing a year-on-year increase of 0.85%. Reason for changes in main indicators: growth in export orders for washing machines. During the Reporting Period, the Company recognized investment income of RMB48,377,400.

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

ENC was set up on 15 September 1992 with a business term of 30 years, a total investment of US\$40.88 million and a registered capital of US\$20.9 million. ENC is held as to 27% by the Company, 51% by Ericsson (China) Company Limited, 20% by CETC Asset Management 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. In August 2022, shareholders decided to extend the business term of ENC for three years, ending on 14 September 2025. On 10 June 2025, ENC shareholders resolved to extend the term of business to 14 December 2025.

In the relevant announcements published on the website of the Shanghai Stock Exchange on 31 January, 1 March, 29 March, 27 April, 4 June, 28 August and 30 October 2024, 28 March, 29 April, 20 June and 31 July 2025 (Lin 2024-003, 2024-004, 2024-024, 2025-011, 2025-016 and 2025-020) and in the 2023 annual report, 2024 first quarterly report, 2024 interim report, 2024 third quarterly report, 2024 annual report, 2025 first quarterly report, the Company provided a detailed explanation on the special tax adjustment and related circumstances ("**Special Tax Adjustment**") of Nanjing Ericsson Panda Communication Co., Ltd., an associate company of the Company, and disclosed the progress of such adjustment in each of the periodic reports.

On 19 June 2025, an extraordinary meeting of the 11th session of the Board of the Company was held, at which the resolution on the public tender and transfer of equity interest in its associate company was considered and approved. Given that: The Chinese shareholders of ENC have been engaging in ongoing communications and negotiations with their fellow ENC shareholder, Ericsson, to agree on a path forward for ENC and in light of the Special Tax Adjustment; Ericsson sent a written communication to the Chinese shareholders of ENC confirming, among other things: Ericsson proposes to purchase the 49% equity interest in ENC held by the Company and other Chinese shareholders of ENC for a specific cash purchase consideration. In accordance with relevant regulations on the supervision and administration of state-owned assets, the Company proposed to transfer its 27% equity interest in its associate company through public tender, Nanjing Ericsson Panda Communication Co., Ltd., through Shanghai United Assets and Equity Exchange (SUAEE). The equity interest to be transferred will be listed for public tender together with 22% equity interest held by other Chinese shareholders of ENC. According to the Valuation Report on All Shareholders' Equity Value of Ericsson Panda Communication Co., Ltd. Involved in the Proposed Disposal of Equity Interest by Nanjing Panda Electronics Company Limited issued by Beijing Zhongtianhua Asset Appraisal Co., Ltd., the Company and other Chinese shareholders of ENC have determined the minimum transfer price for the 49% equity interest in ENC to be transferred through public tender as RMB516,508,500, with the value of the equity interest held by the Company corresponding to RMB284,606,700. To improve work efficiency, if no prospective transferees are solicited by the end of the information disclosure period, the minimum transfer price may be further lowered and the information disclosure process may be restarted. The new minimum transfer price shall not be lower than 90% of the minimum transfer price in the initial formal information disclosure. That is, the new minimum transfer price for the 49% equity interest in ENC held by the Chinese shareholders shall be RMB464,857,700, with the value of the equity interest held by the Company corresponding to RMB256,146,000.

On 30 July 2025, the first extraordinary general meeting in 2025 of the Company was held, at which the matters relating to the public tender and transfer of equity interest in associate company; and the authorization of the Company's management to organize and implement the said transaction and handle the specific related matters were considered and approved.

On 15 August 2025, the 49% equity interest in Nanjing Ericsson Panda Communication Co., Ltd. was offered for transfer through public tender on SUAEE.

This transaction shall be conducted through public tender, and there is a degree of uncertainty regarding the final transferee and transaction price. The Company will closely monitor the progress of the public tender procedure, actively promote the implementation and execution of the equity disposal, and continue to disclose significant developments in this matter, ensuring timely and appropriate disclosure of information at each stage.

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

V. Other Disclosures

(I) Potential Risks

1. Technology risk

The Company's industrial development is influenced by factors such as changes in the external economic environment, the allocation of internal R&D resources, and the transformation of R&D achievements. Accelerated technological iteration imposes significant challenges in building the Company's industrial innovation capabilities and core competitiveness. The Company will deeply understand market demands and changing trends, focus on the construction of the Digital Intelligence Industry Research Institute, further improve the scientific research work system, enhance the technological innovation capacity and the ability to translate R&D achievements into economic benefits; and strengthen the cultivation of scientific and technological talents, deepen the reform of the incentive mechanism, accelerate the research and breakthrough of key core technologies, and promote the continuous iterative upgrading of new technologies and products, so as to provide a strong driving force for the Company's high-quality development.

2. Market risk

Influenced by economic cycles, policy changes, shifts in market demand and other factors, the Company's main business lies in a perfectly competitive market, with insufficient market expansion. In order to better cope with market risks, the Company will steadfastly adhere to its sustainable development strategy, keep up with the market dynamics, follow the industry trend, optimize business structure, and strive to find new growth points for the business; and continue to optimize its market expansion strategy, strengthen resource integration and collaboration, continuously promote industrial transformation and upgrading, improve core competitiveness of products and services, and actively explore and develop overseas business markets based on market demand and policy adjustment.

3. Litigation risk

In recent years, the Company has followed an increasing trend in litigation and disputes in general. In order to do a good job in litigation management, the Company will make efforts in dealing with the pre-litigation risk prevention, in-litigation case handling, and post-litigation review and analysis. It will strengthen internal management to further improve the compliance work competence according to laws. By advancing industrial transformation and upgrading, it will improve the quality of products and services, and reduce commercial disputes.

(II) Other disclosure matters

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 2025, the Company's gearing ratio (the ratio of total liabilities to total assets) was 33.74%; current liabilities amounted to RMB1.716 billion; liquidity ratio was 2.17; quick ratio was 1.80; bank deposits and cash amounted to RMB833 million; and short-term bank and other loans amounted to RMB0 million.

According to the announcement of the National Interbank Funding Center authorized by the People's Bank of China, during the Reporting Period, as of 20 June 2025, the LPR for 1-year was 3.0%, and the LPR for more than 5-year was 3.5%; as of 20 August 2025, the LPR for 1-year was 3.0%, and the LPR for more than 5-year was 3.5%.

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

6. Corporate Governance 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 has 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. 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 27 March 2025 to review 2024 financial report of the Company and the summary report on audit work in 2024 performed by WUYIGE Certified Public Accountants LLP and agreed to submit the same to the Board for review. The appointment of WUYIGE Certified Public Accountants LLP as the Company's international, domestic and internal control auditors for 2025 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 2025, 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.

9. 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 2024 Annual Report.

SECTION IV CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIETY

I. Changes in Directors, Supervisors and Senior Management of the Company: N/A

During the Reporting Period, there was no change in Directors, Supervisors and Senior Management of the Company.

II. Plan for Profit Distribution or Capitalization of Capital Reserve

Whether distributed or capitalized No

Number of bonus shares for every 10 share (share)

Amount of cash dividend for every 10 shares (RMB) (tax inclusive)

Number of shares converted for every 10 share (share)

Implementation of plans for profit distribution and capitalization of capital reserve

The fourth meeting of the 11th session of the Board of Directors and the 2024 Annual General Meeting of the Company have considered and approved the 2024 Annual Profit Distribution Plan. Upon the auditing, the Company's net loss attributable to shareholders of the listed company in 2024 was RMB188,854,556.25. In accordance with the relevant provisions of the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies, the Articles of Association and the Shareholder Return Plan (2025–2027), in order to ensure the Company's sustainable and stable operation and the long-term interests of all shareholders, and comprehensively taking into consideration of the Company's 2025 business plan and capital needs, the proposed profit distribution plan for 2024 has been formulated as follows: there will be no distribution of profit and there will be no transfer of capital stock from capital reserves or other forms of distribution. 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 28 March and 21 June 2025.

III. Share Incentive Scheme, Employee Share Ownership Scheme and Other Employee Incentives and Their Impacts: N/A

IV. Environmental Information of Listed Companies and Their Major Subsidiaries Included in the List of Enterprises that Disclose Environmental Information According to Law

No. of enterprises included in the list of enterprises that disclose environmental information according to law 1

No.	Name of enterprise	Index for enquiry of report on legal disclosure of environmental information
1	Nanjing Huage Appliance and Plastic Industrial Co., Ltd.	http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId = http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js

V. Details on Performance of Consolidation of Anti-poverty Achievements and Rural Rejuvenation

To thoroughly implement the decisions and arrangements of the SASAC, further deepen and expand the consumption assistance of state-owned enterprises, and contribute to consolidating and expanding the anti-poverty achievements while advancing rural revitalization, the Company actively participated in the "Central Enterprises Consumption Assistance Spring Campaign" organized by China Electronics Corporation in accordance with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council's "Notice on Launching the 2025 Central Enterprises Consumption Assistance Spring Campaign". Through the "Central Enterprises Consumption Assistance" e-commerce platform of the SASAC and the "China Electronics Consumption Assistance Mall" operated by China Electronics Corporation, the Company conducted centralized procurement and assisted sales of agricultural products from regions under targeted assistance and counterpart support by state-owned central enterprises. During the Spring Assistance Campaign, the Company purchased 1,983 agricultural and other products, contributing a total assistance fund of RMB149,600.

SECTION V 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 non-related third parties to avoid horizontal competition. (4) If any business opportunity is provided to PEGL and its subsidiaries by third parties or by PEGL and its subsidiaries to third parties, and such business directly or indirectly constitutes competition with the Company, or the Company is able to and intends to undertake such business, PEGL and its subsidiaries shall immediately inform the Company of such opportunity and facilitate the undertaking of such business by the Company on reasonable terms and conditions. (5) If the Company or the relevant regulatory authorities believe(s) there exists horizontal competition in the business which PEGL and its subsidiaries is engaging in or will engage in, PEGL and its subsidiaries will timely transfer or terminate such business upon objection by the Company. If the Company further requests to acquire such business, PEGL and its subsidiaries will, unconditionally, transfer the aforesaid business and assets to the Company with priority based on the fair price as audited or appraised by agencies qualified to deal in securities and futures related business. (6) If this letter of commitment proves to be untrue or not observed, PEGL will indemnify the Company and its subsidiaries for all direct and indirect losses. (7) PEGL confirms that each commitment contained in this letter of commitment is independently executable, and any one commitment, if deemed invalid or terminated, shall not affect the validity of other commitments. (8) This letter of commitment is effective from the date of signing.	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
	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
	Standardization and avoidance of connected transactions	PEGL	(1) As long as PEGL is a shareholder of the Company, PEGL and its subsidiaries shall try to reduce and standardize connected transactions with the Company. (2) As for the connected transactions that cannot be avoided, PEGL shall enter into agreements with the Company in compliance and in accordance with relevant laws, regulations, regulatory documents and the articles of association of the Company, comply with approval procedures and the information disclosure obligation in accordance with statutory procedures, and refrain or abstain from voting at board meetings and/or general meetings, so as to procure such connected transaction can be conducted in compliance with the principle of "fairness, justice and openness" and on normal commercial terms and conditions, and ensure such connected transactions will not harm the legitimate interests and rights of the Company and other shareholders.	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	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: 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 and liability	Category of the litigation and arbitration	Basic information on the litigation (arbitration)	Amount subject to the litigation (arbitration)	Provisions and relevant amount of the litigation (arbitration)	Progress of the litigation (arbitration)	Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
Nanjing Panda Electronics Equipment Co., Ltd.	Jiangsu Jinmao Robot Technology Co., Ltd.	No	Litigation	From July 2017 to November 2018, Electronics Equipment Company and Jiangsu Jinmao Robot Technology Co., Ltd. (hereinafter referred to as "Jinmao Company") has successively signed four purchase and sale contracts. Jinmao Company has been in arrears of RMB22,593,150 under the four contracts. After repeated urges for payment failed, in January 2022, Electronics Equipment Company filed a lawsuit with the Qixia District People's Court in Nanjing, demanding Jinmao Company to pay all the arrears. Counterclaim: On 21 February 2024, during the trial of the lawsuit, Jinmao Company filed a counterclaim, demanding the cancellation of relevant contracts signed between the two parties (including the four contracts under the lawsuit), return of all the purchased equipment and RMB69 million of payment for goods and compensation of RMB64 million for the loss.	Amount involved in the litigation: RMB22,593,200 Amount involved in the counterclaim: RMB123 million (amount involved in the counterclaim accepted by the court: RMB44,749,300)	N/A	In January 2022, Electronics Equipment Company filed a lawsuit with Qixia District People's Court. In February 2022, Qixia Court accepted the case. In the court trial, both parties put forward their own litigation opinions. After that, Jinmao Company applied for judicial expertise on the grounds of equipment quality problems, and the court started the judicial expertise procedure in January 2023. The appraisal institution conducted on-site inspection in September and October 2023, and issued the Appraisal Opinion and relevant letters on 31 January 2024. On 21 February 2024, Jinmao Company filed a counterclaim. On 23 February 2024, Qixia Court accepted the part of the counterclaim related to the lawsuit and tried it together with the lawsuit.	The court's judgment supported the claims of Electronics Equipment Company	Not yet concluded

Plaintiff (applicant)	Defendant (respondent)	Party	Category of	Basic information on the litigation (arbitration)	Amount subject to the litigation (arbitration)	Provisions and relevant amount of the litigation		Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
		with joint liability	the litigation and arbitration			Progress of the litigation (arbitration)			
						On 5 March 2024, Electronics Equipment Company received the written judgment made by the court on 29 February 2024, which ruled that Jinmao Company should pay RMB128,000, the unpaid price under a purchase and sales contract, and corresponding liquidated damages to Electronics Equipment Company, and cancel the other three purchase and sales contracts; Electronics Equipment Company should return RMB44,749,300 to Jinmao Company and pay corresponding interest, and Jinmao Company should return the goods delivered under the three purchase and sales contracts cancelled by Electronics Equipment Company.			
						On 18 March 2024, Electronics Equipment Company filed an appeal, demanding that all counterclaims of Jinmao Company be rejected and all demands of Electronics Equipment Company be supported.			
						On 20 March 2024, Electronics Equipment Company received an appeal from Jinmao Company delivered by the court.			
						On 17 April 2024, Electronic Equipment Company received a notice from the Nanjing Intermediate People's Court that it had accepted the case for a second trial.			
						On 7 June 2024, the parties attended the first hearing of the second trial at the Nanjing Intermediate People's Court. To date, the Court has not yet made a judgment.			
						On 19 March 2025, both parties participated in the second court session of the second instance at the Nanjing Intermediate People's Court.			
						On 8 May 2025, Electronics Equipment Company received the second-instance judgment, with the main rulings as follows:			
						The court rejected demands of Jinmao Company and ruled that, within ten days of the judgment taking effect, Jinmao Company shall pay the goods payment of RMB22,593,150 and overdue payment penalty to Electronics Equipment Company.			
						In May 2025, Electronics Equipment Company applied to Nanjing Qixia Court for compulsory enforcement.			

Plaintiff (applicant)	Defendant (respondent)	Party with joint liability	Category of the litigation and arbitration	Basic information on the litigation (arbitration)	Amount subject to the litigation (arbitration)	Provisions and relevant amount of the litigation (arbitration)	Progress of the litigation (arbitration)	Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
Nanjing Panda Information Industry Co., Ltd.	Xuzhou Suning Estate Co., Ltd.	No	Litigation	On 18 June 2012, Nanjing Panda Information Industry Co., Ltd. won the bid for the "automated control system project for the buildings of Xuzhou Suning Plaza", and then signed the Contract on the Automated Control System of Buildings. The party issuing the contract still owes Nanjing Panda Information Industry Co., Ltd. RMB6,611,200 of project fund so far.	Principal and interest: RMB6,611,200	N/A	On 30 May 2022, Information Industry Company filed a lawsuit with Gulou District Court, Xuzhou, and the case was later transferred to Nanjing Intermediate People's Court for centralized jurisdiction. On 4 November 2022, the case was heard at Nanjing Intermediate People's Court. After that, both parties communicated with each other on how to settle the case, but failed to reach a consensus. On 16 February 2023, the case was heard at Nanjing Intermediate People's Court. On 23 August 2024, the Intermediate People's Court of Nanjing rendered a first-instance judgment, ruling as follows: ① Xuzhou Suning Real Estate Co., Ltd. shall, within ten days as of the effective date of this judgment, pay the project payment of RMB6,611,197.07 and the overdue liquidated damages to Information Industry Company; ② Information Industry Company shall enjoy the priority right to be compensated for the construction project price within the scope of the project payment of RMB6,611,197.07 that is owed by Xuzhou Suning Estate Co., Ltd. On 19 September 2024, Information Industry Company received the appeal petition from Xuzhou Suning Estate Co., Ltd., and the appeal request was to change the judgment of the first instance regarding the overdue liquidated damages calculated at 2 times the LPR to be calculated at 1 time the LPR. On 4 March 2025, both parties participated in the hearing organized by the Higher People's Court of Jiangsu Province. On 18 March 2025, Information Industry Company received the second-instance judgment of the Higher People's Court of Jiangsu Province, which upheld the original judgment of the first instance. In 10 April 2025, Information Industry Company applied to the court for compulsory enforcement. On 25 April 2025, Information Industry Company received a notice from the Nanjing Intermediate People's Court, which ruled that 38 companies including Suning Appliance Group Co., Ltd. would undergo substantive consolidation and reorganization. On 27 May 2025, Panda Information participated in the first creditors' meeting for Suning's substantive consolidation convened by the Nanjing Intermediate People's Court. The creditors' meeting confirmed Panda Information's priority claims of RMB6,611,197.07 for construction project payments and ordinary claims of RMB1,852,560.80.	Not yet concluded	Not yet concluded

Plaintiff (applicant)	Defendant (respondent)	Party with joint and liability	Category of the litigation and arbitration	Basic information on the litigation (arbitration)	Amount subject to the litigation (arbitration)	Provisions and relevant amount of the litigation (arbitration)	Progress of the litigation (arbitration)	Ruling and implication of the litigation (arbitration)	Implementation of ruling of the litigation (arbitration)
Suzhou RS Tech Co., Ltd.	Nanjing Panda Electronics Equipment Co., Ltd.	No	Litigation	From 2016 to 2020, Suzhou RS Tech Co., Ltd. signed several procurement contracts and purchase and sales contracts with Electronics Equipment Company. Suzhou RS Tech Co., Ltd. considered Electronics Equipment Company owed it RMB8,688,200 of principal and interest, and filed a lawsuit with the court, demanding the payment of the arrears.	Principal and interest: RMB8,688,200	RMB10,010,400	The case was heard at the court on 16 February 2023. On 17 July 2023, Electronics Equipment Company received the paper of civil judgment electronically delivered by Oxia Court, which ruled that Electronics Equipment Company should pay RMB8,688,200 in principal and interest, and Electronics Equipment Company filed an appeal. On 27 November 2023, Nanjing Intermediate People's Court ruled that the original judgment was upheld. In December 2023, Electronics Equipment Company fulfilled its payment obligation as ruled. On 24 May 2024, Electronics Equipment Company filed an application for a retrial with the Jiangsu Higher People's Court. On 3 March 2025, Electronics Equipment Company received a civil ruling from the Higher People's Court of Jiangsu Province, ruling to reject the Company's application for retrial.	Concluded	The judgment of the second trial has been enforced

(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 Therefor:

In January 2025, the Company received a warning letter (Document No.: [2025] No. 6) issued by Jiangsu Regulatory Bureau of the China Securities Regulatory Commission to the Company and relevant personnel. For details, please refer to the Company's announcement (Announcement No.: Lin 2025-001) published on the website of the Shanghai Stock Exchange on 14 January 2025 and the relevant sections of the 2024 Annual Report.

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

The Company and its related subsidiaries sell materials and parts & components and provide subcontracting services to Chengdu BOE, LG Panda Appliances and ENC with annual amounts not exceeding RMB100 million, RMB10 million and RMB6 million, respectively.

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For details, please refer to relevant announcements published in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 1 March 2025.

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

On 22 November 2024, the renewing of the existing continuing connected transactions and the cap between the Group and Financial Company was considered and approved at the extraordinary meeting of the 11th session of the Board, at which the directors or senior management of the Company were authorised to enter into the Financial Services 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 RMB700,000,000, 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 RMB800,000,000, and the annual cap for other financial services (fund management, discount of commercial acceptance bills, non-financing guarantee, principal agency, issuance of fund certificates, loan commitment, bank acceptance bill discount, etc., the same below) provided by Financial Company to the Group be maintained at RMB2,000,000/year. 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 Services Cooperation Agreement was in compliance with relevant state and industry regulations and on the principle of openness, fairness and justice, without prejudice to the interest of the Company and minority shareholders of the Company. Additionally, the Company has made the Emergency Risk Management Plan for the Deposits placed with Financial Company which guaranteed the safety and liquidity of the funds. The connected directors have abstained from voting; and non-connected directors, independent non-executive directors and the Audit Committee approved such continuing connected transaction, considering that such continuing connected transaction was in the interests of the Company and its shareholders as a whole. Wherein, the continuing related transaction corresponding to the fund settlement balance of the Group with Finance Company was considered and approved at the 2024 second extraordinary general meeting of the Company on 27 December 2024. 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 25 November and 28 December 2024 and H share circular dispatched on 11 December 2024.

The fourth meeting of the 11th session of the Board and the sixth meeting of the 11th session of the Board held respectively on 27 March 2025 and 26 August 2025 reviewed and approved the proposals on the risk assessment report of China Electronics Financial Co., Ltd. ("Financial Company"), and assessed the risk associated with the funds deposited in Financial Company. After the review, no major defects were found in Financial Company's risk management systems for funds, credit, investment, audit and information management related to financial statements as of 31 December 2024 and 30 June 2025. For details, please refer to relevant announcements published on the website of Shanghai Stock Exchange on 28 March 2025 and 27 August 2025.

As of 30 June 2025, the fund settlement balance of the Group with Financial Company was RMB635.8165 million, the comprehensive credit balance provided by Financial Company to the Group was RMB13.256 million, and the transaction expense of other financial services provided by the Finance Company to the Group was RMB6,700.

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

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 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 IRICO New Energy Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				1,612,502.60	0.21			
Gansu Changfeng Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				1,162,831.86	0.15			
Langfang Zhenhua Crystal Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				855,755.09	0.11			
TPV Audio and Visual Technology (Shenzhen) Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				729,488.16	0.09			
Nanjing Zhenhua Packaging Material Factory	Subsidiary owned by shareholders	Purchase of goods				585,985.30	0.08			
Shenzhen Zhenhua Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				141,282.09	0.02			
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				130,223.13	0.02			
China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned Factory No. 873)	Subsidiary owned by shareholders	Purchase of goods				4,324.77	0.00			
Hunan Great Wall Galaxy Technology Co., Ltd.	Other related parties	Purchase of goods				118,761.06	0.02			
Nanjing China Electronics Panda Magnetic Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				66,862.83	0.01			
China Electronics Business (Beijing) Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				58,134.30	0.01			
Chengdu Sino Electronics Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				35,221.24	0.00			
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				32,222.15	0.00			
Nanjing Panda Dashing Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				17,260.91	0.00			
China Zhenhua Group Yankai Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				14,814.76	0.00			
Guizhou Zhenhua Quanying Electric Co., Ltd. (State-owned Factory No. 891)	Subsidiary owned by shareholders	Purchase of goods				9,035.40	0.00			
China Zhenhua (Group) Xinyun Electronic Components Co., Ltd. (State-owned 4326 Factory)	Subsidiary owned by shareholders	Purchase of goods				5,072.68	0.00			
Nanjing Panda Medical Services Co., Ltd.	Other related parties	Purchase of goods				749.00	0.00			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				3,020,792.84	1.77			
Nanjing Panda Medical Services Co., Ltd.	Other related parties	Receipt of services				200,088.00	0.12			
Panda Electronics Group Limited	Controlling shareholder	Receipt of services				214,377.36	0.13			
Nanjing Huidong Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				165,600.00	0.10			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				78,056.60	0.05			
Nanjing China Electronics Panda Property Management Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				19,000.00	0.01			
Liying Panda Bamboo Garden Hotel Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				8,114.00	0.00			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				39,264,727.67	5.28			
Shenzhen Zhongdian Investment Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				6,760,462.06	0.91			
Chengdu BOE Display Technology Co., Ltd.	Other related parties	Sale of goods				6,096,169.96	0.82			
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Sale of goods				4,296,128.00	0.58			
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Sale of goods				1,396,680.55	0.19			
Great Wall Power Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				897,311.83	0.12			
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder	Sale of goods				736,920.74	0.10			
Panda Electronics Group Limited	Controlling shareholder	Sale of goods				527,014.68	0.07			
IRICO (Hefei) LCD Glass Co., Ltd.	Other related parties	Sale of goods				492,867.25	0.07			
Nanjing Sanle Group Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				123,217.69	0.02			
Shenzhen Zhongdian Power Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				118,017.07	0.02			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				57,059.76	0.01			
Nanjing CEC Panda Magneto-electric Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				38,481.14	0.01			
Nanjing Panda Dashing Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				37,610.62	0.01			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				6,576.39	0.00			
Nanjing Changjiang Science Park Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				3,674.70	0.00			
Nanjing Xenuida Electronic Equipment Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				3,207.55	0.00			

Connected party	Connected relationship	Type of the connected transaction	Pricing			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
			Particulars of the connected transaction	principle of the connected transaction	Trading price of the connected transaction					
Nanjing LG Panda Appliances Co., Ltd.	Associate	Sale of goods				2,636.27	0.00			
Nanjing Panda Science and Technology Park Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1,745.28	0.00			
Nanjing Changliang Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1,467.87	0.00			
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				603.77	0.00			
Nanjing Panda Medical Services Co., Ltd.	Other related parties	Sale of goods				542.46	0.00			
Chengdu BOE Display Technology Co., Ltd.	Other related parties	Provision of services				17,838,093.77	7.44			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Provision of services				3,757,630.93	1.57			
Panda Electronics Group Limited	Controlling shareholder	Provision of services				1,512,053.15	0.63			
Nanjing Changliang Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Provision of services				365,108.91	0.15			
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Subsidiary owned by shareholders	Provision of services				339,082.57	0.14			
Xianyang Rainbow Optoelectronics Technology Co., Ltd.	Other related parties	Provision of services				282,790.64	0.11			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Provision of services				142,354.14	0.06			
Nanjing Ericsson Panda Communication Co., Ltd.	Associate	Provision of services				22,601.87	0.01			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Provision of services				15,881.54	0.01			
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder	Provision of services				9,433.96	0.00			
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Provision of services				617.82	0.00			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				152,190.84	0.27			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				33,321.10	0.06			
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Leasing of assets				3,582.84	0.01			
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				25,442.48	0.04			
Lyjiang Panda Bamboo Garden Hotel Co., Ltd.	Subsidiary owned by shareholders	Leasing of assets				6,637.17	0.01			
IRICO (Hafei) LCD Glass Co., Ltd.	Other related parties	Asset leased				3,247.71	0.10			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Trademark licensing				25,491.51	4.53			
Total						94,665,242.39	/	/	/	

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 eleventh 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 2024, 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 25 November and 28 December 2024 and H share circular holders despatched on 11 December 2024.

The ordinary connected transactions of the Company and relevant subsidiaries entered into with Chengdu BOE, LG Panda Appliances and ENC in 2025 were considered and approved at the extraordinary meeting of the eleventh session of the Board of the Company. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange respectively on 1 March 2025.

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

1. Matters disclosed in interim announcements with no progress or change in the follow-up implementation: N/A
2. Matters disclosed in interim announcements with progress or change in the follow-up implementation: N/A
3. 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	250,000.00	250,000.00	3,765,011.31	20,231.22	3,785,242.53	
NPEC Handa Technology Co., Ltd.	Subsidiary owned by shareholders				1,191,994.58	1,191,994.58	
Nanjing Panda Science and Technology Park Development Co., Ltd.	Subsidiary owned by shareholders				20,000.00	20,000.00	
Nanjing Zhongdian Panda Lighting Co., Ltd.	Subsidiary owned by shareholders				10,000.00	10,000.00	
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders				214,625.00	-168,703.00	45,922.00
Total		250,000.00	250,000.00	13,799,636.31	1,043,522.80	14,843,159.11	
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

1. 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	700,000,000.00	0.10%-1.65%	606,131,362.15	1,408,558,069.84	1,378,872,964.17	635,816,467.82
Total	/	/	/	606,131,362.15	1,408,558,069.84	1,378,872,964.17	635,816,467.82

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

Unit: Yuan Currency: RMB

Connected party	Connected relationship	Business type	Gross amount	Amount incurred
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	Issuance of bank acceptance and performance bonds	800,000,000.00	13,256,016.07
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 27,502.165 square meters	The net value of the leased assets at the end of June 2025 was RMB173,800,000. The total guaranteed rent is RMB266,513,200	1 December 2020	30 September 2031	The total guaranteed rent during the lease term is RMB266,513,200. 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 spaces)) is in excess of RMB107,389,200, the lessee shall pay 10.66% of the excess as the turnover rent. The rent for the first half of 2025 was RMB11,030,300.	Lease Contract	The effect on the Company's profit or loss for the first half of 2025 amounts to RMB7,700,000.	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	Guaranteed amount	Guarantees made by the Company (excluding those provided for subsidiaries)								
				Effective date of guarantee (agreement execution date)	Commencement date	Expiry date	Type of guarantee	Whether the guarantee has been fulfilled	Overdue	Overdue amount	Counter guarantee available	Guarantee provided to the related parties
Total amount of guarantees during the Reporting Period (excluding those provided for subsidiaries)												
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												30,000,000.00
Total balance of the amount of guarantees provided for subsidiaries at the end of the Reporting Period (B)												13,447,942.79
Total amount of guarantees made by the Company (including those provided for subsidiaries)												
Total amount of guarantees (A+B)												13,447,942.79
Percentage of total guarantee amount in net assets of the Company (%)												0.44
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)												0
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)												0
Statement on the contingent joint and several liability in connection with unexpired guarantee												N/A
Description of the guarantees												

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 2025.

At the 2023 annual general meeting of the Company held on 21 June 2024, it was approved that the Company could provide guarantees for an aggregate financing amount of no more than RMB95,000,000 for the relevant subsidiaries, during the period from the date immediately after the conclusion of the 2023 annual general meeting to the date of the 2024 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 2024 annual general meeting of the Company held on 20 June 2025, it was approved that the Company could provide guarantees for the financing amount of RMB30,000,000 for Huage Appliance, during the period from the date immediately after the conclusion of the 2024 annual general meeting to the date of the 2025 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. 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. Description of the Progress on the Use of the Raised Proceeds: N/A

XIII. Other Significant Events: N/A

SECTION VI 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	87,485 shareholders (including 87,460 A shareholders and 25 H shareholders)
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(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

Shareholdings of top ten shareholders of the Company (excluding shares lent through refinancing)							
Name of shareholder (Full name)	Increase/ decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage of shareholding (%)	Number of shares held subject to trading moratorium	Pledged, tagged or frozen State of shares	Number	Nature of shareholders
HKSCC (Nominees) Limited	-86,677	243,023,035	26.59	0	Unknown		Overseas legal person
Panda Electronics Group Limited	0	210,661,444	23.05	0	Pledge	105,091,430	State-owned legal person
Nanjing Electronics Information Industrial Corporation	0	35,888,611	3.93	0	Unknown		State-owned legal person
Barclays Bank PLC	14,057,836	14,537,374	1.59	0	Unknown		Other
Lv Ping (呂平)	581,900	10,390,910	1.14	0	Unknown		Domestic natural person
China Merchants Bank Co., Ltd. – Southern China Securities 1000 Trading Open-ended Index Securities Investment Fund (招商銀行股份有限公司－南方中證1000交易型開放式指數證券投資基金)	433,000	4,329,200	0.47	0	Unknown		Other
He Chi (何遲)	3,024,700	4,099,900	0.45	0	Unknown		Domestic natural person
Industrial and Commercial Bank of China Limited – Fullgoal Military Industry Theme Mixed Securities Investment Fund (中國工商銀行股份有限公司－富國軍工主題混合型證券投資基金)	0	3,181,500	0.35	0	Unknown		Other
China Merchants Bank Co., Ltd. – Huaxia China Securities 1000 Trading Open-ended Index Securities Investment Fund (招商銀行股份有限公司－華夏中證1000交易型開放式指數證券投資基金)	476,700	2,558,555	0.28	0	Unknown		Other
UBS AG	2,385,472	2,385,472	0.26	0	Unknown		Other

Shareholdings of the top 10 holders of shares not subject to trading moratorium (excluding shares lent through refinancing)

Name of shareholder	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
HKSCC (Nominees) Limited	243,023,035	Overseas listed foreign shares	241,695,340
		RMB ordinary shares	1,327,695
Panda Electronics Group Limited	210,661,444	RMB ordinary shares	210,661,444
Nanjing Electronics Information Industrial Corporation	35,888,611	RMB ordinary shares	22,120,611
		Overseas listed foreign shares	13,768,000
Barclays Bank PLC	14,537,374	RMB ordinary shares	2,783,374
		Overseas listed foreign shares	11,754,000
Lv Ping (呂平)	10,390,910	RMB ordinary shares	10,390,910
China Merchants Bank Co., Ltd. – Southern China Securities 1000 Trading Open-ended Index Securities Investment Fund (招商銀行股份有限公司－南方中證1000交易型開放式指數證券投資基金)	4,329,200	RMB ordinary shares	4,329,200
He Chi (何遲)	4,099,900	RMB ordinary shares	4,099,900
Industrial and Commercial Bank of China Limited – Fullgoal Military Industry Theme Mixed Securities Investment Fund (中國工商銀行股份有限公司－富國軍工主題混合型證券投資基金)	3,181,500	RMB ordinary shares	3,181,500
China Merchants Bank Co., Ltd. – Huaxia China Securities 1000 Trading Open-ended Index Securities Investment Fund (招商銀行股份有限公司－華夏中證1000交易型開放式指數證券投資基金)	2,558,555	RMB ordinary shares	2,558,555
UBS AG	2,385,472	RMB ordinary shares	2,385,472
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

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

Description on the preferred shareholders with restored voting rights and their shareholdings

N/A

Shares lent through refinancing by shareholders with more than 5% shareholding, the top 10 shareholders and the top 10 shareholders not subject to trading moratorium

☐ Applicable

☒ N/A

Change over the previous period due to shares lent through refinancing/return of shares by the top 10 shareholders and the top 10 shareholders not subject to trading moratorium

☐ Applicable

☒ N/A

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

Notes:

- As at the end of the Reporting Period, HKSCC (Nominees) Limited held 243,023,035 shares (including 241,695,340 H shares and 1,327,695 A shares) of the Company on behalf of a number of clients, representing 26.59% of the total issued share capital of the Company, which includes 13,768,000 H shares held by NEIIC 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.
- As at the end of the Reporting Period, Barclays Bank PLC held 14,537,374 shares (including 11,754,000 H shares and 2,783,374 A shares) of the Company, representing approximately 1.59% of the total issued share capital of the Company. Please note that Barclays Bank PLC is a non-registered H shareholder of the Company, therefore the latest number of H shares held by Barclays Bank PLC in the Company is only as of 19 June 2025. The above data assumes that the number of H shares held by Barclays Bank PLC remains unchanged from 19 June 2025 to the end of the Reporting Period. In the event that Barclays Bank PLC changes its holding of H shares in the Company from 19 June 2025 to the end of the Reporting Period, it will not be required to notify the Company and the Hong Kong Stock Exchange unless certain conditions are met. Accordingly, the latest number of H shares held by Barclays Bank PLC in the Company may be different from the shareholding submitted to the Hong Kong Stock Exchange.
- On 19 April 2024, 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 20 April 2024.

(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 2025, 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. Information on Preferred Shares: N/A

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

As at 30 June 2025, 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 issued shares. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (2) NEIC held 22,120,611 domestic shares, accounting for approximately 3.29% of domestic shares in issue and approximately 2.42% of the total issued shares and held 13,768,000 H shares, accounting for approximately 5.69% of H shares in issue and approximately 1.51% of the total issued shares. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. NEIC held 100% equity interests in PEGL and in total held 246,550,055 shares in the Company which was held in the capacity of controlled corporation and beneficial owner, accounting for approximately 26.98% of the total issued shares. (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 issued shares. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (4) CEC held 79.24% equity interests in NEIC and 100% equity interests in CEIEC (H.K.) Limited. NEIC held 100% equity interests in PEGL, and CEC held 273,964,055 shares in the Company in total which was held in the capacity of controlled corporation, accounting for approximately 29.98% of the total issued shares. (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 issued shares. The nature of interests in such shares was corporate interest which was held in the capacity of controlled corporation. China State Shipbuilding Corporation disposed its H shares on 17 June 2025. As of 30 June 2025, China State Shipbuilding Corporation held 0 H share.

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 2025.

SECTION VII INFORMATION ON CORPORATE BONDS

I. Corporate Bonds (Including Enterprise Bonds) and Debt Financing Instruments of Non-financial Enterprises

☐ Applicable ☒ N/A

II. Convertible Corporate Bonds

☐ Applicable ☒ N/A

SECTION VIII FINANCIAL REPORT

- I. The 2025 interim financial report is unaudited.
- II. Financial statements and accompanying notes (prepared in accordance with PRC Accounting Standards)

Consolidated Balance Sheet

As at 30 June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

ASSETS	Closing balance	Opening balance
Current assets:		
Cash and cash equivalents	833,316,771.39	757,643,131.44
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets held for trading	407,002,434.06	491,594,758.95
Derivative financial assets		
Notes receivable	24,153,385.62	98,477,213.49
Accounts receivable	1,329,939,375.67	1,407,009,242.46
Receivables financing	34,290,498.69	30,350,019.89
Advance to suppliers	38,086,465.61	27,410,781.74
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	26,120,123.07	36,680,080.03
Financial assets held under resale agreements		
Inventories	580,653,581.28	487,807,239.73
Contract assets	137,166,343.09	144,611,505.52
Held-for-sale assets		
Non-current assets due within one year		730,582.81
Other current assets	223,453,165.36	248,086,578.12
Total current assets	3,634,182,143.84	3,730,401,134.18

Consolidated Balance Sheet (Continued)

As at 30 June 2025

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	389,991,205.34	492,989,930.44
Other equity instruments investments		
Other non-current financial assets		
Investment properties	179,685,691.71	182,988,535.58
Fixed assets	748,659,362.25	764,716,893.66
Construction in progress	2,377,750.38	1,506,311.96
Biological assets for production		
Fuel assets		
Right-of-use assets	6,773,695.28	8,464,815.42
Intangible assets	91,275,357.78	98,469,809.17
Development expenses		
Goodwill		
Long-term expenses to be amortised	13,658,869.59	16,398,879.07
Deferred income tax assets	19,426,799.18	19,542,269.84
Other non-current assets	23,400.00	5,329,316.34
Total non-current assets	1,451,872,131.51	1,590,406,761.48
Total assets	5,086,054,275.35	5,320,807,895.66

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Consolidated Balance Sheet (Continued)

As at 30 June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Liabilities and owners' equity	Closing balance	Opening balance
Current liabilities:		
Short-term borrowings		42,326,327.88
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	33,484,535.53	110,289,431.12
Accounts payable	1,356,003,782.38	1,328,218,690.98
Advance receipts from customers	399,021.49	468,971.75
Contract liabilities	95,147,136.31	108,769,990.54
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Staff salaries payable	30,760,321.04	59,341,157.51
Taxes payable	23,956,617.46	39,829,425.41
Other payables	86,991,155.97	103,658,239.63
Reinsurers due		
Security trading of agency		
Securities underwriting		
Liabilities held for sale		
Non-current liabilities due within one year	5,426,857.65	5,848,681.83
Other current liabilities	41,806,484.14	84,356,494.83
Total current liabilities	1,673,975,911.97	1,883,107,411.48

Consolidated Balance Sheet (Continued)
As at 30 June 2025

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	3,683,182.73	4,628,222.00
Long-term payables		
Long-term staff salaries payables	3,271,421.22	4,200,641.03
Estimated liabilities		1,800,000.00
Deferred income	29,060,662.05	32,419,676.43
Deferred income tax liabilities	5,883,843.21	5,032,799.89
Other non-current liabilities		
Total non-current liabilities	41,899,109.21	48,081,339.35
Total liabilities	1,715,875,021.18	1,931,188,750.83

Consolidated Balance Sheet (Continued)

As at 30 June 2025

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	1,470,247,737.78	1,470,691,800.13
Less: Treasury shares		
Other comprehensive income		
Special reserve	274,909.96	275,607.10
Surplus reserve	309,500,586.70	309,500,586.70
General risk reserve		
Undistributed profit	374,403,979.57	419,988,124.67
Subtotal of equity attributable to the shareholders of the parent company	3,068,265,743.01	3,114,294,647.60
Minority interests	301,913,511.16	275,324,497.23
Total shareholders' equity	3,370,179,254.17	3,389,619,144.83
Total liabilities and shareholders' equity	5,086,054,275.35	5,320,807,895.66

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Consolidated Income Statement

January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
1. Total operating income	1,042,651,233.72	1,250,346,512.09
Including: Operating income	1,042,651,233.72	1,250,346,512.09
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	1,121,306,995.88	1,341,161,134.03
Including: Operating costs	881,242,988.19	1,087,598,858.49
Interest expenses		
Fee and commission expense		
Surrenders		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Tax and surcharges	9,194,956.08	8,854,274.10
Selling expenses	20,891,732.02	23,290,719.32
Administrative expenses	114,512,870.03	119,385,910.50
R&D costs	99,991,645.72	109,855,250.05
Financial expenses	-4,527,196.16	-7,823,878.43
Including: Interest expense	179,374.68	273,880.18
Interest income	4,099,332.18	6,807,445.97
Add: Other gains	9,998,046.00	9,675,893.79
Investment income (losses are represented by "-")	62,854,147.86	50,007,896.97
Including: Investment income of associates and joint ventures	48,290,460.77	40,995,886.92
Income on hedging the net exposure (losses are represented by "-")		
Gains arising from changes in fair value (losses are represented by "-")	4,412,265.15	-1,481,275.69
Credit impairment loss (losses are represented by "-")	-6,698,654.55	-4,246,517.83
Asset impairment loss (losses are represented by "-")	1,194,286.77	-21,313.55
Gains on disposal of assets (losses are represented by "-")	2,152.11	8,373.69
Exchange gain (losses are represented by "-")		
3. Operating profit (losses are represented by "-")	-6,893,518.82	-36,871,564.56
Add: Non-operating income	207,324.72	471,339.02
Less: Non-operating expenses	82,289.21	174,101.74

Consolidated Income Statement (Continued)

January – June 2025

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 "-")	-6,768,483.31	-36,574,327.28
Less: Income tax expense	12,226,647.86	7,243,836.81
5. Net profit (net losses are represented by "-")	-18,995,131.17	-43,818,164.09
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by "-")	-18,995,131.17	-43,818,164.09
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	-45,584,145.10	-68,198,110.51
2. Minority interest	26,589,013.93	24,379,946.42
6. Net other comprehensive income after tax		
Net other comprehensive income after tax attributable to the shareholders of the parent company		
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss		
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		
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		
Net other comprehensive income after tax attributable to minority shareholders		
7. Total comprehensive income	-18,995,131.17	-43,818,164.09
Total comprehensive income attributable to the equity holders of the parent company	-45,584,145.10	-68,198,110.51
Total comprehensive income attributable to minority shareholders	26,589,013.93	24,379,946.42
8. Earnings per share:		
(1) Basic earnings per share (RMB/share)	-0.0499	-0.0746
(2) Diluted earnings per share (RMB/share)	-0.0499	-0.0746

Legal representative:

Hu Huichun

Chief Accountant:

Hu Shoujun

Head of the Accounting Department:

Xue Gang

Consolidated Statement of Changes in Shareholders' Equity

January – June 2025

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					Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total shareholders' equity
Share capital	Preference shares	Perpetual bonds	Others	Capital reserve									
I. Balance at the end of prior year	913,838,520.00				1,470,691,800.13			275,607.10	309,500,586.70		419,988,124.67	275,324,497.23	3,388,619,144.83
Add: Changes in accounting policies													
Error correction of previous period													
Business combination involving entities under common control													
Others													
II. Balance at the beginning of current year	913,838,520.00				1,470,691,800.13			275,607.10	309,500,586.70		419,988,124.67	275,324,497.23	3,388,619,144.83
III. Changes of current year (decreases are represented by "-")													
(I) Total comprehensive income													
(II) Share capital contributed or withdrawn by shareholders													
1. Share capital contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in shareholders' equity													
4. Others													
(III) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to shareholders													
4. Others													
								-697.14			-46,584,145.10	26,588,013.93	-19,439,890.66
											-46,584,145.10	26,588,013.93	-19,995,131.17

Consolidated Statement of Changes in Shareholders' Equity (Continued)
January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period												
	Equity attributable to the shareholders of parent company						Total shareholders' equity						
	Other equity instrument				Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	
Share capital	Preference shares	Perpetual bonds	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													
1. Appropriation for the current period								-697.14					-697.14
2. Application for the current period								73,331.81					73,331.81
(VI) Others								74,028.85					74,028.85
								-444,862.35					-444,862.35
IV. Balance at the end of the year	913,836,526.00				1,470,247,737.78			274,909.95	309,500,566.70		374,403,979.57	301,913,511.16	3,370,179,254.17

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Consolidated Statement of Changes in Shareholders' Equity (Continued)
January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for corresponding period of last year												
	Equity attributable to the shareholders of parent company												
	Other equity instrument												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total shareholders' equity
I. Balance at the end of prior year	913,838,329.00				1,470,691,800.13		362,395.49	309,500,686.70			608,842,680.92	273,800,514.10	3,577,086,506.34
Add: Changes in accounting policies													
Error correction of previous period													
Business combination involving entities under common control													
Others													
II. Balance at the beginning of current year	913,838,329.00				1,470,691,800.13		362,395.49	309,500,686.70			608,842,680.92	273,800,514.10	3,577,086,506.34
III. Changes of current year (decreases are represented by "-")													
(i) Total comprehensive income													
(ii) Share capital contributed or withdrawn by shareholders													
1. Share capital contributed by shareholders													
2. Capital contributed by holders of other equity instruments								25,324.33			18,679,946.42	-49,543,688.42	-49,543,688.42
3. Amount of share-based payment included in shareholders' equity											24,379,946.42	-43,818,164.09	-43,818,164.09
4. Others													
(iii) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to shareholders													
4. Others													
												-5,700,000.00	-5,700,000.00
												-5,700,000.00	-5,700,000.00

Consolidated Statement of Changes in Shareholders' Equity (Continued)
January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for corresponding period of last year																			
	Equity attributable to the shareholders of parent company																			
	Other equity instrument				Less:				Other comprehensive income		Special reserve		Surplus reserve		General risk reserve		Undistributed profit		Minority Total shareholders' equity interests	
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Treasury shares														
(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																				
1. Appropriation for the current period																				
2. Application for the current period																				
(VI) Others																				
IV. Balance at the end of the year	913,838,529.00				1,470,691,800.13					337,071.16		309,500,596.70		540,644,570.41		292,480,460.52	3,527,493,017.92			

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Consolidated Statement of Cash Flows

January – June 2025

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	1,127,833,942.83	1,337,151,133.02
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	16,425,409.70	23,019,884.21
Cash received relating to other operating activities	65,807,882.92	53,441,890.77
Sub-total of cash inflows from operating activities	1,210,067,235.45	1,413,612,908.00
Cash paid on purchase of goods and services received	894,095,983.57	1,098,949,430.50
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	313,648,617.56	321,672,262.70
Cash paid for all types of taxes	56,746,766.94	41,895,275.29
Cash paid relating to other operating activities	90,507,500.96	84,358,643.84
Sub-total of cash outflows from operating activities	1,354,998,869.03	1,546,875,612.33
Net cash flows generated from operating activities	-144,931,633.58	-133,262,704.33
2. Cash flows from investing activities		
Cash received from disposal of investments	74,588,105.84	
Cash received from return on investments	96,616,912.78	68,634,650.88
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	77,300.00	854,903.00
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	793,800,271.23	931,697,800.00
Sub-total of cash inflows from investing activities	965,082,589.85	1,001,187,353.88
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	18,943,769.19	16,251,211.98
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	679,000,000.00	869,500,000.00
Sub-total of cash outflows from investing activities	697,943,769.19	885,751,211.98
Net cash flows generated from investing activities	267,138,820.66	115,436,141.90

Consolidated Statement of Cash Flows (Continued)

January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
3. Cash flows 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		37,713,978.67
Sub-total of cash inflows from financing activities		37,713,978.67
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interest expenses	7,600,000.00	5,700,000.00
Including: bonus and profit paid to minority shareholders by subsidiaries	7,600,000.00	5,700,000.00
Cash paid relating to other financing activities	1,129,418.84	1,875,436.96
Sub-total of cash outflows from financing activities	8,729,418.84	7,575,436.96
Net cash flows generated from financing activities	-8,729,418.84	30,138,541.71
4. Effect of fluctuation in exchange rate on cash and cash equivalents	1,511,623.54	2,973,582.05
5. Net increase in cash and cash equivalents	114,989,391.78	15,285,561.33
Add: balance of cash and cash equivalents at the beginning of the period	666,522,106.70	798,419,753.09
6. Balance of cash and cash equivalents at the end of the period	781,511,498.48	813,705,314.42

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Balance Sheet

As at 30 June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

ASSETS	Closing balance	Opening balance
Current assets:		
Cash and cash equivalents	186,436,101.92	64,793,248.82
Financial assets held for trading	215,949,238.36	200,541,369.86
Derivative financial assets		
Notes receivable	480,000.00	2,590,000.00
Accounts receivable	131,649,660.33	138,188,127.19
Receivables financing		
Prepayments	5,220,112.51	4,353,935.87
Other receivables	717,687,388.94	692,726,057.21
Inventories	36,090,265.96	26,990,640.02
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	64,885.31	32,642,794.52
Total current assets	1,293,577,653.33	1,162,826,173.49
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	1,003,564,133.38	1,106,475,911.13
Other equity instruments investments		
Other non-current financial assets		
Investment properties	456,124,706.79	492,600,160.79
Fixed assets	257,027,400.63	239,179,849.73
Construction in progress	746,173.91	746,173.91
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	65,404,281.20	66,640,489.07
Development expenses		
Goodwill		
Long-term expenses to be amortised	11,961,679.07	14,483,614.99
Deferred income tax assets		
Other non-current assets		
Total non-current assets	1,794,828,374.98	1,920,126,199.62
Total assets	3,088,406,028.31	3,082,952,373.11

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Balance Sheet (Continued)

As at 30 June 2025

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	6,823,466.96	24,619,303.68
Accounts payable	33,644,657.52	32,835,566.90
Advance receipts from customers	386,021.49	414,114.61
Contract liabilities	162,692.58	168,817.60
Staff salaries payable	977,124.88	1,800,302.98
Taxes payable	9,846,966.66	10,954,216.58
Other payables	225,524,805.88	193,360,406.83
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	4,748,518.48	6,389,314.73
Total current liabilities	282,114,254.45	270,542,043.91
Non-current liabilities:		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term staff salaries payables	484,118.04	606,390.93
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	484,118.04	606,390.93
Total liabilities	282,598,372.49	271,148,434.84

Balance Sheet (Continued)
As at 30 June 2025

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	1,474,197,239.37	1,474,641,301.72
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	309,500,586.70	309,500,586.70
Undistributed profit	108,271,300.75	113,823,520.85
Total shareholders' equity	2,805,807,655.82	2,811,803,938.27
Total liabilities and shareholders' equity	3,088,406,028.31	3,082,952,373.11

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Income Statement

January – June 2025

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	35,108,687.01	79,075,272.74
Less: Operating costs	18,988,920.49	50,963,666.19
Business taxes and surcharges	4,813,445.43	5,787,310.20
Selling expenses	1,124,649.81	2,252,430.20
Administrative expenses	58,323,575.49	57,566,774.75
R&D expenses	19,215,062.97	16,504,005.40
Financial expenses	-15,722.90	-963,314.73
Including: Interest expense		
Interest income	310,927.59	576,910.03
Add: Other gains	122,256.25	65,278.69
Investment income (losses are represented by "-")	60,300,174.40	41,578,959.57
Including: Investment income of associates and joint ventures	48,377,408.12	41,015,155.44
Income on hedging the net exposure (losses are represented by "-")		
Income from changes in fair value (losses are represented by "-")	1,830,334.25	173,692.92
Credit impairment loss	-446,921.33	354,992.67
Asset impairment loss		
Gains on disposal of assets (losses are represented by "-")		-13,197.01
2. Operating profit (losses are represented by "-")	-5,535,400.71	-10,875,872.43
Add: Non-operating income	0.07	48,940.46
Less: Non-operating expenses	16,819.46	11,434.50
3. Total profit (total losses are represented by "-")	-5,552,220.10	-10,838,366.47
Less: Income tax expense		43,423.23
4. Net profit (net losses are represented by "-")	-5,552,220.10	-10,881,789.70
(1) Net profit for going concern (net losses are represented by "-")	-5,552,220.10	-10,881,789.70
(2) Net profit for discontinued operation (net losses are represented by "-")		

Income Statement (Continued)
January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
5. Net other comprehensive income after tax		
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss		
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		
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets		
4. Changes in fair value of other debt investment		
5. Amount of financial assets reclassified to other comprehensive income		
6. Provision for credit impairment of other debt investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority shareholders		
6. Total comprehensive income	-5,552,220.10	-10,881,789.70
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Other equity instrument					Amount for the current period						
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total shareholders' equity
I. Balance at the end of prior year	913,838,520.00				1,474,841,301.72				309,520,586.70		113,823,520.85	2,811,893,898.27
Add: Changes in accounting policies												
Error correction of previous period												
Others												
II. Balance at the beginning of current year	913,838,520.00				1,474,841,301.72				309,520,586.70		113,823,520.85	2,811,893,898.27
III. Changes of current year (decreases are represented by "-")												
(I) Total comprehensive income												
(II) Share capital contributed or withdrawn by shareholders												
1. Share capital contributed by shareholders												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in shareholders' equity												
4. Others												
(III) Profit distribution												
1. Appropriation of surplus reserve												
2. Appropriation of general risk reserve												
3. Appropriation of profit to shareholders												
4. Others												
					-444,682.35						-5,592,220.10	-5,592,220.10

Statement of Changes in Shareholders' Equity (Continued)
January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Other equity instrument						Amount for the current period					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	
(V) 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												
(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												
							-444,062.35					-444,062.35
IV. Balance at the end of the year	913,838,229.00					1,474,197,238.37			309,500,886.70		10,271,300.75	2,895,897,655.82

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Statement of Changes in Shareholders' Equity (Continued)
January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for corresponding period of last year											
	Other equity instrument				Other							
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total shareholders' equity
I. Balance at the end of prior year	913,838,520.00				1,434,870,834.28				303,500,586.70		343,943,952.51	3,002,153,902.49
Add: Changes in accounting policies												
Error correction of previous period												
Others												
II. Balance at the beginning of current year	913,838,520.00				1,434,870,834.28				303,500,586.70		343,943,952.51	3,002,153,902.49
III. Changes of current year (decreases are represented by "-")												
(I) Total comprehensive income												
(II) Share capital contributed or withdrawn by shareholders												
1. Share capital contributed by shareholders												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in shareholders' equity												
4. Others												
(III) Profit distribution												
1. Appropriation of surplus reserve												
2. Appropriation of general risk reserve												
3. Appropriation of profit to shareholders												
4. Others												

Statement of Changes in Shareholders' Equity (Continued)
January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for corresponding period of last year										Total shareholders' equity	
	Other equity instrument					Other						
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		
(W) 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												
(W) Appropriation and application of special reserve												
1. Appropriation of special reserve in the period												
2. Application of special reserve in the period												
(W) Others												
					39,770,467.44		1,474,641,301.72		303,500,596.70		333,082,162.81	3,031,042,580.23
	913,888,520.00											39,770,467.44
IV. Balance at the end of the year												

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Statement of Cash Flows

January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	42,343,454.28	89,472,664.63
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	1,192,175.36	911,038.81
Cash received relating to other operating activities	10,396,166.96	7,100,372.99
Sub-total of cash inflows from operating activities	53,931,796.60	97,484,076.43
Cash paid on purchase of goods and services received	31,587,294.47	26,116,244.01
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		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	56,311,168.88	54,383,250.49
Cash paid for all types of taxes	5,333,715.54	7,930,991.19
Cash paid relating to other operating activities	31,591,118.89	21,976,129.42
Sub-total of cash outflows from operating activities	124,823,297.78	110,406,615.11
Net cash flows generated from operating activities	-70,891,501.18	-12,922,538.68
2. Cash flows from investing activities		
Cash received from disposal of investments	74,588,105.84	
Cash received from return on investments	110,073,254.36	60,597,632.38
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		8,000.00
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	494,282,671.23	190,000,000.00
Sub-total of cash inflows from investing activities	678,944,031.43	250,605,632.38
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	784,936.52	4,623,904.33
Cash paid for investments		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	522,000,000.00	247,000,000.00
Sub-total of cash outflows from investing activities	522,784,936.52	251,623,904.33
Net cash flows generated from investing activities	156,159,094.91	-1,018,271.95

Statement of Cash Flows (Continued)

January – June 2025

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
3. Cash flows 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	90,000,000.00	169,000,000.00
Sub-total of cash inflows from financing activities	90,000,000.00	169,000,000.00
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	50,000,000.00	199,000,000.00
Sub-total of cash outflows from financing activities	50,000,000.00	199,000,000.00
Net cash flows generated from financing activities	40,000,000.00	-30,000,000.00
4. Effect of fluctuations in exchange rates on cash and cash equivalents	-41.15	37.51
5. Net increase in cash and cash equivalents	125,267,552.58	-43,940,773.12
Add: balance of cash and cash equivalents at the beginning of the year	60,473,856.82	101,341,164.10
6. Balance of cash and cash equivalents at the end of the year	185,741,409.40	57,400,390.98
<i>Legal representative:</i> Hu Huichun	<i>Chief Accountant:</i> Hu Shoujun	<i>Head of the Accounting Department:</i> Xue Gang

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 2025

Amount in the corresponding period of last year covers: January to June 2024

Balance as at the end of last year/Opening balance relates to: 31 December 2024

Closing balance relates to: 30 June 2025

NANJING PANDA ELECTRONICS COMPANY LIMITED

Notes to Financial Statements

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

1 BASIC INFORMATION OF THE ENTERPRISE

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 (hereinafter referred to as “the Panda Group” or “the Group”) as the sole initiator. In May and November 1996, the Company was listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively.

As of June 30, 2025, the Company has issued a total of 913,838,529 shares, with a registered capital of RMB913,838,529. The Company’s Enterprise Legal Person Business License registration number is: 91320100134974572K, and registered address is: No.7, Jingtian Road, Nanjing Economic and Technological Development Zone. The legal representative is Hu Huichun. Headquarter address is: No.7, Jingtian Road, Nanjing Economic and Technological Development Zone.

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

1.2 Nature of business and main business of the enterprise

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 indefinite period.

The registered address of the Company is No.7, Jingtian Road, Nanjing Economic and Technological Development Zone. The scope of businesses includes developing, manufacturing and selling wireless radio and television transmission equipment and after-sales services and technical services for the aforementioned business activities. The company also engages in 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; and after-sales services and technical services for the aforementioned business activities. (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments). In addition, the company undertakes technology import and export, as well as goods import and export as general business projects (except for projects subject to approval by law, business activities are independently carried out in accordance with the business license).

1.3 Approver of the financial report and the date of approval

The financial statements were approved by all directors of the Board of Directors of the Company and published on August 27, 2025.

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 "3.12 Determination and accounting of expected credit loss" and "3.28 Revenue" for details.

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the CAS, and truly and completely reflect the Company's financial position as at June 30, 2025, as well as the operating results, cash flows and other relevant information from January 1, 2025 to June 30, 2025.

3.2 Accounting period

The Company's accounting year is the calendar year, from January 1 to December 31.

3.3 Operating cycle

The Company's operating cycle is 12 months in each calendar year and it classifies the assets and liabilities' liquidity by operating cycle.

3.4 Functional currency

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

3.5 Methods and criteria for determining importance standards

(1) The importance of financial statement items

The Group determines the importance of financial statement items based on whether they affect the economic decisions of financial statement users. Both the nature and the amount of financial statement items are considered. The importance of the amount of financial statement items is based on whether the related items constitute a certain percentage e.g., 3%-5% of total assets, total liabilities, total owners' equity, operating income, and net income. The importance of the nature of financial statement items is based on factors such as whether they pertain to routine operating activities, lead to changes in profit or loss, or affect regulatory indicators that have a significant impact on financial condition and operating results.

(2) The importance of detailed items in the financial statement notes

The Company determines the importance of detailed items in the financial statement notes based on the importance of the items in the financial statements, either as a percentage of the item or as a balance sheet amount, while taking into account the nature of the specific item. Certain items that are not important to the financial statements may be important to the notes and require separate disclosure in the notes. The relevant importance standards for the financial statement notes are:

Items	Importance standards
Important receivables with individual provision for bad debts	The single item accounts for more than 5% of receivables or bad debt provision, and the amount exceeds RMB1 million, or the provision for bad debts for the period affects the change in profit or loss
Recovery or reversal of bad debts provision for important receivables	The single item accounting for more than 5% of the current recovery or reversal of bad debts provision, and the amount exceeds RMB1 million, or affecting the change in profit or loss for the period
Written-off of important receivables	The single item accounts for more than 5% of receivables or bad debt provision, and the amount exceeds RMB1 million
Material changes in the carrying value of advances received contract assets	Change of more than 20% for the period
Important debt investments	The individual item amount accounts for more than 5% of the total debt investment, and the amount exceeds RMB1 million
Important construction work in process	The investment budget accounts for more than 5% of the amount of fixed assets, and the amount incurred in the period accounts for more than 10% of the total amount of construction work in progress for the period (or more than 10% of the closing balance), and the amount exceeds RMB1 million
Important capitalized R&D projects	The budget of the R&D project accounts for more than 5% of the total budget of the project under research, and the amount capitalized for the period accounts for more than 10% of the total amount capitalized for the R&D project (or more than 10% of the closing balance), and the amount exceeds RMB1 million
Important outsourced research projects	The single outsourced research project accounts for more than 5% of the total R&D investment, and the amount exceeds RMB1 million

Items	Importance standards
Important accounts payable over one year	The single item accounts for more than 5% of the total accounts payable, and the amount exceeds RMB1 million
Important other payables over one year	The single item accounts for more than 5% of the total amount of other payables, and the amount exceeds RMB1 million
Important estimated liabilities	The single type of estimated liability accounts for more than 10% of the total estimated liabilities, and the amount exceeds RMB1 million
Important investment activities	The single investment accounts for more than 10% of the total cash inflows or outflows received from or paid for investing activities, and the amount exceeds RMB1 million
Subsidiaries with important interests held by minority shareholders	Minority shareholders hold more than 5% of the equity, and any one of the total assets, net assets, operating income and net profit of the subsidiary accounts for more than 10% of the corresponding items in the consolidated statements
Important joint ventures or associates	The single investment accounts for more than 10% of the book value of long-term equity investment and the amount exceeds RMB1 million, or investment income from joint ventures or associates (losses are calculated in absolute amounts) accounts for more than 10% of the net profit in the consolidated statements
Important debt restructuring	Total assets or liabilities accounts for more than 10% of the consolidated financial statements, and the absolute amount exceeds RMB10 million, or the impact on net income exceeds 10%
Important asset replacements and asset transfers and sales	Any one of the total assets, net assets, operating income, and net income accounts for 10% or more of the corresponding items in the consolidated financial statements, and the absolute amount exceeds RMB10 million (the absolute amount of net income exceeds RMB1 million)
Important contingencies	The amount exceeds RMB10 million and accounts for more than 10% of the absolute value of the net assets in the consolidated statements

3.6 Business combinations

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. Identifiable assets, liabilities, and contingent liabilities of the acquiree that meet the recognition criteria shall be measured at fair value on the acquisition date in a business combination.

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.

3.7 Judgment criteria for control and preparation methods of the consolidated financial statements

3.7.1 Judgment criteria for control

The scope of consolidation of consolidated financial statements is determined based on the controlling interests. An investee entity possessing the following three elements is considered to be controlled: having power over the investee, enjoying variable return through participating in activities related to the investee, and having the ability to affect the variable return by using its power over the investee.

3.7.2 Scope of consolidation

The scope of consolidation of consolidated financial statements 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.

3.7.3 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:

- These transactions are concluded at the same time or under the consideration of mutual effect;
- These transactions must be taken as one to form a complete commercial event;
- The occurrence of a transaction depends on that of at least one other transactions;
- 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.

3.8 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.

3.9 Recognition criteria of cash and cash equivalents

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.

3.10 Foreign currency transactions and translation of foreign currency financial statements

3.10.1 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.

3.10.2 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.

3.11 Financial instruments

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

3.11.1 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.

3.11.2 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.

3.11.3 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 debt instruments measured at fair value, with changes in fair value recognized in other comprehensive income).

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 debt instruments measured at fair value, with changes in fair value recognized in other comprehensive income).

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.

3.11.4 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.

3.11.5 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.

3.11.6 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 duration period.

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.

3.12 Determination method and accounting method of expected credit losses

3.12.1 Determination method of expected credit losses

Based on the expected credit loss, the Company makes the impairment accounting treatment and recognize the loss provisions on the financial assets (including receivables) measured at amortized cost, classified at fair value and whose changes are included in other comprehensive income (including receivables financing) and lease receivables.

The Company assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition at each balance sheet date. The process of credit impairment of financial instruments is divided into three stages. Different stages of financial instrument impairment are applied in different accounting treatment method: (1) In the first stage, if the credit risk of a financial instrument has not increased significantly after initial recognition, the Company shall measure the loss provision based on the expected credit loss of the financial instrument in the next 12 months, and shall calculate interest income based on its book balance (that is, without deducting impairment provisions) and the actual interest rate; (2) In the second stage, if the credit risk of a financial instrument has increased significantly since initial recognition but no credit impairment has occurred, the Company will use the expected credit losses of the financial instrument over the entire duration period to measure loss provisions and calculate interest income based on their book balances and actual interest rates; (3) In the third stage, if credit impairment occurs after initial recognition, the Company shall measure the loss provisions according to the expected credit loss of the financial instrument throughout its lifetime, and shall use its amortized cost (book balance minus provision for impairment) to calculate interest income with the actual interest rate.

3.12.2 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 portfolios 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	Accruing bad debt provision based on expected loss rate
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 as follows, 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.

3.12.3 Receivable financing

When the accounts receivable and notes receivable meets the following conditions at the same time: (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, 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 "3.11 Financial instruments" in the note for relevant specific accounting treatment methods.

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.

3.12.4 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.

3.12.5 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.

3.13 Inventories

3.13.1 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.

3.13.2 The valuation method of costs of delivery of inventory

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

3.13.3 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.

3.13.4 Inventory system

The perpetual inventory system is adopted.

3.13.5 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.

3.14 Contractual assets

3.14.1 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 Company's right to receive consideration from customers for goods transferred or services rendered (which is contingent on factors other than the mere passage of time) is presented as a contract asset. 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).

3.14.2 Determination method and accounting method for expected credit loss

For details of determination method and accounting method for expected credit loss of contractual assets, please refer to the Notes "3.11.6 Test method and accounting treatment of impairment of financial assets" and "3.12 Determination method and accounting method of expected credit losses". The portfolio classification and the method of providing for expected credit losses are the same as that for accounts receivable.

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.

For long-term equity investments in subsidiaries arising from business combinations not under common control, the initial investment cost shall be based on the combination cost determined on the acquisition date. Where control over an investee not under common control is obtained due to additional investment or other reasons, the initial investment cost shall be the sum of the carrying amount of the previously held equity investment and the cost of the newly acquired investment.

- (2) Long-term equity investment acquired by methods other than through business combination

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, except for the assets invested or sold which constituted part of the business. If the unrealized internal transaction loss with the invested unit is an asset impairment loss, it shall be recognized in full.

For 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 ceases to be used. Other changes in owner's equity are all transferred to current profit and loss when the equity method ceases to be used.

3.16 Investment properties

The investment property refers to the real estate held for earning rentals and/or 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 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. For fixed assets for which an impairment provision has been made, depreciation in future periods shall be calculated based on the carrying amount after deducting the impairment provision and the remaining useful life. 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%
Operating leased fixed assets:				
Housing and building	Straight line method	20-30	5%	3.17%-4.75%

3.17.3 Fixed assets disposal

When a fixed asset is disposed of or is not expected to generate economic benefits through use or disposal, the 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.

3.20 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 is 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:

Category of assets	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 to 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;
- (5) The expenditures attributable to the intangible assets during their development phase can be reliably measured.

If it is 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 are 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 booked out at least at the end of each year, irrespective of whether there is indication of impairment.

When the Company carries 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, allocate it to the sets of asset groups. The relevant asset group or combination of asset groups refers to those that can benefit from the synergies arising from the business combination.

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 Accounting method for 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 Accounting method for 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, the Company also joins up the enterprise annuity plan/supplementary pension insurance approved by relevant national department. The Company makes payments to annuity plan/the local social insurance institutions 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 difference 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 Accounting method for 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 during the vesting period, 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 cancelled equity instrument, 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 bonds 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 shares/perpetual bonds issued and economic substance reflected, rather than solely on their legal form.

The perpetual bonds/preferred shares 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/preferred 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, meaning the customer has taken physical possession of the goods.
- 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

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.

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.

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.

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, green service electronic manufacturing products, intelligent factory and system engineering installation 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 and other services. 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 the relevant disclosure of lease accounting policies in Note 3.32 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 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 have 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:

If the interest grants are 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.

If the interest grants are 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 in the future 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 related 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, then 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 pandemic 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, and also does not reassess lease classification:

- The lease consideration after the concession is reduced or basically unchanged compared with that before the concession, and the lease consideration can be 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;
- 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 exercising 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 changes, 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 changes, the expected payable amount of the guarantee residual value changes, or the index or ratio used to determine the lease payment amount changes, the Company re-measures the lease liability according to the lease payment amount after the change and the present value calculated by the original discount rate. However, if the change of lease payment derives 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.

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. In case of any change in the operating lease, the Company will make the accounting treatment for it as a new lease from the effective date of the change, and the amount received in advance or lease receivables before the change will be regarded as the receivables from the new lease.

(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 "3.11 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 "3.11 Financial instruments" in this Note.

3.3.2.3 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 "3.11 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 "3.11 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;
- (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. Notes 3.11 and 3.12 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 of significant accounting policies and accounting estimates

3.37.1 Changes in significant accounting policies

There was no change in significant accounting policies for the Reporting Period.

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	7%
Enterprise income tax	Levied based on taxable income	25%, 20%, 16.50%, 15%
Education surcharge	Levied on the basis of the actual VAT	3%
Local education surcharges	Levied on the basis of the actual VAT	2%

There are taxpayers who implement different corporate income tax rates, and the disclosure is 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 Digital 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
Shenzhen Jingwah Digital Technology Co., Ltd.	20.00
Shenzhen Jinghua Health Technology Co., Ltd.	20.00
Shenzhen Jingjia Property Management Co., Ltd.	20.00
JWD Trading (HK) Co., Ltd.	16.50

4.2 Significant tax incentives and approval documents

1. Nanjing Panda Electronic Manufacture Co., Ltd., a second-tier subsidiary of the Company, was re-identified as a high-tech enterprise on November 6, 2023 and obtained the High-tech Enterprise Certificate (certificate number GR202332007734) 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 December 3, 2023 and obtained the High-tech Enterprise Certificate (certificate number GR202332012721) 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, was re-identified as a high-tech enterprise on December 13, 2023 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 December 16, 2024, and obtained the High-tech Enterprise Certificate (certificate number GR202432012701) 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 Digital Technology Co., Ltd., a third-tier subsidiary of the Company, passed the re-assessment for high-tech enterprise recognition on December 16, 2024, and obtained the High-tech Enterprise Certificate (certificate number GR202432008891) 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 Digital 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 December 26, 2024, and obtained the High-tech Enterprise Certificate (certificate number GR202444200146) 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 December 16, 2024, and obtained the High-tech Enterprise Certificate (certificate number GR202432011280) 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 December 26, 2024, and obtained the High-tech Enterprise Certificate (certificate number: GR202444205294) jointly issued by the Shenzhen Municipal Science and Technology Innovation Committee and other government bodies, 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 January 1, 2021 to December 31, 2030, enterprises in encouraged industries located in the western region will be taxed at a reduced rate of 15% 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., Shenzhen Jingwah Digital Technology Co., Ltd., Shenzhen Jinghua Health Technology Co., Ltd. and Shenzhen Jingyu Electronics Co., Ltd., all being third-level subsidiaries of the Company, were recognized as low-profit small enterprises in the current period. According to Article 3 of the Announcement of the Ministry of Finance and the State Administration of Taxation on the Further Supporting the Development of Small and Micro Enterprises and Individually-owned Industrial and Commercial Households (No. 12 of 2023), the low-profit small enterprises will continue to benefit from a reduced taxable income calculation at a rate of 25% and a corporate income tax payment policy at a rate of 20% until 31 December 2027.
11. The profits tax rate for JWD Trading (HK) Co., Ltd, a fourth-level subsidiary registered in Hong Kong is 16.5%.
12. According to the Announcement on Further Improving the Policy of Pre-Tax Addition and Deduction of R&D Expenses (Announcement No. 13 of the Ministry of Finance and the State Administration of Taxation in 2021) 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 manufacturing enterprises do not form intangible assets and are included in the current profit and loss, additional deduction as 100% of the actual amount shall be deducted from taxable income, since January 1, 2021; If intangible assets are formed, intangible assets shall be amortized before tax according to 200% of the cost, since January 1, 2021. The 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 Digital 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. Galant Limited, a second-level subsidiary of the Company, and Shenzhen Jingjia Property Management Co., Ltd., Shenzhen Jinghua Real Estate Management Co., Ltd., the Parking Lot of Shenzhen Jinghua Electronics Co., Ltd., Jingwah Digital Technology Co., Ltd., Shenzhen Jinghua Health Technology Co., Ltd. and Shenzhen Jingyu Electronics Co., Ltd., the third-level subsidiaries of the Company, in accordance with the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households on Tax Policies (No. 12 [2023]) Article 2: From January 1, 2023 to December 31, 2027, small-scale VAT taxpayers and small low-profit enterprises will be charged half of the urban maintenance and construction tax, stamp duty (excluding stamp duty on securities transactions), education surcharge, and local education surcharge.
14. Nanjing Panda Communication Technology Co., Ltd., a second-level subsidiary of the Company, in accordance with the provisions of the Notice on the VAT Policy for Software Products (CS [2011] No. 100), general VAT taxpayers who sell software products developed and produced by themselves, localize and transform imported software products for external sales, levy VAT at a rate of 13%, and implement a refund policy for the part of their actual VAT burden exceeding 3%.
15. Shenzhen Jingjia Property Management Co., Ltd., a third-level subsidiary of the Company, in accordance with the Announcement of the Ministry of Finance and the State Administration of Taxation on the VAT Reduction and Exemption Policy for Small-scale VAT Taxpayers (CS [2023] No. 19), enjoys the taxable sales income of Shenzhen Municipality applicable to small-scale VAT taxpayers at a rate of 3%, and the VAT is levied at a reduced rate of 1% until December 31, 2027.
16. Nanjing Panda Electronic Equipment Co., Ltd., Nanjing Panda Information Industry Co., Ltd., Nanjing Panda Electronic Manufacture Co., Ltd., Nanjing Panda Communications Technology Co., Ltd. the second-level subsidiaries of the Company, and the Company's third-level subsidiaries, Nanjing Panda Digital Technology Co., Ltd., Nanjing Huage Appliance and Plastic Industrial Co., Ltd., Shenzhen Jingwah Information Technology Co., LTD. and Shenzhen Jingyu Electronics Co., Ltd., in accordance with the Announcement of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Deduction Policy for Advanced Manufacturing Enterprises (Ministry of Finance Announcement No. 43 [2023] of the State Administration of Taxation) stipulates that from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct the VAT payable according to the deductible input tax of the current period plus 5%.

5 NOTES TO ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and cash equivalents

Items	Closing Balance	Opening Balance
Cash on hand	27,045.95	27,411.04
Digital currency	3,291,745.65	
Bank deposits	778,183,829.75	666,484,334.11
Other monetary funds	51,814,150.04	91,131,386.29
Total	833,316,771.39	757,643,131.44
Including: Funds deposited abroad	34,253,290.54	7,708,622.00
Funds at internal finance company	552,316,467.82	526,131,362.15

5.2 Financial assets held for trading

Items	Closing Balance	Opening Balance
Financial assets measured at fair value through the current profit or loss	407,002,434.06	491,594,758.95
Including: Debt instrument investments		
Equity instrument investments		
Others – wealth management products	407,002,434.06	491,594,758.95
Derivative financial assets		
Total	407,002,434.06	491,594,758.95

5.3 Notes receivable

5.3.1 Classification of notes receivable

Items	Closing Balance	Opening Balance
Bank acceptance bill	12,336,897.72	55,739,415.20
Commercial acceptance bill	11,816,487.90	42,273,403.34
Finance company acceptance bill		464,394.95
Subtotal	24,153,385.62	98,477,213.49
Less: bad debt provision		
Total	24,153,385.62	98,477,213.49

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

5.3.3 Notes receivable endorsed or discounted at the end of the period but 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		8,200,955.58
Commercial acceptance bill		2,447,799.80
Total		10,648,755.38

5.3.4 Classified disclosure by bad debt accrual method

Category	Balance as at June 30, 2025				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Notes receivables accruing bad debt					
provision on portfolio basis	24,153,385.62	100.00			24,153,385.62
Including: Notes portfolio	24,153,385.62	100.00			24,153,385.62
Total	24,153,385.62	100.00			24,153,385.62

Category	Balance as at January 1, 2025				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Notes receivables accruing bad debt provision on portfolio basis	98,477,213.49	100.00			98,477,213.49
Including: Notes portfolio	98,477,213.49	100.00			98,477,213.49
Total	98,477,213.49	100.00			98,477,213.49

Notes receivables accruing bad debt provision on credit risk characteristics portfolio basis

Notes portfolio:

Aging	Balance as at June 30, 2025			Balance as at January 1, 2025		
	Book balance	Provision for bad debts	Provision ratio (%)	Book balance	Provision for bad debts	Provision ratio (%)
0-6 months	24,153,385.62			98,477,213.49		
Total	24,153,385.62			98,477,213.49		

5.4 Accounts receivable

5.4.1 Accounts receivable shown by aging

Aging	Closing balance	Opening balance
Within 1 year	1,003,294,212.89	1,058,676,684.09
Including: 0–6 months	625,460,756.59	834,046,420.47
7–12 months	377,833,456.30	224,630,263.62
1–2 years	199,830,433.36	224,822,427.20
2–3 years	91,026,819.07	90,518,974.51
3–4 years	55,037,555.00	54,186,725.99
4–5 years	46,968,690.37	41,979,545.13
Over 5 years	50,028,334.30	46,396,005.16
Subtotal	1,446,186,044.99	1,516,580,362.08
Less: Bad debt provision	116,246,669.32	109,571,119.62
Total	1,329,939,375.67	1,407,009,242.46

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

5.4.2 Accounts receivable shown by classification of bad debt provisions

Type	Book balance		Closing balance		Book Value
	Amount	Proportion (%)	Amount	ECL rate (%)	
Accounts receivable accruing bad debt provision in individual basis	45,866,888.60	3.17	34,570,313.60	75.37	11,296,575.00
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio basis	1,400,319,156.39	96.83	81,676,355.72	5.83	1,318,642,800.67
Including: Aging portfolio	1,118,682,723.49	77.36	77,904,655.39	6.96	1,040,778,068.10
Others portfolio	281,636,432.90	19.47	3,771,700.33	1.34	277,864,732.57
Total	1,446,186,044.99	100.00	116,246,669.32	8.04	1,329,939,375.67
Type	Book balance		Opening balance		Book Value
	Amount	Proportion (%)	Amount	ECL rate (%)	
Accounts receivable accruing bad debt provision in individual basis	45,965,959.08	3.03	34,669,384.08	75.42	11,296,575.00
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio basis	1,470,614,403.00	96.97	74,901,735.54	5.09	1,395,712,667.46
Including: Aging portfolio	1,151,378,825.75	75.92	70,943,007.98	6.16	1,080,435,817.77
Others portfolio	319,235,577.25	21.05	3,958,727.56	1.24	315,276,849.69
Total	1,516,580,362.08	100.00	109,571,119.62	7.22	1,407,009,242.46

(1) Accounts receivables that are individually assessed provision for bad debts at the end of the period

Company name	Book balance	Provision for bad debts	ECL rate (%)	Reasons
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.	2,553,482.35	2,553,482.35	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
Information technology department 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
Other miscellaneous clients	1,946,059.18	1,946,059.18	100.00	Expected cannot be recovered
Total	45,866,888.60	34,570,313.60	75.37	

(2) Accounts receivables accruing provision for bad debts on portfolio basis

1 Portfolio 1: Aging portfolio

Aging	Closing balance		Provision for bad debts	Opening balance		Provision for bad debts
	Book balance	ECL rate (%)		Book balance	ECL rate (%)	
Within 1 year	851,342,081.29		15,230,059.87	851,408,942.18		7,110,878.56
Including: 0-6 months	546,740,883.83			709,191,371.03		
7-12 months	304,601,197.46	5.00	15,230,059.87	142,217,571.15	5.00	7,110,878.56
1-2 years	126,875,922.97	10.00	12,687,592.36	163,641,078.03	10.00	16,364,107.79
2-3 years	48,437,546.17	15.00	7,265,631.99	49,005,295.10	15.00	7,350,794.26
3-4 years	40,964,704.81	30.00	12,289,411.51	39,276,073.88	30.00	11,782,822.16
4-5 years	41,261,017.26	50.00	20,630,508.67	39,426,062.71	50.00	19,713,031.36
Over 5 years	9,801,450.99	100.00	9,801,450.99	8,621,373.85	100.00	8,621,373.85
Total	1,118,682,723.49	6.96	77,904,655.39	1,151,378,825.75	6.16	70,943,007.98

2 Portfolio 2: Other

Name	Closing balance		Provision for bad debts	Opening balance		Provision for bad debts
	Book balance	Provision ratio (%)		Book balance	Provision ratio (%)	
The portfolio of related parties	281,636,432.90	1.34	3,771,700.33	319,235,577.25	1.24	3,958,727.56
Total	281,636,432.90	1.34	3,771,700.33	319,235,577.25	1.24	3,958,727.56

5.4.3 Provision for bad debts

Type	Opening balance	Accrual	Changes during the period		Others	Closing balance
			Reversal or recovery	Written off		
Provision for bad debts on individual basis	34,669,384.08		99,070.48			34,570,313.60
Provision for bad debts on credit risk characteristic portfolio basis	74,901,735.54	6,961,647.41	187,027.23			81,676,355.72
Total	109,571,119.62	6,961,647.41	286,097.71			116,246,669.32

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

5.4.5 Status of top five debtors in the closing balance of accounts receivable and contract assets

Name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total accounts receivable and contract assets (%)	Closing balance of provision for bad debt
Nanjing Metro Group Co., Ltd.	366,083,045.42		366,083,045.42	22.96	7,711,063.06
Nanjing Panda Handa Technology Co., Ltd	182,416,878.72		182,416,878.72	11.44	1,726,418.80
Maanshan Chujiang Intercity Rail Transit Co., Ltd.	52,373,021.44		52,373,021.44	3.29	
Ninebot Limited	33,759,770.43		33,759,770.43	2.12	
Nanjing Gusheng Enterprise Management Co., Ltd.	31,561,740.01		31,561,740.01	1.98	
Total	<u>666,194,456.02</u>		<u>666,194,456.02</u>	<u>41.79</u>	<u>9,437,481.86</u>

5.4.6 Overdue receivables at the end of the period

Items	Carrying value
Accounts not overdue and not impaired	1,255,020,475.69
Overdue but not impaired amount – within 3 months	49,133,277.83
Overdue but not impaired – over 3 months	<u>142,032,291.47</u>
Total	<u><u>1,446,186,044.99</u></u>

5.5 Contract assets

1. Classification of contract assets

Item	Book balance	Closing balance	Book value	Book balance	Opening balance	Book value
		Provision for impairment			Provision for impairment	
Smart Transportation and Safe City	147,927,220.49	10,760,877.40	137,166,343.09	157,113,052.22	12,501,546.70	144,611,505.52
Total	147,927,220.49	10,760,877.40	137,166,343.09	157,113,052.22	12,501,546.70	144,611,505.52

2. Significant changes in carrying value during the Reporting Period and the reasons thereof

Item	Amount of change	Reason
Smart Transportation and Safe City	9,185,831.73	Transferred to accounts receivable due to changes in settlement progress

3. Disclose by classification according to the impairment provision method

Category	Book balance		Closing balance		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Contract assets with impairment provision assessed on an individual basis					
Contract assets with impairment provision assessed on a portfolio basis	147,927,220.49	100	10,760,877.40	7.27	137,166,343.09
Including: Aging portfolio	147,915,281.43	99.99	10,760,877.40	7.28	137,154,404.03
Other portfolio	11,939.06	0.01			11,939.06
Total	147,927,220.49	100	10,760,877.40	7.27	137,166,343.09

Category	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Contract assets with impairment provision assessed on an individual basis					
Contract assets with impairment provision assessed on a portfolio basis	157,113,052.22	100.00	12,501,546.70	7.96	144,611,505.52
Including: Aging portfolio	157,113,052.22	100.00	12,501,546.70	7.96	144,611,505.52
Other portfolio					
Total	157,113,052.22	100.00	12,501,546.70	7.96	144,611,505.52

(1) Contract assets with impairment provision assessed based on portfolio of credit risk characteristics

① Portfolio 1 : Aging portfolio

Aging	Book balance	Closing balance		Book balance	Opening balance	
		Provision for impairment	Provision ratio (%)		Provision for impairment	Provision ratio (%)
Within 1 year	50,315,085.47	1,000,857.81		32,097,585.27		
Including: 0-6 months	30,297,929.32			32,097,585.27		
7-12 months	20,017,156.15	1,000,857.81	5.00			5.00
1-2 years	97,600,195.96	9,760,019.59	10.00	125,015,466.95	12,501,546.70	10.00
Total	147,915,281.43	10,760,877.40	7.28	157,113,052.22	12,501,546.70	7.96

② Portfolio 2 : Other portfolio

Aging	Book balance	Closing balance		Book balance	Opening balance	
		Provision for impairment	Provision ratio (%)		Provision for impairment	Provision ratio (%)
Related party portfolio	11,939.06					
Total	11,939.06					

4. Provision for bad debts on contract assets for the current period

Item	Opening balance	Amount of change for the current period				Closing balance	Reason
		Accrual	Reversal or recovery	Write-off	Others		
Smart Transportation and Safe City	12,501,546.70		1,740,669.30			10,760,877.40	ECL
Total	12,501,546.70		1,740,669.30			10,760,877.40	

5.6 Receivables financing

5.6.1 Classification of receivables financing

Items	Balance as at June 30, 2025	Balance as at January 1, 2025
Notes receivable	34,290,498.69	30,350,019.89
Accounts receivable		
Total	34,290,498.69	30,350,019.89

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

5.6.3 Receivables financing endorsed or discounted at the end of the period but 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	61,820,806.86	
Total	61,820,806.86	

5.6.4 Changes in the current period of receivables financing and changes in fair value

Item	Balance at the end of last year	Added in this period	Termination confirmation in current period	Other changes	Closing balance	Accumulated loss reserves recognized in other comprehensive income
Note receivable	30,350,019.89	106,754,068.59	102,813,589.79		34,290,498.69	
Accounts receivable						
Total	30,350,019.89	106,754,068.59	102,813,589.79		34,290,498.69	

5.7 Advances to suppliers

5.7.1 Prepayments are listed by aging

Aging	Balance as at June 30, 2025		Balance as at January 1, 2025	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	32,064,968.51	84.19	18,842,953.56	68.75
1 to 2 years	1,638,666.71	4.30	7,725,566.90	28.18
2 to 3 years	3,706,456.88	9.73	104,674.36	0.38
Over 3 years	676,373.51	1.78	737,586.92	2.69
Total	38,086,465.61	100.00	27,410,781.74	100.00

5.7.2 Prepayments of the top five units

Unit Name	Balance as at June 30, 2025	Proportion in total ending balance of prepayment (%)
Jiangsu Xikaicheng Rail Transit Engineering Co., Ltd.	5,399,999.84	14.18
ZhongDeSen (Xiamen) Development Group Co., Ltd.	3,771,634.80	9.90
GRG Intelligent Technology Solution Co., Ltd.	3,508,654.20	9.21
Nanjing Baode Lighting Equipment Installation Co., Ltd.	1,362,312.75	3.58
EmdoorVR Technology Co., Ltd.	1,340,136.75	3.52
Total	15,382,738.34	40.39

5.8 Other receivables

Items	Balance as at June 30, 2025	Balance as at January 1, 2025
Interest receivable		
Dividend receivable		
Other receivables	26,120,123.07	36,680,080.03
Total	26,120,123.07	36,680,080.03

Other receivables

(1) Other receivables shown by nature

Nature	Balance as at June 30, 2025	Balance as at January 1, 2025
Security deposit	31,459,153.50	39,521,546.92
Others	9,043,678.92	11,518,204.84
Less: Provision for bad debts	14,382,709.35	14,359,671.73
Total	26,120,123.07	36,680,080.03

(2) Other receivables shown by aging

Aging	Balance as at June 30, 2025	Balance as at January 1, 2025
Within 1 year	14,413,392.80	25,175,700.73
Including: 0–6 months	10,601,045.94	21,304,909.32
7–12 months	3,812,346.86	3,870,791.41
1–2 years	2,486,769.47	2,496,000.60
2–3 years	1,234,602.54	535,002.54
3–4 years	1,581,484.46	2,428,584.46
4–5 years	5,943,947.47	6,293,293.63
Over 5 years	14,842,635.68	14,111,169.80
Sub-total	40,502,832.42	51,039,751.76
Less: Provision for bad debts	14,382,709.35	14,359,671.73
Total	26,120,123.07	36,680,080.03

(3) Details of accrued bad debt provision

	First stage Expected credit loss in the next 12 months	Second stage Expected credit loss over the duration (no credit impairment)	Third stage Expected credit loss over the duration (credit impairment occurred)	Total
Provision for bad debts				
Balance as at December 31, 2024	3,780,248.65		10,579,423.08	14,359,671.73
Balance as at December 31, 2024 during the period				
–transfer to second stage				
–transfer to third stage				
–transfer back to second stage				
–transfer back to first stage				
Accrued in current period	54,909.97			54,909.97
Reversal in current period	15,838.35		16,034.00	31,872.35
Written-off in current period				0.00
Other changes				0.00
Balance as at June 30, 2025	<u>3,819,320.27</u>	<u></u>	<u>10,563,389.08</u>	<u>14,382,709.35</u>

(4) Provision for bad debts

Category	Balance as at January 1, 2025	Provision for bad debts	Changes in current period			Balance as at June 30, 2025
			Received or reversed	Written off	Others	
Provision for bad debts on individual basis	10,579,423.08		16,034.00			10,563,389.08
Provision for bad debts by portfolio	<u>3,780,248.65</u>	<u>54,909.97</u>	<u>15,838.35</u>			<u>3,819,320.27</u>
Total	<u>14,359,671.73</u>	<u>54,909.97</u>	<u>31,872.35</u>	<u>0.00</u>	<u>0.00</u>	<u>14,382,709.35</u>

(5) The amount of other receivables actually written off during the period was RMB0.

(6) Top five items of other receivables in terms of balance as at June 30, 2025 by debtor

Debtor	Nature of fund	Closing balance	Aging	Proportion in total other receivables (%)	Closing balance of provision for bad debts
MCT Worldwide LLC	Deposit	6,937,000.00	More than 5 years	17.13	6,937,000.00
Nantong Rail Transit Group Co., Ltd.	Deposit	3,400,000.00	More than 4 years	8.39	160,680.00
Nanjing Metro Operation Co., Ltd.	Security deposit	3,788,472.54	0-5 years	9.35	37,294.08
Chengdu Rail Transit Group Co., Ltd.	Security deposit	2,180,834.93	0-6 months	5.38	
Chongqing Ruyang Communication Technology Co., Ltd.	Security deposit	1,383,966.00	More than 5 years	3.42	1,383,966.00
Total		17,690,273.47		43.67	8,518,940.08

5.9 Inventories

5.9.1 Classification of inventories

Items	Balance as at June 30, 2025			Balance as at January 1, 2025		
	Book balance	Provision for write down/ impairment of contract performance costs	Book value	Book balance	Provision for write down/ impairment of contract performance costs	Book value
Raw materials	192,651,032.13	20,140,499.10	172,510,533.03	162,138,845.53	20,280,020.65	141,858,824.88
Goods in progress	77,297,730.02	17,858,135.62	59,439,594.40	85,578,598.60	17,858,135.62	67,720,462.98
Stored commodities	128,504,899.69	33,260,423.13	95,244,476.56	104,398,460.63	35,179,469.36	69,218,991.27
Delivered commodities	69,798,016.91	2,338,835.72	67,459,181.19	49,982,508.71	1,164,340.11	48,818,168.60
Revolving materials	1,888,166.88	16,252.82	1,871,914.06	1,320,389.18	16,252.82	1,304,136.36
Contract performance cost	188,415,870.83	4,287,988.79	184,127,882.04	165,248,826.62	6,362,170.98	158,886,655.64
Total	658,555,716.46	77,902,135.18	580,653,581.28	568,667,629.27	80,860,389.54	487,807,239.73

5.8.2 Provision for inventory write down and impairment of contract performance costs

Item	Amount Balance as at January 1, 2025	Increase in current period		Decrease in current period		Amount Balance as at June 30, 2025
		Provision	Others	Reversal or write-down	Others	
Raw materials	20,280,020.65	565,075.79		704,597.34		20,140,499.10
Revolving materials	16,252.82					16,252.82
Goods in progress	17,858,135.62					17,858,135.62
Stored commodities	35,179,469.36	291,309.88		2,210,356.11		33,260,423.13
Contract performance cost	6,362,170.98			2,074,182.19		4,287,988.79
Delivered commodities	1,164,340.11	1,174,495.61				2,338,835.72
Total	80,860,389.54	2,030,881.28		4,989,135.64		77,902,135.18

Notes:

- (1) In the current period, according to the inventory decline test, the corresponding of provision for diminution in value of inventories higher than the inventory cost was reversed to RMB1,484,498.75.
- (2) In the current period, according to the inventory sales, the provision for diminution in value of inventories to the resale was RMB3,504,636.89.

5.10 Non-current assets maturing within one year

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Warranty payment due within one year		730,582.81
Total		730,582.81

5.11 Other current assets

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
VAT allowance, input tax to be credited and input tax to be certified	5,188,363.32	1,207,530.66
Income Tax paid in advance	3,343,515.45	991,463.41
Large-amount certificates of deposit and time deposits to be transferred within one year	214,921,286.59	245,887,584.05
Total	223,453,165.36	248,086,578.12

5.12 Long-term equity investments

Investee	Balance as at January 1, 2025	Additional investment	Reduced investment	Increase/decrease in the period				Provision for impairment	Others	Balance as at June 30, 2025	Balance of provision for impairment Balance as at June 30, 2025
				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 LG Panda Appliances Co., Ltd.	426,919,897.33			48,377,408.12			87,289,185.87			388,008,119.58	
Nanjing Ericsson Panda Communications Co., Ltd.											230,134,881.37
Beijing Se Potewio Mobile Communications Co., Ltd.	64,000,000.00		64,000,000.00								
Shenzhen Jingwah Network Marketing Co., Ltd.	1,748,732.17			-87,086.73						1,661,645.44	
Shenzhen Chebao Information Technology Co., Ltd.	321,300.94			138.38						321,440.32	
Subtotal	492,989,930.44		64,000,000.00	48,290,460.77			87,289,185.87			389,991,205.34	230,134,881.37
Total	492,989,930.44		64,000,000.00	48,290,460.77			87,289,185.87			389,991,205.34	230,134,881.37

5.13 Investment property

Investment properties measured by cost

Items	Housing and Buildings	Land use rights	Construction in progress	Total
1. Original book value				
(1) Balance as at January 1, 2025	281,359,433.03			281,359,433.03
(2) Increase in the period	360,514.63			360,514.63
Transfer-in of fixed assets	360,514.63			360,514.63
(3) Decrease in the period				
(4) Balance as at June 30, 2025	281,719,947.66			281,719,947.66
2. Accumulated depreciation and amortization				
(1) Balance as at January 1, 2025	98,370,897.45			98,370,897.45
(2) Increase in the period	3,663,358.50			3,663,358.50
Accrued or amortized	3,448,599.34			3,448,599.34
Transfer-in of fixed assets	214,759.16			214,759.16
(3) Decrease in the period				
(4) Balance as at June 30, 2025	102,034,255.95			102,034,255.95
3. Provision for impairment				
(1) Balance as at January 1, 2025				
(2) Balance as at June 30, 2025				
4. Book value				
(1) Balance as at June 30, 2025	179,685,691.71			179,685,691.71
(2) Balance as at January 1, 2025	182,988,535.58			182,988,535.58

5.14 Fixed assets

Category	Balance as at June 30, 2025	Balance as at January 1, 2025
Fixed assets	748,350,407.31	764,407,938.72
Disposal of fixed assets	308,954.94	308,954.94
Total	748,659,362.25	764,716,893.66

5.14.1 Breakdown of fixed assets

Items	Housing and buildings	Machinery and equipment	Electronic equipment	Transportation equipment	Other equipment	Total
I. Original book value						
1. Balance as at January 1, 2025	945,933,114.92	568,903,488.92	89,897,968.50	19,020,083.68	76,333,639.17	1,700,088,305.19
2. Increase in the period		14,827,505.46	564,113.42	135,221.24	4,791,325.77	20,118,165.89
(1) Purchase		14,827,505.46	564,113.42	47,345.13	4,770,086.83	20,009,050.84
(2) Transferred from construction in progress				87,876.11	21,238.94	109,115.05
3. Decrease in the period	360,514.63	105,659.96	116,986.02	89,632.64	623,825.06	1,296,818.31
(1) Disposal or scrapping		105,659.96	116,986.02	89,632.64	623,825.06	936,303.68
(2) Transfer to investment real estate	360,514.63					360,514.63
4. Balance as at June 30, 2025	945,572,600.29	583,425,134.42	90,345,085.90	19,065,682.28	80,501,139.88	1,718,909,652.77
II. Accumulated depreciation						
1. Balance as at January 1, 2025	374,852,354.29	410,662,004.39	75,114,197.86	16,813,329.63	56,041,356.28	933,483,242.45
2. Increase in the period	15,200,512.10	15,470,085.79	2,082,465.30	244,507.05	2,965,851.86	35,963,421.90
(1) Provision	15,200,512.10	15,470,085.79	2,082,465.30	244,507.05	2,965,851.86	35,963,421.90
3. Decrease in the period	214,759.16	95,103.90	107,898.19	85,151.01	581,630.65	1,084,542.91
(1) Disposal or retired		95,103.90	107,898.19	85,151.01	581,630.65	889,783.75
(2) Transfer to investment real estate	214,759.16					214,759.16
4. Balance as at June 30, 2025	369,838,107.23	426,036,986.28	77,088,764.97	16,972,685.67	58,425,577.29	968,382,121.44
III. Provision for impairment						
1. Balance as at January 1, 2025		1,831,130.64	192,219.23	173,774.15		2,197,124.02
2. Increase in the period						
3. Decrease in the period						
4. Balance as at June 30, 2025		1,831,130.64	192,219.23	173,774.15		2,197,124.02
IV. Book value						
(1) Balance as at June 30, 2025	555,734,493.06	155,557,017.50	13,064,111.70	1,919,222.46	22,075,562.59	748,350,407.31
(2) Balance as at January 1, 2025	571,080,760.63	156,410,353.89	14,591,551.41	2,032,889.90	20,292,282.89	764,407,838.72

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

5.14.3 Fixed assets leased out by operating lease as at June 30, 2025

Category	Book Value
Housing and buildings	6,454,573.87
Transportation equipment	90,019.50
Total	6,544,593.37

5.14.4 Fixed assets with unfinished certificate

Items	Book value	Reasons for unfinished certificate
Long Gang Jingwah Housing and building	4,863,426.28	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	4,462,131.27	The certificate is in progress
Total	9,325,557.55	

5.14.5 Other instructions

The useful lives of fixed assets in Mainland China:

Located in China	Balance as at June 30, 2025	Balance as at January 1, 2025
Medium term (10–50 years)	555,734,493.06	571,080,760.63
Short term (within 10 years)	192,615,914.25	193,327,178.09

5.14.6 Disposal of fixed asset

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Electronic equipment	86,816.49	86,816.49
Machinery and equipment	212,824.66	212,824.66
Other equipment	9,313.79	9,313.79
Total	308,954.94	308,954.94

5.15 Construction in progress

Category	Balance as at June 30, 2025	Balance as at January 1, 2025
Projects constructed in process	2,377,750.38	1,506,311.96
Project materials		
Less: Provision for impairment		
Total	2,377,750.38	1,506,311.96

Projects constructed in process

(1) Construction in process

Items	Balance as at June 30, 2025			Balance as at January 1, 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Intelligent transformation of Factory No. 1 warehouse	1,532,594.69		1,532,594.69	745,138.05		745,138.05
Digital upgrade of equipment park	671,456.95		671,456.95	671,456.95		671,456.95
Jinghua science and technology park gate and functional rooms	74,716.96		74,716.96	15,000.00		15,000.00
Construction of production auxiliary rooms	36,936.94		36,936.94	74,716.96		74,716.96
Sporadic engineering projects	62,044.84		62,044.84			
Total	2,377,750.38		2,377,750.38	1,506,311.96		1,506,311.96

5.16 Right-of-use assets

Items	Buildings and constructions	Machinery and equipment	Total
I. Original book value			
1. Balance as at January 1, 2025	16,704,920.38		16,704,920.38
2. Increase in the period	400,573.33		400,573.33
(1) New lease	400,573.33		400,573.33
3. Decrease in the period	484,917.24		484,917.24
(1) Terminated upon contract expiration	484,917.24		484,917.24
4. Balance as at June 30, 2025	16,620,576.47		16,620,576.47
II. Accumulated depreciation			
1. Balance as at January 1, 2025	8,240,104.96		8,240,104.96
2. Increase in the period	2,091,693.47		2,091,693.47
(1) Provision	2,091,693.47		2,091,693.47
3. Decrease in the period	484,917.24		484,917.24
(1) Terminated upon contract expiration	484,917.24		484,917.24
4. Balance as at June 30, 2025	9,846,881.19		9,846,881.19
III. Provision for impairment			
1. Balance as at January 1, 2025			
2. Balance as at June 30, 2025			
IV. Book value			
1. Book value as at June 30, 2025	6,773,695.28		6,773,695.28
2. Book value as at January 1, 2025	8,464,815.42		8,464,815.42

5.17 Intangible assets

5.17.1 Breakdown of intangible assets

Items	Land use right	Patents	Non-patented Technology	Trademark rights	Copyrights	Software	Total
I. Original book value							
1. Balance as at January 1, 2025	105,197,729.12	730,105.00	91,320,811.48	158,340,000.00	9,768,026.49	32,915,423.63	398,272,095.72
2. Increase in the period						297,548.67	297,548.67
(1) Purchase						297,548.67	297,548.67
3. Decrease in the period							
4. Balance as at June 30, 2025	<u>105,197,729.12</u>	<u>730,105.00</u>	<u>91,320,811.48</u>	<u>158,340,000.00</u>	<u>9,768,026.49</u>	<u>33,212,972.30</u>	<u>398,569,644.39</u>
II. Accumulated amortization							
1. Balance as at January 1, 2025	30,233,609.42	350,938.33	78,321,475.08	158,340,000.00	6,753,141.38	21,889,301.93	295,888,466.14
2. Increase in the period	1,401,211.95	35,000.00	4,555,299.23		373,481.23	1,127,007.65	7,492,000.06
(1) Provision	1,401,211.95	35,000.00	4,555,299.23		373,481.23	1,127,007.65	7,492,000.06
3. Decrease in the period							
4. Balance as at June 30, 2025	<u>31,634,821.37</u>	<u>385,938.33</u>	<u>82,876,774.31</u>	<u>158,340,000.00</u>	<u>7,126,622.61</u>	<u>23,016,309.58</u>	<u>303,380,466.20</u>
III. Provision for impairment							
1. Balance as at January 1, 2025			3,562,919.55			350,900.86	3,913,820.41
2. Increase in the period							
3. Decrease in the period							
4. Balance as at June 30, 2025			<u>3,562,919.55</u>			<u>350,900.86</u>	<u>3,913,820.41</u>
IV. Book value							
1. Book value as at June 30, 2025	<u>73,562,907.75</u>	<u>344,166.67</u>	<u>4,881,117.62</u>		<u>2,641,403.88</u>	<u>9,845,761.86</u>	<u>91,275,357.78</u>
2. Book value as at January 1, 2025	74,964,119.70	379,166.67	9,436,416.85		3,014,885.11	10,675,220.84	98,469,809.17

Intangible assets formed through internal research and development of the Company accounted for 23.93% of the balance of intangible assets at the end of the period.

5.17.2 During the Reporting Period, there was no land use right that had not been issued with a property right certificate.

5.17.3 Other instructions

Useful lives of intangible assets in Mainland China:

Located in China	Balance as at June 30, 2025	Balance as at December 31, 2024
Long term (Not less than 50 years)	<u>46,375,671.28</u>	46,995,390.72
Short term (Less than 50 years but not less than 5 years)	<u>44,899,686.50</u>	<u>51,474,418.45</u>

5.18 Long-term deferred expenses

Item	Balance as at January 1, 2025	Increase in the period	Amortization in the period	Other decreases	Balance as at June 30, 2025
Renovation and transformation of Xingang Park	11,049,369.21		2,019,784.02		9,029,585.19
Panda Mansion renovations	2,733,395.32		248,097.94		2,485,297.38
Equipment transformation of Shenzhen Jinghua Park	1,903,355.92	300,889.09	371,439.90		1,832,805.11
Other sporadic engineering projects	712,758.62		401,576.71		311,181.91
Total	16,398,879.07		3,040,898.57		13,658,869.59

5.19 Deferred income tax assets and deferred income tax liabilities

5.19.1 Deferred income tax assets and deferred income tax liabilities before offsetting

Item	Balance as at June 30, 2025		Balance as at January 1, 2025	
	Deferred income tax assets/liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/liabilities	Deductible/ taxable temporary differences
Deferred income tax assets:				
Provision for asset impairment	14,942,712.67	99,428,760.83	14,491,705.24	96,425,381.92
Unrealized profit from internal transactions	553,649.86	3,428,696.97	820,341.03	3,893,506.42
Deductible loss	1,369,656.69	9,131,044.62	706,037.87	4,706,919.13
Employee compensation payable	576,017.26	2,815,596.55	740,334.48	3,912,721.15
Accrued expenses	190,727.25	3,814,544.93	246,960.95	4,939,219.09
Government grants	540,000.00	3,600,000.00	540,000.00	3,600,000.00
Leases	1,123,209.27	6,823,681.18	1,471,890.27	8,538,018.24
Estimated liabilities	130,826.18	872,174.50	525,000.00	3,500,000.00
Subtotal	19,426,799.18	129,914,499.58	19,542,269.84	129,515,765.95
Deferred income tax liabilities:				
Changes in fair value of trading financial instruments	262,291.97	1,053,195.70	696,152.52	3,230,009.09
Right-of-use assets	1,110,814.52	6,773,695.28	1,453,114.43	8,464,815.44
Accelerated depreciation of fixed assets	4,510,736.72	29,716,319.09	2,883,532.94	18,772,218.36
Subtotal	5,883,843.21	36,490,014.37	5,032,799.89	30,467,042.89

5.20 Other non-current assets

Item	Balance as at June 30, 2025			Balance as at January 1, 2025		
	Book balance	Provision for impairment loss	Book value	Book balance	Provision for impairment loss	Book value
Prepayment for the acquisition of long-term assets	23,400.00		23,400.00	5,329,316.34		5,329,316.34
Total	23,400.00		23,400.00	5,329,316.34		5,329,316.34

5.21 Short-term borrowings

5.21.1 Short-term borrowings by category

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Accounts receivable pledged borrowings		614,845.96
Banker's acceptance bills that have been discounted and have not been derecognized		41,711,481.92
Total		42,326,327.88

5.22 Notes payable

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Bank acceptance bill	20,228,519.46	108,540,615.36
Commercial acceptance bill		
Finance company acceptance bill	13,256,016.07	1,748,815.76
Total	33,484,535.53	110,289,431.12

5.23 Accounts payable

5.23.1 Accounts payable by aging

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Within 1 year (inclusive)	930,743,525.15	987,034,107.84
1-2 years (including 2 years)	305,743,408.04	209,102,581.68
2-3 years (including 3 years)	44,198,288.83	53,611,183.43
Over 3 years	75,318,560.36	78,470,818.03
Total	1,356,003,782.38	1,328,218,690.98

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

5.23.2 Significant account payables aged over 1 year

Creditor	Closing balance	Reasons for unsettled
Beijing Quanlu Communication and Signal Research and Design Institute Group Co., Ltd	12,951,566.98	Project not settled
Zhongtian Radio Frequency Cable Co., Ltd.	14,933,655.31	Project not settled
Nanjing Metro Resource Development Co., Ltd.	31,985,720.00	Project not settled
China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd.	28,195,509.02	Project not settled
Nanjing Kongchi Technology Co., Ltd.	11,186,891.04	Project not settled
Henan Dashun Construction Labor Service Co., Ltd.	5,784,000.00	Project not settled
Jiangsu Chenyaode Construction Engineering Labor Service Co., Ltd.	7,726,577.44	Project not settled
Jiangson Duanlan Construction Engineering Co., Ltd.	13,042,047.93	Project not settled
Jiangsu Zhengjie Construction Labor Service Co., Ltd	24,560,303.95	Project not settled
Jiangsu Zhongzhishun Technology Co., Ltd.	9,844,275.40	Project not settled
Nanjing Artemisphile Technology Co., Ltd.	7,707,863.75	Project not settled
Nanjing Guochuang Electromechanical Engineering Co., Ltd.	10,531,624.71	Project not settled
Nanjing Hongquan Electronic Technology Co., Ltd.	6,998,502.61	Project not settled
Nanjing Keyong Technology Co., Ltd.	9,049,410.21	Project not settled
Nanjing Changxin Technology Co., Ltd.	14,808,298.71	Project not settled
Urumqi Weirui Innovation Information Technology Co., Ltd.	8,613,178.30	Project not settled
Southwest Institute of Applied Magnetism	5,219,800.00	Project not settled
Total	223,139,225.36	

5.24 Advances from customers

(1) Advances from customers by aging

Items	Balance as at June 30, 2025	Balance as at January 1, 2025
Within 1 year (including 1 year)	399,021.49	468,971.75
More than 1 year		
Total	399,021.49	468,971.75

Note: The Company's advances from customers at the end of the period are rent received in advance.

5.25 Contractual liabilities

Item	Closing balance	Opening balance
Smart Transportation and Safe City	45,410,623.66	48,867,867.30
Industrial Internet and Intelligent Manufacturing	36,617,143.70	32,359,975.83
Green and Service-oriented Electronic Manufacturing	13,119,368.95	27,542,147.41
Total	95,147,136.31	108,769,990.54

Significant changes in book value of contract liabilities during the Reporting Period and reasons therefor:

Item	Amount of change	Reasons for change
Smart Transportation and Safe City	-3,457,243.64	Contract liabilities at the beginning of the period was recognized as revenue in current period
Industrial Internet and Intelligent Manufacturing	4,257,167.87	Amounts increased due to receipt of cash
Green and Service-oriented Electronic Manufacturing	-14,422,778.46	Contract liabilities at the beginning of the period was recognized as revenue in current period

5.26 Employee compensation payable

5.26.1 Classification of employee compensation payable

Item	Balance as at January 1, 2025	Increase in the period	Decrease in the period	Balance as at June 30, 2025
Short-term compensation	55,358,573.83	247,648,792.90	275,659,322.60	27,348,044.13
Post-employment benefits – defined contribution plans	794,773.72	31,779,875.44	32,302,437.35	272,211.81
Dismissal welfare	3,187,809.96	7,045,312.86	7,093,057.72	3,140,065.10
Other benefits due within one year				
Total	59,341,157.51	286,473,981.20	315,054,817.67	30,760,321.04

5.26.2 Movement of short-term compensation

Item	Balance as at January 1, 2025	Increase in the period	Decrease in the period	Balance as at June 30, 2025
1. Salaries, bonuses, allowances and subsidies	46,356,612.43	165,086,455.92	190,296,379.90	21,146,688.45
2. Employee welfare	420,000.00	14,514,477.48	14,934,475.48	2.00
3. Social insurance premiums	136,421.29	12,585,873.16	12,579,105.62	143,188.83
Including: Medical insurance premium	109,579.68	10,337,570.61	10,331,764.13	115,386.16
Work-related injury insurance premium	14,318.38	1,033,088.93	1,032,791.57	14,615.74
Maternity insurance premium	12,523.23	1,215,213.62	1,214,549.92	13,186.93
4. Housing provident funds	1,435,324.00	26,342,693.62	27,077,052.82	700,964.80
5. Labor union expenditures and employee education funds	226,162.48	4,305,079.44	3,939,103.90	592,138.02
6. Short-term compensated absences				
7. Short-term profit-sharing plan	4,500,000.00			4,500,000.00
8. Labor cost	2,284,053.63	24,814,213.28	26,833,204.88	265,062.03
Total	55,358,573.83	247,648,792.90	275,659,322.60	27,348,044.13

5.26.3 Breakdown of defined contribution plans

Item	Balance as at January 1, 2025	Increase in the period	Decrease in the period	Balance as at June 30, 2025
Basic endowment insurance premium	638,958.00	25,163,929.04	25,538,924.78	263,962.26
Unemployment insurance premium	8,137.45	813,649.85	813,537.75	8,249.55
Enterprise annuity payment	147,678.27	5,802,296.55	5,949,974.82	0.00
Total	794,773.72	31,779,875.44	32,302,437.35	272,211.81

5.27 Taxes and surcharges payable

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
VAT	15,321,595.71	25,693,085.15
Enterprise income tax	5,173,484.58	5,331,078.54
Housing property tax	2,211,107.51	2,459,392.67
Individual income tax	490,992.97	4,621,963.04
Land use tax	470,386.10	429,886.10
Urban maintenance and construction tax	99,372.47	636,686.29
Educational surcharges	70,976.39	454,776.14
Other taxes and dues	118,701.73	202,557.48
Total	23,956,617.46	39,829,425.41

5.28 Other payables

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Interest payable		
Dividends payable	5,511,074.34	13,111,074.34
Other payables	81,480,081.63	90,547,165.29
Total	86,991,155.97	103,658,239.63

5.28.1 Dividends payable

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Ordinary share dividends	5,511,074.34	13,111,074.34
Total	5,511,074.34	13,111,074.34

Note: Dividends payable exceeding one year, amounting to RMB5,297,799.54, represent dividends due to minority shareholders by a subsidiary.

5.28.2 Other payables

(1) Other payables by nature

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Security deposit	28,220,837.80	26,446,061.88
Operating activity related	22,326,809.37	22,189,053.73
Current accounts	26,195,036.06	28,317,510.44
Others	4,737,398.40	13,594,539.24
Total	81,480,081.63	90,547,165.29

(2) Significant other payables with the aging exceeding one year

Name of entity	Balance as at June 30, 2025	Reason for arrearage
Nanjing Electronics Information Industrial Corporation	9,790,000.00	Current accounts
Shenzhen Kingkey Banner Commercial Management Co., Ltd.	4,195,908.00	The deposit has not has not yet expired
Panda Electronics Group Co., Ltd.	3,785,242.53	Current accounts
Nanjing Gusheng Enterprise Management Co., Ltd.	3,600,000.00	The deposit has not has not yet expired
Jiangsu Future Network Group Co., Ltd.	3,000,000.00	Operating-related funds
Xiaotang Technology (Shanghai) Co., Ltd.	2,601,980.00	Operating-related funds
Shenzhen Lichang Industrial Co., Ltd.	2,032,430.00	The deposit has not has not yet expired
Shenzhen Shanshui Fashion Hotel Management Co., Ltd.	1,785,628.00	The deposit has not has not yet expired
Nanjing Guochuang Electromechanical Engineering Co., Ltd.	1,669,155.85	The guarantee fund has not yet expired
Shenzhen Kingkey Real Estate Co., Ltd.	1,533,816.00	The deposit has not has not yet expired
Shenzhen Huitong Security Technology Co., Ltd.	1,147,236.00	The deposit has not has not yet expired
Nanjing Taiding Information Technology Co., Ltd.	1,004,000.00	The guarantee fund has not yet expired
Total	36,145,396.38	

5.29 Non-current liabilities maturing within one year

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Leasing liabilities due within one year	4,554,683.15	4,148,681.83
Expected liabilities due within one year	872,174.50	1,700,000.00
Total	5,426,857.65	5,848,681.83

5.30 Other current liabilities

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Tax amount for output to be transferred	6,942,993.66	11,398,063.09
Endorsed notes and supply chain financial statements that have not yet matured	19,126,122.04	57,531,063.30
Unaccepted government subsidies	15,737,368.44	15,427,368.44
Total	41,806,484.14	84,356,494.83

Unaccepted government subsidies:

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Project of intelligent operational decision-making system and application validation for equipment manufacturing enterprises supporting dynamic reconfiguration	2,547,368.44	2,327,368.44
Intelligent operation maintenance system for key industry production equipment based on industrial internet platform	2,250,000.00	2,250,000.00
Industry foresight and key core technology projects	2,100,000.00	2,100,000.00
Nanjing Municipal Special Fund for Industrial and Information Development	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
Green supply chain construction project for Huadong electronics' new display products	1,000,000.00	1,000,000.00
Special fund for 2022 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
R&D for an intelligent monitoring system for oil and gas pipelines via integration of distributed optical fiber sensing and IoT	600,000.00	600,000.00
R&D of key technologies for new edge network collaborative control equipment	540,000.00	540,000.00
2021 Jiangsu Province Key R&D Plan	600,000.00	510,000.00
The second batch of special funds for intellectual property rights at the municipal level	500,000.00	500,000.00
Special Funds for the Construction of Nanjing Enterprise Expect Studies	500,000.00	500,000.00
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
Total	15,737,368.44	15,427,368.44

5.31 Lease liabilities

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Lease payment	8,599,451.38	9,303,070.75
Less: Financing charges unrecognized	361,585.50	526,166.92
Less: Lease liabilities due within 1 year	4,554,683.15	4,148,681.83
Total	3,683,182.73	4,628,222.00

5.32 Long-term employee compensation payable

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Dismissal welfare	3,271,421.22	4,200,641.03
Total	3,271,421.22	4,200,641.03

5.33 Provisions

Item	Balance as at January 1, 2025	Increase in the period	Decrease in the period	Balance as at June 30, 2025	Reason for the provisions
Product Quality Assurance	1,800,000.00		1,800,000.00		Contract agreement
Total	1,800,000.00		1,800,000.00		

5.34 Deferred income

5.34.1 Deferred income by category

Item	Balance as at January 1, 2025	Increase in the period	Decrease in the period	Balance as at June 30, 2025	Reason for the deferred income
Government grants	32,419,676.43	1,025,500.00	4,384,514.38	29,060,662.05	Government grant
Total	32,419,676.43	1,025,500.00	4,384,514.38	29,060,662.05	

5.34.2 Items involving government grants

Item	Balance as at January 1, 2025	New grants in the period	Amount included in non-operating gains for the current period	Amount included in other income for the current period	Other changes	Balance as at June 30, 2025	Related to assets/income
2017 Special Project for Technological Transformation of Electronic Information Industry	17,702,742.17			1,891,885.82		15,810,856.35	Related to assets
Provincial emerging industry guidance fund	6,219,512.20			731,707.32		5,487,804.88	Related to assets
R&D and industrialization of high localization industrial robot and intelligent complete equipment	2,974,139.87			367,823.93		2,606,515.94	Related to assets
New Model Project Grants	1,821,428.57			214,285.72		1,607,142.85	Related to assets
Auto-transferring system industrialization of new panel display industry	1,239,392.53			492,666.65		746,725.88	Related to assets
R&D of key technologies for special polymer materials and products for 5G communications	1,014,432.99			74,226.80		940,206.19	Related to assets
Special funds for preschool education - average cost per student	986,461.50	1,025,500.00		557,313.96		1,454,647.54	Related to assets
Provincial high-end equipment catch up project special funds	461,566.60			54,804.18		406,762.42	Related to assets
Total	32,419,676.43	1,025,500.00		4,384,514.38		29,060,662.05	

5.35 Share capital

Item	Balance as at January 1, 2025	Changes during the period (increase (+), decrease (-))					Balance as at June 30, 2025
		Issue of new shares	Bonus shares	Conversion of the capital reserves into shares	Others	Sub-total	
Total shares	913,838,529.00						913,838,529.00

5.36 Capital reserves

Item	Balance as at January 1, 2025	Increase in the period	Decrease in the period	Balance as at June 30, 2025
I. Capital premium	1,450,743,806.12			1,450,743,806.12
II. Other capital reserves	19,947,994.01		444,062.35	19,503,931.66
Total	1,470,691,800.13		444,062.35	1,470,247,737.78

Note: The decrease in other capital reserves during this period was attributable to the disposal of equity in Beijing SE Potevio Mobile Communications Co., Ltd., which was accounted for under the equity method. The relevant amount originally recorded in capital reserves – other capital reserves has been reclassified to investment income.

5.37 Special reserves

Item	Balance as at January 1, 2025	Increase in the period	Decrease in the period	Balance as at June 30, 2025	Reason for change
Work safety-related expenses	275,607.10	73,331.81	74,028.95	274,909.96	Accrual and use
Total	275,607.10	73,331.81	74,028.95	274,909.96	

5.38 Surplus reserves

Item	Balance as at January 1, 2025	Increase in the period	Decrease in the period	Balance as at June 30, 2025
Statutory surplus reserve funds	239,123,945.37			239,123,945.37
Discretionary surplus reserve	70,376,641.33			70,376,641.33
Total	309,500,586.70			309,500,586.70

5.39 Undistributed profits

Item	Current period	Last period
Balance as at December 31, 2024	419,988,124.67	608,842,680.92
Balance as at January 1, 2025 due to adjustment		
Balance as at January 1, 2025	419,988,124.67	608,842,680.92
Increase in the period	-45,584,145.10	-188,854,556.25
Including: Net profit attributable to the Company during the period	-45,584,145.10	-188,854,556.25
Other adjustment factors		
Decrease in the period		
Including: The amount of surplus reserve withdrawn in the current period		
The number of cash dividends distributed for the period		
Conversion of capital		
Reduced others		
Undistributed profits as at June 30, 2025	374,403,979.57	419,988,124.67

5.40 Operating revenue and operating costs

5.40.1 Operating revenue and operating costs

Item	Current Period		Last Period	
	Income	Costs	Income	Cost
Principal business	1,027,847,907.37	877,782,560.16	1,235,445,114.04	1,079,384,627.77
Other business	14,803,326.35	3,460,428.03	14,901,398.05	8,214,230.72
Total	1,042,651,233.72	881,242,988.19	1,250,346,512.09	1,087,598,858.49

50.40.2 Details of operating revenue

Item	Current Period	Last Period
Income from customer contracts	985,726,596.19	1,195,465,477.59
Rental income – operating leases	56,924,637.53	54,881,034.50
Total	1,042,651,233.72	1,250,346,512.09

50.40.3 Breakdown information of operating revenue and operating costs

Income categories	Smart transportation and safe city		Industrial Internet and intelligent manufacturing		Green service-oriented electronic manufacturing		Eliminations		Total	
	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs	Operating revenue	Operating costs
Categorized by business type:										
Income from customer contracts	42,562,486.96	60,094,163.80	492,213,526.08	408,792,318.78	485,371,451.02	444,891,897.17	-34,420,867.87	-39,838,563.57	965,726,596.19	873,939,816.18
Rental income – operating leases			67,840,506.26	12,579,530.40			-10,715,868.73	-5,276,358.39	56,924,637.53	7,303,172.01
Total	42,562,486.96	60,094,163.80	559,854,032.34	421,371,849.18	485,371,451.02	444,891,897.17	-45,136,736.60	-45,114,921.96	1,042,651,233.72	881,242,988.19
Categorized by operating region:										
Nanjing	42,562,486.96	60,094,163.80	480,425,006.56	389,933,489.86	260,815,451.64	250,228,301.93	-19,312,119.19	-20,028,853.93	764,490,825.97	680,227,101.66
Shenzhen			79,429,025.78	31,438,359.32	191,828,848.61	159,982,186.21	-25,824,617.41	-25,086,068.03	245,433,256.98	166,334,477.50
Chengdu					32,727,150.77	34,681,409.03			32,727,150.77	34,681,409.03
Total	42,562,486.96	60,094,163.80	559,854,032.34	421,371,849.18	485,371,451.02	444,891,897.17	-45,136,736.60	-45,114,921.96	1,042,651,233.72	881,242,988.19
Categorized by the time of transfer of goods:										
At a certain point in time	42,562,486.96	60,094,163.80	388,219,934.91	296,966,355.86	485,371,451.02	444,891,897.17	-45,136,736.60	-45,114,921.96	871,017,136.29	756,837,494.87
Within a certain period of time			171,634,097.43	124,405,493.32					171,634,097.43	124,405,493.32
Total	42,562,486.96	60,094,163.80	559,854,032.34	421,371,849.18	485,371,451.02	444,891,897.17	-45,136,736.60	-45,114,921.96	1,042,651,233.72	881,242,988.19

50.40.4 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.

50.40.5 Explanation of allocation to remaining performance obligations

The revenue corresponding to the performance obligations that have been signed but have not yet been performed or completed at the end of this Reporting Period was RMB1,075,679,000, of which RMB410,417,600 is expected to be recognized in the second half of 2025, RMB450,603,500 is expected to be recognized in 2026, and RMB214,657,900 is expected to be recognized in 2027 and subsequent years.

5.41 Taxes and surcharges

Item	Amount in the period	Amount in the corresponding period of last year
Housing property tax	4,494,826.70	5,022,359.21
Urban maintenance and construction tax	1,651,876.80	931,592.04
Educational surcharges	1,183,509.02	671,372.42
Land use tax	1,053,705.15	1,053,705.11
Stamp duty	803,195.71	1,167,570.62
Others	7,842.70	7,674.70
Total	9,194,956.08	8,854,274.10

5.42 Selling expenses

Item	Amount in the period	Amount in the corresponding period of last year
Payroll	15,936,975.00	15,474,353.44
Office and travel expenses	1,223,577.94	1,119,714.29
Business entertainment expenses	1,004,755.39	1,183,583.26
Advertising and exhibition fees	1,672,555.47	3,206,875.41
Material and repair costs	183,899.57	410,802.06
Others	869,968.65	1,895,390.86
Total	20,891,732.02	23,290,719.32

5.43 General and administrative expenses

Item	Amount in the period	Amount in the corresponding period of last year
Employee compensation	77,298,008.07	84,627,083.77
Depreciation and amortization	14,180,390.31	15,514,252.27
Office, utilities and transportation travel expenses	5,617,342.72	5,396,757.20
Greening, security and cleaning fees	2,689,292.22	2,910,696.09
Auditor remuneration	2,339,622.65	
Repair charges	1,956,747.65	2,014,652.91
Business entertainment expenses	1,824,666.44	2,462,177.02
Audit, law and consult fees	1,634,514.09	1,721,419.00
Others	6,972,285.88	4,738,872.24
Total	114,512,870.03	119,385,910.50

5.44 Research and development expenses

Item	Amount in the period	Amount in the corresponding period of last year
Employee compensation	83,090,319.83	82,995,363.48
Materials, fuels and power	6,980,399.43	10,611,478.46
Depreciation and amortization	4,914,509.49	4,603,848.14
Commissioned development fee	2,665,266.70	6,479,267.25
Travel expenses	617,087.88	1,970,526.41
Others	1,724,062.39	3,194,766.31
Total	99,991,645.72	109,855,250.05

5.45 Financial expenses

Item	Amount in the period	Amount in the corresponding period of last year
Interest expense	179,374.68	273,880.18
Including: Interest expense on lease liabilities	179,374.68	273,880.18
Less: Interest income	4,099,332.18	6,807,445.97
Net exchange gains and loss	-1,031,643.42	-2,025,402.08
Service charge and others	424,404.76	735,089.44
Total	-4,527,196.16	-7,823,878.43

5.46 Other income

Item	Amount in the period	Amount in the corresponding period of last year
Government grants	5,771,303.82	5,573,641.23
Input tax additional deduction	3,943,004.97	3,777,866.47
Personal income tax refund	212,126.32	283,326.57
The value added tax that software enterprise collects namely refunds	55,110.89	41,059.52
Other	16,500.00	
Total	9,998,046.00	9,675,893.79

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	557,313.96	1,077,092.50	Related to income
Provincial emerging industry guiding funds	731,707.32	731,707.32	Related to assets
Reward funding for specialized and new enterprises	750,000.00		Related to income
Auto-transferring system industrialization of new panel display industry	492,666.65	492,666.66	Related to assets
R&D and industrialization of high localization industrial robot and intelligent complete equipment	367,623.93	375,156.89	Related to assets
New Model Project Grants	214,285.72	214,285.71	Related to assets
Rewards for high-tech enterprises	210,000.00		Related to income
Employment stabilization subsidies	200,120.15	15,000.00	Related to income
R&D of key technologies for special polymer materials and products for 5G communications	74,226.80	74,226.80	Related to assets
Employment expansion subsidies	63,000.00	12,000.00	Related to income
One-time subsidy for employment of poverty alleviation workers	54,869.66	25,692.64	Related to income
Concessions for employment of priority groups	13,000.00	337,050.00	Related to income
Provincial high-end equipment catch-up project special funds	54,804.18	54,804.17	Related to assets
Social security subsidies	41,720.34	63,008.52	Related to income
Special funds for provincial commerce development (export credit insurance program)	39,800.00		Related to income
Funding for incentive programs for specialized and new enterprises		31,570.00	Related to income
Nanjing industrial enterprise technology and equipment investment inclusive award and subsidies fund		20,400.00	Related to assets
Refund of union funds		89,690.49	Related to income
Training subsidies		56,600.00	Related to income
Other sporadic projects	14,279.29	10,803.71	Related to income
Total	5,771,303.82	5,573,641.23	

5.47 Investment income

Item	Amount in the period	Amount in the corresponding period of last year
Income from long-term equity investments calculated under equity method	48,290,460.77	40,995,886.92
Investment gains from the disposal of long-term equity investments	11,032,168.19	
Investment income from large-amount certificates of deposit	2,905,610.32	2,792,734.33
Investment gains from the disposal of financial assets held for trading	625,908.58	6,219,275.72
Total	62,854,147.86	50,007,896.97

5.48 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	4,412,265.15	-1,481,275.69
Total	4,412,265.15	-1,481,275.69

5.49 Losses from credit impairment

Item	Amount in the period	Amount in the corresponding period of last year
Losses from impairment of accounts receivable	-6,801,706.79	-4,166,216.42
Losses from impairment of others receivable	103,052.24	-80,301.41
Total	-6,698,654.55	-4,246,517.83

5.50 Losses from asset impairment

Item	Amount in the period	Amount in the corresponding period of last year
Losses from inventory depreciation	-546,382.53	-21,313.55
Impairment loss on contract assets	1,740,669.30	
Total	1,194,286.77	-21,313.55

5.51 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	2,152.11	8,373.69	2,152.11
Total	2,152.11	8,373.69	2,152.11

5.52 Non-operating income

5.52.1 Non-operating income by category

Item	Amount in the period	Amount in the corresponding period of last year	Amount included in non-recurring profit or loss in the period
Gains from damage and scrapping of non-current assets	792.08	398,760.69	792.08
Including: gains from disposal of fixed assets	792.08	398,760.69	792.08
Payment required not to be paid	167,748.08		167,748.08
Others	38,784.56	72,578.33	38,784.56
Total	207,324.72	471,339.02	207,324.72

5.53 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			
Including: Loss from disposal of fixed assets			
Others	82,289.21	174,101.74	82,289.21
Total	82,289.21	174,101.74	82,289.21

5.54 Income tax expenses

5.54.1 Details of income tax expenses

Item	Amount in the period	Amount in the corresponding period of last year
Current income tax calculated based on tax law and relevant regulations	11,260,133.88	8,651,329.72
Deferred income tax	966,513.98	-1,407,492.91
Total	12,226,647.86	7,243,836.81

5.54.2 Adjustment process of accounting profits and income tax expenses

Item	Amount
Total profits	-6,768,483.31
Income tax expenses calculated at statutory/applicable tax rate	-1,692,120.83
Effect of the different tax rates applicable to subsidiaries	3,494,854.45
Effect of adjustment on income tax in previous periods	255,235.01
Effect of non-taxable income	-12,072,615.19
Influence of non-deductible costs, expenses and losses	172,828.39
Effect of R&D (technology development) super-deduction (presented as a negative amount)	-10,850,331.85
Effect of using the deductible temporary differences or deductible losses related to deferred income tax assets unrecognized in previous periods	-254,340.57
Effect of deductible temporary differences or deductible losses from deferred income tax assets unrecognized in the current period	33,173,138.45
Income tax expenses	12,226,647.86

5.55 Cash flow statement

5.55.1 Cash related to operating activities

- (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 and deposits	42,867,682.08	30,786,327.33
Government grants	2,722,289.44	2,035,915.36
Interest Income	4,099,332.18	6,800,420.96
Others	16,118,579.22	13,819,227.12
Total	65,807,882.92	53,441,890.77

- (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	30,683,445.68	34,263,935.75
Payment of expenses	45,689,252.41	43,219,340.80
Handling charges	372,986.32	628,650.76
Business transactions and others	13,761,816.55	6,246,716.53
Total	90,507,500.96	84,358,643.84

5.55.2 Cash related to investing activities

- (1) Other cash received relating to investing activities

Items	Amount in the period	Amount in the corresponding period of last year
Principal of structured deposit	678,017,600.00	773,697,800.00
Principal of large-amount deposit certificate	115,782,671.23	158,000,000.00
Total	793,800,271.23	931,697,800.00

- (2) Other cash paid relating to investing activities

Items	Amount in the period	Amount in the corresponding period of last year
Principal of structured deposit	595,000,000.00	751,000,000.00
Principal of large-amount deposit certificate	84,000,000.00	118,500,000.00
Total	679,000,000.00	869,500,000.00

5.55.3 Cash related to financing activities

(1) Other cash received relating to financing activities

Item	Amount in the period	Amount in the corresponding period of last year
Factoring of accounts receivable and discounting of bills that have not been derecognized		37,713,978.67
Total		37,713,978.67

(2) Other cash paid relating to financing activities

Item	Amount in the period	Amount in the corresponding period of last year
Cash paid for lease liability	1,129,418.84	1,875,436.96
Total	1,129,418.84	1,875,436.96

(3) Changes in liabilities arising from financing activities

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Changes in cash	Non-cash movements	Changes in cash	Non-cash movements	
Short-term loans	42,326,327.88				42,326,327.88	
Lease liabilities and the portion due within one year	8,776,903.83		1,535,420.16	1,129,418.84	945,039.27	8,237,865.88
Total	51,103,231.71		1,535,420.16	1,129,418.84	43,271,367.15	8,237,865.88

5.55.4 Cash flows were not reported on a net basis during the Reporting Period

5.55.5 During the Reporting Period, there are no major activities and financial impacts that do not involve cash receipts and expenditures in the current period, but affect the financial position of the enterprise or may affect the cash flow of the enterprise in the future

5.56 Supplementary information to the statement of cash flow

5.56.1 Supplementary information to the statement of cash flows

Item	Amount in the period	Amount in the corresponding period of last year
1. Net profit adjusted to cash flows from operating activities		
Net profit	-18,995,131.17	-43,818,164.09
Add: Provision for impairment of assets	-1,194,286.77	21,313.55
Impairment loss for credit assets	6,698,654.55	4,246,517.83
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, and investment property	39,412,021.24	41,001,271.98
Depreciation of the right-of-use assets	2,091,693.47	2,236,956.65
Amortization of intangible assets	7,492,000.06	8,684,282.98
Amortization of long-term deferred expenses	3,040,898.57	3,470,615.06
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-2,152.11	-8,373.69
Losses on write-off of fixed assets ("-" for gains)	-792.08	-398,760.69
Losses on hedging the net exposure ("-" for gains)		
Losses on changes in fair value ("-" for gains)	-4,412,265.15	1,481,275.69
Financial expenses ("-" for gains)	179,374.68	273,880.18
Investment losses ("-" for gains)	-62,854,147.86	-50,007,896.97
Decreases in deferred income tax assets ("-" for increases)	115,470.66	-276,324.82
Increases in deferred income tax liabilities ("-" for decreases)	851,043.32	-1,131,168.10
Decreases in inventories ("-" for increases)	-89,888,087.19	18,434,594.19
Decreases in operating receivable ("-" for increases)	102,808,398.58	17,096,415.92
Increases in operating payables ("-" for decreases)	-130,274,326.38	-134,569,140.00
Others		
Net cash flow from operating activities	-144,931,633.58	-133,262,704.33
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		
Closing balance of cash	781,511,498.48	813,705,314.42
Less: beginning balance of cash	666,522,106.70	798,419,753.09
Add: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	114,989,391.78	15,285,561.33

5.56.2 Cash and cash equivalents

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
I. Cash	781,511,498.48	666,522,106.70
Including: Cash on hand	27,045.95	27,411.04
Unrestricted bank deposit	778,183,829.75	666,484,334.11
Unrestricted other cash and cash equivalents	3,300,622.78	10,361.55
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	781,511,498.48	666,522,106.70
Including: cash and cash equivalents restricted for use in the Company or the subsidiaries		

5.56.3 At the end of the Reporting Period, there were no cases in which the scope of use was restricted, but it was still shown as cash and cash equivalents

5.56.4 Monetary funds that are not cash and cash equivalents

Item	Closing balance	Opening balance	Reason
Deposit of bank acceptance bills	7,577,374.79	39,687,770.29	Use is restricted
Deposit of performance, guarantees and letter of credit	44,227,898.12	51,433,254.45	Use is restricted
Total	51,805,272.91	91,121,024.74	—

5.57 Ownership or using rights of assets subject to restriction

Item	Book value as at June 30, 2025	Restriction reason
Cash at bank and on hand	51,805,272.91	Acceptance bill, performance, deposit for letter of guarantee
Notes receivable	10,648,755.38	Accepted drafts endorsed but not derecognized
Accounts receivable	8,276,712.67	Supply chain bills endorsed but not derecognized
Total	70,730,740.96	

5.58 Monetary items in foreign currency

Item	Balance in foreign currency Balance as at June 30, 2025	Exchange rate	Balance converted into RMB Balance as at June 30, 2025
Monetary funds	—	—	—
Including: USD	7,686,831.02	7.1586	55,026,948.54
EUR	138,304.82	8.4024	1,162,092.42
HKD	197,048.03	0.9120	179,707.80
JPY	72,261,442.00	0.0496	3,583,733.95
Accounts receivable			
Including: USD	556,590.34	7.1586	3,984,407.61
EUR	2,511.22	8.4024	21,100.27
JPY	14,282,827.00	0.0496	708,342.52
Advance payment			
Including: USD	3,311.00	7.1586	23,702.12
EUR	18.00	8.4024	151.24
Other receivables			
Including: HKD	41,800.00	0.9120	38,121.60
Payables			
Including: USD	440,840.31	7.1586	3,155,799.44
EUR	56.34	8.4024	473.39
JPY	20,143,000.00	0.0496	998,971.94
Contract liabilities			
Including: USD	1,479,362.58	7.1586	10,590,164.97
EUR	5,572.74	8.4024	46,824.39
Other payables			
Including: USD	199,370.00	7.1586	1,427,210.08

5.59 Lease

5.59.1 The Company as the lessee

Item	Amount
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	
Short-term lease payments with simplified treatment charged to the cost of the related asset or to current profit or loss	1,071,829.24
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	113,754.29
Income from subletting of right-to-use assets	
Total cash outflows relating to leases	2,950,758.79

5.59.2 The Company as the lessor

Operating lease

Item	Rental income	Including: income related to variable lease payments that are not included in lease receipts
Property rental	56,892,557.88	
Vehicle rental	32,079.65	
Total	56,924,637.53	

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
Year 1	81,878,251.10	108,555,991.71
Year 2	42,047,200.86	64,663,538.00
Year 3	29,889,143.08	34,691,740.00
Year 4	29,338,998.08	29,338,998.08
Year 5	29,338,998.08	29,338,998.08
The total amount of undiscounted lease receipts after five years	31,246,032.95	60,585,031.02
Total	243,738,624.15	327,174,296.89

6 R&D EXPENDITURE

Presented by nature of fees

Item	Amount for the period	Amount for the last period
Employee compensation	83,090,319.83	82,995,363.48
Materials, fuels, and power	6,980,399.43	10,611,478.46
Depreciation and amortization	4,914,509.49	4,603,848.14
Consignment development fee	2,665,266.70	6,479,267.25
Travel expenses	617,087.88	1,970,526.41
Others	1,724,062.39	3,194,766.31
Total	99,991,645.72	109,855,250.05
Including: Expensed R&D expenditure	99,991,645.72	109,855,250.05
Capitalize R&D expenditures		

7 CHANGES IN CONSOLIDATED SCOPE

7.1 Business combination involving enterprises not under common control during the current period

There is no business combination involving enterprises not under common control during the current period.

7.2 Business combination involving enterprises under common control during the current period

There is no business combination involving enterprises under common control during the current period.

7.3 Reverse purchase during the current period

There is no reverse purchase during the current period.

7.4 Disposal of equity interest in subsidiaries during the current period

There is no disposal of equity interest in subsidiaries during the current period.

7.5 Other reasons for the changes in consolidation scope during the current period

There is no change in consolidation scope during the current period.

8 INTERESTS IN OTHER ENTITIES

8.1 Interests in subsidiaries

8.1.1 Components of the enterprise group

Unit: ten thousand

Name of subsidiary	Main place of business	Place of registration	Nature of business	Registered capital	Proportion in shareholding (%)		Access
					Direct	Indirect	
Nanjing Panda Electronics Manufacture 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.	Nanjing	Nanjing	Manufacturing	19,000.00	100.00		Establishment
Galant Limited ^[2]	Hong Kong	Hong Kong	Investment	1 HKD	100.00		Establishment
Nanjing Panda Information Industry Co., Ltd.	Nanjing	Nanjing	Manufacturing	21,681.42	100.00		Establishment
Nanjing Panda Communications Technology Co., Ltd.	Nanjing	Nanjing	Manufacturing	10,000.00	100.00		Business combinations under common control
Chengdu Panda Electronic Technology Co., Ltd.	Chengdu	Chengdu	Manufacturing	5,000.00	100.00		Establishment
Nanjing Panda Digital Technology Co., Ltd. (formerly known as Nanjing Panda Mechatronics 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 Jingwah Property Management Company Limited ^[4]	Shenzhen	Shenzhen	Services	100.00		43.34	Establishment
Shenzhen Jinghua Information Technology Co., Ltd. ^[4]	Shenzhen	Shenzhen	Manufacturing	2,000.00		26.87	Establishment
Shenzhen Jingwah Digital Technology Company Limited ^[4]	Shenzhen	Shenzhen	Manufacturing	500.00		26.87	Establishment
JWD Trading (HK) Co., Ltd. ^{[1][4]}	Shenzhen	Shenzhen	Manufacturing	100.00		26.87	Establishment
Shenzhen Jingwah Health Technology Company Limited ^[4]	Shenzhen	Shenzhen	Manufacturing	500.00		43.34	Establishment
Shenzhen Jingyu Electronics Co., Ltd. ^[4]	Shenzhen	Shenzhen	Manufacturing	931.41		43.34	Establishment
Shenzhen Longgang Jingwah Electronics Co., Ltd. ^[4]	Shenzhen	Shenzhen	Services	350.00		39.01	Establishment

Notes:

- [1] The registered capital of Nanjing Panda Electronics Manufacture 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.

8.1.2 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	Accumulated minority interests at the end of period
Shenzhen Jingwah Electronics Co., Ltd. ^[1]	56.66%	26,589,013.93		301,913,511.16

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.

8.1.3 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.	564,154,437.84	23,340,072.14	587,494,509.98	104,260,210.57	1,718,603.17	105,978,813.74

Name of subsidiary	Current assets	Non-current assets	Opening Balance		Non-current liabilities	Total liabilities
			Total assets	Current liabilities		
Shenzhen Jingwah Electronics Co., Ltd.	563,038,826.19	25,952,057.83	588,990,884.02	148,234,555.68	2,186,258.52	150,420,814.20

Name of subsidiary	Operating income	Net profit	Amount in the current period	
			Total comprehensive income	Cash flows from operating activities
Shenzhen Jingwah Electronics Co., Ltd.	245,433,256.98	42,945,626.42	42,945,626.42	44,910,120.16

Name of subsidiary	Operating income	Net profit	Amount in the previous period	
			Total comprehensive income	Cash flows from operating activities
Shenzhen Jingwah Electronics Co., Ltd.	385,940,457.20	39,756,033.79	39,756,033.79	43,836,120.12

8.2 Equity in joint ventures or associates

8.2.1 Significant associates

Company name	Main place of business	Place of registration	Nature of business	Registered capital (10K USD)	Shareholding (%)		Whether 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	Equity method	Yes
Nanjing Ericsson Panda Communications Co., Ltd.	Nanjing	Nanjing	Computer, communication and other electronic equipment manufacturing industry	2,090.00	27	Equity method	Yes

8.2.2 Key financial information on significant associates

Item	Closing balance/ amount for the period		Opening balance/ amount for the last period	
	Nanjing LG Panda Appliances Co., Ltd.	Nanjing Ericsson Panda Communications Co., Ltd.	Nanjing LG Panda Appliances Co., Ltd.	Nanjing Ericsson Panda Communications Co., Ltd.
Current assets	2,747,730,045.27	1,152,826,248.26	2,939,533,379.00	1,116,871,188.12
Non-current assets	729,091,794.77	218,139,069.74	781,346,256.30	220,957,260.75
Total assets	3,476,821,840.04	1,370,965,318.00	3,720,879,635.30	1,337,828,448.87
Current liabilities	2,362,235,670.88	1,629,690,291.99	2,509,897,137.55	1,627,592,462.82
Non-current liabilities	58,264,576.02		57,409,217.60	
Total liabilities	2,420,500,246.90	1,629,690,291.99	2,567,306,355.15	1,627,592,462.82
Minority interests				
Equity attributable to shareholders of parent company	1,056,321,593.14	-258,724,973.99	1,153,573,280.15	-289,764,013.95
Share of net assets based on percentage of shareholding	316,896,477.95		346,071,984.05	
Adjustment ⁽¹⁾	71,111,641.63		80,847,913.28	
Carrying value of equity investments in associates	388,008,119.58		426,919,897.33	
Fair value of equity investments in associates where publicly quoted prices exist				
Operating income	3,577,620,323.52	1,517,959,764.91	3,483,073,371.02	1,676,928,523.89
Net profit	193,712,265.89	31,039,039.96	169,083,531.16	72,165,484.92
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	193,712,265.89	31,039,039.96	169,083,531.16	72,165,484.92
Dividends received from associates during the period	87,289,185.87		60,000,000.00	

Note [1]: The adjustment is the amount by which the initial investment cost exceeds the share of the fair value of the identifiable net assets of the investee that should be enjoyed at the time of investment.

8.2.3 Summary financial information of insignificant joint ventures and associates

Item	Closing balance/ amount for the period	Opening balance/ amount for the last period
Associated enterprises:		
Total book value of investment	1,983,085.76	66,070,033.11
Total of the following items calculated based on shareholding ratio:		
Net profit	-86,947.35	-19,268.52
Other comprehensive income		
Total comprehensive income	-86,947.35	-19,268.52

9 GOVERNMENT GRANTS

9.1 There were no government grants recognized in the current year on the basis of receivables

9.2 Liabilities involving government grants

Financial statement items	Opening balance	The amount of new grants in this period	Other income carried forward in this period	Other changes in this period	Closing balance	Related to assets/income
Other current liabilities	15,427,368.44	310,000.00			15,737,368.44	Related to assets/income
Deferred income	32,419,676.43	1,025,500.00	4,384,514.38		29,060,662.05	Related to assets/income
Total	47,847,044.87	1,335,500.00	4,384,514.38		44,798,030.49	-

9.3 For details of the government subsidies included in the current profit or loss, please refer to “note 5.46 Other Income”

10 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.

10.1 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, 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.

10.2 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	Closing balance				Total
	Less than 1 year	1-2 years	2-5 years	5 years above	
Short-term borrowings					
Notes payable	33,484,535.53				33,484,535.53
Accounts payable	1,356,003,782.38				1,356,003,782.38
Other payables	86,991,155.97				86,991,155.97
Non-current liabilities due within one year	4,790,399.88				4,790,399.88
Lease liabilities		2,596,222.86	1,212,828.64		3,809,051.50
Total	1,481,269,873.76	2,596,222.86	1,212,828.64		1,485,078,925.26

Items	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	42,326,327.88				42,326,327.88
Notes payable	110,289,431.12				110,289,431.12
Accounts payable	1,328,218,690.98				1,328,218,690.98
Other payables	103,658,239.63				103,658,239.63
Non-current liabilities due within one year	6,158,383.67				
Lease liabilities		2,419,029.80	2,425,657.28		4,844,687.08
Total	1,590,651,073.28	2,419,029.80	2,425,657.28		1,595,495,760.36

10.3 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.

10.3.1 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.

10.3.2 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 US dollars, and the amounts of foreign currency financial assets and foreign currency financial liabilities translated into RMB are set out below:

Items	Closing balance		Total	Prior year-end balance		Total
	USD	Other currency		USD	Other currency	
Currency funds	55,026,948.54	4,925,534.17	59,952,482.71	31,424,447.75	4,388,846.21	35,813,293.96
Accounts receivable	3,984,407.61	729,442.79	4,713,850.40	14,526,325.41	755,614.51	15,281,939.92
Prepayments	23,702.12	151.24	23,853.36			
Other receivables	0.00	38,121.60	38,121.60		39,100.38	39,100.38
Subtotal	<u>59,035,058.27</u>	<u>5,693,249.80</u>	<u>64,728,308.07</u>	<u>45,950,773.16</u>	<u>5,183,561.10</u>	<u>51,134,334.26</u>
Accounts payable	3,155,799.44	999,445.33	4,155,244.77	3,472,850.39	930,605.60	4,403,455.99
Contract liabilities	10,590,164.97	46,824.39	10,636,989.36			
Other payables	<u>1,427,210.08</u>		<u>1,427,210.08</u>	<u>854,355.72</u>		<u>854,355.72</u>
Subtotal	<u>15,173,174.49</u>	<u>1,046,269.72</u>	<u>16,219,444.21</u>	<u>4,327,206.11</u>	<u>930,605.60</u>	<u>5,257,811.71</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%	2,193,094.19	5%	2,081,178.35
RMB appreciates against the USD	5%	-2,193,094.19	5%	-2,081,178.35
RMB depreciates against the JPY	5%	164,655.23	5%	153,398.78
RMB appreciates against the JPY	5%	-164,655.23	5%	-153,398.78

10.4 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.

11 FAIR VALUE

11.1 Analysis of the assets and liabilities measured at fair value according to the fair value hierarchy

Items	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Closing balance
I. Continuing fair value measurement				
◆ Financial assets held for trading			407,002,434.06	407,002,434.06
1. Financial assets measured at fair value through profit or loss			407,002,434.06	407,002,434.06
(1) Investments in debt instruments				
(2) Investment in equity instruments				
(3) Derivative financial assets				
(4) Other-financial products			407,002,434.06	407,002,434.06
◆ Receivable financing			34,290,498.69	34,290,498.69
◆ Other debt investments				
◆ Investments in other equity instruments				
Total assets measured at fair value on an ongoing basis			441,292,932.75	441,292,932.75

11.2 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. At the end of the period, the fair value is adjusted based on the expected return rate (1.05%-4.30%) of the financial products.
- 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.

11.3 Reconciliation between the opening book balance and ending book balance and sensitivity analysis of unobservable parameters for the 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	491,594,758.95			5,008,173.73		596,000,000.00		694,630,498.02		407,002,434.06	2,002,434.06
Financial assets measured at fair value through profit or loss	491,594,758.95			5,008,173.73		596,000,000.00		694,630,498.02		407,002,434.06	2,002,434.06
- Investments in debt instruments											
- Investments in equity instruments											
- Derivative financial assets											
- Others (wealth management products)	491,594,758.95			5,008,173.73		596,000,000.00		694,630,498.02		407,002,434.06	2,002,434.06
◆ Receivables financing	30,350,019.89					106,754,069.59		102,813,598.79		34,290,489.69	
◆ Other debt investments											
◆ Investments in other equity instruments					0.00						
Total	521,944,778.84			5,008,173.73	0.00	701,754,069.59		797,444,096.81		441,292,923.75	2,002,434.06
Including: Gains and losses relating to financial assets				5,008,173.73							2,002,434.06
Gains and losses relating to non-financial assets											

12 RELATED PARTIES AND RELATED-PARTY TRANSACTIONS

12.1 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	66.67

Notes:

- As of June 30, 2025, 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.
- 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 six 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.

12.2 Subsidiaries of the Company

Details of the Company's subsidiaries are set out in note "8. Interests in other entities" in this note.

12.3 Company's joint ventures and associates

Details of the Company's significant joint ventures or associates are set out in note "8. Interests in other entities". 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
Shenzhen Chebao Information Technology Co., Ltd.	Associate of the Company
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate of the Company
Nanjing LG Panda Appliances Co., Ltd.	Associate of the Company

12.4 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 Transport Co., Ltd.	Subsidiary of the parent company
Nanjing Zhenhua Packaging Material Factory	Subsidiary of the parent company
Nanjing Jingye Home Appliance Co., Ltd.	Subsidiary of the parent company
Fairwit Hong Kong Co., Ltd.	Subsidiary of the parent company
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
Jiangxi Caihong Photovoltaic Co., Ltd.	Ultimately controlled by the same party
Gansu Changfeng 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 Qunying Electric Co., Ltd. (State-owned 891 Factory)	Ultimately controlled by the same party
Nanjing IRICO New Energy Co., Ltd.	Ultimately controlled by the same party
Nanjing Huadong Electronics Group Co., Ltd.	Ultimately controlled by the same party
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Ultimately controlled by the same party

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12.5 Related-party transactions

12.5.1 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 last period
Nanjing IRICO New Energy Co., Ltd.	Purchase of goods	1,612,502.60	1,309,765.65
Gansu Changfeng Electronic Technology Co., Ltd.	Purchase of goods	1,162,831.86	
Langfang Zhenhua Crystal Technology Co., Ltd.	Purchase of goods	855,755.09	
TPV Audio-Visual Technology (Shenzhen) Co., Ltd.	Purchase of goods	729,488.16	777,504.30
Nanjing Zhenhua Packaging Materials Factory	Purchase of goods	585,985.30	935,712.71
Shenzhen Zhenhua Electronics Co., Ltd.	Purchase of goods	141,282.09	227,746.26
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Purchase of goods	130,223.13	164,659.47
China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned 873 Factory)	Purchase of goods	4,324.77	118,159.02
Hunan Greatwall Galaxy Technology Co., Ltd.	Purchase of goods	118,761.06	
Nanjing CEC-Panda Magnetic Electronics Technology Co., Ltd.	Purchase of goods	66,862.83	
CEC E-Commerce (Beijing) Co., Ltd.	Purchase of goods	58,134.30	
Chengdu Sino-Microelectronics Technology Co., Ltd.	Purchase of goods	35,221.24	
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Purchase of goods	32,222.15	44,017.91
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Purchase of goods	17,260.91	21,012.37
China Zhenhua Group Yunke Electronics Co., Ltd.	Purchase of goods	14,814.76	20,493.64

Related party	Content of related party transactions	Amount in the period	Amount in the last period
Guizhou Zhenhua Qunying Electric Co., Ltd. (State-owned 891 Factory)	Purchase of goods	9,035.40	2,938.06
China Zhenhua (Group) Xinyun Electronic Components Co., Ltd. (State-owned 4326 Factory)	Purchase of goods	5,072.68	814.17
Nanjing Panda Medical Services Co., Ltd.	Purchase of goods	749.00	
China National Electronic Equipment International Co., Ltd.	Purchase of goods		255,377.37
Chengdu BOE Display Technology Co., Ltd.	Purchase of goods		191,642.17
Panda Electronics Group Limited	Purchase of goods		13,562.45
Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.	Purchase of goods		960.00
Nanjing Panda Transport Co., Ltd.	Receipt of services	3,020,792.84	3,245,891.50
Nanjing Panda Medical Services Co., Ltd.	Receipt of services	200,088.00	600,174.00
Panda Electronics Group Limited	Receipt of services	214,377.36	193,709.97
Nanjing Huadong Electronics Group Co., Ltd.	Receipt of services	165,600.00	178,650.00
Nanjing Panda Handa Technology Co., Ltd.	Receipt of services	78,056.60	102,801.89
Nanjing Zhongdian Panda Property Management Co., Ltd.	Receipt of services	19,000.00	19,000.00
Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.	Receipt of services	8,114.00	316,605.77
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Receipt of services		484,661.95
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Receipt of services		94,339.62

Sale of goods/rendering of services

Related party	Content of related party transactions	Amount in the period	Amount in the last period
Nanjing Panda Handa Technology Co., Ltd.	Sale of goods	39,264,727.67	50,389,094.58
China Electronics Shenzhen Company	Sale of goods	6,760,462.06	
Chengdu BOE Display Technology Co., Ltd.	Sale of goods	6,096,169.96	32,787,616.60
Nanjing Ericsson Panda Communications Co., Ltd.	Sale of goods	4,296,128.00	856,462.90
Shenzhen Jingwah Network Marketing Co., LTD	Sale of goods	1,396,680.55	2,292,969.49
Great Wall Power Technology Co., Ltd.	Sale of goods	897,311.83	642,213.93
Nanjing CEC Panda Information Industry Group Co., Ltd.	Sale of goods	736,920.74	799,118.85
Panda Electronics Group Limited	Sale of goods	527,014.68	350,626.21
IRICO (Hefei) LCD Glass Co., Ltd.	Sale of goods	492,867.25	
Nanjing Sanle Group Co., Ltd.	Sale of goods	123,217.69	24,225.66
Shenzhen Zhongdian Power Technology Co., Ltd.	Sale of goods	118,017.07	139,017.13
Nanjing Panda Transport Co., Ltd.	Sale of goods	57,059.76	54,960.22
Nanjing Zhongdian Panda Magnetolectric Technology Co., Ltd.	Sale of goods	38,481.14	44,326.41
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Sale of goods	37,610.62	
Nanjing Panda Zhicheng Technology Co., Ltd.	Sale of goods	6,576.39	7,438.78
Nanjing Changjiang Science and Technology Park Co., Ltd.	Sale of goods	3,674.70	1,236.62
Nanjing Keruida Electronic Equipment Co., Ltd.	Sale of goods	3,207.55	2,547.17
Nanjing LG Panda Appliances Co., Ltd.	Sale of goods	2,636.27	4,588.41
Nanjing Panda Sci-Tech Park Development Co., Ltd.	Sale of goods	1,745.28	
Nanjing Changjiang Electronics Information Industry Group Co., Ltd.	Sale of goods	1,467.87	

Related party	Content of related party transactions	Amount in the period	Amount in the last period
Nanjing Panda Investment Development Co., Ltd.	Sale of goods	603.77	7,337.73
Nanjing Panda Medical Services Co., Ltd.	Sale of goods	542.46	13,409.44
Guizhou Zhenhua New Material Co., Ltd	Sale of goods		14,407,079.65
CEC Defense Technology Co., Ltd.	Sale of goods		587,787.61
Nanjing Sanle Microwave Technology Development Co., Ltd.	Sale of goods		110,442.48
Nanjing CEC Panda LCD Technology Co., Ltd.	Sale of goods		82,537.75
CEC Industrial Internet Co., Ltd.	Sale of goods		16,677.88
Gansu Changfeng Electronic Technology Co., Ltd.	Sale of goods		5,752.22
Nanjing IRICO New Energy Co., Ltd.	Sale of goods		316.53
Nanjing Jingye Home Appliance Co., Ltd.	Sale of goods		70.53
Chengdu BOE Display Technology Co., Ltd.	Rendering of services	17,838,093.77	11,229,817.41
Nanjing Panda Handa Technology Co., Ltd.	Rendering of services	3,757,630.93	21,019,936.72
Panda Electronics Group Limited	Rendering of services	1,512,053.15	1,164,528.28
Nanjing Changjiang Electronics Information Industry Group Co., Ltd.	Rendering of services	365,108.91	
Nanjing China Electronics Panda Crystal Technology Co., Ltd.	Rendering of services	339,082.57	
Xianyang Rainbow Optoelectronics Technology Co., Ltd.	Rendering of services	262,790.64	
Nanjing Panda Zhicheng Technology Co., Ltd.	Rendering of services	142,354.14	48,580.53
Nanjing Ericsson Panda Communications Co., Ltd.	Rendering of services	22,601.87	4,000.00
Nanjing Panda Transport Co., Ltd.	Rendering of services	15,881.54	43,141.95
Nanjing CEC Panda Information Industry Group Co., Ltd.	Rendering of services	9,433.96	54,931.74
Shenzhen Jingwah Network Marketing Co., LTD	Rendering of services	617.82	627.23
CEC Defense Technology Co., Ltd.	Rendering of services		2,116,981.13
Nanjing Huadong Electronics Group Co., Ltd.	Rendering of services		586,062.49
Nanjing CEC Panda LCD Technology Co., Ltd.	Rendering of services		86,113.20
Nanjing LG Panda Appliances Co., Ltd.	Rendering of services		28,834.26
Nanjing Huaruichuan Electronic Technology Co., Ltd.	Rendering of services		20,377.36
Nanjing Jingye Home Appliance Co., Ltd.	Rendering of services		9,962.28
Nanjing CEC Panda LCD Materials Technology Co., Ltd.	Rendering of services		8,286.25
Shenzhen Chebao Information Technology Co., Ltd.	Rendering of services		237.62

12.5.2. Related-party lease

(1) The Company as the lessor

Name of the lessee	Type of leased asset	Lease revenue recognized in the period	Lease revenue recognized in the last period
Nanjing Panda Zhicheng Technology Co., Ltd.	Leasing of buildings	152,190.84	152,190.84
Nanjing Panda Transport Co., Ltd.	Leasing of buildings	33,321.10	91,067.88
Shenzhen Jingwah Network Marketing Co., Ltd.	Leasing of buildings	3,582.84	3,366.00
Nanjing Jingye Home Appliance Co., Ltd.	Leasing of buildings		44,036.70
Shenzhen Chebao Information Technology Co., Ltd.	Leasing of buildings		2,040.00
Nanjing Panda Transport Co., Ltd.	Vehicle	25,442.48	25,442.48
Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.	Vehicle	6,637.17	5,309.73
Panda Electronics Group Limited	Vehicle		6,858.41

(2) The Company as the lessee

Name of the lessee	Type of leased asset	Simplified short-term lease and low-value lease payments, and variable lease payments not included in the measurement of lease liabilities		Lease payments made		Interest expense on lease liabilities		Additions to right-of-use assets	
		Amount in the period	Amount in the last period	Amount in the period	Amount in the last period	Amount in the period	Amount in the last period	Amount in the period	Amount in the last period
IRICO (Hefei) LCD Glass Co., Ltd.	Leasing of buildings	3,247.71		3,540.00					

12.5.3. Guarantee activities

The Company as the guarantor:

Guarantor	Guarantee	Amount of guarantee	Commencement date of guarantee	Maturity date of guarantee	Whether or not the guarantee performance has been completed
Nanjing Panda Electronics Company Limited	Nanjing Huage Appliance and Plastic Industrial Co., Ltd. ⁽¹⁾	20,000,000.00	2025/1/23	2026/1/23	Not yet
Nanjing Panda Electronics Company Limited	Nanjing Panda Communication Technology Co., Ltd. ⁽²⁾	10,000,000.00	2024/12/5	2025/12/4	Not yet

Notes:

- The Company provided the maximum guarantee for the comprehensive bank credit line of RMB20,000,000.00 for the third-tier subsidiary Nanjing Huage Appliance and Plastic Industrial Co., Ltd. in China Electronics Finance Co., Ltd., with the credit period from January 23, 2025 to January 23, 2026. There is no counter guarantee for this guarantee. The guarantee period shall be calculated separately in accordance with the debt performance periods stipulated in each specific credit business contract under the Comprehensive Credit Contract. The guarantee period under each specific credit business contract is two years from the expiration date of the debt performance period stipulated in the specific credit business contract. As of June 30, 2025, the Company's subsidiary, Nanjing Huage Appliance and Plastic Industrial Co., Ltd., had a total credit line of RMB13,256,016.07. The amount of bank acceptance guarantee provided by the Company to the third-tier subsidiary Nanjing Huage Appliance and Plastic Industrial Co., Ltd. is RMB13,256,016.07.

2. The Company provided the maximum guarantee for the comprehensive bank credit line of RMB10,000,000.00 granted by Chengdong Branch of Bank of Nanjing Co., Ltd to the Company's second-tier subsidiary Nanjing Panda Information Industry Co., Ltd., with the credit period from December 5, 2024 to December 4, 2025. The guarantee period is three years from the expiration date of each debt performance period arising from the debtor's use of the credit line under the principal contract. As of June 30, 2025, the Company's subsidiary Nanjing Panda Communication Technology Co., Ltd had a total credit line of RMB191,926.72. Among them, the Company provided a performance guarantee for its second-tier subsidiary, Nanjing Panda Communication Technology Co., Ltd. with an amount of RMB191,926.72.

In summary, as of June 30, 2025, the amount of guarantee provided by the Company to its subsidiaries was RMB13,447,942.79, of which the guarantee amount of bank acceptance draft was RMB13,447,942.79. (As of June 30, 2024, the Company provided a guarantee amount of RMB27,532,033.62 to its subsidiaries, of which the guarantee amount of bank acceptance draft was RMB19,792,262.74 and the guarantee amount of letter of guarantee was RMB7,739,770.88.)

12.5.4. Other related transactions

Related parties	Related parties	Amount in the period	Amount in the last period
China Electronics Finance Co., Ltd. ^[1]	Receiving interest	2,948,799.89	2,786,611.86
China Electronics Finance Co., Ltd. ^[1]	Payment of handling fee	6,675.45	7,080.32
Nanjing Panda Zhicheng Technology Co., Ltd.	Trademark license	25,491.51	18,999.06

Note:

- [1] In November 22, 2024, the Company considered and approved the Financial Services Agreement (hereinafter referred to as the "Service Agreement") with China Electronic Finance Co., Ltd in the 11th extraordinary meeting of the Board of Directors. According to the Service Agreement, under the premise of complying with national laws and regulations and the operating rules of financial institutions, China Electronic Finance Co., Ltd. will provide the Company with financial services including but not limited to financial and financing consulting, credit visa, other related consulting and agency services, as well as the provision of guarantees, bill acceptance, discounting, deposit services, etc., with a comprehensive credit balance cap of RMB800 million and a fund settlement balance cap of RMB700 million, and other financial services business transaction fees cap of RMB2,000,000, which is valid for three years from the effective date of the Service Agreement. The aforesaid service agreement has been considered and approved via the resolution adopted at the second extraordinary general meeting of the Company held on December 27, 2024.

As of June 30, 2025, the Company's loan balance in China Electronic Finance Co., Ltd. was RMB0.00, deposit balance was RMB635,816,467.82. As of June 30, 2025, the Company had used a total credit line of RMB13,256,016.07 with China Electronic Finance Co., Ltd.

12.6 Receivables from and payables to related parties

12.6.1 Receivables

Accounts	Related parties	Balance as at June 30, 2025		Balance as at December 31, 2024	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Monetary funds	China Electronics Finance Co., Ltd.	552,316,467.82		526,131,362.15	
Accounts receivable	Nanjing Panda Handa Technology Co., Ltd.	182,416,878.72	1,726,418.80	183,546,723.10	1,079,781.29
	CEC Defense Technology Co., Ltd.	11,847,509.48	299,809.68	14,987,830.04	283,389.41
	Chengdu BOE Display Technology Co., Ltd.	16,041,617.68		11,787,852.88	
	Beijing Zhongsoft Wanwei Network Technology Co., Ltd.	20,885,643.25	540,748.35	20,885,643.25	623,925.49
	Nanjing Panda Investment Development Co., Ltd.	14,808,445.92	411,183.49	24,522,643.26	529,834.46
	IRICO Group Co., Ltd.	14,179,772.13	433,314.03	14,663,453.55	417,362.59
	IRICO (Hefei) LCD Glass Co., Ltd.	4,584,900.00	111,188.94	5,061,900.00	79,073.28
	Nanjing Ericsson Panda Communications Co., Ltd.	4,347,611.42	2,914.51	3,162,820.64	1,698.83
	Guizhou Zhenhua New Material Co., Ltd	4,070,000.00	76,109.00	16,280,000.00	177,452.00
	Panda Electronics Group Limited	3,138,697.13	67,364.06	4,077,354.15	77,713.80
	Gansu Changfeng Electronic Technology Co., Ltd.	2,371,760.00	87,992.30	2,776,760.00	114,154.87
	Nanjing Sanle Group Co., Ltd.	586,396.00	4,203.30	638,800.00	
	TPV Audio-Visual Technology (Shenzhen) Co., Ltd.	478,025.14		646,463.96	
	Great Wall Power Technology Co., Ltd.	457,402.41		461,985.28	
	Nanjing China Electronics Panda Crystal Technology Co., Ltd.	369,600.00			
	Nanjing CEC Panda LCD Technology Co., Ltd.	288,627.19	7,653.67	18,188,722.51	572,604.18
	Xianyang Rainbow Optoelectronics Technology Co., Ltd.	286,441.80		409,943.88	
	Nanjing CEC Panda Information Industry Group Co., Ltd.	205,279.43	1,890.28	87,397.43	1,247.11
	Nanjing Panda Zhicheng Technology Co., Ltd.	141,180.38		107,600.00	
	Nanjing Huadong Electronics Group Co., Ltd.	90,000.00	846.00	90,000.00	

Accounts	Related parties	Balance as at June 30, 2025		Balance as at December 31, 2024	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Shenzhen Zhongdian Power Technology Co., Ltd.	18,676.82		34,266.82	
	Nanjing Zhongdian Panda Magnetolectric Technology Co., Ltd.	7,668.00			
	Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.	7,500.00		484,979.03	
	Nanjing Sanle Microwave Technology Development Co., Ltd.	6,800.00	63.92	106,800.00	
	Xianyang Zhongdian Rainbow Group Holdings Co., Ltd.			7,320,000.00	
	CEC Data Science and Technology Co., Ltd.			614,845.96	
	Nanjing Jingye Home Appliance Co., Ltd.			32,000.00	348.80
	Nanjing LG Panda Appliances Co., Ltd.			44,417.29	
Notes receivable	CEC Defense Technology Co., Ltd.	5,622,487.90		11,569,789.32	
	Nanjing Panda Handa Technology Co., Ltd.			30,274,614.02	
	Wuhan Zhongyuan Communication Co., Ltd.			100,000.00	
Financing receivables	CEC Defense Technology Co., Ltd.	6,243,569.09		2,517,731.00	
	Nanjing Panda Handa Technology Co., Ltd.	220,373.02		8,527,544.33	
	Great Wall Power Technology Co., Ltd.			62,038.02	
Other receivables	Panda Electronics Group Limited	250,000.00			
Prepayments	CEC E-Commerce (Beijing) Co., Ltd.	479,537.30			
	Shenzhen Zhenhua Electronics Co., Ltd.	141,634.55			
	China Electronics Import and Export Co., Ltd.	1,500.00		1,500.00	
Other current assets	China Electronics Finance Co., Ltd. (time deposit)	83,500,000.00		80,000,000.00	
Contract assets	Nanjing Changjiang Electronics Information Industry Group Co., Ltd.	11,939.06			

12.6.2 Payables due to related parties

Accounts	Related parties	Closing balance	Opening balance
Accounts payable	Nanjing Panda Transport Co., Ltd.	1,551,317.26	1,261,596.26
	Nanjing Zhenhua Packaging Material Factory	1,458,875.55	1,567,241.43
	Shenzhen Sandar Wireless Communication Technology Co., Ltd.	1,366,176.00	2,619,667.20
	CEC Defense Technology Co., Ltd.	915,678.63	2,229,718.63
	Langfang Zhenhua Crystal Technology Co., Ltd.	758,483.54	20,227.42
	CEC Caihong Intelligent Lighting Technology Co., Ltd.	738,934.82	799,983.58
	Gansu Changfeng Electronic Technology Co., Ltd.	677,052.21	
	Panda Electronics Group Limited	591,722.08	591,722.08
	Nanjing IRICO New Energy Co., Ltd.	363,033.28	
	Nanjing China Electronics Panda Crystal Technology Co., Ltd.	128,383.51	36,819.78
	Hunan Greatwall Galaxy Technology Co., Ltd.	118,761.06	
	China Zhenhua Group Yunke Electronics Co., Ltd.	114,152.61	133,585.46
	Shenzhen Zhenhua Electronics Co., Ltd.	85,242.78	
	Nanjing Zhongdian Panda Magnetolectric Technology Co., Ltd.	75,555.00	
	Nanjing CEC Panda LCD Technology Co., Ltd.	72,402.05	72,402.05
	Guizhou Zhenhua Hualian Electronics Co., Ltd.	54,327.96	24,040.36
	Chengdu Sino-Microelectronics Technology Co., Ltd.	35,221.24	17,035.40
	Guizhou Zhenhua Qunying Electric Co., Ltd. (State-owned 891 Factory)	14,208.86	4,959.30
	China Zhenhua (Group) Xinyun Electronic Components Co., Ltd. (State-owned 4326 Factory)	13,851.45	8,778.77
	CEC E-Commerce (Beijing) Co., Ltd.	10,604.15	
	Nanjing Panda Dasheng Electronic Technology Co., Ltd.	8,354.82	228,790.01
	Nanjing Zhongdian Panda Lighting Co., Ltd.	6,499.13	6,499.13
	China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned 873 Factory)	4,084.06	4,450.45
	Chengdu BOE Display Technology Co., Ltd.	3,298.80	
	Nanjing Jingye Home Appliance Co., Ltd.		147,600.00
	China Electronics Equipment International Co., Ltd.		2,122.44
	Nanjing Zhenhua Packaging Material Factory		106,431.99
	Nanjing Panda Dasheng Electronic Technology Co., Ltd.		485,500.00
	Other payables		
	Nanjing CEC Panda Information Industry Group Co., Ltd.	9,790,000.00	9,790,000.00
	Panda Electronics Group Limited	3,785,242.53	3,765,011.31
	Nanjing Panda Handa Technology Co., Ltd.	1,191,994.58	
	Nanjing Panda Sci-Tech Park Development Co., Ltd.	20,000.00	20,000.00
	Nanjing Zhongdian Panda Lighting Co., Ltd.	10,000.00	10,000.00
	Nanjing Panda Transport Co., Ltd.	45,922.00	214,625.00
	Contract liabilities		
	Jiangxi Caihong Photovoltaic Co., Ltd.	3,561,946.92	3,152,165.42
	Xianyang Zhongdian Rainbow Group Holdings Co., Ltd.	2,712,451.32	4,083,326.81
	IRICO (Hefei) LCD Glass Co., Ltd.	1,322,654.87	
	IRICO Group Co., Ltd.	992,920.35	
	Fairwit Hong Kong Co., Ltd.	48,320.55	48,521.70
	CEC Defense Technology Co., Ltd.	48,113.21	

12.7 Related-party commitments

There are no significant related party commitments in this period.

12.8 Centralized funds management

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.

Funds collected to the group

The Company does not have any 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, 2025		Balance as at December 31, 2024	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Cash and cash equivalent	552,316,467.82		526,131,362.15	
Other current assets – time deposits	83,500,000.00		80,000,000.00	
Total	635,816,467.82		606,131,362.15	
Including: Restricted cash and cash equivalent due to the centralized funds management				

Notes:

- [1] For details of the current deposit interest and the Financial Services Agreement with China Electronics Finance Co., Ltd., see Section 12.5.5. Other related transactions.
- [2] The Company has no funds collected into the accounts of the parent company of the Group.

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

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

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

13 COMMITMENTS AND CONTINGENCIES

13.1 Commitments

Among them, unconfirmed commitments related to related parties are detailed in the corresponding content of "12 Related Parties and Related-party Transactions" in this note; For lease related commitments, see "5.59 Lease" in this note.

The Company has capital expenditure commitments that have been signed and need not be listed on the balance sheet date as follows:

Item	Closing balance	Opening balance
Electronic equipment	1,566,732.87	
Other equipment	314,336.28	
Machinery equipment		550,697.43
Total	1,881,069.15	550,697.43

13.2 Contingencies

13.2.1 Important litigation and arbitration matters

Number	Basic information of litigation	Amount involved (RMB in million)	Whether estimated liabilities are formed	Progress of litigation
1	Panda Equipment v. Jiangsu Jinmao Contract Dispute Case	RMB22.59315 No million and interest		From July 18, 2017 to November 1, 2018, Nanjing Panda Electronic Equipment Co., Ltd. (hereinafter referred to as "Panda Equipment"), signed 4 contracts successively with Jiangsu Jinmao Robot Technology Co. Ltd.. As of December 31, 2023, there are still outstanding payments of RMB22.59315 million that have not been collected.

Panda Equipment has repeatedly urged for payment without success and has filed a lawsuit with the Qixia District People's Court. On February 21, 2024, Electronic Equipment received the Civil Counterclaim from Jiangsu Jinmao Robot Technology Co. Ltd. requesting to terminate the relevant contracts and return the purchased equipment and the paid purchase price. On March 5, 2024, Panda Equipment received the judgment issued by the court on February 29, 2024, which ruled that Jiangsu Jinmao Robot Technology Co., Ltd. should pay RMB128,000 to Panda Equipment for the unpaid purchase price of one remaining contract and pay for the corresponding liquidated damages, and Panda equipment should refund to Jiangsu Jinmao Robot Technology Co., Ltd. for three terminated contracts, with payment of RMB44,749,350 and corresponding interest. On March 18, Panda Equipment filed an appeal. The second trial was held twice on June 7, 2024 and March 19, 2025, respectively. On May 8, 2025, Panda Equipment received the second-instance judgment, the main contents of which are as follows: the claims of Jinmao Company were dismissed, and it was ordered to pay Panda Equipment the goods payment of RMB22,593,150 and overdue payment penalties within ten days from the effective date of this judgment.

In May 2025, Panda Equipment applied to the Nanjing Qixia Court for compulsory enforcement.

Number	Basic information of litigation	Amount involved (RMB in million)	Whether estimated liabilities are formed	Progress of litigation
2	Panda Information v. Xuzhou Suning Real Estate Co., Ltd. Construction Contract Dispute Case	RMB6.6112 million	No	On June 18, 2012, Nanjing Panda Information Industry Co., Ltd. (hereinafter referred to as "Panda Information") won the bid for the "Xuzhou Suning Plaza Building Automatic Control System Project", and subsequently signed a "Building Automatic Control System Contract" with Xuzhou Suning Real Estate Co., Ltd. The total contract price is tentatively set at RMB23.637 million. On December 6, 2018, the acceptance report was issued, and the amount of the project was audited to be RMB21,770,000 for the second instance. In December 2020, the warranty period of the project expired, and the Engineering Warranty Period Completion Report was issued. As of the end of July 2021, invoices equal to the approved amount have been issued to the employer, and there is still RMB6,611,197.07 of project payment due but unpaid. On May 30, 2022, Panda Information filed a lawsuit with the Gulou District Court in Xuzhou City. On November 4, 2022, the two parties held a trial in the Nanjing Intermediate People's Court. After the trial, the two parties communicated on a settlement plan, but were unable to reach an agreement yet. On February 16, 2023, both parties held a trial in the Nanjing Intermediate People's Court, and Panda Information submitted additional evidence materials. On March 10, 2023, Panda Information filed an Application with the Nanjing Intermediate Court, explicitly stating that it would no longer accept mediation. On August 23, 2024, it received the first-instance judgment from the Nanjing Intermediate Court, ruling that Xuzhou Suning Real Estate shall pay Panda Information engineering costs of RMB6.6112 million and overdue interest penalties. Panda Information was granted priority in receiving compensation for the construction project price within the unpaid amount of RMB6.6112 million. On September 19, 2024, Panda Information received the appeal petition from Xuzhou Suning Real Estate. On March 18, 2025, Panda Information received the second-instance judgment from the Jiangsu Provincial High Court, which upheld the original first-instance ruling. On April 10, 2025, Panda Information applied for compulsory enforcement. On April 25, 2025, it received a notice from the Nanjing Intermediate Court, which had lawfully ruled to proceed with the substantive consolidation and restructuring of Suning Appliance Group Co., Ltd. and 37 other companies. On May 27, 2025, Panda Information participated in the first creditors' meeting for the substantive consolidation of Suning convened by the Nanjing Intermediate Court, during which the creditors' meeting confirmed Panda Information's claim.

13.2.2 As of June 30, 2025, the bank guarantee issued by the Company still had an unexpired amount of RMB245,715,019.17.

14 POST BALANCE SHEET EVENTS

14.1 There are no significant post-balance sheet non-adjusting events during the period

14.2 Profit distribution

The Company will not distribute profits in 2024.

14.3 Return of sales

There are no significant sales returns of the Company after the balance sheet date.

14.4 Notes on other post balance sheet events

14.4.1 Entrusted financing with own idle funds

The Company conducted entrusted financial management for its idle own funds in accordance with the Proposal on Using Idle Funds for Cash Management approved at the interim meeting of the tenth session of the Board of Directors of the Company. Details are shown in the following table:

No.	Entrusted party	Name of Trustee	Product type	Product name	Amount (ten thousand)	Product start date/ date of establishment/ interest commencement	Product expiry date	Expected annualized rate of return	Estimated amount of earnings (/ten thousand)	Product deadline	Revenue type	Structured arrangement	Refer to annualized rate of return	Estimated revenue (if any)	Whether constitutes a related transaction
1	Nanjing Panda Electronics Company Limited	Industrial Bank	Bank financial products	Structured deposits	1,000,000	2025/7/7	2025/10/9	1.0%	25.35	25/35	Breakdown floating income model	N/A	N/A	N/A	No
								220%	56.88						

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 5.5% and the individual contribution ratio tentatively set at 1.5%. The corresponding expenses are included in the current profit and loss.

Shenzhen Jingwah Electronics Co., Ltd., a second-tier 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.

Apart from this, 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 within the jurisdiction of China.

15.3.2 Financial information of the reporting segment

Items	Smart Transportation and Safe City	Green Service oriented Electronic Manufacturing	Industrial Internet and Intelligent Manufacturing	Offset	Total
Revenue	559,854,032.34	485,371,451.02	42,562,486.96	-45,136,736.80	1,042,651,233.72
Income from investments in associates and joint ventures	48,290,460.77				48,290,460.77
Impairment losses on assets	1,740,669.30	-546,382.53			1,194,286.77
Credit impairment losses	-5,618,156.16	-272,129.00	-808,369.39		-6,698,654.55
Depreciation and amortisation charges	28,575,751.78	14,972,261.22	9,530,373.49	-1,041,773.15	52,036,813.34
Total profit (Total loss)	37,733,852.25	1,655,067.07	-47,199,175.78	1,041,773.15	-6,768,483.31
Income tax expense	10,017,752.39	2,168,777.08		40,118.39	12,226,647.86
Net profit (Net loss)	27,716,099.86	-513,710.01	-47,199,175.78	1,001,654.76	-18,995,131.17
Total assets	4,458,995,820.22	1,087,557,424.52	315,758,687.85	-776,257,657.24	5,086,054,275.35
Total liabilities	1,233,270,629.67	571,936,628.41	482,266,032.39	-571,598,269.29	1,715,875,021.18
Long-term equity investments in associates and joint ventures	389,991,205.34				389,991,205.34
Increase in non-current assets other than long-term equity investments	-28,975,939.14	1,247,050.77	-8,582,098.48	775,081.98	-35,535,904.87

(4) Equity Investment in ENC

On June 19, 2025, the Company considered and approved the Proposal on the Public Listing and Transfer of Equity in the Participating Company at the 11th extraordinary meeting of the board of directors. The Company held ongoing discussions with Ericsson, a shareholder of ENC, to align on ENC's strategic direction and address matters pertaining to special tax adjustments. Subsequently, the Company received written communication from Ericsson confirming its intent to acquire the Company's equity stake in ENC for a specific cash consideration. Pursuant to the relevant Valuation Report, the fair value of the Company's equity in the target entity is RMB284.6067 million. In the event that no prospective transferees are identified through the public listing process, the transfer base price may be reduced, provided that the new base price shall not fall below 90% of the initially determined base price. Under such circumstances, the value of the Company's equity would be adjusted to RMB256.1460 million. On July 30, 2025, the resolution regarding the public listing and transfer of equity in the associated company was considered and approved at the first extraordinary general meeting of 2025. The Meeting authorized the Company's management to execute the transaction and handle all related specifics. On August 15, 2025, the equity transfer of Nanjing Ericsson Panda Communications Co., Ltd. was publicly listed on the Shanghai United Assets and Equity Exchange.

(5) Other Matters

On April 19, 2024, the Company received a notice from its controlling shareholder, Panda Electronics Group Co., Ltd., indicating that a portion of its shares in the Company had been pledged. In this transaction, Panda Group pledged 105,091,430 shares of the Company, representing 49.89% of its total holdings in the Company and 11.50% of the Company's total share capital. Details regarding this pledge are disclosed in the Company's announcement dated April 20, 2024, published in the China Securities Journal, the Shanghai Securities News, and on the website of the Shanghai Stock Exchange. The pledge period commenced on April 18, 2024, and will terminate on October 26, 2026.

16 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 provide returns to shareholders and other stakeholders on a sustainable basis;

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

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

The Company monitors capital on the basis of an adjusted debt/capital ratio.

The Company's adjusted debt/capital ratios as of the balance sheet date are as follows:

Item	Closing balance	Balance at the beginning of the year
Total liabilities	1,715,875,021.18	1,931,188,750.83
Less: Cash and cash equivalents	781,511,498.48	666,522,106.70
Adjusted net debt	934,363,522.70	1,264,666,644.13
Owner's equity	3,370,179,254.17	3,389,619,144.83
Adjusted capital	3,370,179,254.17	3,389,619,144.83
Adjusted debt/capital ratio (%)	27.72	37.31

17 NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

17.1 Notes receivable

17.1.1 Classification of notes receivable

Item	Closing balance	Opening balance
Bank acceptance bill		50,000.00
Commercial acceptance bill	480,000.00	2,540,000.00
Finance company acceptance bill		
Subtotal	480,000.00	2,590,000.00
Less: Bad debt provision		
Total	480,000.00	2,590,000.00

17.1.2 Notes receivable endorsed or discounted at the end of the period but have not expired at the balance sheet date.

Item	Derecognised amount as at end of the period	Amount not derecognised as at end of the period
Bank acceptance bill		
Commercial acceptance bill		480,000.00
Total		480,000.00

17.2 Accounts receivable

17.2.1 Disclosure of accounts receivable by aging

Aging	Balance as at June 30, 2025	Balance as at January 1, 2025
Within 1 year (including 1 year)	67,258,642.79	102,064,896.10
Including: 0–6 months	47,145,099.82	67,544,537.87
7–12 months	20,113,542.97	34,520,358.23
1–2 years	50,157,120.96	20,932,604.45
2–3 years	6,206,374.64	8,169,985.35
3–4 years	1,457,050.00	18,565.00
4–5 years	17,147,500.80	19,699,828.15
Over 5 years	3,545,897.88	991,265.53
Subtotal	145,772,587.07	151,877,144.58
Less: Bad debt provision	14,122,926.74	13,689,017.39
Total	131,649,660.33	138,188,127.19

17.2.2 Disclosure of accounts receivable by method of provision for bad debts

Category	Balance as at June 30, 2025				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis	2,553,482.35	1.75	2,553,482.35	100.00	
Provision for bad debts on credit risk characteristics portfolio basis	143,219,104.72	98.25	11,569,444.39	8.08	131,649,660.33
Including: Aging portfolio	64,848,798.18	44.49	10,975,938.79	16.93	53,872,859.39
Other portfolio	78,370,306.54	53.76	593,505.60	0.76	77,776,800.94
Total	145,772,587.07	100.00	14,122,926.74	9.69	131,649,660.33
Balance as at January 1, 2025					
Category	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis	2,553,482.35	1.68	2,553,482.35	100.00	
Provision for bad debts on credit risk characteristics portfolio basis	149,323,662.23	98.32	11,135,535.04	7.46	138,188,127.19
Including: Aging portfolio	61,479,418.03	40.48	10,794,435.42	17.56	50,684,982.61
Other portfolio	87,844,244.20	57.84	341,099.62	0.39	87,503,144.58
Total	151,877,144.58	100.00	13,689,017.39	9.01	138,188,127.19

(1) Accounts receivable accruing bad debt provision on individual basis

Company name	Book balance	Balance as at June 30, 2025		Reason
		Provision for bad debts	Provision ratio (%)	
Nanchang Shuntang Green Power Technology Co., Ltd.	2,553,482.35	2,553,482.35	100.00	Expected to be unrecoverable
Total	2,553,482.35	2,553,482.35		

Company name	Book balance	Balance as at January 1, 2025		Reason
		Provision for bad debts	Provision ratio (%)	
Nanchang Shuntang Green Power Technology Co., Ltd.	2,553,482.35	2,553,482.35	100.00	Expected to be unrecoverable
Total	2,553,482.35	2,553,482.35		

- (2) Accounts receivable accruing bad debt provision on credit risk characteristics portfolio basis

① Portfolio 1: Aging portfolio

Aging	Balance as at June 30, 2025			Balance as at January 1, 2025		
	Book balance	Expected credit loss rate (%)	Provision for bad debts	Book balance	Expected credit loss rate (%)	Provision for bad debts
Within 1 year	37,894,830.30	0.35	133,822.20	37,095,331.70	0.88	325,155.99
Including: 0-6 months	35,218,386.30			30,592,211.84		
7-12 months	2,676,444.00	5.00	133,822.20	6,503,119.86	5.00	325,155.99
1-2 years	5,294,291.55	10.00	529,429.16	698,300.00	10.00	69,830.00
2-3 years	2,062,710.00	15.00	309,406.50	5,529,610.00	15.00	829,441.50
3-4 years	1,457,050.00	30.00	437,115.00	18,565.00	30.00	5,569.50
4-5 years	17,147,500.80	50.00	8,573,750.40	17,146,345.80	50.00	8,573,172.90
Over 5 years	992,415.53	100.00	992,415.53	991,265.53	100.00	991,265.53
Total	64,848,798.18	16.93	10,975,938.79	61,479,418.03	17.56	10,794,435.42

② Portfolio 2: Other portfolio

Portfolio name	Balance as at June 30, 2025			Balance as at January 1, 2025		
	Book balance	Provision rate (%)	Provision for bad debts	Book balance	Provision rate (%)	Provision for bad debts
Related party portfolio	78,370,306.54	0.76	593,505.60	87,844,244.20	0.39	341,099.62
Total	78,370,306.54	0.76	593,505.60	87,844,244.20	0.39	341,099.62

17.2.3 Provision for bad debts

Category	Balance as at January 1, 2025	Provision	Movement in the current period			Balance as at June 30, 2025
			Recovery or reversal	Written off	Other changes	
Provision for bad debts on individual basis	2,553,482.35					2,553,482.35
Provision for bad debts on portfolio basis	11,135,535.04	433,909.35				11,569,444.39
Total	13,689,017.39	433,909.35				14,122,926.74

17.2.4 There are no accounts receivable actually written off in the current period

17.2.5 Accounts receivable and contract assets of the top five closing balances collected by debtors

Company name	Balance as at June 30, 2025	Proportion in total accounts receivable as at June 30, 2025	Closing balance of bad debt provision
		(%)	
Nanjing Panda Handa Technology Co., Ltd.	41,486,050.86	28.46	575,801.73
Nanjing Gusheng Enterprise Management Co., Ltd.	31,561,740.01	21.65	
Sony Mobile Communication Products (China) Co., Ltd.	17,075,200.00	11.71	8,537,600.00
Nanjing Panda Information Industry Co., Ltd.	14,018,192.40	9.62	
Nanjing Panda Electronics Equipment Co., Ltd.	13,872,272.84	9.52	
Total	118,013,456.11	80.96	9,113,401.73

17.3 Other receivables

Item	Balance as at June 30, 2025	Balance as at January 1, 2025
Interest receivable		
Dividend receivable	357,960,335.78	377,960,335.78
Other receivables	359,727,053.16	314,765,721.43
Total	717,687,388.94	692,726,057.21

17.3.1 Dividend receivable

Item (or investee)	Balance as at June 30, 2025	Balance as at January 1, 2025
Nanjing Panda Electronic Manufacture Co., Ltd.	232,878,613.25	252,878,613.25
Nanjing Panda Information Industry Co., Ltd.	125,081,722.53	125,081,722.53
Total	357,960,335.78	377,960,335.78

17.3.2 Other receivables

(1) Disclosure by aging

Aging	Closing book balance	Opening book balance
Within 1 year	178,388,389.71	178,473,624.87
Including: 0–6 months	144,388,389.71	73,130,946.00
7–12 months	34,000,000.00	105,342,678.87
1–2 years	105,059,578.87	6,060,000.00
2–3 years	6,060,000.00	
3–4 years	5,000,000.00	5,000,000.00
4–5 years		
Over 5 years	66,471,540.48	126,471,540.48
Subtotal	360,979,509.06	316,005,165.35
Less: Provision for bad debts	1,252,455.90	1,239,443.92
Total	359,727,053.16	314,765,721.43

(2) Other receivables classified by nature

Nature of receivables	Balance as at June 30, 2025	Balance as at January 1, 2025
Deposit, security deposit	781,401.56	272,722.26
Related party transactions	359,268,149.13	313,269,346.35
Others	929,958.37	2,463,096.74
Less: Provision for bad debts	1,252,455.90	1,239,443.92
Total	359,727,053.16	314,765,721.43

(3) Provision for bad debts

	First stage	Second stage	Third stage	
	Expected credit loss	Expected credit loss	Expected credit loss	
Provision for bad debts	in the next 12 months	over the duration (no credit impairment)	over the duration (credit impairment occurred)	Total
Balance as at December 31, 2024	426,455.84		812,988.08	1,239,443.92
Balance as at December 31, 2024				
–transfer to second stage				
–transfer to third stage				
–transfer back to second stage				
– transfer back to first stage				
Accrued in current period	13,011.98			13,011.98
Reversal in current period				
Written-off in current period				
Other changes				
Balance as at June 30, 2025	439,467.82		812,988.08	1,252,455.90

(4) Provision for bad debts

Category	Balance as at January 1, 2025	Changes in current period			Balance as at June 30, 2025
		Provision	Recovery or reversal	Written off Other changes	
Provision for bad debts on individual basis	812,988.08				812,988.08
Provision for bad debts on portfolio basis	426,455.84	13,011.98			439,467.82
Total	1,239,443.92	13,011.98			1,252,455.90

(5) The top five debtors in terms of closing balance of other receivables

Company name	Nature of fund	Balance as at June 30, 2025	Aging	Proportion in total accounts receivable as at June 30, 2025	Balance of provision for bad debts
				(%)	
Nanjing Panda Electronics Equipment Co., Ltd.	Inter-company Loan	211,979,546.35	0-5 years	58.72	
Galant Limited	Other	68,006,700.00	1-2 years	18.84	
Nanjing Panda Electromechanical Manufacturing Co., Ltd.	Inter-company Loan	66,000,000.00	0-5 years	18.28	
Nanjing Panda Communications Technology Co., Ltd.	Inter-company Loan	12,000,000.00	1-2 years	3.32	
Nanjing Panda Digital Technology Development Co., Ltd.	Trading and operating payables	812,988.08	Over 5 years	0.23	812,988.08
Total		358,799,234.43		99.39	812,988.08

17.4 Long-term equity investments

Item	Balance as at June 30, 2025			Balance as at January 1, 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	805,556,013.80	190,000,000.00	615,556,013.80	805,556,013.80	190,000,000.00	615,556,013.80
Investments in associates and joint ventures	618,143,000.95	230,134,881.37	388,008,119.58	734,247,096.69	243,327,199.36	490,919,897.33
Total	1,423,699,014.75	420,134,881.37	1,003,564,133.38	1,539,803,110.49	433,327,199.36	1,106,475,911.13

Long-term equity investment:

17.4.1 Investment in subsidiaries

Investee	Balance as at January 1, 2025 (book value)	Opening balance of provision for impairment	Increase/decrease in the period				Balance as at June 30, 2025 (book value)	Balance of provision for impairment as at June 30, 2025
			Additional investment	Reduced investment	Provision for impairment	Others		
Nanjing Panda Electronics Equipment Co., Ltd.								190,000,000.00
Nanjing Panda Information Industry Co., Ltd.	216,506,981.42						216,506,981.42	
Shenzhen Jingwah Electronics Co., Ltd.	119,241,304.00						119,241,304.00	
Nanjing Panda Electronics 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	615,556,013.80						615,556,013.80	190,000,000.00

17.4.2 Investments in associates and joint ventures

Investee	Balance as at January 1, 2025	Additional investment	Reduced investment	Investment gains or losses recognized under the equity method	Increase/decrease in the period			Provision for impairment	Others	Balance as at June 30, 2025	Balance of provision for impairment as at June 30, 2025
					Adjustments to other comprehensive income	Changes in other equities	Cash dividends or profits declared to be paid				
Associates:											
Nanjing LG Panda Appliances Co., Ltd.	426,919,897.33			48,377,408.12			87,293,185.97			383,006,119.58	
Nanjing Ericsson Panda Communication Co., Ltd.											
Beijing SE Poterio Mobile Communications Co., Ltd	64,000,000.00		64,000,000.00								230,134,881.37
Subtotal	490,919,897.33		64,000,000.00	48,377,408.12			87,293,185.97			383,006,119.58	230,134,881.37
Total	490,919,897.33		64,000,000.00	48,377,408.12			87,293,185.97			383,006,119.58	230,134,881.37

17.5 Operating revenue and operating costs

Item	Amount for the period		Amount for the last period	
	Income	Cost	Income	Cost
Primary businesses	10,935,760.62	8,063,546.14	54,596,621.34	39,428,443.60
Other businesses	24,172,926.39	10,905,374.35	24,478,651.40	11,535,222.59
Total	35,108,687.01	18,968,920.49	79,075,272.74	50,963,666.19

17.6 Investment income

Item	Amount for the period		Amount for the last period	
	Investment income from long-term equity investments under equity method	Investment income from disposal of long-term equity	Investment income from disposal of financial assets held for trading	Investment income from negotiable certificate of deposit
Total	48,377,408.12	11,032,168.19	425,556.99	465,041.10
	60,300,174.40			41,578,959.57

18 SUPPLEMENTARY INFORMATION

18.1 Details of non-recurring gains and losses for the period

Item	Amount for the period
1. Gain or loss on disposal of non-current assets, including the written-down portion for impairment provision	11,035,112.38
2. Government grants included in current profit or loss (except the government grants closely related to the business of the Company and enjoyed according to national policy regulations and determined standards, and continuously affecting the Company's profit and loss)	1,386,789.44
3. Gain or loss from fair value change of financial assets and financial liabilities held from non-finance enterprises, and gain or loss from disposal of financial assets and financial liabilities, excluding effective hedging operations relating to normal business of the Company	5,038,173.73
4. Capital occupation fee received from non-finance enterprises and charged to profit or loss for the current period	
5. Gain or loss from entrusting others to invest or manage assets	
6. Gains or losses from entrustment loans	
7. Provisions for impairment arising from force majeure like natural disasters	
8. Reversal of allowance for credit losses for receivables which is subject to separate allowance test	115,104.48
9. Gains from investment costs for acquisition of subsidiaries, associates and joint venture less than sharing portion of the fair value of identifiable net assets of the investees	
10. Net profit or loss of the acquiree for the period from 1 January 2025 to acquisition date in business combination under common control	
11. Gain or loss from exchanging non-monetary assets	
12. Gain or loss from debt restructuring	
13. One-time expenses incurred by the enterprise due to the cessation of relevant business activities, such as expenses for employees settlement allowance, etc.	
14. Effects on current gain or loss from one-off adjustment in current gain or loss according to laws or tax and accounting regulations	
15. Share-based payment expenses recognized at one time due to the cancellation or modification of the equity incentive plan	
16. For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee remuneration payable after the vesting date	
17. Gain or loss from fluctuation in fair value of investment property which is subsequently measured at fair value	
18. Gain or loss from exceeding fair value portion arising from transactions in which the price is not fair	
19. Gain or loss arising from contingencies unrelated to normal business of the Company	
20. Trustee fee income acquired from entrusted business	
21. Other non-operating income and expenses except the above items	124,243.43
22. Other gain or loss items which qualified the definition of non-recurring item	
Less: Effects of income tax	820,318.97
Minority interest impact (after tax)	944,784.69
Total	15,934,319.80

18.2 Return on net assets and earnings per share

Profits of the Reporting Period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per Share	Diluted earnings per Share
Net profit attributable to ordinary shareholders of the Company	-1.47	-0.0499	-0.0499
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	-1.99	-0.0673	-0.0673

Nanjing Panda Electronics Company Limited

Chairman: **Xia Dechuan**

Date of Approval from the Board: 26 August 2025