

# **PANDA** Electronics

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**Nanjing Panda Electronics Company Limited**

# **2023**

# **Annual Report**

(H Share Stock Code: 0 5 5 3)

(A Share Stock Code: 600775)

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

1. The board of directors, the supervisory committee and the directors, supervisors and senior management of the Company confirm that the information contained in this annual report is true, accurate and complete without any misrepresentation, misleading statements, or material omissions, and severally and jointly accept legal responsibility for the contents herein.
2. All directors of the Company attended the 24th meeting of the tenth session of the Board of the Company held on March 28, 2024.
3. WUYIGE Certified Public Accountants LLP issued an unqualified auditors' report for the Company. The Company's financial statements for the year were prepared in accordance with the PRC Accounting Standards for Business Enterprises, and complied with the Hong Kong Companies Ordinance and the disclosure requirements of the Hong Kong Stock Exchange Listing Rules.
4. Mr. Hu Huichun, the head of the Company, Mr. Hu Shoujun, the chief accountant, and Mr. Xue Gang, the head of the accounting department (accounting supervisor) of the Company, declared that they confirmed the truthfulness, accuracy and completeness of the financial report contained in this annual report.
5. Proposal of profit distribution or capitalization of capital reserves of the Company for the reporting period considered by the Board: After audit, the Company recorded net loss of RMB237,862,230.10 attributable to shareholders of listed companies in 2023. According to relevant provisions of the "Regulatory Guidelines for Listed Companies No. 3—Cash Dividend for Listed Companies", "the Articles of Association" and "the Shareholder Return Plan (2022–2024)", in order to ensure the Company's sustainable and stable operation and the long-term interests of all shareholders, the Board gave overall consideration to the Company's business plan and capital demand for 2024, and formulated the profit distribution plan for 2023 as follows: The Company would not make any profit distribution, capitalization of capital reserves or other forms of distribution.
6. Forward looking statements, including future plans and development strategies, contained in this annual report do not constitute a substantive commitment to investors by the Company. Investors are advised to pay attention to investment risks.
7. Neither the Company's controlling shareholder nor any of its related parties have misappropriated the Company's funds for non-operating purposes.
8. The Company did not provide external guarantees in violation of any specified decision-making procedures.
9. The situation where the majority of the directors cannot warrant the authenticity, accuracy and completeness of the information contained in the annual report does not exist.
10. Major risk warning: The Company has elaborated the potential risks in this annual report. For their details and the corresponding countermeasures, please refer to the paragraph headed "Potential Risks" under Section III "Management Discussion and Analysis" in this annual report.

# Section I Definitions

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## I. Definitions

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

### Definitions of frequently-used terms

Company/Nanjing Panda	Nanjing Panda Electronics Company Limited
Group	Nanjing Panda Electronics Company Limited and its subsidiaries
PEGL	Panda Electronics Group Limited
PEGL Group	Panda Electronics Group Limited and its subsidiaries
NEIIC	Nanjing Electronics Information Industrial Corporation
NEIIC Group	Nanjing Electronics Information Industrial Corporation and its subsidiaries
CEC	China Electronics Corporation
CEC Group	China Electronics Corporation and its subsidiaries
Financial Company	China Electronics Financial Co., Ltd.
CEC Home Appliances	Nanjing CEC-Panda Home Appliances Co., Ltd.
ENC	Nanjing Ericsson Panda Communication Co., Ltd.
EAB	ERICSSON AB
MAP	The mutual agreement procedure submitted by EAB and ENC according to the agreement on avoidance of double taxation between China and Sweden

## Section I Definitions (Continued)

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LG-Panda	Nanjing LG-Panda Appliances Co., Ltd.
Shenzhen Jingwah	Shenzhen Jingwah Electronics Co., Ltd.
Electronics Equipment Company	Nanjing Panda Electronics Equipment Co., Ltd.
Information Industry Company	Nanjing Panda Information Industry Co., Ltd.
Electronic Manufacture Company	Nanjing Panda Electronic Manufacture Co., Ltd.
Communications Technology Company	Nanjing Panda Communications Technology Co., Ltd.
Technology Development Company	Nanjing Panda Electronic Technology Development Company Limited
Chengdu Electronic Technology	Chengdu Panda Electronic Technology Co., Ltd.
Chengdu Display Technology	Chengdu BOE Display Technology Co., Ltd. (formerly known as Chengdu Cec Panda Display Technology Co., Ltd.)
Huage Plastic	Nanjing Huage Appliance and Plastic Industrial Co., Ltd.
Panda Zhicheng	Nanjing Panda Zhicheng Technology Co., Ltd.
China Huarong	China Huarong Asset Management Co., Ltd.
the Ministry of Finance	the Ministry of Finance of the People's Republic of China
CSRC	China Securities Regulatory Commission
SFC	Securities and Futures Commission of Hong Kong

## Section I Definitions (Continued)

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Shanghai Stock Exchange	Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
CSRC Jiangsu Bureau	Jiangsu Securities Regulatory Bureau of China Securities Regulatory Commission
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Nanjing Panda Electronics Company Limited
AFC	Auto Fare Collection
ACC	AFC Clearing Center
EMS	Electronic Manufacturing Services
MES	Manufacturing Execution System, a management system of information-based production aiming at execution on plant floors of manufacturers
SAP-ERP	SAP (System Applications and Products), a software company in Germany; SAP-ERP, generally referring to the ERP products under SAP
CNAS	China National Accreditation Service for Conformity Assessment

## Section II Company Profile and Major Financial Indicators

### I. Company Information

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

### II. Contact Persons and Contact Information

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

### III. Basic Information

Registered address	7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Historical changes of Registered address of the Company	In 2019, the Company's registered address was changed to Room 1701, 301 Zhongshan East Road, Xuanwu District, Nanjing, Jiangsu Province, the People's Republic of China; In 2021, the Company's registered address was changed to 7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Office address	7 Jingtian Road, Nanjing, Jiangsu Province, the People's Republic of China
Postal code of the office address	210033
Website of the Company	<a href="http://www.panda.cn">http://www.panda.cn</a>
Email	dms@panda.cn

## Section II Company Profile and Major Financial Indicators (Continued)

### IV. Places for Information Disclosure and Inspection

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

### V. Information of the Company's Shares

#### Overview of the Company's shares

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

### VI. Other Relevant Information

Domestic auditors of the Company	Name Office address Name of signing accountants	WUYIGE Certified Public Accountants LLP Room 2206, 22/F, 1 Zhichun Road, Haidian District, Beijing Gong Ronghua, Zhong Quanbing
Overseas auditors of the Company	Name Office address Name of signing accountants	N/A N/A N/A
Long-term domestic legal advisers	Name Office address	Grandall Law Firm (Nanjing) 7th-8th Floor, Building B, No.309 Hanzhong Gate Avenue, Nanjing
Long-term overseas legal advisers	Name Office address	Philip K. H. Wong, Kennedy Y. H. Wong & Co., Solicitors 23rd Floor, Admiralty Centre Tower II, 18 Harcourt Road, Queensway, Hong Kong

## Section II Company Profile and Major Financial Indicators (Continued)

### VI. Other Relevant Information (Continued)

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

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

#### (I) Principle accounting data

Unit: Yuan Currency: RMB

Principle accounting data	2023	2022 (Adjusted)	Year-on-year increase/decrease (%)	2021	2020	2019
Operating revenue	<b>2,912,311,480.01</b>	4,154,295,003.26	-29.90	4,531,842,430.51	3,952,265,022.15	4,660,047,001.92
Net profit attributable to shareholders of the Company	<b>-237,862,230.10</b>	39,873,197.73	-696.55	41,928,543.18	77,318,175.74	52,657,894.58
Net profit attributable to shareholders of the Company after extraordinary items	<b>-257,009,511.61</b>	10,520,082.28	-2,543.04	11,888,072.43	18,254,992.01	25,447,136.36
Net cash flows from operating activities	<b>-65,851,054.62</b>	150,320,717.60	-143.81	208,170,561.48	534,653,617.28	-341,233,848.13

	As of the end of 2023	As of the end of 2022 (Adjusted)	Year-on-year increase/decrease (%)	As of the end of 2021	As of the end of 2020	As of the end of 2019
Net assets attributable to shareholders of the Company	<b>3,303,235,992.24</b>	3,553,958,826.75	-7.05	3,527,207,782.36	3,509,430,717.97	3,448,072,752.25
Total assets	<b>5,540,955,892.33</b>	5,865,289,811.26	-5.53	6,057,982,752.18	6,001,947,699.44	6,020,147,479.47



## Section II Company Profile and Major Financial Indicators (Continued)

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

#### (II) Key financial indicators

Key financial indicators	2023	2022 (Adjusted)	Year-on-year increase/ decrease (%)	2021	2020	2019
Basic earnings per share (RMB/share)	<b>-0.2603</b>	0.0436	-696.55	0.0459	0.0846	0.0576
Diluted earnings per share (RMB/share)	<b>-0.2603</b>	0.0436	-696.55	0.0459	0.0846	0.0576
Basic earnings per share after extraordinary items (RMB/share)	<b>-0.2812</b>	0.0115	-2,543.04	0.0130	0.0200	0.0278
Weighted average return on net assets (%)	<b>-6.92</b>	1.12	Decreased by 8.04 percentage point	1.12	2.22	1.49
Weighted average return on net assets after extraordinary items (%)	<b>-7.48</b>	0.3	Decreased by 7.78 percentage point	0.32	0.52	0.72

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

The Company's decrease in operating income was mainly due to the structural adjustment of some products which did not meet the market expectation. Some businesses adjusted their delivery cycle and failed to meet the settlement requirements, while some business changed their model, with revenue and cost decreased year on year. The net profit attributable to shareholders of listed companies decreased mainly due to the significant uncertainty in ENC's recovery of other non-current assets, which was likely to have a significant impact on the Company's long-term equity investment. In the principle of prudence, the Company made full provision for impairment of ENC's long-term equity investment in the Financial Statement for 2023. The decrease in net cash flows from operating activities was mainly due to the year-on-year decrease in cash received from sales of goods and rendering of services for the period.

## Section II Company Profile and Major Financial Indicators (Continued)

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

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

### IX. Major quarterly accounting data in 2023

Unit: Yuan Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Operating Revenue	558,119,921.10	804,745,724.64	583,458,072.22	965,987,762.05
Net profit attributable to shareholders of the Company	-30,450,577.25	3,110,190.32	-4,374,606.82	-206,147,236.35
Net profit attributable to shareholders of the Company after extraordinary items	-35,580,878.66	-2,788,024.61	-6,791,342.76	-211,849,265.58
Net cash flows from operating activities	-173,980,108.81	44,454,709.76	47,236,226.75	16,438,117.68

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

## Section II Company Profile and Major Financial Indicators (Continued)

### X. Extraordinary items and amounts

Unit: Yuan Currency: RMB

Extraordinary items	Amount for 2023	Amount for 2022	Amount for 2021
Gains and losses from disposal of non-current assets	<b>421,029.87</b>	800,968.84	-673,919.77
Government grants (except for the grants which are closely related to the Company's business and have the standard amount and quantities in accordance with the national standard) included in gains and losses for the period	<b>10,636,782.70</b>	20,618,422.07	13,350,447.24
Investment income arising from gain or loss resulted from changes in fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except those arising from the effective hedging activities related to the Company's normal operation	<b>8,076,838.96</b>	11,205,051.48	14,376,445.85
Reversal of impairment provision for receivables subject to individual impairment test	<b>918,680.62</b>	2,379,008.00	4,791,973.55
Gains and losses on debt restructuring	<b>322,743.00</b>		
Other non-operating income and expenses other than the aforesaid items	<b>4,554,687.63</b>	809,513.76	4,519,554.58
Other items of gain or loss in accordance with the definition of extraordinary profit and loss	<b>267,350.61</b>	283,131.80	247,625.33
Affected minority interests	<b>1,366,908.17</b>	2,019,731.37	1,624,980.17
Affected income tax amount	<b>4,683,923.71</b>	4,723,249.13	4,946,675.86
<b>Total</b>	<b><u>19,147,281.51</u></b>	<u>29,353,115.45</u>	<u>30,040,470.75</u>

## Section II Company Profile and Major Financial Indicators (Continued)

### XI. Items measured at fair value

Unit: Yuan Currency: RMB

Names	Opening balance	Closing balance	Changes in current period	Amounts that affect the profit of the current period
Financing receivables	53,346,403.19	<b>25,415,043.86</b>	-27,931,359.33	
Financial assets held for trading	503,810,792.61	<b>485,158,212.68</b>	-18,652,579.93	-1,624,939.93
Other investments in equity instruments	2,385,926.53	-	-2,385,926.53	
Total	<u>559,543,122.33</u>	<u><b>510,573,256.54</b></u>	<u>-48,969,865.79</u>	<u>-1,624,939.93</u>

## Section III Management Discussion and Analysis

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### I. Discussion and analysis on the operation

In 2023, in the face of a severe development environment and various internal and external challenges, the Company adhered to high-quality development, focused on the “14th Five-Year Plan” and its annual goals and tasks, and took serious measures for market expansion, and scientific and technological innovation, improving its core competitiveness, and ensuring orderly production and operation.

The Company’s operating income declined mainly due to the structural adjustment of some products, the adjustment of the delivery cycle of some businesses, and the changes in some business models. Taking into full consideration that the recovery of other non-current assets of ENC is highly uncertain, and that this matter is likely to have a significant impact on the Company’s long-term equity investments, in the principle of prudence, the Company made full provision for impairment of ENC’s long-term equity investment in the Financial Statement for 2023, resulting in a significant decline in the Company’s total profit and a loss. According to the PRC Accounting Standards for Business Enterprises, the operating revenue of the Company was RMB2.9123115 billion in 2023, the total loss was RMB173.7451 million, the net loss was RMB194.2727 million, and the net loss attributable to shareholders of listed companies was RMB237.8622 million.

In 2023, the Company expanded the market in a steady manner. In the field of smart transportation, the Company won the bids for the automatic fare collection (AFC) system supply project for Nanjing Metro Line 6, Line 9 phase I and Line 10 phase II, the smart customer service center procurement project for Nantong Rail Transit Line 2 phase I, the automatic fare collection (AFC) system supply project for Zhengzhou Rail Transit Line 7 phase I, and the communication system supply project for Nanjing-Maanshan (Suburban) Railway, ranking first in AFC market shares in China. In terms of safe city, the Company closely kept pace with national strategies, carries out research on relevant technologies of new-generation satellite communication terminals, and successfully won the bid for a new-generation satellite terminal project. Besides, the Company won the bids for a number of intelligent engineering projects. In the area of intelligent manufacturing, the Company continuously explored the market in liquid crystal glass and new energy and other advantageous industries. In the field of electronic manufacturing services, the Company focused on developing white appliances in key customers, and further expanded its business in automotive electronics.

In 2023, the Company continued to increase investments in scientific research and made rich achievements in scientific and technological innovation. Specifically, the Company’s “Remote Intelligent Cross-Industry Key Production Equipment Operation And Maintenance Platform Construction Project for Equipment Industry Chains” was rated as an industrial Internet innovation and development project for 2023 by the Ministry of Industry and Information Technology; and its “Key Technologies for Intelligent Operational Decision-making of Equipment Manufacturing Enterprises Supporting Dynamic Reconfiguration” was granted a special fund for industrial and information development in Nanjing for 2023. The Information Industry Company was recognized as Jiangsu Rail Transit Green Smart Engineering Research Center and Nanjing Rail Transit Intelligent Operation and Maintenance Engineering Research Center; and the Electronic Manufacture Company was certified as a specialized and sophisticated small and medium-sized enterprise.

## Section III Management Discussion and Analysis (Continued)

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### I. Discussion and analysis on the operation (Continued)

In 2023, the Company implemented the reform task in all fronts, and continuously improved the corporate governance level. As the Company continued to strengthen the basic management and enhanced the operation and management level, it was awarded the honor of an “Advanced Organization Fulfilling Excellent Performance in 2023” by China Association for Quality; and Shenzhen Jingwah was rated as one of “top 100 brands in Shenzhen” at the third appraisal. Besides, the Company further improved the quality and efficiency, reduced the losses and made up the deficits effectively, strengthened “two funds” reduction and dealt with overdue debts and long-term inventories in a timely manner. With a good job in talent team building in an all-round way, it recruited one excellent technician and two craftsmen in Jiangsu Province; Lu Jun of the Electronics Equipment Company ranked among the first batch of 12 chief technicians in Jiangsu Province. Furthermore, the Company conducted comprehensive risk management to prevent business risks.

In 2023, there were still shortcomings in the development of the Company. The Company did not see significant results in building core technology and converting scientific and technological achievements into products. It was short of high-level leading talents, market expansion talents and business management talents. Some units needed to raise their awareness of legal compliance and risk prevention and control. In the future, the Company will try to make improvements in these aspects.

### II. Situation of the industry where the Company operated during the reporting period

#### (I) Industry development

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

The electronic information manufacturing industry is a strategic, fundamental and leading industry of the national economy, with a large total scale, a long industrial chain and a wide range of fields involved. It is an important field to stabilize industrial economic growth and maintain national political and economic security. In 2023, China’s electronic information manufacturing industry resumed production gradually. The added value of electronic information manufacturers above designated size increased by 3.4%, 0.7 percentage points higher than that of high-tech manufacturers. Meanwhile, however, the industry also faced low demands, weak expectations and other new challenges. In 2023, the operating income of electronic information manufacturers above designated size was RMB15.1 trillion, down 1.5% year on year; the operating costs were RMB13.1 trillion, a year-on-year decrease of 1.4%; the total profit was RMB641.1 billion, decreasing by 8.6% year on year; and the profit margin of operating income was 4.2%. Fixed-asset investment grew 9.3% year on year, which was 0.3 percentage points higher than industrial investment in the same period.

## Section III Management Discussion and Analysis (Continued)

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

#### (I) Industry development (Continued)

In the face of new challenges, the Ministry of Industry and Information Technology and the Ministry of Finance jointly issued the “Stable Growth Action Plan for Electronic Information Manufacturing Industry in 2023–2024” to boost stable growth of the electronic information manufacturing industry by expanding effective demands, stabilizing fundamentals of foreign trade and increasing financial support. According to the data of the National Bureau of Statistics, the purchasing managers’ index (PMI) of large manufacturers continued to rise over the past three months, with December 2023 as the base period. Till February 2024, the PMI was 50.4%, suggesting a slight rebound in relevant manufacturing industries. In the meantime, with the rapid development of electronic products represented by intelligent terminals and consumer electronics products, the electronic information manufacturing industry ushered in the stage of steady development as a whole.

Software is the foundation for the development of the digital economy, as well as the necessary support for the construction of a cyber power, a manufacturing power and a digital China. Industrial Internet, industrial software and other high-tech labor materials, as important power sources of new-quality productivity, make the manufacturing process intelligent, shift the manufacturing pattern from mass production to mass customization, and push productivity to a new level. In recent years, with the rapid development of the new-generation of information technology, China’s software and information technology service industry has entered a growth period of rapid development, with increasing incomes from software and information technology services. According to the National Bureau of Statistics, in 2023, the added value of China’s information transmission, software and information technology services was RMB5,519.4 billion, a year-on-year increase of 11.9%. In the future, along with the transformation of software development enterprises and some electronic manufacturing enterprises to service-oriented enterprises, and the gradual implementation of national and local favorable digital and intelligent policies, software and information technology service industries will continue to scale up and usher in the stage of rapid development. The year 2023 is the first year to fully implement the guiding principles of the 20th National Congress of the CPC as well as a transitional year in the 14th Five-Year Plan period. Throughout the year, the industrial economy showed an upward trend in general, as evidenced by steady acceleration in industrial production, continuous improvement in enterprise efficiency, steady increase in capacity utilization and new achievements in high-end, intelligent and green development of the manufacturing industry.

## Section III Management Discussion and Analysis (Continued)

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

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

The Company closely followed the industrial policy guidance trend, and carried out its main businesses closely around the relevant national development strategic planning directions.

1. The “Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035”, has put forward the goal to accelerate the construction of a digital economy, a digital society and a digital government, drive reforms in mode of production, lifestyles and governance pattern through digital transformation, promote deep integration of digital technology with the real economy, empower the transformation and upgrading of traditional industries, and boost the digital transformation of industries.
2. The Steady Growth Action Plan for Electronic Information Manufacturing Industry in 2023–2024

In 2023, the Ministry of Industry and Information Technology issued the “Steady Growth Action Plan for Electronic Information Manufacturing Industry in 2023–2024”. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Plan proposes to fully implement the new development concept in an accurate and comprehensive manner, adhere to the organic combination of expanding domestic demand strategy and deepening supply-side structural reform, strengthen problem-oriented, goal-oriented and results-oriented approaches, make industrial chains and supply chains more resilient and safer, and maintain economic operation of the electronic information manufacturing industry in a reasonable range, so as to provide powerful support for the steady growth of the industrial economy. According to the Plan, the added value of computer, communication and other electronic equipment manufacturing industries is expected to grow at about 5% in 2023 and 2024, and the operating income of electronic information manufacturers above designated size is expected to exceed RMB24 trillion.



## Section III Management Discussion and Analysis (Continued)

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

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

##### 3. The Implementation Plan for Leading Standardization Projects in New Industries (2023–2035)

In 2023, the Ministry of Industry and Information Technology issued documents jointly with the Ministry of Science and Technology, the National Energy Administration, and the National Standardizing Commission, which pointed out that new industries refer to emerging industries and future industries that develop and grow based on new technologies and feature active innovation, intensive technology and broad development prospects and matter to the national economic and social development and the industrial structure optimization and upgrading. Specifically, emerging industries include new-generation information technology, new energy, new materials, high-end equipment, new energy vehicles, green and environmental protection, civil aviation, shipping and marine engineering equipment; future industries include nine major industries, namely metaverse, brain-computer interface, quantum information, humanoid robots, generative artificial intelligence, biological manufacturing, future display, future network and new energy storage.

##### 4. The 14th Five-Year Plan for Development of Modern Comprehensive Transportation System

According to the Plan, the super-large urban rail transit network and the metropolitan multi-level rail transit network will be built to interconnect trunk railways, intercity railways, urban railways and urban rail transit lines, and promote cross-line operation of rail transit lines rationally. The rapid public transit system, with rail transit lines as the backbone, will be built in mega and super-sized cities to develop urban rail transit lines in a scientific and orderly manner, and promote the integrated development of rail transit, conventional public transit and slow transit networks.

##### 5. The 14th Five-Year Plan for Development of the Robot Industry

According to the Plan, China will become a source of global robot technology innovation, a gathering place of the high-end manufacturing industry and a new height of integrated application by 2025, make breakthroughs in a number of core robot technologies and high-end products, reach the world advanced level in the overall equipment index, and meet the international level of similar products in terms of the performance and reliability of key components. The average annual growth rate of the operating income of the robot industry is targeted to be over 20%. A group of leading enterprises with international competitiveness and a large number of specialized and sophisticated “giant” enterprises with strong innovation capability and high growth will emerge, and three to five industrial clusters with international influence will be built and the density of robots in the manufacturing industry will be doubled.

## Section III Management Discussion and Analysis (Continued)

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

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

##### 6. The 14th Five-Year Plan for Digital Economy

According to the Plan, China will accelerate the construction of information network infrastructures. Specifically, efforts will be made to build a high-speed, ubiquitous, intelligent, and comprehensive digital information infrastructure that integrates space and ground, and the cloud and the internet and should be green, low-carbon, secure and controllable. Further efforts will be made to increase commercial deployment and large-scale application of 5G, create a forward-looking layout of sixth-generation mobile communication (6G) network technology reserves, increase support for 6G technology research and development, accelerate the layout of satellite communication networks, and boost the construction of satellite Internet. In addition, the coverage of the Internet of Things will increase in industrial manufacturing, agricultural production, public services, emergency management and other fields, with a strengthened network access capability with the integration of fixed and mobile networks and the combination of broadband and narrowband Internet of Things networks.

##### 7. The Report on the Work of the Government

The Report proposes to strive to modernize the industrial system and develop new quality productive forces at a faster pace. Cutting-edge and emerging hydrogen energy, new materials and innovative medicine industries will grow faster to foster new growth engines in fields including biomanufacturing, commercial spaceflight and low-altitude economy. Future industrial development plans will be made to open up new fields such as quantum technology and life sciences, and launch the “artificial intelligence (AI) plus” initiative.

##### 8. The Action Plan for Promoting Large-Scale Equipment Renewal and Trade-in of Consumer Goods

According to the Plan, by 2027, the equipment investment scale in industry, agriculture, construction, transportation, education, cultural tourism, medical and other fields will increase by more than 25% compared with 2023. Major energy-using equipment in key industries will be energy-efficient; a much larger proportion of production capacity will reach level A in terms of environmental performance; the penetration rate of digital R&D and design tools and the numerical control rate of key processes in industrial enterprises above designated size will exceed 90% and 75%, respectively. Compared with 2023, the recycling volume of scrapped cars will be doubled; the trading volume of used cars will increase by 45%; the recycling volume of used household appliances will rise by 30%, and a higher proportion of renewable materials in resource supply.

## Section III Management Discussion and Analysis (Continued)

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### III. Information on activities during the reporting period

#### (I) Principal activities

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

In the field of smart transportation and safe city, the Company takes the construction of a modern digital city as its leading direction, comprehensively uses new-generation information technologies 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, focuses on the automation, informatization, digitization, and intelligent transformation and upgrading of manufacturing enterprises, and provides intelligent factory system solutions with independent intellectual property rights.

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.

## Section III Management Discussion and Analysis (Continued)

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

#### (II) Operating model

##### 1. Management model

Guided by market and customer demands, the Company carries out in-depth reform and innovation, accelerates the promotion of market-oriented transformation, and makes every effort to forge core competitiveness. Starting with scientific and technological innovation, market expansion, team construction, deepening reform, quality upgrading and efficiency improvement, risk prevention and control, and other aspects, by focusing on the main line of digital, intelligent and green development of manufacturing industry, and relying on the advantages of China's electronic computing system, the Company coordinates internal and external intelligent manufacturing resources, promotes the construction of digital intelligent equipment industry system, improves the ecologic chain of the industry, provides systematic solutions to the industry, and serves major system engineering, to become an important support for national intelligent manufacturing.

##### 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, to guarantee its sustainable innovation ability and industrial advancement.

##### 3. Production & service delivery model

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

## Section III Management Discussion and Analysis (Continued)

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

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

In the field of smart transportation and safe city, the Company has continuously promoted new breakthroughs in the development of the digital economy. In the segment of smart rail transit business, after years of efforts, the Company has continuously improved its own capabilities with innovative technology system and design concepts and gained the trust of both customers and the industry. The Company has gradually grown into a leading supplier in China that can simultaneously provide solutions, software services and core equipment in relation with urban rail transit integrated command system, automatic fare collection system, ticketing clearing system, and communication system, and formed brand effect. Rail transit fare collection system and equipment ranks in the first echelon among domestic counterparts; and the general contracting business of rail transit communication system is also in the forefront of the country. In the segments of smart city and smart park, relying on the technologies such as digital twin, AI, UOS, and TDM, the Company has established a deep integration of human, machine, and thing based on comprehensive perception and ubiquitous connection, completed the R&D and application & promotion of UOS series of products in digital park, promoted the vertical application of technologies such as digital twin and AI in multiple industrial scenarios, and strengthened the Company's comprehensive competitiveness in the field of digital cities, to help the digital transformation of vertical industries and form new value growth points.

In the field of industrial Internet and intelligent manufacturing, based on advantageous industries, the Company has vigorously developed intelligent manufacturing equipment and intelligent manufacturing industrial software businesses, continued to improve its capabilities in intelligent manufacturing services, constantly expanded and extended business clusters, and provided customers with a powerful set of intelligent manufacturing solutions. As the first batch of local intelligent transformation and digital transformation service providers, the Company has the system solutions with independent intellectual property rights in multiple application scenarios such as intelligent production, intelligent management, and intelligent manufacturing services. In the process of the R&D, iteration, and production of robots, the Company presently has mastered the motion control and algorithm of industrial robot controllers. The Company continuously deepens the market of intelligent chemical plants market such as LCD glass intelligent manufacturing factories and at the same time achieved breakthroughs in the fields of new energy, IT application innovation, stereo garage, instrument assembly line, etc. The Company makes every effort to develop independent research and development and safety controllable capabilities of key software technologies, enhance basic supporting capabilities, and improve the level of integrated application, intelligent manufacturing digitization and information technology.

## Section III Management Discussion and Analysis (Continued)

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

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

In the field of green manufacturing services, the Company has accelerated the docking with the national “carbon” development policy. The Company provides green electronic manufacturing services with first-class supply chain management capabilities and the ability to achieve intelligent, flexible, and lean production and manufacturing. The development scale and technical level are among the best in the industry. The Company has established multiple electronic product manufacturing factories in Nanjing, Chengdu, and Shenzhen, which can provide efficient, high-quality, and green electronic product production and manufacturing services with an annual production capacity of 60 million pieces, with deep integration of MES and SAP-ERP systems, and achieving full-automatic tracking, full process closed-loop production management and process control of factory production line. The Company has also increased investment in establishing a product testing center, which has been approved by CNAS to ensure product quality, stability, and reliability, forming a complete set of electronic manufacturing service industry chain with core competitive advantages in the field of electronic product manufacturing services. At present, the Company has gradually formed scale and specialized production in the fields of LCD display panels, automotive electronics, white household appliances and so on.

### IV. Analysis of core competitiveness during the reporting period

1. The Company has made outstanding achievements in the building of innovation capacities and effectively strengthened the foundation of scientific research positions day by day. In the year 2023, the information industry company was approved to be upgraded to Jiangsu Provincial Rail Transit Green Intelligent Engineering Research Center and Nanjing Municipal Rail Transit Intelligent Operation and Maintenance Engineering Research Center. The Company currently has nine provincial and municipal-level engineering (technology) research centers, four provincial SRDI (Specialized, Refined, Differential, Innovational) enterprises after the Electronic Manufacture Company was identified as provincial SRDI (Specialized, Refined, Differential, Innovational) enterprise, four provincial enterprise technology centers, and one municipal enterprise technology center; and seven main subsidiaries of the Company have been identified as the hi-tech enterprises. Backed by its digital and intelligent research institutes, the Company coordinated the development path of its R&D centers, made an in-depth analysis on industrial trend, accelerated the breakthrough in common key technologies, made a layout to incubate the cutting-edge industries, improved the capacity building, and enhanced its core capabilities, in a bid to provide a strong support for the sustainable innovation of its technology products.

## Section III Management Discussion and Analysis (Continued)

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

2. The Company attached great importance to its R&D input and achieved remarkable results in scientific and technological innovation. The Company adhered to self-reliance and self-improvement in scientific and technological innovation, continued to play a leading role in the scientific and technological innovation, and strived to build the strategic source of original technologies, push the boundaries of key and core technologies, promote the upgrading of technologies and products, and continuously strengthen innovation-driven capacity. In the year 2023, the annual investment in science and technology exceeded RMB200 million, with more than 7.25% of its total investment in science and technology. In 2023, the Company pushed boundaries in the application of scientific research projects: its "Equipment Industrial Chain-Oriented Remote Intelligent Operation and Maintenance Platform Construction Project for Cross-industry Key Production Equipment" was identified as the MIIT 2023 Industrial Internet Innovative Development Engineering Project, and its "Key Intelligent Operation and Decision-Making Technology for Equipment Manufacturing Enterprises Supporting Dynamic Reconfiguration" won 2023 Nanjing Municipal Special Fund for Industrial and Information-based Development.
3. The Company achieved a rapid breakthrough in the application of intellectual property rights and made constant increase and improvement of patent pool in smart city and intelligent manufacturing segments. In 2023, a total of 72 national patents were granted, including 21 national invention patents; and 50 software copyright registrations were completed. As of the end of 2023, the Company had 661 valid patents, including 195 valid invention patents and 490 software copyrights. The Company passed and implemented the national intellectual property management system; its subsidiaries were identified as Nanjing High Quality and High Value Patent Cultivation Project. In 2023, the Company further promoted the management and publicity & implementation of intellectual property system, strengthened employees' awareness of intellectual property rights, and built an efficient management mechanism.

## Section III Management Discussion and Analysis (Continued)

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

4. The Company has established a sound quality control system. The Company firmly adheres to the operational philosophy of quality-oriented and service-oriented, maintains the ISO9001 quality management system, ISO14001 environmental management system, ISO45001 occupational health and safety management system, ATF16949 automotive quality management system and other certification qualifications. The Company established a complete after-sales service system and maintained the five-star product after-sales service certification, IT service management system certification, information system construction and service capability evaluation CS4 level (excellent level), and so on. In 2023, the Company won the honor of “2023 Advanced Organization for Implementing Outstanding Performance” and “2023 Outstanding Unit in National Science and Technology Activity Week” by China Association for Quality and the third prize of management innovation achievements by CEMSTI. The Company was also rated as grade A taxpayer credit enterprise and quality credit AAA enterprise. The Company operates well, with good sense of social responsibility and good credit standing.
5. The Company has established closer enterprise-led collaboration between industries, universities, and research institutes. In 2023, the Company joined hands with Southeast University and other partners to forge the new scientific and technological innovation platform for the enterprise-led collaboration between industries, universities, and research institutes and built the “Low-orbit Satellite Internet Terminal industrial Chain Alliance”. The Company worked with Southeast University, Nanjing University of Aeronautics and Astronautics, and other universities to jointly build four postgraduate workstations, of which the postgraduate workstation built with Nanjing University of Aeronautics and Astronautics won the honor of “Jiangsu Provincial Excellent Postgraduate Workstation”. In addition, the Company also cooperated with many domestic universities to undertake a number of national, provincial special projects and established a long-term stable and mutually beneficial cooperation relationship with them.



## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period

In the year 2023, the Company strived to maintain stable and orderly operation. The operating income decreased significantly due to the impact of factors such as the adjustments of some product structure and adjustment of delivery cycles of some business as well as the changes of some business models. The Company took into full consideration the great uncertainty in relation with ENC in the recovery of other non-current assets, which was likely to have a material impact on the Company's long-term equity investment. In view of the principle of prudence, ENC's long-term equity investments were fully provided for impairment loss in the financial statements for the year 2023, resulting in that the Company suffered a significant decrease in total profit and slipped into loss.

#### (I) Analysis of principal operations

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

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Operating income	2,912,311,480.01	4,154,295,003.26	-29.90
Operating costs	2,398,000,168.52	3,565,005,880.41	-32.74
Cost of sales	40,939,857.79	38,393,464.98	6.63
Administrative expenses	263,667,430.75	286,650,360.50	-8.02
Financial expenses	-11,884,592.85	7,383,881.63	-260.95
R&D expenses	211,187,548.93	211,041,452.05	0.07
Net cash flows from operating activities	-65,851,054.62	150,320,717.60	-143.81
Net cash flows from investing activities	-119,323,705.49	36,208,860.18	-429.54
Net cash flows from financing activities	26,690,509.15	-83,574,723.50	N/A
Other gains	21,527,057.56	25,417,903.80	-15.31
Investment income	61,249,200.92	88,715,322.29	-30.96
Gain on changes in fair value	-1,624,939.93	1,569,393.00	-203.54
Credit impairment losses	-7,702,894.86	-23,262,187.76	N/A
Assets impairment losses	-236,789,856.24	-12,547,127.26	N/A
Gain from the disposal of assets	468,739.44	258,452.13	81.36
Non-operating income	6,525,564.98	1,699,792.65	283.90
Non-operating expenses	2,018,586.92	347,762.18	480.45

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (I) Analysis of principal operations (Continued)

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

*Notes:*

- (1) Reasons for changes in operating income: mainly due to the adjustments of some product structure, which fell short of market expectations, the adjustment of some business delivery cycle, which fell short of settlement requirements, and the changes of some business models, resulting in a year-on-year decrease in income;
- (2) Reasons for changes in operating costs: mainly due to the adjustments of some product structure, which fell short of market expectations, the adjustment of some business delivery cycle, which fell short of settlement requirements, and the changes of some business models, resulting in a year-on-year decrease in cost;
- (3) Reasons for changes in financial expenses: mainly due to the impact of RMB exchange rate change, resulting in a year-on-year decrease in exchange loss;
- (4) Reasons for changes in net cash flows from operating activities: mainly due to the year-on-year decrease in cash received from the sale of goods and rendering of services for the period;
- (5) Reasons for changes in net cash flows from investing activities: mainly due to the increase in the payment for the principal of large CDs for the period;
- (6) Reasons for changes in net cash flows from financing activities: mainly due to the amounts received from handling factoring business, transferring a portion of receivables, as well as discounts on note receivable not terminated for recognition for the period.
- (7) Reasons for changes in investment income: mainly because the investment income of associate ENC was zero for the period.
- (8) Reasons for changes in gain on changes in fair value: mainly due to the gains and losses recognized on changes in the fair value of financial products outstanding at the end of the previous year reversed for the period;
- (9) Reasons for changes in credit impairment losses: mainly due to the decrease in the provision for bad debts on accounts receivable for the period as compared with the previous period;
- (10) Reasons for changes in assets impairment losses: mainly due to the provision for impairment of long-term equity investments for the period;
- (11) Reasons for changes in gain from the disposal of assets: mainly due to gain or loss on early derecognition of right-of-use assets in the current period;
- (12) Reasons for changes in non-operating income: mainly due to the increase in amounts not required to be paid for the period;
- (13) Reasons for changes in non-operating expenses: mainly due to the increase in litigation and compensation expense for the period.

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (I) Analysis of principal operations (Continued)

##### 2. Analysis of revenue and cost

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

Unit: Yuan Currency: RMB

Principal operations by business sector						
By sector	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Industrial Internet and intelligent manufacturing	190,727,499.62	201,024,394.17	-5.4	-22.91	-18.43	Decreased by 5.78 percentage points
Intelligent transportation and safe city	1,324,046,363.99	959,728,931.55	27.52	-16.61	-21.31	Increased by 4.33 percentage points
Green and service-oriented electronic manufacturing industry	1,368,198,262.02	1,222,434,602.44	10.65	-40.30	-41.30	Increased by 1.53 percentage points

Principal operations by products						
By product	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Intelligent factories and systems	134,659,569.39	125,366,123.66	6.9	-31.86	-34.13	Increased by 3.22 percentage points
Core components of smart manufacturing	56,067,930.23	75,658,270.51	-34.94	12.61	34.81	Decreased by 22.22 percentage points
Intelligent transportation	533,055,272.54	391,748,499.74	26.51	-13.82	-17.27	Increased by 3.07 percentage points
Digital park	433,751,737.29	306,103,114.63	29.43	-35.35	-43.71	Increased by 10.48 percentage points
Safe city	357,239,354.16	261,877,317.18	26.69	19.75	29.49	Decreased by 5.52 percentage points
Electronic manufacturing services	1,368,198,262.02	1,222,434,602.44	10.65	-40.30	-41.30	Increased by 1.53 percentage points

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (I) Analysis of principal operations (Continued)

##### 2. Analysis of revenue and cost (Continued)

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

By geographical region	Principal operations by geographical regions					
	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Nanjing	1,951,891,886.01	1,626,153,084.47	16.69	-29.36	-31.98	Increased by 3.22 percentage points
Shenzhen	235,634,821.28	222,066,297.60	5.76	-49.74	-47.20	Decreased by 4.54 percentage points
Chengdu	695,445,418.34	534,968,546.09	23.08	-22.29	-27.44	Increased by 5.47 percentage points

By sales model	Principal operations by sales model					
	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Direct sales	2,882,972,125.63	2,383,187,928.16	17.34	-30.14	-32.84	Increased by 3.33 percentage points

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

The businesses of principal subsidiaries of the Company include intelligent transportation and safe city, industrial Internet and intelligent manufacturing, green and service-oriented electronic manufacturing and its related businesses. The operating income from intelligent transportation and safe city business decreased by 16.61% compared with the same period of previous year due to the progress of the settlement of some business projects; the operating income from industrial Internet and intelligent manufacturing business decreased by 22.91% compared with the same period of previous year due to the adjustment of the delivery cycle in business related to intelligent factory and system engineering, which fell short of the settlement requirements; the operating income from green and service-oriented electronic manufacturing decreased by 40.30% compared with the same period of previous year due to the adjustment of product structure, which fell short of market expectations.

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (I) Analysis of principal operations (Continued)

##### 2. Analysis of revenue and cost (Continued)

##### (2) Analysis of volume of production and sales

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

Principal products	Unit	Production output	Sales volume	Stock	Increase/decrease in production output from the same period last year (%)	Increase/decrease in sales volume from the same period last year (%)	Increase/decrease in stock from the same period last year (%)
Surface mounting Intelligent transportation equipment and others	Points	18,695,474.00	18,762,593.00	121,699.00	-46.77	-47.19	-35.55
Information network	set	1,989.00	1,838.00	292.00	-47.04	-51.88	107.09
	set	968,898.00	984,835.00	53,155.00	1.23	3.23	-23.07

Explanation on the volume of production and sales: The decrease in production and sales volume of surface mounting products compared with the same period last year was mainly due to the year-on-year decrease in business orders.

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (I) Analysis of principal operations (Continued)

#### 2. Analysis of revenue and cost (Continued)

#### (3) Cost analysis

Unit: Yuan Currency: RMB

By sector	Composition of cost	Amount for the period	By sector		Amount for the same period last year as a percentage of total cost (%)	Change in the amount for the period as compared with that of the same period last year (%)	Explanation
			As a percentage of total cost for the period (%)	Amount for the same period last year			
Industrial Internet and intelligent manufacturing	Material cost	122,135,325.72	60.76	167,328,365.33	67.89	-27.01	
	Labor cost	35,909,236.31	17.86	27,650,041.52	11.22	29.87	
	Manufacturing costs	42,979,832.14	21.38	51,480,165.16	20.89	-16.51	
Intelligent transportation and safe city	Material cost	851,561,292.68	88.73	1,105,969,115.10	90.68	-23.00	
	Labor cost	38,753,864.95	4.04	36,836,372.35	3.02	5.21	
	Manufacturing costs	69,413,773.92	7.23	76,783,831.27	6.30	-9.60	
Green and service-oriented electronic manufacturing	Material cost	865,301,174.07	70.79	1,725,718,483.85	82.86	-49.86	
	Labor cost	58,176,642.17	4.76	65,586,819.04	3.15	-11.30	
	Manufacturing costs	298,956,786.20	24.46	291,372,310.18	13.99	2.60	

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (I) Analysis of principal operations (Continued)

##### 2. Analysis of revenue and cost (Continued)

##### (3) Cost analysis (Continued)

By product	Composition of cost	Amount for the period	By product			Change in the amount for the period as compared with that of the same period last year (%)	Explanation
			As a percentage of total cost for the period (%)	Amount for the same period last year	Amount for the same period last year as a percentage of total cost cost (%)		
Intelligent factories and systems	Material cost	74,454,337.36	59.39	140,383,544.02	73.76	-46.96	
	Labor cost	18,927,552.41	15.10	16,345,708.09	8.59	15.80	
	Manufacturing costs	31,984,233.89	25.51	33,607,302.19	17.66	-4.83	
Core components of smart manufacturing	Material cost	47,680,988.36	63.02	26,944,821.31	48.01	76.96	
	Labor cost	16,981,683.90	22.45	11,304,333.43	20.14	50.22	
	Manufacturing costs	10,995,598.25	14.53	17,872,862.97	31.85	-38.48	
Intelligent transportation	Material cost	374,972,504.62	95.72	458,502,144.13	96.83	-18.22	
	Labor cost	8,598,324.53	2.19	7,861,109.55	1.66	9.38	
	Manufacturing costs	8,177,670.59	2.09	7,169,440.36	1.51	14.06	
Digital parks	Material cost	231,247,750.14	88.30	178,925,547.33	88.47	29.24	
	Labor cost	9,557,095.84	3.65	3,339,965.09	1.65	186.14	
	Manufacturing costs	21,072,471.20	8.05	19,969,426.87	9.87	5.52	
Safe city	Material cost	245,341,037.92	80.15	468,541,423.64	86.16	-47.64	
	Labor cost	20,598,444.58	6.73	25,635,297.72	4.71	-19.65	
	Manufacturing costs	40,163,632.13	13.12	49,644,964.04	9.13	-19.10	
Electronic manufacturing services	Material cost	865,301,174.07	70.79	1,725,718,483.85	82.86	-49.86	
	Labor cost	58,176,642.17	4.76	65,586,819.04	3.15	-11.30	
	Manufacturing costs	298,956,786.20	24.46	291,372,310.18	13.99	2.60	

## Section III Management Discussion and Analysis (Continued)

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### V. Principal operations during the reporting period (Continued)

#### (I) Analysis of principal operations (Continued)

##### 2. Analysis of revenue and cost (Continued)

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

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

##### A. Sales to major customers

During the reporting period, sales to the top five customers amounted to RMB1,085,564,500, representing 37.82% of the total sales in 2023, of which sales to connected parties amounted to RMB441,985,200, representing 15.18% of the total sales in 2023.

##### B. Purchases from major suppliers

During the reporting period, the aggregate amount of purchase from the top five suppliers of the Company amounted to RMB281,340,700, accounting for 12.12% of the total amount of purchase made by the Company in 2023. There were no connected parties in the top five suppliers.

##### 3. Expenses

During the Reporting Period, the selling expenses increased by 6.63%, mainly due to the year-on-year increase in advertising and exhibition expenses; the management expenses decreased by 8.02%, mainly due to the decrease in staff number and the year-on-year decline in salaries and wages; the financial expenses decreased by 260.95%, mainly due to impact of RMB exchange rate change, resulting in the year-on-year decrease in exchange loss.



## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (I) Analysis of principal operations (Continued)

##### 4. R&D Investment

##### (1) Particulars of R&D investment

Unit: Yuan Currency: RMB

R&D expenses for the period	211,187,548.93
Capitalized R&D expenses for the period	–
Total R&D expenses	211,187,548.93
The percentage of total R&D expenses over operating income (%)	7.25
The percentage of capitalized R&D investment (%)	–

##### (2) Particulars of R&D personnel

The number of R&D personnel of the Company	605
The percentage of R&D personnel over total number of staff of the Company (%)	21.9%

##### Educational structure of R&D personnel

Category of educational structure	Number of educational structure
Doctoral candidate	4
Master degree candidate	150
Undergraduate	396
Junior college	55
High School and below	0

##### Age structure of R&D personnel

Category of age structure	Number of age structure
Under 30 years old (excluding 30 years old)	198
30–40 years old (including 30 years old, excluding 40 years old)	280
40–50 years old (including 40 years old, excluding 50 years old)	83
50–60 years old (including 50 years old, excluding 60 years old)	44
60 years old and above	0

## Section III Management Discussion and Analysis (Continued)

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### V. Principal operations during the reporting period (Continued)

#### (I) Analysis of principal operations (Continued)

##### 4. R&D Investment (Continued)

###### (3) Description:

The Company established a complete scientific and technological innovation investment system, took R&D centers at all levels as the main body, formulated annual plans and included them in the financial budget, and ensured the fund demands of special and key scientific and technological projects through actively applying for R&D project funds, seeking cooperation, as well as other channels, to provide guarantee for investments in scientific and technological innovation. In 2023, the Company recorded 32 projects under research, and the Company and its affiliated units undertook two key scientific research projects, the R&D progress and results of which met expectations. Four projects have passed the achievement appraisal, all reaching the domestic leading and advanced level.

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

##### 5. Cash flow

During the reporting period, the decrease in net cash flows from operating activities was mainly due to the year-on-year decrease in cash received from sales of goods and rendering of services for the period; the decrease in net cash flows from investing activities was mainly due to the increase in principal of certificates of deposit purchased for this Period; the increase in net cash flows from financing activities was mainly due to the amounts received from handling factoring business and transferring a portion of receivables, as well as discounts on note receivables not terminated for recognition for the period.

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

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (III) Analysis of assets and liabilities

##### 1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Explanation
Note receivables	131,647,314.14	2.38	74,058,103.09	1.26	77.76	Mainly due to the increase in endorsed or discounted notes not terminated for recognition at the end of the Period
Receivables financing	25,415,043.86	0.46	53,346,403.19	0.91	-52.36	Mainly due to the increase in sales of goods settled by bills for the period
Non-current assets due within one year	26,864,239.67	0.48	1,747,508.96	0.03	1,437.29	Mainly due to the increase in guarantee due within one year
Other current assets	318,086,623.04	5.74	121,751,216.36	2.08	161.26	Mainly due to the increase in certificates of deposit to be transferred within one year
Long-term equity investments	469,854,173.02	8.48	717,388,041.95	12.23	-34.50	Mainly due to the provision for impairment of associate ENC, long-term equity investments are written down to zero
Other equity instruments investments	-	-	2,385,926.53	0.04	-100.00	Mainly due to the derecognition of settlement of Company's non-trading equity instruments measured at fair value and the changes included in other comprehensive income for the Period

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (III) Analysis of assets and liabilities (Continued)

##### 1. Assets and liabilities (Continued)

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Explanation
Long-term amortized expenses	18,654,129.54	0.34	10,982,839.77	0.19	69.85	Mainly due to the increase in renovation projects for the Period
Other non-current assets	1,469,073.94	0.03	16,690,475.03	0.28	-91.20	Mainly because a portion of project guarantee is transferred to non-current assets due within one year
Short-term borrowings	70,113,510.72	1.27	-	-	N/A	Mainly due to the amounts received from handling factoring business, transferring a portion of receivables, as well as discounts on note receivables not terminated for recognition for the period
Note payables	79,035,160.29	1.43	140,306,918.37	2.39	-43.67	Mainly due to the decrease in purchase of goods settled by bills for the period
Receipts in advance	201,635.72	0.00	126,201.33	0.00	59.77	Mainly due to rental received in advance
Taxes payable	32,725,506.34	0.59	52,072,391.92	0.89	-37.15	Mainly due to the decrease in VAT payable at the end of the Period
Contract liabilities	90,217,009.26	1.63	67,641,115.11	1.15	33.38	Mainly due to the increase in advance received on contract for the Period
Non-current liabilities due within one year	4,088,888.95	0.07	6,117,127.14	0.10	-33.16	Mainly due to the decrease in lease liabilities due within one year

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (III) Analysis of assets and liabilities (Continued)

##### 1. Assets and liabilities (Continued)

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Explanation
Other current liabilities	36,882,036.51	0.67	27,520,425.14	0.47	34.02	Mainly due to the increase in deferred output VAT
Lease liabilities	9,101,840.09	0.16	5,196,356.93	0.09	75.16	Mainly due to the increase in newly added long-term leases for the Period
Other comprehensive income	-	-	-948,055.10	-0.02	N/A	Mainly due to the derecognition of settlement of Company's non-trading equity instruments measured at fair value, other comprehensive income carried over to retained earnings
Long-term employee compensation payable	5,934,601.09	0.11	8,729,912.08	0.15	-32.02	Mainly due to the decrease in the Company's dismission welfare

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (III) Analysis of assets and liabilities (Continued)

##### 2. Overseas assets

###### (1) Asset size

Including: Overseas assets in the amount of RMB119,035,562.64, accounting for 2.15% of the total assets.

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

*Unit: Yuan Currency: RMB*

Item	Closing carrying amount	The reason
Money and bank equivalents	78,724,187.31	Bank acceptance, guarantee, performance bond, litigation frozen capital
Notes receivables	69,113,039.18	Endorsed or discounted notes not due and not terminated for recognition
Total	<u>147,837,226.49</u>	

## Section III Management Discussion and Analysis (Continued)

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### V. Principal operations during the reporting period (Continued)

#### (IV) Analysis of industry operational information

##### 1. Smart transportation

The smart city construction involves smart transportation, smart travel, safe city, and other aspects. The further application of new generation of information technologies, artificial intelligence and other technologies in smart city construction is a reflection of promoting the deep integration of digital economy with real economy and can effectively help form a strong domestic market. The development of smart urban rail transit mainly focuses on the construction of such systems, including networked intelligent transportation organization and scheduling system, smart energy management system, intelligent operation and maintenance system and so on.

As an important part of infrastructure construction, the development of urban rail transit is of great significance. Therefore, in the 14th Five-Year Plan, China has made a strategic plan for urban rail transit and made it clear that urban rail transit will gradually change from construction to construction and operation, and by 2025, the operating mileage of urban rail transit will hit 10,000 kilometers, with an average increase of 680 kilometers per year. Moreover, China has planned 19 urban agglomerations. From the perspective of the specific transportation planning, in addition to the 10,000km-long mileage under construction in the Beijing-Tianjin-Hebei region, Yangtze River Delta, and Greater Bay Area, the Chengdu-Chongqing, Shandong Peninsula and other urban agglomerations as well as metropolitan areas have been introduced, indicating that the intercity rail transit construction will extend to more areas.

From the planning for urban agglomerations, metropolitan areas, and provincial rail transit, we can see that urban rail transit construction in China has a considerable development prospect in future, while as a necessity of urban rail transit construction, AFC/ACC system also has a very broad development prospect in future. In addition, the intelligent system of urban rail transit currently plays a crucial role in the information-based, intelligent, and digital development of rail transit, and the development of rail transit in future smart cities will be an inevitable trend. Furthermore, the construction of smart urban rail transit will bring great opportunities for the development of urban rail transit AFC/ACC industry and will serve as a new driving force to promote the market size growth of urban rail transit AFC/ACC industry. The urban rail transit AFC system market is expected to see 36 lines bidding for AFC system in 2024, covering a total length of 878.35 kilometers and altogether 451 stations, with a total investment of RMB599.809 million.

Nantong Subway Smart Customer Service Center independently developed and constructed by the Company has been officially put into operation. Throughout the year, the Company successively won the bids for AFC system, smart customer service center projects, and communication system projects of urban rail transit in Nanjing, Nantong, Zhengzhou, and other cities; and won the bids for intelligent construction projects in Nanjing, Shucheng County, Gansu and other places. At present, the Company's products have spread over more than 60 cities around the world. In the field of smart transportation and safe city, it is one of the few domestic providers that can simultaneously provide complete solutions for subway AFC terminal equipment manufacturing, AFC system, ACC system and Internet ticketing system.

## Section III Management Discussion and Analysis (Continued)

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### V. Principal operations during the reporting period (Continued)

#### (IV) Analysis of industry operational information (Continued)

##### 2. Intelligent manufacturing

Intelligent manufacturing is the deep integration of a new generation of information technologies with advanced manufacturing technologies and the further diffusion and application of generic enabling technologies such as digital, networked and intelligent technologies across all links of the value chain such as product design, production, logistics, and services of the manufacturing industry. The development of new-quality productivity calls for accelerating the deep integration of digital economy with real economy, promoting digital industrial transformation, strengthen the integrated application of digital technologies such as AI, big data, the IoT, and the industrial Internet, vigorously popularizing the application of digital, networked and intelligent production tools, and speeding up the construction of digital workshops and intelligent manufacturing demonstration factories. It is expected that China's intelligent manufacturing industry will maintain an average compound annual growth rate of about 15% in the next few years, and the market size of China's intelligent manufacturing industry is expected to reach about RMB5.3 trillion by 2025.

The Company insists on product iteration and technological innovation, showing the high-level and professional supply capacity. Through active participation and exploration, the Company's intelligent manufacturing business continues to push the boundaries of liquid crystal glass and new energy. By centering on its self-developed benchmarking products such as smart factories, smart environmental protection and smart storage, the Company has successfully won the bid or signed many new projects such as multiple processing and production lines and transmission lines of intelligent factories. The Company strives to break the path dependence, constantly improves the qualifications and conditions, and closely advances the application for Class B classified information system integration qualification, in a bid to develop new business in the field of IT application innovation. Through constantly improving the intelligent manufacturing system platform independently developed by itself and promoting the optimization and upgrading of industrial software system, the Company currently has the established industrial software products and has mastered the core technologies in the direction of digital transformation and cyber-physical system.



## Section III Management Discussion and Analysis (Continued)

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### V. Principal operations during the reporting period (Continued)

#### (IV) Analysis of industry operational information (Continued)

##### 3. Green and service-oriented electronic manufacturing

The deep integration of new generation of information technology with the manufacturing industry has further promoted the industrial transformation and formed new modes of production, industrial forms, business models and economic growth points. The service-oriented electronics manufacturing industry is facing important development trends. The first is the industrial transformation brought by technological upgrading. With the development of the emerging technologies such as AI, IoT, and 5G, the service-oriented electronic manufacturing industry will face higher technical requirements and market demands. The second is the requirements of environmental protection and sustainable development. As people pay more and more attention to environmental protection and sustainable development, the service-oriented electronic manufacturing enterprises need to heighten the environmental protection awareness and take proactive measures to protect environment. In addition, the service-oriented electronic manufacturing enterprises also face challenges such as the pressure from global competitions and the instability of electronic product market demands.

Recently, the National Development and Reform Commission together with relevant departments and units has jointly formulated a number of measures to promote the consumption of automobiles and electronic products and continuously stimulate the market potential, which will serve as a new growth engine for the automotive electronics and electronic products markets. It is expected that the proportion of value of automotive electronic equipment in low-end and mid and high-end cars will increase in the future, and the market potential is huge. With the arrival of the peak period of household appliance scrap in China, the number of waste household appliances grows at an average annual rate of 20%, and the annual scrap is expected to exceed 200 million units. Backed by policy support and market-driven factors, the consumption potential of China's household appliances will be released at an accelerated pace, and both consumption upgrading and industrial upgrading are expected to be promoted and advanced together, which will bring considerable incremental market for the manufacturing of white household appliances. Nowadays, as the service-oriented electronic manufacturing industry gradually realizes the digital and intelligent development in field of equipment, there is an urgent need for software services such as Internet, cloud computing, and big data to form a scale and synergy effect, to realize the intelligent supply & demand and matching of economic surplus resources at a lower cost and higher efficiency. It also serves as a new supply pattern on the basis of the new-quality productivity and can provide more green products and services with high quality, high performance, high reliability and high safety and can better meet and create effective demands; and also provides new opportunities for the development of green and service-oriented electronic manufacturing industry to shift from scale dividends to industrial innovation and transformation-based value increase.

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

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (V) Analysis of investment

##### 1. Overall analysis of external investment

In 2023, the Company cautiously made relevant investments in accordance with the capital expenditure plan and the progress of key projects. In order to further optimise its capital structure, the Company approved the shareholders' meeting resolution in relation to the cancellation and liquidation of its invested company Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd., and finished the cancellation registration on 5 December 2023; and completed the merger of Nanjing Panda Electronic Technology Development Co., Ltd. and finished the cancellation registration on 5 January 2024.

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

*Unit: Yuan Currency: RMB*

Asset Class	Opening Balance	Gains and losses from changes in fair value in the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Current purchase amount	Current sale/redemption amount	Other changes	Closing balance
Financial assets held for trading (derivative)	503,810,792.61	-1,624,939.93	-	-	1,002,972,360.00	1,020,000,000.00	-	485,158,212.68
Financial assets held for trading (other)	53,346,403.19	-	-	-	256,111,980.03	284,043,339.36	-	25,415,043.86
Receivables financing	2,385,926.53	-	-	-	-	-	-2,385,926.53	-
Other equity instrument investments	559,543,122.33	-1,624,939.93	-	-	-	-	-	510,573,256.54
<b>Total</b>	<b>503,810,792.61</b>	<b>-1,624,939.93</b>	<b>-</b>	<b>-</b>	<b>1,002,972,360.00</b>	<b>1,020,000,000.00</b>	<b>-</b>	<b>485,158,212.68</b>

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

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (VII) Analysis of major invested companies

##### 1. Analysis of major subsidiaries

The Company focused on the development of its three main businesses, continued to optimise its industrial structure, and rationally allocated resources. In April 2023, the Company held the Extraordinary Meeting of the 10th Session of the Board and considered and approved the Proposal on the "Absorption and Merger of Nanjing Panda Electronic Technology Development Co. Ltd.", and the merger was considered and approved by the Company's 2023 Annual General Meeting held on 27 June 2023. In January 2024, the Company completed the abovementioned absorption and merger, and Technology Development Company was dissolved and cancelled. All of its assets, equities, and liabilities were inherited by the Company in accordance with law. This absorption and merger had no effect on net assets and current profits in the Company's consolidated financial statements.

The overview of the major subsidiaries is as follows:

Unit: 0'000 Currency: RMB

Subsidiary	Principal business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Electronics Equipment Company	Manufacturing and sales of automatic transmission equipment and industrial robot	19,000	39,598.70	383.13	21,079.39	-5,856.75	-5,643.30
Information Industry Company	Manufacturing and sales of railway transit AFC and ACC system, equipment, building intellectualization and system integration	USD 3194.6435	161,062.46	37,866.04	85,305.46	5,784.68	5,753.61
Electronic Manufacture Company	EMS services	USD 2,000	74,421.19	24,152.63	63,945.10	1,723.81	1,648.42

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (VII) Analysis of major invested companies (Continued)

##### 1. Analysis of major subsidiaries (Continued)

The overview of the major subsidiaries is as follows: (Continued)

Subsidiary	Principal business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Communications Technology Company	Manufacturing and sales of mobile communications, digital communication and network communications systems and products	10,000	35,718.03	18,384.11	15,116.90	831.78	854.34
Shenzhen Jingwah	Research and development, manufacture and sales of communications equipment and digital products	11,507	59,297.95	43,388.43	69,623.70	8,616.74	6,994.24
Nanjing Panda Xinxing Industrial Co., Ltd.	Supply of property management and catering services	2,000	6,287.66	4,379.04	7,206.44	15.93	17.50
Chengdu Panda Electronics Technology Co., Ltd.	Electronic manufacturing	5,000	19,673.24	12,054.67	23,637.65	718.22	627.05

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (VII) Analysis of major invested companies (Continued)

##### 1. Analysis of major subsidiaries (Continued)

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

Unit: 0'000 Currency: RMB

Subsidiary	Net profit		Change (%)
	2023	2022	
Electronics Equipment Company	-5,643.30	-7,189.95	N/A
Information Industry Company	5,753.61	4,903.53	17.34
Electronic Manufacture Company	1,648.42	2,653.43	-37.88
Communications Technology Company	854.34	1,500.79	-43.07
Technology Development	-1,132.62	-1,775.58	N/A
Shenzhen Jingwah	6,994.24	6,402.76	9.24
Nanjing Panda Xinxing Industrial Co., Ltd.	17.50	-8.78	N/A
Chengdu Electronic Technology	627.05	1,635.62	-61.66

Description of changes:

Electronics Equipment Company recorded a year-on-year decreased in net profit due to the provision for impairment of long-term investment in the same period of last year. The net profit of Information Industry Company increased by 17.34% year-on-year, mainly due to the influence of project settlement cycle. The net profits of Electronic Manufacture Company and Chengdu Electronic Technology decreased by 37.88% and 61.66% year-on-year, respectively, mainly due to the year-on-year decrease in revenue caused by business model shift. The net profit of Communications Technology Company fell by 43.07% year-on-year, mainly due to the decline in business volume.

## Section III Management Discussion and Analysis (Continued)

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### V. Principal operations during the reporting period (Continued)

#### (VII) Analysis of major invested companies (Continued)

##### 2. Analysis of major invested companies

###### (1) Nanjing Ericsson Panda Communication Co., Ltd. (“ENC”)

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 network communications system equipment, etc. As the biggest production and supply center of Ericsson in the world, ENC is now mainly in charge of the industrialization and mass production of the products that Ericsson Company Limited developed and provides delivery and shipment to customers worldwide. In August 2022, shareholders decided to extend the business term of ENC for three years, ending on 14 September 2025. On 1 September 2022, ENC applied for a new business license.

In the Company’s Estimated Annual Results for 2023, the Company gave a risk warning to ENC’s special tax adjustments as an uncertain factor affecting the estimated results. In the subsequent letter responding to the regulatory work of Shanghai Stock Exchange on matters related to the Company’s estimated results, the Company explained in detail the relevant situation of ENC’s special tax adjustments. For further details, please refer to the relevant announcements (Lin 2024-003, Lin 2024-004) of the Company published in China Securities Journal, Shanghai Securities Journal, and the website of the Shanghai Stock Exchange on 31 January 2024 and 29 February 2024.

## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (VII) Analysis of major invested companies (Continued)

##### 2. Analysis of major invested companies (Continued)

###### (1) Nanjing Ericsson Panda Communication Co., Ltd. (“ENC”) (Continued)

On 19 December 2023, ENC’s Swedish directors, board secretary and person in charge of financial work (from Ericsson Sweden) send an email to inform all Chinese directors of ENC that the Swedish tax authority concluded the MAP negotiations. ENC management conducted the financial treatment based on this. On 16 January 2024, the Company received ENC’s unaudited financial statement for December 2023, recording a loss amounted to RMB1,223,949,189.61, mainly because ENC undertook the “special tax adjustments” of RMB1,424,241,068, which excluded the tax relief of SEK199,493,876 (approximately RMB136 million) from EAB and then was booked in profit and loss for the Period. Since January 2024, the Company has actively maintained contact with ENC’s Swedish directors via email and phone calls, and continuously urged them to comply with relevant Chinese laws and regulations and relevant ENC board resolutions. The Company together with the other Chinese shareholders of ENC held a meeting with the representatives of Ericsson Sweden in Shenzhen on the afternoon of 12 March 2024. At the meeting, the Chinese shareholders reiterated its consistent position to the representatives of Ericsson Sweden, proposed that the Chinese shareholders of ENC should not be affected by the special tax adjustments, and discussed the relevant solutions, while Ericsson Sweden promised to respond and give feedback to the solutions discussed at the meeting on March 20. However, on 14 March 2024, the Company received the information on ENC’s Board of Directors via email from ENC management, including ENC’s draft annual audit report for 2023 issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP, Nanjing Branch. According to the draft audit report, because the Swedish tax authority failed to reach a consensus on MAP with the Chinese tax authority, ENC will include the refund amount of RMB136,253,279 expected to be received from EAB in other receivables, and include RMB1,287,987,789, the difference between this amount and other non-current assets of RMB1,424,241,068 recognized at the beginning of the Period in credit impairment losses. If the abovementioned accounting treatment is adopted, ENC will suffer a significant loss for 2023, with a net loss of RMB1,225,650,136.48. Since 20 March 2024, the Company has contacted the participating representatives of Ericsson Sweden via email and phone calls for many times. As of the date of the consideration and issuance of this report, the Company still hasn’t received any comments and feedback from Ericsson Sweden. In view of this, and in full consideration of the great uncertainty in relation with ENC in the recovery of other non-current assets, which was likely to have a material impact on the Company’s long-term equity investment, and in view of the principle of prudence, ENC’s long-term equity investments were fully provided for impairment loss in the financial statements for the year 2023.

## Section III Management Discussion and Analysis (Continued)

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### V. Principal operations during the reporting period (Continued)

#### (VII) Analysis of major invested companies (Continued)

##### 2. Analysis of major invested companies (Continued)

###### (1) Nanjing Ericsson Panda Communication Co., Ltd. (“ENC”) (Continued)

All Chinese shareholders, including the Company, have always stressed that bilateral negotiations on MAP should be seen as EAB’s risk rather than ENC’s. The Company and other Chinese shareholders of ENC believe that the accounting treatment for ENC fails to fully reflect the full picture of the special tax adjustments as well as the relevant commitments made by Ericsson’s directors in previous board meetings, and not only damages the legitimate rights and interests of Chinese shareholders but also violates the resolutions of Board of Directors of ENC. The Company will take all necessary measures to properly deal with the impacts of ENC’s special tax adjustments and related matters on the Company and make every effort to guarantee the legitimate rights and interests of itself and its shareholders. The Company will continue to disclose the significant progress concerning this matter and its possible material impacts on the Company in 2024 and the subsequent years.



## Section III Management Discussion and Analysis (Continued)

### V. Principal operations during the reporting period (Continued)

#### (VII) Analysis of major invested companies (Continued)

##### 2. Analysis of major invested companies (Continued)

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

Unit: 0'000 Currency: RMB

Invested Company	Operating Income	Net Profit	Shareholding of the Company	Investment income received by the Company
Nanjing LG-Panda Appliances Co., Ltd.	601,853.69	16,841.89	30%	4,230.29

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

In 2023, the operating income of LG-Panda was RMB6,018,536,900, up by 1.83% year on year; and the net profit of LG-Panda was RMB168,418,900, down by 9.75% year on year, mainly due to the decrease in the gross margin of product.

##### (3) Other explanation

In April 2023, the Company held an extraordinary meeting of the 10th session of the Board, considering and approving the Proposal on the Liquidation and Cancellation of Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. (hereinafter referred to as "JURTRDI") was established on 23 August, 2011, with a registered capital of RMB50 million. The Company invested RMB3.65 million, accounting for 7.3% of the shares. JURTRDI is mainly engaged in rail transit planning, design, consulting, rail transit engineering construction and operation, engineering supervision, rail transit product R&D, testing and other businesses. According to the current operation of JURTRDI, all shareholders decided to liquidate and deregister it, and the deregistration was completed on 5 December, 2023. The liquidation of JURTRDI has no impact on the Company's current profits and losses and has no significant impact on the net assets of the Company.

## Section III Management Discussion and Analysis (Continued)

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### V. Principal operations during the reporting period (Continued)

#### (VIII) Structured entities controlled by the Company

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

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

#### (I) Industrial landscape and trend

As the core driving force for scientific and technological development, the electronic information industry is undergoing constant changes and evolution in its landscape and trends. At present, the electronic information industry shows a development trend of multi-polarization and highly professional industrial chains. In the global competition pattern, China occupies an important position in the global industrial chain ecosystem by virtue of its a huge market size and ever-increasing technological level. In the future, the electronic information industry will usher in a broader space for development and fiercer market competitions along with the continuous progress of technology and the continuous expansion of the application field. The electronic information manufacturing industry, as an important field to stabilize the growth of industrial economy, features a large gross scale, a long industrial chain and a wide range of fields involved. According to the data of the Ministry of Industry and Information Technology, China's electronic information manufacturing industry has as shown a development trend of continuous recovery and structural optimization as a whole since 2023. The Ministry of Industry and Information Technology and the Ministry of Finance jointly issued the Action Plan for Stable Growth of the Electronic Information Manufacturing Industry in 2023–2024, proposing that the added value of computer, communication and other electronic equipment manufacturing industries will grow at about 5% on average, and the operating income of enterprise above designated size in the electronic information manufacturing industry will exceed RMB24 trillion in 2023 and 2024.

In the field of digital city, the government has issued plans, top-level designs and guidelines to support the construction of a transportation power and a digital China in succession, with growing momentum and confidence in the industrial development of digital city. By 2035, Jiangsu Province will reach a digitization rate of transportation infrastructures of 95%, lead China's intelligent transportation industry by scale, and catch up with developed countries in the world in the contribution rate to the scientific and technological progress of transportation. The national rail transit market is expected to grow significantly. According to estimates, by 2025, up to 60 cities will open urban rail transit lines in the Chinese Mainland, with the operating mileage of more than 13,000km; by the end of 2030, the accumulated operating mileage will reach 180,000km, with a total mileage doubled compared with that in 2020. Meanwhile, as China's new type of urbanization has entered a new stage of metropolitan area, urban agglomeration and regional integration, the new mission is to build metropolitan areas, urban agglomerations and regional integration along rail transit lines. Urban rail transit networks, intra-city metropolitan areas and integrated urban agglomerations will become the development trend. Therefore, China's urban rail will remain in the stage of rapid growth in the next decade, and face dual opportunities of rapid development and sustainable operation.

## Section III Management Discussion and Analysis (Continued)

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

#### (I) Industrial landscape and trend (Continued)

At present, the Company has mainly developed smart transportation, safe city and digital park products in the field of digital city. In the development direction of the intelligent transportation, it accelerates the pace of domestic R&D, and masters mobile payment, emergency communication and other core technologies. From equipment manufacturing to system platform construction, the Company applies its R&D achievements in more than 60 cities worldwide, gradually growing into a leading Chinese core equipment supplier that can provide the integrated command system for urban rail transit, the automatic fare collection system, the ticket income distribution and the communication system. In the integrated service capacity building for digital parks and safe cities, it can provide multi-scene integrated solutions for digital parks, and master multimode fusion communication terminal design, line-of-sight communication and other core technologies. In the future, it will continue to expand and head in the direction of rail transit-purpose communication system technology, digital twin virtual-real interaction simulation and satellite Internet terminal technology, making technical support for system integration more refined and intelligent.

The global industrial Internet platform market continues to maintain a rapid pace of growth, with an expected annual compound growth rate at 33.4%. Under the support and guidance of national and local policies, China's industrial Internet platforms are booming in general, with more than 100 platforms with a certain regional and industrial influence nationwide at present. There are both opportunities and challenges in such a context with broad market prospects and fierce competitions. This puts forward higher requirements for the specialization and comprehensive empower of the industrial Internet platforms, and requires more efficient docking of industrial Internet platform enterprises in the upstream and downstream products, technologies, equipment, logistics, scientific and technological services and other elements of the industrial chain.

In the field of industrial Internet and intelligent manufacturing, the Company applies the Internet, cloud computing, big data, artificial intelligence and other technologies in seamless information and data transmission among various production links and production elements through Intelligent interconnections of manpower, machines and things, so as to achieve cost reduction, efficiency increase and quality upgrading. In the field of industrial Internet and intelligent manufacturing, it will continue to focus on technology development trends, and make continuous investments in data mining governance technology, 5G+ edge computing, intelligent decision-making, machine vision and other directions, in an attempt to make breakthroughs. According to the demands based on industrial scenarios, it will expand differentiated technology development routes, pay attention to the development of the industrial robot industry, and make continuous investments and accelerated innovations in robot fault self-diagnosis and prediction technology, high-end equipment remote control and other technical fields, boosting the development and iteration of advanced technologies in the field of high-end equipment.

## Section III Management Discussion and Analysis (Continued)

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

#### (II) Development strategies of the Company

##### 1. Corporate strategy

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

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

## Section III Management Discussion and Analysis (Continued)

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

#### (II) Development strategies of the Company (Continued)

##### 2. Main operating model and business pattern

###### (1) Production pattern

The Company arranges production by both plans and orders to meet the delivery requirements of its customers. It formulates annual and monthly production and operation plans. At the end of each year, the operation management department formulates the production and operation plan for the next year according to the requirements of the Board of Directors and the guiding opinions of competent authorities. Furthermore, industrial companies break down the annual plan into monthly plans, and make adjustments based on changes in market operations. The Company implements the three-level planning management network system covering the Company, its industrial companies and affiliated production and operation units to ensure the smooth implementation of production projects.

###### (2) Procurement pattern

The Company has established an improved procurement management system and an order process system, and strictly carried them out, including but not limited to supplier selection and management, procurement plan formulation, negative behavior management for suppliers and other aspects.

The Company implements a unified leadership, responsibility division and hierarchical management system for procurement. All subsidiaries are required to formulate the annual overall procurement plan according to their own business demands as well as quarterly and monthly procurement plans in details, ensuring scientific research, production, operation and sales demands. The Company conducts various types of procurement through China electronic online procurement platform to strengthen procurement data information technology management, guarantee procurement data security, achieve the full coverage and closed-loop management of the whole process of procurement, and manage the whole process of procurement transactions by electronic technologies.

###### (3) Research and development pattern

The Company closely follows the development trend of the industry, focuses on customer demands, and formulates strategic plans for technological innovation and product development, carrying out R&D in the main pattern of independent R&D, which is supplemented by cooperative R&D and based on innovation platforms.

The Company has an overall mastery of R&D resources of its R&D centers under the digital intelligent industry research institute, and takes the lead in R&D breakthroughs and iterative applications of artificial intelligence, data governance, digital twin, intelligent Internet of Things, blockchain and other key common technologies, cultivating the potential for sustainable development.

## Section III Management Discussion and Analysis (Continued)

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

#### (II) Development strategies of the Company (Continued)

##### 3. Future development orientation of main businesses

###### (1) Modern digital city related industries

Smart transportation business: The Company will vigorously promote the deep integration of 5G, big data, cloud computing, Internet of things, artificial intelligence, block chain and other new generation of information technologies with the transportation industry; focus on the development of the cross-line operation of the dedicated wireless trunking dispatch system, the emergency coordination in smart sections of the subway and other key technologies, and strengthen cross-domain operation and collaborative management capabilities in the field of smart transportation, contributing to interconnections of smart metropolitan areas, and growing into a first-class service provider in the field of intelligent transportation applications in China.

Safe city business: The Company will deepen research in satellite mobile communication, Beidou positioning and navigation, AD hoc network communication, ground private network communication and other technologies, focus on R&D of the low-orbit satellite Internet in-orbit test terminal and the narrowband simultaneous voice-data transmission data link system with five machines in one station, etc. Relying on the smart industry solution based on 5G+ system application, it will further expand the businesses of smart park, smart education, smart medical treatment, emergency broadcasting, emergency power supply and other businesses, and is committed to growing into an industry-leading supplier of special-purpose equipment R&D and manufacturing and relevant system solutions for safe city.

## Section III Management Discussion and Analysis (Continued)

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

#### (II) Development strategies of the Company (Continued)

##### 3. Future development orientation of main businesses (Continued)

###### (2) Industrial Internet and intelligent manufacturing industry

In the field of industrial Internet and intelligent manufacturing, the Company will make full use of intelligent manufacturing resources in China's electronic system to promote the construction of digital intelligent equipment industry system. It will deepen the application of new-generation information technology and the in-depth integration with advanced manufacturing technology, achieve the integrated application of self-developed industrial software platforms using intelligent industrial control equipment, intelligent robots, intelligent logistics equipment and other types of special and general-purpose equipment for new-type intelligent manufacturing, and focus on transformation and upgrading with automated, information technology-based, digital and intelligent technologies, becoming an industry-leading supplier of industrial Internet, intelligent factory system solutions and key intelligent manufacturing equipment.

###### (3) Green and service-oriented electronic manufacturing industry

The Company had the ability to provide electronic manufacturing services with customized demands, rapid response and flexible production to provide complete manufacturing services such as technology R&D, process design, procurement management, manufacturing, warehousing and logistics in the fields of 3C, new display, automotive electronics, information and communication, new materials, and new energy. In line with the national development policies of "carbon peaking and carbon neutrality", speed up the promotion of new energy business, accelerate the green transformation of production mode, and strive to become a first-class EMS manufacturer of electronic products serving domestic and international brand customers.

## Section III Management Discussion and Analysis (Continued)

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

#### (III) Business plan

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

In 2023, in the face of a severe development environment and various internal and external challenges, the Company closely focused on the development plan during the "14th Five-Year Plan" period and the annual goals and tasks, continued to develop the three main businesses, strived to follow a stable development trend, and carried out production and operation work in an orderly manner. During the reporting period, however, some of the Company's products were restructured and failed to meet market expectations; some businesses adjusted the delivery cycle which failed to meet settlement requirement and changes in some business models, resulting in a significant decline in the Company's operating income and a certain impact on net profit. Meanwhile, taking into consideration the significant uncertainty in ENC's recovery of other non-current assets was likely to have a significant impact on the Company's long-term equity investment, in the principle of prudence, the Company made full provision for impairment of ENC's long-term equity investment in the Financial Statement for 2023. As a result, the Company's net profit fell sharply and went into red.

The operating targets of the Company in 2023 were to achieve an operating income of RMB4,100 million and total profit of RMB103 million. According to the audited financial report, the Company registered operating income of RMB2,912,311,500, total loss of RMB173,745,100 and net loss of RMB194,272,700 in 2023.

##### 2. 2024 operating plan

The operating targets of the Company for 2024 are to achieve an operating income of RMB3,600 million and total profit of RMB60 million. In 2024, the Company will adhere to the general work principle of seeking progress while maintaining stability, accelerate the exploration of new ideas for enterprise development, promote transformation and upgrading, reform deepening, risk prevention and control and other work as a whole, continuously forge core competitive advantages, and boost high-quality development.

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



## Section III Management Discussion and Analysis (Continued)

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

#### (III) Business plan (Continued)

##### 2. 2024 operating plan (Continued)

First, the Company will implement the medium-term adjustment decisions and arrangements during the 14th Five-Year Plan period, do a good job in top-level design, clarify industrial development direction, technological development direction and market positioning, and accelerate the formation of core competitive advantages.

Second, the Company will strengthen industry analysis by the digital intelligent industry research institute, coordinate with R&D institutions at all levels to make breakthroughs in common key technologies at a faster pace, and focus on quantitative increase and capacity expansion of strategic emerging industries and future industrial expansion increments, in an attempt to make a number of landmark achievements.

Third, the Company will introduce more high-level leading talents and strengthen training, deepen the institutional reform, and coordinate the construction of R&D talent teams, stimulating the vitality of innovation.

#### (IV) Potential risks

##### 1. Technical risk

Due to technical development and fast changes in the field of digital intelligence equipment where the Company develops business, the Company is insufficient in accumulating cutting-edge scientific research technology, cultivating high-level leading talents, innovating and developing its systems and mechanisms, mastering key technologies and key proprietary technologies, and commercializing its technical achievements. In order to improve R&D technology capability effectively and promote industrial upgrading and development, the Company will do a good job in building the digital intelligence industry research institute, improve the scientific research work system, increase investments in core technologies, deepen the incentive mechanism reform, and create a positive and innovative working atmosphere, boosting its industrial technological changes, optimization and upgrading.

## Section III Management Discussion and Analysis (Continued)

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

#### (IV) Potential risks (Continued)

##### 2. Market risk

The Company's main business lies in a perfectly competitive market. Its market development is affected by the severe and complex international situations and development environment, the insufficient recognition of the importance of market development, the reduction of client demands and other factors. In order to cope with market risks better, the Company will promote the marketing work system construction, carry out the marketing work based on its industrial advantages, innovate market development methods, increase the incentive of market development, and mobilize the enthusiasm of employees. It will keep up with the market dynamics, follow the industry trend, and strengthen resource sharing, in an attempt to improve the market shares of its products. Furthermore, the Company will explore overseas business markets to seek new growth points.

##### 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 litigation, and avoid and reduce losses with all its strength. 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.

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

## Section III Management Discussion and Analysis (Continued)

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### VIII. Other Disclosures

#### (I) Liquidity of Capital

In accordance with the Accounting Standards for Business Enterprises of China, the gearing ratio of the Company (the ratio between total liabilities and total assets), current liabilities, liquidity ratio and quick ratio were 35.44%, RMB1,901,673,400, 2.05 and 1.73 respectively as at 31 December 2023 as shown in the consolidated financial statements of the Company.

Cash: bank balances and cash amounted to RMB877,143,900 as at 31 December 2023 as shown in the consolidated financial statements of the Company.

Loans: short-term bank loans and other loans amounted to RMB70,113,500 as at 31 December 2023 as shown in the consolidated financial statements of the Company.

As of 20 December 2023, the loan prime rates (LPRs) of the loan market were: the LPR for 1-year was 3.45%, and the LPR for more than 5-year was 4.2%; as of 20 March 2024, the loan prime rates (LPRs) of the loan market were: the LPR for 1-year was 3.45%, and the LPR for more than 5-year was 3.95%. The loan prime rate can be available for public inspection at websites of the National Interbank Funding Center and the People's Bank of China.

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

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

#### (III) Pre-emptive Rights

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

#### (IV) Highest Paid Individuals

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

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

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

## Section III Management Discussion and Analysis (Continued)

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### VIII. Other Disclosures (Continued)

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

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

#### (VII) Service Agreements of Directors and Supervisors

The Company's Executive Directors were Xia Dechuan, and Hu Huichun, respectively, the Non-executive Directors were Liu Jianfeng, Deng Weiming, Yi Guofu and Lv Song, respectively, and the Independent Non-executive Directors were Dai Keqin, Xiong Yanren, and Chu Wai Tsun, Baggio, respectively. The members of the Supervisory Committee were Fan Laiying, Fu Yuanyuan and Zhou Yuxin, respectively. For the main work experience, remuneration and shareholding in the Company of the Directors and Supervisors of the Company, please refer to "Section IV Corporate Governance" in the report for details.

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

#### (VIII) Liability insurance for Directors, Supervisors and Senior management

During the reporting period, the Company purchased liability insurance for its Directors, Supervisors and senior management in compliance with the relevant regulations of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

#### (IX) Privileges of Directors, Supervisors and Senior management

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

#### (X) Interested Relations with Suppliers and Customers

Chengdu BOE Display Technology Co., Ltd. and CEC Defense Technology Co., Ltd. are the connected legal persons of the Company. They were listed as the top five customers of the Company in 2023.

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

## Section III Management Discussion and Analysis (Continued)

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### VIII. Other Disclosures (Continued)

#### (XI) Contracts of Significance

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

#### (XII) Enter into Material Contracts

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

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

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

The Company had not issued any convertible securities, options, warrants or similar rights as at 31 December 2023.

#### (XIV) Reserves

As calculated in accordance with the applicable laws of the PRC where the Company is incorporated, the distributable reserves of the Company as at 31 December 2023 amounted to RMB343,943,952.51.

#### (XV) Pension Scheme

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

#### (XVI) Management Contracts

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

#### (XVII) Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2023 are set out in the notes to the financial statements prepared under the PRC accounting standards.

## Section III Management Discussion and Analysis (Continued)

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### VIII. Other Disclosures (Continued)

#### (XVIII) Changes in Owners' Equity

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

#### (XIX) Fixed Assets

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

#### (XX) Subsidiaries

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

#### (XXI) The Company's Code of Corporate Governance and Model Code

During the reporting period, the Company has adopted and complied with the Corporate Governance Code as set out in Appendix 14 and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

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

The Independent Non-executive Directors of the Company, within their scope of duties, have reviewed the "connected relationship and transactions" set out in the notes to the financial statements of the Company for 2023 prepared under the Accounting Standards for Business Enterprises of China, as well as the relevant letter of the auditors, and confirmed that:

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

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

## Section III Management Discussion and Analysis (Continued)

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### VIII. Other Disclosures (Continued)

#### (XXIII) Contingencies

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

#### (XXIV) Environmental, Social and Governance Report

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

During the reporting period, in accordance with the requirements under the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules of the Hong Kong Stock Exchange, the Company has prepared the 2023 Environmental, Social and Governance (ESG) Report covering strategy and governance, social responsibility management, professional advantages to serve the needs of social development, the joint creation of consolidated value with stakeholders and other aspects. In the preparation of the report, the Company followed the reporting principles of materiality, quantitative, balance and consistency to the greatest possible extent. The report, which has been considered and approved by the 24th meeting of the 10th session of the Board, gives an account of the management approach, objectives, measures and results achieved in respect of environmental, social and governance areas of the Company and its subsidiaries during the period from 1 January 2023 to 31 December 2023. The report is also in compliance with the requirements of the “Guidelines for Self-regulation of Listed Companies in Shanghai Stock Exchange No.1– Standardized Operation” issued by Shanghai Stock Exchange. The “2023 Environmental, Social and Governance (ESG) Report” of the Company was published on the website of Shanghai Stock Exchange on 29 March 2024.

## Section III Management Discussion and Analysis (Continued)

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### VIII. Other Disclosures (Continued)

#### (XXV) Others

1. For the principal operations of the Group, please refer to “Section III Management Discussion and Analysis” in this report for details.
2. The Board of the Company considered and approved the profit distribution proposal to distribute cash dividend for 2023, the details of which are set out in “Section VI Corporate Governance” in this report.
3. Taxation policies applicable to the shareholders in respect of the cash dividend received for the shares held by them in the Company shall follow the laws and regulations as revised from time to time by the State, details in relation thereto will be otherwise announced by the Company.
4. As at the date of this report, based on the information announced by the Company and within the knowledge of the Directors, the Company has complied with the continuous requirements of Hong Kong Stock Exchange in relation to the sufficiency of public float.
5. During the year, the Company issued a total of more than RMB923,500 in love assistance funds, subsidies for difficulties and golden autumn scholarships throughout the year.

#### (XXVI) Annual General Meeting

The Board proposes to convene the 2023 annual general meeting of the Company before 30 June 2024, the announcement of which will be made separately.

By order of the Board

**Xia Dechuan**

*Chairman*

Nanjing, the PRC, 28 March 2024



# Section IV Corporate Governance

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## I. Explanation of Corporate Governance

During the reporting period, observing the Company Law, the Securities Law and other laws and regulations, and in accordance with the provisions of the CSRC and the SFC on corporate governance and standardized operation, as well as the requirements of the listing rules of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong, the Company has continued to refine its corporate governance structure, improve internal rules and systems, and strengthened the internal control and risk management to maintain sustainable and healthy development and safeguard the interests of all shareholders of the Company. There is no significant difference between the corporate governance of the Company and the provisions of the laws, administrative regulations and CSRC's regulations on the governance of listed companies. The Company is in compliance with and observes the provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, and the objectives, values and strategies of the Company as formulated are consistent with the corporate culture of the Company.

With respect to risk management and internal control, the Company established the risk management and internal control systems on the basis of the multi-layered management organization and corresponding management documents, and ameliorated and perfected it on a continuous basis in accordance with requirements of the regulatory authorities and the operation situation of the Company. Such systems were designed to manage rather than eliminate the risk of failure to achieve business objectives, and could only provide reasonable and not absolute assurance against material misstatement or loss. The Board is responsible for overseeing and reviewing the Group's risk management and internal control systems on an ongoing basis, and ensuring the Group to establish and maintain appropriate and effective risk management and internal control systems. The Audit Committee is responsible for reviewing the effectiveness of the risk management and internal control systems, ensuring strict compliance with relevant rules and regulations and reporting to the Board. The multi-layered management structure, mainly comprised of functional departments at the headquarters of the Company, the united council, Office of General Manager and the Board, undertook decision-making, management and supervising obligations according to relevant procedures. Their obligations concerned risk assessment and amelioration for material events, reviewing and execution of significant investment projects, overall budgeting management, appraisal of economic responsibilities, design of the remuneration system, financing guarantee, and other related work. According to their responsibilities and authority, the functional departments or joint deliberative bodies will submit the relevant topics to the meetings of the Office of General Manager for consideration. If such topics need to be submitted to the Board of Directors for decision-making, they shall be submitted to the Board meetings for consideration in the form of proposals.

The Company strengthened risk management and internal control systems with its own features based on its production and operation circumstance. Catering to management and operation in accordance with laws and regulations, asset safety, the true and complete financial report and relevant information, improving operating efficiency and results and boosting the achievement of corporate development strategies, the Company formulated the risk detection and assessment standards from quantitative and qualitative perspectives and deemed such as identifying standards for internal control defects. In 2023, in accordance with the internal control management standards for listed companies and the requirements of the relevant systems of the state-owned assets regulators, the Company adjusted the criteria for identifying internal control deficiencies and revised the Internal Control Assessment Measures accordingly. For the details of the identification criteria, refer to the 2023 Internal Control Evaluation Report of Nanjing Panda published on the website of the Shanghai Stock Exchange on 29 March 2024 by the Company.

## Section IV Corporate Governance (Continued)

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### I. Explanation of Corporate Governance (Continued)

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

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

The Company has strengthened the construction of Party style and clean government and anti-corruption work. It has set up a discipline inspection department to carry out work independently, formulated the key points of annual Party style and clean government and anti-corruption work, and promoted the integrated implementation of the “three non-corruptions” with a systematic concept. The Company supervised and inspected major business decisions, major project investment decisions, major personnel appointments and dismissals, large-scale capital operations, performance of duties and exercise of power in key positions, and integrity and self-discipline, so as to strengthen the positive style, strict discipline and anti-corruption with a strict tone. The Company has formulated relevant systems and regulations such as Concrete Measures to Promote the Implementation of the Supervision Work of “Top Leaders” in Nanjing Panda, and established and improved working mechanisms such as supervision and reminders, integrity risk prevention and control, coordination group for establishment of Party style and clean government construction and anti-corruption work, and promotion of reform and governance through cases, so as to effectively prevent employee corruption. The Company has organised education on Party spirit, Party style and Party discipline, strengthened the construction of integrity culture, vigorously carried forward the concept of integrity, and strived to promote the formation of a work style of pragmatism and commitment. In 2023, 184 anti-corruption and integrity trainings were carried out, covering 4,162 attendances.

## Section IV Corporate Governance (Continued)

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### I. Explanation of Corporate Governance (Continued)

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

The Company adopts a closed-loop management approach in identifying, assessing and managing significant risks and internal control. The internal control evaluation set aside a rectification phase. After the issuance of a report, Audit Department will send the identification and rectification opinions of deficiencies to the relevant responsible units and departments, which will implement the rectification work of the internal control deficiencies. Subsequently, Audit Department will track and check the implementation of the rectification and consolidate the results of the internal control evaluation. For major matters that have been reviewed or approved by Audit Committee under the Board of Directors or the rule of law and risk control committee, the relevant responsible departments shall be designated to implement the rectification and provide feedback on the completion of the matters. With regard to risk matters, it is required to timely take countermeasures, analyse the causes of such matters, formulate corrective action plans, follow up on the implementation of corrective action and improve business processes, and relevant personnel who fail to comply with internal control norms shall be held accountable in accordance with relevant regulations. The Company has formulated an emergency disposal plan for the business of deposits in the financial company to which the de facto controller belongs. During the reporting period, the Company did not identify any significant monitoring system defects or failures.

## Section IV Corporate Governance (Continued)

### I. Explanation of Corporate Governance (Continued)

In 2023, the Company continued to improve the rules and documents relating to the governance of listed companies, and amended the governance rules such as the Investor Relations Management System, the Independent Directors System, the Information Disclosure Affairs Management System, the Rules of Procedure of the Audit Committee, the Rules of Procedure of the Nomination Committee, and the Rules of Procedure of the Remuneration and Evaluation Committee, to further improve the corporate governance mechanism. In order to further strengthen the institutionalization and standardization of the work of the Party Committee, in accordance with the Constitution of the Communist Party of China, Party Committee Work Rules of CEC Panda, Party Committee Work Rules of Nanjing Panda, Implementing Measures of “Three Importance and One Major” Decision-making System of Nanjing Panda, and in conjunction with the actual situation of the Company, the Company has researched, revised and issued the Implementing Measures of Rules of Procedure of Party Committee Meetings of Nanjing Panda, updated the authority management form, striven to improve the efficiency and quality of pre-research, and given full play to the leading role of the Party Committee in guiding the direction, managing the overall situation and ensuring implementation. The Company has researched and formulated the Reform Deepening and Upgrading Action Implementation Plan of Nanjing Panda (2023–2025) and the Reform Deepening and Upgrading Action Work Ledger of Nanjing Panda (2023–2025).

The Company revised the Independent Directors System at the beginning of 2023 to create convenient conditions to encourage independent directors to actively perform their duties and give full play to their strengths in their professional fields. In accordance with the new regulations on independent directors issued by CSRC in August 2023 and its implementation requirements, the Company has conducted 18 special study sessions for its directors, and supervisors, and senior management, arranged a plan for the adjustment of the number of independent directors to meet the standards, revised the Independent Directors System once again, which will be announced in March 2024 upon the completion of the Board’s deliberation procedures.

The Company carried out the Company-wide publicity and implementation work for compiling new version of systems, with a total of more than 500 people participated in the training. It also carried out the rationalisation suggestion activities on further optimisation and improvement of the systems and processes. The Company organised all units to conscientiously work on compiling the 2023 annual list of major and important risks, scientifically formulated risk prevention and resolution plans, and closely tracked and supervised risk matters. In 2023, 100% legal review was conducted on major matters, system documents, and economic contracts. In the whole year, 184 items of “Three Importance and One Major” matters were legally reviewed in advance.

In 2023, the Company organised its directors, supervisors and senior management to participate in various types of training organised by the Jiangsu Securities Regulatory Bureau, the Shanghai Stock Exchange and the Hong Kong Chartered Governance Institute, with 27 attendances in total. The Company has advocated the cultural atmosphere of “keeping the bottom line, respecting and upholding righteousness”, not overstepping the rules and boundaries, respecting the laws of the market and investors, and further improving the ability to perform duties. The Company sent regulatory newsletters to its directors, supervisors and senior management from time to time to inform them of the latest regulatory developments and typical cases, so as to effectively enhance the level of compliance operation and risk prevention awareness.

## Section IV Corporate Governance (Continued)

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### I. Explanation of Corporate Governance (Continued)

In 2023, the Company comprehensively promoted the contractual and tenure management, improved incentive and constraint mechanisms, strengthened the construction of the talent team, and completed the signing of annual contractual documents for members of all levels of managers and the leaders of each operating unit. The Company has formulated and perfected performance appraisal methods for senior executives, studied and formulated restricted stock incentive plans, whose implementation will be promoted at an opportune time. The Company has strictly implemented the mechanisms of rigid appraisal and honoring, adjustment at the end of the grade and incompetent exit to fully stimulate the innovation and vitality of the enterprise.

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

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

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

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

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

## Section IV Corporate Governance (Continued)

### III. Profile of General Meeting of Shareholders

Session of the meeting	Date of the meeting	Query index of the designated website where the resolutions were published	Disclosure date of the resolutions	Meeting resolutions
2022 annual general meeting	27 June 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>	28 June 2023	A total of 19 proposal was reviewed and passed, and there was no veto of the proposal. For details, please refer to the Announcement of Resolution passed at 2022 Annual General Meeting published by the Company on the website of the Shanghai Stock Exchange on 28 June 2023 (Announcement No.: 2023-021)
The first extraordinary general meeting in 2023	15 December 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a>	16 December 2023	A total of 2 proposal was reviewed and passed, and there was no veto of the proposal. For details, please refer to the Announcement of Resolution of the First Extraordinary General Meeting of Shareholders in 2023 published by the Company on the website of the Shanghai Stock Exchange on 16 December 2023 (Announcement No.: 2023-047)

## Section IV Corporate Governance (Continued)

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### III. Profile of General Meeting of Shareholders (Continued)

Explanation on General Meeting of Shareholders:

1. On 27 June 2023, the Company held 2022 Annual General Meeting of Shareholders, considered and approved the proposals on the 2022 Annual Work Report of the Board of Directors of the Company, 2022 Annual Work Report of the Board of Supervisors of the Company, the 2022 Financial Final Accounts Report, the 2022 Financial Budget Report, the Profit Distribution Plan for 2022, the Employment of the 2023 Audit Firm, the 2022 Annual Report and its Summary, the 2022 Report on Debriefing of Independent Directors, the Proposal on Purchasing Directors' Liability Insurance for 2023, and the proposal on the guarantee amount for relevant subsidiaries, election of director of the 10th session of the board of directors of the Company, election of non-employee representative supervisor of the tenth session of Supervisory Committee of the Company and other proposals. A total of 19 proposals were reviewed and passed at the meeting, and there was no veto of the proposals. For details, please refer to the relevant announcements of the Company published in China Securities Journal and Shanghai Securities News and on the website of the Shanghai Stock Exchange on 28 June 2023.
2. The Company held the First Extraordinary General Meeting of 2023 on 15 December 2023, at which the proposals on the Change of Audit Institution for the Year 2023 and the election of directors for the 10th session of the Board of Directors were deliberated and approved. A total of 2 proposals were deliberated and approved at the meeting and there was no veto of such proposals. For details, please refer to the relevant announcement of the Company dated 16 December 2023 published in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange.

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

## Section IV Corporate Governance (Continued)

### IV. Profiles of Directors, Supervisors and Senior Management

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

As of 31 December 2023, interests of the Directors, supervisors and senior management of the Company in the domestic shares of the Company which were recorded in the register required to be kept by the Company under Section 352 of the Securities and Futures Ordinance (Chapter 571) (“SFO”) or notified to the Company or Hong Kong Stock Exchange according to the “Model Code for Securities Transactions by Directors of Listed Issuers” under Appendix X to the Listing Rules are as follows (the nature of such interests is personal interest):

Name	Position	Gender	Age	Effective date of appointment	Expire date of appointment	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in the number of shares held in the year	Reason for the change	Total remuneration received from the Company during the reporting period (before tax) (RMB'000)	Remuneration received from the connected parties of the Company
Xia Dechuan	Chairman, Executive Director	M	54	2023-6-6	2024-6-29	0	0	0		37.22	YES
Liu Jianfeng	Non-executive Director	M	47	2023-6-27	2024-6-29	0	0	0		0	YES
Deng Weiming	Non-executive Director	M	60	2010-5-28	2024-6-29	0	0	0		0	YES
Hu Huichun	Executive Director, General Manager	M	51	2022-9-26	2024-6-29	0	0	0		100.52	NO
Yi Guofu	Non-executive Director, Secretary of Party Committee	M	54	2021-12-28	2024-6-29	0	0	0		85.51	NO
Lv Song	Non-executive Director	M	39	2023-12-15	2024-6-29	0	0	0		0	YES
Dai Keqin	Independent Non-executive Director	M	66	2021-6-29	2024-6-29	0	0	0		12	NO
Xiong Yanren	Independent Non-executive Director	F	52	2021-6-29	2024-6-29	0	0	0		12	NO
Chu Wai Tsun, Baggio	Independent Non-executive Director	M	50	2021-6-29	2024-6-29	0	0	0		12	NO
Fan Laiying	Chairman of the Supervisory Committee	M	53	2023-6-27	2024-6-29	0	0	0		0	YES



## Section IV Corporate Governance (Continued)

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

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

Name	Position	Gender	Age	Effective date of appointment	Expire date of appointment	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease in the number of shares held in the year	Reason for the change	Total remuneration received from the Company during the reporting period (before tax) (RMB'000)	Remuneration received from the connected parties of the Company
Fu Yuanyuan	Non-employee Representative Supervisor	F	52	2020-6-29	2024-6-29	0	0	0		0	YES
Zhou Yuxin	Employee Representative Supervisor	M	60	2008-10-28	2024-6-29	0	0	0		35.41	NO
Hu Shoujun	Chief Accountant	M	49	2023-11-10	2024-6-29	0	0	0		5.06	NO
Shao Bo	Deputy General Manager	M	44	2016-5-23	2024-6-29	0	0	0		64.68	NO
Hu Dali	Deputy General Manager	M	46	2023-11-10	2024-6-29	0	0	0		76.69	NO
Wang Dongdong	Secretary to the Board, Company Secretary	M	43	2019-8-12	2024-6-29	0	0	0		64.46	NO
Wan Lei	Deputy General Manager	M	44	2023-1-3	2024-6-29	0	0	0		77.45	NO
Lu Bin	Deputy General Manager	M	54	2022-6-24	2024-6-29	0	0	0		98.16	NO
Zhou Guixiang	Former Chairman Executive Director	M	53	2019-6-28	2023-6-6	1,639	1,639	0		0	YES
Shen Jianlong	Former Non-executive Director	M	61	2019-6-28	2023-11-14	0	0	0		55.74	NO
Zhao Ji	Former Chairman of the Supervisory Committee	M	61	2019-6-28	2023-6-6	0	0	0		0	YES
Total						1,639	1,639	0		736.9	

Note: Mr. Xia Dechuan has been working with the shareholder unit since June 2022. He received his performance-based salary in 2023 from the Company when he served in 2022.

## Section IV Corporate Governance (Continued)

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

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

1. In 2023, the total remunerations of Directors, supervisors and senior management members were RMB7,369,000. Of such total remunerations, RMB7,014,900 was for the Directors and senior management, and RMB354,100 was for the supervisors. The above remunerations did not include contributions to the pension scheme for the Directors, supervisors and senior management. The pension scheme applicable to relevant Directors and supervisors has been included in the scope of the pension scheme for employees of the Company, with no other special arrangement. Save as above, the Company did not pay any other remuneration, allowance or bonus to the Directors and supervisors, and each of the Directors and supervisors was remunerated within RMB1,010,000 for the year.
2. In 2023, Independent Non-executive Directors received remuneration from the Company up to RMB360,000. They did not receive remuneration from shareholder entities or other related entities, and not involve equity-based remuneration and performance-related elements.

Save as disclosed above, as of 31 December 2023, none of the Directors, Supervisors and senior management of the Company or their associates had any interests and short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (“SFO”)), (a) which were required to be notified to the Company or the Stock Exchange under Divisions 7 and 8 of Part XV of SFO (including interests or short positions which were regarded or deemed to have pursuant to such provisions of the SFO); or (b) which were required to be recorded in the register required to be kept by the Company under such provision of Section 352 of SFO; or (c) which were required to be separately notified to the Company or the Stock Exchange according to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) under Appendix X to the Listing Rules. None of the Directors or Supervisors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

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

## Section IV Corporate Governance (Continued)

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

#### (II) Major working experiences

##### 1. Executive Directors

**Mr. Xia Dechuan**, born in 1970, is a senior engineer at researcher level, graduated from Xidian University with a bachelor's degree in Electronic Mechanics and holds a master's degree in business administration from the Southeast University. Mr. Xia has served as Deputy Head and Head of the NFC Design Institute under PEGE, a standing Deputy General Manager and General Manager of Nanjing Panda Information Industry Co, Ltd., the Deputy General Manager, General Manager and the Party Committee Secretary of Nanjing Panda Electronics Company Limited. From October 2011 to June 2022, he served as an Executive Director, Legal Person, General Manager and deputy secretary of the Party Committee of Nanjing Panda Electronics Company Limited. He currently serves as a Deputy General Manager of Nanjing Electronics Information Industrial Corporation, and concurrently serves as Chairman of Nanjing China Electronics Panda Crystal Technology Corporation, and Chairman of Nanjing China Electronics PANDA Lighting Co., Ltd.. Mr. Xia has long been engaged in the management of information technology industries, and has extensive professional knowledge and experience in operation and management.

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

## Section IV Corporate Governance (Continued)

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

#### (II) Major working experiences (Continued)

##### 2. Non-executive Directors

**Mr. Liu Jianfeng**, born in 1977, graduated from the School of Electro-Optics of Nanjing University of Science and Technology, majoring in communication and information system, with a doctoral degree in engineering, and is a senior engineer at researcher level. He successively served as a deputy chief engineer, deputy director of system department, assistant to the director of Science and Technology Committee, assistant to the general manager, and deputy general manager of Nanjing Panda Handa Technology Co., Ltd.. From March 2021 to May 2022, he served as a deputy chief engineer of Nanjing Electronics Information Industrial Corporation, deputy general manager and assistant to the director of Science and Technology Committee of Nanjing Panda Handa Technology Co., Ltd. (from June 2021 to April 2022, he was temporarily employed as the assistant to the director of military industry department and director of system department of China Electronics Corporation); from May 2022 to August 2022, he served as the assistant to general manager of Nanjing Electronics Information Industrial Corporation. From August 2022 to January 2024, he served as the deputy general manager of Nanjing Electronics Information Industrial Corporation and concurrently the deputy general manager of CEC Defense Technology Co., Ltd. Since January 2024, he has been the executive director and Secretary of the Party Committee of Nanjing Panda Handa Technology Co., Ltd., and also as the deputy general manager of CEC Defense Technology Co., Ltd.. Mr. Liu Jianfeng has long been engaged in the research and development and management of the electronic information technology and has extensive professional knowledge and management experience.

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

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

## Section IV Corporate Governance (Continued)

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

#### (II) Major working experiences (Continued)

##### 2. Non-executive Directors (Continued)

**Mr. Lv Song**, born in 1985, holds a bachelor's degree in law obtained from Nanjing University of Finance & Economics, and possesses qualification in legal profession and a company lawyer certificate. He successively served as a legal affairs officer of the legal affairs department in Panda Electronics Group Limited, a legal affairs officer in the office of Panda Electronics Group Limited, a legal affairs officer of the administration and legal affairs department, an executive secretary and a deputy director of the legal affairs office in Nanjing Electronics Information Industrial Corporation. From March 2017 to January 2019, he served as the deputy director (presiding) of the administration and legal affairs department and the director of the confidentiality office in Nanjing Panda Electronics Company Limited. From February 2019 to January 2020, he served as the director of the administration and legal affairs department and the director of the confidentiality office in Nanjing Panda Electronics Company Limited. From January 2020 to September 2021, he served as the general counsel, the director of the administration and legal affairs department and the director of the confidentiality office in Nanjing Panda Electronics Company Limited. From September 2021 to present, he has been the deputy director (presiding), director of the administration and legal affairs department and the office of the board of directors and supervisory committee, and the deputy director of the legal affairs office of Nanjing Electronics Information Industrial Corporation, and from May 2022 to the present, he has been the secretary to the board of directors of Nanjing Electronics Information Industrial Corporation. Mr. Lv Song has been long engaged in corporate administration and legal affairs management and has extensive expertise in legal profession and experiences in management.

## Section IV Corporate Governance (Continued)

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

#### (II) Major working experiences (Continued)

##### 3. Independent non-executive Directors

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

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

**Mr. Chu Wai Tsun, Baggio**, born in 1974, is a member of CPA Australia and holds a master's degree in finance after graduating from the University of New South Wales in 2002. He once served as the audit manager of PricewaterhouseCoopers, Hong Kong, and the senior audit manager of Baker Tilly Hong Kong Limited. From July 2010 to March 2020, he worked with Eternal (Far East) Co., Ltd. as the chief financial officer. From March 2020 to September 2021, he worked with Sipai Health Industry Investment Co., Ltd. as the senior financial director. From September 2021 to December 2022, he has worked with Shenzhou Medical Technology Co., Ltd. as the vice president of finance. Since May 2023, he has served as the chief financial officer of Eternal Optical & Perfumery (Far East) Ltd. Mr. Zhu has long been engaged in auditing and financial and has rich experience in financial management.

## Section IV Corporate Governance (Continued)

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

#### (II) Major working experiences (Continued)

##### 4. Supervisors

**Mr. Fan Laiying**, born in 1971, a university degree holder and an accountant. He once served as the head of finance department of Xianyang IRICO Thermoelectricity Co., Ltd., the head of finance department of Hefei IRICO Epilight Technology Co., Ltd, the financial controller of IRICO (Hefei) Photovoltaic Technology Company Limited and Hefei IRICO New Energy Co., Ltd., the financial controller of IRICO Display Devices Co., Ltd., the deputy chief economist and the deputy chief accountant of IRICO Group, the chief accountant of IRICO Group Company Limited, the chief accountant of Xianyang Zhongdian IRICO Group Holdings Ltd., the deputy director of the finance department of China Electronics Corporation, and has been the chief accountant of Nanjing Electronics Information Industrial Corporation since August 2022. Since October 2023, he has been a director of Nanjing Changjiang Electronics Group Co., Ltd., and since July 2023, he has served as Chairman of the Board of Supervisors of TPV Technology Co., Ltd. Mr. Fan Laiying has been involved in corporate finance management for long and has extensive financial expertise and management experience.

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

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

## Section IV Corporate Governance (Continued)

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

#### (II) Major working experiences (Continued)

##### 5. Senior management

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

**Mr. Hu Shoujun**, born in 1975, graduated from the Party School of the Central Committee of CPC with a postgraduate degree in economic management, and is a certified public accountant. He successively served as an auditor of the Audit Department of Nanjing Panda Electronics Company Limited, manager, deputy director general and director of the Financial Department of Nanjing Panda Information Industry Group Co., Ltd., and deputy head and head of the Planning and Finance Department of Nanjing CEC Panda LCD Technology Co., Ltd. He served as the deputy director of the Finance and Assets Department of Nanjing Electronics Information Industrial Corporation from September 2012 to January 2016, the director of the Finance and Assets Department of Nanjing Electronics Information Industrial Corporation from January 2016 to September 2018, and the director of the Financial Department of Nanjing Electronics Information Industrial Corporation from September 2018 to November 2023. Since November 2023, he has served as the chief accountant of Nanjing Panda Electronics Company Limited. Mr. Hu has long been engaged in corporate financial management and has profound professional knowledge in finance and extensive experience in operation and management.

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



## Section IV Corporate Governance (Continued)

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

#### (II) Major working experiences (Continued)

##### 5. Senior management (Continued)

**Mr. Hu Dali**, born in 1978, has a bachelor's degree in accounting from Nanjing University of Finance and Economics and is a senior accountant and Certified Management Accountant. He successively served as an Accountant and the Deputy Head of the Financial Management Department, the Deputy Head of the High-tech Electronic Equipment Department, and the Deputy Director of the Beijing Office of Nanjing Sanle Group Co., Ltd. From January 2013 to September 2013, he served as the Deputy Head of the Financial Management Department of Nanjing Sanle Group Co., Ltd.; from September 2013 to January 2014, he served as Deputy Head (executive) of the Financial Management Department of Nanjing Sanle Group Co., Ltd.; from January 2014 to March 2018, he served as the Head of the Financial Management Department of Nanjing Sanle Group Co., Ltd.; from April 2018 to April 2019, he served as Vice Chief Accountant and the Head of the Financial Management Department of Nanjing Sanle Group Co., Ltd. He has served as the Chief Accountant of Nanjing Panda Electronics Company Limited from May 2019 to November 2023, and concurrently served as the legal person, Secretary of the Party Committee and General Manager of Nanjing Panda Electronics Equipment Co., Ltd. since October 2022. Since November 2023, he has served as the deputy general manager of Nanjing Panda Electronics Company Limited. Mr. Hu has long been engaged in corporate financial management and has profound professional knowledge in finance and extensive experience in operation and management.

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

## Section IV Corporate Governance (Continued)

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

#### (II) Major working experiences (Continued)

##### 5. Senior management (Continued)

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

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

## Section IV Corporate Governance (Continued)

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

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

##### 1. Positions in shareholder entities

Name	Name of shareholder entity	Position(s)	Effective date of appointment	Expire date of appointment
Zhou Guixiang	NEIC	General Manager and Deputy Secretary of the Party Committee	August 2022	
Xia Dechuan	NEIC	Deputy General Manager	August 2022	
Fan Laiying	NEIC	Chief Accountant	August 2022	
Liu Jianfeng	NEIC	Deputy General Manager	August 2022	January 2024
Deng Weiming	PEGL	Deputy General Manager	July 1999	
Fu Yuanyuan	NEIC	Head of the Audit Department	December 2019	
Lv Song	NEIC	Head of Administration and Legal Affairs Department	May 2023	
Explanations for positions in shareholder entities	N/A			

## Section IV Corporate Governance (Continued)

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

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

##### 2. Positions in other entities

Name	Name of entity	Position(s)	Effective date of appointment	Expire date of appointment
Xia Dechuan	Nanjing China Electronics Panda Crystal Technology Corporation	Chairman	May 2022	
	Nanjing CEC Panda Lighting Co., Ltd.	Chairman	June 2023	
Hu Huichun	Nanjing Ericsson Panda Communications Co., Ltd.	Vice Chairman	June 2023	
	Nanjing LG-Panda Appliances Co., Ltd.	Vice Chairman	June 2023	
	Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd.	Director	June 2020	December 5, 2023
Liu Jianfeng	CEC Defense Technology Co., Ltd.	Deputy General Manager	August 2022	
	Nanjing Panda Handa Technology Co., Ltd.	Executive Director	January 2024	
Dai Keqin	Jiangsu Jinding Yingjie Law Firm	Lawyer	April 2018	
	Nanjing Xinlian Electronics Co., Ltd.	Independent Director	January 2019	
	Jiangsu Huahong Technology Co., Ltd.	Independent Director	May 2020	
	Nanjing Chemical Fiber Co., Ltd.	Independent Director	May 2021	
Xiong Yanren	Nanjing University Business School	Associate Professor	September 2000	
	Guodian NARI Technology Co., Ltd.	Independent Director	June 2018	
	Liaoning Aoke Chemical Co., Ltd.	Independent Director	August 2019	
	Shanghai Yizhong Pharmaceutical Co., Ltd.	Independent Director	March 2020	
	Anhui Xinyuan Technology Co., Ltd	Independent Director	August 2022	
Chu Wai Tsun, Baggio	Eternal Optical & Perfumery (Far East) Ltd	Chief Financial Officer	May 2023	
Fan Laiying	TPV Technology Co. Ltd	Chairman of the Supervisory Committee	July 2023	
	Nanjing Changjiang Electronics Group Co., Ltd.	Director	October 2023	
Fu Yuanyuan	Nanjing CEC Panda Lighting Co., Ltd.	Chairman of the Supervisory Committee	April 2020	
	Nanjing CEC-Panda Home Appliances Co., Ltd.	Chairman of the Supervisory Committee	May 2020	
	Nanjing CEC Panda Trade Development Co., Ltd.	Chairman of the Supervisory Committee	May 2021	

## Section IV Corporate Governance (Continued)

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

#### (IV) Remuneration of Directors, Supervisors, and Senior Management

Decision making process of remuneration of Directors, Supervisors and Senior Management	According to relevant requirements of the Articles of Association and the Rules of Procedure of the Remuneration and Appraisal Committee, and based on the operating results, scope of work, main duties and other information, the Remuneration and Appraisal Committee shall appraise the actual performance of the Directors and senior management and submit the appraisal results to the Board for consideration. The remuneration of Directors and supervisors shall be determined by general meetings while that of senior management by the Board.
Whether or not directors recuse themselves from the Board of Directors when discussing their remuneration matters	Yes
Specific circumstances of the recommendations made by the Remuneration and Appraisal Committee or the Independent Director's Special Meeting on the remuneration of directors, supervisors, and senior management	The Remuneration and Appraisal Committee of the Company held its first meeting on 28 March, 2024, and deliberated and approved the proposal of the 2023 Remuneration Plan for Directors and Senior Management of the Company. According to the adjusted remuneration policy of the directors of the 10th session of the Board of Directors, the supervisors of the 10th session of the Supervisory Board and the senior management whose term of office is synchronised with that of the 10th session of the Board of Directors, and combined with the actual situation of the Company, the Remuneration and Appraisal Committee of the Board of Directors assessed the 2023 annual performance of the relevant directors and senior management of the Company. According to the assessment results, the Remuneration and Appraisal Committee confirmed the total amount of pre-tax remuneration received by the relevant directors and senior management from the Company in 2023 and approved and submitted to the Board of Directors for deliberation. The remuneration disclosed by the Company's directors, supervisors and senior executives is in line with the Company's remuneration management system, and there is no violation of the Company's remuneration management system or inconsistency with the Company's remuneration management system.

## Section IV Corporate Governance (Continued)

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

#### (IV) Remuneration of Directors, Supervisors, and Senior Management (Continued)

Basis for determination of remuneration of Directors, Supervisors and Senior Management	Basis for determination of remuneration mainly includes: achievement status of major financial indicators and operational targets of the Company, scope of work and main duties of senior management, completion of indicators contained in the position based on performance appraisal system for Directors and senior management, operational performance in respect of business innovation capability and profit making capability of Directors and senior management, and proposed remuneration distribution plan and distribution method based on the Company's performance.
Actual payment of remuneration of Directors, Supervisors and Senior Management	Since the 2023 annual performance appraisal for the senior management of the Company has not been completed yet, the performance payment for 2023 was excluded from the remuneration during the reporting period, whereas the annual performance payment for 2022 was included.
Total remuneration of Directors, Supervisors and Senior Management received at the end of the reporting period	During the reporting period, the total actual remuneration of all Directors, supervisors and senior management was RMB7,369,000 (before tax).

#### (V) Change in Directors, Supervisors and Senior Management of the Company

Name	Position	Changes	Reasons for change
Xia Dechuan	Board Chairman	Election	Work needs
Liu Jianfeng	Non-executive Director	Election	Work needs
Fan Laiying	Chairman of Supervisory Committee	Election	Work needs
Lv Song	Non-executive Director	Election	Work needs
Wan Lei	Deputy General Manager	Employment	Work needs
Hu Dali	Deputy General Manager	Employment	Work needs
Hu Shoujun	Chief Accountant	Employment	Work needs
Zhou Guixiang	Former Board Chairman, Executive Director	Resignation	Work adjustment
Zhao Ji	Former Chairman of Supervisory Committee	Resignation	Retirement by age
Shen Jianlong	Former Non-executive Director	Resignation	Retirement by age
Hu Dali	Former Chief Accountant	Resignation	Work adjustment

## Section IV Corporate Governance (Continued)

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

#### (V) Change in Directors, Supervisors and Senior Management of the Company (Continued)

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

1. On 3 January 2023, the Company held the 14th meeting of the 10th session of the Board of Directors and appointed Mr. Wan Lei as Deputy General Manager of the Company, with a term of office synchronised with the 10th session of the Board of Directors of the Company.
2. On 6 June 2023, Mr. Zhou Guixiang, Chairman of the Board of Directors of the Company, resigned from Chairman and Director of the 10th session of the Board of Directors of the Company, and relevant positions of the subordinate committees of the Board of Directors.
3. On 6 June 2023, Mr. Zhao Ji, Chairman of the Supervisory Committee of the Company, resigned from his position as Chairman and Supervisor of the 10th session of the Supervisory Committee of the Company due to his retirement.
4. On 6 June 2023, the Company held the 17th meeting of the 10th session of the Board of Directors and elected Mr. Xia Dechuan as Chairman of the 10th session of the Board of Directors of the Company.
5. On 6 June 2023, the Company held the 17th meeting of the 10th session of the Board of Directors and nominated Mr. Liu Jianfeng as a candidate for non-executive director of the 10th session of the Board of Directors of the Company. Mr. Liu Jianfeng was elected at the 2022 Annual General Meeting of Shareholders held on 27 June 2023 and his term of office is synchronised with the 10th session of the Board of Directors.
6. On 6 June 2023, the Company held the 10th meeting of the 10th session of the Supervisory Committee and nominated Mr. Fan Laiying as a candidate for non-employee supervisor of the 10th session of the Supervisory Committee. Mr. Fan Laiying was elected at the 2022 Annual General Meeting of Shareholders held on 27 June 2023 and his term of office is synchronised with that of the 10th session of the Supervisory Committee.
7. On 27 June 2023, the Company held the 18th meeting of the 10th session of the Board of Directors and elected Mr. Liu Jianfeng as a member of the Strategy Committee under the 10th session of the Board of Directors, Mr. Xia Dechuan, Chairman of the Board of Directors, as the chairman of the Strategy Committee under the 10th session of the Board of Directors, Mr. Xia Dechuan as a member of the Nomination Committee under the 10th session of the Board of Directors, and Mr. Liu Jianfeng as a member of the Remuneration and Evaluation Committee under the 10th session of the Board of Directors, with Mr. Deng Weiming ceased to be a member of the Remuneration and Evaluation Committee under the 10th session of the Board of Directors.
8. On 27 June 2023, the Company held the 11th meeting of the 10th session of the Supervisory Committee and elected Mr. Fan Laiying as the chairman of the 10th session of the Supervisory Committee, with a term of office synchronised with the 10th session of the Supervisory Committee.

## Section IV Corporate Governance (Continued)

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

#### (V) Change in Directors, Supervisors and Senior Management of the Company (Continued)

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

9. On 10 November 2023, Mr. Hu Dali applied for resignation from the position of chief accountant of the Company due to a change in his job, and the Company convened the 21st meeting of the 10th session of the Board of Directors to appoint Mr. Hu Shoujun as the chief accountant of the Company and Mr. Hu Dali as the deputy general manager of the Company, with a term of office synchronised with the 10th session of the Board of Directors of the Company.
10. On 14 November 2023, Mr. Shen Jianlong, a director of the Company, resigned as a director of the 10th Session of the Board of Directors and a member of the relevant special committee under the Board of Directors due to his retirement.
11. On 20 November 2023, the Company held the 22nd meeting of the 10th session of the Board of Directors and nominated Mr. Lv Song as a candidate for non-executive director of the 10th session of the Board of Directors. Mr. Lv Song was elected at the first extraordinary general meeting of 2023 of the Company held on 15 December 2023, with his term of office synchronised with that of the 10th session of the Board of Directors.

For details of the above matters, please refer to the relevant announcements dated 4 January, 7 June, 28 June, 11 November, 15 November, 21 November and 16 December 2023 published by the Company on the website of the Shanghai Stock Exchange, China Securities Journal and Shanghai Securities News, and on the website of the Hong Kong Stock Exchange dated 3 January, 6 June, 27 June, 10 November, 14 November, 20 November and 15 December 2023.

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



## Section IV Corporate Governance (Continued)

### V. Information on Board meetings convened during the reporting period

During the reporting period, the tenth session of the Board of Directors of the Company held 21 meetings in total.

Session of the meeting	Date of the meeting	Meeting resolutions
The 14th meeting of the 10th session of the Board of Directors	2023-1-3	Consider and approve the proposal on Appointment of Deputy General Manager of the Company
Extraordinary meeting of the 10th session of the Board	2023-3-20	Consider and approve the proposal on 2023 Daily Connected Transactions of the Company
The 15th meeting of the 10th session of the Board of Directors	2023-3-30	Consider and approve the proposals on 2022 Annual Work Report of the Board of Directors, 2022 Annual Work Report of the General Manager, 2022 Annual Financial Settlement Report, 2023 Annual Financial Budget Report, 2022 Annual Profit Distribution Plan, Appointment of 2023 Auditors, 2022 Annual Report and Its Summary, 2022 Annual Report on the Work of Independent Directors, 2022 Annual Report on the Performance of the Audit Committee, 2022 Annual Social Responsibility Report, 2022 Annual Report on Internal Control Evaluation Report, Risk Assessment Report of China Electronics Finance Co., Ltd., 2023 Capital Expenditure Project Budget of the Company, Purchasing D&O Insurance in 2023, 2022 Annual Report on the Construction of the Rule of Law, Appointment of the Head of the Company's Internal Audit Institution, and Convening the 2022 Annual General Meeting of Shareholders of the Company.
Extraordinary meeting of the 10th session of the Board	2023-4-17	Consider and approve the proposal on the Absorption and Merger of Nanjing Panda Electronic Technology Development Company Limited
Extraordinary meeting of the 10th session of the Board	2023-4-17	Consider and approve the Proposal on the Liquidation and Cancellation of Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd.
Extraordinary meeting of the 10th session of the Board	2023-4-19	Consider and approve the Proposal on Providing Guarantee Quota for Subsidiaries
The 16th meeting of the 10th session of the Board of Directors	2023-4-27	Consider and approve 2023 First Quarterly Report of Nanjing Panda
Extraordinary meeting of the 10th session of the Board	2023-5-17	Consider and approve the proposal on Adjusting 2023 Estimated Quota for Daily Connected Transactions

## Section IV Corporate Governance (Continued)

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

During the reporting period, the tenth session of the Board of Directors of the Company held 21 meetings in total. (Continued)

Session of the meeting	Date of the meeting	Meeting resolutions
The 17th meeting of the 10th session of the Board of Directors	2023-6-6	Consider and approve the proposal on Election of the Chairman of the 10th session of the Board of Directors of the Company and the Nomination of Candidates for the 10th session of the Board of Directors of the Company
The 18th meeting of the 10th session of the Board of Directors	2023-6-27	Consider and approve the proposal on Election of Members of Relevant Special Committees under the 10th session of the Board of Directors of the Company
Extraordinary meeting of the 10th session of the Board of Directors	2023-7-4	Consider and approve the proposal on Transfer of 18% Equity in Nanjing Panda Information Industry Co., Ltd. Free of Charge
The 19th meeting of the 10th session of the Board of Directors	2023-8-28	Consider and approve the proposals on 2023 Interim Report of the Company and Its Summary, Risk Assessment Report of China Electronics Finance Co., Ltd., the amended 2023 Capital Expenditure Project Budget of the Company, and Change in Accounting Policy
Extraordinary meeting of the 10th session of the Board of Directors	2023-10-18	Consider and approve the proposal on Change of Audit Institution for 2023
Extraordinary meeting of the 10th session of the Board of Directors	2023-10-30	Consider and approve the proposal on Increasing the Quota for Connected Transactions Involving the Provision of Subcontracting and Comprehensive Services in 2023 and 2024
The 20th meeting of the 10th session of the Board of Directors	2023-10-30	Consider and approve the proposals on 2023 Third Quarterly Report of the Company and Provision for Impairment of Assets
The 21st meeting of the 10th session of the Board of Directors	2023-11-10	Consider and approve the proposal on Appointment of Chief Accountant of the Company and Appointment of Deputy General Managers of the Company
The 22nd meeting of the 10th session of the Board of Directors	2023-11-20	Consider and approve the proposal on the Nomination of Candidates for the 10th session of the Board of Directors of the Company
Extraordinary meeting of the 10th session of the Board	2023-12-4	Consider and approve the proposal on Use of Idle Funds for Cash Management
Extraordinary meeting of the 10th session of the Board	2023-12-4	Consider and approve the proposal on 2022 Annual Business Performance Assessment Results of Senior Management of the Company, and 2023 Business Performance Responsibility Letter of Senior Management of the Company

## Section IV Corporate Governance (Continued)

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

During the reporting period, the tenth session of the Board of Directors of the Company held 21 meetings in total. (Continued)

Session of the meeting	Date of the meeting	Meeting resolutions
The 23rd meeting of the 10th session of the Board of Directors	2023-12-15	Consider and approve the proposal on Election of Members of the Relevant Special Committee under the Tenth Session of the Board of Directors of the Company
Extraordinary meeting of the 10th session of the Board of Directors	2023-12-27	Consider and approve the proposal on the amended Rules of Procedure of Audit Committee under the Board of Directors of the Company, Rules of Procedure of Nomination Committee under the Board of Directors of the Company, and Rules of Procedure of Remuneration and Appraisal Committee under the Board of Directors of the Company

## Section IV Corporate Governance (Continued)

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### VI. Performance of Duties by Directors

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

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

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

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

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

## Section IV Corporate Governance (Continued)

### VI. Performance of Duties by Directors (Continued)

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

Name	Independent director or not	Attendance at Board meetings						Attendance at general meetings
		Required attendance at Board meetings for the year	Attendance in person	Attendance by way of communication	Attendance by proxy	Absence in person from the Board meetings for two consecutive times	No. of Attendance at general meetings	
Xia Dechuan	NO	21	21	0	0	0	No	1
Liu Jianfeng	NO	12	12	0	0	0	No	1
Deng Weiming	NO	21	21	0	0	0	No	2
Hu Huichun	NO	21	21	0	0	0	No	2
Yi Guofu	NO	21	21	0	0	0	No	2
Lv Song	NO	2	2	0	0	0	No	0
Dai Keqin	YES	21	21	0	0	0	No	2
Xiong Yanren	YES	21	21	0	0	0	No	2
Chu Wai Tsun, Baggio	YES	21	21	0	0	0	No	2
Zhou Guixiang (Resigned)	NO	8	8	0	0	0	No	0
Shen Jianlong (Resigned)	NO	17	17	0	0	0	No	1

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

Applicable  Not Applicable

Number of Board meetings held in the year	21
Of which: Number of on-site meetings	21
Number of meetings held by way of communication	0
Number of on-site meetings combined with the communication means	21

## Section IV Corporate Governance (Continued)

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### VI. Performance of Duties by Directors (Continued)

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

In 2023, the Independent Non-executive Directors of the Company did not raise any objection to the resolutions of the Board and other meetings.

In 2023, pursuant to the requirements of the Company Law, the Securities Law, other laws and regulation, and provisions under the Articles of Association and the System for the Independent Directors of the Company, the Independent Non-executive Directors of the Company diligently and faithfully performed their duties, proactively and carefully attended meetings, prudently and properly exercised their rights to express fair and objective opinions, and fully brought into play their experiences and expertise, devoting much to the improvement of corporate governance and major decisions of the Company, which practically safeguarded the interest of the Company and its shareholders as a whole. In compliance with regulatory requirement, the Independent Non-executive Directors prepared the 2023 Annual Report of the performance of Independent Directors. For details of performance, please refer to the 2023 Annual Report of the Independent Directors of Nanjing Panda Electronics Company Limited published on the website of Shanghai Stock Exchange on 29 March 2024.

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

#### 1. The Company's view on independence

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

#### 2. Mechanisms for ensuring independent views and input

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

## Section IV Corporate Governance (Continued)

### VII. Special Committees of the Board

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

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

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

#### (II) Members of the Special Committees of the Board

Type of Special Committees	Member names
Audit Committee	Xiong Yanren (Chairman), Dai Keqin, Chu Wai Tsun, Baggio, Deng Weiming, Lv Song
Nomination Committee	Dai Keqin (Chairman), Xiong Yanren, Chu Wai Tsun, Baggio, Xia Dechuan, Hu Huichun
Remuneration and Appraisal Committee	Chu Wai Tsun, Baggio (Chairman), Dai Keqin, Xiong Yanren, Xia Dechuan, Liu Jianfeng
Strategy Committee	Xia Dechuan (Chairman), Liu Jianfeng, Hu Huichun, Yi Guofu, Chu Wai Tsun, Baggio

## Section IV Corporate Governance (Continued)

### VII. Special Committees of the Board (Continued)

#### (III) Operation of the Special Committees

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

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
2023-3-20	Daily connected transactions of the Company in 2023	After the proposal of this meeting was considered and approved, it would be submitted to the Board	/
2023-3-30	Reviewing the 2022 Annual Financial Report, 2022 Annual Daily Connected Transactions, 2022 Annual Internal Control Assessment Report, and Re-appointment of Audit Institution for 2023	After the proposals of this meeting were considered and approved, they would be submitted to the Board	/
2023-4-27	Reviewing the 2023 First Quarter Financial Report	After the proposal of this meeting was considered and approved, it would be submitted to the Board	/
2023-5-17	Reviewing the adjustment of the quota of 2023 annual daily connected transactions	After the proposal of this meeting was considered and approved, it would be submitted to the Board	/
2023-8-28	Reviewing the 2023 interim financial report, and the change in accounting policy	After the proposal of this meeting was considered and approved, it would be submitted to the Board	/
2023-10-18	Reviewing the change of audit institution for 2023	After the proposal of this meeting was considered and approved, it would be submitted to the Board	/



## Section IV Corporate Governance (Continued)

### VII. Special Committees of the Board (Continued)

#### (III) Operation of the Special Committees (Continued)

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

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
2023-10-30	Reviewing the increased quota for connected transactions involving the provision of subcontracting and comprehensive services in 2023 and 2024	After the proposal of this meeting was considered and approved, it would be submitted to the Board	/
2023-10-30	Reviewing the 2023 Third Quarter Financial Report	After the proposal of this meeting was considered and approved, it would be submitted to the Board	/
2023-11-10	Reviewing the appointment of chief accountant of the Company	After the proposal of this meeting was considered and approved, it would be submitted to the Board	/
2023-12-15	Matters and proposals related to 2023 Annual report		/

## Section IV Corporate Governance (Continued)

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### VII. Special Committees of the Board (Continued)

#### (III) Operation of the Special Committees (Continued)

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

In addition, in the process of preparing and disclosing the 2023 annual financial report of the Company, in the process of the Company's release of the 2023 annual performance forecast, in the process of the Company's reply to the Shanghai Stock Exchange's regulatory work letter on matters related to the performance forecast and properly handling uncertain factors, and in the course of handling subsequent matters, in accordance with the relevant provisions, the Audit Committee have communicated with the Company's management several times, listened to the report on the preparation of the 2023 annual financial statements, reviewed the audit report and financial statements, communicated the problems found in the audit process, cooperated with the Company's management and WUYIGE Certified Public Accountants LLP to properly handle the performance forecast and related matters in accordance with the laws and regulations, put forward clear opinions on the handling of subsequent matters, and required relevant personnel to strictly implement the latest regulations on the annual report issued by the CSRC and the stock exchange where the Company is listed, so as to completely reflect the Company's financial status and operating conditions, and earnestly completing the disclosure of annual reports.

For details of the performance of the Audit Committee in 2023 (including the holding of meetings), please refer to the Report on Performance of Duties of the Audit Committee of Nanjing Panda Electronics Company Limited for 2023 published on the website of the Shanghai Stock Exchange on 29 March 2024.

## Section IV Corporate Governance (Continued)

### VII. Special Committees of the Board (Continued)

#### (III) Operation of the Special Committees (Continued)

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

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
2023-3-30	1. Deliberating whether or not the structure, size and composition of the Board of Directors are in compliance with regulatory requirements and provisions; 2. Deliberating whether or not the independent non-executive directors of the Company are in compliance with the requirements of China Securities Regulatory Commission, Securities and Futures Commission of Hong Kong, Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited in relation to independence; 3. Deliberating whether or not the Company's senior management have the professional skills required to perform their duties.	After the proposals of this / meeting were considered and approved, they would be submitted to the Board	
2023-6-6	Deliberating the proposal on nominating Mr. Liu Jianfeng as the candidate for the Director of the 10th session of the Board of Directors	After the proposal of this / meeting was considered and approved, it would be submitted to the Board	
2023-11-10	Deliberating the nomination of candidates of chief accountant and deputy general managers of the Company	After the proposals of this / meeting was considered and approved, it would be submitted to the Board	
2023-11-20	Deliberating the nomination of Mr. Lv Song as the candidate for the Director of the 10th session of the Board of Directors	After the proposal of this / meeting was considered and approved, it would be submitted to the Board	

## Section IV Corporate Governance (Continued)

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### VII. Special Committees of the Board (Continued)

#### (III) Operation of the Special Committees (Continued)

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

- (1) Board Diversity Policy

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

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

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

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

## Section IV Corporate Governance (Continued)

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### VII. Special Committees of the Board (Continued)

#### (III) Operation of the Special Committees (Continued)

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

- (1) Board Diversity Policy (Continued)

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

- (2) Nomination Policy

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

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

## Section IV Corporate Governance (Continued)

### VII. Special Committees of the Board (Continued)

#### (III) Operation of the Special Committees (Continued)

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

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
2023-3-30	At the 1st meeting of the Strategy Committee in 2023, the following resolutions were formulated: 1. Actively integrating into the strategic layout of China Electronics, so as to strengthen and expand the intelligent manufacturing industry. 2. Accelerating the integration into the construction of high-tech electronic industry chain of China Electronics, actively exploring the integration into the computing industry, integrated circuits, network security, data application and other fields of China Electronics, and comprehensively integrating into the industrial system of China Electronics, so as to overall enhance the ability of digital transformation to drive change and serve the digital transformation of large enterprises. 3. Strengthening the allocation of market-oriented resource as the key direction of reform and innovation, achieving creative concentration of resources to complete major missions, and striving to be at the forefront of market-oriented reform. 4. Strengthening the construction of cadre and talent teams, establishing the orientation of selecting and employing personnel who emphasize on practical work, performance, and responsibility, and forging a number of high-quality cadres and talents. 5. Further integrating the corporate culture, which is the soul of corporate development, into operation management, gathering people's hearts with culture, and promoting the Company to grow stronger, better and bigger.	After the proposals of this / meeting were considered and approved, they would be submitted to the Board for consideration	

## Section IV Corporate Governance (Continued)

### VII. Special Committees of the Board (Continued)

#### (III) Operation of the Special Committees (Continued)

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

Convening date	Meeting content	Important opinions and suggestions	Other performance of duties
2023-3-30	Deliberating the proposal on the 2022 remuneration of Directors, supervisors and senior management	After the proposal of this meeting was considered and approved, it would be submitted to the Board for consideration	/
2023-12-4	1. Deliberating the 2022 Annual Business Performance Assessment Results of Senior Management of Nanjing Panda; 2. Deliberating the 2023 Business Performance Responsibility Letter of Senior Management of Nanjing Panda	After the proposals of this meeting were considered and approved, they would be submitted to the Board for consideration	/
2023-12-4	Deliberating the approved plan for the 2022 annual basic salary and special performance salary of the Company's operating management	The proposal of the meeting was deliberated and approved	/

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

## Section IV Corporate Governance (Continued)

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

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

#### (I) Details of staff

Number of on-the-job employees of the Company	285
Number of on-the-job employees of major subsidiaries	2,474
Total number of on-the-job employees	2,759
Number of retired employees whose expenses the Company and major subsidiaries shall be responsible for	3,300

Composition of professions	
Type of profession	Number of persons
Production staff	1,279
Sales staff	120
Technical staff	952
Financial staff	106
Administrative staff	302
Total	2,759

Educational Background	
Education level	Number of persons
Masters or above	234
Bachelors	1,119
Associate degree	539
Other	867
Total	2,759

The Company adheres to diverse integration, strictly follows the relevant laws and regulations such as Labor Law, Employment Promotion Law, Law on the Protection of Disabled Persons, Social Security Law, Special Provisions on the Labor Protection of Female Workers in Jiangsu Province, and treats employees of different nationalities, ethnicities, races, genders, religious beliefs and cultural backgrounds equally. The Company has always been strictly abiding by the laws and regulations of the country. In the recruitment of personnel, the Company has always adhered to fairness, impartiality, openness, and equal treatment of applicants. It has never implemented any form of employment discrimination, and has not made special requirements in terms of ethnicity, race, gender, religious belief, etc. In 2023, the Company has 836 female employees, accounting for 30.30%, and 1,923 male employees, accounting for 69.70%.



## Section IV Corporate Governance (Continued)

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

#### (II) Remuneration policies

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

#### (III) Training Plan

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

#### (IV) Labor outsourcing

Total hours of labor outsourcing (Hour)	2,244,200
Total remuneration paid to labor outsourcing (RMB0'000)	5,610.56

## Section IV Corporate Governance (Continued)

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### X. Plan for Profit Distribution or Capitalization of Capital Reserve

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

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

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

On 28 March 2024, the Company held the 24th meeting of the 10th session of the Board of Directors and deliberated and approved the 2023 Annual Profit Distribution Plan of the Company. Upon the auditing, the Company’s net loss attributable to shareholders of the listed company in 2023 was RMB237,862,230.10. 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 (2022–2024), 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 2024 business plan and capital needs, the proposed profit distribution plan for 2023 has been formulated as follows: there will be no distribution of profit and there will be transfer of capital stock from capital reserves or other forms of distribution.

## Section IV Corporate Governance (Continued)

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

#### (II) Special explanation of cash dividend policy

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

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

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

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

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

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

### XI. Company's Share Incentive Scheme, Employee Shareholding Scheme and Other Employee Incentives and Their Impacts

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

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

The situation of employee shareholding scheme: N/A

Other incentives: N/A

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

## Section IV Corporate Governance (Continued)

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### XI. Company's Share Incentive Scheme, Employee Shareholding Scheme and Other Employee Incentives and Their Impacts (Continued)

#### (IV) Establishment and implementation of appraisal and motivation mechanism for senior management during the reporting period

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

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

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

In 2023, the Company implemented the compilation of management systems (13th edition) revised at the end of 2022, covering all aspects of the management of the Company, such as corporate governance, Party building of the Party Committee, management committee, administrative management, legal risk, planning technology, operation management, financial management, human resources, internal control audit, discipline inspection and supervision, and informatisation, and the internal control operation was effective. The Company has carried out internal control evaluation in accordance with the requirements of its internal control rules and relevant regulations. The Company's existing internal control system can provide reasonable assurance for the Company's operation and management, asset security, the authenticity and fairness of financial reports and related information, and no major deficiencies in financial reports and non-financial reports were found during the reporting period. The Company will further improve various internal control management rules, maintain the continuous and effective operation of the internal control system, strengthen the supervision and inspection of the implementation of internal control, continue to optimize business processes and internal control environment, provide reasonable guarantee for the realisation of its economic benefits and strategic objectives, and promote its high-quality development.

According to the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Content and Format of Annual Reports (Revision 2021) promulgated by the CSRC and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Board of the Company has prepared the Self-assessment Report on the Internal Control of the Nanjing Panda for 2023, which was disclosed along with the 2023 annual report. For details, please refer to the relevant announcements of the Company published on the websites of the Shanghai Stock Exchange on 29 March 2024 and on the website of the Hong Kong Stock Exchange on 28 March 2024.

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

## Section IV Corporate Governance (Continued)

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### XIII. Management and Control of Subsidiaries during the Reporting Period

In accordance with the provisions of the internal standard system of the enterprise, the Company has established, improved and effectively implemented the internal control of the enterprise, and carried out effective management and control of the subsidiaries. In 2023, in accordance with the principle of “overall arrangement, graded self-assessment, and key supervision”, the Company implemented the evaluation work of internal control, realising a full coverage of all the subsidiaries.

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

### XIV. Auditors’ Report on Internal Control

The Company appointed WUYIGE Certified Public Accountants LLP to audit the effectiveness of the internal control relating to the financial report of the Company, which issued the auditors’ report with unqualified audit opinions. The auditor’s report was disclosed along with the 2023 annual report. For details, please refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange on 29 March 2024.

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

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

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

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

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

## Section IV Corporate Governance (Continued)

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### XVI. Others

#### (I) Chairman and Chief Executive Officer

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

#### (II) Auditors' remuneration

WUYIGE Certified Public Accountants LLP was engaged as the Company's international auditor, PRC auditor and internal control auditor for 2023. The remuneration paid by the Company for its audit services for the annual report (including the internal control audit service) was RMB2,480,000, among which RMB1,920,000 was paid to international and PRC auditors and RMB560,000 to the internal control auditor.

#### (III) Communications with Shareholders and Investor Relations

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

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

The Company reviewed the implementation and effectiveness of the shareholder communication policy for the year ended 31 December 2023, and considered it to be effective.

## Section IV Corporate Governance (Continued)

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### XVI. Others (Continued)

#### (IV) Rights of Shareholders

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

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

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

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

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

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

#### (V) Dividend Policy

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

## Section IV Corporate Governance (Continued)

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### XVI. Others (Continued)

#### (VI) Inside Information Management and the Relevant Situation

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

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

In order to enhance the quality of information disclosure and ensure the truthfulness, accuracy and completeness of the information disclosed in the annual report, the Company established the Accountability System for Major Disclosure Errors in Annual Report. The Board of the Company will impose administrative or financial penalties on relevant responsible persons according to the seriousness of the matter, e.g. correction of major accounting errors and supplementation of omitted major information and correction of results prediction, occurred in the information disclosure in the annual report. There was no major error found in information disclosure in the 2023 annual report. During the reporting period, there was no correction of major accounting errors, supplementation of omitted major information and correction of results prediction.



# Section V Environmental and Social Responsibility

## I. Environmental Information

Whether a mechanism related to environmental protection is established	Yes
Environmental protection funds invested in the reporting period (Unit: 0'000)	100.92

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

According to the Notice on Issuing the List of Key Pollutant Discharging Units in Nanjing in 2023 issued by Nanjing Environmental Protection Bureau, Huage Plastic, a third-tier wholly-owned subsidiary of the Company, was included in the list of Key Pollutant Discharging Units in Nanjing in 2023 in terms of the atmospheric project.

#### 1. Information on emission of pollutants

One waste water outlet on the west side of Block 5# Plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently emitted COD, ammonia nitrogen, suspended matter and petroleum in compliance with the Grade III standard under the Comprehensive Wastewater Discharge Standards (GB8978-1996) (COD $\leq$ 500mg/L, and ammonia nitrogen $\leq$ 35mg/L, suspended matter $\leq$ 400mg/L and petroleum $\leq$ 20mg/L). With the total approved pollutant emission of 1.64 ton/year for COD, 0.083 ton/year for ammonia nitrogen, 0.69 ton/year of suspended matter and 0.05 ton/year of petroleum, the actually measured average values were 11mg/L for COD, 0.08mg/L for ammonia nitrogen, zero for suspended matter, and 0.11mg/L for petroleum, respectively, and it had no excessive emission.

Eight exhaust gas outlets in Blocks 5# and 4# Plant and the wastewater room and hazardous waste storage around the plant, No. 1 Hengtong Avenue, Nanjing Economic and Technological Development Zone, which intermittently emitted toluene, xylene and non-methane hydrocarbon in compliance with the limits in Table 1 of the Integrated Emission Standard of Air Pollutants of Jiangsu Province (DB32/4041-2021) (toluene $\leq$ 10mg/m<sup>3</sup>, xylene $\leq$ 10mg/m<sup>3</sup>, non-methane hydrocarbon $\leq$ 60mg/m<sup>3</sup>, 200mg/m<sup>3</sup> for sulfur dioxide, 100mg/m<sup>3</sup> for nitrogen oxide and 20mg/m<sup>3</sup> for particulate matter). With the total approved pollutant emission of 0.15 ton/year for toluene, 0.254 ton/year for xylene, 2.575 tons/year for non-methane hydrocarbon, 0.673 ton/year for particulate matter, 0.096 ton/year for sulfur dioxide and 0.449 ton/year for nitrogen oxide, the actually measured average values were: FQ-01 (paint coating): 2.62mg/m<sup>3</sup> for total non-methane hydrocarbons, 6.6mg/m<sup>3</sup> for particulate matter, and the rest are not detected; FQ-02 (paint coating): not detected due to shut down of production; FQ-03 (wastewater room): 1.86mg/m<sup>3</sup> for total non-methane hydrocarbons, hydrogen sulphide is not detected; FQ-04 (hazardous waste storage): 3.1mg/m<sup>3</sup> for non-methane hydrocarbon; FQ-05 (precision injection workshop): 2.48mg/m<sup>3</sup> for non-methane hydrocarbon; FQ-06 (conventional injection workshop): 1.17mg/m<sup>3</sup> for non-methane hydrocarbon; FQ-07 (extrusion workshop): 1.42mg/m<sup>3</sup> for non-methane hydrocarbon; FQ-08 (exhaust gas outlet of the temporary wastewater storage): 2.1mg/m<sup>3</sup> for non-methane hydrocarbon, and no emission exceeded the standard.

## Section V Environmental and Social Responsibility (Continued)

### I. Environmental Information (Continued)

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

##### 2. Construction and operation of pollution prevention and control facilities

Outlet name	Treatment facility
Painting exhaust gas outlet FQ-01 (Equipped with online monitoring devices and connected to the system of the environmental protection bureau)	RTO
Exhaust gas outlet of the mechanical arm painting line FQ-02 (Equipped with online monitoring devices and connected to the system of the environmental protection bureau)	RCO
Wastewater room and No.1 hazardous waste storage outlet FQ-03	Alkali spraying + activated carbon absorption
No.2 hazardous waste storage outlet FQ-04	Activated carbon absorption
Exhaust gas outlet of the precision injection workshop FQ-05	Secondary activated carbon absorption
Exhaust gas outlet of the conventional injection workshop FQ-06	Secondary activated carbon absorption
Exhaust gas outlet of the extrusion (powder injection) workshop FQ-07	Secondary activated carbon absorption
Exhaust gas outlet of the temporary wastewater storage FQ-08	Alkali spraying + activated carbon absorption
Main wastewater outlet WS-01	A/O

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

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

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

##### 4. Emergency plan for emergency environmental incidents

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

## Section V Environmental and Social Responsibility (Continued)

### I. Environmental Information (Continued)

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

##### 5. Environmental self-monitoring plan

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

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

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

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

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

For details, please refer to the Nanjing Panda Environmental, Social and Governance (ESG) Report in 2023 published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 29 March 2024.

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

Whether any carbon reduction measures are taken	Yes
Emission reduction carbon dioxide equivalent (unit: ton)	4,352.52
Types of carbon reduction measures (e.g. use of clean energy for power generation, use of carbon reduction technologies in production, research and development of new products that contribute to carbon reduction, etc.)	Vigorously promote energy conservation, emission reduction and green office in an all-round way

For details, please refer to the Nanjing Panda Environmental, Social and Governance (ESG) Report in 2023 published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 29 March 2024.

## Section V Environmental and Social Responsibility (Continued)

### II. Overview of Social Responsibility

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

The Company considered and approved the Environmental, Social and Governance (ESG) Report in 2023 of the Company at the 24th meeting of the tenth session of the Board on 28 March 2024, the full text of which was published in China Securities Journal and Shanghai Securities News and on the websites of the Shanghai Stock Exchange on 28 March 2024.

#### (2) Details of social responsibility work

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

### III. Efforts in Consolidating Achievements in Poverty Alleviation and Promoting Rural Revitalization:

Poverty alleviation and rural revitalization projects	Quantity/Content	Description
Total investment: (10,000 yuan)	12.8	
Including: Capital (10,000 yuan)		
Materials converted into cash (10,000 yuan)	12.8	Participating in the campaign themed "Center Enterprises Assisting Farmers through Consumption" launched by CEC
Number of beneficiaries (persons)		
Forms of assistance (such as poverty alleviation through industrial development, employment and education)	Purchasing products under the "Center Enterprises Assisting Farmers through Consumption" campaign	

# Section VI Significant Events

## I. Fulfilment of Commitments

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

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

## Section VI Significant Events (Continued)

### I. Fulfilment of Commitments (Continued)

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

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

## Section VI Significant Events (Continued)

### I. Fulfilment of Commitments (Continued)

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

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner or not	Description of specific reasons if not performed timely	Description of plans in next steps if not performed timely
	Standardization and avoidance of connected transactions	NEIC	The same contents as that of PEGL for "standardization and avoidance of connected transactions"	Time: 30 November 2012; Term: effective from the date of signing.	Yes	Yes	N/A	N/A
Other undertakings	Others	CEC	Due to the abnormal fluctuation of the domestic stock market, the Company received declaration documents from CEC as follows: (1) as a responsible shareholder, CEC will proactively take social responsibilities and will not decrease its shareholding in the listed company during the abnormal fluctuation period in stock markets. (2) CEC made commitment to actively explore and execute measures including repurchase, increasing shares, etc. within the permitted scope of law and regulations; to increase shareholding of shares in the listed company when the stock price considerably deviates from its share value, in order to protect the benefit of investors. (3) CEC will continue to improve the quality of the listed company through asset restructuring and capital injection, supporting the economic structural adjustment and industrial transformation and equip the listed company with an upgraded healthy and comprehensive long-term reward mechanism to achieve continuous improvement of the return level of investors.	Time: 9 July 2015; Term: effective from the date of signing.	Yes	Yes	N/A	N/A

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

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

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

## Section VI Significant Events (Continued)

- II. Misappropriation of the Company's Funds by Controlling Shareholders and Other Related Parties for Non-operating Purposes during the Reporting Period: N/A
- III. Provision of Guarantee in Violation of Rules and Requirements: N/A
- IV. Explanations of the Company on the "Modified Audit Report" Issued by the Accounting Firm: N/A
- V. Analysis and Explanation of the Company on the Reasons and Impact of the Change in Accounting Policy, Accounting Estimation or the Correction to Material Accounting Errors

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

The 19th meeting of the 10th session of the Board held on 28 August 2023 reviewed and approved the Proposal About the Changes to Accounting Policy. According to the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31) released by the Ministry of Finance, for a single transaction that is not a business merger, that does not affect the accounting profit or taxable income (or deductible loss) when the transaction occurs, and where the assets and liabilities initially recognized lead to equal taxable temporary differences and deductible temporary differences (including the lease transaction in which the lessee recognizes the lease liabilities and includes them into the right-of-use asset on the first day of lease, as well as the transactions in which estimated liabilities are recognized and included in the cost of related assets due to the abandonment obligation of fixed assets, hereinafter referred to as single transactions to which this interpretation applies), the provisions of Articles 11 (2) and 13 of the Accounting Standard for Business Enterprises No. 18 – Income Taxes on the exemption from initial recognition of deferred income tax liabilities and deferred income tax assets will not apply. For taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in this transaction, corresponding deferred income tax liabilities and deferred income tax assets shall be recognized respectively at the time of transaction according to the Accounting Standard for Business Enterprises No. 18 – Income Taxes and other relevant provisions.

The changes to the accounting policy are reasonable changes made by the Company according to the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31) released by the Ministry of Finance. They objectively and fairly reflect the Company's financial status and operating results, and meet the Company's actual situation, with the decision-making procedures in line with relevant laws, regulations and the Articles of Association. The changes have no significant impact on the Company's current financial status and operating results. For details, please refer to the Announcement of Nanjing Panda on Accounting Policy Changes published in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 29 August 2023 (LIN 2023-029).

- (II) Analysis and Explanation of the Company on the Reasons and Impact of the Correction to Material Errors: N/A
- (III) Communication with the Previous Accounting Firm: N/A
- (IV) Other Explanations: N/A



## Section VI Significant Events (Continued)

### VI. Appointment and Dismissal of Accounting Firms

Unit: 0'000 Currency: RMB

Currently appointed	
Name of the domestic accounting firm	WUYIGE Certified Public Accountants LLP (Special General Partnership)
Remuneration for the domestic accounting firm	192
Audit years of the domestic accounting firm	1 year
Name of the overseas accounting firm	N/A
Remuneration for the overseas accounting firm	N/A
Audit years of the overseas accounting firm	N/A

Unit: 0'000 Currency: RMB

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

Explanation about the change of the accounting firm:

BDO China SHU LUN PAN Certified Public Accountants LLP (Special General Partnership) had provided the Company with audit services for seven consecutive years. In accordance with relevant provisions in the Notice on Issuing the Administrative Measures for Appointing Accounting Firms by State-owned Enterprises and Listed Companies (Cai Kuai [2023] No.4) issued by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission, in order to ensure the independence and objectivity of the audit work, the Company planned to change the annual audit accounting firm based on operation needs.

The Company held an extraordinary meeting of the 10th session of the Board on 18 October 2023, which reviewed and approved the Proposal on Changing the Accounting Firm in 2023. The Company had fully communicated with BDO China SHU LUN PAN Certified Public Accountants LLP (Special General Partnership) on the matter, which had no objection to the Company's plan to change its accounting firm. The Company planned to appoint WUYIGE Certified Public Accountants LLP (Special General Partnership) as its international auditor, domestic auditor and internal control auditor in 2023, with the remuneration not higher than RMB2.48 million. Taking into account the experience, the availability of sufficient time for audit work, staffing, expertise and available resources of WUYIGE Certified Public Accountants LLP (Special General Partnership), the Audit Committee of the Company's Board of Directors considered that WUYIGE Certified Public Accountants LLP (Special General Partnership) is independent and competent for carrying out high-quality audit work.

## Section VI Significant Events (Continued)

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### VI. Appointment and Dismissal of Accounting Firms (Continued)

The Company had fully communicated with BDO China SHU LUN PAN Certified Public Accountants LLP (Special General Partnership) and WUYIGE Certified Public Accountants LLP (Special General Partnership) on the change of its accounting firm, and the two accounting firms had clearly understood the matter and had no objection to the change. The two accounting firms actively communicated and cooperated with each other in accordance with the requirements specified in the Auditing Standards for the Chinese Certified Public Accountants No.1153 – Communication between Former Certified Public Accountants and Latter Certified Public Accountants.

The Company's first extraordinary shareholders' meeting in 2023 reviewed and approved the Proposal on Changing the Audit Institution in 2023, appointing WUYIGE Certified Public Accountants LLP (Special General Partnership) as its international auditor, domestic auditor and internal control auditor in 2023, with the remuneration not higher than RMB2.48 million.

For details about the above matters, please refer to relevant announcements published in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 19 October and 16 December 2023 and the website of HKEX on 18 October and 15 December 2023.

Explanation about changing the appointed accounting firm during the audit period: N/A

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

### VIII. Bankruptcy and Restructuring Related Matter: N/A

## Section VI Significant Events (Continued)

### IX. Material Litigation and Arbitration

- (I) Litigation and Arbitration Disclosed in Interim Announcements with No Subsequent Developments: N/A
- (II) Information on Litigation and Arbitration not Disclosed in the Interim Announcement or with Subsequent Events

Unit: 0'000 Currency: RMB

During the Reporting Period

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
Nanjing Panda Electronics Equipment Co., Ltd.	Jiangsu Jinmao Robot Technology Co., Ltd.	N/A	Litigation	The lawsuit: 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.	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.	Appeal in progress	Appeal in progress

## Section VI Significant Events (Continued)

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
				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 RMB59 million of payment for goods and compensation of RMB64 million for the loss.			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.		

## Section VI Significant Events (Continued)

### IX. Material Litigation and Arbitration (Continued)

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

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
Nanjing Panda Information Industry Co., Ltd.	Xuzhou Suning Estate Co., Ltd.	N/A	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	<p>On 30 May 2022, Nanjing Panda Information Industry Co., Ltd. filed a lawsuit with Gulou District Court, Xuzhou, and the case was later transferred to Nanjing Intermediate People's Court for centralized jurisdiction.</p> <p>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.</p> <p>On 16 February 2023, the case was heard at Nanjing Intermediate People's Court.</p> <p>The court hasn't made a decision on the case so far.</p>	Not Concluded	Not Concluded

## Section VI Significant Events (Continued)

### IX. Material Litigation and Arbitration (Continued)

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

Prosecutor (Applicant)	Respondent	Party bearing joint and several liability	Type of litigation (arbitration)	Basic information about litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) results in estimated liabilities and amount	Progress of litigation (arbitration)	Trial results and influence of litigation (arbitration)	Execution of litigation (arbitration) judgment
Suzhou RS Tech Co., Ltd.	Nanjing Panda Electronics Equipment Co., Ltd.	N/A	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 Qixia 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.	Concluded	Concluded

## Section VI Significant Events (Continued)

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

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

XII. Material Connected Transactions

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

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

Overview	Search index
(1) The Company and its related subsidiaries sell materials and parts & components and provide subcontracting services to Chengdu BOE Display Technology Co., Ltd., Nanjing Ericsson Panda Communication Co., Ltd. and Nanjing LG-Panda Appliances Co., Ltd., with annual amounts not exceeding RMB171 million, RMB46 million and RMB11 million, respectively (inclusive);	For details, please refer to relevant announcements published in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 21 March, 18 May, 28 June and 31 October 2023.
(2) Adjust the limit of daily connected transactions between the Company and Chengdu Zhongdian Panda Display Technology Co., Ltd. in 2023 from RMB171 million to RMB400 million;	
(3) Increase the connected transaction limit involved in the subcontracting services and comprehensive services provided by the Group to CEC in 2023 and 2024 to RMB170 million.	

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## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

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

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

The 19th meeting of the 10th session of the Board and the 24th meeting of the 10th session of the Board held respectively on 28 August 2023 and 28 March 2024 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 30 June 2023 and 31 December 2023. For details, please refer to relevant announcements published on the website of Shanghai Stock Exchange on 29 August 2023 and 28 March 2024.



## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

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

As of 31 December 2023, the fund settlement balance of the Group with Financial Company was RMB494.05 million, the comprehensive credit balance provided by Financial Company to the Group was RMB10.7 million, and the other financial services provided by the Finance Company to the Group had no amount incurred. As of 28 March 2024, the fund settlement balance of the Group with Financial Company was RMB262.89 million; the balance of comprehensive credit provided by Financial Company to the Group was RMB15.29 million, and no amount incurred in the other financial services provided by Financial Company to the Group.

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

- Matters not disclosed in interim announcements

Unit: 0'000 Currency: RMB

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				1,654.07	0.80			
CEAC International Limited	Subsidiary owned by shareholders	Purchase of goods				601.45	0.29			
Nanjing Rainbow New Energy Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				308.88	0.15			
TPV Audio and Visual Technology (Shenzhen) Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				277.33	0.13			
Nanjing Zhenhua Packaging Material Factory	Subsidiary owned by shareholders	Purchase of goods				111.63	0.05			
China Zhenhua Group Yongguang Electronics Co., Ltd. (State-owned 873 Factory)	Subsidiary owned by shareholders	Purchase of goods				55.08	0.03			

## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Shenzhen SED Wireless Communication Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				50.44	0.02			
Nanjing China Electronics Panda Crystal Technology Corporation	Subsidiary owned by shareholders	Purchase of goods				39.64	0.02			
Chengdu Sino Microelectronics Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				24.97	0.01			
Chengdu BOE Display Technology Co., Ltd.	Other related parties	Purchase of goods				15.42	0.01			
Guizhou Zhenhua Fengguang Semiconductor Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				15.11	0.01			
China Zhenhua Group Yunke Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				14.31	0.01			
China Zhenhua (Group) Xinyun Electronic Components Co., Ltd. (State-owned 4326 Factory)	Subsidiary owned by shareholders	Purchase of goods				13.37	0.01			
Shenzhen SED Technology Development Co., Ltd.	Other related parties	Purchase of goods				11.37	0.01			
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				10.52	0.01			
Shenzhen Zhenhuafu Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				9.96	0.00			
Guizhou Zhenhua Hualian Electronics Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				8.88	0.00			
Panda Electronics Group Co., Ltd.	Controlling shareholder	Purchase of goods				7.63	0.00			
CESTC	Subsidiary owned by shareholders	Purchase of goods				5.05	0.00			
Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				2.12	0.00			

## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Guizhou Zhenhua Quying Electric Appliance Co., Ltd. (State operated 891 Factory)	Subsidiary owned by shareholders	Purchase of goods				2.09	0.00			
Nanjing Panda Medical Service Co., Ltd.	Other related parties	Purchase of goods				1.03	0.00			
Nanjing Zhongdian Panda Lighting Co., Ltd.	Subsidiary owned by shareholders	Purchase of goods				0.03	0.00			
Nanjing Panda Transportation Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				545.87	2.21			
Nanjing Panda Medical Service Co., Ltd.	Other related parties	Receipt of services				286.24	1.16			
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Other related parties	Receipt of services				99.41	0.40			
Nanjing Huadong Electronics Group Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				43.91	0.18			
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				28.30	0.11			
Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				18.90	0.08			
Panda Electronics Group Co., Ltd.	Controlling shareholder	Receipt of services				10.57	0.04			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				9.77	0.04			
Nanjing Zhongdian Panda Property Management Co., Ltd.	Subsidiary owned by shareholders	Receipt of services				4.56	0.02			
Rainbow (Hefei) LCD Glass Co.	Other related parties	Receipt of services				1.30	0.01			
Chengdu BOE Display Technology Co., Ltd.	Other related parties	Sale of goods				22,934.96	9.72			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				16,497.22	6.99			
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1,927.06	0.82			
Rainbow (Hefei) LCD Glass Co., Ltd.	Other related parties	Sale of goods				1,705.13	0.72			

## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Guizhou Zhenhua New Material Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1,113.02	0.47			
Nanjing Ericsson Panda Communications Co., Ltd.	Associate	Sale of goods				818.53	0.35			
Shenzhen China Electronics Investment Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				783.89	0.33			
Rainbow Group Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				672.21	0.28			
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Sale of goods				601.58	0.25			
Beijing Chinasoft Wanwei Network Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				422.20	0.18			
Nanjing Zhongdian Panda Liquid Crystal Display Technology Co.	Subsidiary owned by shareholders	Sale of goods				380.47	0.16			
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder	Sale of goods				191.47	0.08			
Great Wall Power Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				160.91	0.07			
Panda Electronics Group Co., Ltd.	Controlling shareholder	Sale of goods				31.91	0.01			
Nanjing Sanle Microwave Technology Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				24.16	0.01			
Shenzhen Zhongdian Power Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				16.77	0.01			
Nanjing Panda Transportation Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				12.82	0.01			

## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Nanjing Zhongdian Panda Magnetolectric Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				11.02	0.00			
Wuhan Zhongyuan Communication Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				8.85	0.00			
Nanjing CEC-Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				4.61	0.00			
Nanjing Panda Dasheng Electronic Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				3.76	0.00			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				1.02	0.00			
Nanjing LG-Panda Appliances Co., Ltd.	Associate	Sale of goods				0.62	0.00			
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.26	0.00			
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.17	0.00			
Nanjing Rainbow New Energy Co., Ltd.	Subsidiary owned by shareholders	Sale of goods				0.00	0.00			
Nanjing Panda Handa Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				4,766.34	10.61			
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				2,375.00	5.29			
Panda Electronics Group Co., Ltd.	Controlling shareholder	Rendering of services				542.50	1.21			
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				430.02	0.96			
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder	Rendering of services				276.93	0.62			

## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Nanjing Zhongdian Panda Liquid Crystal Display Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				223.12	0.50			
Nanjing Ericsson Panda Communications Co., Ltd.	Associate	Rendering of services				52.93	0.12			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				10.47	0.02			
Nanjing Panda Transportation Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				15.08	0.03			
Nanjing Zhongdian Panda Liquid Crystal Material Technology Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				30.48	0.07			
Xianyang Rainbow Optoelectronics Technology Co., Ltd.	Other related parties	Rendering of services				18.30	0.04			
Nanjing LG-Panda Appliances Co., Ltd.	Associate	Rendering of services				4.54	0.01			
Nanjing CEC-Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				4.24	0.01			
China Electronics Materials SuZhe Company	Subsidiary owned by shareholders	Rendering of services				2.83	0.01			
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Other related parties	Rendering of services				2.19	0.00			
Dongguan Zhongdian Panda Technology Development Co., Ltd.	Subsidiary owned by shareholders	Rendering of services				0.58	0.00			
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Rendering of services				0.46	0.00			
Shenzhen Chebao Information Technology Co., Ltd.	Associate	Rendering of services				0.05	0.00			
Nanjing Panda Transportation Co., Ltd.	Subsidiary owned by shareholders	Asset lease				18.33	0.18			

## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
Nanjing CEC-Panda Home Appliances Co., Ltd.	Subsidiary owned by shareholders	Asset lease				18.72	0.18			
Shenzhen Jingwah Intelligent Technology Co., Ltd.	Other related parties	Asset lease				17.43	0.17			
Nanjing Panda Zhicheng Technology Co., Ltd.	Subsidiary owned by shareholders	Asset lease				34.08	0.33			
Shenzhen Chebao Information Technology Co., Ltd.	Associate	Asset lease				0.40	0.00			
Shenzhen Jingwah Network Marketing Co., Ltd.	Associate	Asset lease				3.13	0.03			
Nanjing Panda Transportation Co., Ltd.	Subsidiary owned by shareholders	Asset lease				5.24	0.05			
Panda Electronics Group Co., Ltd.	Controlling shareholder	Asset lease				1.37	0.01			
Liyang Panda Cui Zhu Yuan Hotel Co., Ltd.	Subsidiary owned by shareholders	Asset lease				1.06	0.01			
Total				/	/	61,469.64				

## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 3. Matters not disclosed in interim announcements (Continued)

Connected party	Connected relationship	Type of the connected transaction	Particulars of the connected transaction	Pricing principle of the connected transaction	Trading price of the connected transaction	Amount of the connected transaction	Proportion in the amount of transactions of the same type (%)	Settlement method of the connected transaction	Market Price	Reason for the difference between trading price and market price
			Details on return of bulk sales	N/A						
			Explanation on connected transactions	<p>The continuing connected transactions the Group conducted with CEC (including Financial Company) and Zhongdian Panda Group (continuing connected transactions under normal commercial conditions in the general business process) were reviewed and approved by the Company's extraordinary meeting of the 10th session of the Board, and some of the continuing connected transactions that can only be implemented with the approval of independent shareholders were approved by independent shareholders at the Company's 2nd extraordinary general meeting in 2021, with the procedures in compliance with relevant regulations. The proposal to increase the connected transaction limit for the subcontracting services and comprehensive services provided by the Group to CEC in 2023 and 2024 to RMB170 million was reviewed and approved by the Company's extraordinary meeting of the 10th session of the Board, with the procedures in compliance with relevant regulations. For details, please refer to relevant announcements published in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 16 November and 29 December 2021 and 31 October 2023, as well as the H-share circular sent on 13 December 2021.</p> <p>The daily connected transactions the Company and its related subsidiaries conducted with Chengdu BOE Display Technology Co., Ltd., Nanjing Ericsson Panda Communications Co., Ltd. and Nanjing LG-Panda Appliances Co., Ltd. in 2023 were reviewed and approved by the Company's extraordinary meeting of the 10th session of the Board. The Company's proposal to adjust the limit of daily related transactions with Chengdu Zhongdian Panda Display Technology Co., Ltd. in 2023 to RMB400 million was approved by independent shareholders at the 2022 annual shareholders' meeting, with the procedures in compliance with relevant regulations. For details, please refer to relevant announcements published in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 21 March, 18 May and 28 June 2023.</p> <p>In addition, the Company entered into the Trademark Licensing Contracts with CEC Home Appliances and Panda Zhicheng successively based on the Trademark Licensing Agreement (2022-2024) between the Company and NEIC with a total trademark licensing fee of no more than RMB500,000 per year.</p> <p>All the abovementioned connected transactions were confirmed by the independent non-executive directors of the Company and had not exceeded their respective annual caps.</p> <p>These continuing connected transactions were conducive to the stability of the Group's production and operation. In addition, the terms of these continuing connected transactions were fair and reasonable with fair pricing and had performed approval procedures in accordance with relevant requirements and these continuing connected transactions were conducted in the usual course of business and on normal commercial terms, were in the benefit of the Company and the shareholders as a whole and did not affect the Company's independence.</p>						



## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 3. Matters not disclosed in interim announcements

For details of the continuing connected transactions between the Group and CEC Group (including Financial Company), NEIC Group (including CEC Home Appliances and Panda Zhicheng) during the Reporting Period, please refer to the section headed “Related party relationship and transactions” in the notes to the financial statements of the 2023 annual report of the Company, summaries of which are as follows:

Unit: 0'000 Currency: RMB

Serial No.	Categories of the Continuing Connected Transaction	Pricing Principle	Amount incurred
(A)	Provision of sub-contracting services and composite services by the Group to the CEC Group	Market price, Government guidance rate	8,678
(B)	Provision of sub-contracting services and composite services by the CEC Group to the Group	Market price, Government guidance rate	662
(C)	Sale of materials, components and parts by the Group to the CEC Group	Market price, Cost plus pricing	22,264
(D)	Purchase of materials, components and parts by the Group from the CEC Group	Market price	3,213
(E)	Lease of premises and relevant equipment by the Group to the NEIC Group	Market price	79
(F)	Licensing of Trademark by the Group to CEC Home Appliances	Market price	1
(G)	Licensing of Trademark by the Group to Panda Zhicheng	Market price	0
(H)	The fund settlement balance of the Group with Financial Company (receipt and payment of transaction amount, deposits taking, and handling time deposits, call deposits, agreement deposit, etc.)	Market price	49,405
(I)	Provision of comprehensive credit balance by Financial Company to the Group (loans in local and foreign currencies, external guarantees, acceptance and discount of commercial acceptance bills, letter of guarantee, etc.)	Market price	1,072
(J)	Provision of other financial services (fund management, discount of bank acceptance bills, principal agency, issuance of fund certificates, loan commitment, general planning consultation and special financial consultancy, etc.) by Financial Company to the Group	Market price	0

Note: (H), (I) and (J) are the fund settlement balance and comprehensive credit balance of the Group with Financial Company under CEC on 31 December 2023, and the amounts of other financial services businesses in 2023. During the reporting period, the Group's fund settlement balance, comprehensive credit balance and the amounts of other financial businesses with the Financial Company did not exceed the approved annual limits.

## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 3. Matters not disclosed in interim announcements (Continued)

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

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

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

- (a) the material connected transactions entered into between the Group and the intermediate holding company, the Group and the immediate holding company and between the Group and fellow subsidiaries; and
- (b) as at 31 December 2023, the Group’s deposits with a fellow subsidiary of the Company, being a financial institution in the PRC, was RMB494,050,000 and the balance of the loans and other credit financing services provided by the fellow subsidiary to the Group was RMB10,720,000, no amount incurred in the provision of other financial services to the Group by the Finance Company, which is a financial institution established in China.

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

## Section VI Significant Events (Continued)

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### XII. Material Connected Transactions (Continued)

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

##### 3. Matters not disclosed in interim announcements (Continued)

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

In addition, according to relevant provisions specified in Paragraph (3) of Article 6.3.3 about connected legal persons in the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Company sold materials and parts & components and provided subcontracting services to Chengdu BOE Display Technology Co., Ltd., Nanjing Ericsson Panda Communication Co., Ltd. and Nanjing LG-Panda Appliances Co., Ltd. in 2023, which were part of the connected transactions of the Company. The annual limits set for the transactions with the above three companies were RMB400 million, RMB46 million and RMB11 million, respectively, and the amounts actually incurred in 2023 were RMB229,503,800, RMB8,714,600 and RMB51,600, respectively, none of which exceeded the annual limits.

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

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

## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 1. Matters not disclosed in interim announcements

Unit: Yuan Currency: RMB

Connected Parties	Connected Relationship	Provision of Funds to Connected Parties			Provision of Funds to the Company by Connected Parties		
		Opening Balance	Amount of the Transaction	Closing Balance	Opening Balance	Amount of the Transaction	Closing Balance
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder				9,790,000.00	-	9,790,000.00
Panda Electronics Group Co., Ltd.	Controlling shareholder				3,768,611.31	-771,677.91	2,996,933.40
China Electronics Defense Technology Co., Ltd.	Subsidiary owned by shareholders				392,567.50	-392,567.50	-
China Electronics Import and Export Co., Ltd.	Subsidiary owned by shareholders				195,539.62	-195,539.62	-
Nanjing Panda Transport Co., Ltd.	Subsidiary owned by shareholders				24,178.00	-24,178.00	-
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders				22,907.00		22,907.00
Nanjing Panda Science and Technology Park Development Co., Ltd.	Subsidiary owned by shareholders				20,000.00		20,000.00
Nanjing CEC Panda Real Estate Co., Ltd.	Subsidiary owned by shareholders				5,000.00		5,000.00
Nanjing CEC Panda Lighting Co., Ltd.	Other related parties				-	5,000.00	5,000.00
Total					14,218,803.43	-1,378,963.03	12,839,840.40
Causes of the Claims and Debts							N/A
Influence of Creditor's Rights and Debts to the Company							N/A

## Section VI Significant Events (Continued)

### XII. Material Connected Transactions (Continued)

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

##### 1. Deposit services

Unit: Yuan Currency: RMB

Connected Parties	Connected Relationship	Maximum Daily Deposit Balance	Interest Rate Range	Opening Balance	Transaction Amount		Closing Balance
					Total amount of deposit in the current period	Total amount of withdrawal in the current period	
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	500,000,000.00	0.35%-2.75%	497,892,953.53	2,076,614,207.36	2,080,455,770.61	494,051,390.28
Total	/	/	/	497,892,953.53	2,076,614,207.36	2,080,455,770.61	494,051,390.28

##### 2. Loan services: N/A

##### 3. Credit granting or other financial services

Unit: Yuan Currency: RMB

Connected Parties	Connected Relationship	Type of Services	Total	Amount Incurred
China Electronics Financial Co., Ltd.	Subsidiary owned by shareholders	Issuing bank acceptances and performance bonds	600,000,000.00	10,717,548.43

## Section VI Significant Events (Continued)

### XIII. Material Contracts and Performance Thereof

#### (I) Matters relating to trust, contract and lease:

Unit: 0'000 Currency: RMB

Lessor	Lessee	Leased Assets	Amount of the Leased Assets	Start Date	End Date	Rental Income	Basis for Determining Rental Income	Effect of Rental Income on Company	Connected Transaction or Not	Connected Relationship
Nanjing Panda Electronics Company Limited	Nanjing Gusheng Enterprise Management Co., Ltd.	The 1st to 4th floors (including 1 mezzanine floor) and 14th to 17th floors of Panda Building, No.301 Zhongshan Road East, Nanjing and the ancillary equipment and facilities thereof, with an aggregate area of 27502.165 square meters	The net value of the leased assets at the end of December 2023 was RMB183,800,000. The total guaranteed rent is RMB266,513,200	1 December 2020	30 September 2031	The total guaranteed rent during the lease term is RMB286,216,800. If the annual rent receivable by the lessee in terms of the entire building to which the leased properties situated (the leased area other than the parking space(s)) is in excess of RMB107,398,200, the lessee shall pay 10.65% of the excess to the Company as the turnover rent. The estimated rent for 2023 was RMB19,167,600.	Lease Contract	The expected effect on the Company's profit or loss for 2023 amounts to RMB12,280,000.	No	No

## Section VI Significant Events (Continued)

### XIII. Material Contracts and Performance Thereof (Continued)

#### (II) Guarantees

Unit: 0'000 Currency: RMB

The Company's external guarantee (excluding guarantee provided for subsidiaries)														
Guarantor	Relationship between Guarantor and the Listed Company	Secured Party	Guaranteed Amount	Effective Date of Guarantee (agreement execution date)	Commencement Date	Expiry Date	Type of Guarantee	Collateral (if any)	Whether the Guarantee has been Fulfilled	Whether Overdue	Overdue Amount	Counter Guarantee	Guarantee Provided to the Related Parties	Connected Relationship
Total amount of guarantees during the Reporting Period (excluding those in favour of subsidiaries)														0
Total balance of the amount of guarantees at the end of the Reporting Period (A) (excluding those provided for subsidiaries)														0
<b>Guarantees in favour of subsidiaries provided by the Company and its subsidiaries</b>														
Total amount of guarantees provided for subsidiaries during the Reporting Period														22,500.00
Total balance of the amount of guarantees provided for subsidiaries at the end of the Reporting Period (B)														4,360.65
<b>Total amount of guarantees made by the Company (including those provided for subsidiaries)</b>														
Total amount of guarantees (A+B)														4,360.65
Percentage of total guarantee amount in net assets of the Company (%)														1.32
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)														1,484.13
Amount by which the total guarantee exceeds 50% of the net assets (E)														0
Total amount of the above three items (C+D+E)														1,484.13
Statement on the contingent joint and several liability in connection with unexpired guarantee														
Statement on guarantee														

## Section VI Significant Events (Continued)

### XIII. Material Contracts and Performance Thereof (Continued)

#### (II) Guarantees (Continued)

Except Nanjing Panda Information Industry Co., Ltd. and Nanjing Panda Electronics Equipment Co., Ltd., the gearing ratio of the above subsidiaries receiving guarantees was below 70%. The Company did not provide any guarantee to any independent third parties other than its subsidiaries, nor to its controlling shareholder, de facto controller or their connected parties. For details about the guarantees provided by the Company to its subsidiaries, please refer to “Related-party guarantees” in notes to the financial statements of 2023.

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

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

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



## Section VI Significant Events (Continued)

### XIII. Material Contracts and Performance Thereof (Continued)

#### (III) Entrusted cash assets management

1. Entrusted wealth management
  - (1) Overall condition of entrusted wealth management

Unit: 0'000 Currency: RMB

Type	Source of Funding	Amount Incurred	Balance Not yet Due	Amount Due but not yet Recovered
Wealth management products of banks	Internal Fund	150,297	48,297	0

Other conditions:

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

## Section VI Significant Events (Continued)

### XIII. Material Contracts and Performance Thereof (Continued)

#### (III) Entrusted cash assets management (Continued)

##### 1. Entrusted wealth management (Continued)

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

At the extraordinary meeting of the tenth session of the Board of the Company convened on 4 December 2023, the resolution concerning the Use of Temporarily Idle Fund for Cash Management was considered and approved. It was agreed that the internal periodically idle fund of no more than RMB900,000,000 (inclusive) could be used to invest in low-risk wealth management products with principal guaranteed terms for a term not exceeding 12 months. The resolution would remain effective for one year from the date of approval by the Board. During the effective term of the resolution, the aforesaid amount can be used for investment on cyclic and rolling basis. The General Manager shall be authorized to deal with relevant matters within the amount limit and during the effective term of the resolution. For details, please refer to the Announcement on Use of Internal fund for Cash Management of Nanjing Panda Electronics Company Limited (Lin 2023-046) published on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 5 December 2023.

During the Reporting Period, the balance used to purchase the wealth management products of banks with internal temporarily idle fund of the Group was within the limit approved by the Board. As of 31 December 2023, the balance used to purchase wealth management products with internal temporarily idle fund by the Group amounted to RMB482,970,000 and as of 28 March 2024, the balance thereof amounted to RMB298,670,000.

##### (2) Single entrusted wealth management

Unit: 0'000 Currency: RMB

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Method to determine return	Annual rate of return	Expected return (if any)	Actual income or loss	Actual amount recovered	Through a legal procedure or not	Have an entrusted wealth management plan or not	Amount of provision for the impairment (if any)
Bank of Ningbo Co., Ltd	Principal guaranteed with floating returns	5,000	2022.6.14	2023.01.04	Internal fund	Bank	Principal guaranteed with floating returns	1% or 3.35%		93.62	5,000	Yes	No	
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	6,000	2022.6.22	2023.01.06	Internal fund	Bank	Principal guaranteed with floating returns	1.5%-3.0%		97.64	6,000	Yes	No	

## Section VI Significant Events (Continued)

### XIII. Material Contracts and Performance Thereof (Continued)

#### (III) Entrusted cash assets management (Continued)

##### 1. Entrusted wealth management (Continued)

##### (2) Single entrusted wealth management (Continued)

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Method to determine return	Annual rate of return	Expected return (if any)	Actual income or loss	Actual amount recovered	Through a legal procedure or not	Have an entrusted wealth management plan or not	Amount of provision for the impairment (if any)
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	15,000	2022.10.18	2023.4.21	Internal fund	Bank	Principal guaranteed with floating returns	1.2%-3.25%		247.09	15,000	Yes	No	
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	1,000	2022.10.18	2023.4.21	Internal fund	Bank	Principal guaranteed with floating returns	1.2%-3.25%		16.47	1,000	Yes	No	
China Merchants Bank Co., Ltd.	Principal guaranteed with floating returns	6,000	2022.10.21	2023.1.20	Internal fund	Bank	Principal guaranteed with floating returns	1.85%-2.75%		41.14	6,000	Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	17,000	2022.12.29	2023.3.29	Internal fund	Bank	Principal guaranteed with floating returns	1.5% or 3.25% or 3.35%		138.13	17,000	Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	3,000	2023.1.6	2023.4.6	Internal fund	Bank	Principal guaranteed with floating returns	1.5% or 3.3% or 3.40%		24.75	3,000	Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	7,000	2023.1.6	2023.4.6	Internal fund	Bank	Principal guaranteed with floating returns	1.5% or 3.3% or 3.40%		57.75	7,000	Yes	No	
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	8,000	2023.4.12	2024.4.11	Internal fund	Bank	Principal guaranteed with floating returns	1.5%-3.4%		-		Yes	No	
China Merchants Bank Co., Ltd.	Principal guaranteed with floating returns	5,000	2023.4.24	2023.7.24	Internal fund	Bank	Principal guaranteed with floating returns	1.85% or 2.75% or 2.95%		34.28	5,000	Yes	No	

## Section VI Significant Events (Continued)

### XIII. Material Contracts and Performance Thereof (Continued)

#### (III) Entrusted cash assets management (Continued)

##### 1. Entrusted wealth management (Continued)

##### (2) Single entrusted wealth management (Continued)

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Method to determine return	Annual rate of return	Expected return (if any)	Actual income or loss	Actual amount recovered	Through a legal procedure or not	Have an entrusted wealth management plan or not	Amount of provision for the impairment (if any)
Industrial and Commercial Bank of China Limited	Principal guaranteed with floating returns	16,000	2023.05.17	2023.08.17	Internal fund	Bank	Principal guaranteed with floating returns	1.2%-3.04%		122.60	16,000	Yes	No	
China Merchants Bank Co., Ltd.	Principal guaranteed with floating returns	5,000	2023.8.7	2023.11.06	Internal fund	Bank	Principal guaranteed with floating returns	1.85% or 2.70%		33.66	5,000	Yes	No	
Bank of Communications Co., Ltd.	Principal guaranteed with floating returns	16,000	2023.8.28	2023.11.27	Internal fund	Bank	Principal guaranteed with floating returns	1.6% or 3.04% or 3.24%		121.27	16,000	Yes	No	
China Merchants Bank Co., Ltd.	Principal guaranteed with floating returns	5,000	2023.11.10	2024.2.20	Internal fund	Bank	Principal guaranteed with floating returns	1.85%-2.5%				Yes	No	
Bank of Communications Co., Ltd.	Principal guaranteed with floating returns	2,500	2023.12.4	2024.3.4	Internal fund	Bank	Principal guaranteed with floating returns	1.6% or 2.7% or 2.9%				Yes	No	

## Section VI Significant Events (Continued)

### XIII. Material Contracts and Performance Thereof (Continued)

#### (III) Entrusted cash assets management (Continued)

##### 1. Entrusted wealth management (Continued)

##### (2) Single entrusted wealth management (Continued)

Trustee	Type of entrusted wealth management	Amount of entrusted wealth management	Start date of entrusted wealth management	End date of entrusted wealth management	Source of Funding	Committed investment project	Method to determine return	Annual rate of return	Expected return (if any)	Actual income or loss	Actual amount recovered	Through a legal procedure or not	Have an entrusted wealth management plan or not	Amount of provision for the impairment (if any)
Bank of Communications Co., Ltd.	Principal guaranteed with floating returns	10,000	2023.12.4	2024.3.4	Internal fund	Bank	Principal guaranteed with floating returns	1.6% or 2.7% or 2.9%				Yes	No	
Bank of China (Hong Kong) Limited	Principal guaranteed	2,797	2023.11.16	2024.5.16	Internal fund	Bank	Principal guaranteed	0.047				Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	10,000	2023.12.29	2024.1.29	Internal fund	Bank	Principal guaranteed with floating returns	1.1% or 2.95% or 3.05%				Yes	No	
China Everbright Bank Company Limited	Principal guaranteed with floating returns	10,000	2023.12.29	2024.1.29	Internal fund	Bank	Principal guaranteed with floating returns	1.1% or 2.95% or 3.05%				Yes	No	
Total		173,000									1,028.40	102,000		

Other conditions:

The purchases of wealth management products by the Group from banks had been considered and approved by the Board of the Company and did not involve litigation, and there was no failure of recovery of principal when due. As of 31 December 2023, save for the wealth management products not yet due, the Company recovered the internal funds that were used to purchase wealth management products and the respective return thereof as scheduled. For the wealth management products which remain to be due, principal and returns were recovered as scheduled on the due dates.

(3) Provision for the impairment of entrusted wealth management: N/A

2. Entrusted loans: N/A

#### (IV) Other material contracts

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

## Section VI Significant Events (Continued)

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

#### (I) Tax policies

On 31 December 2023, details of the tax preferences of the Company and its subsidiaries are set out in the notes to the financial statements prepared in accordance with the accounting standards of PRC enterprises. The tax preference for subsidiaries registered in Hong Kong is subject to local laws and regulations.

#### (II) Basic medical insurance for employees

The Company has implemented the Interim Provisions on the Basic Medical Insurance for Urban Employees in Nanjing since 1 January 2001, and has implemented the basic medical insurance for employees in accordance with the provisions thereof. In 2023, according to the Notice on Reducing the Unit Contribution Rate of Basic Medical Insurance for Employees (NING YI FA [2023] No.40), the unit contribution rate of medical insurance for employees was lowered from 8.8% (including the maternity insurance contribution rate of 0.8%) to 7.8% from 1 January 2023. The individual contribution rate remained unchanged.

#### (III) Rental reduction and exemption by the Company and its subsidiaries

In 2023, the Company actively fulfilled its social responsibility and the responsibility of serving regional economic development. During the reporting period, it further cut the rent from tenants of small and micro enterprises and individual business operators by RMB3,231,000.

## Section VII Changes in Shares and Information of Shareholders

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### I. Changes in Share Capital

#### (I) Table for changes in shares

1. Table for changes in shares

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

As of 28 March 2024, the latest practicable and recent date prior to the date of announcement of the annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has complied with the requirements of the Hong Kong Stock Exchange in relation to sufficiency of public float.

2. Explanations on changes in shares: N/A

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

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

### II. Securities Issue and Listings

#### (I) Issue of securities during the Reporting Period

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

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

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

### III. Shareholders and Actual Controller

#### (I) Total number of shareholders

Total number of shareholders as of the end of the Reporting Period ( <i>shareholder</i> )	77,677 shareholders (including 77,650 A shareholders and 27 H shareholders)
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Total number of shareholders at the end of last month prior to the disclosure of this annual report ( <i>shareholder</i> )	70,723 shareholders (including 70,695 A shareholders and 28 H shareholders)
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## Section VII Changes in Shares and Information of Shareholders (Continued)

### III. Shareholders and Actual Controller (Continued)

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

Unit: share

#### Shareholdings of top ten shareholders of the Company

Name of Shareholder	Increase/Decrease during the Reporting Period	Number of Shares Held at the End of the Reporting Period	Percentage of Shareholding (%)	Number of Shares Held Subject to Trading Moratorium	Pledged or Frozen Shares State of Shares	Number of Shares	Nature of shareholders
HKSCC (Nominees) Limited	-2,317,473	243,295,675	26.62	0	Unknown		Overseas legal person
Panda Electronics Group Co., Ltd.	0	210,661,444	23.05	0	Unknown		State-owned legal person
Nanjing Electronics Information Industrial Corporation	0	35,888,611	3.93	0	Unknown		State-owned legal person
Lv Ping	616,710	9,146,010	1.00	0	Unknown		Domestic natural person
CITIC Securities -China Huarong Assets Management Co., Ltd. – CITIC Securities – Yunfan Single Asset Management Plan	-9,650,300	8,510,400	0.93	0	Unknown		Other
Zhang Chandi	6,458,700	6,458,700	0.71	0	Unknown		Domestic natural person
Wu Weibin	3,000,000	3,000,000	0.33	0	Unknown		Domestic natural person
Shanghai Shuipu PE Fund Management Center (Co., Ltd.) – Jianguo Liwanyin A Private Securities Investment Fund	2,847,400	2,847,400	0.31	0	Unknown		Other
Xu Weidong	2,779,100	2,779,100	0.30	0	Unknown		Domestic natural person
Zheng Xiaofeng	2,641,100	2,641,100	0.29	0	Unknown		Domestic natural person



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

### III. Shareholders and Actual Controller (Continued)

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

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

Name of Shareholder	Number of shares held not subject to trading moratorium	Class and Number of Shares	
		Class	Number
HKSCC (Nominees) Limited	243,295,675	Overseas listed foreign shares	241,673,450
		RMB ordinary shares	1,622,225
Panda Electronics Group Co., Ltd.	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
Lv Ping	9,146,010	RMB ordinary shares	9,146,010
CITIC Securities -China Huarong Assets Management Co., Ltd. – CITIC Securities – Yunfan Single Asset Management Plan	8,510,400	RMB ordinary shares	8,510,400
Zhang Chandi	6,458,700	RMB ordinary shares	6,458,700
Wu Weibin	3,000,000	RMB ordinary shares	3,000,000
Shanghai Shuipu PE Fund Management Center (Co., Ltd.) – Jianguo Liwanyin A Private Securities Investment Fund	2,847,400	RMB ordinary shares	2,847,400
Xu Weidong	2,779,100	RMB ordinary shares	2,779,100
Zheng Xiaofeng	2,641,100	RMB ordinary shares	2,641,100

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

### III. Shareholders and Actual Controller (Continued)

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

**Explanation about the repurchase accounts among the top 10 shareholders: N/A**

**Explanation about the above shareholders' entrusting voting rights, being entrusted with voting rights or waiving voting rights: N/A**

Explanation about the connections or actions in concert among the above shareholders: Zhongdian Panda holds 100% stake in Panda Group, the controlling shareholder of the Company. Zhongdian Panda holds 22,120,611 A-shares and 13,768,000 H-shares of the Company directly or through the asset management scheme, accounting for 3.93% of the Company's total shares, and holds 210,661,444 A-shares of the Company indirectly through Panda Group, accounting for 23.05% of the Company's total shares. Collectively, it holds 26.98% of the Company's shares. Huadian Co., Ltd., a wholly-owned subsidiary of CEC, holds 27,414,000 H-shares of the Company, accounting for 3% of the Company's total shares, and the shares are held by Hong Kong Securities Clearing Co., Ltd. (Agent) on its behalf. To sum up, CEC, the de facto controller of the Company, holds 29.98% of the Company's shares through its subsidiaries. Apart from the above, the Company is not aware whether other shareholders are related or acting in concert.

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

*Notes:*

1. HKSCC (Nominees) Limited held 243,295,675 shares (in particular: 241,673,450 H shares, 1,622,225 A shares) of the Company on behalf of many clients, representing 26.62% of the issued share capital of the Company, including 13,768,000 H shares held by NEIC in the Company, and 27,414,000 H shares held by CEIC (H.K.) Limited, a wholly-owned subsidiary of CEC as at the end of the Reporting Period. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.
2. On 2 August 2021, the Company received a notice from Panda Group, its controlling shareholder, about the pledge of some of the shares held by Panda Group. Panda Group pledged 105,091,430 shares of the Company, accounting for 49.89% of the Company's shares it held and 11.50% of the Company's total share capital. On 22 December 2023, the Company received another notice from Panda Group that Panda Group had completed the procedures of cancelling the share pledge. The pledge of 105,091,430 shares was cancelled, accounting for 49.89% of the Company's shares it held and 11.50% of the Company's total share capital. For details, please refer to the Company's relevant announcements published in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange on 3 August 2021 and 23 December 2023.

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

### III. Shareholders and Actual Controller (Continued)

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

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

#### (I) Controlling shareholders

##### 1. Legal person

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

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

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

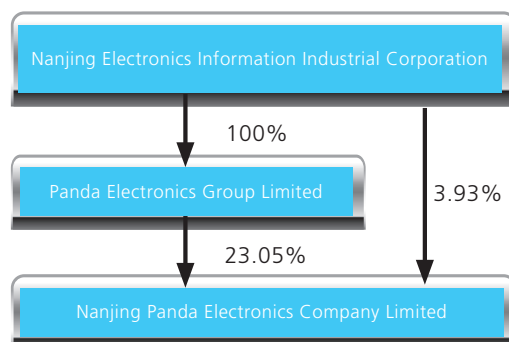
#### (I) Controlling shareholders (Continued)

##### 1. Legal person (Continued)

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

Name	Nanjing Electronics Information Industrial Corporation
The person in charge of the entity or legal representative	Zhou Guixiang
Date of establishment	11 May 2007
Principal business	Research and development, services and transfer of electronic information technology; research and development, manufacture, sales and related services of electronic products; design, construction and related services in electronic engineering; real estate investment; property management; industrial investment and asset management services. (For items subject to approval according to laws, business activities may not be carried out until they are approved by relevant authorities)
Equities of other domestic and overseas listed companies in which the Company holds controlling shares or shares during the Reporting Period	As of 31 December 2023, other than its equity interests in the Company, NEIC held 28.13% equity interests of TPV Technology (000727).

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



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

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

#### (II) De facto controllers

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

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

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

#### (II) De facto controllers (Continued)

##### 1. Legal person (Continued)

###### Other explanations

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

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

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

#### (II) De facto controllers (Continued)

##### 1. Legal person (Continued)

As at 31 December 2023, equities of other domestic and overseas listed companies (other than the Company) in which the de facto controller held controlling shares or shares were as follows:

No.	Abbreviation of Listed Company	Securities Code	Percentage of CEC's Shareholding <sup>Note</sup>
1.	IRICO New Energy	00438HK	74.91%
2.	China Electronics Huada Technology	00085HK	59.42%
3.	Shenzhen SED A	000032	47.23%
4.	China Great Wall	000066	40.31%
5.	Kaifa	000021	34.51%
6.	China Electronics Optics Valley	00798HK	33.67%
7.	China Software	600536	35.76%
8.	Zhenhua Science & Technology	000733	30.71%
9.	Solomon Systech	02878HK	28.31%
10.	TPV Technology	000727	28.13%
11.	Shanghai Beiling	600171	25.03%
12.	IRICO Display	600707	21.05%
13.	QI-ANXIN-U	688561	18.10%
14.	Montage Technology	688008	7.24%
15.	Zhenhua New Materials-U	688707	36.07%
16.	Anlu Technology	688107	29.11%
17.	Empyrean	301269	34.06%
18.	Zhenhua Fengguang	688439	43.04%
19.	Centec	688702	30.15%
20.	CECport	001287	35.65%

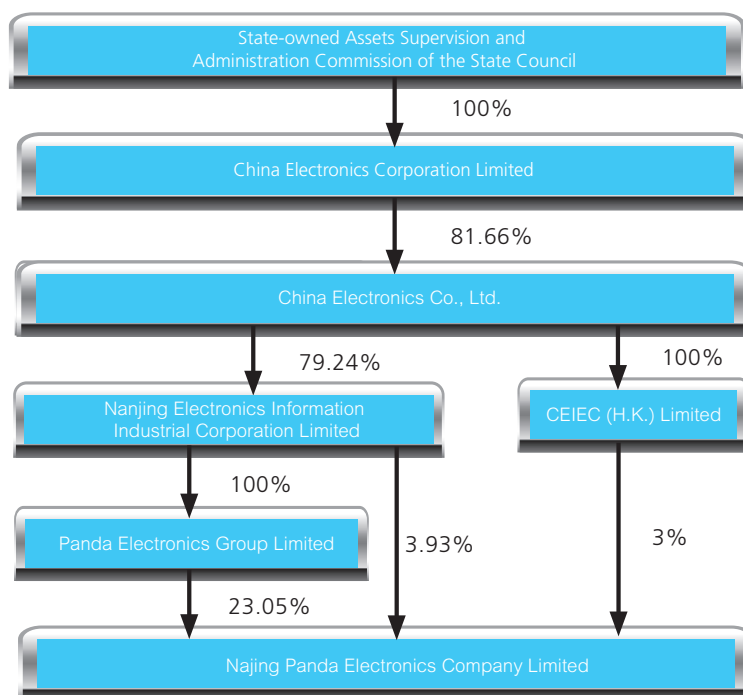
*Note:* Percentage of CEC's shareholding represents the aggregate of the shareholdings held through relevant connected parties or party acting in concert among the shareholders of listed companies.

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

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

#### (II) De facto controllers (Continued)

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



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

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

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

As of the end of the reporting period, HKSCC (Nominees) Limited held 243,295,675 shares of the Company (including 241,673,450 H shares and 1,622,225 A shares), representing 26.62% of the issued share capital of the Company, on behalf of several clients, including 13,768,000 H shares held by NEIIC, and 27,414,000 H shares held by CEIEC (H.K.) Limited, a wholly-owned subsidiary of CEC. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the issued share capital of the Company. Besides, as of 31 December 2023, there is no other legal person shareholders holding 10% or more of shares of the Company.



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

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

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

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

As at 31 December 2023, so far as the Directors, Supervisors and senior management staff of the Company were aware, and having made all reasonable enquiries, interests or short positions in shares and underlying shares of the Company held by substantial shareholders (exclusive of Directors, Supervisors and senior management staff of the Company) which were required to be recorded in the register pursuant to section 336 of the Securities and Futures Ordinance ("SFO") of the Hong Kong Stock Exchange were as follows: (1) PEGL held 210,661,444 domestic shares, accounting for approximately 31.36% of domestic shares in issue and approximately 23.05% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (2) NEIC held 22,210,611 domestic shares, accounting for approximately 3.29% of domestic shares in issue and approximately 2.42% of the total shares in issue and held 13,768,000 H shares, accounting for approximately 5.69% of H shares in issue and approximately 1.51% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. NEIC held 100% equity interests in PEGL and in total held 246,550,055 shares in the Company which was held in the capacity of controlled corporation and beneficial owner, accounting for approximately 26.98% of the total shares in issue. (3) CEIEC (H.K.) Limited held 27,414,000 H shares, accounting for approximately 11.33% of H shares in issue and approximately 3.00% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of beneficial owner. (4) CEC held 79.24% equity interests in NEIC and 100% equity interests in CEIEC (H.K.) Limited. NEIC held 100% equity interests in PEGL, and CEC held 273,964,055 shares in the Company in total which was held in the capacity of controlled corporation, accounting for approximately 29.98% of the total shares in issue. (5) China State Shipbuilding Corporation held 16,998,000 H shares, accounting for approximately 7.02% of H shares in issue and approximately 1.86% of the total shares in issue. The nature of interests in such shares was corporate interest which was held in the capacity of controlled corporation.

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

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31 December 2023.

## Section VIII Information on Preferred Shares

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N/A

## Section IX Information on Corporate Bonds

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N/A

# Section X Financial Report

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WUYIGE Certified Public Accountants LLP audited the financial report of the Company for the year 2023 in accordance with the Accounting Standards for Business Enterprises of China and issued an unqualified auditors' report for the Company.

# Auditor's Report

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DAXIN SHEN ZI [2024] No.14-00145

**To the Shareholders of Nanjing Panda Electronics Co., Ltd:**

## **I. Opinion**

We have audited the financial statements of Nanjing Panda Electronics Co., Ltd (hereafter referred to as "the Company"), which comprise the consolidated and the Company's balance sheets as at December 31, 2023, the consolidated and the Company's statements of income, the consolidated and the Company's statements of cash flows and the consolidated and the Company's statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

## **II. Basis for Opinion**

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants and have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Auditor's Report (Continued)

## III. Key Audit Matters

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

The key audit matters identified in our audit are as follows:

### 1. Revenue recognition

#### 1.1 Description of the matter

For details of the accounting policies for revenue recognition, please refer to note 3.28 and for the disclosure of revenue, please refer to note 5.42.

In 2023, Nanjing Panda's consolidated operating income will be 2.912 billion yuan, mainly from the sales revenue of smart transportation and safe city projects, industrial Internet and intelligent manufacturing services, green service-oriented electronic manufacturing products, and leasing service income.

#### 1.2 Audit response

The main audit procedures we perform for revenue recognition are:

- 1) Understand and evaluate the design and operational effectiveness of management's key internal controls related to revenue recognition;
- 2) Select samples to check the sales contract and interview with the management, conduct a "five-step method" analysis of the contract, determine the composition of performance obligations and the timing of the transfer of control, and then evaluate whether the company's sales revenue recognition policy meets the requirements of the standard;
- 3) Select a sample of the revenue transactions recorded in the current year, check the supporting documents related to revenue recognition, including contracts, orders, invoices, outbound orders, signature receipts, etc., and check the authenticity of the recognized revenue;
- 4) Perform analytical procedures on revenues and costs based on business types to analyze whether there are anomalies;
- 5) Understand the background and basic information of the main customers, identify whether they are related parties and confirm the balance of accounts receivable and the transaction amount of the main customers;
- 6) For the revenue transactions recorded before and after the balance sheet date, select samples and check supporting documents such as outbound orders, customer receipts and other documents to evaluate whether the revenue is recognized in the appropriate accounting period.

# Auditor's Report (Continued)

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## III. Key Audit Matters (Continued)

### 2. Expected credit loss of accounts receivable

#### 2.1 Description of the matter

For details of the accounting policies for impairment of receivables, see notes 3.11/12, and for detailed disclosures of accounts receivable balances, please refer to note 5.4.

As of December 31, 2023, Nanjing Panda had a book balance of accounts receivable of 1.251 billion yuan, a bad debt reserve balance of 81 million yuan, and a book value of accounts receivable of 1.170 billion yuan, accounting for 21.12% of the total assets at the end of the period, accounting for a relatively high proportion.

Based on the credit risk characteristics of each account receivable, the management measures the loss provision based on the individual accounts receivable and the combined accounts receivable, and the amount of expected credit losses equivalent to the entire duration. For accounts receivable that have been separately accrued and have incurred credit losses, credit losses are determined separately by estimating the expected cash flows to be collected based on objective evidence of credit losses that have been incurred. In the case of accounts receivable other than credit losses, management uses ageing analysis or other methods to determine expected credit losses based on credit risk characteristics and taking into account forward-looking information.

The determination of expected credit losses on accounts receivable requires management to use significant accounting estimates and judgments, which are material to the financial statements as a whole. Therefore, we have identified expected credit losses on accounts receivable as a key audit matter.

# Auditor's Report (Continued)

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## III. Key Audit Matters (Continued)

### 2. Expected credit loss of accounts receivable (Continued)

#### 2.2 Audit response

The main audit procedures we perform for expected credit losses on accounts receivable are:

- 1) Understand management's key financial reporting internal controls related to credit control, receivables recovery and assessing the recoverability of accounts receivable, and evaluate the design and operational effectiveness of the above related internal controls;
- 2) Review the reversal or actual loss of bad debts of accounts receivable in previous years, and judge the accuracy of management's expectations for historical data;
- 3) For accounts receivable with individual provision of expected credit losses, review the basis of management's assessment of the expected future cash flow and analyze whether it is reasonable;
- 4) For accounts receivable with expected credit losses based on the combination of credit risk characteristics, the appropriateness of portfolio classification and the accuracy of aging classification are tested on a sample basis, and the reasonableness of the management's provision for expected credit losses is evaluated;
- 5) Evaluate the adequacy of management's provision for expected credit losses in combination with the post-period payment check;
- 6) Check that the information related to the expected credit loss of accounts receivable has been properly presented in the financial statements.



# Auditor's Report (Continued)

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## IV. Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

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

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

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

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

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

# Auditor's Report (Continued)

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

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

As part of an audit in accordance with auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- D. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Auditor's Report (Continued)

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### VI. Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

**WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP**

Certified Public Accountant of China  
(Engagement partner)

Certified Public Accountant of China

Beijing, China

Date: 0328, 2024

# Consolidated Balance Sheet

Balance as at December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	31 December 2023	31 December 2022
<b>Current assets:</b>		
Cash and cash equivalents	<b>877,143,940.40</b>	1,059,391,006.10
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets held for trading	<b>485,158,212.68</b>	503,810,792.61
Derivative financial assets		
Notes receivable	<b>131,647,314.14</b>	74,058,103.09
Accounts receivable	<b>1,169,980,610.79</b>	1,184,902,988.01
Receivables financing	<b>25,415,043.86</b>	53,346,403.19
Advance to suppliers	<b>35,470,548.75</b>	44,898,734.03
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	<b>31,490,701.86</b>	44,370,789.73
Including: Interest receivable		
Dividend receivable		
Financial assets held under resale agreements		
Inventories	<b>570,780,863.80</b>	601,451,915.31
Contract assets	<b>232,413,650.79</b>	192,997,877.85
Held-for-sale assets		
Non-current assets due within one year	<b>26,864,239.67</b>	1,747,508.96
Other current assets	<b>318,086,623.04</b>	121,751,216.36
<b>Total current assets</b>	<b>3,904,451,749.78</b>	<b>3,882,772,261.24</b>

Legal representative:  
**Hu Huichun**

Chief Accountant:  
**Hu Shoujun**

Head of the Accounting Department:  
**Xue Gang**

# Consolidated Balance Sheet (Continued)

Balance as at December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	31 December 2023	31 December 2022
<b>Non-current assets:</b>		
Loans and advances to customers		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	<b>469,854,173.02</b>	717,388,041.95
Other equity instruments investments		2,385,926.53
Other non-current financial assets		
Investment properties	<b>189,381,629.96</b>	215,564,833.38
Fixed assets	<b>809,758,804.57</b>	854,263,641.46
Construction in progress	<b>991,937.24</b>	1,218,625.66
Biological assets for production		
Fuel assets		
Right-of-use assets	<b>12,873,600.15</b>	11,757,911.22
Intangible assets	<b>112,250,461.87</b>	130,570,044.29
Development expenses		
Goodwill		
Long-term expenses to be amortised	<b>18,654,129.54</b>	10,982,839.77
Deferred income tax assets	<b>21,270,332.26</b>	21,740,136.73
Other non-current assets	<b>1,469,073.94</b>	16,690,475.03
<b>Total non-current assets</b>	<b>1,636,504,142.55</b>	1,982,562,476.02
<b>Total assets</b>	<b>5,540,955,892.33</b>	5,865,334,737.26
<b>Current liabilities:</b>		
Short-term borrowings	<b>70,113,510.72</b>	
Borrowings from central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	<b>79,035,160.29</b>	140,306,918.37
Accounts payable	<b>1,438,956,161.93</b>	1,533,543,158.65
Advance receipts from customers	<b>201,635.72</b>	126,201.33
Contract liabilities	<b>90,217,009.26</b>	67,641,115.11
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Security trading of agency		
Securities underwriting		
Staff salaries payable	<b>52,328,572.83</b>	54,607,592.56
Taxes payable	<b>32,725,506.34</b>	52,072,391.92
Other payables	<b>97,124,968.36</b>	105,899,337.51
Including: Interest payable		
Dividends payable	<b>5,297,799.54</b>	5,338,779.34

## Consolidated Balance Sheet (Continued)

*Balance as at December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)*

Items	31 December 2023	31 December 2022
Bank charges and commissions due		
Reinsurers due		
Liabilities held for sale		
Non-current liabilities due within one year	<b>4,088,888.95</b>	6,117,127.14
Other current liabilities	<b>36,882,036.51</b>	27,520,425.14
<b>Total current liabilities</b>	<b>1,901,673,450.91</b>	1,987,834,267.73
<b>Non-current liabilities:</b>		
Insurance contract reserves		
Long-term payables		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	<b>9,101,840.09</b>	5,196,356.93
Long-term payables		
Long-term staff salaries payables	<b>5,934,601.09</b>	8,729,912.08
Estimated liabilities	<b>512,434.50</b>	
Deferred income	<b>40,343,225.17</b>	46,537,325.13
Deferred income tax liabilities	<b>6,353,834.23</b>	6,743,917.89
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>62,245,935.08</b>	67,207,512.03
<b>Total liabilities</b>	<b>1,963,919,385.99</b>	2,055,041,779.76

*Legal representative:*  
**Hu Huichun**

*Chief Accountant:*  
**Hu Shoujun**

*Head of the Accounting Department:*  
**Xue Gang**

## Consolidated Balance Sheet (Continued)

Balance as at December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	31 December 2023	31 December 2022
<b>Owners' equity:</b>		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,470,691,800.13	1,470,691,800.13
Less: Treasury shares		
Other comprehensive income		-948,055.10
Special reserve	362,395.49	
Surplus reserve	309,500,586.70	286,530,634.83
General preparation		
Undistributed profit	608,842,680.92	883,845,917.89
Total equity attributable to the shareholders of the parent company	3,303,235,992.24	3,553,958,826.75
Minority interests	273,800,514.10	256,289,204.75
<b>Total owners' equity</b>	<b>3,577,036,506.34</b>	<b>3,810,248,031.50</b>
<b>Total liabilities and owners' equity</b>	<b>5,540,955,892.33</b>	<b>5,865,289,811.26</b>

Legal representative:  
Hu Huichun

Chief Accountant:  
Hu Shoujun

Head of the Accounting Department:  
Xue Gang

# Parent Company Balance Sheet

Balance as at December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	31 December 2023	31 December 2022
<b>Current assets:</b>		
Cash and cash equivalents	101,558,320.19	124,596,356.25
Financial assets held for trading	125,077,197.49	151,001,712.33
Derivative financial assets		
Notes receivables	42,381,374.05	29,223,397.62
Accounts receivable	129,453,241.78	99,507,284.59
Financing receivables		
Prepayments	5,882,210.43	3,092,196.84
Other receivables	694,373,358.80	197,206,292.54
Including: Interest receivable		
Dividend receivable	421,960,335.78	
Inventories	34,630,399.64	55,204,331.62
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets		110,596.19
<b>Total current assets</b>	<b>1,133,356,102.38</b>	<b>659,942,167.98</b>
<b>Non-current assets:</b>		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	1,233,582,803.06	2,181,414,815.51
Other equity instruments investments		2,385,926.53
Other non-current financial assets		
Investment properties	552,152,625.45	337,298,667.83
Fixed assets	214,522,666.20	68,531,092.35
Construction in progress	194,185.98	1,265,605.52
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	69,062,325.08	14,477,449.20
Development expenses		
Goodwill		
Long-term deferred expense	17,048,756.12	9,457,514.64
Deferred tax assets		316,018.37
Other non-current assets		
<b>Total non-current assets</b>	<b>2,086,563,361.89</b>	<b>2,615,147,089.95</b>
<b>Total assets</b>	<b>3,219,919,464.27</b>	<b>3,275,089,257.93</b>

Legal representative:  
Hu Huichun

Chief Accountant:  
Hu Shoujun

Head of the Accounting Department:  
Xue Gang



## Parent Company Balance Sheet (Continued)

Balance as at December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	31 December 2023	31 December 2022
<b>Current liabilities:</b>		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	9,488,517.75	14,239,366.64
Accounts payable	52,711,076.19	49,025,777.54
Advance receipts from customers		
Contract liabilities	1,298,382.38	761,551.50
Staff salaries payable	1,150,698.49	1,453,976.33
Taxes payable	12,314,604.05	9,107,274.08
Other payables	134,375,321.26	249,453,197.30
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	5,033,246.76	10,929,328.19
<b>Total current liabilities</b>	<b>216,371,846.88</b>	<b>334,970,471.58</b>
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long term staff salaries payable	861,981.02	1,219,802.89
Accrued liabilities	512,434.50	
Deferred income		
Deferred income tax liabilities	19,299.38	250,428.08
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>1,393,714.90</b>	<b>1,470,230.97</b>
<b>Total liabilities</b>	<b>217,765,561.78</b>	<b>336,440,702.55</b>

## Parent Company Balance Sheet (Continued)

Balance as at December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	31 December 2023	31 December 2022
<b>Owners' equity:</b>		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,434,870,834.28	1,434,870,834.28
Less: Treasury shares		
Other comprehensive income		-948,055.10
Special reserve		
Surplus reserve	309,500,586.70	286,530,634.83
Undistributed profits	343,943,952.51	304,356,612.37
<b>Total owners' equity</b>	<b>3,002,153,902.49</b>	<b>2,938,648,555.38</b>
<b>Total liabilities and owners' equity</b>	<b>3,219,919,464.27</b>	<b>3,275,089,257.93</b>

Legal representative:  
Hu Huichun

Chief Accountant:  
Hu Shoujun

Head of the Accounting Department:  
Xue Gang

# Consolidated Income Statement

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Amount for the current period	Amount for the previous period
<b>1. Revenue</b>	<b>2,912,311,480.01</b>	4,154,295,003.26
Including: Operating income		
Interest income		
Premiums earned		
Fee and commission income		
<b>2. Total operating cost</b>	<b>2,927,690,848.95</b>	4,135,113,037.83
Including: Operating costs	<b>2,398,000,168.52</b>	3,565,005,880.41
Interest expenses		
Fee and commission expense		
Surrenders		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Tax and surcharges	<b>25,780,435.81</b>	26,637,998.26
Selling expenses	<b>40,939,857.79</b>	38,393,464.98
Administrative expenses	<b>263,667,430.75</b>	286,650,360.50
R&D costs	<b>211,187,548.93</b>	211,041,452.05
Financial expenses	<b>-11,884,592.85</b>	7,383,881.63
Including: Interest expense	<b>656,417.03</b>	416,197.62
Interest income	<b>14,778,550.23</b>	15,072,252.93
Add: Other gains	<b>21,527,057.56</b>	25,417,903.80
Investment income (losses are represented by "-")	<b>61,249,200.92</b>	88,715,322.29
Including: Investment income of associates and joint ventures	<b>42,723,633.71</b>	74,926,774.93
Gains arising from derecognition of financial assets at amortised cost		
Exchange gain (losses are represented by "-")		
Income on hedging the net exposure (losses are represented by "-")		
Gains arising from changes in fair value (losses are represented by "-")	<b>-1,624,939.93</b>	1,569,393.00
Credit impairment loss (losses are represented by "-")	<b>-7,702,894.86</b>	-23,262,187.76
Asset impairment loss (losses are represented by "-")	<b>-236,789,856.24</b>	-12,547,127.26
Gains on disposal of assets (losses are represented by "-")	<b>468,739.44</b>	258,452.13

## Consolidated Income Statement (Continued)

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Amount for the current period	Amount for the previous period
<b>3. Operating profit (losses are represented by "-")</b>	<b>-178,252,062.05</b>	99,333,721.63
Add: Non-operating income	<b>6,525,564.98</b>	1,699,792.65
Less: Non-operating expenses	<b>2,018,586.92</b>	347,762.18
<b>4. Total profit (total losses are represented by "-")</b>	<b>-173,745,083.99</b>	100,685,752.10
Less: Income tax expense	<b>20,527,647.56</b>	19,940,272.82
<b>5. Net profit (net losses are represented by "-")</b>	<b>-194,272,731.55</b>	80,745,479.28
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by "-")	<b>-194,272,731.55</b>	80,745,479.28
2. Net profit for discontinued operation (net losses are represented by "-")		
(2) Classified by the attribution of the ownership		
1. Net Profit attributable to the equity shareholders of the parent company (net losses are represented by "-")	<b>-237,862,230.10</b>	39,873,197.73
2. Minority interests (net losses are represented by "-")	<b>43,589,498.55</b>	40,872,281.55
<b>6. Net other comprehensive income after tax</b>		-874,453.26
(I) Net other comprehensive income after tax attributable to shareholders of the parent company		-874,453.26
i. Other comprehensive income which will not be reclassified subsequently to profit and loss		-874,453.26
(1) Changes as a result of remeasurement of defined benefit plan		
(2) Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
(3) Changes in fair value of other equity instruments investment		-874,453.26
(4) Changes in fair value of the enterprise's own credit risk		

## Consolidated Income Statement (Continued)

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Amount for the current period	Amount for the previous period
ii. Other comprehensive income which will be reclassified to profit and loss		
(1) Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
(2) Changes in fair value of other equity instruments investment		
(3) Amount of financial assets reclassified to other comprehensive income		
(4) Provision for credit impairment of other bonds investment		
(5) Cash flow hedging reserve		
(6) Translation difference of financial statements in foreign currencies		
(7) Others		
(II) Net other comprehensive income after tax attributable to minority shareholders		
<b>7. Total comprehensive income</b>	<b>-194,272,731.55</b>	79,871,026.02
(1) Total comprehensive income attributable to the equity holders of the parent company	<b>-237,862,230.10</b>	38,998,744.47
(2) Total comprehensive income attributable to minority shareholders	<b>43,589,498.55</b>	40,872,281.55
<b>8. Earnings per share:</b>		
(1) Basic earnings per share	<b>-0.2603</b>	0.0436
(2) Diluted earnings per share	<b>-0.2603</b>	0.0436

Legal representative:  
**Hu Huichun**

Chief Accountant:  
**Hu Shoujun**

Head of the Accounting Department:  
**Xue Gang**

# Parent Company Income Statement

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Amount for the current period	Amount for the previous period
<b>1. Operating income</b>	<b>165,930,452.41</b>	137,659,465.96
Less: Operating costs	<b>112,411,565.67</b>	84,779,201.69
Business taxes and surcharge	<b>6,447,431.66</b>	4,508,424.81
Selling expenses	<b>4,682,477.90</b>	4,415,394.62
Administrative expenses	<b>109,790,822.18</b>	107,024,293.31
R&D costs	<b>31,529,129.01</b>	18,513,235.72
Financial expenses	<b>-3,385,701.48</b>	-6,815,882.10
Including: Interest expense		
Interest income	<b>2,310,058.25</b>	1,246,992.62
Add: Other incomes	<b>128,832.90</b>	2,145,411.50
Investment income (losses are represented by "-")	<b>559,888,504.20</b>	180,558,216.76
Including: Investment income of associates and joint ventures	<b>42,302,868.92</b>	75,068,256.05
Gains arising from derecognition of financial assets at amortised cost		
Income on hedging the net exposure (losses are represented by "-")		
Income from change in fair value (losses are represented by "-")	<b>-924,514.84</b>	987,328.77
Credit impairment loss (losses are represented by "-")	<b>-1,756,374.23</b>	-2,235,587.30
Assets impairment loss (losses are represented by "-")	<b>-231,730,796.12</b>	-1,403,965.05
Gains on disposal of assets (losses are represented by "-")		
<b>2. Operating profit (losses are represented by "-")</b>	<b>230,060,379.38</b>	105,286,202.59
Add: Non-operating income	<b>1,301,488.53</b>	89,583.04
Less: Non-operating expenses	<b>516,162.32</b>	4,126.42
<b>3. Total profit (total losses are represented by "-")</b>	<b>230,845,705.59</b>	105,371,659.21
Less: Income tax expense	<b>-231,128.70</b>	246,832.19
<b>4. Net profit (net losses are represented by "-")</b>	<b>231,076,834.29</b>	105,124,827.02
(1) Net profit for going concern (net losses are represented by "-")	<b>231,076,834.29</b>	105,124,827.02
(2) Net profit for discontinued operation (net losses are represented by "-")		

## Parent Company Income Statement (Continued)

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Amount for the current period	Amount for the previous period
<b>5. Net other comprehensive income after tax</b>		-874,453.26
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss		874,453.26
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment		-874,453.26
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		
<b>6. Total comprehensive income</b>	<b>231,076,834.29</b>	104,250,373.76
<b>7. Earnings per share:</b>		
(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**

# Consolidated Statement of Cash Flows

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Amount for the current period	Amount for the previous period
<b>1. Cash flows from operating activities</b>		
Cash received from the sale of goods and rendering of services	<b>3,024,847,870.15</b>	4,335,727,646.77
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in deposits and placements from financial institutions		
Cash received from premiums of original insurance contract		
Net amount of reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Net cash received from securities brokerage		
Refunds of taxes	<b>27,325,262.07</b>	44,956,300.37
Cash received relating to other operating activities	<b>120,642,530.40</b>	137,645,759.94
<b>Sub-total of cash inflows from operating activities</b>	<b>3,172,815,662.62</b>	4,518,329,707.08
Cash paid on purchase of goods and services received	<b>2,326,681,710.71</b>	3,496,804,933.47
Net increase in loans and advances		
Net increase in deposits in the central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements with banks and other financial institutions		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	<b>645,095,021.58</b>	630,511,452.26
Cash paid for all types of taxes	<b>142,521,180.53</b>	143,987,903.71
Cash paid relating to other operating activities	<b>124,368,804.42</b>	96,704,700.04
<b>Sub-total of cash outflows from operating activities</b>	<b>3,238,666,717.24</b>	4,368,008,989.48
<b>Net cash flows generated from operating activities</b>	<b>-65,851,054.62</b>	150,320,717.60



## Consolidated Statement of Cash Flows (Continued)

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Amount for the current period	Amount for the previous period
<b>2. Cash flows from investing activities</b>		
Cash received from return on investments	2,023,290.93	
Cash received from income from investments	74,770,135.63	74,351,224.96
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	177,655.11	2,311,007.05
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	1,160,000,000.00	1,240,000,000.00
<b>Sub-total of cash inflows from investing activities</b>	<b>1,236,971,081.67</b>	1,316,662,232.01
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	13,822,427.16	20,453,371.83
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	1,342,472,360.00	1,260,000,000.00
<b>Sub-total of cash outflows from investing activities</b>	<b>1,356,294,787.16</b>	1,280,453,371.83
<b>Net cash flows generated from investing activities</b>	<b>-119,323,705.49</b>	36,208,860.18
<b>3. Cash flows generated from financing activities</b>		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		
Cash received relating to other financing activities	70,113,510.72	
<b>Sub-total of cash inflows from financing activities</b>	<b>70,113,510.72</b>	
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interest expenses	38,871,928.60	72,098,658.24
Including: bonus and profit paid to minority shareholders by subsidiaries	26,078,189.20	59,304,918.84
Cash paid relating to other financing activities	4,551,072.97	11,476,065.26
<b>Sub-total of cash outflows from financing activities</b>	<b>43,423,001.57</b>	83,574,723.50
<b>Net cash flows generated from financing activities</b>	<b>26,690,509.15</b>	-83,574,723.50

# Consolidated Statement of Cash Flows (Continued)

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Amount for the current period	Amount for the previous period
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>2,359,714.20</b>	3,355,931.91
<b>5. Net increase in cash and cash equivalents</b>	<b>-156,124,536.76</b>	106,310,786.19
Add: balance of cash and cash equivalents at the beginning of the year	<b>954,544,289.85</b>	848,233,503.66
<b>6. Balance of cash and cash equivalents at the end of the year</b>	<b>798,419,753.09</b>	954,544,289.85

Legal representative:

**Hu Huichun**

Chief Accountant:

**Hu Shoujun**

Head of the Accounting Department:

**Xue Gang**

# Parent Company Statement of Cash Flows

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Amount for the current period	Amount for the previous period
<b>I. Cash flows from operating activities</b>		
Cash received from the sale of goods and rendering of services	118,240,256.27	111,729,929.97
Refunds of taxes	1,746,232.37	
Cash received received to other operating activities	49,331,383.92	49,593,917.23
<b>Sub-total of cash inflows from operating activities</b>	<b>169,317,872.56</b>	161,323,847.20
Cash paid on purchase of goods and services received	71,419,955.70	52,752,892.31
Cash paid to and on behalf of employees	104,904,876.30	99,500,762.55
Cash paid for all types of taxes	8,537,751.52	8,076,800.00
Cash paid relating to other operating activities	52,948,102.06	207,512,365.56
<b>Sub-total of cash outflows from operating activities</b>	<b>237,810,685.58</b>	367,842,820.42
<b>Net cash flows generated from operating activities</b>	<b>-68,492,813.02</b>	-206,518,973.22
<b>2. Cash flows from investing activities</b>		
Cash received from disposal and returns of investments	2,023,290.93	
Cash received from return on investments	155,935,887.42	165,666,486.33
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		100,800.00
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	607,000,000.00	430,000,000.00
<b>Sub-total of cash inflows from investing activities</b>	<b>764,959,178.35</b>	595,767,286.33
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	11,256,839.97	10,666,091.54
Cash paid for investments		30,000,000.00
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	659,000,000.00	430,000,000.00
<b>Sub-total of cash outflows from investing activities</b>	<b>670,256,839.97</b>	470,666,091.54
<b>Net cash flows generated from operating activities</b>	<b>94,702,338.38</b>	125,101,194.79

## Parent Company Statement of Cash Flows (Continued)

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Amount for the current period	Amount for the previous period
<b>3. Cash flows from financing activities</b>		
Cash received from investment		
Cash received from borrowings		
Cash received relating to other financing activities	<b>418,500,000.00</b>	327,000,000.00
Sub-total of cash inflows from financing activities	<b>418,500,000.00</b>	327,000,000.00
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interests expenses	<b>12,793,739.40</b>	12,793,739.40
Cash paid on other financing activities	<b>450,000,000.00</b>	147,000,000.00
Sub-total of cash outflows from financing activities	<b>462,793,739.40</b>	159,793,739.40
Net cash flows from financing activities	<b>-44,293,739.40</b>	167,206,260.60
<b>4. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	<b>93.01</b>	35,594.76
<b>5. Net increase in cash and cash equivalents</b>	<b>-18,084,121.03</b>	85,824,076.93
Add: balance of cash and cash equivalents at the beginning of the period	<b>119,425,285.13</b>	33,601,208.20
<b>6. Balance of cash and cash equivalents at the end of the period</b>	<b>101,341,164.10</b>	119,425,285.13

Legal representative:  
Hu Huichun

Chief Accountant:  
Hu Shoujun

Head of the Accounting Department:  
Xue Gang

# Consolidated Statement of Changes in Owners' Equity

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Current period											Total owners' equity			
	Equity attributable to the owners of parent company										Minority interests				
	Share capital	Other equity instrument			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Undistributed profit	Others	Subtotal
	Preference shares	Perpetual bonds	Others												
I. Balance at the end of prior year	913,838,529.00				1,470,691,800.13		-948,055.10		286,530,634.83		883,845,917.89		3,553,958,826.75	256,289,204.75	3,810,248,031.50
Add: Changes in accounting policies															
Error correction of previous period															
Business combination involving entities under common control															
Others															
II. Balance at the beginning of current year	913,838,529.00				1,470,691,800.13		-948,055.10		286,530,634.83		883,845,917.89		3,553,958,826.75	256,289,204.75	3,810,248,031.50
III. Changes of current year (decreases are represented by "-")							948,055.10	362,395.49	22,969,951.87		-275,003,236.97		-250,722,834.51	17,511,309.35	-233,211,525.16
(I) Total comprehensive income													-237,862,230.10		-194,272,731.55
(II) Share capital contributed or withdrew by owners															
1. Share capital contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity															
4. Others															
(III) Profit distribution									23,107,683.43		-35,901,422.83		-12,793,739.40	-26,078,189.20	-38,871,928.60
1. Appropriation of surplus reserve									23,107,683.43		-23,107,683.43				
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners													-12,793,739.40	-12,793,739.40	-26,078,189.20
4. Others															
(IV) Internal carry-over within equity							948,055.10		-94,805.51		-853,249.59				
1. Transfer of capital reserve to capital															
2. Transfer of surplus reserve to 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							948,055.10		-94,805.51		-853,249.59				
6. Others															
(V) Special reserve								362,395.49				362,395.49			362,395.49
1. Appropriation for the current period								1,483,824.66				1,483,824.66			1,483,824.66
2. Application for the current period								1,121,429.17				1,121,429.17			1,121,429.17
(VI) Others									-42,926.05		-386,334.45		-429,260.50		-429,260.50
IV. Balance at the end of current period	913,838,529.00				1,470,691,800.13		362,395.49	309,500,586.70			608,842,680.92		3,303,235,992.24	273,800,514.10	3,577,036,506.34

Legal representative:  
Hu Huichun

Chief Accountant:  
Hu Shoujun

Head of the Accounting Department:  
Xue Gang

# Consolidated Statement of Changes in Owners' Equity (Continued)

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Current period											Total owners' equity			
	Equity attributable to the owners of parent company										Minority interests				
	Share capital	Other equity instrument			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Undistributed profit	Others	Subtotal
		Preference shares	Perpetual bonds	Others											
I. Balance at the end of prior year	913,838,529.00				1,470,691,800.13	-948,055.10		286,530,634.83			883,845,917.89		3,553,958,826.75	256,289,204.75	3,810,248,031.50
Add: Changes in accounting policies															
Error correction of previous period															
Business combination involving entities under common control															
Others															
II. Balance at the beginning of current year	913,838,529.00				1,470,691,800.13	-948,055.10		286,530,634.83			883,845,917.89		3,553,958,826.75	256,289,204.75	3,810,248,031.50
III. Changes of current year (decreases are represented by "-")															
(i) Total comprehensive income						948,055.10	362,395.49	22,969,951.87			-275,003,236.97		-250,722,834.51	17,511,309.35	-233,211,525.16
(ii) Share capital contributed or withdrew by owners															
1. Share capital contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity															
4. Others															
(iii) Profit distribution															
1. Appropriation of surplus reserve									23,107,683.43				-35,901,422.83	-12,793,739.40	-38,871,928.60
2. Appropriation of general risk reserve									23,107,683.43				-23,107,683.43		
3. Appropriation of profit to owners													-12,793,739.40	-12,793,739.40	-38,871,928.60
4. Others															
(iv) Internal carry-over within equity						948,055.10		-94,805.51					-853,249.59		
1. Transfer of capital reserve to capital															
2. Transfer of surplus reserve to 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						948,055.10		-94,805.51					-853,249.59		
6. Others															
(v) Special reserve							362,395.49						362,395.49		362,395.49
1. Appropriation for the current period								1,483,824.66					1,483,824.66		1,483,824.66
2. Application for the current period								1,121,429.17					1,121,429.17		1,121,429.17
(vi) Others								-42,926.05					-386,334.45		-429,260.50
IV. Balance at the end of current period	913,838,529.00				1,470,691,800.13	362,395.49	309,500,586.70				608,842,680.92		3,303,235,992.24	273,800,514.10	3,577,036,506.34

Legal representative:  
**Hu Huichun**

Chief Accountant:  
**Hu Shoujun**

Head of the Accounting Department:  
**Xue Gang**

# Statement of changes in equity

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Current period													Total owners' equity	
	Equity attributable to the owners of parent company														
	Other equity instrument				Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		Minority interests
Share capital	Preference shares	Perpetual bonds	Others												
<b>I. Balance at the end of prior year</b>	<b>913,838,529.00</b>				<b>1,470,691,800.13</b>		<b>-948,055.10</b>		<b>286,530,634.83</b>		<b>883,845,917.89</b>		<b>3,553,958,826.75</b>	<b>256,289,204.75</b>	<b>3,810,248,031.50</b>
Add: Changes in accounting policies															
Error correction of previous period															
Business combination involving entities under common control															
Others															
<b>II. Balance at the beginning of current year</b>	<b>913,838,529.00</b>				<b>1,470,691,800.13</b>		<b>-948,055.10</b>		<b>286,530,634.83</b>		<b>883,845,917.89</b>		<b>3,553,958,826.75</b>	<b>256,289,204.75</b>	<b>3,810,248,031.50</b>
<b>III. Changes of current year (decreases are represented by "-")</b>															
(I) Total comprehensive income							<b>948,055.10</b>	<b>362,395.49</b>	<b>22,969,951.87</b>		<b>-275,003,236.97</b>		<b>-250,722,834.51</b>	<b>17,511,309.35</b>	<b>-233,211,525.16</b>
(II) Share capital contributed or withdrew by owners															
1. Share capital contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity															
4. Others															
(III) Profit distribution									<b>23,107,683.43</b>		<b>-35,901,422.83</b>		<b>-12,793,739.40</b>	<b>-26,078,189.20</b>	<b>-38,871,928.60</b>
1. Appropriation of surplus reserve									<b>23,107,683.43</b>		<b>-23,107,683.43</b>				
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners											<b>-12,793,739.40</b>		<b>-12,793,739.40</b>	<b>-26,078,189.20</b>	<b>-38,871,928.60</b>
4. Others															
(IV) Internal carry-over within equity							<b>948,055.10</b>		<b>-94,805.51</b>		<b>-853,249.59</b>				
1. Transfer of capital reserve to capital															
2. Transfer of surplus reserve to 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							<b>948,055.10</b>		<b>-94,805.51</b>		<b>-853,249.59</b>				
6. Others															
(V) Special reserve								<b>362,395.49</b>					<b>362,395.49</b>		<b>362,395.49</b>
1. Appropriation for the current period								<b>1,483,824.66</b>					<b>1,483,824.66</b>		<b>1,483,824.66</b>
2. Application for the current period								<b>1,121,429.17</b>					<b>1,121,429.17</b>		<b>1,121,429.17</b>
(VI) Others									<b>-42,926.05</b>		<b>-386,334.45</b>		<b>-429,260.50</b>		<b>-429,260.50</b>
<b>IV. Balance at the end of current period</b>	<b>913,838,529.00</b>				<b>1,470,691,800.13</b>		<b>362,395.49</b>	<b>309,500,586.70</b>	<b>608,842,680.92</b>		<b>608,842,680.92</b>		<b>3,303,235,992.24</b>	<b>273,800,514.10</b>	<b>3,577,036,506.34</b>

Legal representative:  
**Hu Huichun**

Chief Accountant:  
**Hu Shoujun**

Head of the Accounting Department:  
**Xue Gang**

# Statement of changes in equity (Continued)

For the Year Ended December 31, 2023 (Unless otherwise stated, all amounts are denominated in RMB)

Items	Previous period													Total owners' equity	
	Equity attributable to the owners of parent company														
	Other equity instrument				Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal		Minority interests
Share capital	Preference shares	Perpetual bonds	Others												
<b>I. Balance at the end of prior year</b>	913,838,529.00			1,470,691,800.13		-73,601.84		276,018,152.13			866,732,902.94		3,527,207,782.36	275,153,486.92	3,802,361,269.28
Add: Changes in accounting policies											546,039.32		546,039.32	19,814.68	565,854.00
Error correction of previous period															
Business combination involving entities under common control															
Others															
<b>II. Balance at the beginning of current year</b>	913,838,529.00			1,470,691,800.13		-73,601.84		276,018,152.13			867,278,942.26		3,527,753,821.68	275,173,301.60	3,802,927,123.28
<b>III. Changes of current year (decreases are represented by "-")</b>															
(I) Total comprehensive income						-874,453.26		10,512,482.70			16,566,975.63		26,205,005.07	-18,884,096.65	7,320,908.22
(II) Share capital contributed or withdrew by owners															
1. Share capital contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity															
4. Others															
(III) Profit distribution								10,512,482.70			-23,306,222.10		-12,793,739.40	-59,756,378.40	-72,550,117.80
1. Appropriation of surplus reserve								10,512,482.70			-10,512,482.70				
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners													-12,793,739.40	-59,756,378.40	-72,550,117.80
4. Others															
(IV) Internal carry-over within equity															
1. Transfer of capital reserve to capital															
2. Transfer of surplus reserve to capital															
3. Surplus reserve to cover losses															
4. Change in defined benefit plan carried over to retained earnings															
5. Other comprehensive income carried over to retained earnings															
6. Others															
(V) Special reserve															
1. Appropriation for the current period								1,575,970.15					1,575,970.15		1,575,970.15
2. Application for the current period								1,575,970.15					1,575,970.15		1,575,970.15
(VI) Others															
<b>IV. Balance at the end of current period</b>	913,838,529.00			1,470,691,800.13		-948,055.10		286,530,634.83			883,845,917.89		3,553,958,826.75	256,289,204.75	3,810,248,031.50

Legal representative:  
**Hu Huichun**

Chief Accountant:  
**Hu Shoujun**

Head of the Accounting Department:  
**Xue Gang**



# Notes to the Financial Statements

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 1. Company profile

### 1.1 The Company's registered place, organization structure and the address of head quarter.

Nanjing Panda Electronics Co., Ltd. (hereinafter referred to as the "Company" or "the Company") was reorganized into Nanjing Panda Electronics Co., Ltd. (now known as Nanjing Panda Electronics Co., Ltd.) (now known as Nanjing Panda Electronics Co., Ltd.) (now known as the "Company") on April 27, 1992 with the approval of the Nanjing Economic System Reform Commission (1992) No. 034, with Panda Electronics Group Co., Ltd. (hereinafter referred to as the "Panda Group" or "the Group") as the sole sponsor, and was listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in May and November 1996 respectively.

As of December 31, 2023, the company has issued a total of 913,838,529 shares and a registered capital of 913,838,529 yuan. The company's business license registration number: 91320100134974572K, registered place: No. 7, Jingtian Road, Nanjing Economic and Technological Development Zone, and the legal representative is Hu Huichun. Headquarters address: No. 7, Jingtian Road, Nanjing Economic and Technological Development Zone.

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

### 1.2 The Company's business nature and main operation activities, like its industry, primary product or service, customers' nature, trading strategy and supervisory environment etc.

The company is a joint stock limited company (Taiwan, Hong Kong, Macao and domestic joint venture, listed), located in the computer, communication and other electronic equipment manufacturing industry, the main business includes intelligent transportation and safe city projects, industrial Internet and intelligent manufacturing installation, green service-oriented electronic manufacturing products sales, etc., the business period from October 5, 1996 to the time limit is not agreed.

The registered address of the company is No. 7, Jingtian Road, Nanjing Economic and Technological Development Zone. Business scope: development, manufacturing and sales of wireless radio and television transmission equipment, and engaged in the after-sales and technical services of the above business business; development, manufacturing and sales of communication equipment, computers and other electronic equipment; instrumentation and cultural and office machinery; electrical machinery and equipment; plastic products; fans, scales, packaging equipment and other general equipment; chemical, wood, non-metallic processing equipment; power transmission and distribution and control equipment; environmental protection, social public safety and other equipment; finance, Tax control equipment, power products, molds, computer services, software, system integration, property management, and engaged in after-sales and technical services of the above business operations. (For projects subject to approval in accordance with the law, business activities can only be carried out after approval by relevant departments) General projects: technology import and export, import and export of goods (except for projects subject to approval in accordance with the law, independently carry out business activities according to law with a business license).

### 1.3 The approve and approval date of the financial reporting.

The financial statements have been approved by all directors (the Board of Directors) of the Company on March 28, 2024.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 2. Basis of preparation of financial statements

### 2.1 Basis of preparation

On the basis of going concern and transactions and events actually occurred, the Company prepares its financial statements with the following accounting policies and accounting estimates in accordance with the Accounting Standards for Business Enterprises – basic Standards, specific accounting standards, guidance on the application of Accounting Standards for Business Enterprises, interpretation of Accounting Standards for Business Enterprises and other relevant provisions (hereinafter collectively known as “Accounting Standards for Business Enterprises” or “CAS”), as well as the relevant provisions of the Rules on Information Disclosure and Reporting of Companies That Publicly Issue Securities No. 15 – General Provisions on Financial Reports issued by the China Securities Regulatory Commission. In addition, the financial statements comply with the applicable disclosure provisions of the rules governing the listing of securities issued by the Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Ordinance.

### 2.2 Going concern

The Company has evaluated its ability to continue as a going concern for the 12 months and has not identified any matters or circumstances that cast significant doubt on its ability to continue as a going concern.

## 3. Significant accounting policies and accounting estimates

Specific Accounting Policies and Accounting Estimation Tips:

The following disclosures have covered the specific accounting policies and accounting estimates formulated by the Company based on the actual production and operation characteristics. For details, please refer to “notes 3.12: Determination and accounting treatment of expected credit losses” and “notes 3.28: Revenue”.

### 3.1 Declaration on compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the Company’s financial position as of 31 December 2023 and its operating results, cash flows and other relevant information for the year ended 31 December 2023.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.2 Accounting period

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

### 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 Company's functional currency is Chinese Renminbi (hereafter referred to as "RMB").

### 3.5 Methods and selection basis for materiality criteria

#### 3.5.1 Materiality in the financial statements

The Company determines the materiality of the items in the financial statements based on the principle of whether they affect the economic decisions made by the users of the financial statements, and considers both the nature and the amount. The importance of the amount of items in the financial statements is based on a certain proportion of the relevant items in the total assets, total liabilities, total owners' equity, operating income and net profit (e.g., 3%-5%), and the importance of the nature of the items in the financial statements is based on factors that have a greater impact on the financial position and operating results, such as whether they belong to daily business activities, whether they lead to changes in profit and loss, and whether they affect regulatory indicators.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.5 Methods and selection basis for materiality criteria (Continued)

#### 3.5.2 The importance of the detailed items in the financial statements

The Company determines the importance of the items in the financial statements with the detailed items, and on the basis of the materiality of the items in the financial statements, the specific items are determined by a certain proportion of the items in the items, or in combination with the amount, while considering the nature of the specific items. Certain items that are not material to the financial statements but may be material to the notes and still need to be disclosed separately in the notes. The relevant materiality criteria for the notes to the financial statements are:

Item	Materiality criteria
Significant individual assessment subject to allowance for credit losses	The single amount accounts for more than 5% of the receivables or bad debt provisions, and the amount exceeds 1 million yuan, or the provision for bad debts in the current period affects the change in profit and loss
Significant recovery or reversal of allowance for credit losses	The single amount accounts for more than 5% of the recovery or reversal of the provision for bad debts in the current period, and the amount exceeds 1 million yuan, which may affect the change in profit and loss of the current period
Significant accounts receivable written-off	The single amount accounts for more than 5% of the receivables or bad debt provisions, and the amount exceeds 1 million yuan
Significant changes in advance from customers and the carrying amount of contract assets	More than 20% change in the current period
Significant debt investments	The single amount accounts for more than 5% of the total debt investment, and the amount exceeds 1 million yuan
Significant construction in process	The investment budget accounts for more than 5% of the amount of fixed assets, and the amount incurred in the current period accounts for more than 10% of the total amount of projects under construction in the current period (or the balance at the end of the period accounts for more than 10%), and the amount exceeds 1 million yuan
Significant capitalized R&D projects	The R&D project budget accounts for more than 5% of the total budget of the research project, and the capitalized amount of the current period accounts for more than 10% of the total capitalization of the R&D project (or the closing balance accounts for more than 10%), and the amount exceeds 1 million yuan
Significant outsourced research projects	A single outsourced research project accounts for more than 5% of the total R&D investment, and the amount exceeds 1 million yuan
Significant accounts payable over a year	The single amount accounts for more than 5% of the total accounts payable, and the amount exceeds 1 million yuan
Significant other payables more than one year	The single amount accounts for more than 5% of the total amount of other payables, and the amount exceeds 1 million yuan

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.5 Methods and selection basis for materiality criteria (Continued)

#### 3.5.2 The importance of the detailed items in the financial statements (Continued)

Item	Materiality criteria
Significant Provisions	The estimated liabilities of a single type account for more than 10% of the total estimated liabilities, and the amount exceeds 1 million yuan
Significant investment activities	A single investment accounts for more than 10% of the total cash inflow or outflow from investment activities received or paid, and the amount exceeds 1 million yuan
Minority shareholders hold interests in significant subsidiaries	Minority shareholders hold more than 5% of the equity, and any item of the subsidiary's total assets, net assets, operating income and net profit accounts for more than 10% of the corresponding items in the consolidated statements
Significant joint ventures or associates	The single investment accounts for more than 10% of the book value of the long-term equity investment and the amount exceeds 1 million yuan, or the investment income (loss calculated in absolute amount) from the joint venture or associated enterprise accounts for more than 10% of the net profit of the consolidated statement
Significant debt restructuring	The total assets or liabilities account for more than 10% of the consolidated statements, and the absolute amount exceeds 10 million yuan, or the impact on net profit exceeds 10%
Significant asset swaps and asset transfers and disposals	The total assets, net assets, operating income and net profit account for more than 10% of the corresponding items in the consolidated statements, and the absolute amount exceeds 10 million yuan (the absolute amount of net profit exceeds 1 million yuan)
Significant contingencies	The amount exceeds 10 million yuan and accounts for more than 10% of the absolute value of the net assets of the consolidated statements

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.6 Business combination

In a business combination involving enterprises under common control: The assets and liabilities acquired by the merging party in the business combination (including the goodwill formed by the acquisition of the merged party by the ultimate controller) are measured on the basis of the carrying amount of the assets and liabilities of the merged party in the consolidated financial statements of the ultimate controller on the date of the merger. The difference between the book value of the net assets obtained in the merger and the book value of the merger consideration paid (or the total par value of the issued shares) shall be adjusted for the equity premium in the capital reserve, and the retained earnings shall be adjusted if the equity premium in the capital reserve is insufficient to offset the difference.

In a business combination involving enterprises not under common control: The cost of the merger is the fair value of the assets, liabilities incurred or assumed by the purchaser to acquire control of the acquiree and the equity securities issued. The difference between the cost of the merger and the fair value share of the identifiable net assets of the acquiree obtained in the merger shall be recognized as goodwill, and the difference between the cost of the merger and the fair value share of the identifiable net assets of the acquiree obtained in the merger shall be recognized as goodwill. The identifiable assets, liabilities and contingent liabilities of the acquiree that are eligible for recognition acquired in the merger are measured at fair value at the date of acquisition.

Expenses directly related to the business combination are recognized in profit or loss for the current period when incurred, and transaction costs for the issuance of equity securities or debt securities for the business combination are included in the initial recognition amount of equity securities or debt securities.

### 3.7 Criteria for judging control and preparation of consolidated financial statements

#### 3.7.1 Criteria for judging control

The scope of consolidation in the consolidated financial statements is determined on a control basis. An investee that has the following three elements is deemed to have control over it: having power over the investee, enjoying variable returns due to participating in the relevant activities of the investee, and having the ability to use the power over the investee to influence the amount of returns.

#### 3.7.2 The scope of consolidated financial statements

The scope of consolidation of the consolidated financial statements is determined on a control basis, and the scope of consolidation includes the Company and all of its subsidiaries. Control means that the company has power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use its power over the investee to influence the amount of its returns.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.7 Criteria for judging control and preparation of consolidated financial statements (Continued)

#### 3.7.3 Merge Procedures

The Company regards the entire enterprise group as one accounting entity and prepares consolidated financial statements in accordance with a unified accounting policy to reflect the overall financial position, operating results and cash flow of the enterprise group. The impact of internal transactions between the Company and its subsidiaries and subsidiaries is offset. If the internal transaction indicates that the relevant asset has incurred an impairment loss, the full amount of the loss shall be recognized. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and accounting periods of the Company when preparing the consolidated financial statements.

The share of minority shareholders in the subsidiary's owner's equity, net profit or loss for the period and comprehensive income for the period is presented separately under the item of owner's equity, the item of net profit and the item of total comprehensive income in the consolidated balance sheet, respectively. The balance formed by the current loss shared by the minority shareholders of the subsidiary exceeds the minority shareholders' share in the opening ownership equity of the subsidiary, which is offset by the minority shareholders' equity.

#### (1) Increase subsidiaries or businesses

During the reporting period, if a subsidiary or business is added due to a business combination under the same control, the operating results and cash flows of the subsidiary or business combination from the beginning of the current period to the end of the reporting period shall be included in the consolidated financial statements, and the opening number of the consolidated financial statements and the relevant items in the comparative statements shall be adjusted at the same time, and the consolidated reporting entity shall be deemed to have existed since the time when the ultimate controller began to control.

If the investee under the same control can be controlled due to additional investment or other reasons, the equity investment held before the acquisition of control of the merged party shall be recognized between the date of acquisition of the original equity and the date of the merger and the date of the merger, and the date of the merger, and the date of the merger, and the changes in other net assets shall be deducted from the opening retained earnings or current profit or loss during the comparative statement period, respectively.

During the reporting period, if a subsidiary or business is added as a result of a business combination not under the same control, it shall be included in the consolidated financial statements on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities determined on the date of acquisition.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.7 Criteria for judging control and preparation of consolidated financial statements (Continued)

#### 3.7.3 Merge Procedures (Continued)

##### (1) Increase subsidiaries or businesses (Continued)

If the investee is not under the same control due to additional investment or other reasons, the equity of the acquiree held before the acquisition date shall be remeasured according to the fair value of the equity on the acquisition date, and the difference between the fair value and the carrying amount shall be included in the investment income for the current period. Other comprehensive income involved in the equity of the acquiree held before the acquisition date that can be reclassified into profit or loss later, and other changes in owners' equity under the equity method accounting are converted into investment income for the current period to which the acquisition date belongs.

##### (2) Disposal of subsidiaries

###### ① General approach

If control over the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after disposal shall be remeasured at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity interest, less the difference between the share of the net assets of the original subsidiary and the sum of the goodwill calculated according to the original shareholding ratio from the date of acquisition or the date of consolidation, shall be included in the investment income for the period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary that can be reclassified into profit or loss in the future, and other changes in owner's equity under the equity method accounting shall be converted into current investment income when the control is lost.



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.7 Criteria for judging control and preparation of consolidated financial statements (Continued)

#### 3.7.3 Merge Procedures (Continued)

##### (2) Disposal of subsidiaries (Continued)

##### ② Dispose of the subsidiary step by step

If the equity investment in a subsidiary is disposed of in a step-by-step manner through multiple transactions until it loses control, the terms, conditions and economic impact of each transaction for the disposal of the equity investment in the subsidiary meet one or more of the following circumstances, which usually indicates that the multiple transactions are a package transaction:

- the transactions were entered into at the same time or with regard to each other's influences ;
- These transactions as a whole can achieve a complete commercial outcome ;
- the occurrence of one transaction depends on the occurrence of at least one other transaction ;
- A transaction is uneconomical on its own, but it is economical when considered in conjunction with other transactions.

If the transactions are a package transaction, the transactions shall be accounted for as a transaction in which the subsidiary is disposed of and the control is lost; The difference between the disposal price before the loss of control and the share of the subsidiary's net assets corresponding to the disposal investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred to the profit or loss for the period of loss of control when the control is lost.

If the transactions are not part of a package transaction, the equity investment in the subsidiary shall be accounted for as a partial disposal without loss of control before the loss of control; In the event of loss of control, accounting shall be carried out in accordance with the general treatment method of disposing of a subsidiary.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.7 Criteria for judging control and preparation of consolidated financial statements (Continued)

#### 3.7.3 Merge Procedures (Continued)

(3) Purchase of minority stake in subsidiary

The difference between the newly acquired long-term equity investment due to the purchase of minority interests and the share of net assets of the subsidiary that should be continuously calculated from the date of acquisition or the date of consolidation based on the proportion of new shareholdings shall be adjusted to the equity premium in the capital reserve in the consolidated balance sheet, and the retained earnings shall be adjusted if the equity premium in the capital reserve is insufficient to offset the difference.

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

The difference between the disposal price and the share of the subsidiary's net assets that has been calculated continuously since the date of acquisition or the date of consolidation corresponding to the disposal of the long-term equity investment shall be adjusted to the equity premium in the capital reserve in the consolidated balance sheet, and the retained earnings shall be adjusted if the equity premium in the capital reserve is insufficient to offset it.

### 3.8 Joint arrangement classification and accounting treatments

Joint venture arrangements are divided into joint ventures and joint ventures.

Joint operation refers to a joint venture arrangement in which the joint venture party owns the relevant assets of the arrangement and assumes the liabilities related to the arrangement. The Company recognizes the following items related to the share of interest in joint operations:

- (1) Recognition of assets held solely by the Company and recognition of assets jointly held by the Company on a share-by-Company basis;
- (2) Recognition of liabilities borne solely by the Company and joint liabilities borne by the Company on a share basis;
- (3) recognition of income from the sale of the Company's share of the common operating output;
- (4) Recognition of income from the sale of output from joint operations on a share-by-Company basis;
- (5) Recognition of expenses incurred separately and expenses incurred in joint operations on a share-by-company basis.

The Company's investment in the joint venture is accounted for by the equity method, as detailed in "3.15 Long-term Equity Investment" in this note".

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.9 Cash and cash equivalents

The cash in the Company's statement of cash flows is cash on hand and deposits that can be readily drawn on demand. Cash equivalents in the statement of cash flows are short-term, 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 financial statements denominated in foreign currency

#### 3.10.1 Translation of foreign currency transaction

For foreign currency business, the spot exchange rate on the date of the transaction is used as the conversion rate to convert the foreign currency amount into RMB for accounting.

The Company records foreign currency transactions in RMB for accounting purpose using the spot exchange rate prevailing at the date when the transactions occurs. At the balance sheet date, monetary items denominated in foreign currency are translated to RMB by adopting the prevailing exchange rate on that date. Foreign exchange difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognised in profit or loss for the current period, except the foreign exchange arising from specific loan denominated in foreign currency qualified as capital expenditure and included in the cost of related assets. Non-monetary items denominated in foreign currency that are measured at historical cost are still translated at amount in functional currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are translated using the exchange rate at the date when fair value was determined and the difference between the translated functional currency amount and the prior translated amount on initial recognition or on the previous balance sheet date are recorded in profit or loss for the current period or other comprehensive income.

#### 3.10.2 The translation of financial statements denominated in foreign currency

The assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; Except for the "undistributed profits" item, the other items of owner's equity are translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are translated using the spot exchange rate on the date of the transaction.

When disposing of an overseas operation, the difference in translation of the foreign currency financial statements related to the overseas operation shall be transferred from the owner's equity item to the profit or loss for the current period of disposal.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.11 Financial instruments

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

#### 3.11.1 Classification of financial instruments

According to the Company's business model of managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified as follows: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

The Company classifies financial assets that meet both the following conditions and are not designated as measured at fair value through profit or loss as financial assets measured at amortized cost:

- The business model is aimed at collecting contractual cash flows ;
- Contract cash flows are only payments of principal and interest on the basis of the outstanding principal amount;
- The Company classifies financial assets (debt instruments) that meet both the following conditions and are not designated as measured at fair value through profit or loss as financial assets (debt instruments) measured at fair value through other comprehensive income;
- The business model is aimed at both the collection of contractual cash flows and the sale of the financial asset;
- Contract cash flows are only payments of principal and interest on the basis of the outstanding principal amount.

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

Except for the above-mentioned financial assets measured at amortized cost and measured at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value through profit or loss. At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Company may irrevocably designate a financial asset that should have been classified at amortized cost or measured at fair value through other comprehensive income through profit or loss.

Financial liabilities are classified at fair value through profit or loss and financial liabilities at amortized cost at initial recognition.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.11 Financial instruments (Continued)

#### 3.11.1 Classification of financial instruments (Continued)

A financial liability that meets one of the following conditions may be designated as a financial liability at fair value through profit or loss at the time of initial measurement:

- (1) The designation eliminates or significantly reduces accounting mismatches.
- (2) Conduct management and performance evaluation of the financial liability portfolio or financial assets and financial liability portfolio on a fair value basis in accordance with the enterprise risk management or investment strategy set out in the formal written documents, and report to key management personnel on this basis within the enterprise.
- (3) The financial liability contains embedded derivatives that need to be separately separated.

#### 3.11.2 Recognition basis and measurement method of financial instruments

- (1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc., which are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount; Accounts receivable that do not include a material financing component and accounts receivable that the Company decides not to consider a financing component of no more than one year will be initially measured at the contract transaction price.

During the holding period, the interest calculated using the effective interest rate method is included in the profit or loss for the current period.

When recovered or disposed of, the difference between the price obtained and the carrying amount of the financial asset is included in profit or loss for the current period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.11 Financial instruments (Continued)

#### 3.11.2 Recognition basis and measurement method of financial instruments (Continued)

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

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

When the recognition is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the profit or loss for the current period.

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

Financial assets (equity instruments) measured at fair value through other comprehensive income, including investments in other equity instruments, are initially measured at fair value, and the relevant transaction costs are included in the initial recognition amount. The financial asset is subsequently measured at fair value, and the change in fair value is included in other comprehensive income. Dividends received are included in profit or loss for the current period.

When the recognition is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

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

Financial assets measured at fair value through profit or loss, including trading financial assets, derivative financial assets, other non-current financial assets, etc., are initially measured at fair value, and the relevant transaction costs are included in profit or loss for the current period. The financial asset is subsequently measured at fair value, and the change in fair value is included in profit or loss for the current period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.11 Financial instruments (Continued)

#### 3.11.2 Recognition basis and measurement method of financial instruments (Continued)

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

Financial liabilities measured at fair value through profit or loss, including trading financial liabilities and derivative financial liabilities, are initially measured at fair value, and the relevant transaction costs are included in profit or loss for the current period. The financial liability is subsequently measured at fair value, and the change in fair value is recognized in profit or loss for the current period. When derecognized, the difference between its carrying amount and the consideration paid is recognized in profit or loss for the current period.

(6) Financial liabilities measured at amortized cost

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

During the holding period, the interest calculated using the effective interest rate method is included in the profit or loss for the current period.

When the recognition is derecognized, the difference between the consideration paid and the carrying amount of the financial liability is recognized in profit or loss for the current period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.11 Financial instruments (Continued)

#### 3.11.3 Derecognition of financial assets and transfer of financial assets

When one of the following conditions is met, the Company will terminate the recognition of financial assets:

- Termination of contractual rights to receive cash flows from financial assets ;
- The financial assets have been transferred, and almost all of the risks and rewards of the ownership of the financial assets have been transferred to the transferee ;
- The financial assets have been transferred, and although the Company has neither transferred nor retained almost all of the risks and rewards in the ownership of the financial assets, it has not retained control over the financial assets;

In the event of a transfer of financial assets, if almost all of the risks and rewards in the ownership of the financial assets are retained, the recognition of the financial assets shall not be terminated.

In determining whether the transfer of financial assets satisfies the above-mentioned conditions for derecognition of financial assets, the principle of substance over form is adopted. The Company distinguishes the transfer of financial assets into the transfer of financial assets as a whole and the transfer of parts. The overall transfer of financial assets satisfies the termination If the conditions are recognized, the difference between the following two amounts shall be included in the profit or loss for the current period:

- (1) the carrying amount of the financial assets transferred;
- (2) The sum of the consideration received as a result of the transfer and the cumulative amount of changes in fair value that were originally directly included in the owner's equity (in the case of financial assets involved in the transfer are financial assets (debt instruments) measured at fair value and the changes thereof are included in other comprehensive income).



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.11 Financial instruments (Continued)

#### 3.11.3 Derecognition of financial assets and transfer of financial assets (Continued)

If the partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets as a whole shall be apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values, and the difference between the following two amounts shall be included in the profit or loss for the current period:

- (1) the carrying amount of the derecognized portion;
- (2) The sum of the consideration for the derecognition portion and the amount corresponding to the derecognition portion of the accumulated fair value changes originally directly included in the owner's equity (in the case that the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value and the changes thereof are included in other comprehensive income).

If the transfer of financial assets does not meet the conditions for derecognition, 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

If the current obligation of a financial liability has been discharged in whole or in part, the financial liability or part thereof shall be derecognized; If the Company enters into an agreement with creditors to replace existing financial liabilities by assuming new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of existing financial liabilities, the recognition of existing financial liabilities shall be terminated and the new financial liabilities shall be recognized at the same time.

If all or part of the contract terms of the existing financial liabilities are substantially modified, the existing financial liabilities or part of them shall be derecognized, and the financial liabilities after the amended terms shall be recognized as a new financial liability.

When a financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized financial liability and the consideration paid (including the non-cash assets transferred or the new financial liabilities assumed) shall be recognized in profit or loss for the current period.

If the Company buys back part of the financial liabilities, the carrying amount of the entire financial liabilities will be allocated according to the relative fair value of the recognizable part and the derecognized part on the repurchase date. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is recognized in profit or loss for the period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.11 Financial instruments (Continued)

#### 3.11.5 A method for determining the fair value of financial assets and financial liabilities

A financial instrument with an active market whose fair value is determined by quotes quoted in an active market. Financial instruments for which there is no active market are used to determine their fair value using valuation techniques. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in the transaction of the underlying assets or liabilities, and preferentially uses relevant observable inputs. Unobservable inputs are used only if the relevant observable input is not available or practicable to obtain.

#### 3.11.6 Test methods and accounting treatment methods for impairment of financial assets

The Company estimates the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) and financial guarantee contracts measured at fair value through other comprehensive income, either individually or in combination.

The Company recognizes expected credit losses by calculating the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, weighting the risk of default, taking into account reasonable and evidence-based information such as past events, current conditions, and forecasts of future economic conditions.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures the loss allowance at an amount equivalent to the expected credit loss over the entire life of the financial instrument, and if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance at an amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The amount of the increase or reversal of the resulting loss provision is recognized in the current profit or loss as an impairment loss or gain.

The Company determines the relative change in the risk of default during the expected duration of a financial instrument by comparing the risk of default on the balance sheet date with the risk of default occurring on the initial recognition date to assess whether the credit risk of a financial instrument has increased significantly since its initial recognition. Normally, the Company considers that the credit risk of the Financial Instrument has increased significantly if it is overdue for more than 30 days, unless there is conclusive evidence that the credit risk of the Financial Instrument has not increased significantly since the initial recognition.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.11 Financial instruments (Continued)

#### 3.11.6 Test methods and accounting treatment methods for impairment of financial assets (Continued)

If the credit risk of a Financial Instrument is low at the balance sheet date, the Company does not believe that the credit risk of such Financial Instrument has increased significantly since its initial recognition.

If there is objective evidence that a financial asset has been impaired for credit, the Company will make an impairment provision for the financial asset on a single basis.

For the receivables and contract assets formed by transactions regulated by *Accounting Standard for Business Enterprises No. 14 – Revenue* (2017) regardless of whether they contain significant financing components, the Company has always measured its loss provision at an amount equivalent to the expected credit loss over the entire duration.

For lease receivables, the Company has always chosen to measure its loss provision at an amount equal to the expected credit loss over the entire duration.

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 shall directly write down the book balance of the financial asset.

### 3.12 Determination and accounting treatment of expected credit losses

#### 3.12.1 Methods for determining expected credit losses

On the basis of expected credit losses, the Company carries out impairment accounting and recognises loss provisions for financial assets (including receivables) measured at amortized cost, financial assets classified as measured at fair value through other comprehensive income, and lease receivables.

The Company assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date, and divides the process of credit impairment of financial instruments into three stages, and adopts different accounting treatment methods for the impairment of financial instruments at different stages: (1) In the first stage, if the credit risk of the financial instrument does not increase significantly since the initial recognition, the Company measures the loss provision according to the expected credit loss of the financial instrument in the next 12 months; and calculate interest income based on its book balance (i.e. before deducting impairment provisions) and effective interest rate; (2) In the second stage, if the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, the Company shall measure the loss provision according to the expected credit loss of the financial instrument throughout its duration, and calculate the interest income according to its book balance and effective interest rate; (3) In the third stage, if credit impairment occurs after initial recognition, the Company measures the loss provision according to the expected credit loss of the financial instrument over the entire duration, and calculates the interest income according to its amortized cost (book balance minus impairment provision) and effective interest rate.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.12 Determination and accounting treatment of expected credit losses (Continued)

#### 3.12.2 Accounts receivable and notes receivable

For accounts receivable and notes receivable, regardless of whether they contain significant financing components, the Company always measures the loss provision at an amount equivalent to the expected credit loss during the entire duration, and the increase or reversal of the resulting loss provision is included in the current profit or loss as an impairment loss or gain.

- (1) Accounts receivable and notes receivable for separate provision for bad debts

For accounts receivable and notes receivable that have objective evidence of impairment and other accounts receivable and notes receivable that are suitable for individual assessment, the impairment test shall be carried out separately to confirm the expected credit loss and make a provision for individual impairment.

- (2) Accounts receivable for bad debt provision on a combined basis

For accounts receivable and notes receivable that do not have objective evidence of impairment, or when the individual provision cannot assess the expected credit loss at a reasonable cost, the Company divides the company into several portfolios based on the credit risk characteristics and calculates the expected credit loss on the basis of the portfolio, and the basis for determining the portfolio is as follows:

The basis for determining the group	
Note receivable group	The credit degree of the accepting bank or the acceptor is used as the credit risk characteristic to divide the group
Aging group	The credit risk characteristics of receivables are used as the credit risk characteristics to divide the group
Other group	The relationship between receivables and transaction counterparties is used as the credit risk characteristics to divide the group
Deposit, security deposits and reserves	The nature of the receivables is used as the credit risk characteristic to divide the group

Grouping assessment subject to allowance for credit losses	
Note group	Others
Aging group	Allowance for credit losses base on aging analysis methods
Other group	Others
Deposit, security deposits and reserves	Others

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.12 Determination and accounting treatment of expected credit losses (Continued)

#### 3.12.2 Accounts receivable and notes receivable (Continued)

The Company has combined the receivables with similar credit risk characteristics and, based on all reasonable and evidence-based information, including forward-looking information, estimates the proportion of the provision for bad debts of the receivables as follows:

Aging	Allowance rate (%)
0-6 months	0
7-12months	5
1-2 years	10
2-3 years	15
3-4 years	30
4-5 years	50
More than 5 years	100

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

When there is objective evidence that the Company will not be able to recover all the payments under the original terms of the receivables, a separate impairment test will be carried out based on the difference between the present value of its future cash flows and its carrying amount, and a provision for bad debts will be made.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.12 Determination and accounting treatment of expected credit losses (Continued)

#### 3.12.3 Receivables Financing

When notes receivable and accounts receivable meet the following conditions at the same time: 1) the contractual cash flow is the payment of principal and interest based on the outstanding principal amount; 2) The Company's business model for managing notes receivable and accounts receivable is aimed at both collecting contractual cash flow and selling. The financial assets classified by the Company as measured at fair value through other comprehensive income are listed in the financial statements as receivables financing, and the relevant specific accounting treatment is shown in "3.11 Financial Instruments" in this note;

When the information of expected credit loss cannot be assessed at a reasonable cost, the Company divides notes receivable and accounts receivable into several portfolios according to the credit risk characteristics, and calculates the expected credit loss on the basis of the combination. If there is objective evidence that a note receivable and accounts receivable have been credit impaired, the Company shall make a separate provision for bad debts for the notes receivable and accounts receivable and recognize the expected credit loss, and treat the notes receivable and accounts receivable classified as a combination according to the above-mentioned impairment loss measurement method for accounts receivable.

#### 3.12.4 Other receivables

For the measurement of impairment losses on other receivables, it shall be treated in accordance with the above-mentioned impairment loss measurement method for receivables.

#### 3.12.5 Others

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

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.13 Inventories

#### 3.13.1 Categories of inventories

Inventory is classified as: raw materials, turnover materials, inventory goods, work-in-progress, issued goods, consignment processing materials, etc.

Inventory is initially measured at cost, which includes the cost of procurement, processing and other expenses incurred to bring the inventory to its current premises and condition.

#### 3.13.2 Measurement of inventories upon delivery

Weighted average method is used to measure the actual costs of inventories upon delivery.

#### 3.13.3 The basis for determining the net realizable value of different types of inventory

At the balance sheet date, inventories should be measured at the lower of cost and net realizable value. When the cost of inventory is higher than its net realizable value, provision should be made for inventory decline. Net realizable value is the estimated selling price of inventory in the ordinary course of business, less the estimated costs to be incurred at completion, estimated selling expenses, and related taxes.

In the normal course of production and operation, the net realizable value of the inventory of goods directly used for sale, such as finished products, inventory commodities and materials used for sale, shall be determined by the estimated selling price of the inventory minus the estimated sales expenses and relevant taxes and fees; In the normal course of production and operation, the net realizable value of the inventory of materials that need to be processed shall be determined by the estimated selling price of the finished products produced minus the estimated costs to be incurred at the time of completion, the estimated sales expenses and relevant taxes and fees; The net realizable value of the inventory held for the execution of the sales contract or service contract shall be calculated on the basis of the contract price, and if the quantity of the inventory held exceeds the quantity ordered under the sales contract, the net realizable value of the excess inventory shall be calculated on the basis of the general sales price.

After the provision for inventory decline is made, if the influencing factors of the previous write-down of the inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its carrying amount, it shall be reversed within the amount of the original provision for inventory decline and the amount reversed shall be included in the profit or loss for the current period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.13 Inventories (Continued)

#### 3.13.4 Inventory count system

The Company adopts the perpetual inventory system.

#### 3.13.5 Amortization methods of low-value consumables and packaging materials

Low-cost consumables and packaging materials are amortized by the once-off amortization method.

### 3.14 Contract assets and contract liabilities

#### 3.14.1 Methods for determining the expected credit losses of contract assets and accounting treatment

For details of the method of determining the expected credit loss and accounting treatment of contract assets, please refer to “notes 3.11.6: Test methods and accounting treatment methods for impairment of financial assets” and “notes 3.12: Determination and accounting treatment of expected credit losses” in this note, and the combination classification and expected credit loss provision method are the same as those of accounts receivable.

#### 3.14.2 Contract liabilities

The Company presents the obligation to transfer goods or services to the Customer for consideration received or receivable from the Customer as contractual liabilities, and the contractual assets and contractual liabilities under the same contract are shown on a net basis.

#### 3.14.3 Contract liabilities

The Company presents the obligation to transfer goods or services to the Customer for consideration received or receivable from the Customer as contractual liabilities, and the contractual assets and contractual liabilities under the same contract are shown on a net basis.



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.15 Long-term equity investment

#### 3.15.1 Criteria for judging joint control and significant impact

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be unanimously agreed by the participants who share the control before decision-making. If the Company and other joint venture parties exercise joint control over the investee and have rights to the net assets of the investee, the investee shall be a joint venture of the Company.

Significant influence refers to the power to participate in the financial and operational decisions of the investee, but is not able to control or jointly control the formulation of these policies with other parties. If the Company is able to exert significant influence on the investee, the investee shall be an associate of the Company.

#### 3.15.2 Determination of the initial investment cost

##### (1) Long-term equity investment formed by business combination

For the long-term equity investment in the subsidiary formed by the business combination under the same control, the initial investment cost of the long-term equity investment shall be based on the share of the carrying amount of the owner's equity of the merged party in the consolidated financial statements of the ultimate controller on the date of consolidation. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid shall be adjusted for the equity premium in the capital reserve, and the retained earnings shall be adjusted when the equity premium in the capital reserve is insufficient to offset the difference. If the investee under the same control can be controlled due to additional investment or other reasons, the difference between the initial investment cost of the long-term equity investment recognized in accordance with the above principles and the sum of the carrying amount of the long-term equity investment before the merger plus the book value of the consideration further paid for the shares obtained on the merger date shall be adjusted to the equity premium, and if the equity premium is insufficient to offset the retained earnings.

For a long-term equity investment in a subsidiary formed by a business combination not under the same control, the initial investment cost of the long-term equity investment shall be determined according to the merger cost determined on the date of purchase. If the investee is not under the same control due to additional investment or other reasons, the initial investment cost shall be the sum of the carrying amount of the equity investment originally held plus the new investment cost.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.15 Long-term equity investment (Continued)

#### 3.15.2 Determination of the initial investment cost (Continued)

- (2) Long-term equity investments obtained through means other than business combinations

For long-term equity investments made in cash, the initial investment cost is based on the purchase price actually paid. For long-term equity investment obtained through the issuance of equity securities, the fair value of the equity securities issued shall be used as the initial investment cost.

#### 3.15.3 Follow-up measurement and profit and loss recognition method

- (1) Accounting for long-term equity investment

Long-term equity investments in associates and joint ventures are accounted for using the equity method. The initial investment cost is less than the difference between the fair value share of the investee's identifiable net assets at the time of investment, and the initial investment cost of the long-term equity investment shall not be adjusted, and the difference between the initial investment cost and the fair value share of the investee's identifiable net assets shall be included in the profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted.

The Company shall separately recognize investment income and other comprehensive income according to the share of the net profit or loss and other comprehensive income realized by the investee, and adjust the book value of the long-term equity investment, reduce the carrying amount of the long-term equity investment accordingly according to the profit or cash dividend declared by the investee, and other changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "other changes in owner's equity"), adjust the book value of long-term equity investments and include them in owners' equity.

When recognizing the share of the investee's net profit or loss, other comprehensive income and other changes in owners' equity, the net profit and other comprehensive income of the investee shall be recognized on the basis of the fair value of the investee's identifiable net assets at the time of acquisition of the investment, and adjusted in accordance with the company's accounting policies and accounting periods.

The unrealized gains and losses from internal transactions between the company and its associates and joint ventures shall be calculated and offset in accordance with the proportion to which it is entitled, and the investment income shall be recognized on this basis, except for the assets invested or sold that constitute business. If the unrealized internal transaction loss with the investee is an asset impairment loss, it shall be recognized in full.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.15 Long-term equity investment (Continued)

#### 3.15.3 Follow-up measurement and profit and loss recognition method (Continued)

##### (1) Accounting for long-term equity investment (Continued)

In addition to the obligation to bear additional losses, the net loss incurred by the company in respect of the joint venture or associated enterprise shall be written down to zero at the carrying amount of the long-term equity investment and other long-term interests that substantially constitute the net investment in the joint venture or associate. If the joint venture or associated enterprise realizes net profit in the future, the company shall resume the recognition of the revenue sharing amount after the revenue sharing amount makes up for the unrecognized loss sharing amount.

##### (2) Disposal of long-term equity investment

The difference between the carrying amount of the disposal of long-term equity investment and the actual acquisition price shall be included in the profit or loss for the current period.

If part of the long-term equity investment accounted for by the equity method is partially disposed of, and the remaining equity is still accounted for by the equity method, the other comprehensive income recognized by the original equity method shall be carried forward on the same basis as the investee's direct disposal of the relevant assets or liabilities in the corresponding proportion, and the changes in other owners' equity shall be carried forward to the profit or loss for the current period on a proportional basis.

If the investee loses common control or significant influence due to the disposal of the equity investment, the other comprehensive income recognized by the original equity investment due to the adoption of the equity method of accounting shall be accounted for on the same basis as the investee's direct disposal of the relevant assets or liabilities when the equity method of accounting is terminated, and all changes in other owners' equity shall be transferred to the current profit or loss when the equity method of accounting is terminated.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.16 Investment Properties

Investment real estate refers to real estate held for the purpose of earning rent or capital appreciation, or both, including land use rights that have been leased, land use rights that are held and ready to be transferred after appreciation, and buildings that have been leased out (including buildings that are self-constructed or used for rent after the completion of development activities, and buildings that are under construction or in the process of being developed for rent in the future).

Subsequent expenses related to investment real estate are included in the cost of investment real estate when the relevant economic benefits are likely to flow in and their costs can be reliably measured; Otherwise, it will be recognized in profit or loss for the current period when incurred.

The Company adopts a cost model for the measurement of existing investment properties. The same depreciation policy as the Company's fixed assets is applied to the investment real estate rental buildings measured according to the cost model, and the amortization policy for the lease land use rights is implemented in accordance with the same amortization policy as the intangible assets.

### 3.17 Fixed assets

#### 3.17.1 Recognition and initial measurement of fixed assets

Fixed assets refer to tangible assets that are held for the production of goods, the provision of services, leasing or business management, and have a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are met at the same time:

- (1) The economic benefits related to the fixed assets are likely to flow into the enterprise;
- (2) The cost of the fixed asset can be reliably measured.

Fixed assets are initially measured at cost (and taking into account the impact of the projected disposal expense factor).

Subsequent expenses related to fixed assets are included in the cost of fixed assets when the economic benefits related to them are likely to flow in and their costs can be reliably measured; derecognition of the carrying amount of the part to be replaced; All other subsequent expenses are recognized in profit or loss for the period when incurred.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.17 Fixed assets (Continued)

#### 3.17.2 Depreciation method

The depreciation of fixed assets is classified and accrued using the average life method, and the depreciation rate is determined according to the type of fixed assets, the expected useful life and the estimated net residual value rate. For fixed assets for which impairment provisions have been made, the depreciation amount shall be determined in future periods based on the carrying amount after deducting the impairment provision and based on the remaining useful life. If the service life of each component of the fixed assets is different or provides economic benefits to the enterprise in different ways, different depreciation rates or depreciation methods are selected and depreciation is accrued separately.

The depreciation methods, depreciation periods, residual value rates and annual depreciation rates of various types of fixed assets are as follows:

Category	Depreciation methods	Depreciation years	Residual value rate	Annual depreciation rate
Buildings	Straight line method	20-30	5%	3.17%-4.75%
Machinery & equipment	Straight line method	5-11	0-10%	8.18%-20.00%
Transportation vehicles	Straight line method	5-10	0-5%	9.50%-20.00%
Electronic equipment	Straight line method	2-10	2%-10%	9.00%-49.00%
Others	Straight line method	2-5	0-10%	18.00%-50.00%
Operating Lease Fixed Assets:				
Buildings	Straight line method	20-30	5%	3.17%-4.75%

#### 3.17.3 Disposal of fixed assets

A fixed asset is derecognized when it is disposed of, or when it is not expected to generate economic benefit from its use or disposal. The amount of disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting their book value and related taxes is included in profit or loss for the current period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.18 Construction in progress

Construction in progress is measured at the cost actually incurred. Actual costs include construction costs, installation costs, borrowing costs eligible for capitalization, and other expenses necessary to bring the work in progress to its intended useable condition. When the construction in progress reaches the intended usable state, it is transferred to fixed assets and depreciation begins to accrue from the following month.

### 3.19 Borrowing Costs

#### 3.19.1 Recognition principle for capitalization of borrowing costs

The borrowing costs incurred by the Company that can be directly attributable to the acquisition, construction or production of assets that meet the conditions for capitalization shall be capitalized and included in the cost of relevant assets; Assets eligible for capitalization refer to assets such as fixed assets, investment real estate, and inventories that need to be purchased, constructed, or produced for a considerable period of time to reach a predetermined usable or marketable state.

#### 3.19.2 Capitalization period of borrowing costs

The capitalization period refers to the period from the time when the capitalization of borrowing costs starts to the time when capitalization ceases, excluding the period during which the capitalization of borrowing costs is suspended.

Borrowing costs are capitalized when the following conditions are met:

- (1) Asset expenditure has been incurred, and asset expenditure includes expenditure in the form of cash payment, transfer of non-cash assets or assumption of interest-bearing debts for the acquisition, construction or production of assets eligible for capitalization;
- (2) borrowing costs have been incurred;
- (3) The acquisition, construction or production activities necessary to bring the asset to its intended usable or marketable state have begun.

When the acquisition, construction or production of assets eligible for capitalization reaches the intended usable or saleable state, the capitalization of borrowing costs ceases.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.19 Borrowing Costs (Continued)

#### 3.19.3 Suspension of capitalization period

If there is an abnormal interruption in the acquisition, construction or production of an asset eligible for capitalization, and the interruption period exceeds 3 consecutive months, the capitalization of borrowing costs will be suspended: if the interruption is necessary for the acquisition, construction or production of assets eligible for capitalization to reach the intended usable state or saleable state, the borrowing cost will continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as profit or loss for the current period and continue to be capitalized until the acquisition and construction of assets or production activities resume.

### 3.20 Intangible assets

#### 3.20.1 Valuation method of intangible assets

- (1) When the company acquires intangible assets, the initial measurement is carried out at cost; The cost of the purchased intangible asset, including the purchase price, related taxes and other expenses directly attributable to the use of the asset for its intended purpose.
- (2) Follow-up measurement

Analyze and judge the useful life of intangible assets when acquiring them.

For intangible assets with a limited useful life, they shall be amortized within the period of economic benefits brought to the enterprise; if the period of economic benefits brought to the enterprise by the intangible assets cannot be foreseen, they shall be regarded as intangible assets with indefinite useful life and shall not be amortized.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.20 Intangible assets (Continued)

3.20.2 Estimation of useful life of intangible assets with limited useful life:

Category	Useful life (years)	Amortisation methods
Land use rights	16.75-50	Straight line method
Trademark rights	10	Straight line method
Software	5-10	Straight line method
Copyrights	10	Straight line method
Patent rights	10	Straight line method
Non-Patent techniques	5	Straight line method

3.20.3 Specific criteria for dividing the research stage and the development stage

The expenditure on R&D projects within the company is divided into research stage expenditure and development stage expenditure.

Research stage: The stage of original planned investigation and research activities to acquire and understand new scientific or technological knowledge, etc.

Development stage: The stage in which research results or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, etc., before commercial production or use.



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.20 Intangible assets (Continued)

#### 3.20.4 Specific conditions for capitalization of expenditures in the development phase

Expenses incurred during the research phase are included in profit or loss for the current period when incurred. If the expenditure in the development stage meets the following conditions at the same time, it shall be recognized as an intangible asset, and the expenditure in the development stage that cannot meet the following conditions shall be included in the profit or loss for the current period:

- (1) it is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) have the intention to complete the intangible asset and use or sell it;
- (3) the manner in which the intangible asset generates economic benefits, including the usefulness of the intangible asset if it can be proved that there is a market for the products produced by the intangible asset or that there is a market for the intangible asset itself, and that the intangible asset will be used internally;
- (4) have sufficient technical, financial and other resources to complete the development of the intangible asset and have the ability to use or sell the intangible asset ;
- (5) the expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between the expenditure in the research stage and the expenditure in the development stage, all the R&D expenditure incurred shall be included in the profit or loss for the current period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.21 Impairment of long-term assets

Long-term assets such as long-term equity investments, investment real estate measured under the cost model, fixed assets, projects under construction, right-of-use assets, and intangible assets with a limited useful life are subject to impairment testing at the balance sheet date. If the impairment test results show that the recoverable amount of an asset is lower than its carrying amount, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's expected future cash flows. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined by the asset group to which the asset belongs. An asset group is the smallest portfolio of assets that can generate cash inflows independently.

For goodwill formed as a result of business combinations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached a usable state, regardless of whether there is an indication of impairment, the impairment test shall be carried out at least at the end of each year.

The Company conducts a goodwill impairment test, and allocates the carrying amount of goodwill formed as a result of the business combination to the relevant asset group in a reasonable manner from the date of purchase, and if it is difficult to allocate it to the relevant asset group, it is allocated to the relevant asset group combination. The relevant asset group or combination of asset groups is the one that can benefit from the synergies of the business combination.

When conducting an impairment test on a relevant asset group or a combination of asset groups containing goodwill, if there are signs of impairment in the asset group or asset group combination related to goodwill, the impairment test shall be carried out on the asset group or asset group combination that does not contain goodwill, and the recoverable amount shall be calculated and the corresponding impairment loss shall be recognized by comparing it with the relevant book value. If the recoverable amount is lower than the book value, the amount of impairment loss will first be offset against the book value of the goodwill allocated to the asset group or asset group combination, and then the book value of other assets will be offset proportionally according to the proportion of the book value of other assets other than goodwill in the asset group or asset group combination.

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

### 3.22 Long-term amortized expenses

Long-term amortized expenses are those expenses that have already been incurred but should be borne by the current and subsequent periods for an amortized period of more than one year.

The long-term amortized expenses incurred by the Company are valued at actual cost and amortized on an average basis according to the expected benefit period, and the amortized value of the long-term amortized expense items that cannot benefit subsequent accounting periods shall be fully included in the profit or loss for the current period when determined.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.23 Contract Liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligations and the customer's payment. The Company's obligation to transfer goods or services to the Customer for consideration received or receivable from the Customer is shown as a contractual liability.

Contract assets and contract liabilities under the same contract are shown in net.

### 3.24 Employee Compensation

#### 3.24.1 Accounting treatment of short-term remuneration

During the accounting period in which employees provide services to the Company, the Company recognizes the actual short-term remuneration as a liability and includes it in the profit or loss for the current period or the cost of related assets.

The social insurance premiums and housing provident fund paid by the Company for the employees, as well as the trade union funds and employee education funds withdrawn in accordance with the regulations, shall be calculated and determined according to the prescribed basis and proportion of the employees' remuneration during the accounting period in which the employees provide services to the Company.

The employee benefit expenses incurred by the Company shall be included in the profit or loss for the current period or the cost of related assets according to the actual amount incurred when actually incurred, of which non-monetary benefits shall be measured at fair value.

#### 3.24.2 Accounting treatment of post-employment benefits

##### (1) Set up a deposit and withdrawal plan

The Company shall pay basic endowment insurance and unemployment insurance for employees in accordance with the relevant regulations of the local government, and the amount payable shall be calculated according to the payment base and proportion stipulated by the local government during the accounting period in which the employees provide services to the Company, which shall be recognized as liabilities and included in the profit or loss for the current period or the cost of related assets. In addition, the company also participates in the enterprise annuity plan/supplementary pension insurance fund approved by the relevant state departments. The Company pays a certain percentage of the total salary of employees to the annuity plan/local social insurance institution, and the corresponding expenses are included in the profit or loss for the current period or the cost of related assets.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.24 Employee Compensation (Continued)

#### 3.24.2 Accounting treatment of post-employment benefits (Continued)

##### (2) Set up a benefit plan

The Company attributes the benefit obligations arising from the defined benefit plan to the period during which the employee provides services based on the formula determined by the expected accrued benefit unit method, and includes it in the profit or loss for the current period or the cost of related assets.

The deficit or surplus resulting from the present value of defined benefit plan obligations minus the fair value of defined benefit plan assets is recognized as a defined benefit plan net liability or net assets. If there is a surplus in the defined benefit plan, the Company measures the net assets of the defined benefit plan by the lower of the surplus of the defined benefit plan and the asset limit.

All defined benefit plan obligations, including those expected to be paid within twelve months of the end of the annual reporting period in which employees provide services, are discounted based on the market yield of Treasury bonds or high-quality corporate bonds in active markets that match the term and currency of the defined benefit plan obligations at the balance sheet date.

The cost of services arising from the defined benefit plan and the net interest on the net liabilities or net assets of the defined benefit plan are included in the profit or loss for the current period or the cost of related assets; Changes resulting from the remeasurement of net liabilities or net assets of defined benefit plans are included in other comprehensive income and are not reversed to profit or loss in subsequent accounting periods, and all of the original included in other comprehensive income is carried forward to undistributed profit within the scope of equity when the original defined benefit plan is terminated.

At the time of settlement of the defined benefit plan, the settlement gain or loss is recognized as the difference between the present value of the defined benefit plan obligation and the settlement price determined on the settlement date.

#### 3.24.3 Termination benefits

When the Company provides termination benefits to employees, the employee remuneration liabilities arising from the dismissal benefits shall be recognized as soon as possible and included in the profit or loss for the current period as soon as possible: when the Company cannot unilaterally withdraw the severance benefits provided due to the termination of labor relationship plan or layoff proposal; When the Company recognizes costs or expenses related to a reorganization involving the payment of termination benefits.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.25 Provisions

The Company recognizes obligations related to contingencies as Provisions if they meet the following conditions at the same time:

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

Provisions are initially measured on the basis of the best estimate of the expenditure required to meet the relevant current obligations.

In determining the best estimates, factors such as risks, uncertainties and time value of money associated with contingencies are taken into account. Where the time value of money is significant, the best estimate is determined by discounting the relevant future cash outflows.

If there is a continuous range of expenditures within which the likelihood of the outcomes is the same, the best estimate is determined by the midpoint of that range; In other cases, the best estimate is treated separately in the following cases:

- Where a contingency involves a single item, it is determined according to the amount that is most likely to occur.
- Where a contingency involves multiple items, it is to be determined according to the various possible outcomes and the relevant probabilities.

If all or part of the expenses required to settle the Provisions are expected to be compensated by a third party, the amount of compensation shall be recognized separately as an asset when it is basically determined that it can be received, and the amount of compensation recognized shall not exceed the carrying amount of the projected liabilities.

The Company reviews the carrying amount of the Provisions at the balance sheet date, and if there is conclusive evidence that the carrying amount does not reflect the current best estimate, the carrying amount shall be adjusted according to the current best estimate.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.26 Share-based payment

The Company's share-based payments are transactions in which equity instruments are granted or liabilities determined on the basis of equity instruments for the purpose of obtaining services provided by employees or other parties. The Company's share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

#### 3.26.1 Equity-settled share-based payments and equity instruments

If the equity-settled share-based payment is exchanged for the services provided by the employee, it shall be measured at the fair value of the equity instrument granted to the employee. For share-based payment transactions with exercisable rights immediately after grant, the relevant costs or expenses will be included in the fair value of the equity instruments on the grant date, and the capital reserve will be increased accordingly. For share-based payment transactions that are exercisable only after the completion of services during the waiting period or the fulfillment of specified performance conditions, at each balance sheet date during the waiting period, the Company will include the services obtained in the current period into the relevant costs or expenses at the fair value at the grant date based on the best estimate of the number of exercisable equity instruments, and increase the capital reserve accordingly.

If the terms of equity-settled share-based payments are modified, the services obtained will be recognized, at least as if the terms were not modified. In addition, any modification that increases the fair value of the equity instrument granted, or that is beneficial to the employee at the date of the amendment, recognizes an increase in services obtained.

During the waiting period, if the granted equity instruments are cancelled, the Company will treat the cancelled granted equity instruments as an accelerated exercise, and the amount that should be recognized during the remaining waiting period will be immediately included in the profit or loss for the current period, and the capital reserve will be recognized at the same time. However, if a new Equity Instrument is granted and it is determined on the New Equity Instrument Grant Date that the new Equity Instrument granted is used in place of the cancelled Equity Instrument, the Granted Replacement Equity Instrument will be treated in the same manner as if the original Equity Instrument Terms and Conditions were amended.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.26 Share-based payment (Continued)

#### 3.26.2 Cash-settled share-based payments and equity instruments

Cash-settled share-based payments are measured at the fair value of liabilities assumed by the Company on the basis of shares or other equity instruments. In the case of share-based payment transactions with exercisable rights immediately after grant, the Company will include the relevant costs or expenses at the fair value of the liabilities assumed on the grant date, and increase the liabilities accordingly. For share-based payment transactions that are exercisable after the completion of services during the waiting period or the fulfillment of specified performance conditions, the Company will include the services obtained in the current period into the relevant costs or expenses based on the fair value of the liabilities assumed by the Company on the basis of the best estimate of the vesting situation at each balance sheet date during the waiting period, and accordingly include them in the liabilities. The fair value of the liability is remeasured at each balance sheet date and at the settlement date before the settlement of the relevant liability, and its change is recognized in profit or loss for the current period.

If the Company amends the terms and conditions of the cash-settled share-based payment agreement to such that it is paid by equity-settled shares, the Company will measure the equity-settled share-based payment at the fair value of the granted equity instrument on the date of the amendment (whether during or after the end of the waiting period), and the services obtained will be included in the capital reserve, and the cash-settled share-based payment will be derecognized as a liability recognized on the date of the amendment, and the difference between the two will be recognized in profit or loss for the current period. If the waiting period is extended or shortened due to amendments, the Company will account for the revised waiting period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.27 Preferred shares, perpetual bonds and other financial instruments

The Company classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments at the time of initial recognition based on the contractual terms of the issued preferred shares/perpetual bonds and the economic substance reflected therein rather than in legal form only.

If the perpetual bonds/preferred shares and other financial instruments issued by the Company meet one of the following conditions, the financial instruments as a whole or their components will be classified as financial liabilities at the time of initial recognition:

- (1) There is a contractual obligation that the Company cannot unconditionally avoid performing by the delivery of cash or other financial assets;
- (2) Includes a contractual obligation to deliver a variable number of its own equity instruments for settlement;
- (3) Includes derivatives settled with their own equity (such as equity conversion, etc.), and the derivatives are not settled by exchanging a fixed amount of their own equity instruments for a fixed amount of cash or other financial assets;
- (4) There are contractual clauses that indirectly create contractual obligations;
- (5) The perpetual bonds are in the same repayment order as the ordinary bonds and other debts issued by the issuer at the time of liquidation by the issuer. For financial instruments such as perpetual bonds/preferred shares that do not meet any of the above conditions, the financial instrument as a whole or its components will be classified as equity instruments at the time of initial recognition.



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.28 Revenues

#### 3.28.1 Accounting policies used for revenue recognition and measurement

The Company has fulfilled its performance obligations under the contract, i.e., recognises revenue when the customer acquires control of the relevant goods or services. Gaining control of the relevant goods or services means being able to dominate the use of the goods or services and derive almost all of the economic benefits from them.

If the contract contains two or more performance obligations, the Company shall allocate the transaction price to each individual performance obligation according to 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 revenue based on the transaction price allocated to each individual performance obligation.

The Transaction Price means the amount of consideration that the Company expects to be entitled to receive as a result of the transfer of goods or services to the Client, excluding payments received on behalf of third parties and amounts expected to be returned to the Client. The Company determines the transaction price in accordance with the terms of the contract and its past practices, and takes into account the impact of factors such as variable consideration, significant financing elements existing in the contract, non-cash consideration, and consideration payable to customers when determining the transaction price. The Company determines the transaction price, including variable consideration, by an amount not exceeding the amount of the accrued recognized revenue that is likely not to be materially reversed at the time the relevant uncertainty is eliminated. If there is a material financing component in the contract, the Company shall determine the transaction price based on the amount payable in cash assuming that the customer acquires control of the goods or services, and amortize the difference between the transaction price and the contract consideration using the effective interest rate method during the contract period.

If one of the following conditions is met, 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:

- The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance.
- The customer is able to control the products under construction in the company's fulfillment process.
- The goods produced by the Company in the course of performing the contract have irreplaceable uses, and the Company has the right to receive payment for the part of the performance that has been completed so far during the entire contract period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.28 Revenues (Continued)

#### 3.28.1 Accounting policies used for revenue recognition and measurement (Continued)

For the performance obligations performed within a certain period of time, the Company shall recognize revenue in accordance with the performance progress during that period, unless the performance progress cannot be reasonably determined. Taking into account the nature of the goods or services, the Company adopts the output method or the input method to determine the performance progress. When the performance progress cannot be reasonably determined, if the costs incurred are expected to be compensated, the Company shall recognize the revenue according to the amount of the costs incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue at the point when the customer acquires control of the relevant goods or services. In determining whether a customer has acquired control of goods or services, the Company considers the following indications:

- The Company has the right to receive payment for the goods or services, i.e. the Customer has a current payment obligation for the goods or services
- The Company has transferred the legal ownership of the Goods to the Customer, i.e. the Customer has legal ownership of the Goods.
- The Company has physically transferred the Commodity to the Customer, i.e. the Customer has taken physical possession of the Goods.
- The Company has transferred the main risks and rewards of the ownership of the goods to the Customer, that is, the Customer has obtained the main risks and rewards of the ownership of the goods.
- The customer has accepted the goods or services, etc.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.28 Revenues (Continued)

#### 3.28.2 Principles of income measurement

The Company measures revenue at the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the Company expects to be entitled to receive as a result of the transfer of goods or services to the Customer, excluding payments received on behalf of third parties and amounts expected to be refunded to the Customer.

Where there is variable consideration in the contract, the Company determines the best estimate of the variable consideration based on the expected value or the amount most likely to occur, provided that the transaction price, including the variable consideration, does not exceed the amount by which the accumulated recognized revenue is likely not to be materially reversed at the time the relevant uncertainty is eliminated.

If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash assuming that the customer acquires control of the goods or services. The difference between the transaction price and the contract consideration is amortized over the life of the contract using the effective interest method. On the commencement date of the contract, if the Company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price shall not exceed one year, the material financing component in the contract shall not be considered.

If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.28 Revenues (Continued)

#### 3.28.3. The specific method of revenue recognition

##### (1) Revenue recognized at the point of time

The company's sales of safe city products, intelligent manufacturing core components, green service-oriented electronic manufacturing products, smart factories and system engineering installation, etc., belong to the performance obligation to be fulfilled at a certain point in time. The following conditions must be met for the recognition of revenue from domestic products: the company has delivered the products to the customer in accordance with the contract and the control of the goods has been transferred, the payment has been recovered or the receipt certificate has been obtained and the relevant economic benefits are likely to flow in, the main risks and rewards in the ownership of the goods have been transferred, and the legal ownership of the goods has been transferred. The following conditions must be met for the recognition of revenue from export products: the company has declared the products in accordance with the contract, obtained the bill of lading, has recovered the payment or obtained the receipt voucher and the relevant economic benefits are likely to flow in, the main risks and rewards in the ownership of the goods have been transferred, and the legal ownership of the goods has been transferred.

##### (2) Revenue recognized according to the performance progress

The Company provides services such as intelligent transportation integration, and since the customer can control the goods or services under construction during the performance process while the Company performs the contract, the Company regards it as a performance obligation to be performed within a certain period of time, and recognizes revenue according to the performance progress, unless the performance progress cannot be reasonably determined. The company determines the performance progress of the services provided in accordance with the output method. If the performance progress cannot be reasonably determined, if the costs incurred by the company are expected to be compensated, the revenue shall be recognized according to the amount of the costs incurred until the performance progress can be reasonably determined.

##### (3) Rental services

If the company provides leasing services, it shall be recognized as rental income in accordance with the straight-line method within the lease period agreed in the lease contract or agreement (the rent-free period shall be considered if there is a rent-free period). For details, see 3.32 Disclosure of Lease Accounting Policies.

##### (4) Others

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

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.29 Contract Costs

Contract costs include contract performance costs and contract acquisition costs.

If the costs incurred by the Company for the performance of the contract do not fall within the scope of the relevant standards such as inventory, fixed assets or intangible assets, they shall be recognized as an asset as contract performance costs when the following conditions are met:

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

If the incremental cost incurred by the Company in obtaining the contract is expected to be recovered, it shall be recognized as an asset as the cost of obtaining the contract. Assets related to contract costs are amortized on the same basis as revenue recognition for goods or services to which the asset relates; However, if the amortization period of the cost of contract acquisition does not exceed one year, the Company will include it in the profit or loss for the current period when it occurs.

If the carrying amount of an asset related to the contract cost is higher than the difference between the following items, the Company shall make an impairment provision for the excess and recognize it as an asset impairment loss:

- (1) The residual consideration that is expected to be obtained as a result of the transfer of the goods or services to which the asset relates;
- (2) An estimate of the costs to be incurred for the transfer of the relevant goods or services.

If the impairment factors of the previous period change later, so that the aforesaid difference is higher than the carrying amount of the asset, the Company shall reverse the impairment provision that has been made and include it in the profit or loss for the current period, but the carrying amount of the reversed asset shall not exceed the carrying amount of the asset on the reversal date assuming that no provision for impairment is made.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.30 Government grants

#### 3.30.1 Category

Government grants are monetary assets 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.

Asset-related government grants refer to government subsidies obtained by the Company for the acquisition, construction or other formation of long-term assets. Income-related government grants refer to government grants other than asset-related government grants.

#### 3.30.2 The recognition timing for government grants

Government grants are recognized when the Company is able to meet the conditions attached to them and is able to receive them.

#### 3.30.3 Accounting treatment

Asset-related government grants are offset against the carrying amount of the underlying assets or recognized as deferred income. If it is recognized as deferred income, it shall be included in the profit or loss for the current period in installments in accordance with a reasonable and systematic method during the useful life of the 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 company's daily activities, it shall be included in the non-operating income);

If the government grants related to the income is used to compensate the relevant costs, expenses or losses of the Company in subsequent periods, it shall be recognized as deferred income, and shall be included in the profit or loss for the current period during the period when the relevant costs, expenses or losses are recognized (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 company's daily activities, it shall be included in non-operating income) or offset the relevant costs or losses; If it is used to compensate for the relevant costs, expenses or losses incurred by the Company, it shall be directly included in the profit or loss for the current period (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 company's daily activities, it shall be included in non-operating income) or offset the relevant costs or losses.

The preferential policy loan interest discount obtained by the Company is divided into the following two situations and is accounted for separately:

If the finance department allocates the subsidized funds to the lending bank, and the lending bank provides loans to the Company at a preferential policy interest rate, the Company shall take the actual amount of the loan received as the recorded value of the loan, and calculate the relevant borrowing costs according to the principal of the loan and the preferential interest rate of the policy.

If the finance department directly allocates the interest discount funds to the company, the company will offset the relevant borrowing costs with the corresponding interest discount.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.31 Deferred tax assets and deferred tax liabilities

Income tax includes current income tax and deferred income tax. Except for income tax arising from business combinations and transactions or events directly credited to owners' equity (including other comprehensive income), the Company includes current income tax and deferred income tax in profit or loss for the current period.

Deferred tax assets and deferred tax liabilities are recognized based on the difference between the tax basis of the assets and liabilities and their carrying amounts (temporary differences).

For deductible temporary differences, deferred tax assets are recognized to the extent of the taxable income that is likely to be obtained in future periods to offset the deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred tax assets are recognized to the extent that the future taxable income that is likely to be used to offset the deductible losses and tax credits will be obtained.

For taxable temporary differences, deferred tax liabilities are recognized, except in exceptional circumstances. Special circumstances in which deferred tax assets or deferred tax liabilities are not recognized include:

- Initial recognition of goodwill;
- Transactions or events that are neither a business combination nor affect accounting profits and taxable income (or deductible losses) at the time of their occurrence.

Deferred tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless the Company has control over the timing of the reversal of such temporary differences and it is likely that the temporary differences will not be reversed in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences related to investments in subsidiaries, associates and joint ventures when the temporary differences are likely to be reversed in the foreseeable future and taxable income to offset the deductible temporary differences is likely to be obtained in the future.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period in which the relevant assets are expected to be recovered or the relevant liabilities are liquidated, in accordance with the provisions of the tax law.

At the balance sheet date, the Company reviews the carrying amount of deferred tax assets. The carrying amount of the deferred tax asset is written down if there is a high probability that sufficient taxable income will not be available in future periods to offset the benefit of the deferred tax asset. The write-down amount is reversed when it is likely that sufficient taxable income will be obtained.

When there is a legal right to settle on a net basis, and the intention is to settle on a net basis or to acquire assets and settle liabilities at the same time, the current income tax assets and current income tax liabilities are presented as net offset.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.31 Deferred tax assets and deferred tax liabilities (Continued)

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented on a net basis after offsetting if the following conditions are met:

The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;

Deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or to different tax entities, but in each future period when the deferred tax assets and liabilities are reversed, the taxpayers involved intend to settle the current income tax assets and liabilities on a net basis or acquire assets and settle liabilities at the same time.

### 3.32 Lease liabilities

Lease refers to a contract in which the lessor transfers the right to use an asset to the lessee for a certain period of time for consideration. On the commencement date of the contract, the Company assesses whether the contract is a lease or includes a lease. A contract is a lease or contains a lease if one of the parties to a contract relinquishes the right to control the use of one or more identified assets for a certain period of time in exchange for consideration.

If the contract contains multiple separate leases at the same time, the Company will split the contract and account for each separate lease. If the contract contains both leased and non-leased parts, the lessee and the lessor will split the leased and non-leased parts.

For rent concessions such as rent reductions and deferred payments reached in respect of existing lease contracts directly caused by the novel coronavirus pneumonia epidemic, and the following conditions are met, the Company adopts a simplified approach for all lease options and does not assess whether there is a lease change or re-evaluate the lease classification:

- The lease consideration after the concession is reduced or basically unchanged compared with that before the concession, of which the lease consideration is not discounted or discounted at the discount rate before the concession ;
- After taking into account both qualitative and quantitative factors, it was determined that there were no significant changes to the other terms and conditions of the lease.



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.32 Lease liabilities (Continued)

#### 3.32.1 The Company acts as the lessee

##### (1) Right-of-use assets

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

- The amount of the initial measurement of the lease liability ;
- If there is a lease incentive for the lease payment paid on or before the start date of the lease period, the relevant amount of the lease incentive already enjoyed shall be deducted ;
- Initial direct costs incurred by the Company ;
- Costs expected to be incurred by the Company to dismantle and remove the Leased Assets, restore the premises on which the Leased Assets are located, or restore the Leased Assets to the conditions agreed in the lease terms, excluding costs incurred for the production of inventory.

Subsequently, the Company adopted the straight-line method to depreciate the right-of-use assets. If the ownership of the leased assets can be reasonably determined at the expiration of the lease term, the Company shall accrue depreciation during the remaining useful life of the leased assets; Otherwise, depreciation is accrued on the leased asset over the period between the lease term and the remaining useful life of the leased asset.

The Company determines whether the right-of-use assets have been impaired in accordance with the principles described in “3.21 Impairment of Long-term Assets” in this note, and accounts for the identified impairment losses.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.32 Lease liabilities (Continued)

#### 3.32.1 The Company acts as the lessee (Continued)

##### (2) Lease liabilities

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

- Fixed payment amount (including substantial fixed payment amount), if there is a lease incentive, deduct the relevant amount of the lease incentive ;
- Variable lease payments that depend on an index or ratio ;
- The amount expected to be paid based on the residual value of the guarantee provided by the company ;
- The exercise price of the purchase option, provided that the Company reasonably determines that the option will be exercised ;
- Payments to be made for exercising the termination option, provided that the term of the lease reflects that the Company will exercise the termination option.

The Company uses the interest rate embedded in the lease as the discount rate, but if the interest rate embedded in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate.

The Company calculates the interest expense of the lease liabilities for each period of the lease term at a fixed periodic interest rate, and includes them in the profit or loss for the current period or the cost of related assets.

Variable lease payments that are not included in the measurement of lease liabilities are recognized in profit or loss for the current period or the cost of related assets when actually incurred.

After the commencement date of the lease term, if the following circumstances occur, the Company shall remeasure the lease liabilities and adjust the corresponding right-of-use assets, and 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 shall be included in the profit or loss for the current period:

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.32 Lease liabilities (Continued)

#### 3.32.1 The Company acts as the lessee (Continued)

##### (2) Lease liabilities (Continued)

If there is a change in the valuation results of the purchase option, renewal option or termination option, or the actual exercise of the aforesaid option is inconsistent with the original valuation result, the Company will remeasure the lease liability based on the present value calculated by the changed lease payment amount and the revised discount rate;

When there is a change in the amount of the real fixed payment, the amount expected to be payable for the residual value of the guarantee, or the index or ratio used to determine the amount of lease payment, the Company will remeasure the lease liability based on the present value calculated by the changed amount of the lease payment and the original discount rate. However, where the change in lease payments is due to a change in the floating interest rate, the present value is calculated using the revised discount rate.

##### (3) Short-term leases and leases of low-value assets

The Company elects not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and to include the relevant lease payments in profit or loss or the cost of related assets on a straight-line basis for each period of the lease term. A short-term lease is a lease with a lease period of not more than 12 months on the start date of the lease term and does not include an option to purchase. A lease of a low-value asset refers to a lease with a lower value when a single leased asset is a brand new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.32 Lease liabilities (Continued)

#### 3.32.1 The Company acts as the lessee (Continued)

##### (4) Lease Change

If there is a change in the lease and the following conditions are met at the same time, the company will account for the lease change as a separate lease:

- The lease variation expands the scope of the lease by adding the right to use one or more leased assets ;
- The increased consideration is commensurate with the amount of the individual price for the expanded portion of the lease as adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company will reallocate the consideration of the modified contract, redetermine the lease term, and remeasure the lease liability according to the present value calculated by the lease payment amount after the change and the revised discount rate.

If the lease scope is shortened or the lease term is shortened as a result of the lease change, the Company shall reduce the carrying amount of the right-of-use assets accordingly, and include the relevant gains or losses related to the partial or complete termination of the lease into profit or loss for the current period. If other lease changes lead to the remeasurement of lease liabilities, the Company shall adjust the carrying amount of the right-of-use assets accordingly.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.32 Lease liabilities (Continued)

#### 3.32.2 The Company acts as the lessor

On the lease commencement date, the Company divides the lease into a finance lease and an operating lease. A financial lease refers to a lease that substantially transfers almost all of the risks and rewards associated with the ownership of the leased assets, regardless of whether the ownership is ultimately transferred. Operating lease refers to leases other than financial leases. When the Company acts as a sublease, it classifies the sublease based on the right-of-use assets generated from the original lease.

##### (1) Accounting treatment of operating leases

Lease receipts from operating leases are recognized as rental income on a straight-line basis for each period of the lease term. The Company capitalizes the initial direct expenses incurred in connection with the operating lease and appropriates them to profit or loss for the current period on the same basis as rental income recognition during the lease term. Variable lease payments that are not included in lease receipts are recognized in profit or loss for the current period when they are actually incurred. If there is a change in the operating lease, the company shall account for it as a new lease from the effective date of the change, and the amount of lease receipts received in advance or receivable related to the lease before the change shall be regarded as the amount received from the new lease.

##### (2) Accounting treatment of financial leases

On the lease commencement date, the Company recognized the financial lease receivables for the financial lease and terminated the recognition of the financial lease assets. When the Company initially measures the financial lease receivables, the net lease investment is recorded as the value of the financial lease receivables. The net lease investment is the sum of the unsecured residual value and the present value of lease receipts not yet received at the start date of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognises interest income for each period of the lease term at a fixed periodic interest rate. The derecognition and impairment of financial lease receivables shall be accounted for in accordance with "3.11 Financial Instruments" of this note.

Variable lease payments that are not included in the net measurement of lease investments are recognized in profit or loss for the period when they are actually incurred.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.32 Lease liabilities (Continued)

#### 3.32.2 The Company acts as the lessor (Continued)

##### (2) Accounting treatment of financial leases (Continued)

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

- The change expands the scope of the lease by adding the right to use one or more leased assets ;
- The increased consideration is commensurate with the amount of the individual price for the expanded portion of the lease as adjusted for the circumstances of the contract.

If the change of the financial lease is not accounted for as a separate lease, the Company shall treat the changed 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 lease change, and the net lease investment before the effective date of the lease change will be used as the carrying amount of the leased assets ;
- If the change takes effect on the lease commencement date, the lease will be classified as a financial lease, and the Company will account for it in accordance with the policy of amending or renegotiating contracts in Note 3.11 Financial Instruments.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.32 Lease liabilities (Continued)

#### 3.32.3 Sale-leaseback transactions

The Company shall evaluate and determine whether the transfer of assets in the sale-leaseback transaction is a sale in accordance with the principles described in “3.28 Revenues” of this note.

(1) As a lessee

If the transfer of assets in the sale-leaseback transaction is a sale, the company, as the lessee, measures the right-of-use assets formed by the sale and leaseback according to the part of the book value of the original assets related to the right of use obtained from the leaseback, and only recognizes the relevant gains or losses for the rights transferred to the lessor; If the transfer of assets in the sale-leaseback transaction is not a sale, the company, as the lessee, continues to recognize the transferred assets and at the same time recognizes a financial liability equal to the transfer income. For details of the accounting treatment of financial liabilities, please refer to “3.11 Financial Instruments” of this note.

(2) As a lessor

If the transfer of assets in the sale-leaseback transaction is a sale, the Company shall account for the purchase of the assets as the lessor, and shall account for the lease of the assets in accordance with the policy of “3.32.2 The Company as the lessor” mentioned above; If the transfer of assets in a sale-leaseback transaction is not a sale, the company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income. For details of the accounting treatment of financial assets, please refer to “3.11 Financial Instruments” of this note.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.33 Discontinued operations

Discontinued operation is a separately distinguishable component that satisfies one of the following conditions and has been disposed of by the Company or classified by the Company as held for sale:

- (1) the component represents a separate principal business or a separate principal operating territory;
- (2) the component is part of an associated plan for the proposed disposition of a separate principal business or a separate principal operating territory;
- (3) The component is a subsidiary acquired exclusively for resale.

Profit or loss from continuing operations and profit or loss from discontinued operations are presented separately in the income statement. Operating gains and losses, such as impairment losses and reversal amounts from discontinued operations, as well as gains or losses on disposal, are presented as gains or losses from discontinued operations. For the discontinued operations reported in the current period, the Company re-stated the information originally presented as profit or loss from continuing operations as profit or loss from discontinued operations in the current financial statements as profit or loss from discontinued operations in comparable accounting periods.

### 3.34 Safety production costs

In accordance with the relevant provisions of the Notice of the Ministry of Finance on *Printing and Distributing the Administrative Measures for the Extraction and Use of Enterprise Safety Production Expenses* (Cai Zi (2022) No. 136) the Company withdraws safety production expenses according to the percentage of income stipulated by the industry. When the safety production expenses are withdrawn, they are included in the cost of the relevant products or the current profit or loss, and at the same time included in the "special reserve" account.

When the extracted safety production fee is used within the prescribed range, if it is an expense expenditure, the special reserve shall be directly deducted; If a fixed asset is formed, the expenditure incurred shall be collected through the "construction in progress" account, and recognized as a fixed asset when the safety project is completed and reaches the intended state of use; At the same time, the Segment Report special reserve is offset according to the cost of forming fixed assets, and the accumulated depreciation of the same amount is recognized. The fixed asset is not depreciated in subsequent periods.



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 3. Significant accounting policies and accounting estimates (Continued)

### 3.35 Segment Report

The Company determines the operating segment based on the internal organizational structure, management requirements, and internal reporting system, and determines the reporting segment and discloses the segment information based on the operating segment. The operating segment refers to the component of the Company that satisfies the following conditions at the same time: (1) the component is able to generate income and incur expenses in daily activities; (2) the Company's management is able to regularly evaluate the operating results of the component in order to decide on the allocation of resources to it and evaluate its performance; (3) The Company is able to obtain accounting information related to the financial position, results of operations, and cash flows of such components. If two or more operating divisions have similar economic characteristics and meet certain conditions, they can be merged into one operating division.

### 3.36 Major Accounting Estimates and Judgments

Estimates and judgments are assessed on an ongoing basis based on past experience and other factors, including reasonable predictions of future events in the circumstances. Estimates are evaluated on an ongoing basis and based on historical experience and other factors, including expectations of future events, that are deemed reasonable in the circumstances. Estimates and assumptions of significant adjustment risk to the carrying amounts of assets and liabilities in the coming year are as follows:

#### 3.36.1 Estimated useful life and net residual value of fixed assets

The management of the Company confirms the estimated useful life, net residual value and related depreciation expense of buildings, machinery and equipment of similar nature or function based on their historical experience in the actual useful life of buildings, machinery and equipment. Management adjusts depreciation expense when the projected useful life differs from the previous estimate, or when an asset is retired or sold that is technically obsolete or non-strategic. The actual economic life may differ from the projected useful life, and the actual net residual value may differ from the projected net residual value. Periodic review of the depreciable life, projected net residual value may cause it to change, as well as affect changes in depreciation expense in future periods.

#### 3.36.2 Net realizable value of inventories

Net realizable inventory is equal to the estimated selling price in ordinary operating activities less estimated costs to be incurred at completion, estimated selling expenses and related taxes. This estimate is based on current market conditions and historical experience in producing and selling products of the same nature, and is subject to significant changes due to technological innovations and the behavior of competitors in response to severe industry cycles. Management will re-evaluate the estimate at the balance sheet date.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.36 Major Accounting Estimates and Judgments (Continued)

#### 3.36.3 Current and deferred income tax

The Company is required to pay income tax in different jurisdictions, and significant judgments need to be made on the accrual of income tax in each jurisdiction. In the ordinary course of business, the final determination of the tax amount involved in certain transactions and calculations is uncertain, and given the long-term and complex nature of the existing provisions, there may be differences between the actual results and the assumptions, and the relevant assumptions may change in the future, which will affect the determination of current income tax and deferred income tax. Deferred tax assets related to temporary differences or income tax losses are recognized when management believes that there is a high probability that there will be sufficient taxable income to offset temporary differences or income tax losses in the future. When the expected results are different from the previous ones, the difference will affect the recognition of deferred tax assets and current income tax expense, which is included in the current period of the estimate change.

#### 3.36.4 Impairment of financial assets

Impairment allowance for financial assets is calculated based on assumptions about the risk of default and the expected loss ratio. In making assumptions and selecting inputs for calculation, the Group makes judgments based on the Group's past ageing, existing market conditions and forward-looking estimates at the end of each reporting period. Notes 3.11 and 3.12 disclose information relating to all key assumptions.

#### 3.36.5 Impairment of non-financial assets

The Company's management is required to make judgments on asset impairment at the balance sheet date, especially when valuing long-term assets, including fixed assets, construction in progress, intangible assets, etc. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's expected future cash flows. The recoverable amount of the revaluation can be adjusted for each impairment test. Note 3.21 discloses relevant information.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.37 Changes of significant accounting policies and accounting estimates

#### 3.37.1 Changes of significant accounting policies

In 2022, the Ministry of Finance issued a notice on the issuance of Interpretation No. 16 of the Accounting Standards for Enterprises, which stipulates that for single transactions that are not enterprise mergers, do not affect accounting profits or taxable income (or deductible losses) at the time of transaction occurrence, and result in equal taxable temporary differences and deductible temporary differences due to initially recognized assets and liabilities (including lease transactions in which the lessee initially recognizes lease liabilities and right of use assets on the lease term start date), as well as transactions in which the expected liabilities are recognized and included in the cost of related assets due to abandonment obligations of fixed assets and other asset, the provisions exempting the initial recognition of deferred income tax liabilities and deferred income tax assets shall not apply. Corresponding deferred income tax liabilities and deferred income tax assets should be recognized separately at the time of transaction. Our company implemented this regulation from January 1, 2023, and retroactively adjusted the comparative statements and cumulative impact of taxable temporary differences and deductible temporary differences arising from lease liabilities and right of use assets on the first execution date.

<b>Consolidated balance sheet items</b>	Balance as of December 31, 2022 before adjustment	<b>Balance as of January 1, 2023 after adjustment</b>	<b>Affected amount</b>
Assets:			
Deferred tax assets	19,485,070.35	<b>21,740,136.73</b>	2,255,066.38
Liabilities:			
Deferred Tax Liability	4,422,747.53	<b>6,743,917.89</b>	2,321,170.36
Shareholders' equity:			
Surplus reserves	286,530,634.83	<b>286,530,634.83</b>	
Undistributed profits	883,912,442.46	<b>883,845,917.89</b>	-66,524.57
Minority shareholder equity	256,288,784.16	<b>256,289,204.75</b>	420.59

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 3. Significant accounting policies and accounting estimates (Continued)

### 3.37 Changes of significant accounting policies and accounting estimates (Continued)

#### 3.37.1 Changes of significant accounting policies (Continued)

<b>Parent company's balance sheet items</b>	Balance as of December 31, 2022 before adjustment	<b>Balance as of January 1, 2023 after adjustment</b>	<b>Affected amount</b>
Assets:			
Deferred tax assets	316,018.37	<b>316,018.37</b>	
Liabilities:			
Deferred Tax Liability	250,428.08	<b>250,428.08</b>	
Shareholders' equity:			
Surplus reserves	286,530,634.83	<b>286,530,634.83</b>	
Undistributed profits	<u>304,356,612.37</u>	<b><u>304,356,612.37</u></b>	

#### 3.37.2 Changes of significant accounting estimates

There were no significant changes in accounting estimates in year 2023.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 4. Tax

### 4.1 Main taxes categories and tax rates

Tax category	Tax base	Tax rate
Value added tax	The output tax is calculated on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the tax law, and the difference is the VAT payable after deducting the input tax allowed to be deducted in the current period	13% for domestic sales of general goods and water and electricity charges, 9% for domestic engineering services and leasing services, 6% for domestic technical service fees and property service fees, 5% for simple tax calculation for leasing services, 3% for some other services, and 1% for small-scale taxpayers
Urban maintenance and construction tax	Based on the actual VAT payable	7%
Enterprise income tax	Based on the taxable income	25%、20%、16.50%、15%
Educational surtax	Based on the actual VAT payable	3%
Local educational surtax	Based on the actual VAT payable	2%

There are taxpayers who implement different corporate income tax rates, and the disclosure is as follows:

Name of taxpayer	Income tax rate (%)
Nanjing Panda Electronics Manufacturing Co., Ltd	15.00
Nanjing Panda Communication Technology Co., Ltd	15.00
Nanjing Huage Electric and Plastic Industry Co., Ltd	15.00
Nanjing Panda Information Industry Co., Ltd	15.00
Nanjing Panda Electromechanical Instrument Technology Co., Ltd	15.00
Shenzhen Jinghua Information Technology Co., Ltd	15.00
Nanjing Panda Electronic Equipment Co., Ltd	15.00
Shenzhen Jingyu Electronics Co., Ltd	15.00
Chengdu Panda Electronic Technology Co., Ltd	15.00
Shenzhen Jinghua Property Management Co., Ltd	20.00
Shenzhen Jinghua Digital Technology Co., Ltd	20.00
Shenzhen Jinghua Health Technology Co., Ltd	20.00
Shenzhen Jingjia Property Management Co., Ltd	20.00
Hong Kong Zhongdian Jinghua Trading Co., Ltd	16.50

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 4. Tax (Continued)

### 4.1 Main taxes categories and tax rates (Continued)

- a) Significant tax incentives and approval documents
- (1) NANJING PANDA ELECTRONICS COMPANY 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 is GR202332007734) issued by the Department of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, NANJING PANDA ELECTRONICS COMPANY LTD. paid income tax at 15% of the taxable income.
  - (2) Nanjing Panda Communications Technology Co.,Ltd, a second-tier subsidiary of the Company, passed the high-tech enterprise review on December 3, 2023 and obtained the "High-tech Enterprise Certificate" (certificate number is GR202332012721) issued by the Department of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, nanjing panda communications technology Co.,Ltd. paid corporate income tax at 15% of the taxable income.
  - (3) On December 13, 2023, Nanjing Huage Electric Automobile & Plastic Industry Co., Ltd., a third-level subsidiary of the Company, was re-identified as a high-tech enterprise and obtained the "High-tech Enterprise Certificate" (certificate number is GR202032006058) issued by the Department of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, Nanjing Huage Electric Automobile & Plastic Industry Co., Ltd. paid income tax at 15% of the taxable income.
  - (4) Nanjing Panda Information Industry Co., Ltd., a secondary subsidiary of the Company, passed the high-tech enterprise review on November 30, 2021 and obtained the "High-tech Enterprise Certificate" (certificate number is GR202132006189) jointly issued by the Department of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, Nanjing Panda Information Industry Co., Ltd. paid corporate income tax at 15% of the taxable income.
  - (5) Nanjing Panda Mechatronics Instrument Technology Co., Ltd, a third-level subsidiary of the Company, passed the high-tech enterprise review on November 30, 2021 and obtained the "High-tech Enterprise Certificate" (certificate number is GR202132007415) jointly issued by the Department of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, Nanjing Panda Mechatronics Instrument Technology Co., Ltd. paid corporate income tax at 15% of the taxable income.
  - (6) Shenzhen Jinghua Information Technology Co., Ltd., a third-level subsidiary of the Company, passed the high-tech enterprise review on December 23, 2021 and obtained the "High-tech Enterprise Certificate" (certificate number is GR202144202917) jointly issued by the Shenzhen Science and Technology Innovation Commission and others, which is valid for 3 years. During this period, Shenzhen Jinghua Information Technology Co., Ltd. pays corporate income tax at 15% of the taxable income.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 4. Tax (Continued)

### 4.1 Main taxes categories and tax rates (Continued)

#### a) Significant tax incentives and approval documents (Continued)

- (7) Nanjing Panda Electronic Equipment Co., Ltd., a secondary subsidiary of the Company, passed the high-tech enterprise review on November 30, 2021 and obtained the “High-tech Enterprise Certificate” (certificate number is GR202132008673) jointly issued by the Ministry of Science and Technology of Jiangsu Province, which is valid for 3 years. During this period, Nanjing Panda Electronic Equipment Co., Ltd. paid corporate income tax at 15% of the taxable income.
- (8) Shenzhen Jingyu Electronics Co., Ltd., a third-level subsidiary of the Company, was recognized as a high-tech enterprise on December 23, 2021 and obtained the “High-tech Enterprise Certificate” (certificate number is GR202144201989) jointly issued by the Shenzhen Science and Technology Innovation Commission and others, which is valid for 3 years. During this period, Shenzhen Jingyu Electronics Co., Ltd. paid corporate income tax at 15% of the taxable income.
- (9) According to the announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on the continuation of the enterprise income tax policy for the development of the western region (Announcement No. 23 [2020] of the State Administration of Taxation of the Ministry of Finance and the National Development and Reform Commission), from January 1, 2021 to December 31, 2030, the enterprise income tax will be levied at a reduced rate of 15% for enterprises in encouraged industries located in the western region. Chengdu Panda Electronic Technology Co., Ltd., a secondary subsidiary of the Company, complies with the provisions of the State Administration of Taxation’s answer to the relevant enterprise income tax questions on the implementation of the “Catalogue of Encouraged Industries in the Western Region”, for enterprises located in the western region, with encouraged industrial projects stipulated by the state as their main business, and their main business income in the current year exceeds 60% of the total income of the enterprise, the enterprise shall apply on its own, without the need for review and confirmation by the tax authorities, and the relevant information shall be retained by the company for future reference, and Chengdu Panda Electronic Technology Co., Ltd. can reduce the rate by 15% The tax rate is subject to corporate income tax.
- (10) The Company’s third-level subsidiaries, Shenzhen Jingjia Real Estate Management Co.,Ltd., Shenzhen jinghua Real Estate Management Co.,Ltd., S Shenzhen JINGWAH Digital Technology Co.,Ltd., Shenzhen Jinghua Health Technology Co., Ltd., and Shenzhen Jingyu Electronics Co., Ltd., are recognized as small and low-profit enterprises in this period, and according to Article 3 of the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individually-owned Industrial and Commercial Households (No. 12 of 2023), the mortgage will be reduced by 25% for small and low-profit enterprises The enterprise income tax policy of calculating the taxable income and paying the enterprise income tax at the rate of 20% will be extended until December 31, 2027.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 4. Tax (Continued)

### 4.1 Main taxes categories and tax rates (Continued)

- a) Significant tax incentives and approval documents (Continued)
- (11) The profit tax rate of Hong Kong CLP Jinghua Trading Co., Ltd., a fourth-tier subsidiary registered in Hong Kong, is 16.5%.
- (12) According to the provisions of the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Improving the Policy of Pre-tax Deduction of R&D Expenses (Announcement No. 13 of 2021 of the State Administration of Taxation of the Ministry of Finance), if the R&D expenses actually incurred by manufacturing enterprises in R&D activities are not included in the current profit or loss as intangible assets, on the basis of deduction according to the regulations, from January 1, 2021, 100% of the actual amount will be followed. It is deducted before tax, and if it is formed into an intangible asset, it will be amortized before tax at 200% of the cost of the intangible asset from January 1, 2021. The Company's second-tier subsidiaries Nanjing Panda Electronic Equipment Co., Ltd., Nanjing Panda Information Industry Co., Ltd., Nanjing Panda Electronics Manufacturing Co., Ltd., Nanjing Panda Communication Technology Co., Ltd. and Chengdu Panda Electronic Technology Co., Ltd., and the Company's third-tier subsidiaries, Nanjing Panda Mechatronics Instrument Technology Co., Ltd, NANJING HUAGE ELECTRONICS & AUTOMOBILE PLASTIC INDUSTRY CO.,LTD., Shenzhen JingWah Information Technology CO.,LTD. and Shenzhen Jingyu Electronics Co., Ltd., enjoy the tax incentive of deducting 100% of the actual amount of R&D expenses before tax.
- (13) Shenzhen Jingjia Real Estate Management Co.,Ltd., Shenzhen jinghua Real Estate Management Co.,Ltd., Shenzhen Jinghua Electronics Co., Ltd., Shenzhen Jinghua 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 Xinxing Industrial Co., Ltd., a second-level subsidiary, and Shenzhen jinghua Real Estate Management Co.,Ltd., a third-level subsidiary, of the Company, in accordance with the Announcement of the State Administration of Taxation on Matters Concerning the Collection and Administration of VAT Reduction and Exemption Policies for Small-scale VAT Taxpayers (Announcement No. 1 [2023] of the State Administration of Taxation), from January 1, 2023 to December 31, 2023, comply with the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Policies Concerning Deepening the VAT Reform (No. 39 [2019] No. 39) and Announcement No. 1 of the producer service industry are subject to the 5% additional deduction policy.



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 4. Tax (Continued)

### 4.1 Main taxes categories and tax rates (Continued)

#### a) Significant tax incentives and approval documents (Continued)

- (15) 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%.
- (16) Shenzhen Jingjia Real Estate 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.
- (17) Nanjing Panda Electronic Equipment Co., Ltd., Nanjing Panda Information Industry Co., Ltd., NANJING PANDA ELECTRONICS COMPANY LTD, Nanjing Panda Communication Technology Co., Ltd., and the Company's third-level subsidiaries, Nanjing Panda Mechatronics Instrument Technology Co., Ltd, Nanjing Huage Electric Automobile and Plastic Industry 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%.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements

### 5.1 Cash at bank and on hand

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Cash on hand	41,224.84	66,238.15
Cash at bank	802,122,929.75	954,478,051.70
Other monetary funds	74,979,785.81	104,846,716.25
Total	877,143,940.40	1,059,391,006.10
Including: the total balance deposited overseas	4,752,348.49	18,298,769.74
Deposit of financial company deposits	356,051,390.28	497,892,953.53

### 5.2 Financial assets held for trading

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
1. Financial assets classified upon initial recognition as at fair value through profit or loss	485,158,212.68	503,810,792.61
Including: Debt instrument investment		
Equity instrument investment		
Others- wealth management products	485,086,146.95	503,304,740.30
Derivative financial assets	72,065.73	506,052.31
Total	485,158,212.68	503,810,792.61

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.3 Notes receivable

#### 5.3.1 Classification of notes receivable

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Bank acceptance bills	88,913,262.42	21,768,110.69
Trade acceptance bills	42,659,597.72	43,944,179.86
Finance company acceptance bills	74,454.00	8,345,812.54
Subtotal	131,647,314.14	74,058,103.09
Less: bad debt provision		
Total	131,647,314.14	74,058,103.09

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

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

Item	Ending confirmation amount	Amount not terminated at the end of the period
Bank acceptance bills		65,448,582.13
Trade acceptance bills		3,664,457.05
Total		69,113,039.18

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.3 Notes receivable (Continued)

#### 5.3.4 Classified disclosure by bad debt accrual method

Item	Balance as at 31/12/2023		Allowance for credit losses		Book value
	Balance Amount	PCT (%)	Amount	Allowance rate (%)	
Grouping assessment subject to allowance for credit losses	131,647,314.14	100.00			131,647,314.14
Including: note receivable group	<u>131,647,314.14</u>	<u>100.00</u>			<u>131,647,314.14</u>
Total	<u><u>131,647,314.14</u></u>	<u><u>100.00</u></u>			<u><u>131,647,314.14</u></u>

Item	Balance as at 1/1/2023		Allowance for credit losses		Book value
	Balance Amount	PCT (%)	Amount	Allowance rate (%)	
Grouping assessment subject to allowance for credit losses	74,058,103.09	100.00			74,058,103.09
Including: note receivable	<u>74,058,103.09</u>	<u>100.00</u>			<u>74,058,103.09</u>
Total	<u><u>74,058,103.09</u></u>	<u><u>100.00</u></u>			<u><u>74,058,103.09</u></u>

Notes receivable for bad debt provision based on credit risk characteristics

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.3 Notes receivable (Continued)

#### 5.3.4 Classified disclosure by bad debt accrual method (Continued)

Note receivable group:

Aging	As at 31/12/2023		As at 1/1/2023	
	Balance	ECL rate (%)	Balance	ECL rate (%)
0-6 months	<u>131,647,314.14</u>		<u>74,058,103.09</u>	
Total	<u><u>131,647,314.14</u></u>		<u><u>74,058,103.09</u></u>	

#### 5.3.5 Bills that are converted into accounts receivable at the end of the period due to the drawer's non-performance

Item	Amount transferred to accounts receivable at the end of the period
Bank acceptance bills	
Trade acceptance bills	<u>660,198.00</u>
Total	<u><u>660,198.00</u></u>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.4 Accounts receivable

#### 5.4.1 Accounts receivable by aging

Aging	Balance as at 31/12/2023	Balance as at 1/1/2023
Within 1 year	<b>898,726,719.36</b>	985,647,452.14
Including: 0-6 months	<b>752,931,027.42</b>	847,147,582.61
7-12months	<b>145,795,691.94</b>	138,499,869.53
1-2 years	<b>163,727,528.96</b>	120,527,972.44
2-3 years	<b>90,351,481.81</b>	87,109,893.37
3-4 years	<b>49,445,567.73</b>	39,520,949.35
4-5 years	<b>29,122,261.07</b>	9,893,818.22
More than 5 years	<b>19,751,573.64</b>	16,575,570.76
Subtotal	<b>1,251,125,132.57</b>	1,259,275,656.28
Less: Allowance for credit losses	<b>81,144,521.78</b>	74,372,668.27
Total	<b>1,169,980,610.79</b>	1,184,902,988.01

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

#### 5.4.2 Accounts receivable by provision method for allowance credit losses

Item	Balance as at 31/12/2023					As at 1/1/2023				
	Balance		Allowance for credit losses			Balance		Allowance for credit losses		
	Amount	PCT (%)	Amount	Allowance rate (%)	Book value	Amount	PCT (%)	Amount	Allowance rate (%)	Book value
Individual assessment for allowance for credit losses	46,148,319.89	3.69	34,851,744.89	75.52	11,296,575.00	47,039,870.45	3.74	35,743,295.45	75.99	11,296,575.00
Grouping assessment subject to allowance for credit losses	1,204,976,812.68	96.31	46,292,776.89	3.84	1,158,684,035.79	1,212,235,785.83	96.26	38,629,372.82	3.19	1,173,606,413.01
Including:										
Aging group	750,440,954.95	59.98	46,126,559.46	6.15	704,314,395.49	811,050,976.93	64.41	38,613,158.39	4.76	772,437,818.54
Other group	454,535,857.73	36.33	166,217.43	0.04	454,369,640.30	401,184,808.90	31.86	16,214.43		401,168,594.47
Total	1,251,125,132.57	100	81,144,521.78	6.49	1,169,980,610.79	1,259,275,656.28	100.00	74,372,668.27	5.91	1,184,902,988.01

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.4 Accounts receivable (Continued)

#### 5.4.2 Accounts receivable by provision method for allowance credit losses (Continued)

##### (1) Accounts receivable that are individually assessed allowance for credit losses

Company name	Balance	Allowance for credit losses	ECL rate (%)	Allowance reason
Jiangsu Jinmao Robot Technology Co., Ltd	22,593,150.00	11,296,575.00	50	Expected to be partially unrecoverable
Xuzhou Suning Real Estate Co., Ltd	6,611,197.07	6,611,197.07	100	Expected to be unrecoverable
Jiangsu Zhongshi Environmental Technology Co., Ltd	6,500,000.00	6,500,000.00	100	Expected to be unrecoverable
Nanchang Shuntang Green Electric Technology Co., Ltd	2,553,482.35	2,553,482.35	100	Expected to be unrecoverable
Wenzhou Zhongdian Xingxin Intelligent Technology Co., Ltd	2,040,000.00	2,040,000.00	100	Expected to be unrecoverable
Information Technology Department of a Military Region	2,023,000.00	2,023,000.00	100	Expected to be unrecoverable
Zhejiang Bajun Plastic Industry Co., Ltd	1,600,000.00	1,600,000.00	100	Expected to be unrecoverable
Other unimportant totals	2,227,490.47	2,227,490.47	100	Expected to be unrecoverable
Total	<u>46,148,319.89</u>	<u>34,851,744.89</u>		

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.4 Accounts receivable (Continued)

#### 5.4.2 Accounts receivable by provision method for allowance credit losses (Continued)

(2) Accounts receivable that are assessed allowance for credit losses on grouping basis

① Group 1: Aging group

Aging	As at 31/12/2023			As at 1/1/2023		
	Balance	ECL rate (%)	Allowance for credit losses	Balance	ECL rate (%)	Allowance for credit losses
Within 1 year	528,544,948.54		3,532,674.69	602,349,921.59		3,246,787.43
Including: 0-6 months	457,891,454.74			537,414,173.18		
7-12 months	70,653,493.80	5.00	3,532,674.69	64,935,748.41	5.00	3,246,787.43
1-2 years	94,005,038.07	10.00	9,400,503.81	101,977,813.82	10.00	10,197,781.38
2-3 years	70,651,033.45	15.00	10,597,655.02	80,663,747.42	15.00	12,099,562.12
3-4 years	46,416,084.89	30.00	13,924,825.47	12,464,615.95	30.00	3,739,384.79
4-5 years	4,305,899.07	50.00	2,152,949.54	8,530,470.97	50.00	4,265,235.49
More than 5 years	6,517,950.93	100.00	6,517,950.93	5,064,407.18	100.00	5,064,407.18
Total	750,440,954.95		46,126,559.46	811,050,976.93		38,613,158.39

② Group 2: Other group

Group Name	As at 31/12/2023			As at 1/1/2023		
	Balance	ECL rate (%)	Allowance for credit losses	Balance	ECL rate (%)	Allowance for credit losses
Related party group	454,535,857.73	0.04	166,217.43	401,184,808.90		16,214.43
Total	454,535,857.73	0.04	166,217.43	401,184,808.90		16,214.43



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.4 Accounts receivable (Continued)

#### 5.4.3 Allowance for credit losses

Item	As at 1/1/2023	Movement during the year			As at 31/12/2023
		Provision	Recovery or reversal	Write off	
Individual assessment subject to allowance for credit losses	35,743,295.45		907,530.62	15,980.06	<b>34,851,744.89</b>
Grouping assessment subject to allowance for credit losses	<u>38,629,372.82</u>	<u>7,679,384.13</u>		<u>-15,980.06</u>	<u><b>46,292,776.89</b></u>
Total	<u>74,372,668.27</u>	<u>7,679,384.13</u>	<u>907,530.62</u>		<u><b>81,144,521.78</b></u>

Note: [1] Other changes are bad debts accrued in the aging portfolio in the previous year, which are transferred to single accrual in the current period.

5.4.4 There were no significant recovery or reversal of allowance for credit losses during the year.

5.4.5 Accounts receivable and contract assets due from the top five debtors of the Company are as follows:

Company name	Balance of account receivable as at 31/12/2023	Balance of contract assets as at 31/12/2023	Total balance as at 31/12/2023	Percentage of total accounts receivable and contract assets (%)	Balance of allowance for credit losses as at 31/12/2023
Nanjing Panda Handa Technology Co., Ltd	185,280,639.64		185,280,639.64	12.49	
Zhongdian Defense Technology Co., Ltd	91,507,730.52		91,507,730.52	6.17	
Nanjing Metro Group Co., Ltd	82,252,367.51		82,252,367.51	5.54	597,633.15
Huai'an Financial Center Investment and Construction Co., Ltd	18,113,510.72	40,141,919.11	58,255,429.83	3.93	
Nanjing Agricultural University	<u>299,875.00</u>	<u>48,630,241.26</u>	<u>48,930,116.26</u>	<u>3.30</u>	<u>14,993.75</u>
Total	<u>377,454,123.39</u>	<u>88,772,160.37</u>	<u>466,226,283.76</u>	<u>31.43</u>	<u>612,626.90</u>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.4 Accounts receivable (Continued)

#### 5.4.6 Overdue accounts receivable at 31/12/2023

Item	Carrying amount
Amount not overdue or impaired	1,119,399,155.18
Overdue amount within 3 months	33,045,009.52
Overdue amount – more than 3 months	98,680,967.87
Total	1,251,125,132.57

### 5.5 Receivables for financing

#### 5.5.1 Classification of receivables financing

Aging	Balance as at 31/12/2023	Balance as at 1/1/2023
Note receivable	25,415,043.86	53,346,403.19
Accounts receivable		
Total	25,415,043.86	53,346,403.19

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

5.5.3 Accounts receivable financing that has been endorsed or discounted at the end of the period but has not expired at the balance sheet date

Item	Ending confirmation amount	Amount not terminated at the end of the period
Bank acceptance bills	28,148,260.44	
Total	28,148,260.44	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.5 Receivables for financing (Continued)

5.5.4 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	53,346,403.19	256,111,980.03	284,043,339.36		<b>25,415,043.86</b>	
Accounts receivable						
Total	<u>53,346,403.19</u>	<u>256,111,980.03</u>	<u>284,043,339.36</u>		<u><b>25,415,043.86</b></u>	

### 5.6 Prepayments

5.6.1 Aging analysis of prepayments

Aging	As at 31/12/2023		As at 1/1/2023	
	Balance	PCT (%)	Balance	PCT (%)
Within 1 year	<b>34,344,863.36</b>	<b>96.82</b>	40,258,254.56	89.67
1-2 years	<b>372,248.49</b>	<b>1.05</b>	3,006,820.64	6.70
2-3 years	<b>172,382.62</b>	<b>0.49</b>	437,544.79	0.97
More than 3 years	<b>581,054.28</b>	<b>1.64</b>	1,196,114.04	2.66
Total	<u><b>35,470,548.75</b></u>	<u><b>100.00</b></u>	<u>44,898,734.03</u>	<u>100.00</u>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.6 Prepayments (Continued)

5.6.2 The top five prepayments are as follows:

Company name	Balance as at 31/12/2023	Percentage in total prepayment (%)
Nanjing Keyong Technology Co., Ltd	<b>2,987,897.99</b>	8.42
Nanjing Inform Storage Equipment(group) Co.,Ltd.	<b>2,442,250.00</b>	6.89
Shandong Houde Measurement and Control Technology Co., Ltd	<b>1,540,000.00</b>	4.34
Shanghai Zongyi Automation Equipment Manufacturing Co., Ltd	<b>1,473,700.00</b>	4.15
Nanjing Baode Lighting Equipment Installation Co., Ltd	<b>1,362,312.75</b>	3.84
Total	<b>9,806,160.74</b>	27.64

### 5.7 Other receivables

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Interest receivable		
Dividends receivable		
Other receivables	<b>31,490,701.86</b>	44,370,789.73
Total	<b>31,490,701.86</b>	44,370,789.73

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.7 Other receivables (Continued)

Other receivables

(1) Category of other receivables by nature

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Security deposit	43,459,002.68	53,394,871.47
Others	3,492,693.08	5,310,258.81
Less: Allowance for credit losses	15,460,993.90	14,334,340.55
Total	31,490,701.86	44,370,789.73

(2) Aging of other receivables

Aging	Balance as at 31/12/2023	Balance as at 1/1/2023
Within 1 year	18,115,416.61	29,724,983.92
Including: 0-6 months	15,503,186.67	26,110,783.29
7-12 months	2,612,229.94	3,614,200.63
1-2 years	2,213,608.52	4,188,234.23
2-3 years	3,548,503.63	8,746,107.58
3-4 years	7,923,330.88	2,242,863.35
4-5 years	1,861,310.92	1,840,478.92
More than 5 years	13,289,525.20	11,962,462.28
Subtotal	46,951,695.76	58,705,130.28
Less: Allowance for credit losses	15,460,993.90	14,334,340.55
Total	31,490,701.86	44,370,789.73

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.7 Other receivables (Continued)

Other receivables (Continued)

(3) The provision of allowance for credit losses

The allowance for credit losses	Stage one	Stage two	Stage three	Total
	12-month ECL	Lifetime ECL (credit-unimpaired)	Lifetime ECL (credit-impaired)	
Balance as at 1/1/2023	4,504,907.47		9,829,433.08	14,334,340.55
Balance as at 1/1/2023 during the year				
Transfer to stage two			261,140.00	
Transfer to stage three	-261,140.00			
Reversal to stage two				
Reversal to stage one				
Provision during the year	637,803.35		502,509.82	1,140,313.17
Reversal during the year			11,150.00	11,150.00
Write-off during the year			2,509.82	2,509.82
Other changes				
Balance as at 31/12/2023	<u>4,881,570.82</u>		<u>10,579,423.08</u>	<u>15,460,993.90</u>

(4) Allowance for credit losses

Item	As at 1/1/2023	Provision	Movement during the year			As at 31/12/2023
			Recovery or reversal	Write off	Others	
Individual assessment for allowance for credit losses	9,829,433.08	502,509.82	11,150.00	2,509.82	261,140.00	10,579,423.08
Grouping assessment subject to allowance for credit losses	4,504,907.47	637,803.35			-261,140.00	4,881,570.82
Including: Aging group	4,003,207.00	637,803.35			-29,660.00	4,611,350.35
Other group	<u>501,700.47</u>				<u>-231,480.00</u>	<u>270,220.47</u>
Total	<u>14,334,340.55</u>	<u>1,140,313.17</u>	<u>11,150.00</u>	<u>2,509.82</u>		<u>15,460,993.90</u>

(5) The written-off amount of other receivables within this year is RMB2,509.82.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.7 Other receivables (Continued)

Other receivables (Continued)

(6) Other receivables due from the top five debtors are as follows

Company name	Nature of balance	Balance as at 31/12/2023	Aging	Percentage in total other receivables (%)	Balance of allowance for credit losses as at 31/12/2023
MCT WorldwideL LC	Deposit	6,937,000.00	More than 5 years	14.77	6,937,000.00
Nantong Rail Transit Group Co., Ltd	Cash deposit	3,400,000.00	3-5 years	7.24	200,000.00
Shenzhen Municipal Tax Authority	Export rebate	3,123,759.92	0-6 months	6.65	
Nanjing Metro Operation Co., Ltd	Cash deposit	2,481,040.32	0-3 years	5.28	40,716.64
Shenzhen Metro Group Co., Ltd. Construction Headquarters	Cash deposit	2,200,000.00	0-3 years	4.69	
Total		<u>18,141,800.24</u>		<u>38.63</u>	<u>7,177,716.64</u>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.8 Inventories

#### 5.8.1 Inventories by categories

Item	As at 31/12/2023			As at 1/1/2023		
	Book balance	Provision for diminution in value or impairment provision for costs to fulfil contracts	Carrying amount	Book balance	Provision for diminution in value or impairment provision for costs to fulfil contracts	Carrying amount
Raw materials	163,236,182.29	15,609,039.34	147,627,142.95	185,411,284.98	19,946,191.47	165,465,093.51
Work in progress	106,186,487.10	4,359,915.13	101,826,571.97	92,442,413.22	6,423,642.20	86,018,771.02
Finished goods	139,385,305.40	28,796,871.73	110,588,433.67	123,325,008.88	27,486,076.44	95,838,932.44
Dispatch the product	33,040,820.28	2,211,123.41	30,829,696.87	65,322,484.20	2,945,442.90	62,377,041.30
Revolving materials	2,319,127.51	58,882.74	2,260,244.77	1,641,396.86	31,789.66	1,609,607.20
Costs to fulfil contracts	179,105,559.76	1,456,786.19	177,648,773.57	191,599,256.03	1,456,786.19	190,142,469.84
<b>Total</b>	<b>623,273,482.34</b>	<b>52,492,618.54</b>	<b>570,780,863.80</b>	<b>659,741,844.17</b>	<b>58,289,928.86</b>	<b>601,451,915.31</b>



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.8 Inventories (Continued)

5.8.2 Provision for diminution in value of inventories and impairment of costs to fulfil contracts

Item	As at 1/1/2023	Additions during the year		Reductions during the year		As at 31/12/2023
		Provision	Others	Reversal or write-down	Others	
Raw materials	19,946,191.47	4,875,771.44		9,212,923.57		15,609,039.34
Revolving materials	31,789.66	27,093.08				58,882.74
Work in progress	6,423,642.20			2,063,727.07		4,359,915.13
Finished goods	27,486,076.44	8,247,611.63		6,936,816.34		28,796,871.73
Costs to fulfil contracts	1,456,786.19					1,456,786.19
Dispatch the product	2,945,442.90	6,135.74		740,455.23		2,211,123.41
<b>Total</b>	<b>58,289,928.86</b>	<b>13,156,611.89</b>		<b>18,953,922.21</b>		<b>52,492,618.54</b>

- (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 RMB6,501,637.02.
- (2) In the current period, according to the inventory sales, the Provision for diminution in value of inventories to the resale was RMB12,452,285.19.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.9 Contract assets

#### 5.9.1 Contract assets by categories

Item	As at 31/12/2023			As at 1/1/2023		
	Balance	Impairment loss	Carrying amount	Balance	Impairment loss	Carrying amount
Smart Transportation and Safe city	229,623,650.79		229,623,650.79	182,325,260.16		182,325,260.16
Industrial Internet and intelligent manufacturing	2,790,000.00		2,790,000.00	10,672,617.69		10,672,617.69
Total	232,413,650.79		232,413,650.79	192,997,877.85		192,997,877.85

The amount and reasons for significant changes in book value in year 2023

Item	Amount of change	Reason of change
Smart Transportation and Safe city	47,298,390.63	Increased amount due to changes in performance progress measurement
Industrial Internet and intelligent manufacturing	-7,882,617.69	Reduced amount due to changes in performance progress measurement

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.9 Contract assets (Continued)

#### 5.9.2 Contract assets by provision method for impairment loss

Contract asset that are assessed impairment loss on grouping basis:

Item	As at 31/12/2023			As at 1/1/2023		
	Book Balance	ECL rate (%)	Impairment loss	Book Balance	ECL rate (%)	Impairment loss
Aging group	224,923,025.51			182,300,798.63		
Other group	7,490,625.28			10,697,079.22		
Total	<u>232,413,650.79</u>			<u>192,997,877.85</u>		

#### (1) Aging group

Aging	As at 31/12/2023		
	Contract asset	Impairment loss	Impairment rate (%)
0-6 months	224,923,025.51		
Total	<u>224,923,025.51</u>		

#### (2) Other group

Item	As at 31/12/2023		
	Contract asset	Impairment loss	Impairment rate (%)
Related party group	7,490,625.28		
Total	<u>7,490,625.28</u>		

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.10 Non-current assets due within one year

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Warranty expiration within one year	<u>26,864,239.67</u>	<u>1,747,508.96</u>
Total	<u><u>26,864,239.67</u></u>	<u><u>1,747,508.96</u></u>

### 5.11 Other current assets

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
VAT credits, input tax to be credited, and input tax to be certified	3,599,062.09	6,204,337.94
Withholding income tax	897,761.67	5,546,878.42
Large-denomination certificates of deposit to be transferred within one year	<u>313,589,799.28</u>	<u>110,000,000.00</u>
Total	<u><u>318,086,623.04</u></u>	<u><u>121,751,216.36</u></u>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.12 Long-term equity investments

Investee	Balance As at 1/1/2023	Movement during the financial year							Balance as at 31/12/2023	Provision for impairment as at 31/12/2023	
		Addition of investment	Reduction of investment	Investment income/loss recognised under the equity method	Adjustment of OCI	Changes of other equity	Cash dividend or profit announced to be issued	Provision for impairment			Others
1. Associates											
Nanjing LG-PANDA Appliance Co., Ltd.	421,494,387.78			42,302,868.92			60,000,000.00			<b>403,797,256.70</b>	
Nanjing Ericsson Panda Communication Co., Ltd.	230,134,881.37							230,134,881.37			230,134,881.37
Beijing SE Potevio Mobile Communications Co., Ltd.	64,000,000.00									<b>64,000,000.00</b>	13,192,317.99
Shenzhen Jinghua Network Marketing Co., Ltd	1,455,376.31			416,032.86						<b>1,760,960.54</b>	
Shenzhen Chebao Information Technology Co., Ltd	303,396.49			4,731.93						<b>295,955.78</b>	
Subtotal	<u>717,388,041.95</u>			<u>42,723,633.71</u>			<u>60,000,000.00</u>	<u>230,134,881.37</u>	<u>-122,621.27</u>	<b><u>469,854,173.02</u></b>	<u>243,327,199.36</u>
Total	<u>717,388,041.95</u>			<u>42,723,633.71</u>			<u>60,000,000.00</u>	<u>230,134,881.37</u>	<u>-122,621.27</u>	<b><u>469,854,173.02</u></b>	<u>243,327,199.36</u>

Note: On 14/3/2024, the company received information from the board of directors of Nanjing Ericsson Panda Communication Co., Ltd. (hereinafter referred to as "ENC"), and the attached net profit of the unapproved financial statements for 2023 was RMB-1,225,650,136.48. As the Chinese shareholders of ENC did not approve of ENC's handling of special tax adjustments, the ENC2023 annual financial statements were presented without the approval of the Board of Directors. Although the Company does not recognize ENC's financial treatment of the special tax adjustment, fully considering that there is great uncertainty in the recovery of other non-current assets by ENC, which is likely to have a significant impact on the Company's long-term equity investment, in view of the principle of prudence, the full amount of impairment of ENC's long-term equity investment is RMB230,134,881.37.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.13 Other equity instrument investments

#### 5.13.1 Other equity instrument investments

Item	Balance as at 1/1/2023	Changes in year 2023				Balance as at 31/12/2023
		Addition of investment	Reduction of investment	Gains recognized in other comprehensive income in year 2023	Loss recognized in other comprehensive income in year 2023	
Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd	2,385,926.53		2,385,926.53			
Total	2,385,926.53		2,385,926.53			

Item	Dividends income in year 2023	Accumulated gains recognized in other comprehensive income	Accumulated losses recognized in other comprehensive income	Reason for designated as at fair value through OCI
Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd			948,055.10	Non-trading equity instrument investments
Total			948,055.10	

#### 5.13.2 Termination of recognition in year 2023

Item	Accumulated gains transferred to retained earnings upon termination of recognition	Accumulated losses transferred to retained earnings upon termination of recognition	Reason for termination of recognition
Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd		1,377,315.60	
Total		1,377,315.60	

Note: "Rail Transit Research Institute" refers to Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. invested by our company, which completed liquidation in 2023.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.14 Investment property

Investment property measured by cost

Item	Buildings	Land use rights	Construction in progress	Total
I. Cost				
1. Balance as at 1/1/2023	306,225,928.57			306,225,928.57
2. Additions				
3. Reductions	22,630,599.12			22,630,599.12
(1) Transfer to fixed assets	22,630,599.12			22,630,599.12
4. Balance as at 31/12/2023	<u>283,595,329.45</u>			<u>283,595,329.45</u>
II. Accumulated depreciation or amortization				
1. Balance as at 1/1/2023	90,661,095.19			90,661,095.19
2. Additions	7,100,514.55			7,100,514.55
Accrual or amortization	7,100,514.55			7,100,514.55
3. Reductions	3,547,910.25			3,547,910.25
(1) Transfer to fixed assets	3,547,910.25			3,547,910.25
4. Balance as at 31/12/2023	<u>94,213,699.49</u>			<u>94,213,699.49</u>
III. Provision for impairment				
1. Balance as at 1/1/2023				
2. Balance as at 31/12/2023				
IV. Carrying amount				
1. Balance as at 1/1/2023	189,381,629.96			189,381,629.96
2. Balance as at 31/12/2023	<u>215,564,833.38</u>			<u>215,564,833.38</u>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.15 Fixed assets

Category	Balance as at 31/12/2023	Balance as at 1/1/2023
Fixed assets	<b>809,750,020.73</b>	854,254,857.62
Disposal of fixed assets	<b>8,783.84</b>	8,783.84
Total	<b>809,758,804.57</b>	854,263,641.46

#### 5.15.1 Movement of fixed assets

Item	Buildings	Machinery & equipment	Electronic equipment	Transportation vehicles	Others	Total
I. Cost						
1. Balance as at 1/1/2023	921,958,424.80	554,132,146.55	86,436,663.47	20,448,173.14	72,471,957.19	1,655,447,365.15
2. Additions	22,630,599.12	6,527,284.79	3,383,708.71	6,637.17	2,872,979.34	35,421,209.13
(1) Purchase		6,032,290.23	3,357,160.04	6,637.17	2,459,307.18	11,855,394.62
(2) Transfer from construction in process		494,994.56	26,548.67		413,672.16	935,215.39
(3) Investment real estate is transferred back for self-use	22,630,599.12					22,630,599.12
3. Reductions		2,525,942.34	460,199.91	844,870.99	4,646,346.47	8,477,359.71
(1) Disposals or scrap		2,525,942.34	460,199.91	844,870.99	4,646,346.47	8,477,359.71
4. Balance as at 31/12/2023	<u>944,589,023.92</u>	<u>558,133,489.00</u>	<u>89,360,172.27</u>	<u>19,609,939.32</u>	<u>70,698,590.06</u>	<u>1,682,391,214.57</u>



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.15 Fixed assets (Continued)

#### 5.15.1 Movement of fixed assets (Continued)

Item	Buildings	Machinery & equipment	Electronic equipment	Transportation vehicles	Others	Total
II. Accumulated depreciation						
1. Balance as at						
1/1/2023	307,869,824.89	351,588,274.65	67,367,640.13	16,698,511.72	55,423,604.80	798,947,856.19
2. Additions	33,916,246.24	32,272,720.50	6,178,855.29	981,904.27	5,695,676.06	79,045,402.36
(1) Provision	30,368,335.99	32,272,720.50	6,178,855.29	981,904.27	5,695,676.06	75,497,492.11
(2) Investment real estate is transferred back for self-use	3,547,910.25					3,547,910.25
3. Reductions		1,986,006.99	431,285.98	704,922.17	4,474,403.94	7,596,619.08
(1) Disposals or scrap		1,986,006.99	431,285.98	704,922.17	4,474,403.94	7,596,619.08
4. Balance as at						
31/12/2023	341,786,071.13	381,874,988.16	73,115,209.44	16,975,493.82	56,644,876.92	870,396,639.47
III. Provision for impairment						
1. Balance as at						
1/1/2023		1,831,227.61	214,895.32	198,528.41		2,244,651.34
2. Additions						
3. Reductions		96.97				96.97
(1) Disposals or scrap		96.97				96.97
4. Balance as at						
31/12/2023		1,831,130.64	214,895.32	198,528.41		2,244,554.37
IV. Carrying amount						
1. As at 31/12/2023	602,802,952.79	174,427,370.20	16,030,067.51	2,435,917.09	14,053,713.14	809,750,020.73
2. As at 1/1/2023	614,088,599.91	200,712,644.29	18,854,128.02	3,551,133.01	17,048,352.39	854,254,857.62

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.15 Fixed assets (Continued)

5.15.2 There are no temporarily idle fixed assets as at 31/12/2023.

5.15.3 The fixed assets leased out by operating lease as at 31 December 2023.

Category	Book Value
Buildings	5,745,095.05
Transportation vehicles	193,500.69
Total	5,938,595.74

5.15.4 The situation of fixed assets without a certificate of ownership

Items	Book Value	Reasons for not completing the certificate of property right
Buildings (Shenzhen Longgang Jinghua Electric Co., Ltd.)	7,754,157.55	Cooperative Housing – The land is a collective land provided by Shenzhen Longgang Liangantian Economic Development Co., Ltd
Xingang 3# workshop	4,873,992.77	Being processed
Chengdu park workshop	49,482,636.66	Being processed
Total	62,110,786.98	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.15 Fixed assets (Continued)

#### 5.15.5 Other explanations

Expiration date in China:

Located in China.	As at 31/12/2023	As at 31/12/2022
Mid-term (10-50 years)	602,802,952.79	614,088,599.91
Short-term (within 10 years)	206,947,067.94	240,166,257.71

#### 5.15.6 Disposal of fixed assets

Items	As at 31/12/2023	As at 31/12/2022
Electronic equipment	8,373.84	8,373.84
Machinery & equipment	410.00	410.00
Total	8,783.84	8,783.84

### 5.16 Projects constructed in process

Category	Balance as at 31/12/2023	Balance as at 1/1/2023
Projects constructed in process	991,937.24	1,218,625.66
Construction materials		
Less: Provision for impairment		
Total	991,937.24	1,218,625.66

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

### 5. Notes to the consolidated financial statements (Continued)

#### 5.16 Projects constructed in process (Continued)

Projects constructed in process

(1) Construction in process

Item	As at 31/12/2023			As at 1/1/2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Construction of production auxiliary rooms	74,716.96		74,716.96	18,207.54		18,207.54
Archives information system				61,061.95		61,061.95
The overall renovation of fire protection in Panda Xingang Park				77,405.66		77,405.66
A new project was launched for Apartment No. 9 in Xingang Park				963,720.42		963,720.42
Panwei collaborative business software	119,469.02		119,469.02			
Construction of injection molding production line				98,230.09		98,230.09
Kitchen waste treatment test line	797,751.26		797,751.26			
Total	<u>991,937.24</u>		<u>991,937.24</u>	<u>1,218,625.66</u>		<u>1,218,625.66</u>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.17 Right-of-use assets

Item	Buildings	Machinery & equipment	Total
I. Cost			
1. Balance as at 1/1/2023	29,204,368.42		29,204,368.42
2. Additions	10,911,966.71		10,911,966.71
(1) New lease	10,911,966.71		10,911,966.71
3. Reductions	22,768,243.66		22,768,243.66
(1) Disposals	22,768,243.66		22,768,243.66
4. Balance as at 31/12/2023	<u>17,348,091.47</u>		<u>17,348,091.47</u>
II. Accumulated depreciation			
1. Balance as at 1/1/2023	17,446,457.20		17,446,457.20
2. Additions	7,412,232.61		7,412,232.61
(1) Provision	7,412,232.61		7,412,232.61
3. Reductions	20,384,198.49		20,384,198.49
(1) Disposals	20,384,198.49		20,384,198.49
4. Balance as at 31/12/2023	<u>4,474,491.32</u>		<u>4,474,491.32</u>
III. Provision for impairment			
1. Balance as at 1/1/2023			
2. Balance as at 31/12/2023	<u></u>		<u></u>
IV. Carrying amount			
1. As at 31/12/2023	12,873,600.15		12,873,600.15
2. As at 1/1/2023	<u>11,757,911.22</u>	<u></u>	<u>11,757,911.22</u>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.18 Intangible assets

#### 5.18.1 Intangible assets

Item	Land use rights	Patent rights	Non-Patent techniques	Trademark rights	Copyrights	Software	Total
I. Cost							
1. Balance as at 1/1/2023	105,196,904.12	730,105.00	91,003,997.32	158,340,000.00	9,768,026.49	30,804,370.75	395,843,403.68
2. Additions						768,243.52	768,243.52
(1) Purchase						588,388.78	588,388.78
(2) Transfer from construction in process						179,854.74	179,854.74
3. Reductions						84,905.66	84,905.66
Miscellaneous (Acceptance Adjustment Original Value)						84,905.66	84,905.66
4. Balance as at 31/12/2023	<u>105,196,904.12</u>	<u>730,105.00</u>	<u>91,003,997.32</u>	<u>158,340,000.00</u>	<u>9,768,026.49</u>	<u>31,487,708.61</u>	<u>396,526,741.54</u>
II. Accumulated amortization							
1. Balance as at 1/1/2023	24,627,936.64	210,913.56	56,255,384.29	158,340,000.00	4,978,637.98	17,297,567.37	261,710,439.84
2. Additions	2,802,423.89	70,024.77	12,801,251.81		947,590.20	2,381,629.61	19,002,920.28
(1) Provision	2,802,423.89	70,024.77	12,801,251.81		947,590.20	2,381,629.61	19,002,920.28
3. Reductions							
4. Balance as at 31/12/2023	<u>27,430,360.53</u>	<u>280,938.33</u>	<u>69,056,636.10</u>	<u>158,340,000.00</u>	<u>5,926,228.18</u>	<u>19,679,196.98</u>	<u>280,713,360.12</u>
III. Provision for impairment							
1. Balance as at 1/1/2023			3,562,919.55				3,562,919.55
2. Additions							
3. Reductions							
4. Balance as at 31/12/2023			<u>3,562,919.55</u>				<u>3,562,919.55</u>
IV. Carrying amount							
1. As at 31/12/2023	<u>77,766,543.59</u>	<u>449,166.67</u>	<u>18,384,441.67</u>		<u>3,841,798.31</u>	<u>11,808,511.63</u>	<u>112,250,461.87</u>
2. As at 1/1/2023	<u>80,568,967.48</u>	<u>519,191.44</u>	<u>31,185,693.48</u>		<u>4,789,388.51</u>	<u>13,506,803.38</u>	<u>130,570,044.29</u>

The proportion of intangible assets formed through internal research and development to the balance of intangible assets at the end of the period was 24.05%.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.18 Intangible assets (Continued)

5.18.2 During the reporting period, there was no land use right for which the property right certificate had not been completed.

5.18.3 Other explanations

Expiration date in China:

Located in China	As at 31/12/2023	As at 31/12/2022
Long-term (not shorter than 50 years)	<b>48,234,829.60</b>	49,474,268.48
Short-term (shorter than 50 years but not shorter than 5 years)	<b>64,015,632.27</b>	81,095,775.81

### 5.19 Long-term deferred expenses

Item	Balance as at 1/1/2023	Additions	Amortization	Reductions	Balance as at 31/12/2023
Renovation and renovation of Xingang Park	6,565,515.20	8,218,263.55	3,283,419.26		<b>11,500,359.49</b>
Smart City Exhibition Hall Project	1,611,611.98		840,841.03		<b>770,770.95</b>
Equipment transformation of Shenzhen Jinghua Park	1,548,066.46	534,994.17	847,285.68		<b>1,235,774.95</b>
Panda Mansion renovations	0.00	4,654,136.23	218,801.48		<b>4,435,334.75</b>
Others	1,257,646.13		545,756.73		<b>711,889.4</b>
Total	10,982,839.77	13,407,393.95	5,736,104.18		<b>18,654,129.54</b>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.20 Deferred tax assets and deferred tax liabilities

#### 5.20.1 Deferred tax assets and deferred tax liabilities before offsetting

Item	As at 31/12/2023		As at 1/1/2023	
	Deferred tax assets or liabilities	Deductible or taxable temporary differences	Deferred tax assets or liabilities	Deductible or taxable temporary differences
Deferred tax assets:				
Provisions for impairment of assets	11,672,642.84	77,649,655.92	11,722,193.31	78,088,323.49
Unrealized profits from insider trading	669,305.89	4,462,039.27	648,273.94	3,828,080.93
Deductible tax losses	3,891,080.52	25,940,536.80	4,199,439.57	27,996,263.80
Employee benefits payable	986,649.91	5,286,038.23	1,298,112.55	6,922,857.85
Withholding Expenses	230,794.40	4,615,888.03	199,353.41	3,987,068.12
Depreciation and amortization	1,253,782.32	8,358,548.80	951,679.20	6,344,528.02
Fair value changes on other equity instrument investments			316,018.37	1,264,073.47
Government grants	150,000.00	1,000,000.00	150,000.00	1,000,000.00
Leases	2,370,091.04	13,190,729.04	2,255,066.38	11,313,484.07
Fair value changes on financial assets	45,985.34	183,941.36		
Subtotal	<u>21,270,332.26</u>	<u>140,687,377.45</u>	<u>21,740,136.73</u>	<u>140,744,679.75</u>
Deferred tax liabilities:				
Change in fair value of financial assets held for trading/derivative financial instruments	561,987.95	2,369,794.04	798,570.96	3,810,792.61
Changes in fair value of the financial assets recognised in other comprehensive income				
Right-of-use assets	2,314,258.08	12,873,600.15	2,321,170.36	11,757,911.22
Accelerated depreciation of fixed assets	3,477,588.20	22,541,010.72	3,624,176.57	23,329,033.16
Subtotal	<u>6,353,834.23</u>	<u>37,784,404.91</u>	<u>6,743,917.89</u>	<u>38,897,736.99</u>



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.20 Deferred tax assets and deferred tax liabilities (Continued)

#### 5.20.2 The items not recognized deferred tax assets

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Deductible temporary differences	<b>377,087,835.75</b>	119,625,576.98
Deductible tax losses	<b>710,523,737.04</b>	936,171,325.00
Total	<b>1,087,611,572.79</b>	1,055,796,901.98

#### 5.20.3 Expiry years of deductible losses which are not yet recognised deferred tax assets are as follows

Year	Balance as at 31/12/2023	Balance as at 1/1/2023	Remarks
2023		36,515,422.99	
2024	<b>55,087,813.46</b>	83,488,940.27	
2025	<b>187,446,767.26</b>	131,766,384.24	
2026	<b>171,619,715.61</b>	131,511,214.30	
2027	<b>192,179,278.60</b>	268,143,933.35	
2028 and subsequent years	<b>104,190,162.11</b>	284,745,429.85	
Total	<b>710,523,737.04</b>	936,171,325.00	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.21 Other non-current assets

Item	Balance as at 31/12/2023			Balance as at 1/1/2023		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepayment for the acquisition of long-term assets	149,800.00		149,800.00	241,740.11		241,740.11
Warranty	1,319,273.94		1,319,273.94	16,448,734.92		16,448,734.92
Total	1,469,073.94		1,469,073.94	16,690,475.03		16,690,475.03

### 5.22 Short-term loans

#### 5.22.1 Short-term loans by categories

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Accounts receivable pledged borrowing	18,113,510.72	
Banker's acceptance bills that have been discounted and have not been derecognized	52,000,000.00	
Total	70,113,510.72	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.23 Notes payable

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Bank acceptance bills	68,317,611.86	140,306,918.37
Trade acceptance bills		
Finance company acceptance bills	10,717,548.43	
Total	79,035,160.29	140,306,918.37

### 5.24 Accounts payable

#### 5.24.1 Accounts payable by aging

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Within 1 year (including 1 year)	1,105,513,436.73	1,221,115,359.23
1 – 2 years (including 2 year)	182,500,176.61	200,049,737.02
2 – 3 years (including 3 year)	75,863,171.08	52,796,286.38
More than 3 years	75,079,377.51	59,581,776.02
Total	1,438,956,161.93	1,533,543,158.65

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

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.24 Accounts payable (Continued)

#### 5.24.2 Significant accounts payable with aging over 1 year

Creditor	Balance as at 31/12/2023	Reasons for outstanding balance
Beijing Quanlu Communication and Signal Research and Design Institute Group Co., Ltd	13,002,388.20	Not settled
Guangzhou Radio and Television Yuntong Intelligent Technology Co., Ltd	9,090,720.71	Not settled
Nanjing Kongchi Technology Co., Ltd	8,500,000.00	Not settled
Nanjing Guochuang Electromechanical Engineering Co., Ltd	7,161,618.94	Not settled
Jiangsu Hengxin Technology Co., Ltd	7,060,017.01	Not settled
Nanjing Changxin Technology Co., Ltd	6,803,794.70	Not settled
China Railway Communication and Signal Shanghai Engineering Bureau Group Co., Ltd	6,327,168.00	Not settled
Putian Ruida Information Technology Co., Ltd	6,155,026.77	Not settled
Nanjing Gaomeiji Transportation Technology Co., Ltd	5,784,758.09	Not settled
Zhongtian RF Cable Co., Ltd	5,487,764.49	Not settled
Jiahuan Technology Co., Ltd. (former Nanjing Jiahuan Technology Co., Ltd.)	5,192,377.02	Not settled
Jichuang North (Hong Kong) Limited	4,809,023.12	Not settled
Nanjing Metro Resource Development Co., Ltd	4,562,896.59	Not settled
Nanjing Ningqiao Electrical Appliance Co., Ltd	4,283,250.00	Not settled
Nanjing Ningqiao Electrical Appliance Co., Ltd	4,244,669.65	Not settled
Nanjing Shengye Kunwei Electronics Co., Ltd	3,400,000.00	Not settled
Suzhou Zetong Automation Equipment Co., Ltd	3,300,000.00	Not settled
Nanjing Novak Machinery Co., Ltd	3,018,896.50	Not settled
Total	<u>108,184,369.79</u>	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.25 Advances from customers

(1) Advances from customers by aging

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Within 1 year (including 1 year)	201,335.72	126,201.33
More than 1 year	300.00	
Total	201,635.72	126,201.33

Note: The company's advance payment at the end of the period is the rent received in advance.

### 5.26 Contract liabilities

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Smart Transportation and Safe City	49,541,036.72	32,107,560.37
Industrial Internet and intelligent manufacturing	28,390,183.47	22,527,820.98
Green service-oriented electronic manufacturing	12,285,789.07	13,005,733.76
Total	90,217,009.26	67,641,115.11

The amount and reasons for significant changes in the book value of contractual liabilities during the reporting period :

Item	Amount of change	Reason of change
Smart Transportation and Safe City	17,433,476.35	Increase in amount due to receipt of cash
Industrial Internet and intelligent manufacturing	5,862,362.49	Increase in amount due to receipt of cash

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.27 Employee benefits payable

#### 5.27.1 Movement of employee benefits payable

Item	As at 1/1/2023	Increase	Decrease	As at 31/12/2023
I. Short-term employee benefits	49,030,607.55	568,481,211.98	569,559,103.37	47,952,716.16
II. Post-employment benefits—defined contribution plans	306,899.52	63,317,446.01	63,368,876.45	255,469.08
III. Termination benefits	5,270,085.49	7,637,077.18	8,786,775.08	4,120,387.59
IV. Other benefits due within one year				
Total				
I. Short-term employee benefits	54,607,592.56	639,435,735.17	641,714,754.90	52,328,572.83

#### 5.27.2 Details of the short-term employee benefits

Item	As at 1/1/2023	Accrued	Paid	As at 31/12/2023
Salaries, bonus, and allowances	44,591,068.83	385,427,258.86	388,352,851.39	41,665,476.30
Staff welfare		34,722,704.12	34,722,704.12	
Social insurances	156,700.84	25,031,887.01	25,030,775.05	157,812.80
Including: Medical and maternity insurances	129,970.00	20,930,123.54	20,951,975.36	108,118.18
Work injury insurance	14,325.63	1,742,304.07	1,742,788.21	13,841.49
Maternity insurance premiums	12,405.21	2,359,459.40	2,336,011.48	35,853.13
Others				
Housing Fund	864,972.86	52,617,746.28	52,649,105.28	833,613.86
Union funds and employee education fee	186,760.53	8,049,965.24	8,012,355.09	224,370.68
Short-term paid absences				
Short-term profit – sharing plan	2,000,000.00	5,685,700.00	4,685,700.00	3,000,000.00
Labor costs	1,231,104.49	56,945,950.47	56,105,612.44	2,071,442.52
Total	49,030,607.55	568,481,211.98	569,559,103.37	47,952,716.16

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.27 Employee benefits payable (Continued)

#### 5.27.3 Defined contribution plans

Item	As at 1/1/2023	Accrued	Paid	As at 31/12/2023
Primary endowment insurance	271,822.25	<b>48,967,188.72</b>	<b>48,991,706.47</b>	<b>247,304.50</b>
Unemployment insurance	8,493.19	<b>1,514,271.47</b>	<b>1,515,036.16</b>	<b>7,728.50</b>
Pension insurance	26,584.08	<b>12,835,985.82</b>	<b>12,862,133.82</b>	<b>436.08</b>
Total	306,899.52	<b>63,317,446.01</b>	<b>63,368,876.45</b>	<b>255,469.08</b>

### 5.28 Taxes and surcharges payable

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Value added tax	<b>17,411,841.06</b>	35,733,386.47
Enterprise income tax	<b>9,227,765.28</b>	8,482,192.07
Urban maintenance and construction tax	<b>973,882.23</b>	1,957,033.00
Estate tax	<b>2,235,269.32</b>	1,531,503.66
Land use tax	<b>429,886.10</b>	429,886.10
Individual income tax	<b>1,610,115.86</b>	2,333,484.45
Educational surtax	<b>692,903.27</b>	1,397,907.03
Other taxes and surcharges	<b>143,843.22</b>	206,999.14
Total	<b>32,725,506.34</b>	52,072,391.92

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.29 Other payables

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Interest payable		
Dividends payable	<b>5,297,799.54</b>	5,338,779.34
Other payables	<b>91,827,168.82</b>	100,560,558.17
Total	<b>97,124,968.36</b>	105,899,337.51

#### 5.29.1 Dividends payable

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Dividends for common shares	<b>5,297,799.54</b>	5,338,779.34
Total	<b>5,297,799.54</b>	5,338,779.34

#### 5.29.2 Other payables

##### (1) Other payables by nature

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Deposit deposit	<b>34,995,926.32</b>	43,772,390.57
Operation-related payments	<b>17,105,158.58</b>	21,787,830.54
Transactions	<b>29,412,209.25</b>	26,358,249.83
Others	<b>10,313,874.67</b>	8,642,087.23
Total	<b>91,827,168.82</b>	100,560,558.17



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.29 Other payables (Continued)

#### 5.29.2 Other payables (Continued)

##### (2) Significant other payables aging over 1 year

Item	Balance as at 31/12/2023	Reason for arrearage
Nanjing China Electronics Panda Corporation	9,790,000.00	Transactions
Nanjing Gusheng Enterprise Management Co., Ltd	4,400,000.00	The deposit has not yet expired
Shanghai Qiandong Electronic Technology Co., Ltd	4,168,711.70	The margin is not due
Nanjing Guochuang Mechanical and Electrical Engineering Co., Ltd	2,455,016.95	The margin is not due
Nanjing Xinlei Casting Communication Technology Development Co., Ltd	2,432,000.00	The margin is not due
Panda Electronics Group Co.,Ltd.	2,996,933.40	Transactions
Total	26,242,662.05	

### 5.30 Non-current liabilities due within one year

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Non-current liabilities due within one year	4,088,888.95	6,117,127.14
Total	4,088,888.95	6,117,127.14

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

### 5. Notes to the consolidated financial statements (Continued)

#### 5.31 Other current liabilities

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
The amount of tax to be re-sold	9,418,997.33	4,224,786.10
Endorsed and discounted notes receivable that have not yet matured	17,113,039.18	12,505,639.04
Government grants that have not been accepted	10,350,000.00	10,790,000.00
Total	36,882,036.51	27,520,425.14

Government grants that have not been accepted:

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Special funds for the 2022 Science and Technology Plan AFC Regional Center (ZLC)	900,000.00	900,000.00
No.1 face recognition intelligent cloud turnstile	300,000.00	300,000.00
Internet AFC fare collection system	600,000.00	600,000.00
Research and industrialization of high-speed transportation and management integration platform for artificial intelligence	800,000.00	800,000.00
Nanjing Municipal Special Fund for Industrial and Information Development	1,000,000.00	1,000,000.00
Industry foresight and key core technology key projects	1,200,000.00	2,100,000.00
East China Electronics New Display Products Green Supply Chain Construction Project	2,100,000.00	2,100,000.00
The second batch of special funds for intellectual property rights at the municipal level	1,000,000.00	1,000,000.00
R&D of key technologies for special polymer materials and products for 5G communications	500,000.00	1,200,000.00
Research and development of intelligent monitoring system for oil and gas pipelines based on distributed optical fiber sensing and Internet	600,000.00	600,000.00
Research on the application of new electronic identification technology in the transportation industry		1,045,000.00
R&D of key technologies for new edge network collaborative control equipment	540,000.00	435,000.00
Enterprise Patent Navigator Project for Next-Generation Information Technology Patents	300,000.00	300,000.00
2021 Jiangsu Provincial Key R&D Plan	510,000.00	510,000.00
Total	10,350,000.00	10,790,000.00

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.32 Lease liabilities

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Lease payment	13,535,031.16	11,780,283.25
Less: Unrealized finance expense	344,302.12	466,799.18
Less: Lease liabilities due within one year	4,088,888.95	6,117,127.14
Total	9,101,840.09	5,196,356.93

### 5.33 Long-term employee benefits payable

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Post-employment benefits—defined benefits plans		
Termination benefits	5,934,601.09	8,729,912.08
Other long-term benefits		
Total	5,934,601.09	8,729,912.08

### 5.34 Provisions

Item	Balance as at 1/1/2023	Increase	Decrease	Balance as at 31/12/2023	Reason for the provisions
Pending litigation		1,759,223.16	1,246,788.66	512,434.50	Disputes over sales contracts
Total		1,759,223.16	1,246,788.66	512,434.50	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.35 Deferred income

#### 5.35.1 Deferred income by category

Item	Balance as at 1/1/2023	Increase	Decrease	Balance as at 31/12/2023	Reason for the deferred income
Government grants	46,537,325.13	4,795,000.00	10,989,099.96	40,343,225.17	Government grants
Total	46,537,325.13	4,795,000.00	10,989,099.96	40,343,225.17	

#### 5.35.2 Deferred income from government grants

Item	Balance as at 1/1/2023	Increase	Recorded in non-operating gains for current period	Recorded in other income for current period	Other movement	Balance as at 31/12/2023	Related to assets/income
Special funds for preschool education – per student	580,011.48	3,595,000.00		2,967,735.04		1,207,276.44	Related to income
R&D of key technologies for special polymer materials and products for 5G communications		1,200,000.00		37,113.40		1,162,886.60	Related to asset
Industrialization of new flat panel display factory automation transplanting system	3,210,059.16			985,333.32		2,224,725.84	Related to asset
R&D and industrialization of industrial robots and intelligent complete sets of equipment with high	4,605,672.84			888,752.15		3,716,920.69	Related to asset
localization rate Provincial high-end equipment catch-up project special funds	680,783.30			109,608.35		571,174.95	Related to asset
2017 Electronic Information Industry Technological	25,270,285.46			3,783,771.64		21,486,513.82	Related to asset
New model project subsidy	2,678,571.43			428,571.43		2,250,000.00	Related to asset
Provincial emerging industries guide the major industrialization of funds	9,146,341.46			1,463,414.63		7,682,926.83	Related to asset
Nanjing industrial enterprises have invested in inclusive awards and subsidies for technical equipment	365,600.00			324,800.00		40,800.00	Related to asset
Total	46,537,325.13	4,795,000.00		10,989,099.96		40,343,225.17	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.36 Share capital

Item	Balance as at 1/1/2023	Movement					Balance as at 31/12/2023
		Issuance of new share	Bonus shares	Capital reserve transfer in	Others	sub-total	
Total shares	913,838,529.00						913,838,529.00

### 5.37 Capital reserve

Item	Balance as at 1/1/2023	Increase	Decrease	Balance as at 31/12/2023
Share premiums	1,450,743,806.12			1,450,743,806.12
Other capital reserve	19,947,994.01			19,947,994.01
Total	1,470,691,800.13	-	-	1,470,691,800.13

### 5.38 Other comprehensive income (OCI)

Item	Balance as at 1/1/2023	Movement in the year					Balance as at 31/12/2023
		Amount before tax	Less: OCI in prior periods transfer in profit or loss for the current period	Less: OCI in prior periods carried forward to retained earnings	Less: income tax	Amount after tax attributable to the Company	
I. OCI items which will not be reclassified subsequently to profit or loss	-948,055.10			-948,055.10		948,055.10	
Including: Total of OCI	-948,055.10			-948,055.10		948,055.10	
Total of OCI	-948,055.10			-948,055.10		948,055.10	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.39 Special reserve

Item	Balance as at 1/1/2023	Increase	Decrease	Balance as at 31/12/2023	Reason for change
Safety costs		<u>1,483,824.66</u>	<u>1,121,429.17</u>	<u>362,395.49</u>	Accrual and use
Total		<u>1,483,824.66</u>	<u>1,121,429.17</u>	<u>362,395.49</u>	

### 5.40 Surplus reserve

Item	Balance as at 1/1/2023	Increase	Decrease	Balance as at 31/12/2023
Statutory surplus reserve	216,153,993.50	<u>23,107,683.43</u>	<u>137,731.56</u>	<u>239,123,945.37</u>
Discretionary surplus reserve	<u>70,376,641.33</u>			<u>70,376,641.33</u>
Total	<u>286,530,634.83</u>	<u>23,107,683.43</u>	<u>137,731.56</u>	<u>309,500,586.70</u>

Note: The decrease in the current period is due to the liquidation of Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. and the reduction of retained earnings.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.41 Retained earnings

Item	Year ended 31/12/2023	Year ended 31/12/2023
Retained earnings as at 31/1/2022	<b>883,845,917.89</b>	866,732,902.94
The total adjustment of retained earnings as at 1/1/2023 (Increase+, decrease-)		546,039.32
Retained earnings as at 1/1/2022 after adjustment	<b>883,845,917.89</b>	867,278,942.26
Increase in the current period	<b>-237,862,230.10</b>	39,873,197.73
Including: Net profit attributable to the Company during the year	<b>-237,862,230.10</b>	39,873,197.73
Other adjustment factors		
Decrease for the period	<b>37,141,006.87</b>	23,306,222.10
Including: the amount of surplus reserve withdrawn in the current period	<b>23,107,683.43</b>	10,512,482.70
The number of cash dividends distributed for the period	<b>12,793,739.40</b>	12,793,739.40
Conversion of capital		
Reduced others	<b>1,239,584.04</b>	
Retained earnings as at 31/12/2023	<b>608,842,680.92</b>	883,845,917.89

- (1) The retrospective adjustment of the *Interpretation No. 16 of the Accounting Standards for Business Enterprises* was implemented this year, which affected the undistributed profit at the beginning of the previous year of RMB546,039.32.
- (2) The liquidation of Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. affected the retained earnings of RMB1,239,584.04 for the year.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.42 Operating income and operating costs

#### 5.42.1 Operating income and operating costs by category

Item	Year ended 31/12/2023		Year ended 31/12/2022	
	Income	Costs	Income	Costs
Main operating business	<b>2,882,972,125.63</b>	<b>2,383,187,928.16</b>	4,126,954,804.76	3,548,725,503.80
Other operating business	<b>29,339,354.38</b>	<b>14,812,240.36</b>	27,340,198.50	16,280,376.61
Total	<b><u>2,912,311,480.01</u></b>	<b><u>2,398,000,168.52</u></b>	<u>4,154,295,003.26</u>	<u>3,565,005,880.41</u>

#### 5.42.2 Table of Deductions from Operating Income

Item	Year ended 31/12/2023		Year ended 31/12/2022	
	Income	Deduction	Income	Deduction
Operating income amount	<b>2,912,311,480.01</b>		4,154,295,003.26	
Total amount of deduction items for operating income		<b>5,421,338.63</b>		1,850,253.72
The proportion of the total amount of deduction items from operating income to operating income (%)		<b>0.19</b> /		0.04 /
I. Business income unrelated to main business				
1. Other business income beyond normal operations. Revenue generated from renting out fixed assets, intangible assets, packaging materials, selling materials, exchanging non-monetary assets with materials, operating entrusted management businesses, and other activities, as well as income that is not included in the normal operation of a listed company, although included in the main business income.		<b>5,421,338.63</b>	Other operating business income such as sales of materials and waste, parking fees, etc	1,850,253.72
Subtotal of business income unrelated to main business		<b><u>5,421,338.63</u></b>		<u>1,850,253.72</u>
II. Income without commercial substance				
III. Other income unrelated to the main business or without commercial substance				
Operating income amount after deduction		<b><u>2,906,890,141.38</u></b>		<u>4,152,444,749.54</u>



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.42 Operating income and operating costs (Continued)

#### 5.42.3 Breakdown information of operating income and operating costs

Income Categories	Smart transportation and safe city		Industrial Internet and intelligent manufacturing		Green service-oriented electronic manufacturing		Eliminations		Total	
	Operating Income	Operating costs	Operating Income	Operating costs	Operating Income	Operating costs	Operating Income	Operating costs	Operating Income	Operating costs
Categorized by business type										
Income from customer contracts	210,793,896.22	211,558,845.61	1,345,806,163.10	1,075,144,381.53	1,382,102,496.01	1,231,143,816.12	-128,762,545.74	-131,506,265.55	2,809,940,009.59	2,386,340,777.71
Rental income – operating leases			141,783,141.95	35,453,309.10			-39,411,671.53	-23,793,918.29	102,371,470.42	11,659,390.81
<b>Total</b>	<b>210,793,896.22</b>	<b>211,558,845.61</b>	<b>1,487,589,305.05</b>	<b>1,110,597,690.63</b>	<b>1,382,102,496.01</b>	<b>1,231,143,816.12</b>	<b>-168,174,217.27</b>	<b>-155,300,183.84</b>	<b>2,912,311,480.01</b>	<b>2,398,000,168.52</b>
Categorized by operating region										
Nanjing	210,793,896.22	211,558,845.61	1,325,439,724.59	1,037,990,310.65	611,638,581.70	546,638,990.31	-167,432,511.19	-155,300,183.84	1,980,439,691.32	1,640,887,962.73
Shenzhen			162,149,580.46	72,607,379.98	534,087,386.95	462,438,528.21			696,236,967.41	535,045,908.19
Chengdu					236,376,527.36	222,066,297.60	-741,706.08		235,634,821.28	222,066,297.60
<b>Total</b>	<b>210,793,896.22</b>	<b>211,558,845.61</b>	<b>1,487,589,305.05</b>	<b>1,110,597,690.63</b>	<b>1,382,102,496.01</b>	<b>1,231,143,816.12</b>	<b>-168,174,217.27</b>	<b>-155,300,183.84</b>	<b>2,912,311,480.01</b>	<b>2,398,000,168.52</b>
Categorized by the time of transfer of goods:										
at a certain point in time	210,793,896.22	211,558,845.61	634,534,657.98	431,185,718.70	1,382,102,496.01	1,231,143,816.12	-159,323,366.42	-147,334,418.08	2,068,107,683.79	1,726,553,962.35
Within a certain period of time			853,054,647.07	679,411,971.93			-8,850,850.85	-7,965,765.76	844,203,796.22	671,446,206.17
<b>Total</b>	<b>210,793,896.22</b>	<b>211,558,845.61</b>	<b>1,487,589,305.05</b>	<b>1,110,597,690.63</b>	<b>1,382,102,496.01</b>	<b>1,231,143,816.12</b>	<b>-168,174,217.27</b>	<b>-155,300,183.84</b>	<b>2,912,311,480.01</b>	<b>2,398,000,168.52</b>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.42 Operating income and operating costs (Continued)

#### 5.42.4 Explanation of performance obligations

Our company recognizes revenue when the customer acquires control of the relevant assets (goods or services) in accordance with the contractual obligations. A performance obligation satisfied over time or at a point of time is determined by the terms in the contract and the requirements of relevant laws and regulations. If our company meets one of the following conditions, it is considered to fulfill its performance obligations within a certain period of time:

- (1) The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company fulfills its obligations.
- (2) Customers are able to control the assets under construction during the company's performance process.
- (3) The assets produced by our company during the performance process have irreplaceable uses, and our company has the right to receive payments for the cumulative performance completed to date throughout the entire contract period.

If a performance obligation is satisfied over time, the Company will recognise revenue over time by its progress towards complete satisfaction of the performance obligation. Otherwise the Company will recognise revenue at a point of time when the customer obtains the control of related assets. The performance schedule is determined based on the value of the goods that have been transferred to the customer.

#### 5.42.5 Explanation of Allocation to Remaining Performance Obligations

The revenue corresponding to the performance obligations that have been signed but have not yet been fulfilled or fully fulfilled at the end of this reporting period is 1,419,982,500 yuan (2022: 1,157,510,300 yuan), and it is expected to be recognized as revenue in 2024–2026.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.43 Taxes and surcharges

Item	Year ended 31/12/2023	Year ended 31/12/2022
Property tax	9,385,789.73	8,100,158.17
Land use tax	2,605,280.82	2,319,136.92
Urban maintenance and construction tax	6,980,439.09	8,126,724.59
Educational surcharge	4,892,617.12	5,812,749.06
Stamp duty	1,885,015.20	2,245,641.26
Others	31,293.85	33,588.26
Total	25,780,435.81	26,637,998.26

### 5.44 Selling and distribution expenses

Item	Year ended 31/12/2023	Year ended 31/12/2022
Payroll	28,232,916.71	29,523,935.33
Office and travel expenses	3,567,739.77	3,592,012.85
Business entertainment expenses	2,716,157.96	1,974,812.96
Advertising and exhibition costs	2,852,341.19	1,174,374.03
Material and repair costs	838,553.41	791,722.91
Others	2,732,148.75	1,336,606.90
Total	40,939,857.79	38,393,464.98

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.45 General and administrative expenses

Item	Year ended 31/12/2023	Year ended 31/12/2022
Wages	<b>186,495,714.38</b>	199,688,474.06
Depreciation and amortization	<b>25,305,550.84</b>	39,559,551.16
Office, utilities and transportation travel expenses	<b>14,961,354.78</b>	12,948,868.33
Business entertainment expenses	<b>5,358,385.20</b>	4,459,281.08
Audit, law and consult fees	<b>6,568,930.67</b>	7,094,681.65
Labor costs	<b>3,973,508.50</b>	6,542,438.33
Repair costs	<b>6,912,598.64</b>	5,198,453.05
Greenery, security and cleaning fees	<b>5,383,953.46</b>	4,406,963.11
Auditor's remuneration	<b>2,339,622.65</b>	2,339,622.65
Others	<b>6,367,811.63</b>	4,412,027.08
Total	<b>263,667,430.75</b>	286,650,360.50

### 5.46 Research and development expenses

Item	Year ended 31/12/2023	Year ended 31/12/2022
Labor costs	<b>169,623,393.99</b>	162,176,060.05
Materials, fuels, and power costs	<b>14,027,541.22</b>	15,561,615.80
Depreciation and amortization	<b>11,758,646.86</b>	14,995,119.88
Consignment development fee	<b>3,966,028.22</b>	5,756,430.86
Travel expenses	<b>2,624,325.82</b>	2,266,694.37
other	<b>9,187,612.82</b>	10,285,531.09
Total	<b>211,187,548.93</b>	211,041,452.05

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.47 Finance expenses

Item	Year ended 31/12/2023	Year ended 31/12/2022
Interest expenses	<b>656,417.03</b>	416,197.62
Including: interest expense on lease liabilities	<b>656,417.03</b>	416,197.62
Less: interest income	<b>14,778,550.23</b>	15,072,252.93
Less: Gains from foreign exchange	<b>1,188,940.65</b>	20,208,284.76
Finance charges	<b>1,048,599.70</b>	1,831,652.18
Others	<b>-11,884,592.85</b>	7,383,881.63

### 5.48 Other income

Item	Year ended 31/12/2023	Year ended 31/12/2022
Government grants	<b>14,330,524.23</b>	24,030,680.74
Withholding personal income tax handling fee	<b>267,350.61</b>	283,131.80
Input tax plus credit	<b>6,780,644.84</b>	1,051,350.71
Software enterprises will be refunded VAT immediately	<b>148,537.88</b>	52,740.55
Total	<b>21,527,057.56</b>	25,417,903.80

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.48 Other income (Continued)

Government grants included in other income

Item	Year ended 31/12/2023	Year ended 31/12/2022	Related to assets/ Related to income
In 2017, the special project for technological transformation of the electronic information industry	3,783,771.64	3,783,771.63	Related to assets
Special funds for preschool education – per student	2,967,735.04	3,202,060.16	Related to assets
Provincial emerging industry guidance funds	1,463,414.63	853,658.54	Related to assets
Research on the application of new electronic identification technology in the transportation industry	1,100,000.00		Related to income
Industrialization of new flat panel display factory automation transplanting system	985,333.32	985,333.31	Related to assets
R&D and industrialization of industrial robots and intelligent complete sets of equipment with high localization rate	888,752.15	888,752.14	Related to assets
Job stabilization grants	658,506.49	210,198.51	Related to income
New model project grants	428,571.43	428,571.43	Related to assets
Return of union funds	354,264.33	292,229.36	Related to income
Nanjing industrial enterprises have invested in inclusive awards and subsidies for technical equipment	324,800.00	324,800.00	Related to assets
In 2023, the self-funding for the cultivation of high-tech enterprises	300,000.00		Related to income
2022 Outstanding Contribution Award for Steady Growth	200,000.00		Related to income
Social security grants	122,748.19	442,077.77	Related to income
Provincial high-end equipment catch-up project special funds	109,608.35	109,608.35	Related to assets
Shenzhen SME Service Bureau 2023 Specialized and Special New Funding	100,000.00		Related to income
A one-time subsidy for employment of the labor force that has been lifted out of poverty	98,251.70	45,000.00	Related to income
Subsidies for job expansion	72,000.00	31,500.00	Related to income
Funding for municipal expert service grassroots projects			
Market Supervision Bureau's	60,000.00		Related to income
2022 Market Special Fund	50,000.00		Related to income
Nanjing Municipal Special Fund for Industry and Information Technology	50,000.00	250,000.00	Related to income
High-tech Enterprise Innovation Award	40,000.00		Related to income

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.48 Other income (Continued)

Government grants included in other income (Continued)

Item	Year ended 31/12/2023	Year ended 31/12/2022	Related to assets/ Related to income
2023 Science and Technology Development Plan and Science and Technology Funding	40,000.00		Related to income
R&D of key technologies for special polymer materials and products for 5G communications	37,113.40		Related to assets
Proportional and over-proportional placement of rewards	27,360.00		Related to income
Absorb social security subsidies for college graduates	16,000.00		Related to income
Employment grants	14,000.00	96,000.00	Related to income
Recruit retired soldiers to reduce taxes	11,250.00		Related to income
Funded by Shenzhen Longgang District Science and Technology Innovation Bureau	10,600.00		Related to income
Training grants	10,500.00	133,720.00	Related to income
Other sporadic projects	5,943.56	236,867.98	Related to income
National special funds for the reengineering of the industrial base and the high-quality development of the manufacturing industry		4,250,000.00	Related to income
Special subsidy for "industrial software" of the National Key R&D Program		1,852,631.56	Related to income
Funding for the support plan for expansion and efficiency improvement		1,780,000.00	Related to income
Incentives for industrial enterprises above the designated size		1,100,000.00	Related to income
2022 Nanjing High-value Patent Cultivation Center funding		1,000,000.00	Related to income
National high-tech enterprise recognition award		800,000.00	Related to income
Specialized and special "little giant" enterprise area awards		500,000.00	Related to income
Retention allowance		230,500.00	Related to income
Special Fund for Business Development		203,400.00	Related to income
Total	<b>14,330,524.23</b>	<b>24,030,680.74</b>	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.49 Investment income

Item	Year ended 31/12/2023	Year ended 31/12/2022
Gain/(Loss) from long-term equity investments in equity method	42,723,633.71	74,926,774.93
Gain/(Loss) on disposal of financial assets held for trading for the current period	9,701,778.89	9,635,658.48
Gain/(Loss) from debt restructuring	322,743.00	
Gain/(Loss) from large certificates of deposit	8,506,515.05	4,152,888.88
Financing discount interest on accounts receivable	-5,469.73	
Total	61,249,200.92	88,715,322.29

### 5.50 Gain from fair value changes

Source of gains/(losses) from changes in fair value	Year ended 31/12/2023	Year ended 31/12/2022
Financial assets held for trading	-1,624,939.93	1,569,393.00
Total	-1,624,939.93	1,569,393.00

### 5.51 Credit impairment losses

Item	Year ended 31/12/2023	Year ended 31/12/2022
Allowance for credit losses of accounts receivable	-6,771,853.51	-23,090,746.35
Allowance for credit losses of other receivables	-1,129,163.17	-171,441.41
Allowance for credit losses of prepayment	198,121.82	
Total	-7,702,894.86	-23,262,187.76



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.52 Assets impairment losses

Item	Year ended 31/12/2023	Year ended 31/12/2022
Impairment loss on long-term equity investment	<b>-230,134,881.37</b>	
Provision for diminution in value of inventory	<b>-6,654,974.87</b>	-6,761,367.57
Impairment loss on fixed assets		-2,223,290.14
Impairment loss for intangible assets		-3,562,919.55
Bad debt losses		450.00
Total	<b><u>-236,789,856.24</u></b>	<b><u>-12,547,127.26</u></b>

### 5.53 Gains from disposal of assets

Item	Year ended 31/12/2023	Year ended 31/12/2022	Amount to be included in non-recurring gain or loss for the year
Gain on disposal of non-current assets	<b><u>468,739.44</u></b>	<u>258,452.13</u>	<u>468,739.44</u>
Total	<b><u>468,739.44</u></b>	<b><u>258,452.13</u></b>	<b><u>468,739.44</u></b>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.54 Non-operating income

#### 5.54.1 Non-operating income by category

Item	Year ended 31/12/2023	Year ended 31/12/2022	Amount to be included in non-recurring gain or loss for the year
Gain on disposal of non-current assets	3,454.19	694,704.31	3,454.19
Including: gains on disposal of fixed assets	3,454.19	694,704.31	3,454.19
Amounts due that do not need to be paid	5,815,511.19		5,815,511.19
Liquidated damages income		712,168.72	
Others	706,599.60	292,919.62	706,599.60
Total	<u>6,525,564.98</u>	<u>1,699,792.65</u>	<u>6,525,564.98</u>

### 5.55 Non-operating expenses

Item	Year ended 31/12/2023	Year ended 31/12/2022	Amount to be included in non-recurring gain or loss for the year
Losses on damage or abandonment of non-current assets	51,163.76	152,187.60	51,163.76
Including: disposal of fixed assets	51,163.76	152,187.60	51,163.76
Expenditures on external donations			
Litigation Indemnification	1,851,290.44		1,851,290.44
Penalty disbursements		33,000.00	
Others	116,132.72	162,574.58	116,132.72
Total	<u>2,018,586.92</u>	<u>347,762.18</u>	<u>2,018,586.92</u>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.56 Income tax expenses

#### 5.56.1 Details of income tax expenses

Item	Year ended 31/12/2023	Year ended 31/12/2022
Current income tax expense calculated according to tax laws	<b>20,763,945.12</b>	17,455,401.96
Deferred income tax	<b>-236,297.56</b>	2,484,870.86
Total	<b>20,527,647.56</b>	19,940,272.82

#### 5.56.2 Reconciliation between income tax expenses and accounting profit is as follows:

Item	Amount
Profit before tax	<b>-173,745,083.99</b>
Income tax expenses calculated at statutory/applicable tax rates	<b>-43,422,000.92</b>
Effect of different tax rate of subsidiaries	<b>-9,137,747.47</b>
Effect of adjustment for income tax in prior year	<b>785,006.64</b>
Effect of income not subject to income tax	<b>46,838,541.83</b>
Effect of expenses nondeductible for tax purposes	<b>2,137,298.89</b>
Effect of utilization of deductible temporary differences or deductible losses in prior years which haven't been recognised deferred tax assets	<b>-144,888.12</b>
Effect of unrecognised deductible temporary differences and deductible losses in current period	<b>67,531,206.47</b>
The impact of additional deductions	<b>-44,059,769.76</b>
Income tax expenses	<b>20,527,647.56</b>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.57 Notes to statement of cash flows

#### 5.57.1 Cash relating to operating activities

##### (1) Cash received relating to other operating activities

Item	Year ended 31/12/2023	Year ended 31/12/2022
Withdraw security deposits and deposits	<b>87,483,922.35</b>	94,864,637.88
Government grants	<b>7,696,424.27</b>	19,826,047.53
Interest income	<b>14,778,550.23</b>	15,072,252.93
Others	<b>10,683,633.55</b>	7,882,821.60
Total	<b>120,642,530.40</b>	137,645,759.94

##### (2) Cash paid relating to other operating activities

Item	Year ended 31/12/2023	Year ended 31/12/2022
Pay for security deposit and restricted funds	<b>59,451,697.68</b>	47,122,765.87
Pay for expenses	<b>49,603,576.76</b>	44,773,052.17
Finance charges	<b>3,671,970.41</b>	1,831,652.18
Others	<b>11,641,559.57</b>	2,977,229.82
Total	<b>124,368,804.42</b>	96,704,700.04

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.57 Notes to statement of cash flows (Continued)

#### 5.57.2 Cash related to investing activities

##### (1) Cash received related to other investing activities

Item	Year ended 31/12/2023	Year ended 31/12/2022
Principal amount of the wealth management product	1,020,000,000.00	1,230,000,000.00
Principal amount of large certificates of deposit	140,000,000.00	10,000,000.00
Total	1,160,000,000.00	1,240,000,000.00

##### (2) Cash paid related to other investing activities

Item	Year ended 31/12/2023	Year ended 31/12/2022
Principal amount of the wealth management product	1,002,972,360.00	1,260,000,000.00
Principal amount of large certificates of deposit	339,500,000.00	
Total	1,342,472,360.00	1,260,000,000.00

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.57 Notes to statement of cash flows (Continued)

#### 5.57.3 Cash related to financing activities

##### (1) Cash received related to other financing activities

Item	Year ended 31/12/2023	Year ended 31/12/2022
Factoring of accounts receivable and discounting of bills that have not been derecognized	<b>70,113,510.72</b>	
Total	<b>70,113,510.72</b>	

##### (2) Cash paid related to other financing activities

Item	Year ended 31/12/2023	Year ended 31/12/2022
Payable of lease liabilities	<b>4,551,072.97</b>	11,476,065.26
Total	<b>4,551,072.97</b>	11,476,065.26

##### (3) Changes in liabilities arising from fund-raising activities

Item	As at 1/1/2023	Increase		Decrease		As at 31/12/2023
		Changes in cash	Non-cash movements	Changes in cash	Non-cash movements	
Short-term loans		<b>70,113,510.72</b>				70,113,510.72
Non-current liabilities due within one year	6,117,127.14				2,028,238.19	4,088,888.95
Lease liabilities	5,196,356.93		<b>10,075,612.27</b>	4,551,072.97	1,619,056.14	9,101,840.09
Total	11,313,484.07	<b>70,113,510.72</b>	<b>10,075,612.27</b>	4,551,072.97	3,647,294.33	83,304,239.76

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.57 Notes to statement of cash flows (Continued)

5.57.4 Cash flows were not reported on a net basis during the reporting period

5.57.5 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.

### 5.58 Supplement to statement of cash flows

5.58.1 Supplement to statement of cash flows

Item	Year ended 31/12/2023	Year ended 31/12/2022
1. Net profit adjusted to cash flows from operating activities		
Net profit	-194,272,731.55	80,745,479.28
Add: provision for asset impairment	236,789,856.24	12,547,127.26
Credit impairment losses	7,702,894.86	23,262,187.76
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets and investment property	82,598,006.66	85,831,814.20
Depreciation of right-of-use assets	7,412,232.61	6,376,964.23
Amortization of intangible assets	19,002,920.28	19,115,459.05
Amortization of long-term deferred expenses	5,736,104.18	5,575,950.39
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-468,739.44	-258,452.13
Losses on write-down of fixed assets ("-" for gains)	47,709.57	-542,516.71
Losses from net position hedging ("-" for gains)		
Losses from changes in fair value ("-" for gains)	1,624,939.93	-1,569,393.00
Financial expenses ("-" for income)	656,417.03	416,197.62
Investments losses ("-" for gains)	-61,249,200.92	-88,715,322.29
Decreases in the deferred tax assets ("-" for increases)	469,804.47	-6,683,258.17
Increases in the deferred tax liabilities ("-" for decreases)	-390,083.66	9,168,129.03
Decreases in inventories ("-" for increases)	36,468,361.83	376,180,101.80
Decreases in operating receivables ("-" for increases)	-57,603,819.26	-178,458,927.51
Increases in operating payables ("-" for decreases)	-150,375,727.45	-192,670,823.21
Others		
Net cash flows from operating activities	-65,851,054.62	150,320,717.60

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.58 Supplement to statement of cash flows (Continued)

#### 5.58.1 Supplement to statement of cash flows (Continued)

Item	Year ended 31/12/2023	Year ended 31/12/2022
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under lease		
3. Net change in cash and cash equivalents		
Cash as at 31/12/2023	798,419,753.09	954,544,289.85
Less: cash as at 1/1/2023	954,544,289.85	848,233,503.66
Add: cash equivalents as at 31/12/2023		
Less: cash equivalents as at 1/1/2023		
Net increase in cash and cash equivalents	<u>-156,124,536.76</u>	<u>106,310,786.19</u>

#### 5.58.2 Cash and cash equivalents

Item	Year ended 31/12/2023	Year ended 31/12/2022
I. Cash	798,419,753.09	954,544,289.85
Including: cash on hand	41,224.84	66,238.15
Unrestricted bank deposits	798,376,888.06	954,478,051.70
Unrestricted other cash and cash equivalents	1,640.19	
II. Cash equivalents		
III. Cash and cash equivalents as at 31/12/202X	798,419,753.09	954,544,289.85
Including: cash and cash equivalents restricted for use in the Company or the subsidiaries		



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.58 Supplement to statement of cash flows (Continued)

5.58.3 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.

5.58.4 Monetary funds that are not cash and cash equivalents

Item	Year ended 31/12/2023	Year ended 31/12/2022	Reason
Deposit of bank acceptance bills	<b>23,297,536.49</b>	64,122,207.60	Use is restricted
Deposit of performance and guarantees	<b>51,680,609.13</b>	40,724,508.65	Use is restricted
Property preservation and freezing of funds	<b>3,746,041.69</b>		Use is restricted
Total	<b><u>78,724,187.31</u></b>	<u>104,846,716.25</u>	–

### 5.59 Notes to the “others” items in statement of changes in shareholders’ equity

- (1) Surplus reserve: “Others” decreased by RMB137,731.56 in the current period, which was reduced by 137,731.56 yuan by the liquidation of the “Institute of Rail Research”.
- (2) Retained earnings: “Others” decreased by 1,239,584.04 yuan in the current period, and the liquidation of the Institute of Rail Research decreased by 1,239,584.04 yuan.

### 5.60 Ownership or using rights of assets subject to restriction

Item	Carrying amount as at 31/12/2023	Restriction reason
Cash at bank and on hand	<b>78,724,187.31</b>	Bank acceptances, letters of guarantee, performance bonds, and litigation to freeze funds
Notes receivable	<b>69,113,039.18</b>	Notes that have been endorsed or discounted that are not due and have not been derecognized
Total	<b><u>147,837,226.49</u></b>	

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

### 5. Notes to the consolidated financial statements (Continued)

#### 5.61 Monetary items denominated in foreign currency

Item	Balance in foreign currency as at 31/12/2023	Exchange rate	Balance translated into RMB as at 31/12/2023
Cash at hand and in banks	–	–	–
Including: USD	<b>4,981,110.54</b>	7.0827	35,279,711.62
Euro	<b>13,834.61</b>	7.8592	108,728.97
HKD	<b>377,815.26</b>	0.9062	342,376.19
JPY	<b>72,273,683.00</b>	0.0502	3,628,138.89
Accounts receivable			
Including: USD	<b>1,703,650.60</b>	7.0827	12,066,446.10
Euro	<b>16,007.81</b>	7.8592	125,808.58
HKD			
JPY	<b>14,282,827.00</b>	0.0502	716,997.92
Prepayments			
Including: USD	<b>9,079.50</b>	7.0827	64,307.37
Euro	<b>7,688.40</b>	7.8592	60,424.67
HKD			
JPY			
Other receivables			
Including: USD			
Euro			
HKD	<b>54,460.00</b>	0.9062	49,351.65
JPY			
Accounts payable			
Including: USD	<b>2,278,559.71</b>	7.0827	16,138,354.86
Euro			
HKD			
JPY	<b>32,359,545.00</b>	0.0502	1,624,449.16

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.61 Monetary items denominated in foreign currency (Continued)

Item	Balance in foreign currency as at 31/12/2023	Exchange rate	Balance translated into RMB as at 31/12/2023
Contract liabilities			
Including: USD	1,441,436.45	7.0827	10,209,261.94
Euro			
HKD			
JPY			
Other payable			
Including: USD	94,050.00	7.0827	666,127.94
Euro			
HKD			
JPY	-		

### 5.62 Leases

#### 5.62.1 As a lessee

Item	Amount
Variable lease payments that are not included in the measurement of lease liabilities through the cost of the underlying asset or current profit or loss	
Including: the part generated by the sale and leaseback transaction	
Short-term lease charges that are included in the cost of the underlying asset or the current profit or loss for the simplified treatment	3,689,919.03
Lease expense of low-value assets through simplified treatment of the cost of the underlying asset or profit or loss for the period (other than short-term lease expense of low-value assets)	39,323.47
Income derived from the sublease of right-of-use assets	1,615,028.57
Total cash outflows related to leases	7,822,632.68

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 5. Notes to the consolidated financial statements (Continued)

### 5.62 Leases (Continued)

#### 5.62.2 As a lessor

Operating leases

Item	Rental income	Including: income related to variable lease payments that are not included in lease receipts
Property rental	102,294,700.51	
Vehicle rental	76,769.91	
Total	102,371,470.42	

The amount of undiscounted lease receipts that will be received after the balance sheet date is as follows:

Remaining lease term	Year end 31/12/2023	Year end 31/12/2022
Year 1	101,343,773.35	79,872,283.47
Year 2	80,510,767.08	30,195,332.30
Year 3	43,169,703.99	29,867,925.00
Year 4	25,684,418.58	29,867,925.00
Year 5	26,916,512.00	30,838,633.00
The total amount of undiscounted lease receipts after five years	75,769,981.27	113,400,301.50
Total	353,395,156.27	314,042,400.27

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 6. R&D expenditure

### 6.1 Presented by nature of fees

Item	Year end 31/12/2023	Year end 31/12/2023
Labor costs	<b>169,623,393.99</b>	162,176,060.05
Materials, fuels, and power	<b>14,027,541.22</b>	15,561,615.80
Depreciation and amortization	<b>11,758,646.86</b>	14,995,119.88
Consignment development fee	<b>3,966,028.22</b>	5,756,430.86
Travel expenses	<b>2,624,325.82</b>	2,266,694.37
Others	<b>9,187,612.82</b>	10,285,531.09
Total	<b>211,187,548.93</b>	211,041,452.05
Including: expensed R&D expenditure		
capitalize R&D expenditures	<b>211,187,548.93</b>	211,041,452.05

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 7. Changes in consolidation scope

### 7.1 Business combination involving enterprises not under common control.

None.

### 7.2 Business combination involving enterprises under common control (BCUCC)

None.

### 7.3 Reverse purchase

None.

### 7.4 Disposal of subsidiaries

None.

### 7.5 Other reasons for the changes in consolidation scope

None.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 8. Rights and interests in other entities

### 8.1 Interests in subsidiaries

#### 8.1.1 Constitution of the Company

Unit: (10K CNY)

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Registered capital	Shareholding (%)		Acquisition method
					Direct	Indirect	
NANJING PANDA ELECTRONICS COMPANY LTD [1]	Nanjing	Nanjing	Manufacture	2,000.00	75.00	25.00	Set up
Nanjing Panda Xinxing Industrial Co., Ltd	Nanjing	Nanjing	Service	2,000.00	100.00		Set up
Nanjing PANDA Electronics Equipment Co.,Ltd.	Nanjing	Nanjing	Manufacture	19,000.00	100.00		Set up
GALANT LIMITED [2]	Hongkong	Hongkong	Investment	1 HKD	100.00		Set up
Nanjing Panda Information Industry Co.,Ltd. [1]	Nanjing	Nanjing	Manufacture	3,194.64	82.00	18.00	Set up
Nanjing Panda Communication Technology Co., Ltd	Nanjing	Nanjing	Manufacture	10,000.00	100.00		Controlled by the same ultimate controlling party
Nanjing Panda Electronic Technology Development Co., Ltd [3]	Nanjing	Nanjing	Manufacture	70,000.00	100.00		Set up
Chengdu Panda Electronic Technology Co., Ltd	Chengdu	Chengdu	Manufacture	5,000.00	100.00		Set up
Nanjing Panda Mechatronics Instrument Technology Co., Ltd	Nanjing	Nanjing	Manufacture	1,000.00		100.00	Set up
Nanjing Panda Electromechanical Manufacturing Co., Ltd	Nanjing	Nanjing	Manufacture	3,500.00		100.00	Controlled by the same ultimate controlling party
NANJING HUAGE ELECTRONICS & AUTOMOBILE PLASTIC INDUSTRY CO.,LTD.	Nanjing	Nanjing	Manufacture	6,000.00		100.00	Controlled by the same ultimate controlling party
SHENZHEN JINGWAH ELECTRONICS CO.,LTD [4]	Shenzhen	Shenzhen	Service	11,507.00	43.34		Controlled by the same ultimate controlling party
Shenzhen jinghua Real Estate Management Co.,Ltd. [5]	Shenzhen	Shenzhen	Service	100.00		43.34	Set up

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 8. Rights and interests in other entities (Continued)

### 8.1 Interests in subsidiaries (Continued)

#### 8.1.1 Constitution of the Company (Continued)

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Registered capital	Shareholding (%)		Acquisition method
					Direct	Indirect	
Shenzhen Jingjia Real Estate Management Co.,Ltd. [5]	Shenzhen	Shenzhen	Service	100.00		43.34	Set up
Shenzhen JingWah Information Technology CO.,LTD. [5]	Shenzhen	Shenzhen	Manufacture	2,000.00		26.87	Set up
Shenzhen JINGWAH Digital Technology Co.,Ltd. [5]	Shenzhen	Shenzhen	Manufacture	500.00		26.87	Set up
Hong Kong CLP Jinghua Trading Company [1][2][5]	Shenzhen	Shenzhen	Manufacture	10.00		26.87	Set up
Shenzhen Jinghua Health Technology Co., Ltd [5][6]	Shenzhen	Shenzhen	Manufacture	500.00		43.34	Set up
Shenzhen Jingyu Electronics Co.,Ltd. [5]	Shenzhen	Shenzhen	Manufacture	931.41		43.34	Set up
SHENZHEN LONG GANG JINGHUA ELECTRONICS CO. LTD [5]	Shenzhen	Shenzhen	Service	350.00		39.01	Set up

Notes:

- [1] The registered capital of NANJING PANDA ELECTRONICS COMPANY LTD, Nanjing Panda Information Industry Co., Ltd., Hong Kong CLP Jinghua Trading Company are US dollars.
- [2] GALANT LIMITED has not yet made actual capital contribution, and the registered capital is Hong Kong dollars.
- [3] This year, the company absorbed and merged Nanjing Panda Electronic Technology Development Co., Ltd., and Nanjing Panda Electronic Technology Development Co., Ltd. has been cancelled.
- [4] SHENZHEN JINGWAH ELECTRONICS CO., LTD is company limited by shares (unlisted), The other companies mentioned above are limited liability companies.
- [5] This part of the subsidiary is owned by Shenzhen Jinghua Electronics Co., Ltd. Among the 7 members of the board of directors of Shenzhen Jinghua Electronics Co., Ltd., the company recommends 4 directors, and the articles of association stipulate that the board of directors must make a resolution, except as otherwise provided by law and other provisions, must be passed by more than half of all directors, so the company can control Shenzhen Jinghua Electronics Co., Ltd.
- [6] Shenzhen Jinghua Multimedia Technology Co., Ltd. is now renamed Shenzhen Jinghua Health Technology Co., Ltd.



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 8. Rights and interests in other entities (Continued)

### 8.1 Interests in subsidiaries (Continued)

#### 8.1.2 Significant non-wholly owned subsidiary

Company name	Minority shareholding (%)	Profit or loss attributable to the minority for the current period	Dividends announced to distribute to the minority	Balance of the minority interests as at 31/12/2023
SHENZHEN JINGWAH ELECTRONICS CO., LTD [1]	56.66%	43,589,498.55	26,078,189.20	<b>273,800,514.10</b>

*Note[1]:* Among the 7 members of the board of directors of Shenzhen Jinghua Electronics Co., Ltd., the company recommends 4 directors, and the articles of association stipulate that the board of directors must make a resolution, unless otherwise provided by law and other provisions, must be passed by more than half of all directors.

#### 8.1.3 Main financial information of significant non-wholly owned subsidiary

Name of subsidiary	As at 31/12/2023					
	Current assets	Non-current assets	As at 31/12/2023	Current liabilities	Non-current liabilities	Total liabilities
SHENZHEN JINGWAH ELECTRONICS CO.,LTD	562,096,756.22	30,882,752.66	592,979,508.88	154,332,004.67	4,763,201.33	159,095,206.00

Name of subsidiary	As at 1/1/2023					
	Current assets	Non-current assets	As at 31/12/2023	Current liabilities	Non-current liabilities	Total liabilities
SHENZHEN JINGWAH ELECTRONICS CO.,LTD	509,843,936.52	36,390,639.36	546,234,575.88	128,896,565.03	7,369,062.94	136,265,627.97

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 8. Rights and interests in other entities (Continued)

### 8.1 Interests in subsidiaries (Continued)

#### 8.1.3 Main financial information of significant non-wholly owned subsidiary (Continued)

Name of subsidiary	As at 31/12/2023			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
SHENZHEN JINGWAH ELECTRONICS CO., LTD	696,236,967.41	69,942,378.17	69,942,378.17	58,351,393.81

Name of subsidiary	As at 1/1/2023			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
SHENZHEN JINGWAH ELECTRONICS CO., LTD	895,977,976.74	64,027,555.53	64,027,555.53	95,873,301.91

### 8.2 Equity in joint ventures or associates

#### 8.2.1 Significant joint ventures or associates

Company name	Principal place of business	Registration place	Business nature	Registered capital (10K USD)	Shareholding (%)		Accounting treatment for investments	Whether it is strategic for the company's activities
					Direct	Direct		
Nanjing LG-PANDA Appliance Co., Ltd.	Nanjing	Nanjing	Electrical machinery and equipment manufacturing	3,570.00	30		Equity method	Yes
Nanjing Ericsson Panda Communication Co., Ltd.	Nanjing	Nanjing	Manufacture of computers, communications and other electronic equipment	2,090.00	27		Equity method	Yes

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 8. Rights and interests in other entities (Continued)

### 8.2 Equity in joint ventures or associates (Continued)

#### 8.2.2 Principal financial information of significant associates

Item	As at 31/12/2023 & Year ended 31/12/2023		As at 1/1/2023 & Year ended 31/12/2022	
	Nanjing LG-PANDA Appliance Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd. [2]	Nanjing LG-PANDA Appliance Co., Ltd.	Nanjing Ericsson Panda Communication Co., Ltd.
Current assets	2,648,252,150.39	1,232,990,238.05	2,352,128,293.68	2,094,035,168.04
Non-current assets	627,974,114.45	274,397,100.52	647,228,525.82	1,761,234,001.69
Total assets	<u>3,276,226,264.84</u>	<u>1,507,387,338.57</u>	<u>2,999,356,819.50</u>	<u>3,855,269,169.73</u>
Current liabilities	2,231,080,804.59	1,879,497,734.65	1,930,823,568.29	3,002,917,757.23
Non-current liabilities	14,865,461.10	1,188,327.90	6,672,131.35	
Total liabilities	<u>2,245,946,265.69</u>	<u>1,880,686,062.55</u>	<u>1,937,495,699.64</u>	<u>3,002,917,757.23</u>
Minority interests				
Equity attributable to the Company	1,030,279,999.15	-373,298,723.98	1,061,861,119.86	852,351,412.50
Share of net assets calculated as shareholding percentage%	309,083,999.75		318,558,335.96	230,134,881.37
Adjustments [1]	94,713,256.95		102,936,051.82	
Book value of equity investment in associates	403,797,256.70		421,494,387.78	230,134,881.37
Fair value of equity investment if there is a quoted market price for the investment				
Operating income	6,018,536,861.53	4,775,533,096.76	5,910,331,979.95	5,551,654,940.65
Net profit	168,418,879.29	-1,225,650,136.48	186,614,069.71	112,468,235.91
Net profit for discontinued operations				
Others comprehensive income				
Total comprehensive income	<u>168,418,879.29</u>	<u>-1,225,650,136.48</u>	<u>186,614,069.71</u>	<u>112,468,235.91</u>
Dividends from associates for the current year	<u>60,000,000.00</u>		<u>60,000,000.00</u>	

Note[1]: The adjustment is the amount by which 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.

Note[2]: Nanjing Ericsson Panda Communication Co., Ltd.'s annual statements are unaudited, details of which can be found in this report "note 15.4 Equity investment in ENC".

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 8. Rights and interests in other entities (Continued)

### 8.2 Equity in joint ventures or associates (Continued)

#### 8.2.3 Summary of financial information of other insignificant associates

Item	31/12/2023&Year ended 31/12/2023	1/1/2023&Year ended 31/12/2022
Associates		
Total investments' book value	<b>66,056,916.32</b>	65,758,772.80
Totals calculated as shareholding percentage (%):		
Net profit	<b>420,764.79</b>	-141,481.12
Other comprehensive income		
Total comprehensive income	<b>420,764.79</b>	-141,481.12

## 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	As at 1/1/2023	The amount of new grants in this period	The amount of non-operating income	Other income was carried forward	Other changes [1]	As at 31/12/2023	Related to assets/income
Other current liabilities	10,790,000.00	1,805,000.00		1,045,000.00	-1,200,000.00	<b>10,350,000.00</b>	Related to assets/ income
Deferred income	46,537,325.13	3,595,000.00		10,989,099.96	1,200,000.00	<b>40,343,225.17</b>	Related to assets/ income
Total	<u>57,327,325.13</u>	<u>5,400,000.00</u>		<u>12,034,099.96</u>		<u><b>50,693,225.17</b></u>	<u>—</u>

Note [1]: Other changes in the current period are government subsidies that have not been accepted in the previous period, and the acceptance of the current period has been transferred to deferred income.

9.3 For details of the government subsidies included in the current profit or loss, please refer to "note 5.48 Other Income"

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 10. Related risks of financial instruments

The Company is exposed to 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 risk). The financial risks described above and the risk management policies adopted by the Company to mitigate these risks are as follows:

The Board is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and related guidelines and overseeing the implementation of risk management measures. The Company has developed risk management policies to identify and analyse the risks to which the Company is exposed, and these risk management policies clearly define specific risks, covering a wide range of aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's 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 the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and mitigates relevant risks in close cooperation with other business units of the Company. The Company's internal audit department conducts regular audits of risk management controls and procedures, and reports the results of the audits to the Company's Audit Committee.

The Company diversifies the risk of financial instruments through appropriate diversification of investment and business portfolios, and reduces the risk of concentration in a single industry, specific region or specific counterparty by developing corresponding risk management policies.

### 10.1 Credit Risk

Credit risk refers to the risk that the counterparty will fail to fulfill its contractual obligations and the Company will incur financial losses.

The Company's credit risk mainly arises from monetary funds, notes receivable, accounts receivable, receivables financing, contract assets, other receivables, etc., as well as investments in debt instruments and derivative financial assets measured at fair value that are not included in the scope of impairment assessment and whose changes are included in profit or loss. At the balance sheet date, the carrying amount of the Company's financial assets represents its maximum credit exposure.

The Company's monetary funds are mainly bank deposits with state-owned banks and other large and medium-sized listed banks with good reputation and high credit ratings, and 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 has established policies to control credit risk exposure to notes receivable, accounts receivable, receivables financing, contract assets and other receivables. The Company evaluates the credit qualifications of the Client based on the Client's financial situation, the likelihood of obtaining security from a third party, credit history and other factors such as current market conditions and sets the corresponding credit period. The Company will regularly monitor the credit history of customers, and for customers with bad credit records, the Company will adopt written reminders, shortening the credit period or canceling the credit period to ensure that the overall credit risk of the Company is within a controllable range.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 10. Related risks of financial instruments (Continued)

### 10.2 Liquidity risk

Liquidity risk refers to the risk that a business will experience a shortage of funds when it fulfills its obligation to settle by way of cash or other financial assets.

It is the Company's policy to ensure that it has sufficient cash to pay off its debts as they fall due. Liquidity risk is centrally controlled by the Company's finance department. By monitoring cash balances, marketable securities that are readily realizable, and rolling forecasts of cash flows over the next 12 months, the finance department ensures that the company has sufficient funds to repay its debts under all reasonable forecasts. At the same time, the company is continuously monitored for compliance with the provisions of the borrowing agreement and has obtained commitments from major financial institutions to provide sufficient standby funds to meet short- and long-term funding needs.

The Company's financial liabilities are presented as undiscounted contractual cash flows by maturity date as follows:

Item	Balance at 31/12/2023				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term loans	70,113,510.72	-	-	-	70,113,510.72
Notes payable	79,035,160.29				79,035,160.29
Accounts payable	1,438,956,161.93				1,438,956,161.93
Other payables	97,124,968.36				97,124,968.36
Non-current liabilities due within one year	4,088,888.95				4,088,888.95
Lease liabilities	-	6,937,771.54	2,508,370.67	-	9,446,142.21
Total	1,689,225,699.47	6,937,771.54	2,508,370.67	-	1,698,671,841.68

Item	Balance at 31/12/2022				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term loans					
Notes payable	140,306,918.37				140,306,918.37
Accounts payable	1,533,543,158.65				1,533,543,158.65
Other payables	105,899,337.51				105,899,337.51
Non-current liabilities due within one year	6,312,523.20				6,312,523.20
Lease liabilities		3,545,960.05	1,921,800.00		5,467,760.05
Total	1,786,061,937.73	3,545,960.05	1,921,800.00		1,791,529,697.78

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 10. Related risks of financial instruments (Continued)

### 10.3 Market risk

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

#### 1. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Interest-bearing financial instruments with fixed interest rates 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 rate and floating rate instruments in accordance with market conditions and maintains an appropriate mix of fixed and floating rate instruments through regular review and monitoring. When necessary, the Company will use interest rate swap instruments to hedge interest rate risk.

#### 2. Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company continuously monitors foreign currency transactions and the size of foreign currency assets and liabilities to minimize foreign exchange exposure. In addition, the company may also sign forward foreign exchange contracts or currency swap contracts to achieve the purpose of hedging exchange rate risks. During the current and previous periods, Shenzhen Jinghua Information Technology Co., Ltd., a third-tier subsidiary of the Company, signed forward foreign exchange contracts to lock in the US dollar exchange rate, but fundamentally, the risk faced by the Company is still the US dollar exchange rate risk.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 10. Related risks of financial instruments (Continued)

### 10.3 Market risk (Continued)

#### 2. Exchange rate risk (Continued)

The exchange rate risk faced by the Company is mainly derived from the financial assets and financial liabilities denominated in US dollars, and the amounts of foreign currency financial assets and foreign currency financial liabilities converted into RMB are set out below:

Item	Balance at 31/12/2023			Balance at 31/12/2022		
	US Dollars	Other foreign currencies	Total	US Dollars	Other foreign currencies	Total
Cash at bank and on hand	35,279,711.62	4,079,244.05	39,358,955.67	43,666,231.00	6,767,292.56	50,433,523.56
Accounts receivable	12,066,446.10	842,806.50	12,909,252.60	11,743,938.63	837,516.59	12,581,455.22
Prepayments	64,307.37	60,424.67	124,732.04			
Other receivables		49,351.65	49,351.65	22,287.14	5,359.80	27,646.94
Subtotal	<u>47,410,465.09</u>	<u>5,031,826.87</u>	<u>52,442,291.96</u>	<u>55,432,456.77</u>	<u>7,610,168.95</u>	<u>63,042,625.72</u>
Accounts payable	16,138,354.86	1,624,449.16	17,762,804.02	46,530,956.51	5,310,894.32	51,841,850.83
Contract liabilities	10,209,261.94		10,209,261.94			
Other payables	666,127.94		666,127.94	2,615,921.17		2,615,921.17
Subtotal	<u>27,013,744.74</u>	<u>1,624,449.16</u>	<u>28,638,193.90</u>	<u>49,146,877.68</u>	<u>5,310,894.32</u>	<u>54,457,772.00</u>

The impact of exchange rate changes is as follows:

Item	Balance at 31/12/2023		Balance at 31/12/2022	
	Exchange rate increase/ (decrease)	Total profit increase/ (decrease)	Exchange rate increase/ (decrease)	Total profit increase/ (decrease)
The RMB depreciated against the USD	5%	1,019,836.02	5%	314,278.95
The RMB appreciated against the USD	5%	-1,019,836.02	5%	-314,278.95
The RMB depreciated against the JPY	5%	136,034.38	5%	-38,742.88
The RMB appreciated against the JPY	5%	-136,034.38	5%	38,742.88



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 10. Related risks of financial instruments (Continued)

### 10.4 Other price risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

The Company's other price risks mainly arise from the investment in various equity instruments, 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:

Item	Measurement by level 1	Measurement by level 2	Measurement by level 3	Balance as at 31/12/2023
I Recurring fair value measurement				
◆ Financial assets held for trading			485,158,212.68	485,158,212.68
(1) Financial assets measured at fair value through profit or loss			485,158,212.68	485,158,212.68
1) Debt instrument investment				
2) Equity instrument investment				
3) Derivative financial assets			72,065.73	72,065.73
4) Others – wealth management products			485,086,146.95	485,086,146.95
◆ Receivables for financing			25,415,043.86	25,415,043.86
◆ Other debt investments				
◆ Other equity instrument investments				
Total assets of recurring fair value measurement			510,573,256.54	510,573,256.54

### 11.2 For recurring and non-recurring items in level 3 of fair value hierarchy, the adopted valuation techniques and quantity and quality information of principal inputs

- (1) For recurring items in level 3 of fair value hierarchy by the company are bank wealth management products and forward foreign exchange settle sales products, the fair value is adjusted according to the expected rate of return (1.0%-4.7%) or the performance benchmark interest rate of the wealth management products at the end of the period.
- (2) For recurring items in level 3 of fair value hierarchy by the company as notes receivable, with the intention to hold them as an endorsement, and their remaining maturity is short, and the carrying amount is equal to fair value.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 11. Fair value (Continued)

### 11.3 For recurring items in level 3 of fair value hierarchy, the reconciliation between the opening book balance and ending book balance and sensitivity analysis of unobservable inputs

Item	As at 31/12/2022	Move in level 3	Move out level 3	The total amount of gains or losses for the period		Buy, Issue, Sale, Settle				As at 31/12/2023	For assets held at the end of the reporting period, unrealized gains or changes in the current period through profit or loss
				Included in profit or loss	Included in other comprehensive income	Buy	Issue	Sale	Settle		
◆ Financial assets held for trading	503,810,792.61			8,076,838.96		1,002,972,360.00		1,029,701,778.89		485,158,212.68	2,185,852.68
Financial assets measured at fair value through profit or loss	503,810,792.61			8,076,838.96		1,002,972,360.00		1,029,701,778.89		485,158,212.68	2,185,852.68
- Debt instrument investment											
- Equity instrument investment											
- Derivative financial assets	506,052.31			-433,986.58						72,065.73	72,065.73
- Others - wealth management products	503,304,740.30			8,510,825.54		1,002,972,360.00		1,029,701,778.89		485,086,146.95	2,113,786.95
◆ Receivables for financing	53,346,403.19					255,131,980.03		283,063,339.36		25,415,043.86	
◆ Other debt investments											
◆ Other equity instrument investments	2,385,926.53							2,385,926.53			
<b>Total</b>	<b>559,543,122.33</b>			<b>8,076,838.96</b>		<b>1,258,104,340.03</b>		<b>1,315,151,044.78</b>		<b>510,573,256.54</b>	<b>2,185,852.68</b>
Including: gains and losses related to financial assets				8,076,838.96							2,185,852.68
Gains or losses related to non-financial assets											

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions

### 12.1 The parent company of the Company

Name of parent company	Registration place	Type of business	Registered capital	Shareholding ratio of the Company (%)	Voting rights proportion % of the Company
Panda Electronics Group Co.,Ltd.	China • Nanjing	Manufacturing	1,632,970,000.00	23.05	66.67

Note [1]: As of December 31, 2023, the total number of shares held by China Electronics Corporation Limited accounted for 29.98% of the total share capital of the Company. Among them, Nanjing China Electronics Panda Corporation, a holding subsidiary, holds 22,120,611 A shares and 13,768,000 H shares of the Company through an asset management plan, accounting for 3.93% of the total share capital of the Company, and 210,661,444 A shares of the Company, accounting for 23.05% of the total share capital of the Company, through Panda Electronics Group Co., Ltd., a wholly-owned subsidiary of Nanjing China Electronics Panda Corporation. Through its wholly-owned overseas subsidiary, BLUE BRIDGE INVESTMENT LIMITED, it holds 27,414,000 H shares of the Company, accounting for 3.00% of the total share capital of the China Electronics Corporation Limited is still the ultimate controller of the company and is registered in Beijing, China.

[2]: The Parent Company's percentage of voting rights over the Company is higher than its percentage of shareholding, which is due to the Parent Company's recommendation to elect six directors out of the nine members of the Company's Board of Directors, and the Company's Articles of Incorporation stipulate that the Board of Directors shall make resolutions that must be approved by a majority of all the directors, except for those stipulated by law and otherwise.

### 12.2 Subsidiaries of the Company

Details of subsidiaries refer to Note 7 Interest in other entities.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.3 Joint ventures and associates of the Company

Details of Significant joint ventures and associates of the Company refer to Note 7 Interest in other entities. Information of other joint ventures and associates having transactions with the Company in current period or having outstanding balances carried forward from prior periods are as follows:

Entity name	Relationship
Nanjing Ericsson Panda Communication Co., Ltd.	Associates of the Company
Beijing SE Potevio Mobile Communications Co.,Ltd	Associates of the Company
Shenzhen Chebao Information Technology Co., Ltd	Associates of the Company
Shenzhen Jinghua Network Marketing Co., Ltd	Associates of the Company
Nanjing LG-PANDA Appliance Co., Ltd.	Associates of the Company

### 12.4 Other related parties

Entity name	Relationship
Nanjing China Electronics Panda Corporation	Shareholders of the Company
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Subsidiary of the parent company
Nanjing Panda Piezoelectricity Technology Co.,Ltd.	Subsidiary of the parent company
Nanjing Panda Electronics Imp.&Exp.Co., Ltd.	Subsidiary of the parent company
Nanjing Panda Science and Technology Park Development Co., Ltd	Subsidiary of the parent company
Nanjing Panda Investment Development Co., Ltd	Subsidiary of the parent company
Nanjing Panda Transportation Co., Ltd	Subsidiary of the parent company
Nanjing Zhenhua Acoustics Equipment Factory	Subsidiary of the parent company
NANJING CEC PANDA HOME APPLIANCES CO., LTD	Subsidiary of the parent company
FAIRWIT HONGKONG CO., LIMITED	Subsidiary of the parent company
CHINA ELECTRONICS INTERNATIONAL EXHIBITION AND ADVERTISING CO., LTD.	Companies controlled by the same ultimate controlling party
Nanjing Xiongmao Handa Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
Beijing Cswweb Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
Irigo Group Co.,Ltd.	Companies controlled by the same ultimate controlling party
Feisheng (Shanghai) Electronic Technology Co., Ltd	Companies controlled by the same ultimate controlling party
GANSU CHANGFENG ELECTRONIC TECHNOLOGY LIMITED LIABILITY COMPANY	Companies controlled by the same ultimate controlling party
TPV Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
TPV Audio and Visual Technology (Shenzhen) Co., Ltd.	Companies controlled by the same ultimate controlling party
Guizhou Zhenhua Hualian Electronic Co., Ltd.	Companies controlled by the same ultimate controlling party

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.4 Other related parties (Continued)

Entity name	Relationship
Guizhou Zhenhua Qunying Electrical Appliance Co., Ltd (state-owned eight nine one factory)	Companies controlled by the same ultimate controlling party
GUIZHOU ZHENHUA YILONG E-CHEM CO., LTD	Companies controlled by the same ultimate controlling party
Nanjing Rainbow New Energy Co., Ltd	Companies controlled by the same ultimate controlling party
Nanjing Huadong Electronics Group Co., Ltd	Companies controlled by the same ultimate controlling party
Nanjing China Electronics Panda Crystal Technology Corporation	Companies controlled by the same ultimate controlling party
Nanjing CEC Panda Trade Development Co., Ltd	Companies controlled by the same ultimate controlling party
Nanjing CEC Panda Property Management Co., Ltd	Companies controlled by the same ultimate controlling party
Nanjing CEC Panda Modern Service Industry Co., Ltd	Companies controlled by the same ultimate controlling party
Nanjing CEC PANDA CF Technology Co., Ltd	Companies controlled by the same ultimate controlling party
Nanjing CEC Panda LCD Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
Nanjing Zhongdian Xiongmao Lighting Co., Ltd.	Companies controlled by the same ultimate controlling party
Nanjing Zhongdian Real Estate Co., Ltd.	Companies controlled by the same ultimate controlling party
Shanghai Panda Huning Electronic Technology Co., Ltd	Companies controlled by the same ultimate controlling party
Shenzhen SED Wireless Communication Technology Co., Ltd	Companies controlled by the same ultimate controlling party
CET Electric Technology Inc.	Companies controlled by the same ultimate controlling party
Shenzhen Zhongdian International Information Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
China Electronics Shenzhen Company	Companies controlled by the same ultimate controlling party
Wuhan Zhongyuan Communication Co., Ltd	Companies controlled by the same ultimate controlling party
Xianyang China Electronics IRICO Group Holding Co., Ltd.	Companies controlled by the same ultimate controlling party
Great Wall Power Supply Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
CLP Industrial Internet Co., Ltd	Companies controlled by the same ultimate controlling party

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.4 Other related parties (Continued)

Entity name	Relationship
China Electronics Finance Co., Ltd.	Companies controlled by the same ultimate controlling party
China Electronics Industry Development Co., Ltd	Companies controlled by the same ultimate controlling party
China Electronics Import & Export Corporation	Companies controlled by the same ultimate controlling party
CEAC INTERNATIONAL LIMITED	Companies controlled by the same ultimate controlling party
China Electronic Materials Jiangsu and Zhejiang Corporation	Companies controlled by the same ultimate controlling party
China Greatwall Technology Group CO., LTD.	Companies controlled by the same ultimate controlling party
China Zhenhua Group Yunke Electronic Co., Ltd.	Companies controlled by the same ultimate controlling party
NANJING SANLE GROUP CO., LTD	Companies controlled by the same ultimate controlling party
CLP Tai Risheng Maanshan Technology Co., Ltd	Companies controlled by the same ultimate controlling party
CEC FREUNDSCHAFT TECH CO., LTD.	Companies controlled by the same ultimate controlling party
Nanjing Zhongdian panda magnetolectric Technology Co., Ltd	Companies controlled by the same ultimate controlling party
SHENZHEN ZHENHUA FU ELECTRONICS CO., LTD	Companies controlled by the same ultimate controlling party
GUIZHOU ZHENHUA E-CHEM CO., LTD	Companies controlled by the same ultimate controlling party
Guizhou Zhenhua Fengguang Semiconductor Co., Ltd	Companies controlled by the same ultimate controlling party
CLP Great Wall Shengfei Information System Co., Ltd	Companies controlled by the same ultimate controlling party
China Zhenhua (Group) New Cloud Electronic Components Co., Ltd. (State 4326 Factory)	Companies controlled by the same ultimate controlling party
TPV Technology Co., Ltd.	Companies controlled by the same ultimate controlling party
China zhenhua group yongguang electrical co., Ltd	Companies controlled by the same ultimate controlling party
Nanjing Runjing Hotel Co., Ltd	Companies controlled by the same ultimate controlling party
DynaTeQ Limited	Companies controlled by the same ultimate controlling party
Chengdu Sino Microelectronics Technology Co., Ltd.	Companies controlled by the same ultimate controlling party

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.4 Other related parties (Continued)

Entity name	Relationship
China Electronic Systems Engineering Corp.	Companies controlled by the same ultimate controlling party
Nanjing Panda Handa Technology Co., Ltd	Companies controlled by the same ultimate controlling party
Nanjing Sanle Microwave Technology Development Co., Ltd	Companies controlled by the same ultimate controlling party
Dongguan CEC Panda Technology Development Co., Ltd	Companies controlled by the same ultimate controlling party
Shenzhen Sangda Technology Development Co., Ltd.	Other related parties
Panda Technology Co., Ltd.	Other related parties
IRICO(Hefei)LCD Glass Co., Ltd.	Other related parties
Chengdu CEC Panda Display Technology Co., Ltd.[1]	Other related parties
Shenzhen Jinghua Intelligent Technology Co., Ltd	Other related parties
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Other related parties
Nanjing Panda Medical Services Co., Ltd	Other related parties

*Note[1]:* The director of Chengdu CEC Panda Display Technology Co.,Ltd. resigned as the deputy general manager of the company on December 30, 2022, and the unit will no longer be a related party of the company from 2023.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties

#### 12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services

##### Purchase of goods/Rendering of services

Name of related party	Type	Year ended 31/12/2023	Year ended 31/12/2022
Nanjing Panda Electronics Imp.&Exp.Co., Ltd.	Purchase of goods	<b>16,540,697.35</b>	695,754.14
CEAC INTERNATIONAL LIMITED	Purchase of goods	<b>6,014,467.46</b>	27,348,823.48
Nanjing Rainbow New Energy Co., Ltd	Purchase of goods	<b>3,088,813.67</b>	3,160,913.47
TPV Audio and Visual Technology (Shenzhen) Co., Ltd.	Purchase of goods	<b>2,773,308.44</b>	1,741,754.50
Nanjing Zhenhua Acoustics Equipment Factory	Purchase of goods	<b>1,116,279.02</b>	1,295,562.98
China zhenhua group yongguang electrical co., Ltd	Purchase of goods	<b>550,821.47</b>	31,539.79
Shenzhen SED Wireless Communication Technology Co., Ltd	Purchase of goods	<b>504,424.80</b>	1,655,001.76
Nanjing China Electronics Panda Crystal Technology Corporation	Purchase of goods	<b>396,352.26</b>	124,956.79
Chengdu Sino Microelectronics Technology Co., Ltd.	Purchase of goods	<b>249,699.12</b>	
Chengdu CEC Panda Display Technology Co., Ltd.	Purchase of goods	<b>154,214.88</b>	316,289.55
Guizhou Zhenhua Fengguang Semiconductor Co., Ltd	Purchase of goods	<b>151,061.95</b>	195,762.84
China Zhenhua Group Yunke Electronic Co., Ltd.	Purchase of goods	<b>143,145.29</b>	37,380.51
China Zhenhua (Group) New Cloud Electronic Components Co., Ltd. (State 4326 Factory)	Purchase of goods	<b>133,650.03</b>	13,605.30
Shenzhen Sangda Technology Development Co., Ltd.	Purchase of goods	<b>113,663.72</b>	86,159.30
Nanjing Panda Piezoelectricity Technology Co., Ltd.	Purchase of goods	<b>105,171.67</b>	440,466.76
SHENZHEN ZHENHUA FU ELECTRONICS CO., LTD	Purchase of goods	<b>99,580.79</b>	16,930.81
Guizhou Zhenhua Hualian Electronic Co., Ltd.	Purchase of goods	<b>88,845.66</b>	65,262.84
Panda Electronics Group Co., Ltd.	Purchase of goods	<b>76,330.06</b>	61,487.15
China Electronic Systems Engineering Corp.	Purchase of goods	<b>50,479.24</b>	
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Purchase of goods	<b>21,150.00</b>	31,920.00
Guizhou Zhenhua Qunying Electrical Appliance Co., Ltd (state-owned eight nine one factory)	Purchase of goods	<b>20,938.06</b>	95,398.23
Nanjing Panda Medical Services Co., Ltd	Purchase of goods	<b>10,283.17</b>	
Nanjing Zhongdian Xiongmao Lighting Co., Ltd.	Purchase of goods	<b>306.00</b>	306.00
Nanjing Xiongmao Handa Technology Co., Ltd.	Purchase of goods		8,509,150.45
NANJING CEC PANDA HOME APPLIANCES CO., LTD	Purchase of goods		43,363.00
China Electronics Shenzhen Company	Purchase of goods		10,678.06
IRICO (Hefei) LCD Glass Co., Ltd.	Purchase of goods		5,000.00



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services (Continued)

##### Purchase of goods/Rendering of services (Continued)

Name of related party	Type	Year ended 31/12/2023	Year ended 31/12/2022
Nanjing Panda Transportation Co., Ltd	Rendering of services	<b>5,458,655.76</b>	6,437,589.00
Nanjing Panda Medical Services Co., Ltd	Rendering of services	<b>2,862,367.39</b>	2,191,280.58
Shenzhen Jinghua Intelligent Technology Co., Ltd	Rendering of services	<b>994,100.96</b>	1,145,824.32
Nanjing Huadong Electronics Group Co., Ltd	Rendering of services	<b>439,090.57</b>	519,492.35
Nanjing Panda Investment Development Co., Ltd	Rendering of services	<b>283,018.86</b>	
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Rendering of services	<b>189,037.74</b>	154,146.56
Panda Electronics Group Co., Ltd.	Rendering of services	<b>105,692.50</b>	380,616.82
Nanjing Panda Handa Technology Co., Ltd	Rendering of services	<b>97,722.07</b>	
Nanjing CEC Panda Property Management Co., Ltd	Rendering of services	<b>45,600.00</b>	45,600.00
IRICO(Hefei)LCD Glass Co., Ltd.	Rendering of services	<b>12,990.84</b>	
Shenzhen Chebao Information Technology Co., Ltd	Rendering of services		1,152,000.00
Nanjing Xiongmao Handa Technology Co., Ltd.	Rendering of services		145,861.31
NANJING CEC PANDA HOME APPLIANCES CO., LTD	Rendering of services		3,962.26

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services (Continued)

##### Sales of goods/Receipt of services

Name of related party	Type	Year ended 31/12/2023	Year ended 31/12/2022
Chengdu CEC Panda Display Technology Co., Ltd.	Sales of goods	229,349,582.39	461,337,900.70
Nanjing Panda Handa Technology Co., Ltd	Sales of goods	164,972,160.45	
Nanjing Xiongmao Handa Technology Co., Ltd.	Sales of goods	19,270,626.94	132,978,758.64
IRICO (Hefei) LCD Glass Co., Ltd.	Sales of goods	17,051,256.69	42,053,097.41
GUIZHOU ZHENHUA E-CHEM CO., LTD	Sales of goods	11,130,159.27	69,164,601.85
Nanjing Ericsson Panda Communication Co., Ltd.	Sales of goods	8,185,286.01	13,297,587.30
China Electronics Shenzhen Company	Sales of goods	7,838,896.43	
Irico Group Co., Ltd.	Sales of goods	6,722,123.89	
Shenzhen Jinghua Network Marketing Co., Ltd	Sales of goods	6,015,777.41	5,792,544.54
Beijing Cswweb Technology Co., Ltd.	Sales of goods	4,222,001.49	17,554,160.44
Nanjing CEC Panda LCD Technology Co., Ltd.	Sales of goods	3,804,654.62	107,994,582.17
Nanjing China Electronics Panda Corporation	Sales of goods	1,914,732.99	1,379,812.74
Great Wall Power Supply Technology Co., Ltd.	Sales of goods	1,609,101.48	1,737,841.56
Panda Electronics Group Co., Ltd.	Sales of goods	319,071.29	325,120.53
Nanjing Sanle Microwave Technology Development Co., Ltd	Sales of goods	241,592.92	
CET Electric Technology Inc.	Sales of goods	167,672.59	102,829.21
Nanjing Panda Transportation Co., Ltd	Sales of goods	128,207.43	152,129.19
Nanjing Zhongdian panda magnetolectric Technology Co., Ltd	Sales of goods	110,201.86	96,792.46
Wuhan Zhongyuan Communication Co., Ltd	Sales of goods	88,495.58	279,646.02
NANJING CEC PANDA HOME APPLIANCES CO., LTD	Sales of goods	46,140.89	10,797.18
Nanjing Panda Piezoelectricity Technology Co., Ltd.	Sales of goods	37,610.62	361,805.31
Nanjing Panda Electronics Imp.&Exp.Co., Ltd.	Sales of goods	10,200.82	200,325.57
Nanjing LG-PANDA Appliance Co., Ltd.	Sales of goods	6,226.42	
China Electronics Finance Co., Ltd.	Sales of goods	2,641.51	
Nanjing Panda Investment Development Co., Ltd	Sales of goods	1,698.11	15,573.59
Nanjing Rainbow New Energy Co., Ltd	Sales of goods	17.42	
GUIZHOU ZHENHUA YILONG E-CHEM CO., LTD	Sales of goods		21,610,619.56
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Sales of goods		7,677,963.70
CLP Industrial Internet Co., Ltd	Sales of goods		1,514,462.35
CEC FREUNDSCHAFT TECH CO., LTD.	Sales of goods		545,353.99

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.1 Purchase of goods/receipt of services and sales of goods/rendering of services (Continued)

##### Sales of goods/Receipt of services (Continued)

Name of related party	Type	Year ended 31/12/2023	Year ended 31/12/2022
China Electronic Materials Jiangsu and Zhejiang Corporation	Sales of goods		211,583.02
Nanjing Zhongdian Real Estate Co., Ltd.	Sales of goods		14,526.90
Nanjing Panda Science and Technology Park Development Co., Ltd	Sales of goods		13,326.55
Nanjing Panda Medical Services Co., Ltd	Sales of goods		6,977.36
CLP Great Wall Shengfei Information System Co., Ltd	Sales of goods		3,893.80
Nanjing CEC Panda Modern Service Industry Co., Ltd	Sales of goods		3,474.53
TPV Technology Co., Ltd.	Sales of goods		1,586.42
Nanjing Panda Handa Technology Co., Ltd	Receipt of services	<b>47,663,426.18</b>	
Nanjing Panda Investment Development Co., Ltd	Receipt of services	<b>23,750,036.38</b>	22,447,198.26
Panda Electronics Group Co., Ltd.	Receipt of services	<b>5,425,033.17</b>	5,302,887.38
Nanjing Xiongmao Handa Technology Co., Ltd.	Receipt of services	<b>4,300,219.69</b>	26,198,119.80
Nanjing China Electronics Panda Corporation	Receipt of services	<b>2,769,302.34</b>	69,400.00
Nanjing CEC Panda LCD Technology Co., Ltd.	Receipt of services	<b>2,231,207.48</b>	3,916,486.21
Nanjing Ericsson Panda Communication Co., Ltd.	Receipt of services	<b>529,341.30</b>	20,263,370.23
Nanjing Panda Electronics Imp.&Exp.Co., Ltd.	Receipt of services	<b>104,688.93</b>	91,429.84
Nanjing Panda Transportation Co., Ltd	Receipt of services	<b>150,757.15</b>	218,725.33
Nanjing CEC PANDA CF Technology Co., Ltd	Receipt of services	<b>304,795.68</b>	1,338,885.63
Xianyang Caihong Optoelectronics Technology Co., Ltd.	Receipt of services	<b>183,027.88</b>	145,412.07
Nanjing LG-PANDA Appliance Co., Ltd.	Receipt of services	<b>45,404.99</b>	
NANJING CEC PANDA HOME APPLIANCES CO., LTD	Receipt of services	<b>42,359.52</b>	363,131.82
China Electronic Materials Jiangsu and Zhejiang Corporation	Receipt of services	<b>28,301.89</b>	
Shenzhen Jinghua Intelligent Technology Co., Ltd	Receipt of services	<b>21,867.33</b>	
Dongguan CEC Panda Technology Development Co., Ltd	Receipt of services	<b>5,778.75</b>	
Shenzhen Jinghua Network Marketing Co., Ltd	Receipt of services	<b>4,564.85</b>	8,026.70
Shenzhen Chebao Information Technology Co., Ltd	Receipt of services	<b>484.65</b>	8,016.00
Chengdu CEC Panda Display Technology Co., Ltd.	Receipt of services		2,286,357.60
Nanjing Huadong Electronics Group Co., Ltd	Receipt of services		1,957,790.93
CLP Industrial Internet Co., Ltd	Receipt of services		957,438.19
Nanjing Rainbow New Energy Co., Ltd	Receipt of services		28,301.89
Nanjing Panda Medical Services Co., Ltd	Receipt of services		3,984.91

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.2 Leases with related parties

- (1) The Company acts as the lessor

Lessee	Types of leased assets	Year ended 31/12/2023 Rental income	Year ended 31/12/2022 Rental income
Nanjing Panda Transportation Co., Ltd	Buildings	183,310.08	812,460.56
NANJING CEC PANDA HOME APPLIANCES CO., LTD	Buildings	187,244.04	613,026.61
Shenzhen Jinghua Intelligent Technology Co., Ltd	Buildings	174,250.02	321,740.15
Nanjing Panda Electronics Imp.&Exp. Co., Ltd.	Buildings	340,785.34	290,113.77
Shenzhen Chebao Information Technology Co., Ltd	Buildings	3,999.96	58,012.50
Shenzhen Jinghua Network Marketing Co., Ltd	Buildings	31,300.02	49,035.90
Nanjing Panda Transportation Co., Ltd	Vehicle	52,433.63	116,988.50
Panda Electronics Group Co., Ltd.	Vehicle	13,716.82	13,716.82
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Vehicle	10,619.46	10,619.46

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.2 Leases with related parties (Continued)

##### (2) The Company acts as the lessee

Lessor	Types of leased assets	Year ended 31/12/2023			Year ended 31/12/2022				
		Simplified rental expense for short-term leases and leases of low-value assets, as well as variable lease payments that are not included in the measurement of lease liabilities	Rent paid	Increased right-of-use assets	Interest expense on lease liabilities incurred	Simplified rental expense for short-term leases and leases of low-value assets, as well as variable lease payments that are not included in the measurement of lease liabilities	Rent paid	Increased right-of-use assets	Interest expense on lease liabilities incurred
	IRICO (Hefei) LCD Glass Buildings Co., Ltd.					12,990.84	14,160.00		

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.3 Guarantee activities with related parties

Guarantor	Guarantee	Amount of guarantee	Start date	Maturity date	Guarantee obligation expired or not
Nanjing Panda Electronics Company Limited	Chengdu Panda Electronic Technology Co., Ltd	55,000,000.00	2023-9-8	2024-9-7	No
Nanjing Panda Electronics Company Limited	Nanjing Panda Information Industry Co., Ltd.	50,000,000.00	2020-5-12	2021-5-11	No
Nanjing Panda Electronics Company Limited	NANJING HUAGE ELECTRONICS & AUTOMOBILE PLASTIC INDUSTRY CO., LTD.	20,000,000.00	2023-7-11	2024-7-11	No
Nanjing Panda Electronics Company Limited	Nanjing PANDA Electronics Equipment Co., Ltd.	20,000,000.00	2023-9-19	2024-6-15	No
Nanjing Panda Electronics Company Limited	Nanjing PANDA Electronics Equipment Co., Ltd.	20,000,000.00	2023-5-12	2024-5-11	No
Nanjing Panda Electronics Company Limited	Nanjing PANDA Electronics Equipment Co., Ltd.	20,000,000.00	2023-7-11	2024-7-11	No
Nanjing Panda Electronics Company Limited	Nanjing PANDA Electronics Equipment Co., Ltd.	40,000,000.00	2022-8-26	2023-6-29	No

Note:

- The Company provided the maximum guarantee for the comprehensive bank credit line of RMB55,000,000.00 in Shuangliu Sub-branch of Bank of Chengdu Co., Ltd., a secondary subsidiary, Chengdu Panda Electronic Technology Co., Ltd. The creditor shall provide the debtor with all financial services on and off the balance sheet for three years from the date of expiration of the performance period of the debts under the financial business. As of December 31, 2023, Chengdu Panda Electronic Technology Co., Ltd., a subsidiary of the Company, had used a total credit line of RMB18,047,613.52. Among them, the Company provided a bank acceptance bill guarantee amount of RMB18,047,613.52 for Chengdu Panda Electronic Technology Co., Ltd., a secondary subsidiary.
- The Company provided the maximum guarantee for the comprehensive bank credit line of RMB50,000,000.00 for Nanjing Panda Information Industry Co., Ltd., a secondary subsidiary, in China Merchants Bank Co., Ltd. Nanjing Branch. The creditor shall provide the debtor with all financial services on and off the balance sheet for three years from the date of expiration of the performance period of the debts under the financial business. As of December 31, 2023, Nanjing Panda Information Industry Co., Ltd., a subsidiary of the Company, had used a total credit line of RMB8,589,657.12. Among them, the Company provided a performance guarantee of RMB8,589,657.12 for Nanjing Panda Information Industry Co., Ltd., a secondary subsidiary.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.3 Guarantee activities with related parties (Continued)

Note: (Continued)

3. The Company provided the maximum guarantee for the comprehensive bank credit line of RMB20,000,000.00 for Nanjing Huage Electric Automobile and Plastic Industry Co., Ltd., a third-tier subsidiary, in China Electronics Finance Co., Ltd. The guarantee period for each specific credit business under the comprehensive credit agreement is calculated separately and is two years from the date of expiration of the debt performance period agreed in the specific credit business contract. As of December 31, 2023, the total credit line of Nanjing Huage Electric Automobile & Plastic Industry Co., Ltd., a subsidiary of the Company, was RMB10,717,548.43. Among them, the Company provided a bank acceptance draft guarantee amount of RMB10,717,548.43 for Nanjing Huage Electric Automobile & Plastic Industry Co., Ltd., a third-tier subsidiary.
4. The Company provided the maximum guarantee for the comprehensive bank credit line of RMB20,000,000.00 for the comprehensive credit line of Nanjing Panda Electronic Equipment Co., Ltd., a secondary subsidiary, in the Nanjing West Beijing Road Sub-branch of Industrial Bank Co., Ltd. The guarantee period is calculated separately on the basis of each financing provided by the creditor to the debtor under the main contract, and is three years from the date of expiration of the performance period of the debt under the financing. As of December 31, 2023, Nanjing Panda Electronic Equipment Co., Ltd., a subsidiary of the Company, had used a total credit line of RMB4,122,735.91. Among them, the Company provided a bank acceptance bill guarantee of RMB3,512,769.91 and a performance guarantee of RMB609,966.00 for Nanjing Panda Electronic Equipment Co., Ltd., a secondary subsidiary.
5. The Company provided the maximum guarantee for the comprehensive bank credit line of RMB20,000,000.00 for Nanjing Panda Electronic Equipment Co., Ltd., a secondary subsidiary, in China Everbright Bank Co., Ltd. Nanjing Branch. The guarantee period for each specific credit business under the comprehensive credit agreement is calculated separately and is three years from the date of expiration of the debt performance period agreed in the specific credit business contract or agreement. As of December 31, 2023, Nanjing Panda Electronic Equipment Co., Ltd., a subsidiary of the Company, had used a total credit line of RMB1,946,674.69. Among them, the Company provided a bank acceptance draft guarantee amount of RMB1,946,674.69 for Nanjing Panda Electronic Equipment Co., Ltd., a secondary subsidiary.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.3 Guarantee activities with related parties (Continued)

Note: (Continued)

6. The Company provided the maximum guarantee for the comprehensive bank credit line of RMB20,000,000.00 for Nanjing Panda Electronic Equipment Co., Ltd., a secondary subsidiary, in the Nanjing Branch of China Electronic Finance Co., Ltd. The guarantee period for each specific credit business under the comprehensive credit agreement is calculated separately and is two years from the date of expiration of the debt performance period agreed in the specific credit business contract. As of December 31, 2023, Nanjing Panda Electronic Equipment Co., Ltd., a subsidiary of the Company, had a total credit line of RMB0.00.
7. The Company provided the maximum guarantee for the comprehensive bank credit line of RMB40,000,000.00 for the bank comprehensive credit line of Bank of China Co., Ltd., Nanjing Branch, for its second-tier subsidiary, Nanjing Panda Electronic Equipment Co., Ltd. The guarantee period shall be calculated separately according to the debt performance period agreed in each specific credit business contract under the Comprehensive Credit Contract, and the guarantee period under each specific credit business contract shall be three years from the date of expiration of the debt performance period agreed in the specific credit business contract. As of December 31, 2023, Nanjing Panda Electronic Equipment Co., Ltd., a subsidiary of the Company, had used a total credit line of RMB182,269.71. Among them, the Company provided a performance guarantee for Nanjing Panda Electronic Equipment Co., Ltd., a second-tier subsidiary, in the amount of RMB182,269.71.

In summary, as of December 31, 2023, the amount of guarantee provided by the Company to its subsidiaries was RMB43,606,499.38, of which the guarantee amount of bank acceptance draft was RMB34,224,606.55 and the guarantee amount was RMB9,381,892.83. (As of December 31, 2022, the Company provided a guarantee amount of RMB60,557,503.01 to its subsidiaries, of which the guarantee amount of bank acceptance draft was RMB51,626,025.39 and the guarantee amount was RMB8,931,477.62).

#### 12.5.4 Remuneration of key management

Unit: 10K CNY

Item	Year ended 31/12/2023	Year ended 31/12/2022
Remuneration of key management	802.02	955.01

During the Reporting Period, there were 21 key management personnel of the Company, including directors, supervisors, general managers, deputy general managers and secretary of the Board of Directors, of which 14 received remuneration from the Company.



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.4 Remuneration of key management (Continued)

2023

Unit: 10K CNY

Name	Position	Remuneration	Wages and subsidies	Pension scheme contribution	Performance bonus	Total	Remarks
Xia Decchuan [4][7]	Chairman of the board				37.22	37.22	2022 annual performance salary
Liu Jianfeng [5][7]	Director						
Deng Weiming [7]	Director						
Hu Huichun [8]	Director and general manager		35.88	8.20	64.64	108.72	
Yi Guofu	Directors and Party Secretary		33.48	7.55	52.03	93.06	
Lu Song [10]	Director						
Dai Keqin	Independent director	12				12	
Xiong Yanren	Independent director	12				12	
Zhu Weixun	Independent director	12				12	
Fan Laiying [6]	Chairman of the Supervisory Board						
Fu Yuanyuan	Supervisor						
Zhou Yuxin	Employee supervisor		20.76	6.28	14.65	41.69	
Shao Bo	Deputy general manager		27.96	7.05	36.72	71.73	
Hu Dali	Deputy general manager		30.16	7.44	46.53	84.13	
Wang Dongdong	Secretary of the board		27.96	7.24	36.5	71.7	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.4 Remuneration of key management (Continued)

##### 2023 (Continued)

Name	Position	Remuneration	Wages and subsidies	Pension scheme contribution	Performance bonus	Total	Remarks
Lu Bin	Deputy general manager		30.36	7.66	67.8	105.82	
Wan Lei [1]	Deputy general manager		30.36	7.10	47.09	84.55	
Hu Shoujun [8]	Chief accountant		5.06	1.54		6.6	Transferred in November 2023
Zhou Guixiang [2]	Former Chairman of the Board						
Zhao Ji [3]	Former Chairman of the Supervisory Board						
Shen Jianlong[9]	Former Non-executive Director		26.1	5.06	29.64	60.8	Retired at the end of September
Hu Dali	Former Chief Accountant						
Total		36	268.08	65.12	432.82	802.02	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.4 Remuneration of key management (Continued)

##### 2023 (Continued)

1. On January 3, 2023, the company held the 14th meeting of the 10th board of directors and appointed Mr. Wan Lei as the deputy general manager of the company, and the term of office is synchronized with the 10th board of directors of the company.
2. On June 6, 2023, Mr. Zhou Guixiang, chairman of the board of directors of the company, resigned from the chairman, director and relevant positions of the subordinate committees of the board of directors of the company due to work adjustment.
3. On June 6, 2023, Mr. Zhao Ji, Chairman of the Board of Supervisors of the Company, resigned as Chairman and Supervisor of the 10th Board of Supervisors of the Company due to his retirement.
4. On June 6, 2023, the company held the 17th meeting of the 10th board of directors and elected Mr. Xia Dechuan as the chairman of the 10th board of directors of the company.
5. On June 6, 2023, the Company held the 17th meeting of the 10th session of the Board of Directors and nominated Mr. Liu Jianfeng as a candidate for non-executive director of the 10th session of the Board of Directors of the Company. Mr. Liu Jianfeng was elected at the Company's 2022 Annual General Meeting of Shareholders held on June 27, 2023, and his term of office is concurrent with the 10th Board of Directors.
6. On June 6, 2023, the Company held the 10th meeting of the 10th Board of Supervisors and nominated Mr. Fan Laiying as a candidate for non-employee supervisor of the 10th Board of Supervisors of the Company. Mr. Fan Laiying was elected at the Company's 2022 Annual General Meeting of Shareholders held on June 27, 2023, and his term of office will coincide with the 10th session of the Board of Supervisors.
7. On June 27, 2023, the Company held the 18th meeting of the 10th session of the Board of Directors and elected Mr. Liu Jianfeng as a member of the Strategy Committee of the 10th Board of Directors of the Company, Mr. Xia Dechuan, Chairman of the Board of Directors, as the Chairman of the Strategy Committee of the 10th Board of Directors of the Company, Mr. Xia Dechuan as a member of the Nomination Committee of the 10th Board of Directors of the Company, Mr. Liu Jianfeng as a member of the Remuneration and Assessment Committee of the 10th Board of Directors of the Company, and Mr. Deng Weiming no longer served as a member of the Remuneration and Assessment Committee of the 10th Board of Directors of the Company.
8. On November 10, 2023, Mr. Hu Dali, the chief accountant of the company, resigned as the chief accountant of the company due to work changes, and the company held the 21st meeting of the 10th board of directors, and appointed Mr. Hu Shoujun as the chief accountant of the company and Mr. Hu Dali as the deputy general manager of the company, and the term of office was synchronized with the 10th board of directors.
9. On November 14, 2023, Mr. Shen Jianlong, a director of the company, resigned from the relevant positions of the 10th board of directors and the subordinate committees of the board of directors of the company due to his retirement.
10. On November 20, 2023, the Company held the 22nd meeting of the 10th session of the Board of Directors and nominated Mr. Lv Song as a candidate for non-executive director of the 10th session of the Board of Directors of the Company. Mr. Lu Song was elected at the first extraordinary general meeting of shareholders of the Company in 2023 held on June 27, 2023, and his term of office is concurrent with the 10th session of the Board of Directors.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.4 Remuneration of key management (Continued)

##### Continue 2022

Unit: 10K CNY

Name	Remuneration	Salary and Allowance	Pension Plan Contribution	Performance Bonus	Total	Remarks
Name of Director						
Chairman, Zhou Guixiang						Receiving remuneration from related parties
Vice Chairman, Xia Dechuan		15.78	2.78	64.63	83.19	
Director, Shen Jianlong		35.16	5.59	4.94	45.69	
Director, Deng Weiming						Receiving remuneration from related parties
Director and general manager, Hu Huichun		34.32	5.57	86.19	126.08	Managing director
Director and Party Secretary, Yi Guofu		33.48	5.57	48.61	87.66	
Independent Director, Dai Hakqin	12				12	
Independent Director, Xiong Yanjian	12				12	
Independent Director, Zhu Weitao	12				12	
Former Vice Chairman, Li Renzhi						Receiving remuneration from related parties
Name of Supervisors						
Chairman of the Board of Supervisors, Zhao Ji						Receiving remuneration from related parties
Supervisor, Fu Yuan yuan						Receiving remuneration from related parties

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.4 Remuneration of key management (Continued)

##### Continue 2022 (Continued)

Name	Remuneration	Salary and Allowance	Pension Plan Contribution	Performance Bonus	Total	Remarks
Supervisor, Zhou Yuxin		18.76	5.59	16.31	40.66	
Name of Executives						
Deputy General Manager, Shao Bo		27.96	5.53	36.61	70.1	
Chief Accountant, Hu Dali		27.96	5.55	50.59	84.1	
Secretary of the Board of Directors, Wang Dongdong		27.96	5.54	38.86	72.36	
Deputy General Manager, Huang Shaofeng		30.36	5.56	83.21	119.13	
Deputy General Manager, Lu Bin		28.38	5.56	62.8	96.74	
Former Deputy General Manager, Guo Qing		27.3	4.19	61.81	93.3	

The top five highest-paid individuals of the Company in FY2023 include 0 directors (2022: 1 director). The total amount of remuneration paid to the 5 individuals (2022: 4) during the year is set out below:

Unit:10K CNY

Item	Year 2023	Year 2022
Wages and subsidies	<b>772.40</b>	541.00
Contributions to a pension scheme	<b>39.44</b>	34.00
Others		
Total	<b>811.84</b>	575.00

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.4 Remuneration of key management (Continued)

Salary range	Number	
	Year 2023	Year 2022
Hk dollar 0-1,000,000.00		
Hk dollar 1,000,000.00-1,500,000.00	2	1
Hk dollar 1,500,000.00-2,000,000.00	2	3
Hk dollar 2,000,000.00-2,500,000.00	1	

#### 12.5.5 Other transactions with related parties

Related party	Details of related party transactions	As at 31/12/2023	As at 31/12/2022
China Electronics Finance Co., Ltd.[1]	Interest is charged	2,026,094.98	2,848,566.57
China Electronics Finance Co., Ltd.[1]	Discounted interest paid		
Nanjing CEC Panda LCD Technology Co.,Ltd.	Trademark License		
NANJING CEC PANDA HOME APPLIANCES CO.,LTD	Trademark License		11,017.92
China Electronic Materials Co., Ltd	Debt forgiveness	322,700.00	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.5 Transactions with related parties (Continued)

#### 12.5.5 Other transactions with related parties (Continued)

Note:

[1] In 2018, the Company re-signed the Financial Services Agreement (hereinafter referred to as the "Service Agreement") with China Electronic Finance Co., Ltd. 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 of RMB600 million and a fund settlement balance of RMB500 million, which is valid for three years from the effective date of the service agreement. The above service agreement has been reviewed and approved by the company's first extraordinary general meeting of shareholders on December 28, 2018. The Company held an interim meeting of the 10th session of the Board of Directors on November 15, 2021, at which it deliberated and approved the agreement to renew the existing continuing connected transactions and the annual cap with China Electronic Finance Co., Ltd., which is subject to a cap of RMB600 million for the comprehensive credit balance, RMB500 million for the fund settlement balance, and RMB2,000,000 for other financial services business transaction fees, which is valid for three years from the effective date of the service agreement.

As of December 31, 2023, the Company's loan balance and deposit balance in China Electronic Finance Co., Ltd. were RMB0.00, deposit balance was RMB494,051,390.28, cash received from the discount in the current period was RMB0.00, and the discount interest paid was RMB0.00. As of December 31, 2023, the Company had used a total credit line of RMB10,717,548.43 with China Electronic Finance Co., Ltd. As of December 31, 2023, the amount discounted by the Company in China Electronic Finance Co., Ltd. that has not yet been derecognized is RMB0.00.

[2] During the reporting period, Nanjing Panda Information Industry Co., Ltd., a subsidiary of the Company, originally owed RMB1,102,700 to China Electronic Materials Co., Ltd., and after mutual agreement, China Electronic Materials Co., Ltd. reduced the debt of Nanjing Panda Information Industry Co., Ltd. by RMB322,700, that is, the creditor's rights and debts between the two parties were extinguished after the Company paid RMB780,000.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.6 Receivables due from and payables due to related parties

#### 12.6.1 Receivables due from related parties

Account name	Related party	As at 31/12/2023		As at 1/1/2023	
		Balance	Allowance for credit losses	Balance	Allowance for credit losses
Cash at bank and on hand					
	China Electronics Finance Co., Ltd.	356,051,390.28		497,892,953.53	
Accounts receivable					
	Nanjing Panda Handa Technology Co., Ltd	185,280,639.64			
	Nanjing Xionghao Handa Technology Co., Ltd.	91,507,730.52		147,148,329.00	
	Nanjing Panda Investment Development Co., Ltd	40,156,593.67		15,623,937.49	
	Chengdu CEC Panda Display Technology Co., Ltd.	36,703,182.07	5,186.70	103,937,404.52	
	Nanjing CEC Panda LCD Technology Co., Ltd.	28,177,319.46		32,019,654.46	
	Beijing Cswweb Technology Co., Ltd.	18,669,121.19		20,979,121.19	
	Irico Group Co., Ltd.	17,259,448.27		9,663,448.27	
	IRICO (Hefei) LCD Glass Co., Ltd.	14,026,960.00		9,127,824.00	
	GUIZHOU ZHENHUA E-CHEM CO., LTD	11,496,000.00		28,950,000.00	
	Xianyang Caihong Optoelectronics Technology Co., Ltd.	2,943,750.70		61,468.87	
	GANSU CHANGFENG ELECTRONIC TECHNOLOGY LIMITED LIABILITY COMPANY	2,776,760.00		6,555,512.00	
	Panda Electronics Group Co., Ltd.	1,815,742.90		4,138,747.01	
	Nanjing Ericsson Panda Communication Co., Ltd.	1,493,505.13		17,277,134.40	
	CLP Industrial Internet Co., Ltd	614,845.96		614,845.96	
	Great Wall Power Supply Technology Co., Ltd.	494,186.94		320,510.71	
	Liyang Panda Cuizhuyuan Hotel Co., Ltd	475,999.99		879,375.26	



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.6 Receivables due from and payables due to related parties (Continued)

#### 12.6.1 Receivables due from related parties (Continued)

Account name	Related party	As at 31/12/2023		As at 1/1/2023	
		Balance	Allowance for credit losses	Balance	Allowance for credit losses
	TPV Audio and Visual Technology (Shenzhen) Co., Ltd.	185,600.24		635,891.32	
	Nanjing Zhongdian Real Estate Co., Ltd.	158,803.63	158,803.63	158,803.63	15,880.36
	Wuhan Zhongyuan Communication Co., Ltd	100,000.00			
	Nanjing Panda Transportation Co., Ltd	94,000.00			
	Nanjing China Electronics Panda Corporation	87,397.43		722,447.00	
	CET Electric Technology Inc.	16,042.89		14,232.32	
	Nanjing Runjing Hotel Co., Ltd	2,227.10	2,227.10	2,227.10	334.07
	Nanjing Huadong Electronics Group Co., Ltd			2,133,992.11	
	Nanjing CEC PANDA CF Technology Co., Ltd			172,977.41	
	Nanjing Panda Electronics Imp.&Exp.Co., Ltd.			24,625.87	
	NANJING CEC PANDA HOME APPLIANCES CO., LTD			11,679.00	
	Nanjing Zhongdian panda magnetolectric Technology Co., Ltd			10,620.00	
Notes receivable					
	Nanjing Panda Handa Technology Co., Ltd	41,598,512.75			
	Nanjing Xiongmao Handa Technology Co., Ltd.	958,320.02		47,876,058.50	
	Panda Electronics Group Co., Ltd.			3,131,500.00	
	Nanjing CEC Panda LCD Technology Co., Ltd.			5,953,389.19	
	Great Wall Power Supply Technology Co., Ltd.			392,698.69	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.6 Receivables due from and payables due to related parties (Continued)

#### 12.6.1 Receivables due from related parties (Continued)

Account name	Related party	As at 31/12/2023		As at 1/1/2023	
		Balance	Allowance for credit losses	Balance	Allowance for credit losses
Receivables for financing					
	Nanjing Panda Handa Technology Co., Ltd	3,179,264.64			
	Nanjing Xionghao Handa Technology Co., Ltd.	3,006,340.00		4,904,611.00	
	Great Wall Power Supply Technology Co., Ltd.	86,274.29			
Prepayments					
	Nanjing Panda Transportation Co., Ltd			327,531.74	
	Nanjing Xionghao Handa Technology Co., Ltd.	316,800.00			
	SHENZHEN ZHENHUA FU ELECTRONICS CO., LTD	3,160.00			
	China Electronics Import & Export Corporation	1,500.00		1,500.00	
	Nanjing CEC Panda LCD Technology Co., Ltd.			15,000.00	
Other current assets					
	China Electronics Finance Co., Ltd. (Deposit)	138,000,000.00			

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.6 Receivables due from and payables due to related parties (Continued)

#### 12.6.1 Receivables due from related parties (Continued)

Account name	Related party	As at 31/12/2023		As at 1/1/2023	
		Balance	Allowance for credit losses	Balance	Allowance for credit losses
Contract assets					
	Beijing Cswweb Technology Co., Ltd.	<b>4,216,522.06</b>			
	GUIZHOU ZHENHUA E-CHEM CO., LTD	<b>2,790,000.00</b>		2,790,000.00	
	Panda Electronics Group Co., Ltd.	<b>484,103.22</b>		16,111.53	
	GUIZHOU ZHENHUA YILONG E-CHEM CO., LTD			3,150,000.00	
	Xianyang Caihong Optoelectronics Technology Co., Ltd.			2,887,617.69	
	IRICO (Hefei) LCD Glass Co., Ltd.			1,845,000.00	
	Nanjing Panda Investment Development Co., Ltd			8,350.00	
Non-current assets due within one year					
	Nanjing Panda Investment Development Co., Ltd	<b>8,374,399.59</b>			
Other current assets					
	Nanjing Panda Investment Development Co., Ltd			8,374,399.59	
	Panda Electronics Group Co., Ltd.			39,010.09	
	Nanjing Xiongmao Handa Technology Co., Ltd.			13,963.14	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.6 Receivables due from and payables due to related parties (Continued)

#### 12.6.2 Payables due to related parties

Account name	Related party	Balance as at 31/12/2023	Balance as at 1/1/2023
Accounts payable			
	Nanjing Panda Electronics Imp.&Exp. Co., Ltd.	<b>5,049,767.02</b>	
	Nanjing Zhenhua Acoustics Equipment Factory	<b>1,353,801.01</b>	1,325,316.31
	Nanjing Xiongmao Handa Technology Co., Ltd.	<b>915,678.63</b>	952,443.63
	Nanjing Panda Transportation Co., Ltd	<b>777,946.72</b>	849,747.65
	Nanjing Panda Piezoelectricity Technology Co., Ltd.	<b>613,690.60</b>	455,346.89
	China zhenhua group yongguang electrical co., ltd	<b>596,780.91</b>	
	Shenzhen SED Wireless Communication Technology Co., Ltd	<b>530,515.20</b>	1,762,195.20
	Chengdu CEC Panda Display Technology Co., Ltd.	<b>508,569.18</b>	316,289.55
	Xianyang China Electronics IRICO Group Holding Co.,Ltd.	<b>320,000.00</b>	320,000.00
	Guizhou Zhenhua Fengguang Semiconductor Co., Ltd	<b>187,522.00</b>	219,276.73
	China Zhenhua (Group) New Cloud Electronic Components Co., Ltd. (State 4326 Factory)	<b>149,989.15</b>	
	NANJING CEC PANDA HOME APPLIANCES CO., LTD	<b>147,600.40</b>	320,681.66
	Shenzhen Sangda Technology Development Co., Ltd.	<b>128,440.00</b>	88,000.00
	Guizhou Zhenhua Qunying Electrical Appliance Co., Ltd (state-owned eight nine one factory)	<b>125,876.82</b>	95,398.23
	Chengdu Sino Microelectronics Technology Co., Ltd.	<b>122,034.52</b>	
	China Zhenhua Group Yunke Electronic Co., Ltd.	<b>89,787.78</b>	95,166.65
	Nanjing CEC Panda LCD Technology Co., Ltd.	<b>72,402.05</b>	72,402.05
	CEAC INTERNATIONAL LIMITED	<b>60,081.23</b>	10,551,540.69

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

### 12. Related parties and transactions (Continued)

#### 12.6 Receivables due from and payables due to related parties (Continued)

##### 12.6.2 Payables due to related parties (Continued)

Account name	Related party	Balance as at 31/12/2023	Balance as at 1/1/2023
	Nanjing China Electronics Panda Crystal Technology Corporation	<b>42,925.25</b>	68,471.20
	Guizhou Zhenhua Hualian Electronic Co., Ltd.	<b>22,091.99</b>	32,469.00
	Panda Electronics Group Co., Ltd.	<b>11,772.00</b>	1,441,833.94
Notes payable			
	China Zhenhua Group Yunke Electronic Co., Ltd.	<b>111,832.20</b>	
	Nanjing China Electronics Panda Crystal Technology Corporation		12,660.00
Other payables			
	Nanjing China Electronics Panda Corporation	<b>9,790,000.00</b>	9,790,000.00
	Panda Electronics Group Co.,Ltd.	<b>2,996,933.40</b>	3,768,611.31
	Shanghai Panda Huning Electronic Technology Co., Ltd	<b>22,907.00</b>	22,907.00
	Nanjing Panda Science and Technology Park Development Co., Ltd	<b>20,000.00</b>	20,000.00
	Nanjing Zhongdian Real Estate Co.,Ltd.	<b>5,000.00</b>	5,000.00
	Nanjing Zhongdian Xiongmao Lighting Co., Ltd.	<b>5,000.00</b>	
	Nanjing Xiongmao Handa Technology Co., Ltd.		392,567.50
	China Electronics Import & Export Corporation		195,539.62
	Nanjing Panda Transportation Co., Ltd		24,178.00
Contract liabilities			
	FAIRWIT HONGKONG CO., LIMITED	<b>47,808.23</b>	47,011.05

#### 12.7 Commitment with related parties

There were no material related party commitments in this period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 12. Related parties and transactions (Continued)

### 12.8 Centralized management of funds

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

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

Funds collected by the Company to the Group

Funds deposited directly into the finance company by the Company without being credited to the account of the parent company of the Group:

Item	As at 31/12/2023		As at 1/1/2023	
	Allowance for credit losses	Balance	Allowance for credit losses	Allowance for credit losses
Cash at bank and on hand	<b>356,051,390.28</b>		497,892,953.53	
Other current assets-arge Certificates of Deposit	<b>138,000,000.00</b>			
Total	<b>494,051,390.28</b>		497,892,953.53	
Among them: funds that are restricted due to centralized management of funds				

Note:

[1] For details of the current deposit interest and the Financial Services Agreement with China Electronic Finance Co., Ltd. see the note 12.5.5 other transactions with related parties.

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

The Company has no funds borrowed from the parent company or members of the Group.

The parent company or its members of the group have no funds borrowed from the company.

There are no funds collected by the parent company or its members to the Company.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 13. Commitments and contingencies

### 13.1 Commitments

For details of unrecognized commitments relating to related parties, please refer to “note 12. Related parties and connected transactions”; For details of commitments relating to leasing, please refer to “note 5.61 Leasing”.

As at the balance sheet date, the Company had no material commitments for capital expenditures that had been contracted for but were not yet required to be shown on the balance sheet.

### 13.2 Contingencies

#### 13.2.1 Significant litigation and arbitration matters

No.	Basic information of litigation	Amount involved	Whether the estimated liabilities are incurred	Progress of litigation
1	Panda Equipment v. Jiangsu Golden Cat Contract Dispute Case	RMB22,593,150 and interest	No	<p>From July 18, 2017 to November 1, 2018, Nanjing Panda Electronic Equipment Co., Ltd. (hereinafter referred to as “Panda Equipment”), as a supplier, signed 4 contracts successively with Jiangsu Golden Cat Robotics Technology Co. Ltd.. As of December 31, 2023, there are still outstanding payments of 22.59315 million yuan that have not been collected.</p> <p>Panda Equipment has repeatedly urged for payment without success 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 Golden Cat Robotics Technology Co. 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 Golden Cat Robotics 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 Golden Cat Robot Technology Co., Ltd. for three terminated contracts, with payment of 44,749,350 yuan and corresponding interest. On March 18, Panda Equipment filed an appeal.</p>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 13. Commitments and contingencies (Continued)

### 13.2 Contingencies (Continued)

#### 13.2.1 Significant litigation and arbitration matters (Continued)

No.	Basic information of litigation	Amount involved	Whether the estimated liabilities are incurred	Progress of litigation
2	Panda Information v. Xuzhou Suning Real Estate Co., Ltd. Construction Contract Dispute Case	RMB6.6112 million	No	<p>On June 18, 2012, Nanjing Panda Information Industry Co., Ltd. (hereinafter referred to as "Panda Information") won the bid for 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 23.637 million yuan.</p> <p>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 trial. In December 2020, the warranty period of the project expired, and the Engineering Warranty Period Completion Report was issued.</p> <p>As of the end of July 2021, invoices equal to the approved amount have been issued to the employer, and there is still 6611197.07 yuan 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.</p>



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 13. Commitments and contingencies (Continued)

### 13.2 Contingencies (Continued)

#### 13.2.1 Significant litigation and arbitration matters (Continued)

No.	Basic information of litigation	Amount involved	Whether the estimated liabilities are incurred	Progress of litigation
3	Suzhou Zetong Automation Equipment Co., Ltd. v. Panda Equipment and Panda Corporation Contract Dispute	The provisional total amount of payment, interest, and litigation related expenses is RMB3,533,915.00	No	<p>In 2019, Panda Equipment entered into a Contract with Suzhou Zetong, agreeing that Suzhou Zetong would provide Dongfeng Semi-steel Embryo Automation Transportation Line and accompanying technical support to Panda Equipment for a total contract price of RMB8.5 million. Suzhou Zetong believed that it had delivered the equipment, installed and commissioned the equipment and passed the acceptance inspection in accordance with the requirements, and the Panda Equipment still owed an outstanding balance of RMB3.4 million to Suzhou Zetong. Suzhou Zetong filed a lawsuit with Qixia Court on April 18, 2023, demanding payment of the purchase price, interest, attorney's fees and other costs related to the lawsuit. On June 12, 2023, 3.6 million RMB was frozen in Panda Equipment company's Pudong Development Bank account (2023 Su 0113 Enforcement Guarantee No. 1601). On June 16, 2023, the Company received a notice of responding to the lawsuit, a notice of proof, a court summons, a civil ruling, a notice of the results of property preservation and a notice of the deadline from the Nanjing Qixia District People's Court, and other case materials.</p> <p>On March 1, 2024, a mediation agreement was formed, which includes installment payment of principal and reduction of penalty fees.</p>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 13. Commitments and contingencies (Continued)

### 13.2 Contingencies (Continued)

#### 13.2.2 Unexpired bond

As of December 31, 2023, the Company had issued bank guarantees with RMB177,583,326.76 outstanding.

## 14. Events after the balance sheet date

### 14.1 There were no significant non-adjusting events after the balance sheet date during the Period

### 14.2 Profit distribution

According to the resolution of the 24th board meeting of the 10th board of directors of the company, the company will not distribute profits for the year 2023. This plan needs to be approved by the general meeting of shareholders of the company before implementation.

### 14.3 Sales returns

The Company had no material sales returns after the balance sheet date.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 14. Events after the balance sheet date (Continued)

### 14.4 Description of other post-balance sheet date events

#### 14.4.1 Entrusted wealth management using own idle funds

Our company has entrusted financial management of our idle self owned funds in accordance with the proposal on using idle funds for cash management approved at the 10th extraordinary meeting of the board of directors. The details are shown in the table below:

No.	Entrusting party	Entrusted party	Product Type	Product Name	Amount (ten thousand yuan)	Product Start Date/ Establishment Date/Interest Commencement Date	Maturity Date	Expected Annualized Yield	Estimated Yield Amount (RMB)	Product Term	Yield Type	Structured Arrangement	Reference Annualized Yield	Expected return (if any)	Whether constitutes a related party transaction
1	Shenzhen Jinghua Electronics Co.	China Merchants Bank	Bank financial products	Structured deposits	1,000.00	2024/1/12	2024/4/12	1.85%	4.61	91 days	Breakeven floating income model	N/A	N/A	N/A	No
2	Shenzhen Jinghua Health Technology Co.	China Merchants Bank	Bank financial products	Structured deposit	600.00	2024/1/12	2024/4/12	1.85%	2.77	91 days	Breakeven floating income model	N/A	N/A	N/A	No
3	Shenzhen Jinghua Electronics Co.	China Merchants Bank	Bank financial products	Structured deposit	5,000.00	2024/2/28	2024/5/28	1.85%	22.81	90 days	Breakeven floating income model	N/A	N/A	N/A	No
								2.50%	30.82	90 days	Breakeven floating income model	N/A	N/A	N/A	No
4	Nanjing Panda Electronics Co.	Bank of Communications	Bank Financial Products	Structured Deposit	2,500.00	2024/3/13	2024/6/13	1.65%	10.40	92 days	Breakeven floating income model	N/A	N/A	N/A	No
								2.58%	16.26	92 days	Breakeven floating income model	N/A	N/A	N/A	No
								2.78%	17.52	92 days	Breakeven floating income model	N/A	N/A	N/A	No
5	Nanjing Panda Information Industry Co.	Bank of Communications	Bank Financial Products	Structured Deposit	10,000.00	2024/3/13	2024/6/13	1.65%	41.59	92 days	Breakeven floating income model	N/A	N/A	N/A	No
								2.58%	65.03	92 days	Breakeven floating income model	N/A	N/A	N/A	No
								2.78%	70.07	92 days	Breakeven floating income model	N/A	N/A	N/A	No

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 15. Other Important Matters

### 15.1 Correction of prior period accounting errors

There were no corrections of prior period accounting errors during the reporting period.

### 15.2 Annuity plan

In addition to the basic social pension insurance, the Company has established an enterprise annuity plan in accordance with the relevant policies of the national annuity system, which is applicable to the Company's employees who are formally employed and have worked for the Company for one year. The annuity plan adopts a defined contribution model, with the unit contribution base set at the previous year's gross salary, the contribution rate is tentatively set at 5.5% and the individual contribution rate is tentatively set at 1.5%, and the corresponding expenses are recognized as current profit and loss.

In addition to the basic social pension insurance, Shenzhen Jinghua Electronics Co., Ltd., a subsidiary of the Company, has established an enterprise annuity plan based on the relevant policies of the national enterprise annuity system, which is applicable to the regular employees and seconded officers by shareholders with Shenzhen household registration. The annuity plan adopts a defined contribution model. Based on the economic benefits of the previous period, the current extraction ratio is determined, and employees are required to pay a monthly fixed amount according to their job level. Within the maximum amount not exceeding 15% of the total salary of employees participating in the enterprise annuity, Shenzhen Jinghua will fully bear the 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.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

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## 15. Other Important Matters (Continued)

### 15.3 Information of branches

#### 15.3.1 Basis for determining reporting branches and accounting policies

According to the company's internal organizational structure, management requirements and internal reporting system, three reporting branches were identified, namely: smart transportation and safe city, green service-oriented electronic manufacturing, industrial Internet and intelligent manufacturing. Our various reporting branches provide different products or services, or engage in business activities in different regions. Due to the need for different technologies or market strategies, the management of our company separately manages the operating activities of them, regularly evaluates the operating results, and decides to allocate resources to them and evaluate their performance.

The internal transfer prices among branches are determined based on the actual transaction price, and the expenses indirectly attributable to each branch are allocated among branches in corresponding proportions. Assets are allocated based on the operation of the branches and the location of the assets, and branches' liabilities include liabilities attributable to the branches caused by operating activities. If expenses related to liabilities jointly borne by multiple operating branches are allocated to these operating branches, the jointly borne liabilities are also allocated to these operating branches.

Non-current assets are classified according to the region in which the assets are located in, and the Company's non-current assets are all located in the territory of China.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 15. Other Important Matters (Continued)

### 15.3 Information of branches (Continued)

#### 15.3.2 Financial information of reporting branches

Item	Smart Transportation and Safe city	Green Service-oriented Electronic Manufacturing	Industrial Internet and Intelligent Manufacturing	Unallocated Amount	Eliminations	Total
External transaction income	1,326,962,257.60	1,382,102,496.01	203,246,726.40			2,912,311,480.01
Internal transaction income	160,627,047.45		7,547,169.82		-168,174,217.27	
Investment income from associates and joint ventures	420,764.79			42,302,868.92		42,723,633.71
Assets impairment losses	-763,206.40	-105,067.61	-4,190,786.11	-231,730,796.12		-236,789,856.24
Credit impairment losses	-7,225,615.83	34,302.80	1,243,374.16	-1,754,955.99		-7,702,894.86
Depreciation and amortization expenses	15,575,803.19	29,584,470.99	21,107,880.96	49,346,957.11	-865,848.52	114,749,263.73
Total profit (Total loss)	129,614,095.70	48,884,340.41	-56,432,965.46	-293,886,725.14	-1,923,829.50	-173,745,083.99
Income tax expenses	15,996,409.26	3,550,468.38		1,007,892.60	-27,122.68	20,527,647.56
Net profit (Net loss)	113,617,686.44	45,333,872.03	-56,432,965.46	-294,894,617.74	-1,896,706.82	-194,272,731.55
Total assets	2,238,134,860.25	1,189,777,517.12	395,986,951.97	3,479,877,449.53	-1,762,820,886.54	5,540,955,892.33
Total liabilities	1,498,500,819.90	681,650,059.43	392,155,682.94	287,559,884.50	-895,947,060.78	1,963,919,385.99
Long term equity investments in associates and joint ventures	2,056,916.32			467,797,256.70		469,854,173.02
Increase in non-current assets other than long-term equity investments	-60,054,114.76	-15,067,615.27	-25,605,222.22	26,430,461.12	-24,227,973.41	-98,524,464.54

### 15.4 Equity investment in ENC

Nanjing Ericsson Panda Communication Co., Ltd. (hereinafter referred to as "ENC") is a joint venture of our company. Our company holds 27% of the equity of ENC. As of December 31, 2022, the book value of this investment is 230,134,881.37 yuan.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 15. Other Important Matters (Continued)

### 15.4 Equity investment in ENC (Continued)

On December 31, 2015, ENC received a special tax investigation adjustment notice (Ning Jing Guo Shui Tiao [2015] No. 001) issued by the National Taxation Bureau of Nanjing Jiangning Economic and Technological Development Zone (the "Notice"). According to the notice, ENC's related party transactions during the investigation period violated the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China and the Tax Collection and Administration Law of the People's Republic of China regarding special tax adjustments. It has been decided that the company increase the taxable income during the adjustment period by RMB8,152,448,352, pay a supplementary enterprise income tax of RMB1,222,867,253, with an additional interest of RMB201,373,815 in accordance with relevant regulations, totaling RMB1,424,241,068 (collectively referred to as the "special tax adjustment funds"). The notice also informs that if ENC has objections to the adjustment of tax payment in the notice, it must first decide to pay the tax and interest in accordance with the notice, and apply for administrative reconsideration to the National Taxation Bureau of Nanjing Jiangning Economic and Technological Development Zone within 60 days of receiving the notice.

On April 12, 2016, ENC received a notice of approval for deferred tax payment from the State Taxation Bureau of Jiangsu Province (Su Guo Shui Yan Fu (2016] No. 4). ENC is approved to defer the payment of tax till April 14, 2016, and an additional interest of RMB10,939,948 will be charged in accordance with relevant regulations. ENC fully paid the above-mentioned taxes and deferred interest on April 13, 2016.

ENC and its ultimate holding company TELEFONAKTIEBOLAGET LM ERICSSON hold different opinions on the partial determination of their related party transactions in the notification, and ERICSSONAB has initiated a mutual consultation procedure (the "Mutual Consultation Procedure") between China and Sweden regarding this adjustment of taxation through the Swedish National Taxation Bureau, in accordance with the bilateral tax agreement for the avoidance of double taxation signed between China and Sweden. On March 2, 2016, ERICSSON AB signed a memorandum of understanding with ENC. ERICSSON AB confirmed that as the actual responsible party for the related transactions with ENC, it will return the agreed portion determined by the Swedish and Chinese tax authorities through mutual consultation procedures to ENC in full, and the Swedish tax authorities will pay the tax refund to it; The adjustment portion determined by the mutual consultation procedure will be returned to ENC through the Chinese tax authorities. ENC has been certain that the special tax adjustment payments paid by ENC will not be revoked or withdrawn due to the mutual negotiation process, which will result in ENC being unable to obtain full repayment from EAB and Chinese tax authorities. Therefore, ENC will include the relevant taxes and deferred interest in other long-term assets (transferred to other non current assets in 2020).

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 15. Other Important Matters (Continued)

### 15.4 Equity investment in ENC (Continued)

On December 18, 2023, ENC sent an email to the directors confirming that the Swedish tax authorities had made a unilateral decision, stating that the Swedish tax authorities had not reached an agreement with the Chinese tax authorities regarding the above mutual consultation procedure and had unilaterally decided to adjust ERICSSON AB's income in 2006 ("Tax Adjustment"). This tax adjustment will reduce ERICSSON AB's income tax expenses by approximately SEK 199,493,876.00 (approximately RMB136,253,279.00). According to the memorandum signed between ERICSSON AB and ENC, ERICSSON AB will refund the reduced income tax expense amount of approximately RMB136,253,279.00 to ENC. ENC will recognize the expected return amount of RMB136,253,279.00 received from ERICSSON AB as other receivables, and the difference of RMB1,287,987,789.00 between this amount and other non current assets recognized at the beginning of the period of RMB1,424,241,068.00 will be recognized as credit impairment loss.

The company believes that the above financial treatment method violates the resolution of the ENC board of directors and is not approved by the company as a shareholder. Our company always believes that bilateral MAP negotiations should be viewed as a risk for EAB rather than ENC. The company has repeatedly emphasized that ENC is a company registered and established in China. ENC and EAB should strictly comply with Chinese laws and regulations, abide by and implement the resolutions of the ENC board of directors. As a shareholder of ENC, our company is engaged in continuous communication, negotiation, and exchange with the management of ENC and the directors of Ericsson to seek the best solution.

As of the date of this report, the Company has not yet reached an agreement with the management of ENC and the directors of the Ericsson Party on the handling of this matter. The management of the Company has judged that there may be a risk of impairment in the value of its equity investment in ENC, and therefore recorded an impairment loss of the full amount of the carrying value of the long-term equity investment of NT\$230,134,881.37 in the current year. The Company will take all necessary measures to properly deal with the impact of the special tax adjustment of ENC and related matters on the Company, and make every effort to safeguard the legitimate rights and interests of itself and its shareholders.



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 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.

Our 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	As at 31/12/2023	As at 31/12/2022
Total liabilities	<b>1,963,919,385.99</b>	2,055,041,779.76
Less: Cash and cash equivalents	<b>798,419,753.09</b>	954,544,289.85
Adjusted net liability	<b>1,165,499,632.90</b>	1,100,497,489.91
Owners' equity	<b>3,577,036,506.34</b>	3,810,248,031.50
Adjusted capital	<b>3,577,036,506.34</b>	3,810,248,031.50
Adjusted debt/capital ratio (%)	<b>32.58</b>	28.88

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company

### 17.1 Notes receivable

#### 17.1.1 Classification of notes receivable

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Bank acceptance bills		91,069.70
Trade acceptance bills	42,306,920.05	24,832,327.92
Finance company acceptance bills	74,454.00	4,300,000.00
Subtotal	42,381,374.05	29,223,397.62
Less: bad debt provision		
Total	42,381,374.05	29,223,397.62

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

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

Item	Ending confirmation amount	Amount not terminated at the end of the period
Bank acceptance bills		
Trade acceptance bills		3,664,457.05
Total		3,664,457.05

17.1.4 At the end of the period, there are no bills that are converted into accounts receivable due to the drawer's non-performance.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.2 Accounts receivable

#### 17.2.1 Accounts receivable by aging

Aging	Balance as at 31/12/2023	Balance as at 1/1/2023
Within 1 year	102,850,391.86	83,413,898.68
Including: 0-6 months	84,716,330.16	66,358,608.14
7-12months	18,134,061.70	17,055,290.54
1-2 years	15,767,135.75	1,153,186.85
2-3 years	18,565.00	20,959,871.25
3-4 years	19,699,828.15	656,725.30
4-5 years		61,273.67
More than 5 years	1,506,541.03	1,896,592.86
Subtotal	139,842,461.79	108,141,548.61
Less: Allowance for credit losses	10,389,220.01	8,634,264.02
Total	129,453,241.78	99,507,284.59

#### 17.2.2 Accounts receivable by provision method for allowance credit losses

Item	As at 31/12/2023					As at 1/1/2023				
	Balance		Allowance for credit losses		Book value	Balance		Allowance for credit losses		Book value
	Amount	PCT (%)	Amount	Allowance rate (%)		Amount	PCT (%)	Amount	Allowance rate (%)	
Individual assessment for allowance for credit losses	2,553,482.35	1.83	2,553,482.35	100.00	-	3,358,250.75	3.11	3,358,250.75	100.00	-
Grouping assessment subject to allowance for credit losses	137,288,979.44	98.17	7,835,737.66	5.71	129,453,241.78	104,783,297.86	96.89	5,276,013.27	5.04	99,507,284.59
Including: Aging group	65,719,685.86	47.00	7,835,737.66	11.92	57,883,948.20	69,255,634.68	64.04	5,276,013.27	7.62	63,979,621.41
Other group	71,569,293.58	51.18			71,569,293.58	35,527,663.18	32.85			35,527,663.18
Total	139,842,461.79	100.00	10,389,220.01	7.43	129,453,241.78	108,141,548.61	100.00	8,634,264.02	7.98	99,507,284.59

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.2 Accounts receivable (Continued)

#### 17.2.2 Accounts receivable by provision method for allowance credit losses (Continued)

- (1) Accounts receivable that are individually assessed allowance for credit losses

Company name	As at 31/12/2023			Allowance reason
	Balance	Allowance for credit losses	ECL rate (%)	
Nanchang Shuntang Green Electric Technology Co., Ltd	2,553,482.35	2,553,482.35	100.00	Expected to be unrecoverable
Total	<u>2,553,482.35</u>	<u>2,553,482.35</u>		

Company name	As at 1/1/2023			Allowance reason
	Balance	Allowance for credit losses	ECL rate (%)	
Nanchang Shuntang Green Electric Technology Co., Ltd	3,358,250.75	3,358,250.75	100.00	Expected to be unrecoverable
Total	<u>3,358,250.75</u>	<u>3,358,250.75</u>	<u>100.00</u>	

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.2 Accounts receivable (Continued)

#### 17.2.2 Accounts receivable by provision method for allowance credit losses (Continued)

(2) Accounts receivable that are assessed allowance for credit losses on grouping basis

① Group 1: Aging group

Aging	As at 31/12/2023			As at 1/1/2023		
	Balance	ECL rate (%)	Allowance for credit losses	Balance	ECL rate (%)	Allowance for credit losses
Within 1 year	35,428,284.03		20,513.14	48,956,542.35		601,743.70
Including: 0-6 months	35,018,021.21			36,921,668.27		
7-12 months	410,262.82	5.00	20,513.14	12,034,874.08	5.00	601,743.70
1-2 years	11,619,950.00	10.00	1,161,995.00	82,880.00	10.00	8,288.00
2-3 years	18,565.00	15.00	2,784.75	18,258,345.80	15.00	2,738,751.87
3-4 years	17,146,345.80	30.00	5,143,903.74		30.00	
4-5 years		50.00		61,273.67	50.00	30,636.84
More than 5 years	1,506,541.03	100.00	1,506,541.03	1,896,592.86	100.00	1,896,592.86
Total	65,719,685.86		7,835,737.66	69,255,634.68		5,276,013.27

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.2 Accounts receivable (Continued)

#### 17.2.2 Accounts receivable by provision method for allowance credit losses (Continued)

(2) Accounts receivable that are assessed allowance for credit losses on grouping basis (Continued)

② Group 2: Other group

Group Name	As at 31/12/2023			As at 1/1/2023		
	Balance	ECL rate (%)	Allowance for credit losses	Balance	ECL rate (%)	Allowance for credit losses
Related party group	71,569,293.58			35,527,663.18		
Total	71,569,293.58			35,527,663.18		

#### 17.2.3 Allowance for credit losses

Item	As at 1/1/2023	Movement during the year				As at 31/12/2023
		Provision	Recovery or reversal	Write off	Others	
Individual assessment subject to allowance for credit losses	3,358,250.75		804,768.40			2,553,482.35
Grouping assessment subject to allowance for credit losses	5,276,013.27	2,559,724.39				7,835,737.66
Total	8,634,264.02	2,559,724.39	804,768.40			10,389,220.01

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

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.2 Accounts receivable (Continued)

17.2.5 Accounts receivable and contract assets due from the top five debtors of the Company are as follows:

Company name	Balance of account receivable as at 31/12/2023	Balance of contract assets as at 31/12/2023	Total balance as at 31/12/2023
Nanjing Panda Handa Technology Co., Ltd	31,910,131.18	22.82	
Nanjing Gusheng Enterprise Management Co., Ltd	29,866,256.87	21.36	
Sony Mobile Communications(China)Co.,Ltd.	17,075,200.00	12.21	5,122,560.00
Zhongdian Defense Technology Co., Ltd	13,242,920.97	9.47	
China Radio and Television Radio, Film and Television Design and Research Institute Co., Ltd	7,422,440.00	5.31	742,244.00
Total	99,516,949.02	71.17	5,864,804.00

### 17.3 Other receivables

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Interest receivable		
Dividends receivable	421,960,335.78	–
Other receivables	272,413,023.02	197,206,292.54
Total	694,373,358.80	197,206,292.54

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.3 Other receivables (Continued)

#### 17.3.1 Dividends receivable

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
NANJING PANDA ELECTRONICS COMPANY LTD	252,878,613.25	
Nanjing Panda Information Industry Co.,Ltd.	169,081,722.53	
Total	421,960,335.78	

#### 17.3.2 Other receivables

##### (1) Aging of other receivables

Aging	Balance as at 31/12/2023	Balance as at 1/1/2023
Within 1 year	84,040,981.59	8,876,731.59
Including: 0-6 months	78,040,981.59	8,876,731.59
7-12 months	6,000,000.00	
1-2 years	14,182.40	5,000,000.00
2-3 years	5,000,000.00	18,000.00
3-4 years	50,000.00	
4-5 years	42,716.32	817,988.08
More than 5 years	184,565,140.48	183,692,152.40
Subtotal	273,663,020.79	198,454,872.07
Less: Allowance for credit losses	1,249,997.77	1,248,579.53
Total	272,413,023.02	197,206,292.54



# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.3 Other receivables (Continued)

#### 17.3.2 Other receivables (Continued)

##### (2) Category of other receivables by nature

Item	Balance as at 31/12/2023	Balance as at 1/1/2023
Security deposit	872,988.08	910,988.08
Related party transactions	271,053,048.25	196,653,476.74
Others	1,736,984.46	890,407.25
Less: Allowance for credit losses	<u>1,249,997.77</u>	<u>1,248,579.53</u>
Total	<u><u>272,413,023.02</u></u>	<u><u>197,206,292.54</u></u>

##### (3) The provision of allowance for credit losses

The allowance for credit losses	Stage one	Stage two	Stage three	Total
	12-month ECL	Lifetime ECL (credit- unimpaired)	Lifetime ECL (credit-impaired)	
Balance as at 31/12/2022	435,591.45		812,988.08	1,248,579.53
Balance as at 31/12/2022 during the year				
Transfer to stage two				
Transfer to stage three				
Reversal to stage two				
Reversal to stage one				
Provision during the year	1,418.24			1,418.24
Reversal during the year				
Write-off during the year				
Other changes				
Balance as at 31/12/2023	<u><u>437,009.69</u></u>	<u><u></u></u>	<u><u>812,988.08</u></u>	<u><u>1,249,997.77</u></u>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.3 Other receivables (Continued)

#### 17.3.2 Other receivables (Continued)

##### (4) Allowance for credit losses

Item	As at 1/1/2023	Movement during the year				As at 31/12/2023
		Provision	Recovery or reversal	Write off	Others	
Individual assessment for allowance for credit losses	812,988.08					812,988.08
Grouping assessment subject to allowance for credit losses	435,591.45	1,418.24				437,009.69
<b>Total</b>	<b>1,248,579.53</b>	<b>1,418.24</b>				<b>1,249,997.77</b>

##### (5) Other receivables due from the top five debtors are as follows

Company name	Nature of balance	Balance as at 31/12/2023	Aging	Percentage in total other receivables (%)	Balance of allowance for credit losses as at 31/12/2023
Nanjing PANDA Electronics Equipment Co.,Ltd. (GALANTLIMITED)	Related party borrowings	130,483,893.01	0-5 years	47.68	
	Related party borrowings	67,285,650.00	0-5 years	24.59	
Nanjing panda communications technology Co.,Ltd	Related party borrowings	37,000,000.00	Within 1 year	13.52	
Nanjing Panda Electromechanical Manufacturing Co., Ltd	Related party borrowings	35,636,702.29	0-5years	13.02	
Nanjing Panda Digital Technology Development Co., Ltd	Related party transactions	812,988.08	Over 5 years	0.30	812,988.08
<b>Total</b>		<b>271,219,233.38</b>		<b>99.11</b>	<b>812,988.08</b>

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.4 Long-term equity investments

Item	As at 31/12/2023			As at 1/1/2023		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Investment to subsidiaries	765,785,546.36		765,785,546.36	1,465,785,546.36		1,465,785,546.36
Investment to joint ventures and associates	711,124,456.06	243,327,199.36	467,797,256.70	728,821,587.14	13,192,317.99	715,629,269.15
Total	1,476,910,002.42	243,327,199.36	1,233,582,803.06	2,194,607,133.50	13,192,317.99	2,181,414,815.51

Long-term equity investment

#### (1) Investment to subsidiaries

Investee	Balance as at 1/1/2023	Additions	Reductions	Balance as at 31/12/2023	Provision for impairment in current period	Balance of provision for impairment as at 31/12/2023
Nanjing Panda Electronic Technology Development Co., Ltd.	700,000,000.00		700,000,000.00			
Nanjing PANDA Electronics Equipment Co., Ltd.	190,000,000.00			190,000,000.00		
Nanjing Panda Information Industry Co., Ltd.	176,736,513.98			176,736,513.98		
SHENZHEN JINGWAH ELECTRONICS CO., LTD	119,241,304.00			119,241,304.00		
NANJING PANDA ELECTRONICS COMPANY LTD	111,221,994.10			111,221,994.10		
nanjing panda communications technology Co., Ltd	98,585,734.28			98,585,734.28		
Chengdu Panda Electronic Technology Co., Ltd	50,000,000.00			50,000,000.00		
Nanjing Panda Xinxing Industrial Co., Ltd	20,000,000.00			20,000,000.00		
Total	1,465,785,546.36		700,000,000.00	765,785,546.36		

Note: The absorption and merger of Nanjing Panda Electronic Technology Development Co., Ltd., a subsidiary, was completed during the period.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.4 Long-term equity investments (Continued)

Long-term equity investment (Continued)

(2) Investment to joint ventures and associates

Investee	Balance As at 1/1/2023	Movement during the financial year							Balance as at 31/12/2023	Provision for impairment as at 31/12/2023	
		Addition of investment	Reduction of investment	Investment income/loss recognised under the equity method	Adjustment of OCI	Changes of other equity	Cash dividend or profit announced to be issued	Provision for impairment			Others
Associates											
Nanjing LG-PANDA Appliance Co., Ltd.	421,494,387.78			42,302,868.92			60,000,000.00			403,797,256.70	
Nanjing Ericsson Panda Communication Co., Ltd.	230,134,881.37							230,134,881.37		230,134,881.37	
Beijing SE Potewio Mobile Communications Co.,Ltd	64,000,000.00									64,000,000.00	13,192,317.99
Subtotal	715,629,269.15			42,302,868.92			60,000,000.00	230,134,881.37		467,797,256.70	243,327,199.36
Total	715,629,269.15			42,302,868.92			60,000,000.00	230,134,881.37		467,797,256.70	243,327,199.36

### 17.5 Operating income and operating costs

Item	Year ended 31/12/2023		Year ended 31/12/2022	
	Income	Costs	Income	Costs
Main operating business	<b>130,393,557.52</b>	<b>97,378,557.75</b>	101,932,677.45	70,004,479.44
Other operating business	<b>35,536,894.89</b>	<b>15,033,007.92</b>	35,726,788.51	14,774,722.25
Total	<b>165,930,452.41</b>	<b>112,411,565.67</b>	137,659,465.96	84,779,201.69

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 17. Notes to the financial statements of the Company (Continued)

### 17.6 Investment income

Item	Year ended 31/12/2023	Year ended 31/12/2022
Gain/(Loss) from long-term equity investments in equity method	42,302,868.92	75,068,256.05
Gain/(Loss) on disposal of financial assets held for trading for the current period	5,176,465.50	2,942,093.57
Long-term equity investment income accounted for by the cost method	<u>512,409,169.78</u>	<u>102,547,867.14</u>
Total	<u><u>559,888,504.20</u></u>	<u><u>180,558,216.76</u></u>

## 18. Supplementary information

### 18.1 Details of non-recurring gain or loss for the year

Item	Year ended 31/12/2023	Year ended 31/12/2022	
		Before Adjustment	After Adjustment
1. Gain or loss on disposal of non-current assets, including the written-down portion for impairment provision	421,029.87	800,968.84	800,968.84
2. Government grants (except the government grants closely related to the business of the Company and enjoyed according to unified quota or ration standards)	10,636,782.70	20,618,422.07	20,618,422.07
3. Gain or loss from fair value change of financial assets held-for-trading, other non-current financial assets, derivative financial assets and financial liabilities held-for-trading etc., and investment income from disposal of financial assets held-for-trading, other non-current financial assets, other debt investments, financial liabilities held-for-trading and derivative financial liabilities, excluding effective hedging operations related to normal business of the Company	8,076,838.96	11,205,051.48	11,205,051.48
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 manure like natural disasters			
8. Reversal of allowance for credit losses for receivables which is subject to separate allowance test	918,680.62	2,379,008.00	2,379,008.00
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			

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 18. Supplementary information (Continued)

### 18.1 Details of non-recurring gain or loss for the year (Continued)

Item	Year ended 31/12/2023	Year ended 31/12/2022	
		Before Adjustment	After Adjustment
10. Net profit or loss of the acquiree for the period from 1 January 2023 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	322,743.00		
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 once-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/(expenses) except the above items	4,554,687.63	809,513.76	809,513.76
22. Other gain or loss items qualified the definition of non-recurring item [1]	267,350.61	283,131.80	283,131.80
Less: Effects of income tax on non-recurring items	4,683,923.71	4,723,249.13	4,723,249.13
Effects of non-recurring items attributable to the minority shareholders of the Company(After tax)	1,366,908.17	2,019,731.37	2,019,731.37
Total	19,147,281.51	29,353,115.45	29,353,115.45

Note: The Company implemented the Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public No. 1 – Extraordinary Profit and Loss (Revised in 2023) this year, which has no impact on the non-recurring profit and loss in comparable accounting periods.

Note [1]: Other profit and loss items that meet the definition of non-recurring profit or loss, the amount of RMB267,350.61 in the current period and the amount of RMB283,131.80 in the previous period are refunds of individual income tax handling fees.

# Notes to the Financial Statements (Continued)

For the year ended 31 December 2023 (All amounts in Chinese Renminbi Yuan unless otherwise stated)

## 18. Supplementary information (Continued)

### 18.2 Return on equity and earnings per share

Profit in report period	Earnings per share					
	Weighted average return on equity (%)		Basic earnings per share		Diluted earnings per share	
	Year ended 31/12/2023	Year ended 31/12/2022	Year ended 31/12/2023	Year ended 31/12/2022	Year ended 31/12/2023	Year ended 31/12/2022
Net profit attributable to the common share holders	-6.92	1.12	-0.2603	0.0436	-0.2603	0.0436
Net profit attributable to the common shareholders after deducting non-recurring gain or loss items	<u>-7.48</u>	<u>0.30</u>	<u>-0.2812</u>	<u>0.0115</u>	<u>-0.2812</u>	<u>0.0115</u>

Nanjing Panda Electronics Company Limited  
March 28, 2024