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南京熊猫电子股份有限公司

NANJING PANDA ELECTRONICS COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00553)

2023 PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

- 1 This summary of annual report was extracted from the Annual Report of Nanjing Panda Electronics Company Limited (the “**Company**”) and its subsidiaries (collectively as the “**Group**”). To have comprehensive knowledge of the operating results, financial position and future development plan of the Company, investors are advised to carefully read the full text of the annual report on the website of the Shanghai Stock Exchange and other media designated by China Securities Regulatory Commission.
- 2 The board of directors (the “**Board**”), the supervisory committee and the directors, supervisors and senior management members of the Company confirm that the information contained in this summary of annual report is true, accurate, and complete without any misrepresentation, misleading statements, or material omissions, and severally and jointly accept legal responsibility for the above.
- 3 All directors of the Company attended the meeting of the Board held on 28 March 2024.
- 4 WUYIGE Certified Public Accountants LLP issued an unqualified auditors’ report for the Company.
- 5 Proposal of profit distribution or capitalization of capital reserves of the Company for the reporting period considered by the Board.

After audit, the net loss of the Company attributable to shareholders of the listed company for the year 2023 amounted to RMB237,862,230.10. In order to safeguard the sustainable and stable operation of the Company and the long-term interests of all shareholders, after taking into account the Company's business plan and capital requirements for 2024, and in accordance with “Supervisory Guideline for Listed Companies No. 3 – Cash Dividends for Listed Companies”, the Articles of Association, “Shareholders' Return Plan (2022-2024)” and relevant regulations, the Company has formulated the 2023 profit distribution plan as follows: no profit distribution, nor capitalization of capital surplus or other forms of distribution.

II. INFORMATION ABOUT THE COMPANY

1 Basic Information of the Company

Stock type	Stock Profile			Stock name before change
	Listing stock exchange	Abbreviated name	Stock Code	
A share	Shanghai Stock Exchange	Nanjing Panda	600775	N/A
H share	The Stock Exchange of Hong Kong Limited	Nanjing Panda	00553	N/A
Contact person and information	Secretary to the Board	Securities Affairs Representative		
Name	Wang Dongdong	Wang Dongdong		
Office Address	7 Jingtian Road, Nanjing, the People's Republic of China	7 Jingtian Road, Nanjing, the People's Republic of China		
Telephone	(8625) 84801144	(8625) 84801144		
E-mail address	dms@panda.cn	dms@panda.cn		

2 Information on principal activities 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, basic and leading industry of national economy, with a large scale, a long industrial chain and a wide range of areas involved, which is an important area for stabilizing the growth of industrial economy and safeguarding the political and economic security of the country. In 2023, the production of China's electronic information manufacturing industry gradually recovered. The value-added of the above-scale electronic information manufacturing industry grew by 3.4% year-on-year, 0.7 percentage point higher than that of the high-tech manufacturing industry. However, at the same time, the industry was also facing sluggish demand, weakening expectations and other new circumstances, in 2023, the above-scale electronic information manufacturing industry realized operating income of 15.1 trillion (RMB, hereinafter the same), a year-on-year decrease of 1.5%; operating costs of RMB13.1 trillion, a year-on-year decrease of 1.4%; total profit of RMB641.1 billion yuan, a year-on-year decrease of 8.6%; and profit margin of operating income was 4.2%. Fixed asset investment increased by 9.3% year-on-year, 0.3 percentage point higher than the growth rate of industrial investment in the same period.

Facing new challenges, the Ministry of Industry and Information Technology (MIIT) and the Ministry of Finance (MOF) jointly issued the "Action Plan for Stable Growth of Electronic Information Manufacturing Industry in 2023–2024" to help stabilize the growth of the electronic information manufacturing industry by expanding effective demand, stabilizing the fundamentals of foreign trade, and increasing financial support. According to the data from the National Bureau of Statistics, taking December 2023 as the base period, the purchasing management index (PMI) of large-scale manufacturing enterprises in the past three months continued to rise, to February 2024, the PMI was 50.4%, indicating that the relevant manufacturing industry sentiment level has risen. At the same time, with the rapid development of electronic products represented by smart terminals and consumer electronics, the electronic information manufacturing industry as a whole has been boosted into a steady stage of development.

Software serves as the foundation for the development of the digital economy and is an essential support for building a strong digital China, a powerhouse in networking, and a manufacturing giant. High-tech labor data such as industrial internet and industrial software serve as important sources of new productive forces, promoting the intelligentization of manufacturing processes and the transition from mass production to mass customization, and propelling productivity to new heights. In recent years, with the rapid development of next-generation information technology, China's software and information technology services industry has entered a phase of rapid growth, with continuous increases in revenue. According to data from the National Bureau of Statistics, in 2023, the value added of China's information transmission, software, and information technology services industry reached RMB5,519.4 billion, representing a year-on-year growth of 11.9%. In the future, as software development companies and some electronics manufacturing companies transform into service-oriented enterprises and with the gradual implementation of favorable policies for digitization and intelligentization at the national and local levels, the software and information technology services industry will continue to grow, entering a phase of rapid development. The year 2023 marks the beginning of fully implementing the spirit of the 20th National Congress of the Communist Party of China and is a crucial year for implementing the "14th Five-Year Plan". Industrial production is steadily accelerating, corporate profitability is continuously improving, capacity utilization is steadily increasing, and the manufacturing industry is making constant new achievements in high-end, intelligent, and green development. The overall industrial economy maintains a trend of steady recovery and improvement throughout the year.

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

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

1. The "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" has put forward the goal of accelerating the construction of a digital economy, digital society, and digital government. The aim is to promote comprehensive transformation in production methods, lifestyles, and governance through digital transformation, facilitate deep integration of digital technology and the real economy, empower the transformation and upgrading of traditional industries, and advance the digital transformation of industries.

2. Action Plan for Stable Growth of Electronic Information Manufacturing Industry in 2023–2024

In 2023, the MIIT issued the “Action Plan for Stable Growth in the Electronic Information Manufacturing Industry for 2023–2024.” The plan is guided by Xi Jinping’s thought on socialism with Chinese characteristics for the new era and fully implements the new development concept in a complete, accurate, and comprehensive manner. It emphasizes the organic combination of expanding domestic demand strategy and deepening supply-side structural reform, strengthens problem-oriented, goal-oriented, and result-oriented approaches, enhances the resilience and safety level of industrial and supply chains, and maintains the stable operation of the electronic information manufacturing industry within a reasonable range, providing strong support for steady growth of the industrial economy. The target for 2023–2024 is an average annual growth rate of about 5% in the added value of computer, communication and other electronic equipment manufacturing industries, with the operating income of above-scale enterprises in the electronic information manufacturing industry surpassing RMB24 trillion.

3. Implementation Plan for the New Industry Standardisation Leading Project (2023–2035)

In 2023, the MIIT, together with the Ministry of Science and Technology, the National Energy Administration, and the Standardization Administration of China, issued a document stating that “new industries refer to emerging and future industries that have grown and expanded through the application of new technologies, and have the characteristics of being innovative and active, technology-intensive, and having broad prospects for development, and are closely related to the overall development of the national economy, social development, as well as the optimization and upgrading of industrial structure”. Emerging industries include new-generation information technology, new energy, new materials, high-end equipment, new energy vehicles, green environmental protection, civil aviation, ships and marine engineering equipment, and more. Future industries include metaverse, brain-machine interface, quantum information, humanoid robots, generative artificial intelligence, bio-manufacturing, future displays, future networks, and new energy storage, encompassing a total of nine future-oriented industries.

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

The plan emphasizes the rapid development of urban rail transit in mega and super-sized cities, with the construction of multi-level metropolitan rail transit networks. It aims to promote the integration and connection of trunk railways, intercity railways, urban railways, and city rail transit, as well as facilitate cross-line operations in the rail transit system. Mega and super-sized cities will establish a fast public transportation network with rail transit as the backbone, promoting the scientific and orderly development of urban rail transit, to foster the integrated development of rail transit, conventional public traffic, and pedestrian-friendly transportation networks.

5. 14th Five-Year Plan for the Robotics Industry

The plan sets forth that by 2025, China aims to become a global source of innovation in robotics technology, a hub for high-end manufacturing, and an integrated application leader. It seeks to achieve breakthroughs in core robot technologies and high-end products, with comprehensive indicators reaching international advanced levels and key component performance and reliability reaching the standards of similar international products. The annual growth rate of the robotics industry's operating income is targeted to exceed 20%. The plan also aims to establish a batch of leading enterprises with international competitiveness and a large number of specialized and new "small technology giants" enterprises with strong innovative abilities and good growth potential, to build 3-5 industry clusters with international influence, and double the density of manufacturing robots.

6. 14th Five-Year Plan for Digital Economy

The plan highlights the acceleration of infrastructure construction for information networks in China. The goal is to build a high-speed, ubiquitous, integrated, intelligent, agile, green, low-carbon, safe and controllable comprehensive digital information infrastructure. It aims to promote the commercial deployment and widespread application of 5G, proactively prepare for the future deployment of the sixth-generation mobile communication (6G) network technology, increase support for 6G technology research and development, expedite the deployment of satellite communication networks, and drive the construction of satellite Internet. The plan also aims to enhance the coverage of the Internet of Things (IoT) in industrial manufacturing, agricultural production, public services, emergency management, and other fields and strengthen the IoT access capabilities for integrated fixed-mobile convergence and wide-narrow band integration.

7. Government Work Report

The report proposes a strong promotion of the construction of a modern industrial system and the accelerated development of new productive forces. It emphasizes the need to expedite the development of cutting-edge emerging industries such as hydrogen energy, new materials, and innovative pharmaceuticals, while actively fostering new growth engines in biomanufacturing, commercial aerospace, and low-altitude economy. The plan includes the formulation of future industrial development plans and the exploration of new fields such as quantum technology and life sciences. Furthermore, it advocates for the implementation of the "Artificial Intelligence+" initiative.

8. Action Plan to Promote Large-Scale Equipment and Consumer Goods Upgrading

The plan proposes that by 2027, equipment investment in sectors such as industry, agriculture, construction, transportation, education, cultural tourism, and healthcare will increase by over 25% compared to 2023. Key industries will strive to achieve energy-saving levels in their major energy-consuming equipment and significantly improve their environmental performance to reach Class A standards. The penetration rates of research and design tools in above-scale industrial enterprises, as well as the computer numerical control rates of key processes, will exceed 90% and 75%, respectively. The volume of scrapped cars recycled will approximately double compared to 2023, while the volume of used car transactions will grow by 45%. The amount of recycled waste household appliances will increase by 30% compared to 2023, and the proportion of recycled materials in the overall resource supply will be significantly improved.

(III) Information on activities during the reporting period

1. 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 methods, 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, and deeply integrates with advanced manufacturing technologies. Relying on product categories such as intelligent industrial control equipment, intelligent robots, intelligent logistics equipment, and other new types of intelligent manufacturing dedicated and general equipment, the Company integrates and applies independently developed industrial software platforms, focuses on the automation, informatization, digitization, and intelligent transformation and upgrading of manufacturing enterprises, 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.

2. *Operating model*

1. Management mode

Guided by market and customer demands, the Company carries out in-depth reform and innovation, accelerates the promotion of market-oriented transformation, makes every effort to forge core competitiveness, and focuses on various aspects such as technological innovation, market expansion, team building, deepening reform, improving quality and efficiency, and risk prevention and control. With the mainline of digitalization, intelligence, and green development of the manufacturing industry, the Company leverages the advantages of China's electronic computing system, coordinates internal and external intelligent manufacturing resources, promotes the construction of the digital equipment industry system, improves the industrial ecosystem, provide industry-specific solutions, serve major system projects, and become an important support force for national intelligent manufacturing.

2. R&D mode

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

3. Production and service delivery models

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.

3. *Overview of the development of principal activities*

In the fields of smart transportation and safe cities, the Company has continuously promoted new breakthroughs in the development of the digital economy. In the intelligent rail transit sector, after years of dedicated efforts, the Company has honed its capabilities through innovative technological systems and design concepts, and gained the trust of customers and the confidence of the industry, gradually growing into a leading supplier in China that can simultaneously provide relevant solutions, software services, and core equipment such as urban rail transit integrated command system, automatic fare collection system, ticketing clearing system, and communication system and forming brand effect. The 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 business sectors of smart cities and smart parks, the Company has established a deep integration of people, machines, and objects based on comprehensive perception and ubiquitous connectivity through technologies such as digital twin,

artificial intelligence, ubiquitous operating systems, and trusted data space, developed and promoted a series of products related to the ubiquitous operating system for digital parks, advocated the vertical application of technologies such as digital twin and artificial intelligence in various industry scenarios, enhanced its overall competitiveness in the field of digital cities, and facilitated the digital transformation of vertical industries, thereby generating new sources of value growth.

In the field of industrial Internet and intelligent manufacturing, the Company has focused on advantageous industries, vigorously developed intelligent manufacturing equipment and intelligent manufacturing industrial software businesses, continued to improve its capabilities in intelligent manufacturing services, continuously expanded and extended business clusters, and provided customers with a powerful set of intelligent manufacturing solutions. As one of the first local “intelligent and digital transformation” service providers, the Company has developed system solutions with independent intellectual property rights in multiple application scenarios such as intelligent production, intelligent management, and intelligent manufacturing services. In the research, development, iteration and production processes of robots, the Company has mastered the motion control and algorithms of the controllers of industrial robots. The precision and speed of its products can be comparable to international counterparts, and some technological levels have reached international advanced standards. While continuously cultivating the market for intelligent factories in the LCD glass industry, the Company has also achieved breakthroughs in areas such as new energy, information technology application innovation, stereo garage, and instrument assembly lines. It has made efforts to cultivate independent research and development and safety controllable capabilities of key software technologies, enhance basic support capabilities, and improve the level of integrated application, intelligent manufacturing digitization and information technology.

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, production capacity and technical response 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 specialization in the fields of LCD panels, automotive electronics and white household appliances.

3 Major Accounting Data and Financial Indicators of the Company

3.1 Major accounting data and financial indicators (prepared in accordance with the Accounting Standards for Business Enterprises of China)

Unit: Yuan Currency: RMB

Key accounting data	2023	2022	Year-on-year increase/ decrease (%)	2021	2020	2019
		After adjustment				
Total assets	5,540,955,892.33	5,865,289,811.26	-5.53	6,057,982,752.18	6,001,947,699.44	6,020,147,479.47
Net assets attributable to shareholders of the Company	3,303,235,992.24	3,553,958,826.75	-7.05	3,527,207,782.36	3,509,430,717.97	3,448,072,752.25
Operating revenue	2,912,311,480.01	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	-237,862,230.10	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	-257,009,511.61	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	-65,851,054.62	150,320,717.60	-143.81	208,170,561.48	534,653,617.28	-341,233,848.13
Weighted average return on net assets (%)	-6.92	1.12	Decreased by 8.04 percentage points	1.12	2.22	1.12
Basic earnings per share (RMB/share)	-0.2603	0.0436	-696.55	0.0459	0.0846	0.0459
Diluted earnings per share (RMB/share)	-0.2603	0.0436	-696.55	0.0459	0.0846	0.0459

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 revenue was mainly due to adjustments in the structure of certain products, which did not meet market expectations; adjustments in delivery cycles for certain businesses, which did not meet settlement requirements; and changes in business models, resulting in a year-on-year decrease in income costs. The decrease in net profit attributable to shareholders of the listed company was mainly due to taking into full consideration that recovery of other non-current assets of Nanjing Ericsson Panda Communication Co., Ltd. ("ENC") is highly uncertain, and that this matter is likely to have a significant impact on the Company's long-term equity investment, in view of the principle of prudence, the Company made full provision for impairment of ENC's long-term equity investment in the financial statements of fiscal year 2023. The decrease in net cash flows from operating activities was mainly due to a decrease in cash received from sales of goods and services provided compared to the same period last year.

3.2 Major Accounting Indicators by Quarters in the Reporting Period

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

4 Particulars of Shareholders

4.1 Total number of ordinary shareholders, total number of preferred shareholders with voting rights resumed, total number of shareholders with special voting shares and shareholdings of the top 10 shareholders as at the end of the reporting period and at the end of the last month prior to the disclosure of the annual report

Unit: share

Total number of shareholders of ordinary shares as at the end of the Reporting Period	77,677 shareholders including 77,650 A shareholders and 27 H shareholders
Total number of shareholders of ordinary shares at the end of the last month prior to the disclosure of the annual report	70,723 shareholders including 70,675 A shareholders and 28 H shareholders

Name of Shareholder	Increase/ decrease during the reporting period	Shareholdings of top 10 shareholders			Pledged or frozen Shares Status of shares	Number of shares	Type of shareholders
		Number of shares held at the end of the reporting period	Percentage of shareholding (%)	Number of shares held subject to trading moratorium			
Hong Kong Securities Clearing Company Nominees Limited	-2,317,473	243,295,675	26.62	0	Unknown	Overseas legal person	
Panda Electronics Group Limited ("PEGL")	0	210,661,444	23.05	0	Unknown	State-owned legal person	
Nanjing Electronics Information Industrial Corporation ("NEIIC")	0	35,888,611	3.93	0	Unknown	State-owned legal person	
Lu Ping (呂平)	616,710	9,146,010	1.00	0	Unknown	Domestic natural person	
CITIC Securities - China Huarong Asset Management Company Limited - CITIC Securities - Yunfan Single Asset Management Plan (雲帆單一資產管理計劃)	-9,650,300	8,510,400	0.93	0	Unknown	Other	
Zhang Zandi (張籟棟)	6,458,700	6,458,700	0.71	0	Unknown	Domestic natural person	
Wu Weibin (吳偉彬)	3,000,000	3,000,000	0.33	0	Unknown	Domestic natural person	
Shanghai Shuipu Private Equity Fund Management Centre (Limited) - Nutri-Wan Yin A Private Equity Fund (上海水璞私募基金管理中心(有限公司)-堅果利萬銀A私募證券投資基金)	2,847,400	2,847,400	0.31	0	Unknown	Other	
Xu Weidong (徐偉東)	2,779,100	2,779,100	0.30	0	Unknown	Domestic natural person	
Zheng Xiaofeng (鄭宵峰)	2,641,100	2,641,100	0.29	0	Unknown	Domestic natural person	

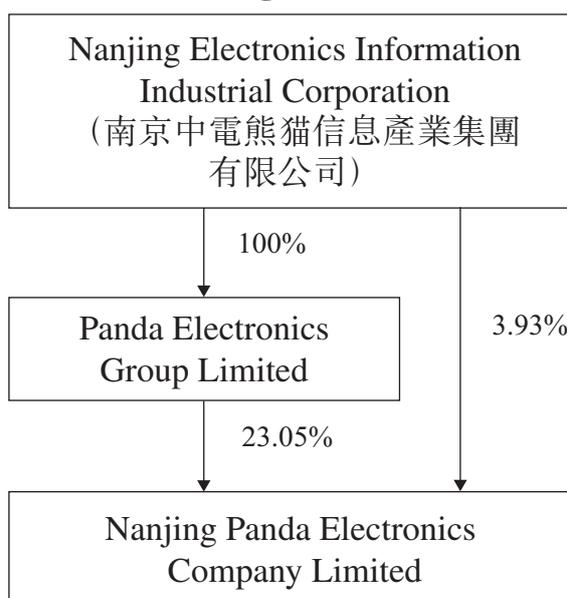
Description on connected relationship or party acting in concert among the aforesaid shareholders

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

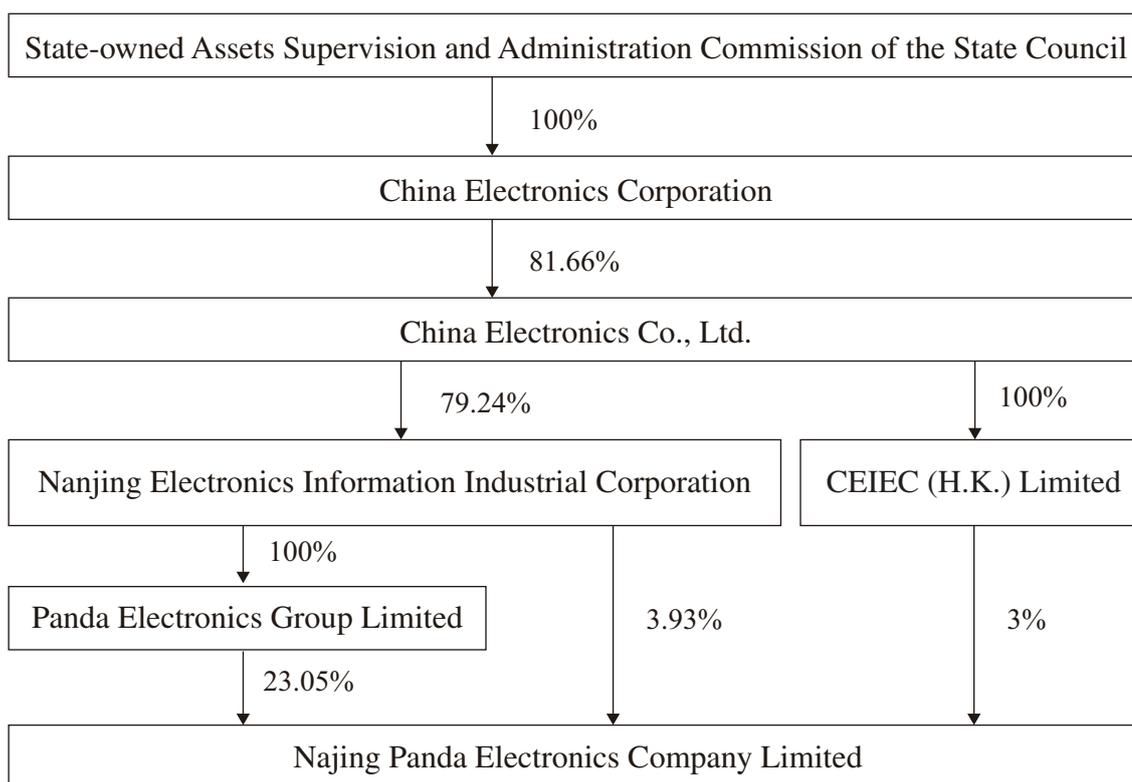
Notes:

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 NEIIC in the Company, and 27,414,000 H shares held by CEIEC (H.K.) Limited (華電有限公司), a wholly-owned subsidiary of CEC as at the end of the Reporting Period. Save as disclosed above, the Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.
2. On 2 August 2021, the Company received a notice from PEGL, the controlling shareholder, informing that certain shares of the Company held by PEGL have been pledged. Pursuant to which, PEGL pledged 105,091,430 shares in the Company, accounting for 49.89% of the total shares it held in the Company and 11.50% of the total share capital of the Company. The Company received a notification from PEGL on 22 December 2023 that PEGL had completed the procedures for release of the pledge over shares. Release of pledged shares amounted to 105,091,430 shares, representing 49.89% of shares of the Company held by it and 11.50% of the total share capital of the Company. For details, please refer to the relevant announcements of the Company published in “China Securities Journal” and “Shanghai Securities News” and on the websites of the Shanghai Stock Exchange on 3 August 2021 and 23 December 2023.

4.2 Diagram of the shareholding and controlling relationship between the Company and the controlling shareholder



4.3 Diagram of shareholding and controlling relationship between the Company and its ultimate controllers



4.4 Total number of preferred shareholders of the Company and shareholdings of the top 10 shareholders as at the end of the reporting period

Applicable N/A

5 Information on bonds of the Company

Applicable N/A

III. SIGNIFICANT EVENTS

1. The Company shall disclose the significant changes in the operation of the Company during the reporting period under the principle of materiality and the events in the reporting period that had material impact on the operation of the Company and are expected to have a material impact in the future.

In 2023, the Company strived to maintain stable and orderly operations. As a result of the comprehensive impact of the adjustment of the structure of certain products, the adjustment of the delivery cycle of certain businesses and the change of certain business models, operating income declined at a moderate rate. Taking into full consideration that ENC's recovery of other non-current assets is highly uncertain, and that this matter is likely to have a significant impact on the Company's long-term equity investment, in view of the principle of prudence, the Company made full provision for impairment of ENC's long-term equity investment in the financial statements of fiscal year 2023, and the total profit decreased significantly, resulting in a loss.

1.1 Analysis of principal operations

1.1.1 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

Notes:

- (1) Reasons for changes in operating income: mainly due to the restructuring of certain products, the market did not meet expectations; part of the business delivery cycle adjustment, did not meet the settlement requirements and some business model change, revenue decreased year-on-year.
- (2) Reasons for changes in operating costs: mainly as a result of some product structure adjustment, the market did not meet expectations; some business delivery cycle adjustment, did not meet the settlement requirements and some business model change, the cost decreased year-on-year.
- (3) Reasons for changes in financial expenses: mainly due to the impact of RMB exchange rate changes, the exchange loss decreased year on year.
- (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 provision of services during the period.
- (5) Reasons for changes in net cash flows from investing activities: mainly attributable to the increase in principal amount of large certificates of deposit purchased during the period.
- (6) Reasons for changes in net cash flows from financing activities: mainly due to the factoring business, the transfer of part of the accounts receivable received during the period and the receipt of the discounted amount of the bills that have not been derecognized.
- (7) Reasons for changes in investment income: mainly due to the investment income of the associate Nanjing Ericsson Panda Communication Co. during the period being 0.
- (8) Reasons for changes in gain on changes in fair value: mainly as a result of the reversal of gains and losses on fair value changes recognized on financial products outstanding at the end of the previous year.
- (9) Reasons for changes in credit impairment losses: mainly due to the decrease of bad debt provision for accounts receivable in the current period compared with the previous period.
- (10) Reasons for changes in assets impairment losses: mainly as a result of provision for impairment on long-term equity investment during the period.

- (11) Reasons for changes in gain from the disposal of assets: mainly due to the 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 the amount not required to be paid in the current period.
- (13) Reasons for changes in non-operating expenses: mainly as a result of the increase in litigation compensation during the period.

1.1.2 Revenue and cost

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

Unit: Yuan Currency: RMB

By sector	Principal operations by business sector			Increase/decrease	Increase/decrease	Increase/decrease
	Operating income	Operating cost	Gross profit margin (%)	in operation income from the same period last year (%)	in operation cost from the same period last year (%)	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 service electronics manufacturing	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 (%)
				the same period last year (%)	from the same period last year (%)	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

Principal operations by geographical regions						
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 (%)
				the same period last year (%)	from the same period last year (%)	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			Increase/decrease		Increase/decrease
	Operating income	Operating cost	Gross profit margin (%)	in operation income from the same period last year (%)	Increase/decrease in operation cost from the same period last year (%)	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 delivery schedule in business related to intelligent factory and system engineering, which did not meet 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 product restructuring and market failure to meet expectations.

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

During the reporting period, sales to the top five customers amounted to RMB1,085,564,500, representing 37.28% 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.

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%, which was mainly due to the year-on-year increase in advertising and exhibition expenses; the management expenses decreased by 8.02%, which was mainly due to the decrease in the number of employees and a year-on-year decrease in employee remuneration; the financial expenses decreased by 260.95%, mainly due to the impact of RMB exchange rate changes, the exchange loss decreased year on year.

(4) R&D Investment

	<i>Unit: Yuan</i>	<i>Currency: RMB</i>
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 (%)		
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

Description:

The Company has established a perfect system for investment in scientific and technological innovation, with R&D centers at all levels as the main body, formulated annual plans and included them in the financial budget, and ensured the funding requirements for scientific and technological projects and research projects through various channels such as actively applying for funding for R&D projects and seeking cooperation, so as to ensure the investment in scientific and technological innovation. In 2023, the Company recorded 32 projects under research, and the Company and its affiliated units undertook 2 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.

(5) Cash flow

During the reporting period, the decrease of net cash flows from operating activities was mainly due to the year-on-year decrease in cash received from sales of goods and rendering of services for the period; the increase in net cash flows from investing activities was mainly due to the increase in principal amount of large certificates of deposit purchased during the period; the increase in net cash flows from financing activities was mainly due to the factoring business, the transfer of some accounts receivable received during the period and the receipt of discounted bills that were not derecognized.

1.2 Analysis of assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous 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
Notes receivable	131,647,314.14	2.38	74,058,103.09	1.26	77.76	Mainly as a result of the increase in endorsed and discounted notes not derecognized at the end of the period
Receivables financing	25,415,043.86	0.46	53,346,403.19	0.91	-52.36	Mainly as a result of the decrease in sales of goods settled by notes during 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 as a result of the increase in warranty deposits due within one year
Other current assets	318,086,623.04	5.74	121,751,216.36	2.08	161.26	Mainly as a result of the increase in large amount of 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 the associate Nanjing Ericsson Panda Communication Co., and long-term equity investment written down to zero
Other investments in equity instruments			2,385,926.53	0.04	-100.00	Represents the derecognition of the Company's non-trading equity instruments at fair value through other comprehensive income in the current period's liquidation
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 during the period

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 non-current assets	1,469,073.94	0.03	16,690,475.03	0.28	-91.20	Mainly as a result of the transfer of warranty deposits to non-current assets due within one year
Short-term loans	70,113,510.72	1.27			N/A	Mainly as a result of the factoring business, the transfer of part of the accounts receivable and the receipt of discounted bills not derecognized during the period
Notes payable	79,035,160.29	1.43	140,306,918.37	2.39	-43.67	Mainly due to decrease in purchases settled by notes
Receipts in advance	201,635.72	0.00	126,201.33	0.00	59.77	Mainly represents rent received in advance
Taxes payable	32,725,506.34	0.59	52,072,391.92	0.89	-37.15	Mainly as a result of the decrease in value-added tax payable at the end of the period
Contract liabilities	90,217,009.26	1.63	67,641,115.11	1.15	33.38	Mainly as a result of the increase in contractual advance receipts received during 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
Other current liabilities	36,882,036.51	0.67	27,520,425.14	0.47	34.02	Mainly as a result of the increase in output tax pending transfer

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
Lease liabilities	9,101,840.09	0.16	5,196,356.93	0.09	75.16	Mainly due to the addition of long-term leases during the year
Other comprehensive income			-948,055.10	-0.02	N/A	Mainly due to the derecognition of the Company's non-trading equity instruments measured at fair value on liquidation during the period, other comprehensive income was transferred to retained earnings
Long-term employee compensation payable	5,934,601.09	0.11	8,729,912.08	0.15	-32.02	Decrease in termination benefits

1.3 Analysis of major invested companies

1.3.1 Analysis of major subsidiaries

In 2023, the Company focused on the development of its three main businesses, continued to optimise its industrial structure, rationally allocated industrial resources. In April 2023, an extraordinary meeting of the tenth session of the Board of the Company was convened, at which the resolution on the “Absorption and Merger of Nanjing Panda Electronic Technology Development Co., Ltd.” was considered and passed. The absorption and merger has been considered and approved at the 2023 annual general meeting of the Company held on 27 June 2023. In January 2024, the Company completed the aforesaid absorption and merger, and Technology Development Company was dissolved and deregistered, and all of its assets, creditor’s rights and liabilities were inherited by the Company in accordance with the law. The absorption and merger will not affect the net assets and current profit in the consolidated statement of the Company.

Changes in net profit 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 Company	-1,132.62	-1,775.58	N/A
Shenzhen Jinghua	6,994.24	6,402.76	9.24
Nanjing Panda Xinxing Industrial Co., Ltd.	17.5	-8.78	N/A
Chengdu Electronic Technology	627.05	1,635.62	-61.66

Description of changes:

Net profit of Electronics Equipment Company decreased year-on-year due to the impairment of long term investments in the same period of previous year; net profit of Information Industry Company increased by 17.34% year-on-year, mainly due to the impact of the settlement cycle of the projects. Net profit 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 as a result of the change in the Company's business model. Net profit of Communications Technology Company decreased by 43.07% year-on-year, mainly due to the decrease in business volume.

1.3.2 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. (中電科資產經營有限公司), 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 provided a risk warning on the ENC special tax adjustment as an uncertainty affecting the estimated results, and in the subsequent reply to the Shanghai Stock Exchange’s regulatory work letter on matters relating to the Company’s estimated results, the Company provided a detailed explanation on the ENC special tax adjustment. For details, please refer to the relevant announcements (Lin. 2024-003 and 2024-004) of the Company dated 31 January 2024 and 29 February 2024 published in China Securities Journal, Shanghai Securities News and the website of Shanghai Stock Exchange.

On 19 December 2023, the Swedish director of ENC and the secretary of the board of directors and person in charge of finance (dispatched by EAB) notified all the Chinese directors of ENC by email that the Swedish Tax Agency had concluded the MAP negotiation. The management of ENC carried out the financial treatment accordingly, and on 16 January 2024, the Company received the unaudited financial statements for December 2023 of ENC, with a loss of RMB1,223,949,189.61, which was mainly attributable to the fact that ENC had assumed the “special tax adjustment” of RMB1,424,241,068, excluding the tax relief of SEK199,493,876 (approximately RMB136 million) received from EAB, and was included in profit or loss for the current period. Since January 2024, the Company has been in active contact with the Swedish directors of ENC through emails and telephone calls, continuously urging them to comply with the relevant PRC laws and regulations as well as the resolution of the board of directors related to ENC, and at the same time discussing with other Chinese shareholders of ENC, the accounting firm and the Company’s legal advisers. The Company and another Chinese shareholder of ENC had a meeting with representatives of EAB in Shenzhen, China on the afternoon of 12 March 2024, during which the Chinese shareholders reiterated to the representatives of EAB their consistent position that the Chinese shareholders of ENC should not be affected by the special tax adjustment and discussed the relevant proposals. EAB undertook to provide feedback on the proposal discussed on 20 March. However, on 14 March 2024, the Company received ENC’s board of directors’ materials sent by ENC’s management via email, which included a draft audit report of ENC for the year 2023 issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP, Nanjing Branch, pursuant to which, due to the failure of the Swedish tax authorities to reach an agreement with the Chinese tax authorities on Mutual Agreement Procedures (MAP), ENC recorded the amount of rebate expected to be received from EAB, RMB136,253,279, as other receivables, and the difference between such amount and other non-current assets recognized at the beginning of the period, RMB1,424,241,068, of RMB1,287,987,789 was recorded as credit impairment loss. Once the above accounting treatment was adopted, ENC shall incur a significant loss for the year 2023 with a net loss of RMB1,225,650,136.48. Since 20 March 2024, the Company has contacted its representatives who attended the meeting on that date multiple times through emails and phone calls, and up to the date of publication of this preliminary annual result announcement, the Company has not received any comments and feedback from EAB. In light of this, and taking into full consideration that ENC's recovery of other non-current assets is highly uncertain, and that this matter 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 the long-term equity investment in ENC was fully impaired in the financial statements of fiscal year 2023 by the Company.

All Chinese shareholders, including the Company, have always emphasized that the MAP bilateral negotiations should be regarded as EAB's risk and not ENC's. Both the Company and other Chinese shareholders of ENC are of view that ENC's financial treatment does not fully reflect the full picture of the special tax adjustment matter, does not reflect the relevant commitments made by the directors of the Ericsson in successive meetings of the Board, jeopardizes the legitimate rights and interests of the Chinese shareholders, and is contrary to the resolution of the board of directors of ENC. The Company will take all necessary measures to appropriately address the impact of the special tax adjustment of ENC and its related matters on the Company and make every effort to safeguard the legitimate rights and interests of the Company and its shareholders. The Company will continue to disclose the material progress of this matter and the material impact it may have on the Company in 2024 and subsequent years.

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

Unit: 0'000 Yuan Currency: RMB

Invested companies	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, LG Panda recorded the operating revenue of RMB6,018,536,900, representing a year-on-year increase of 1.83%, and the net profit of RMB168,418,900, representing a year-on-year decrease of 9.75%. The changes in key indicators were due to: the decrease in gross profit margin of products.

(3) Others

In April 2023, an extraordinary meeting of the tenth session of the Board of the Company was convened, at which the resolution on the “Liquidation and Deregistration of Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd.” was considered and passed. Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. (hereinafter referred to as “Jiangsu Rail Transit Institute”) was established on 23 August 2011 with a registered capital of RMB50 million and a capital of RMB3.65 million contributed by Nanjing Panda Electronics Company Limited, accounting for 7.3% of the total share capital. Jiangsu Rail Transit Institute was mainly engaged in planning, design and consultation of rail transit, construction and operation of rail transit projects, project supervision, research and development, testing and inspection of rail transit products and other businesses. In view of the current actual operation situation of Jiangsu Rail Transit Institute, the shareholders intended to liquidate and deregister it. The deregistration was completed on 5 December 2023. The liquidation of Jiangsu Rail Transit Institute has not affected the profit and loss of the Company for the current period and has not had any significant impact on the net assets of the Company.

1.4 2023 operating plan

The operating targets of the Company in 2024 are to achieve a operating income of RMB3.6 billion and total profit of RMB60 million. Based on the overall economic development at home and abroad, the Board formulated the above operating targets by taking into full consideration the development of the industry in which the Company operates and in combination with the actual situation of the Company. In the course of actual operation, the Company will be exposed to the impact of many uncertainties. The Company will uphold a pragmatic working style, insist on making progress while maintaining stability, and strive to achieve its operating targets.

1.5 Profit distribution proposal for 2023

At the 24th meeting of the 10th session of the Board of Directors of the Company held on 28 March 2024, the Resolution in relation to the “2023 Profit Distribution Plan of the Company” was considered and approved. After audit, the net loss of the Company attributable to shareholders of the listed company for the year 2023 amounted to RMB237,862,230.10. In order to safeguard the sustainable and stable operation of the Company and the long-term interests of all shareholders, after taking into account the Company’s business plan and capital requirements for 2024, and in accordance with “Supervisory Guideline for Listed Companies No. 3 – Cash Dividends for Listed Companies”, the Articles of Association, “Shareholders’ Return Plan (2022–2024)” and relevant regulations, the Company has formulated the 2023 profit distribution plan as follows: no profit distribution, nor capitalisation of capital surplus or other forms of distribution.

1.6 Appointment and dismissal of accounting firms

BDO China Shu Lun Pan Certified Public Accountants LLP has been providing audit work for the Company for seven consecutive years. Pursuant to the relevant term provisions of the “Notice on Issuing the Measures for Administration of Selection and Engagement of Accounting Firms by State-Owned Enterprises and Listed Companies (《關於印發〈國有企業、上市公司選聘會計師事務所管理辦法〉的通知》) (Cai Kuai [2023] No. 4)” issued by the Ministry of Finance of the People’s Republic of China, 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 and combine the actual operational needs, the Company proposes to change its annual audit accounting firm.

On 18 October 2023, the Company convened the extraordinary meeting of the tenth session of the Board of Directors to consider and approve the Resolution related to the Changing the Accounting Firm for 2023. The Company has fully communicated with Shu Lun Pan LLP regarding the change of accounting firm and it has no objection to the proposed change of accounting firm of the Company. The Company intends to appoint WUYIGE Certified Public Accountants LLP as the Company’s international auditor, PRC auditor and internal control auditor for the year 2023, and to determine the auditor’s remuneration within the limit of RMB2,480,000. The Audit Committee of the Board of Directors of the Company is of the opinion that WUYIGE Certified Public Accountants LLP is independent, competent and capable of performing high quality audit work, having considered factors such as its experience, availability of sufficient time to perform the audit related work, personnel configuration, expertise and resources available to WUYIGE Certified Public Accountants LLP.

The Company has fully communicated with BDO China Shu Lun Pan Certified Public Accountants LLP and WUYIGE Certified Public Accountants LLP in relation to the change of accounting firm and both parties have clearly understood the matters and have no objection to the change. The two Chinese registered accounting firms will actively communicate and cooperate in accordance with the relevant requirements of “China Registered Accountants Audit Standards No. 1153 – Communication between Predecessor Auditor and Successor Auditor” (《中國註冊會計師審計準則第1153號—前任註冊會計師和後任會計師的溝通》).

The first extraordinary general meeting in 2023 of the Company considered and approved the “Resolution on the Change of Auditor for 2023” and the appointment of WUYIGE Certified Public Accountants LLP as the Company’s international auditor and PRC auditor as well as internal control auditor respectively for the year 2023, and determined their remuneration within the limit of RMB2,480,000.

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

1.7 Tax policies

Particulars of tax preference enjoyed by the Company and its subsidiaries as at 31 December 2023 are set out in the notes to the financial statements prepared in accordance with the Accounting Standards for Business Enterprises of China. The tax preference for subsidiaries registered in Hong Kong is subject to local laws & regulations.

1.8 Basic medical insurance for employees

The Company acted pursuant to the “Provisional Regulations on Basic Medical Insurance for Employees in Nanjing Municipality” and implemented a basic medical insurance for its employees since 1 January 2001. For the year of 2023, the Company reduced the unit fee rate of employee medical insurance from 8.8% (including 0.8% for maternity insurance) to 7.8% and the individual premium remains unchanged in according to the “Notice on the Reduction of the Unit Fee Rate for Employees’ Basic Medical Insurance” (Ning Yi Fa [2023] No.40), with effect from 1 January 2023.

1.9 Rental reduction and exemption by the Company and its subsidiaries

In the first half of 2023, the Company earnestly fulfilled the social responsibility and the obligation of promoting regional development as a participant of regional economy, further cutting rents for tenants of micro and small sized enterprises and privately-owned businesses by RMB3.231 million during the reporting period.

1.10 Liability insurance for its directors, supervisors and senior management

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

1.11 Other Disclosures

(1) 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: as at 31 December 2023, bank balances and cash amounted to RMB877,143,900 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 LPR for 1 year was 3.45%, and the LPR for more than 5 years was 4.2%; as of 20 March 2023, the LPR for 1 year was 3.45%, and the LPR for more than 5 years was 3.95%. The loan prime rate can be available for public inspection at websites of National Interbank Funding Center and the People's Bank of China.

(2) Connected transactions relating to creditor’s rights and debts

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 Limited	Controlling shareholder			3,768,611.31	-771,677.91		2,996,933.40
CEC 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 Electronics Transportation Company Limited	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 Technology Park Development Company Limited	Subsidiary owned by shareholders			20,000.00			20,000.00
Nanjing CEC Panda Real Estate Co., Ltd.	Subsidiary owned by shareholders			5,000.00			5,000.00
Nanjing Panda Medical Services Co., Ltd.	Other related parties				-	5,000.00	5,000.00
Total				14,218,803.43	-1,378,963.03		12,839,840.40

(3) The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“the Listing Rules”) in so far as they are applicable in respect of the aforesaid connected and continuing connected transactions.

(4) *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 Listing Rules on the Stock Exchange of Hong Kong Limited.

(5) *Audit Committee*

The Company has set up an Audit Committee in compliance with the requirements of Rule 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Audit Committee has reviewed the interim financial report for 2023 and the audited financial report for 2023.

(6) *Purchase, sale or redemption of the Company's listed securities*

During the reporting period, no purchase, sale or redemption of the Company's listed securities were made by the Company.

(7) *Punishment and rectification to the listed Company, its directors, supervisors, senior management, controlling shareholder, ultimate controller and acquirers*

N/A

- 2 Where there is a delisting risk warning or suspension of listing after the disclosure of the Company's annual report, the reasons leading to such delisting risk warning or suspension of listing should be disclosed.

Applicable Not Applicable

IV. FINANCIAL STATEMENTS UNDER PRC ACCOUNTING STANDARDS

Consolidated Balance Sheet

31 December 2023

(Expressed in RMB, unless otherwise stated)

Items	31 December 2023	31 December 2022
Current assets:		
Cash and cash equivalents	877,143,940.40	1,059,391,006.10
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets held for trading	485,158,212.68	503,810,792.61
Derivative financial assets		
Notes receivable	131,647,314.14	74,058,103.09
Accounts receivable	1,169,980,610.79	1,184,902,988.01
Receivables financing	25,415,043.86	53,346,403.19
Advance to suppliers	35,470,548.75	44,898,734.03
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	31,490,701.86	44,370,789.73
Including: Interest receivable		
Dividend receivable		
Financial assets held under resale agreements		
Inventories	570,780,863.80	601,451,915.31
Contract assets	232,413,650.79	192,997,877.85
Held-for-sale assets		
Non-current assets due within one year	26,864,239.67	1,747,508.96
Other current assets	318,086,623.04	121,751,216.36
Total current assets	<u>3,904,451,749.78</u>	<u>3,882,772,261.24</u>

Items	31 December 2023	31 December 2022
Non-current assets:		
Loans and advances to customers		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	469,854,173.02	717,388,041.95
Other equity instruments investments		2,385,926.53
Other non-current financial assets		
Investment properties	189,381,629.96	215,564,833.38
Fixed assets	809,758,804.57	854,263,641.46
Construction in progress	991,937.24	1,218,625.66
Biological assets for production		
Fuel assets		
Right-of-use assets	12,873,600.15	11,757,911.22
Intangible assets	112,250,461.87	130,570,044.29
Development expenses		
Goodwill		
Long-term expenses to be amortised	18,654,129.54	10,982,839.77
Deferred income tax assets	21,270,332.26	21,740,136.73
Other non-current assets	1,469,073.94	16,690,475.03
	<hr/>	<hr/>
Total non-current assets	1,636,504,142.55	1,982,562,476.02
	<hr/> <hr/>	<hr/> <hr/>
Total assets	5,540,955,892.33	5,865,334,737.26
	<hr/> <hr/>	<hr/> <hr/>

Items	31 December 2023	31 December 2022
Current liabilities:		
Short-term borrowings	70,113,510.72	
Borrowings from central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	79,035,160.29	140,306,918.37
Accounts payable	1,438,956,161.93	1,533,543,158.65
Advance receipts from customers	201,635.72	126,201.33
Contract liabilities	90,217,009.26	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	52,328,572.83	54,607,592.56
Taxes payable	32,725,506.34	52,072,391.92
Other payables	97,124,968.36	105,899,337.51
Including: Interest payable		
Dividends payable	5,297,799.54	5,338,779.34
Bank charges and commissions due		
Reinsurers due		
Liabilities held for sale		
Non-current liabilities due within one year	4,088,888.95	6,117,127.14
Other current liabilities	36,882,036.51	27,520,425.14
Total current liabilities	<u>1,901,673,450.91</u>	<u>1,987,834,267.73</u>

Items	31 December 2023	31 December 2022
Non-current liabilities:		
Insurance contract reserves		
Long-term payables		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	9,101,840.09	5,196,356.93
Long-term payables		
Long-term staff salaries payables	5,934,601.09	8,729,912.08
Estimated liabilities	512,434.50	
Deferred income	40,343,225.17	46,537,325.13
Deferred income tax liabilities	6,353,834.23	6,743,917.89
Other non-current liabilities		
	-----	-----
Total non-current liabilities	62,245,935.08	67,207,512.03
	=====	=====
Total liabilities	1,963,919,385.99	2,055,041,779.76
	=====	=====

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

*Head of the Accounting
Department:*
Xue Gang

Items	31 December 2023	31 December 2022
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,470,691,800.13	1,470,691,800.13
Less: Treasury shares		
Other comprehensive income		-948,055.10
Special reserve	362,395.49	
Surplus reserve	309,500,586.70	286,530,634.83
General preparation		
Undistributed profit	<u>608,842,680.92</u>	<u>883,845,917.89</u>
Total equity attributable to the shareholders of the parent company	3,303,235,992.24	3,553,958,826.75
Minority interests	<u>273,800,514.10</u>	<u>256,289,204.75</u>
Total owners' equity	<u>3,577,036,506.34</u>	<u>3,810,248,031.50</u>
Total liabilities and owners' equity	<u>5,540,955,892.33</u>	<u>5,865,289,811.26</u>

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

*Head of the Accounting
Department:*
Xue Gang

Parent Company Balance Sheet

31 December 2023

(Expressed in RMB, unless otherwise stated)

Items	31 December 2023	31 December 2022
Current assets:		
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
Total current assets	<u>1,133,356,102.38</u>	<u>659,942,167.98</u>

Items	31 December 2023	31 December 2022
Non-current assets:		
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		
	-----	-----
Total non-current assets	<u>2,086,563,361.89</u>	<u>2,615,147,089.95</u>
Total assets	<u>3,219,919,464.27</u>	<u>3,275,089,257.93</u>

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

*Head of the Accounting
Department:*
Xue Gang

Items	31 December 2023	31 December 2022
Current liabilities:		
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
Total current liabilities	216,371,846.88	334,970,471.58
Non-current liabilities:		
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		
Total non-current liabilities	1,393,714.90	1,470,230.97
Total liabilities	217,765,561.78	336,440,702.55

Consolidated Income Statement

The Year 2023

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Revenue	2,912,311,480.01	4,154,295,003.26
Including: Operating income		
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	2,927,690,848.95	4,135,113,037.83
Including: Operating costs	2,398,000,168.52	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	25,780,435.81	26,637,998.26
Selling expenses	40,939,857.79	38,393,464.98
Administrative expenses	263,667,430.75	286,650,360.50
R&D costs	211,187,548.93	211,041,452.05
Financial expenses	-11,884,592.85	7,383,881.63
Including: Interest expense	656,417.03	416,197.62
Interest income	14,778,550.23	15,072,252.93

Items	Amount for the current period	Amount for the previous period
Add: Other gains	21,527,057.56	25,417,903.80
Investment income (losses are represented by “-”)	61,249,200.92	88,715,322.29
Including: Investment income of associates and joint ventures	42,723,633.71	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 “-”)	-1,624,939.93	1,569,393.00
Credit impairment loss (losses are represented by “-”)	-7,702,894.86	-23,262,187.76
Asset impairment loss (losses are represented by “-”)	-236,789,856.24	-12,547,127.26
Gains on disposal of assets (losses are represented by “-”)	468,739.44	258,452.13
3. Operating profit (losses are represented by “-”)	-178,252,062.05	99,333,721.63
Add: Non-operating income	6,525,564.98	1,699,792.65
Less: Non-operating expenses	2,018,586.92	347,762.18
4. Total profit (total losses are represented by “-”)	-173,745,083.99	100,685,752.10
Less: Income tax expense	20,527,647.56	19,940,272.82

Items	Amount for the current period	Amount for the previous period
5. Net profit (net losses are represented by “-”)	-194,272,731.55	80,745,479.28
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by “-”)	-194,272,731.55	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 “-”)	-237,862,230.10	39,873,197.73
2. Minority interests (net losses are represented by “-”)	43,589,498.55	40,872,281.55
6. Net other comprehensive income after tax		-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		

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		
7. Total comprehensive income	-194,272,731.55	79,871,026.02
(1) Total comprehensive income attributable to the equity holders of the parent company	-237,862,230.10	38,998,744.47
(2) Total comprehensive income attributable to minority shareholders	43,589,498.55	40,872,281.55
8. Earnings per share:		
(1) Basic earnings per share	-0.2603	0.0436
(2) Diluted earnings per share	-0.2603	0.0436

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

*Head of the Accounting
Department:*
Xue Gang

Parent Company Income Statement
The Year 2023
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Operating income	165,930,452.41	137,659,465.96
Less: Operating costs	112,411,565.67	84,779,201.69
Business taxes and surcharge	6,447,431.66	4,508,424.81
Selling expenses	4,682,477.90	4,415,394.62
Administrative expenses	109,790,822.18	107,024,293.31
R&D costs	31,529,129.01	18,513,235.72
Financial expenses	-3,385,701.48	-6,815,882.10
Including: Interest expense		
Interest income	2,310,058.25	1,246,992.62
Add: Other incomes	128,832.90	2,145,411.50
Investment income (losses are represented by “-”)	559,888,504.20	180,558,216.76
Including: Investment income of associates and joint ventures	42,302,868.92	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 “-”)	-924,514.84	987,328.77
Credit impairment loss (losses are represented by “-”)	-1,756,374.23	-2,235,587.30
Assets impairment loss (losses are represented by “-”)	-231,730,796.12	-1,403,965.05
Gains on disposal of assets (losses are represented by “-”)		

Items	Amount for the current period	Amount for the previous period
2. Operating profit (losses are represented by “-”)	230,060,379.38	105,286,202.59
Add: Non-operating income	1,301,488.53	89,583.04
Less: Non-operating expenses	516,162.32	4,126.42
3. Total profit (total losses are represented by “-”)	230,845,705.59	105,371,659.21
Less: Income tax expense	-231,128.70	246,832.19
4. Net profit (net losses are represented by “-”)	231,076,834.29	105,124,827.02
(1) Net profit for going concern (net losses are represented by “-”)	231,076,834.29	105,124,827.02
(2) Net profit for discontinued operation (net losses are represented by “-”)		
5. Net other comprehensive income after tax		-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		

Items	Amount for the current period	Amount for the previous period
(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		
6. Total comprehensive income	231,076,834.29	104,250,373.76
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

*Head of the Accounting
Department:*
Xue Gang

Consolidated Cash Flow Statement
The Year 2023
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	3,024,847,870.15	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	27,325,262.07	44,956,300.37
Refunds of taxes		
Cash received relating to other operating activities	120,642,530.40	137,645,759.94
Sub-total of cash inflows from operating activities	3,172,815,662.62	4,518,329,707.08
Cash paid on purchase of goods and services received	2,326,681,710.71	3,496,804,933.47

Items	Amount for the current period	Amount for the previous period
Net increase in loans and advances		
Net increase in deposits in the central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements with banks and other financial institutions		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	645,095,021.58	630,511,452.26
Cash paid for all types of taxes	142,521,180.53	143,987,903.71
Cash paid relating to other operating activities	124,368,804.42	96,704,700.04
Sub-total of cash outflows from operating activities	3,238,666,717.24	4,368,008,989.48
Net cash flows generated from operating activities	-65,851,054.62	150,320,717.60

Items	Amount for the current period	Amount for the previous period
2. Cash flows from investing activities		
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
Sub-total of cash inflows from investing activities	1,236,971,081.67	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
Sub-total of cash outflows from investing activities	1,356,294,787.16	1,280,453,371.83
Net cash flows generated from investing activities	-119,323,705.49	36,208,860.18

Items	Amount for the current period	Amount for the previous period
3. Cash flows generated from financing activities		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		
Cash received relating to other financing activities	70,113,510.72	
Sub-total of cash inflows from financing activities	70,113,510.72	
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
Sub-total of cash outflows from financing activities	43,423,001.57	83,574,723.50
Net cash flows generated from financing activities	26,690,509.15	-83,574,723.50
4. Effect of foreign exchange rate changes on cash and cash equivalents	2,359,714.20	3,355,931.91
5. Net increase in cash and cash equivalents	-156,124,536.76	106,310,786.19
Add: balance of cash and cash equivalents at the beginning of the year	954,544,289.85	848,233,503.66
6. Balance of cash and cash equivalents at the end of the year	798,419,753.09	954,544,289.85

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

*Head of the Accounting
Department:*
Xue Gang

Parent Company Cash Flow Statement
The Year 2023
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	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
Sub-total of cash inflows from operating activities	169,317,872.56	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
Sub-total of cash outflows from operating activities	237,810,685.58	367,842,820.42
Net cash flows generated from operating activities	-68,492,813.02	-206,518,973.22

Items	Amount for the current period	Amount for the previous period
2. Cash flows from investing activities		
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
Sub-total of cash inflows from investing activities	764,959,178.35	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
Sub-total of cash outflows from investing activities	670,256,839.97	470,666,091.54
Net cash flows generated from operating activities	94,702,338.38	125,101,194.79

Items	Amount for the current period	Amount for the previous period
3. Cash flows from financing activities		
Cash received from investment		
Cash received from borrowings		
Cash received relating to other financing activities	418,500,000.00	327,000,000.00
Sub-total of cash inflows from financing activities	418,500,000.00	327,000,000.00
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interests expenses	12,793,739.40	12,793,739.40
Cash paid on other financing activities	450,000,000.00	147,000,000.00
Sub-total of cash outflows from financing activities	462,793,739.40	159,793,739.40
Net cash flows from financing activities	-44,293,739.40	167,206,260.60
4. Effect of fluctuations in exchange rates on cash and cash equivalents	93.01	35,594.76
5. Net increase in cash and cash equivalents	-18,084,121.03	85,824,076.93
Add: balance of cash and cash equivalents at the beginning of the period	119,425,285.13	33,601,208.20
6. Balance of cash and cash equivalents at the end of the period	101,341,164.10	119,425,285.13

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

*Head of the Accounting
Department:*
Xue Gang

Consolidated Statement of Changes in Shareholders' Equity

The Year 2023

(Expressed in RMB, unless otherwise stated)

Items	Current period										Total owners' equity				
	Equity attributable to the owners of parent company														
	Other equity instrument			Less:			Other comprehensive income								
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	treasury shares	comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Subtotal	Minority interests	
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

Items	Current period											Total owners' equity					
	Equity attributable to the owners of parent company																
	Other equity instrument		Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve		General risk reserve	Undistributed profit	Others	Subtotal	Minority interests
(IV) Internal carry-over within equity																	
1. Transfer of capital reserve to capital										-94,805.51		-853,249.59					
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									362,395.49								
(V) Special reserve									1,483,824.66								
1. Appropriation for the current period									1,121,429.17								
2. Application for the current period																	
(VI) Others										-42,926.05		-386,334.45					
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

Previous period

Items	Equity attributable to the owners of parent company										Total owners' equity				
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit	Others	Subtotal	Minority interests
I. Balance at the end of prior year	913,838,529.00				1,470,691,800.13		-73,601.84	276,018,152.13	866,732,902.94		866,732,902.94	3,527,207,782.36	546,039.32	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															
II. Balance at the beginning of current year	913,838,529.00				1,470,691,800.13		-73,601.84	276,018,152.13	867,278,942.26		867,278,942.26	3,527,753,821.68		275,173,301.60	3,802,927,123.28

Previous period

Items	Equity attributable to the owners of parent company										Total owners' equity					
	Share capital	Preference shares	Perpetual bonds	Other equity instrument	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit	Others	Subtotal	Minority interests	
III. Changes of current year (decreases are represented by “-”)																
(I) Total comprehensive income								10,512,482.70			16,566,975.63		26,205,005.07	-18,884,096.85		7,320,908.22
(II) Share capital contributed or withdrew by owners							-874,453.26			39,873,197.73		38,998,744.47	40,872,281.55		79,871,026.02	
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																
2. Appropriation of general risk reserve																
3. Appropriation of profit to owners																
4. Others																

Items	Previous period											Total owners' equity				
	Equity attributable to the owners of parent company															
	Other equity instrument		Less:		Other comprehensive income						Subtotal	Minority interests				
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Undistributed profit	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								1,575,970.15					1,575,970.15			1,575,970.15
1. Appropriation for the current period								1,575,970.15					1,575,970.15			1,575,970.15
2. Application for the current period																
(VI) Others																
IV. Balance at the end of current period	913,838,529.00				1,470,691,800.13		-948,055.10		286,530,634.83		883,845,917.89		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

Parent Company Statement of changes in shareholders' equity

The Year 2023

(Expressed in RMB, unless otherwise stated)

Items	Current Period										Total owners' equity	
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit		
I. Balance at the end of prior year	913,838,529.00				1,434,870,834.28		-948,055.10		286,530,634.83	304,356,612.37		2,938,648,555.38
Add: Changes in accounting policies												
Error correction of previous period												
Others												
II. Balance at the beginning of current year	913,838,529.00				1,434,870,834.28		-948,055.10		286,530,634.83	304,356,612.37		2,938,648,555.38
III. Changes of current year (decreases are represented by "-")												
(I) Total comprehensive income							948,055.10		22,969,951.87	39,587,340.14		63,505,347.11
(II) Share capital contributed or withdrew by owners										231,076,834.29		231,076,834.29
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												

Items	Current Period										Total owners' equity	
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit		
(III) Profit distribution												
1. Appropriation of surplus reserve									23,107,683.43	-35,901,422.83		-12,793,739.40
2. Appropriation to owners									23,107,683.43	-23,107,683.43		
3. Others										-12,793,739.40		-12,793,739.40
(IV) Internal carry-over within equity									-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									-94,805.51	-853,249.59		
6. Others												
(V) Special reserve												
1. Appropriation for the current period												
2. Application for the current period												
(VI) Others												
IV. Balance at the end of current period	913,838,529.00				1,434,870,834.28				309,500,586.70	343,943,952.51		3,002,153,902.49

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Items	Other equity instrument					Previous period					Total owners' equity
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	
I. Balance at the end of prior year	913,838,529.00			1,434,870,834.28			-73,601.84	276,018,152.13	222,538,007.45	2,847,191,921.02	
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Balance at the beginning of current year	913,838,529.00			1,434,870,834.28			-73,601.84	276,018,152.13	222,538,007.45	2,847,191,921.02	
III. Changes of current year (decreases are represented by "-")											
(I) Total comprehensive income							-874,453.26	10,512,482.70	81,818,604.92	91,456,634.36	
(II) Share capital contributed or withdrew by owners							-874,453.26		105,124,827.02	104,250,373.76	
1. Share capital contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in owner's equity											
4. Others											
(III) Profit distribution								10,512,482.70	-23,306,222.10	-12,793,739.40	
1. Appropriation of surplus reserve								10,512,482.70	-10,512,482.70		
2. Appropriation to owners											
3. Others									-12,793,739.40	-12,793,739.40	

Items	Previous period						Total owners' equity				
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares		Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit
(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											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of current year	913,838,529.00				1,434,870,834.28		-948,055.10		286,530,634.83	304,356,612.37	2,938,648,555.38

Legal representative:
Hu Huichun

Chief Accountant:
Hu Shoujun

Head of the Accounting Department:
Xue Gang

Notes

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.

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.

2.3 BRANCH INFORMATION

According to the Company’s internal organizational structure, management requirements and internal reporting system, three reportable branches were identified, namely: smart transportation and safe city, green service-oriented electronic manufacturing, industrial Internet and intelligent manufacturing. The Company’s various reportable branches provide different products or services, or engage in business activities in different regions. Due to the need for different technologies or market strategies for each branch, the management of the 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 price between branches is determined based on the actual transaction price, and the expenses indirectly attributable to each branch are allocated among departments in corresponding proportions. The assets are allocated based on the operations of the segments and the location of the assets. Segment liabilities include liabilities attributable to the segment from the segment's 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.

Branches information for the year ended 31 December 2023 and the year ended 31 December 2022 is listed as follows:

For the year ending 31 December 2023

Currency: RMB yuan

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

For the year ended December 31, 2022

Currency: RMB yuan

Item	Smart Transportation and Safe city	Green Service-oriented Electronic Manufacturing	Industrial Internet and Intelligent Manufacturing	Unallocated Amount	Eliminations	Total
External transaction income	1,614,283,685.16	2,291,857,520.42	248,153,797.68			4,154,295,003.26
Internal transaction income	167,782,925.60	483,316,079.33	23,450,737.71		-674,549,742.64	
Investment income from associates and joint ventures	-141,481.12			75,068,256.05		74,926,774.93
Assets impairment losses	-2,123,016.90	-3,379,865.42	-59,102,315.27		52,058,070.33	-12,547,127.26
Credit impairment losses	-11,756,897.92	-72,568.99	-10,373,665.13	-1,059,055.72		-23,262,187.76
Depreciation and amortization expenses	40,861,752.99	31,962,237.50	21,387,284.88	22,908,660.52	-219,748.02	116,900,187.87
Total profit (Total loss)	111,163,685.41	73,724,419.82	-124,688,559.94	108,959,231.20	-68,473,024.39	100,685,752.10
Income tax expenses	14,838,260.91	4,182,731.36	-38,654.79	246,832.19	79,145.17	19,308,314.84
Net profit (Net loss)	96,325,424.50	69,541,688.46	-124,649,905.15	108,712,399.00	-68,552,169.55	81,377,437.26
Total assets	2,965,971,770.06	1,458,294,260.19	430,923,850.97	3,348,963,839.93	-2,341,118,976.27	5,863,034,744.88
Total liabilities	1,383,051,935.34	629,581,134.78	371,022,011.97	332,951,509.83	-663,885,982.52	2,052,720,609.40
Long term equity investments in associates and joint ventures	1,758,772.80			715,629,269.15		717,388,041.95
Increase in non-current assets other than long-term equity investments	-16,199,055.93	-25,535,023.51	-26,547,544.25	-12,933,535.85	50,042.95	-81,165,116.59

2.4 ACCOUNTS RECEIVABLE

1. Accounts receivable by aging

Aging	Balance as at 31/12/2023	Balance as at 1/1/2023
Within 1 year	898,726,719.36	985,647,452.14
Including : 0-6 months	752,931,027.42	847,147,582.61
7-12 months	145,795,691.94	138,499,869.53
1-2 years	163,727,528.96	120,527,972.44
2-3 years	90,351,481.81	87,109,893.37
3-4 years	49,445,567.73	39,520,949.35
4-5 years	29,122,261.07	9,893,818.22
More than 5 years	19,751,573.64	16,575,570.76
Sub-total	<u>1,251,125,132.57</u>	<u>1,259,275,656.28</u>
Less: allowance for credit losses	81,144,521.78	74,372,668.27
Total	<u><u>1,169,980,610.79</u></u>	<u><u>1,184,902,988.01</u></u>

Note: The age of the accounts receivable is disclosed based on the age of the entry date.

2. Accounts receivable by provision method for allowance for credit losses

Item	Balance		As at 31/12/2023 Allowance for credit losses		Book Value
	Amount	Percentage (%)	Amount	Allowance rate (%)	
Individual assessment subject to allowance for credit losses	46,148,319.89	3.69	34,851,744.89	75.52	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
Including: aging group	750,440,954.95	59.98	46,126,559.46	6.15	704,314,395.49
Other group	454,535,857.73	36.33	166,217.43	0.04	454,369,640.30
Total	<u><u>1,251,125,132.57</u></u>	<u><u>100.00</u></u>	<u><u>81,144,521.78</u></u>	<u><u>6.49</u></u>	<u><u>1,169,980,610.79</u></u>

Item	Balance		As at 1/1/2023 Allowance for credit losses		Book Value
	Amount	Percentage (%)	Amount	Allowance rate (%)	
Individual assessment subject to allowance for credit losses	47,039,870.45	3.74	35,743,295.45	75.99	11,296,575.00
Grouping assessment subject to allowance for credit losses	1,212,235,785.83	96.26	38,629,372.82	3.19	1,173,606,413.01
Including: aging group	811,050,976.93	64.41	38,613,158.39	4.76	772,437,818.54
Other group	401,184,808.90	31.86	16,214.43		401,168,594.47
Total	1,259,275,656.28	100.00	74,372,668.27	5.91	1,184,902,988.01

Accounts receivable that are individually assessed allowance for credit losses as at 31/12/2023

Company name	Balance	Allowance for credit losses	Expected credit loss rate (%)	Allowance reason
Jiangsu Jinmao Robot Technology Co., Ltd	22,593,150.00	11,296,575.00	50.00	Expected to be partially unrecoverable
Xuzhou Suning Real Estate Co., Ltd	6,611,197.07	6,611,197.07	100.00	Expected to be unrecoverable
Jiangsu Zhongshi Environmental Technology Co., Ltd	6,500,000.00	6,500,000.00	100.00	Expected to be unrecoverable
Nanchang Shuntang Green Electric Technology Co., Ltd	2,553,482.35	2,553,482.35	100.00	Expected to be unrecoverable
Wenzhou Zhongdian Xingxin Intelligent Technology Co., Ltd	2,040,000.00	2,040,000.00	100.00	Expected to be unrecoverable
Information Technology Department of a Military Region	2,023,000.00	2,023,000.00	100.00	Expected to be unrecoverable
Zhejiang Bajun Plastic Industry Co., Ltd	1,600,000.00	1,600,000.00	100.00	Expected to be unrecoverable
Other unimportant totals	2,227,490.47	2,227,490.47	100.00	Expected to be unrecoverable
Total	46,148,319.89	34,851,744.89		

Accounts receivable that are assessed allowance for credit losses on grouping basis

Aging group

Aging	As at 31/12/2023			As at 1/1/2023		
	Balance	Expected credit loss rate (%)	Allowance for credit losses	Balance	Expected credit loss rate (%)	Allowance reason
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	3,532,674.69	64,935,748.41	5	3,246,787.43
1-2 years	94,005,038.07	10	9,400,503.81	101,977,813.82	10	10,197,781.38
2-3 years	70,651,033.45	15	10,597,655.02	80,663,747.42	15	12,099,562.12
3-4 years	46,416,084.89	30	13,924,825.47	12,464,615.95	30	3,739,384.79
4-5 years	4,305,899.07	50	2,152,949.54	8,530,470.97	50	4,265,235.49
More than 5 years	6,517,950.93	100	6,517,950.93	5,064,407.18	100	5,064,407.18
Total	<u>750,440,954.95</u>		<u>46,126,559.46</u>	<u>811,050,976.93</u>		<u>38,613,158.39</u>

Other group

Group Name	As at 31/12/2023			As at 1/1/2023		
	Balance	Expected credit loss rate (%)	Allowance for credit losses	Balance	Expected credit loss 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	<u>454,535,857.73</u>	0.04	<u>166,217.43</u>	<u>401,184,808.90</u>		<u>16,214.43</u>

3. Allowance for credit losses

Item	As at 1/1/2023	Movement during the year			Others	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	34,851,744.89
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>46,292,776.89</u>
Total	<u>74,372,668.27</u>	<u>7,679,384.13</u>	<u>907,530.62</u>			<u>81,144,521.78</u>

4. Significant recovery or reversal of allowance for credit losses during the year:

Company name	Amount	Reason	Collection method	The basis and rationality for determining the allowance rate
Nanchang Shuntang Green Electric Technology Co., Ltd	<u>804,768.40</u>	Note 1	Money and goods	
Total	<u>804,768.40</u>			

Note 1: According to the court's ruling this year, the pledged machinery and equipment and other movable property were used to offset 408,000.00 yuan, and Yilong Electric (Nanjing) Co., Ltd. compensated 396,768.40 yuan in currency.

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	299,875.00	48,630,241.26	48,930,116.26	3.30	14,993.75
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>

6. There are no actual accounts receivable written off in this period.

7. No assets and liabilities recognised due to transferring and continuing involvement of accounts receivable at 31/12/2023.

8. 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	<u>98,680,967.87</u>
Total	<u><u>1,251,125,132.57</u></u>

2.5 CONTRACT ASSETS

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		182,325,260.20
Industrial Internet and intelligent manufacturing	<u>2,790,000.00</u>		<u>2,790,000.00</u>	<u>10,672,617.69</u>		<u>10,672,617.69</u>
Total	<u><u>232,413,650.79</u></u>		<u><u>232,413,650.79</u></u>	<u><u>192,997,877.85</u></u>	<u><u>-</u></u>	<u><u>192,997,877.85</u></u>

2. 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	<u>-7,882,617.69</u>	Reduced amount due to changes in performance progress measurement
Total	<u><u>39,415,772.94</u></u> /	

3. Contract assets by provision method for impairment loss

Contract asset that are assessed impairment loss on grouping basis :

Item	Book Balance	As at 31/12/2023		As at 1/1/2023		
		Expected credit loss rate (%)	Impairment loss	Book Balance	Expected credit loss 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	<u>224,923,025.51</u>		
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	<u>7,490,625.28</u>		
Total	<u>7,490,625.28</u>		

2.6 OTHER EQUITY INSTRUMENT INVESTMENTS

1. Other equity instrument investments

Item	Balance as at 1/1/2023	Addition of investment	Reduction of investment	Changes in year 2023			Balance as at 31/12/2023
				Gains recognized in other comprehensive income in year 2023	Loss recognized in other comprehensive income in year 2023	Others	
Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd	2,385,926.53		2,385,926.53				
Total	<u>2,385,926.53</u>	<u></u>	<u>2,385,926.53</u>	<u></u>	<u></u>	<u></u>	<u></u>

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 other comprehensive income
Total			<u>948,055.10</u>	

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		<u>1,377,315.60</u>	
Total		<u><u>1,377,315.60</u></u>	

Note: “Rail Transit Research Institute” refers to Jiangsu Urban Rail Transit Research and Design Institute Co., Ltd. invested by the Company, which completed liquidation in 2023.

2.7 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	17,348,091.47			17,348,091.47
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	4,474,491.32			4,474,491.32
III. Provision for impairment				
1. Balance as at 1/1/2023				
2. Balance as at 31/12/2023				
IV. Carrying amount				
1. As at 31/12/2023	12,873,600.15			12,873,600.15
2. As at 1/1/2023	11,757,911.22			11,757,911.22

2.8 ACCOUNTS PAYABLE

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	<u>1,438,956,161.93</u>	<u>1,533,543,158.65</u>

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

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

Creditor	Balance as at 31/12/2023	Reasons for outstanding balance
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 Shengye Kunwei Electronics Co., Ltd	4,244,669.65	Not settled
Suzhou Zetong Automation Equipment Co., Ltd	3,400,000.00	Not settled
Nanjing Novak Machinery Co., Ltd	3,300,000.00	Not settled
Nanjing Haxin Electromechanical Technology Co., Ltd	3,018,896.50	Not settled
	<hr/>	
Total	<u><u>108,184,369.79</u></u>	

2.9 CONTRACT LIABILITIES

1. Classification of 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	<u>90,217,009.26</u>	<u>67,641,115.11</u>

2. The amount and reasons for significant changes in the book value of contractual liabilities in year 2023

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
Green service-oriented electronic manufacturing	-719,944.69	Revenue recognized based on the amount in the book value of contract liabilities at the beginning of the year

2.10 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	<u>4,088,888.95</u>	<u>6,117,127.14</u>
Total	<u><u>9,101,840.09</u></u>	<u><u>5,196,356.93</u></u>

2.11 OPERATING INCOME AND OPERATING COSTS

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	2,882,972,125.63	2,383,187,928.16	4,126,954,804.76	3,548,725,503.80
Other operating business	<u>29,339,354.38</u>	<u>14,812,240.36</u>	<u>27,340,198.50</u>	<u>16,280,376.61</u>
Total	<u><u>2,912,311,480.01</u></u>	<u><u>2,398,000,168.52</u></u>	<u><u>4,154,295,003.26</u></u>	<u><u>3,565,005,880.41</u></u>

2. Table of Deductions from Operating Income

Item	Year ended 31/12/2023		Year ended 31/12/2022	
	Deduction		Deduction	
Operating income amount	2,912,311,480.01		4,154,295,003.26	
Total amount of deduction items for operating income	5,421,338.63		1,850,253.72	
The proportion of the total amount of deduction items from operating income to operating income (%)	0.19	/	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.	5,421,338.63	Other operating business income such as sales of materials and waste, parking fees, etc	1,850,253.72	Other operating business income such as sales of materials and waste, parking fees, etc
Subtotal of business income unrelated to main business	5,421,338.63		1,850,253.72	
II. Income without commercial substance				
III. Other income unrelated to the main business or without commercial substance				
Operating income amount after deduction	2,906,890,141.38		4,152,444,749.54	

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
Total	<u>210,793,896.22</u>	<u>211,558,845.61</u>	<u>1,487,589,305.05</u>	<u>1,110,597,690.63</u>	<u>1,382,102,496.01</u>	<u>1,231,143,816.12</u>	<u>-168,174,217.27</u>	<u>-155,300,183.84</u>	<u>2,912,311,480.01</u>	<u>2,398,000,168.52</u>
Categorized by operating region										
Nanjing	210,793,896.22	211,558,845.61	1,325,439,724.59	1,057,990,310.65	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
Total	<u>210,793,896.22</u>	<u>211,558,845.61</u>	<u>1,487,589,305.05</u>	<u>1,110,597,690.63</u>	<u>1,382,102,496.01</u>	<u>1,231,143,816.12</u>	<u>-168,174,217.27</u>	<u>-155,300,183.84</u>	<u>2,912,311,480.01</u>	<u>2,398,000,168.52</u>
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
Total	<u>210,793,896.22</u>	<u>211,558,845.61</u>	<u>1,487,589,305.05</u>	<u>1,110,597,690.63</u>	<u>1,382,102,496.01</u>	<u>1,231,143,816.12</u>	<u>-168,174,217.27</u>	<u>-155,300,183.84</u>	<u>2,912,311,480.01</u>	<u>2,398,000,168.52</u>

4. Explanation of performance obligations

The 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 the 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 the Company during the performance process have irreplaceable uses, and the 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. 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.

2.12 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	<u>61,249,200.92</u>	<u>88,715,322.29</u>

2.13 INCOME TAX EXPENSES

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	20,763,945.12	17,455,401.96
Deferred income tax	-236,297.56	2,484,870.86
Total	<u>20,527,647.56</u>	<u>19,940,272.82</u>

2. Reconciliation between income tax expenses and accounting profit is as follows:

Item	Amount
Profit before tax	-173,745,083.99
Income tax expenses calculated at statutory/applicable tax rates	-43,422,000.92
Effect of different tax rate of subsidiaries	-9,137,747.47
Effect of adjustment for income tax in prior year	785,006.64
Effect of income not subject to income tax	46,838,541.83
Effect of expenses non-deductible for tax purposes	2,137,298.89
Effect of utilization of deductible temporary differences or deductible losses in prior years which haven't been recognised deferred tax assets	-144,888.12
Effect of unrecognised deductible temporary differences and deductible losses in current period	67,531,206.47
The impact of additional deductions	-44,059,769.76
	<hr/>
Income tax expenses	<u><u>20,527,647.56</u></u>

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 Company	16.50

According to the provisions of the Enterprise Income Tax Law of the People's Republic of China and the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China, domestic subsidiaries of the Company are required to pay enterprise income tax at a rate of 25%;

According to the Tax Ordinance of Hong Kong, Hong Kong subsidiaries of the Company are required to pay corporate income tax at a rate of 16.5%;

According to the relevant tax preferential policies of the country for high-tech enterprises, qualified high-tech enterprises can enjoy preferential policies for corporate income tax, and pay corporate income tax at a reduced rate of 15%;

According to the relevant tax preferential policies of the country for small and micro profit enterprises, if the enterprise is recognized as a qualified small and micro profit enterprise, the taxable income is 50% of its income, and the enterprise income tax will be paid at a rate of 20%.

2.14 RETURN ON EQUITY AND EARNINGS PER SHARE

Profit in report period	Weighted average		Earnings per share			
	return on equity (%)		Basic earnings per share		Diluted earnings per share	
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net profit attributable to the common shareholders	-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	-7.48	0.30	-0.2812	0.0115	-0.2812	0.0115

2.15 CHANGES OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Changes of significant accounting policies

Accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not subject to initial recognition exemption in accordance with Interpretation of Accounting Standards for Enterprises No. 16

In 2022, the Ministry of Finance issued a notice on the issuance of Interpretation of Accounting Standards for Enterprises No.16, 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. The 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.

Consolidated balance sheet items	Balance as of December 31, 2022 before adjustment	Balance as of January 1, 2023 after adjustment	Affected amount
Assets:			
Deferred tax assets	19,485,070.35	21,740,136.73	2,255,066.38
Liabilities:			
Deferred Tax Liability	4,422,747.53	6,743,917.89	2,321,170.36
Shareholders' equity:			
Surplus reserves	286,530,634.83	286,530,634.83	
Undistributed profits	883,912,442.46	883,845,917.89	-66,524.57
Minority shareholder equity	256,288,784.16	256,289,204.75	420.59

Parent company's balance sheet items	Balance as of December 31, 2022 before adjustment	Balance as of January 1, 2023 after adjustment	Affected amount
Assets:			
Deferred tax assets	316,018.37	316,018.37	
Liabilities:			
Deferred Tax Liability	250,428.08	250,428.08	
Shareholders' equity:			
Surplus reserves	286,530,634.83	286,530,634.83	
Undistributed profits	304,356,612.37	304,356,612.37	

2. Changes of significant accounting estimates

There were no significant changes in accounting estimates in year 2023.

By Order of the Board
Nanjing Panda Electronics Company Limited
Xia Dechuan
Chairman

Nanjing, the People's Republic of China
28 March 2024

As at the date of this announcement, the Board comprises Executive Directors: Mr. Xia Dechuan and Mr. Hu Huichun; Non-executive Directors: Mr. Liu Jianfeng, Mr. Deng Weiming, Mr. Yi Guofu and Mr. Lv Song; and Independent Non-executive Directors: Mr. Dai Keqin, Ms. Xiong Yanren and Mr. Chu Wai Tsun, Baggio.