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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)

## SUMMARY OF 2020 INTERIM REPORT

### I. IMPORTANT NOTICE

1. The summary of the results of Nanjing Panda Electronics Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the six months ended 30 June 2020 (the “**Reporting Period**”) is set out below. The financial statements contained in this report are unaudited. The summary of 2020 Interim Report is based on the full-length 2020 Interim Report. Investors who wish to know more details should carefully read the full text of the Interim Report simultaneously posted on the websites designated by the China Securities Regulatory Commission (“**CSRC**”), such as the website of the Shanghai Stock Exchange.
2. The board of directors, the supervisory committee, the directors, supervisors and senior management of the Company confirm that the information in this interim report is true, accurate and complete and does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the contents herein.
3. All Directors of the Company attended the Board meeting.
4. This interim report of the Company is unaudited.
5. The Company would not make any profit distribution or capitalization of capital reserve for the first half of 2020.

## II. BASIC INFORMATION ABOUT THE COMPANY

### 2.1 Company profile

#### Overview of stock

Class of stock	The stock exchange on which the shares are listed	Stock abbreviation	Stock code	Stock abbreviation before change
A Share(s)	Shanghai Stock Exchange	NPEC	600775	N/A
H Share(s)	The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”)	NPEC	00553	N/A

Contact persons and contact information	Secretary to the Board	Representative of securities affairs
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#### Interim results

The board of directors (the “**Board**”) of the Company hereby announces the unaudited interim results of the Group for the Reporting Period prepared in accordance with the PRC Accounting Standards for Business Enterprises.

As the Company adopts merely the PRC Accounting Standards for Business Enterprises for preparing its financial statements from 2016, the relevant financial data for the first half of 2020 have been presented in accordance with the PRC Accounting Standards for Business Enterprises in this announcement.

## 2.2 Major financial data of the Company (Unaudited)

Unit: Yuan Currency: RMB

	At the end of the Reporting Period (30 June 2020)	At the end of last year (31 December 2019)	Change from the end of last year (%)
Total assets	5,866,752,702.67	6,020,147,479.47	-2.55
Net assets attributable to shareholders of the Company	3,444,776,580.42	3,448,072,752.25	-0.10
	Reporting Period (January - June 2020)	Corresponding period of last year (January - June 2019)	Change from corresponding period of last year (%)
Net cash flow from operating activities	88,278,305.28	-302,748,167.59	N/A
Operating income	1,714,155,014.36	2,129,345,776.54	-19.50
Net profit attributable to shareholders of the Company	12,683,154.91	42,389,523.73	-70.08
Net profit attributable to shareholders of the Company after deducting extraordinary profit and loss	928,618.66	30,861,450.97	-96.99
Weighted average return on net assets (%)			Decreased by 0.85 percentage point
	0.37	1.22	
Basic earnings per share (RMB/share)	0.0139	0.0464	-70.08
Diluted earnings per share (RMB/share)	0.0139	0.0464	-70.08

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

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

## 2.3 Total number of shareholders, shareholdings of the top ten shareholders and top ten holders of tradable shares (or holders of shares not subject to trading moratorium) as at the end of the Reporting Period

Unit: shares

Total number of shareholders as at the end of the Reporting Period (*account*) 70,788

Name of shareholders	Shareholdings of top ten shareholders			Number of shares held subject to trading moratorium	Number of shares pledged or frozen
	Nature of shareholders	Percentage of shareholding (%)	Number of shares held		
HKSCC (Nominee) Limited	Overseas legal person	27.42	250,614,284	0	Unknown
Panda Electronics Group Limited (“PEGL”)	State-owned legal person	23.05	210,661,444	0	Unknown
China Huarong Asset Management Co., Ltd. (“China Huarong”)	State-owned legal person	7.06	64,471,891	0	Unknown
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	State-owned legal person	3.93	35,888,611	0	Unknown
Guoxin Investment Co., Ltd.	State-owned legal person	2.38	21,720,941	0	Unknown
Yang Tao (楊濤)	Domestic natural person	0.28	2,530,000	0	Unknown
Zhao Dongling (趙東嶺)	Domestic natural person	0.27	2,450,600	0	Unknown
Industrial and Commercial Bank of China - Guotai CSI Composite Index Communication Equipment ETF Securities Investment Fund (中國工商銀行股份有限公司-國泰中證全指通信設備交易型開放式指數證券投資基金)	Others	0.23	2,098,800	0	Unknown
Zhong zhitan (鍾志坦)	Domestic natural person	0.20	1,849,032	0	Unknown
Cai Yan (蔡炎)	Domestic natural person	0.19	1,709,145	0	Unknown
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% of the shares of the Company. Save as the above, the Company is not aware of any connected relationship or party acting in concert among other shareholders.				

*Notes:*

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

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

**2.4 Particulars of the total number of holders of preferred shares and the top 10 holders of preferred shares as at the end of the Reporting Period**

Applicable       N/A

**2.5 Change in the controlling shareholder and the de facto controller**

Applicable       N/A

During the Reporting Period, there was no change in the controlling shareholders and the de facto controllers of the Company, being PEGL and China Electronics Corporation (“CEC”), respectively.

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

As at the date of this report, CEC held 232,782,055 A shares and 41,182,000 H shares in the Company through its subsidiaries, with 273,964,055 shares in aggregate, representing 29.98% of the total share capital of the Company. In particular, it held 22,120,611 A shares and 13,768,000 H shares in the Company through its controlling subsidiary, NEIIC, representing 3.93% in aggregate of the total issued capital of the Company; it held 210,661,444 A shares in the Company through a wholly-owned subsidiary of NEIIC, PEGL, representing 23.05% of the total issued capital of the Company; it held 27,414,000 H shares in the Company through its overseas wholly-owned subsidiary, CEIEC (H.K.) Limited, representing 3.00% of the total issued capital of the Company.

## **2.6 Outstanding and overdue payment of the Company's debts**

Applicable     N/A

# **III. MANAGEMENT DISCUSSION AND ANALYSIS**

## **3.1 The discussion and analysis on the operation**

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

### **3.1.1 Analysis of principal operations**

#### *(1) Analysis of changes in relevant items in the financial statements (Unaudited)*

*Unit: Yuan Currency: RMB*

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

Reasons for the changes:

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

- (13) Decrease of assets impairment losses: Mainly due to provision for impairment of long-term equity investments during the previous period;
- (14) Decrease of gains on disposal of assets: Mainly due to the decrease in gain from the disposal of non-current assets;
- (15) Increase of non-operating income: Mainly due to the tax prepaid in previous period been refunded during the period;
- (16) Increase of non-operating expenses: Mainly due to the period-on-period increase in donation expenses during the period.

(2) *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 (%)	Remarks
Notes receivable	28,725,176.72	0.49	21,780,418.49	0.36	31.89	Mainly due to the increase in the sales of goods settled by notes during the period
Prepayments	228,701,640.11	3.90	113,341,943.82	1.88	101.78	Mainly due to the advance payment for purchasing raw materials during the period
Other receivables	63,349,358.18	1.08	48,020,435.60	0.80	31.92	Mainly due to the increase in the deposits paid during the period
Contract assets	317,298,449.17	5.41	541,978,173.94	9.00	-41.46	Mainly due to the contract assets recognised at the beginning of the period were included in receivables during the period
Other current assets	30,369,601.01	0.52	55,089,857.84	0.92	-44.87	Mainly due to the receipt of the incremental retention tax credit refunded in the period and others under 2019 No. 39 of Ministry of Finance
Other non-current assets	38,446,985.47	0.66	55,275,624.94	0.92	-30.44	Mainly due to the retention money withdrew from certain projects with retention period over one year during the period
Short-term loans	0	0	50,000,000.00	0.83	-100.00	Mainly due to the repayment of the short-term loans to the bank during the period
Staff salaries payable	22,294,712.91	0.38	39,274,102.16	0.65	-43.23	Mainly due to the payment of salaries, bonuses and related cost during the period
Lease liabilities	13,205,076.94	0.23	8,926,407.51	0.15	47.93	Mainly due to the increase in the operating lease with lease period over one year

## 3.2 Analysis of investments

### 3.2.1 Overall analysis of equity investment

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

### 3.2.2 Analysis of major subsidiaries and investee companies

#### (1) Information of major subsidiaries

		<i>Unit: 0'000 Currency: RMB</i>				
Subsidiary	Major products or services	Registered capital	30 June 2020		January to June 2020	
			Total assets	Net assets	Operating income	Net profit
Nanjing Panda Electronics Equipment Co., Ltd	Manufacture and sale of automatic transmission equipment and industrial robots	19,000.00	75,821.83	25,635.78	10,005.44	-4,553.36
Nanjing Panda Information Industry Co., Ltd	Production and sale of AFC and ACC systems and equipment of railway transit, building intellectualization and system integration	USD3,194.6435	137,540.34	46,293.07	38,659.96	2,098.86
Nanjing Panda Electronic Manufacture Co., Ltd	EMS services	USD2,000	109,977.56	54,438.51	65,554.18	2,281.50
Nanjing Panda Communications Technology Co., Ltd	Manufacture and sale of mobile communication, digital communication and network communication systems and products	10,000.00	26,576.02	16,411.43	6,392.50	-116.96
Nanjing Panda Xinxing Industrial Co., Ltd.	Property and catering services	2,000.00	6,699.09	4,458.13	5,568.43	34.25
Nanjing Panda Electronic Technology Development Company Limited	Manufacturing of general purpose equipment, software development, and property management	70,000.00	65,840.19	59,803.25	1,430.49	-269.60
Shenzhen Jinghua Electronics Co., Ltd.	Research and development, manufacturing and sales of communication equipment and digital products	11,507.00	51,489.21	36,086.69	25,669.19	3,092.74
Chengdu Panda Electronic Technology Co., Ltd.	SMT products	5,000.00	41,993.31	3,867.24	21,116.54	1,676.27

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

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

*Unit: 0'000 Currency: RMB*

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

### **3.3 Plan for Profit Distribution or Capitalization of Capital Reserve**

#### ***3.3.1 Plans for profit distribution and capitalization of capital reserve for the first half year***

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

#### ***3.3.2 Implementation of or adjustment to the profit distribution plan during the Reporting Period***

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

## **3.4 Other matters**

### ***3.4.1 Liquidity of capital***

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

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

### ***3.4.2 Purchase, sale or redemption of the Company's listed shares***

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

### ***3.4.3 Liability insurance for Directors, supervisors and senior management***

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

### ***3.4.4 Corporate Governance***

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

### ***3.4.5 Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code")***

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

### ***3.4.6 Events after the Reporting Period***

As at the date of this announcement, the Group did not record any material events after the Reporting Period.

## **3.5 Audit committee**

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

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

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

## **3.6 Appointment and Removal of Auditors**

At the fourteenth meeting of the ninth session of the Board, the resolution in relation to the Appointment of the Auditors for 2020 was considered and approved, whereby it was proposed that BDO China Shu Lun Pan Certified Public Accountants LLP be re-appointed as the Company's international auditor, PRC auditor and internal control auditor for 2020 and that their remuneration be determined within the limit of RMB2.10 million and it was agreed that the same be submitted to the 2019 annual general meeting of the Company for shareholders' consideration.

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

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

**3.7 Changes in accounting policies, accounting estimates and accounting methods compared with the previous accounting period, reasons thereof and their impact.**

N/A

**3.8 In case retrospective restatement is required for major accounting errors during the Reporting Period, the Company shall give explanations on the situation, amount affected, reasons thereof and its impact.**

N/A

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

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

#### IV. FINANCIAL REPORT (PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES)

##### Consolidated Balance Sheet

2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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

**Consolidated Balance Sheet (Continued)**  
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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

**Consolidated Balance Sheet** (Continued)  
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Liabilities and owners' equity</b>	<b>2020/6/30</b>	2019/12/31
<b>Current liabilities:</b>		
Short-term loans		50,000,000.00
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Placements from banks and other financial institutions		
Financial liabilities at fair value through profit and loss		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	<b>208,495,356.08</b>	234,736,827.23
Accounts payable	<b>1,481,284,635.95</b>	1,628,435,817.44
Advance receipts from customers	<b>2,785,675.65</b>	2,581,558.74
Contract liabilities	<b>207,207,297.38</b>	160,540,186.87
Financial assets sold under repurchase agreements		
Bank charges and commissions due		
Staff salaries payable	<b>22,294,712.91</b>	39,274,102.16
Taxes and surcharges payable	<b>27,170,510.15</b>	21,404,214.61
Other payables	<b>97,248,512.33</b>	78,425,560.86
Reinsurers due		
Insurance contract reserves		
Security trading of agency		
Securities underwriting		
Liabilities held for sale		
Non-current liabilities due within one year	<b>3,888,023.78</b>	3,451,972.08
Other current liabilities	<b>63,707,473.62</b>	66,677,266.21
<b>Total current liabilities</b>	<b><u>2,114,082,197.85</u></b>	<u>2,285,527,506.20</u>

**Consolidated Balance Sheet** (Continued)  
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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

**Consolidated Balance Sheet (Continued)**  
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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

*Head of the Accounting*

*Legal representative:*

**Xia Dechuan**

*Chief Accountant:*

**Hu Dali**

*Department:*

**Liu Xianfang**

## Consolidated Income Statement

January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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

**Consolidated Income Statement** *(Continued)*  
*January – June 2020*

Prepared by: Nanjing Panda Electronics Company Limited

*Unit: RMB*

Items	Amount for the current period	Amount for corresponding period of last year
<b>3. Operating profit (losses are represented by “-”)</b>	<b>41,672,790.31</b>	88,379,002.27
Add: Non-operating income	7,039,751.70	2,607,172.95
Less: Non-operating expenses	521,218.12	305,589.45
<b>4. Total profit (total losses are represented by “-”)</b>	<b>48,191,323.89</b>	90,680,585.77
Less: Income tax expense	15,948,979.98	20,907,362.66
<b>5. Net profit (net losses are represented by “-”)</b>	<b>32,242,343.91</b>	69,773,223.11
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by “-”)	32,242,343.91	69,773,223.11
2. Net profit for discontinued operation (net losses are represented by “-”)		
(2) Classified by the attribution of the ownership		
1. Minority interests	19,559,189.00	27,383,699.38
2. Net Profit attributable to the equity shareholders of the parent company	12,683,154.91	42,389,523.73
<b>6. Net other comprehensive income after tax</b>	<b>12,847.52</b>	4,694.04
Net other comprehensive income after tax attributable to the equity shareholders of the parent company	12,847.52	4,694.04
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	12,847.52	4,694.04
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment	12,847.52	4,694.04
4. Changes in fair value of the enterprise’s own credit risk		

**Consolidated Income Statement** *(Continued)*  
*January – June 2020*

Prepared by: Nanjing Panda Electronics Company Limited

*Unit: RMB*

<b>Items</b>	<b>Amount for the current period</b>	Amount for corresponding period of last year
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investments as available-for-sale financial assets		
4. Changes in fair value of other debt investment		
5. Amount of financial assets reclassified to other comprehensive income		
6. Provision for credit impairment of other debt investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority shareholders		
<b>7. Total comprehensive income</b>	<b>32,255,191.43</b>	69,777,917.15
Total comprehensive income attributable to the equity holders of the parent company	<b>12,696,002.43</b>	42,394,217.77
Total comprehensive income attributable to minority shareholders	<b>19,559,189.00</b>	27,383,699.38
<b>8. Earnings per share:</b>		
(1) Basic earnings per share <i>(RMB/share)</i>	<b>0.0139</b>	0.0464
(2) Diluted earnings per share <i>(RMB/share)</i>	<b>0.0139</b>	0.0464

*Legal representative:*  
**Xia Dechuan**

*Chief Accountant:*  
**Hu Dali**

*Head of the Accounting  
Department:*  
**Liu Xianfang**

# Consolidated Statement of Changes in Shareholders' Equity

## January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the Period												
	Equity attributable to the shareholders of parent company												
	Other equity instrument												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total shareholders' equity
<b>I. Balance at the end of prior year</b>	913,838,529.00				1,470,691,800.13		289,154.46		258,647,274.54		804,605,994.12	240,484,054.34	3,688,556,806.59
Add: Changes in accounting policies													
Error correction of previous period													
Business combination involving entities under common control													
Others													
<b>II. Balance at the beginning of current year</b>	913,838,529.00				1,470,691,800.13		289,154.46		258,647,274.54		804,605,994.12	240,484,054.34	3,688,556,806.59
<b>III. Changes of current year (decreases are represented by “-”)</b>													
(I) Total comprehensive income							12,847.52				-3,309,019.35	19,559,189.00	16,263,017.17
(II) Share capital contributed or withdrew by shareholders							12,847.52				12,683,154.91	19,559,189.00	32,255,191.43
1. Share capital contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included													
4. Others													
(III) Profit distribution											-15,992,174.26		-15,992,174.26
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to shareholders													
4. Others													
(IV) Internal carry-over within shareholders' equity											-15,992,174.26		-15,992,174.26
1. Transfer of capital reserve to share capital													
2. Transfer of surplus reserve to share capital													
3. Surplus reserve to cover losses													
4. Change in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Appropriation and application of special reserve													
1. Appropriation of special reserve													
2. Application of special reserve													
(VI) Others													
<b>IV. Balance at the end of the year</b>	913,838,529.00				1,470,691,800.13		302,001.98		258,647,274.54		801,296,974.77	260,043,243.34	3,704,819,823.76

# Consolidated Statement of Changes in Shareholders' Equity (Continued)

## January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the corresponding period of last year												
	Equity attributable to the shareholders of parent company					Other equity instrument							
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Minority interests	Total shareholders' equity
<b>I. Balance at the end of prior year</b>	913,838,529.00				1,470,691,800.13		191,513.87		258,647,274.54		825,055,181.86	223,454,061.90	3,691,878,361.30
Add: Changes in accounting policies													
Error correction of previous period													
Business combination involving entities under common control													
Others													
<b>II. Balance at the beginning of current year</b>	913,838,529.00				1,470,691,800.13		191,513.87		258,647,274.54		825,055,181.86	223,454,061.90	3,691,878,361.30
<b>III. Changes of current year (decreases are represented by "-")</b>													
(I) Total comprehensive income							4,694.04				-30,717,558.59	27,383,699.38	-3,329,165.17
(II) Share capital contributed or withdrew by shareholders							4,694.04				42,389,523.73	27,383,699.38	69,777,917.15
1. Share capital contributed by shareholders													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included													
4. Others													
(III) Profit distribution											-73,107,082.32		-73,107,082.32
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to shareholders													
4. Others													
(IV) Internal carry-over within shareholders' equity											-73,107,082.32		-73,107,082.32
1. Transfer of capital reserve to share capital													
2. Transfer of surplus reserve to share capital													
3. Surplus reserve to cover losses													
4. Carry-over recount changes in net liabilities or net assets of benefit plan													
5. Others													
(V) Appropriation and application of special reserve													
1. Appropriation of special reserve													
2. Application of special reserve													
(VI) Others													
<b>IV. Balance at the end of the year</b>	913,838,529.00				1,470,691,800.13		196,207.91		258,647,274.54		794,337,623.27	230,837,761.28	3,688,549,196.13

Legal representative:  
**Xia Dechuan**

Chief Accountant:  
**Hu Dali**

Head of the Accounting Department:  
**Liu Xianfang**

## Consolidated Cash Flow Statement

January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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

**Consolidated Cash Flow Statement** *(Continued)*  
*January – June 2020*

Prepared by: Nanjing Panda Electronics Company Limited

*Unit: RMB*

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

**Consolidated Cash Flow Statement** *(Continued)*  
*January – June 2020*

Prepared by: Nanjing Panda Electronics Company Limited

*Unit: RMB*

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

*Head of the Accounting*

*Legal representative:*

**Xia Dechuan**

*Chief Accountant:*

**Hu Dali**

*Department:*

**Liu Xianfang**

## Balance Sheet

2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Assets	2020/6/30	2019/12/31
<b>Current assets:</b>		
Cash and cash equivalents	<b>98,366,641.29</b>	59,376,665.62
Financial assets measured at fair value through profit and loss		
Financial assets held for trading		120,011,835.62
Derivative financial assets		
Notes receivables		
Accounts receivable	<b>82,395,509.82</b>	77,883,947.57
Financing receivables	<b>3,000,000.00</b>	6,000,000.00
Prepayments	<b>3,342,100.17</b>	1,623,591.01
Other receivables	<b>462,592,804.51</b>	395,937,554.47
Inventories	<b>25,903,550.12</b>	22,621,153.30
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	<b>5,930,017.75</b>	27,552,360.61
<b>Total current assets</b>	<b>681,530,623.66</b>	711,007,108.20

**Balance Sheet** (Continued)  
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Assets	2020/6/30	2019/12/31
<b>Non-current assets:</b>		
Available-for-sale financial assets		
Held-to-maturity investments		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	1,734,519,244.99	1,710,218,840.58
Other equity instruments investments	4,052,669.32	4,035,539.29
Other non-current financial assets		
Investment properties	158,428,746.99	159,384,219.01
Fixed assets	293,297,157.93	302,786,588.45
Construction in progress	2,319,713.81	2,319,713.81
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	11,590,121.53	12,090,267.24
Development expenses		
Goodwill		
Long-term expenses to be amortised	3,523,267.53	3,922,128.00
Deferred income tax assets		
Other non-current assets		
<b>Total non-current assets</b>	<b><u>2,207,730,922.10</u></b>	<b><u>2,194,757,296.38</u></b>
<b>Total assets</b>	<b><u><u>2,889,261,545.76</u></u></b>	<b><u><u>2,905,764,404.58</u></u></b>

*Head of the Accounting*

*Legal representative:*

**Xia Dechuan**

*Chief Accountant:*

**Hu Dali**

*Department:*

**Liu Xianfang**

**Balance Sheet** (Continued)  
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Liabilities and shareholders' equity</b>	<b>2020/6/30</b>	2019/12/31
<b>Current liabilities:</b>		
Short-term borrowings		
Financial liabilities measured at fair value through profit or loss		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payables	<b>8,217,113.84</b>	2,525,779.62
Accounts payable	<b>50,815,726.00</b>	63,661,767.44
Advance receipts from customers		160,842.29
Contract liabilities	<b>4,129,040.00</b>	157,964.60
Staff salaries payable	<b>1,686,495.50</b>	2,134,066.65
Taxes payable	<b>2,257,680.25</b>	1,685,195.08
Other payables	<b>131,191,410.43</b>	119,765,500.53
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		20,535.40
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>198,297,466.02</b>	190,111,651.61

**Balance Sheet** (Continued)  
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Liabilities and shareholders' equity</b>	<b>2020/6/30</b>	2019/12/31
<b>Non-current liabilities:</b>		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long term staff salaries payable	<b>2,199,894.87</b>	1,961,534.25
Accrued liabilities		
Deferred income		
Deferred income tax liabilities	<b>100,667.34</b>	96,384.83
Other non-current liabilities		
	_____	_____
<b>Total non-current liabilities</b>	<b><u>2,300,562.21</u></b>	<u>2,057,919.08</u>
<b>Total liabilities</b>	<b><u><u>200,598,028.23</u></u></b>	<u><u>192,169,570.69</u></u>

**Balance Sheet** (Continued)  
2020/6/30

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

<b>Liabilities and shareholders' equity</b>	<b>2020/6/30</b>	2019/12/31
<b>Owners' equity:</b>		
Share capital	<b>913,838,529.00</b>	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	<b>1,434,870,834.28</b>	1,434,870,834.28
Less: Treasury shares		
Other comprehensive income	<b>302,001.98</b>	289,154.46
Special reserve		
Surplus reserve	<b>258,647,274.54</b>	258,647,274.54
Undistributed profits	<b>81,004,877.73</b>	105,949,041.61
<b>Total shareholders' equity</b>	<b><u>2,688,663,517.53</u></b>	<u>2,713,594,833.89</u>
<b>Total liabilities and shareholders' equity</b>	<b><u>2,889,261,545.76</u></b>	<b><u>2,905,764,404.58</u></b>

*Head of the Accounting*

*Legal representative:*

**Xia Dechuan**

*Chief Accountant:*

**Hu Dali**

*Department:*

**Liu Xianfang**

**Income Statement**  
January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

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

**Income Statement** *(Continued)*  
*January – June 2020*

Prepared by: Nanjing Panda Electronics Company Limited

*Unit: RMB*

Items	Amount for the current period	Amount for corresponding period of last year
<b>4. Net profit (net losses are represented by “-”)</b>	<b>-8,951,989.62</b>	-21,139,834.84
(1) Net profit for going concern (net losses are represented by “-”)	<b>-8,951,989.62</b>	-21,139,834.84
(2) Net profit for discontinued operation (net losses are represented by “-”)		
<b>5. Net other comprehensive income after tax</b>	<b>12,847.52</b>	4,694.04
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	<b>12,847.52</b>	4,694.04
1. Changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income accounted for using equity method which will not be reclassified to profit and loss		
3. Changes in fair value of other equity instruments investment	<b>12,847.52</b>	4,694.04
4. Changes in fair value of the enterprise’s own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investments as available- for-sale financial assets		
4. Changes in fair value of other debt investment		
5. Amount of financial assets reclassified to other comprehensive income		

**Income Statement** *(Continued)**January – June 2020*

Prepared by: Nanjing Panda Electronics Company Limited

*Unit: RMB*

<b>Items</b>	<b>Amount for the current period</b>	Amount for corresponding period of last year
6. Provision for credit impairment of other debt investment		
7. Cash flow hedging reserve		
8. Translation difference of financial statements in foreign currencies		
9. Others		
Net other comprehensive income after tax attributable to minority shareholders		
<b>6. Total comprehensive income</b>	<b>-8,939,142.10</b>	-21,135,140.80
<b>7. Earnings per share:</b>		
(1) Basic earnings per share		
(2) Diluted earnings per share		

*Legal representative:***Xia Dechuan***Chief Accountant:***Hu Dali***Head of the Accounting**Department:***Liu Xianfang**

# Statement of Changes in Shareholders' Equity

## January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period											
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total shareholders' equity
<b>I. Balance at the end of prior year</b>	913,838,529.00				1,434,870,834.28		289,154.46		258,647,274.54		105,949,041.61	2,713,594,833.89
Add: Changes in accounting policies												
Error correction of previous period												
Others												
<b>II. Balance at the beginning of current year</b>	913,838,529.00				1,434,870,834.28		289,154.46		258,647,274.54		105,949,041.61	2,713,594,833.89
<b>III. Changes of current year (decreases are represented by "-")</b>												
(I) Total comprehensive income							12,847.52					-24,931,316.36
(II) Share capital contributed or withdrew by shareholders							12,847.52					-8,939,142.10
1. Share capital contributed by shareholders												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included												
4. Others												
(III) Profit distribution												
1. Appropriation of surplus reserve												
2. Appropriation of general risk reserve												
3. Appropriation of profit to shareholders												
4. Others												
(IV) Internal carry-over within shareholders' equity												
1. Transfer of capital reserve to share capital												
2. Transfer of surplus reserve to share capital												
3. Surplus reserve to cover losses												
4. Change in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Appropriation and application of special reserve												
1. Appropriation of special reserve												
2. Application of special reserve												
(VI) Others												
<b>IV. Balance at the end of the year</b>	913,838,529.00				1,434,870,834.28		302,001.98		258,647,274.54		81,004,877.73	2,688,663,517.53

# Statement of Changes in Shareholders' Equity (Continued)

## January – June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Other equity instrument						Amount for corresponding period of last year					
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Total shareholders' equity
I. Balance at the end of prior year	913,838,529.00				1,434,870,834.28		191,513.87		258,647,274.54		199,429,638.06	2,806,977,789.75
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		191,513.87		258,647,274.54		199,429,638.06	2,806,977,789.75
III. Changes of current year (decreases are represented by "-")												
(I) Total comprehensive income												
(II) Share capital contributed or withdrawn by shareholders												
1. Share capital contributed by shareholders												
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included												
4. Others							4,694.04					-94,242,223.12
(III) Profit distribution							4,694.04					-21,135,140.80
1. Appropriation of surplus reserve												
2. Appropriation of general risk reserve												
3. Appropriation of profit to shareholders												
4. Others												
(IV) Internal carry-over within shareholders' equity												
1. Transfer of capital reserve to share capital												
2. Transfer of surplus reserve to share capital												
3. Surplus reserve to cover losses												
4. Change in defined benefit plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Appropriation and application of special reserve												
1. Appropriation of special reserve												
2. Application of special reserve												
(VI) Others												
IV. Balance at the end of the year	913,838,529.00				1,434,870,834.28		196,207.91		258,647,274.54		105,182,720.90	2,712,755,586.63

Legal representative:  
Xia Dechuan

Chief Accountant:  
Hu Dali

Head of the Accounting Department:  
Liu Xianfang

## Cash Flow Statement

January–June 2020

Prepared by: Nanjing Panda Electronics Company Limited

Unit: RMB

Items	Amount for the current period	Amount for corresponding period of last year
<b>1. Cash flows from operating activities</b>		
Cash received from the sale of goods and rendering of services	<b>42,174,758.90</b>	31,358,826.06
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from banks and other financial institutions		
Cash received from premiums of original insurance contract		
Net cash amount of reinsurance business		
Net increase in deposits of the insured and investment		
Net increase in disposal of financial assets held for trading		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Refunds of taxes		
Cash received relating to other operating activities	<b>148,931,577.34</b>	23,617,416.01
<b>Sub-total of cash inflows from operating activities</b>	<b>191,106,336.24</b>	54,976,242.07

**Cash Flow Statement** *(Continued)**January–June 2020*

Prepared by: Nanjing Panda Electronics Company Limited

*Unit: RMB*

<b>Items</b>	<b>Amount for the current period</b>	Amount for corresponding period of last year
Cash paid on purchase of goods and services received	<b>20,147,602.22</b>	18,722,950.81
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Cash paid for interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	<b>44,180,444.25</b>	50,093,202.73
Cash paid for all types of taxes	<b>6,365,304.04</b>	3,792,973.03
Cash paid relating to other operating activities	<b>203,141,392.76</b>	73,226,772.04
<b>Sub-total of cash outflows from operating activities</b>	<b>273,834,743.27</b>	145,835,898.61
<b>Net cash flows generated from operating activities</b>	<b>-82,728,407.03</b>	-90,859,656.54
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal and returns of investments		
Cash received from return on investments	<b>1,460,298.75</b>	25,564,905.44
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	<b>34,480.25</b>	
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	<b>390,000,000.00</b>	670,000,000.00
<b>Sub-total of cash inflows from investing activities</b>	<b>391,494,779.00</b>	695,564,905.44

**Cash Flow Statement** *(Continued)**January–June 2020*

Prepared by: Nanjing Panda Electronics Company Limited

*Unit: RMB*

<b>Items</b>	<b>Amount for the current period</b>	Amount for corresponding period of last year
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	<b>2,203,411.20</b>	
Cash paid for investments		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	<b>270,000,000.00</b>	730,000,000.00
<b>Sub-total of cash outflows from investing activities</b>	<b>272,203,411.20</b>	730,000,000.00
<b>Net cash flows generated from investing activities</b>	<b>119,291,367.80</b>	-34,435,094.56
<b>3. Cash flows from financing activities:</b>		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings		
Cash received from issuing bonds		
Cash received relating to other financing activities	_____	_____
<b>Sub-total of cash inflows from financing activities</b>	_____	_____

**Cash Flow Statement** *(Continued)**January–June 2020*

Prepared by: Nanjing Panda Electronics Company Limited

*Unit: RMB*

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

*Legal representative:*  
**Xia Dechuan**

*Chief Accountant:*  
**Hu Dali**

*Head of the Accounting  
Department:*  
**Liu Xianfang**

The following is only the financial part:

Unless otherwise stated, all amounts are denominated in RMB

Current period: January to June 2020

Preceding period: January to June 2019

Balance at the end of last year/Opening balance: 31 December 2019

Closing balance: 30 June 2020

## **NOTES:**

### **(I) Preparation of basis**

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

### **(II) Going concern**

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

### **(III) Segment information**

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

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

Non-current assets are divided into different areas and do not include available-for-sale financial assets and deferred income tax assets. All the non-current assets of the Company are located in the China Mainland.

<b>Item</b>	<b>Intelligent city industry</b>	<b>Electronic manufacturing service</b>	<b>Intelligent manufacturing industry</b>	<b>Other products</b>	<b>Undistributed</b>	<b>Elimination among segments</b>	<b>Total</b>
Trade income from third party	670,623,745.03	928,765,424.26	87,810,213.74	26,955,631.33			1,714,155,014.36
Trade income between segments	38,692,871.88	45,347,605.26	18,709,711.37	17,571,226.41		-120,321,414.92	
Investment income from associated enterprises and joint ventures		11,294.80			24,300,404.41		24,311,699.21
Assets impairment loss	-24,812.52	3,557,062.49		-52,303.05			3,479,946.92
Credit impairment loss	-1,075,790.04	-8,649.74	1,360,000.00				275,560.22
Depreciation and amortisation expense	6,400,191.49	22,537,265.33	5,822,102.96	15,108,434.89	8,774,994.26		58,642,988.93
Total profit	33,660,477.93	71,139,705.69	-45,533,585.42	-15,118,091.72	5,284,725.10	-1,241,907.69	48,191,323.89
Income tax expense	2,306,330.39	13,642,649.59					15,948,979.98
Net profit	31,354,147.54	57,497,056.10	-45,533,585.42	-15,118,091.72	5,284,725.10	-1,241,907.69	32,242,343.91
Total assets	1,988,461,665.51	2,081,075,799.31	823,754,701.44	714,496,939.69	2,891,223,933.16	-2,632,260,336.44	5,866,752,702.67
Total liabilities	1,176,477,710.85	1,076,972,137.26	509,591,083.92	151,097,116.85	162,214,663.07	-914,419,833.04	2,161,932,878.91
Other non-cash expense beside depreciation and amortisation expense							
Long term equity investment in associated enterprises and joint ventures		1,966,844.56			298,733,698.63		300,700,543.19
Increase in other non-current assets besides long-term equity investment	-18,732,081.07	4,001,019.96	2,249,030.21	-6,987,467.13	-10,813,037.61	-3,677,204.28	-33,959,739.92

## (IV) Accounts receivable

### 1. Accounts receivable shown by aging

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

### 2. Accounts receivable disclosed by classification of bad debt provisions

Type	Closing balance				Balance at the end of last year					
	Carrying Amount		Bad debt Provision		Carrying Amount		Bad debt Provision		Carrying Value	
	Value	Percentage (%)	Value	Provision percentage (%)	Value	Percentage (%)	Value	Provision percentage (%)		
Accounts receivable with individual accrual	72,395,277.10	6.76	25,427,733.34	35.12	46,967,543.76	85,612,136.43	8.21	26,441,239.05	30.88	59,170,897.38
Accounts receivable accruing bad debt provision in credit risk characteristic portfolio	998,196,618.96	93.24	21,012,401.38	2.11	977,184,217.58	956,925,351.67	91.79	19,736,991.90	2.06	937,188,359.77
Among which:										
Aging portfolio	570,378,952.62	53.28	20,754,884.75	3.64	549,624,067.87	520,032,228.45	49.88	19,479,475.27	3.75	500,552,753.18
Other combinations	427,817,666.34	39.96	257,516.63	0.06	427,560,149.71	436,893,123.22	41.91	257,516.63	0.06	436,635,606.59
Total	<b><u>1,070,591,896.06</u></b>	<b><u>100.00</u></b>	<b><u>46,440,134.72</u></b>		<b><u>1,024,151,761.34</u></b>	<b><u>1,042,537,488.10</u></b>	<b><u>100.00</u></b>	<b><u>46,178,230.95</u></b>		<b><u>996,359,257.15</u></b>

Single item of bad debt provision:

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

Bad debt provision by portfolio:

*Provision by portfolio: Aging portfolio*

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

*Provision by portfolio: Other combinations*

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

### 3. *Provision, transfer and recovery of bad debts in the period*

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

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

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

### 4. *There were no accounts receivable effectively verified in the period*

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

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

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

**7. At the end of the period, the Company had no transferred receivables or continued to be involved in the amount of assets and liabilities**

**8. Overdue receivables at the end of the period**

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

## (V) Other equity instruments investments

### 1. Other equity instruments investments

Project	Closing balance	Opening balance
Jiangsu Research and Design Institute Of Urban Rail Transit Co., Ltd	<u>4,052,669.32</u>	<u>4,035,539.29</u>
Total	<u><u>4,052,669.32</u></u>	<u><u>4,035,539.29</u></u>

### 2. Status of investment in significant transactional equity instruments at the end of the period

Project	Revenue recognized in the current period	Cumulative gain	Aggregate losses	Amounts transferred to retained income from other consolidated income	Reasons designated to be measured at fair value and whose changes are included in other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
Jiangsu Research and Design Institute Of Urban Rail Transit Co., Ltd		402,669.32			Non-transactional investment	

## (VI) Contract assets

### 1. Details of contract assets

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

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

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

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

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

## (VII) Accounts payable

### 1. *List of accounts payable*

Classified by aging based on their recording dates:

<b>Item</b>	<b>Closing balance</b>	<b>Closing balance at the end of last year</b>
Within 1 year (inclusive)	<b>1,186,791,045.29</b>	1,354,289,654.38
1 to 2 years (including 2 years)	<b>221,832,519.63</b>	186,252,779.24
2 to 3 years (including 3 years)	<b>45,872,605.19</b>	45,350,521.82
Over 3 years	<b>26,788,465.84</b>	42,542,862.00
Total	<b><u>1,481,284,635.95</u></b>	<b><u>1,628,435,817.44</u></b>

Classified by nature:

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

## 2. Significant account payables aged over 1 year

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

## (VIII) Contract liabilities

### 1. Details of contract liabilities

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

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

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

**(IX) Operating income and operating cost**

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

**(X) Income tax expenses****1. List of income tax expenses**

Items	Current period	Last period
Current income tax	15,815,124.76	20,722,418.32
Deferred income tax	<u>133,855.22</u>	<u>184,944.34</u>
Total	<u><u>15,948,979.98</u></u>	<u><u>20,907,362.66</u></u>

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

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

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

<b>Name of the enterprise</b>	<b>Income tax rate</b>
Nanjing Panda Electronic Manufacture Co., Ltd	15.00%
Nanjing Panda Communication Technology Co., Ltd	15.00%
Nanjing Huage Appliance and Plastic Industrial Co., Ltd	15.00%
Nanjing Panda Information Industry Co., Ltd	15.00%
Nanjing Panda Mechatronics Instrument Technology Co., Ltd	15.00%
Shenzhen Jinghua Information Technology Co., Ltd	15.00%
Nanjing Panda Electronic Equipment Co., Ltd	15.00%
Shenzhen Jinghua Property Management Co., Ltd	20.00%
Parking lot of Shenzhen Jinghua Electronic Co., Ltd	20.00%
Shenzhen Jingjia Real Estate Management Co., Ltd.,	20.00%
Galant Limited	16.50%
Hong Kong China Electronic Trading Co., Ltd	16.50%

1. Nanjing Panda Electronic Manufacture Co., Ltd., a second-level subsidiary of the Company, passed the high-tech enterprise on 7 December 2017, and obtained the High-tech Enterprise Certificate (certificate number GR201732003580) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. During such period, Nanjing Panda Electronic Manufacture Co., Ltd. paid income tax at 15% of the taxable income.
2. Nanjing Panda Communications Technology Co., Ltd., a second-level subsidiary of the Company, re-identified high-tech enterprise on 7 December 2017, and obtained the High-tech Enterprise Certificate (certificate number GR201732003313) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. During such period, Nanjing Panda Communications Technology Co., Ltd. paid income tax at 15% of the taxable income.
3. Nanjing Huage Appliance and Plastic Industrial Co., Ltd., a third-level subsidiary of the Company, re-identified high-tech enterprise on 7 December 2017, and obtained the High-tech Enterprise Certificate (certificate number GR201732002602) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. During such period, Nanjing Huage Appliance and Plastic Industrial Co., Ltd. paid income tax at 15% of the taxable income.

4. Nanjing Panda Information Industry Co., Ltd., a second-level subsidiary of the Company, re-identified high-tech enterprise on 28 November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201832002286) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. During such period, Nanjing Panda Information Industry Co., Ltd. paid income tax at 15% of the taxable income.
5. Nanjing Panda Electromechanical Instrument Technology Co., Ltd., a second-level subsidiary of the Company, re-identified high-tech enterprise on 28 November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201832002778) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. During such period, Nanjing Panda Electromechanical Instrument Technology Co., Ltd. paid income tax at 15% of the taxable income.
6. Jingwah Information Technology Co., Ltd., a third-level subsidiary of the Company, re-identified high-tech enterprise on 9 November 2018, and obtained the High-tech Enterprise Certificate (certificate number GR201844204258) jointly issued by Shenzhen Municipal Science and Technology Innovation Committee and so on. The certificate is valid for 3 years. During such period, Jingwah Information Technology Co., Ltd. paid income tax at 15% of the taxable income.
7. Nanjing Panda Electronics Equipment Co., Ltd., a second-level subsidiary of the Company, re-identified high-tech enterprise on 28 November 2018, and obtain the High-tech Enterprise Certificate (certificate number GR201832001770) jointly issued by Jiangsu Provincial Science and Technology Department and so on. The certificate is valid for 3 years. During the period, Nanjing Panda Electronics Equipment Co., Ltd. paid income tax at 15% of the taxable income.
8. Shenzhen Jingjia Property Management Co., Ltd., Shenzhen Jinghua Property Management Co., Ltd. and Parking lot of Shenzhen Jinghua Electronics Co., Ltd., the fourth-level subsidiaries of the Company, are recognized as low profit small enterprises in the current period. According to the “The enterprise income tax law of the people’s Republic of China” and its implementing regulations, the “Circular of the Ministry of Finance and the State Administration of Taxation on the implementation of the inclusive tax relief policy for small and micro enterprises”, etc, from January 1st, 2019 to December 31, 2021,

for the low profit small enterprises' annual taxable income which not exceeding RMB1 million, the preferential policy reduces the amount of taxable income to 25% and pays the enterprise income tax by rate of 20%. And for the part of the annual taxable income exceeding RMB1 million but not exceeding RMB3 million, the preferential policy reduces the amount of taxable income to 50% and pays the income tax by rate of 20%.

9. The subsidiary Company GALANT LIMITED registered in Hong Kong and Hong Kong Electric Group Jinghua Trading Co., Ltd. have a profit tax rate of 16.5%.
10. Nanjing Panda Industrial Enterprise Co., Ltd., the second-level subsidiary of the Company, enjoys the preferential policy of 10% of the added value tax deduction from April 1, 2019 to December 31, 2021 according to the “announcement on deepening the VAT reform” (Announcement No. 39, 2019 of the General Administration of Customs of the Ministry of Finance). According to the “announcement on defining the added value tax deduction policy of the life service industry” (Announcement of the State Administration of Taxation No. 87, 2019), from October 1, 2019 to December 31, 2021, the company enjoys the preferential policy of 15% of added value tax deduction.
11. Shenzhen Jinghua Property Management Co., Ltd., the fourth-level subsidiary of the Company, enjoys the preferential policy of 10% of added value tax deduction from April 1, 2019 to December 31, 2021 in accordance with the “announcement on policies related to deepening the reform of value added tax” (Announcement No. 39, 2019 of the General Administration of Customs of the Ministry of finance). According to the “announcement on defining the added value tax deduction policy of the life service industry Announcement” (Announcement No. 87, 2019 of the State Administration of Taxation of the Ministry of Finance), from October 1, 2019 to December 31, 2021, the company enjoys the preferential policy of 15% of added value tax deduction.
12. The Parking Lot of Shenzhen Jinghua Electronics Co., Ltd. and Shenzhen Jingjia Property Management Co., Ltd., both the fourth-level subsidiaries of the Company, enjoy the preferential policy of “six taxes and two fees” levied by Shenzhen City on small-scale VAT taxpayers at a reduced rate of 50% in accordance with the “Notice of the Ministry of Finance and the State Administration of Taxation on the implementation of inclusive tax reduction policies for small and micro enterprises” (CS [2019] No. 13).

13. According to “Taxation on Value-added Tax Policies for Software Products” (CS [2011] No. 110), if general VAT taxpayers sell self-developed and produced software products or sell the imported software products after localization and transformation, after VAT has been collected at a tax rate of 16%, the refund-upon-collection policy shall be applied to the part of actual VAT burden in excess of 3%. The second-level subsidiary of the Company, Nanjing Panda Communication Technology Co., Ltd. could enjoy this preferential policy.

**(XI) Return on net assets and earnings per share**

Profits of the Reporting Period	Weighted average return on net assets (%)	Earnings per share (RMB)	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	0.37	0.0139	0.0139
Net profit after deducting extraordinary profit and loss attributable to ordinary shareholders of the Company	0.03	0.0010	0.0010

**(XII) Profit distribution**

The profit appropriation plan for the year 2019 was approved at the fourteenth meeting of the ninth session of the Board of the Company, pursuant to which, a cash dividend of RMB0.175 (tax inclusive) for every ten shares was distributed on the basis of a total share capital of 913,838,529.00 shares at the end of the Reporting Period of 2019 annual report, with the total cash dividend distributed amounting to RMB15,992,174.26. The profit distribution plan was approved at the 2019 annual general meeting of the Company.

**(XIII) Significant accounting policies and accounting estimate change**

**1. Changes in significant accounting policies**

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

**2. Changes in significant accounting estimates**

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

#### **(XIV) Miscellaneous**

As at 30 June 2020, the Company provided guarantees for the subsidiaries amounting to RMB268,900,573.34, of which: RMB106,182,278.06 is guaranteed in the form of bank acceptance bill; RMB156,943,031.03 is guaranteed in the form of letter of guarantee and RMB5,775,264.25 is guaranteed in the form of letter of credit (30 June 2019: the Company provided guarantees for the subsidiaries amounting to RMB405,982,169.94, of which: RMB137,379,672.51 is guaranteed in the form of bank acceptance bill, RMB163,032,830.89 is guaranteed in the form of letter of guarantee, RMB50,000,000.00 is guaranteed in the form of credit borrowing and RMB55,569,666.54 is guaranteed in the form of letter of credit).

By order of the Board  
**Nanjing Panda Electronics Company Limited**  
**Zhou Guixiang**  
*Chairman*

Nanjing, the People's Republic of China  
27 August 2020

*As at the date of this announcement, the Board comprises Executive Directors: Mr. Zhou Guixiang, Mr. Lu Qing and Mr. Xia Dechuan; Non-executive Directors: Mr. Shen Jianlong, Mr. Deng Weiming and Mr. Li Changjiang; and Independent Non-executive Directors: Ms. Du Jie, Mr. Zhang Chun and Mr. Gao Yajun.*

\* *For illustration purpose only*