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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)

2019 PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

- 1 This summary of annual report was extracted from the Annual Report of Nanjing Panda Electronics Company Limited (the “**Company**”) and its subsidiaries (collectively as the “**Group**”). To have comprehensive knowledge of the operating results, financial position and future development plan of the Company, investors are advised to carefully read the full text of the annual report on the website of the Shanghai Stock Exchange and other media designated by China Securities Regulatory Commission.
- 2 The board of directors (the “**Board**”), the supervisory committee and the directors, supervisors and senior management members of the Company confirm that the information contained in this summary of annual report is true, accurate, and complete without any misrepresentation, misleading statements, or material omissions, and severally and jointly accept legal responsibility for the above.
- 3 All directors of the Company attended the meeting of the Board held on 30 March 2020.
- 4 BDO China Shu Lun Pan Certified Public Accountants LLP issued an unqualified auditors’ report for the Company.
- 5 Proposal of profit distribution or capitalization of capital reserves of the Company for the reporting period considered by the Board.

To distribute a cash dividend of RMB0.175 (tax inclusive) for every ten shares 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 to be distributed amounting to RMB15,992,174.26, and the balance to be carried forward to next year. The Company would not make any capitalization of capital reserve.

II. INFORMATION ABOUT THE COMPANY

1 Basic Information of the Company

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

2 Information on principal activities during the reporting period

2.1 Principal activities

The Company takes smart manufacturing, smart city and electronic manufacturing services as its three main businesses. In the field of smart manufacturing, the Company committed to providing smart manufacturing solutions based on industrial Internet and core equipment of smart manufacturing, and focus on developing complete sets of system equipment and system integration services for smart factories; In the field of smart city, it focuses on building a new smart city ecosystem based on 5G mobile communication, artificial intelligence and big data technology, and focus on businesses of smart city including smart transportation, smart building, safe city and smart broadcast and television; in the field of electronic manufacturing services, it provides customers with professional and efficient green electronic manufacturing services, principally develop electronic manufacturing services with capabilities to realize smart, flexible, and lean manufacturing, the business covers 3C, new display module components, white electricity man-machine interaction display and control assembly, automotive electronics and communication equipment and other fields, products are widely used in consumer electronics, communications, automotive and other markets.

2.2 *Operating model*

Guided by demands of market and customers, the Company adheres to the basic principle of taking charge of production and operation according to market demands, improves its management through reform and innovation, enhances its core competitiveness through technological innovation, and consolidates its development foundation by overall lean management to contribute to high-quality development of the Company.

The Company deployed business areas related to intelligent manufacturing, smart city and electronic manufacturing services, organized research, development and production based on market and customer demands, and finally realized the delivery of an overall solution for core equipment product and system as well as system construction projects.

2.3 *Industry overview*

In 2019, the growth rate of electronic information manufacturing industry in China decreased under the more complicated overseas and domestic situation. The added value of electronic information manufacturing industries above designated size increased by 9.3% year-on-year, and growth rate dropped by 3.8 percentage points as compared with that of last year. Export delivery value of electronic information manufacturing industries above designated size accumulatively increased by 1.7% year-on-year, representing a decline of 8.1 percentage points as compared with that of last year.

Driven by the iterative progress of the next-generation of information technology, the industry environment has undergone significant changes with artificial intelligence, big data, 5G, cloud computing, industrial internet and others becoming the main driving forces of the electronic information industry, which promoted the rapid development of the construction of smart cities, urban rail transit and smart manufacturing systems as well as electronic manufacturing services.

The construction of a new smart city is listed in the national “13th Five-Year Plan” and is one of the important strategic layout of the country. The new smart city refers to the utilize of the next-generation information technology and big data to manage the city’s operating system in an integrated and systematic way on the basis of putting emphasis on intelligent infrastructure, public service facilitation, and refined social governance so as to make all functions in the city work intelligently and coordinately, accordingly the comfort and satisfaction of citizens will be comprehensively improved. In the process of the development of new smart cities, 5G and big data will play an important role as important carriers. As an important element of smart cities, urban rail transit has also achieved tremendous

development in 2019. By the end of 2019, 40 cities in China has opened rail transportation, and the total length of operating routes was 6,882.13 km, with an increase of 1,024 km and 6 new metro cities. Rail transportation projects are also under construction in other 12 cities, which will be launched in the near future. In 2020, more than 50 urban rail transit lines are expected to be opened nationwide. In addition to urban rail transportation, the suburban railway, intercity railway and high-speed rail also ushered in a huge development space. In particular, with increasing close connection between the central cities and the surrounding areas, the pattern of “central cities – metropolitan areas – urban clusters” is leading to the development of regional economy.

As one of the five major projects of “Made in China 2025”(《中國製造2025》), intelligent manufacturing engineering has become an important channel for China to build itself into a manufacturing power. In 2019, the market scale of the intelligent manufacturing industry of our country exceeded RMB2 trillion, which is expected to exceed RMB5 trillion by 2024. The industrial internet, as the basis for the development of intelligent manufacturing, combining with technologies such as the Internet of Things(物聯網), big data, artificial intelligence and 5G communications and deeply integrating with traditional manufacturing, has significantly improved the efficiency of manufacturing and driven the transformation and upgrading of traditional manufacturing. In 2019, the market scale of industrial internet of China was expected to up to RMB600 billion, and the industrial internet would be well integrated with 5G technology and become an important application scenario in the 5G era in the future. From the time the concept of “Industrial Internet” was proposed in 2012 to its inclusion in the “Government Work Report” in 2019, the industrial Internet construction of China is accelerating.

As a major point of change in the field of mobile communications, 5G will provide important industrial support for the development of emerging industries that our Country put priority on, including Industrial Internet, Internet of Vehicles(車聯網), Internet of Things(物聯網), Enterprise Cloud, Artificial Intelligence and Telemedicine etc. In 2019, a number of domestic provinces and cities have deployed 5G construction, Beijing, Shanghai, Tianjin, Guangdong, Guizhou, Hubei, Liaoning, and Jiangxi have announced the development goals of 5G. In terms of the construction of 5G network, global 5G commercial networks are expected to increase to 170 of 2020 from 60 of 2019, base stations and users of which will increase to 1.5 million from 0.5 million, and to 250 million from 10 million, respectively. It is estimated that by 2025, there will be 411 operators worldwide commercializing 5G networks in 119 countries and regions. The number of global 5G users will exceed 1.6 billion, and China will become the world’s largest 5G market with 600 million users.

As big data has become a national strategy and the technology and business models of which have gradually matured, big data has expanded rapidly in each of industries and fields. Big data-related policies have been introduced in about thirty regions across the country, and the specialized Big Data Management Agency have been established in many regions. At present, big data has been fully applied in medical, marketing, public security, and industrial fields. According to the forecast by IDC, in 2020, the total revenue of big data market for China will be 11.87 billion US dollars and the related revenue of the global big data market will be 214.1 billion US dollars.

With the increasingly enhancement of the overall competitiveness of the electronic manufacturing industry in China and the huge demand in the electronic products consumer market, leading electronic brand owners in the world are advancing into China, transferring the global electronic manufacturing base to China, many EMS providers have made investments to set up factories in China. A relatively complete electronic industrial cluster has been developed in the Yangtze River Delta, the Pearl River Delta and the Bohai Rim, and the upstream and downstream supporting industrial chain centered on such industries as consumer electronics, communication equipment, computer and network equipment has produced an industrial agglomeration effect. On the one hand, a group of EMS providers characterized by contracts and outsourcing as well as a batch of components and devices manufactures have grown up around the multinational electronics brand business enterprise; on the other hand, self-owned brand companies of China also benefit their own production capacity to take the outsourcing electronic manufacturing services for multinational companies while producing their own brand products, which has effectively promoted domestic EMS companies to enter the supply chain system of international brands. EMS model has become an important part of China's electronics manufacturing industry. Meanwhile, with the implementation of The Belt and Road Initiative, the cooperation between China and the countries along the Belt and the Road have achieved fruitful results in the field of electronic information manufacturing industry, multilateral regional industrial cooperation mechanisms have continued to deepen, and high-quality products and services have been widely used in many countries. It is foreseeable that in the future, there are wider cooperation space in the fields of collaborative innovation, market development, and service extension in the electronic information manufacturing industry between China and the countries along the Belt and the Road, which will create conditions for China to further open the international market for the electronics manufacturing services.

3 Major Accounting Data and Financial Indicators of the Company

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

Unit: Yuan Currency: RMB

Key accounting data	2019	2018	Year-on-year increase/ decrease (%)	2017	2016	2015
Total assets	6,020,147,479.47	6,184,619,023.98	-2.66	5,665,503,486.59	5,239,976,417.98	4,891,799,403.91
Operating revenue	4,660,047,001.92	4,500,505,653.14	3.54	4,191,928,908.95	3,702,763,356.54	3,613,482,935.50
Net profit attributable to shareholders of the Company	52,657,894.58	161,959,568.48	-67.49	107,382,077.64	119,240,512.92	143,836,663.39
Net profit attributable to shareholders of the Company after extraordinary items	25,447,136.36	113,580,264.77	-77.60	72,409,859.11	40,497,347.32	109,123,429.37
Net assets attributable to shareholders of the Company	3,448,072,752.25	3,468,424,299.40	-0.59	3,363,593,136.77	3,320,270,553.39	3,263,279,379.67
Net cash flows from operating activities	-341,233,848.13	45,563,017.57	-848.93	157,549,565.01	53,146,796.65	108,995,230.11
Basic earnings per share (RMB/share)	0.0576	0.1772	-67.49	0.1175	0.1305	0.1574
Diluted earnings per share (RMB/share)	0.0576	0.1772	-67.49	0.1175	0.1305	0.1574
Weighted average return on net assets (%)	1.49	4.73	Decreased by 3.24 percentage points	3.20	3.67	4.46

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

The decrease of net profit attributable to the shareholders of the listed company and the net profit attributable to the shareholders of the listed company after extraordinary items is mainly due to the increasing downward pressure against the macro economy, the increasingly intensified market competitiveness of the manufacturing industry in which the Company is engaged, and the overall development environment of the Company is more complicated and severe than in previous years; the industrial application and market promotion of industrial robots have not reached the expected effect; the intelligent industrial business has entered the transformation period; the business scale and profit still have a gap compared with the same period, which has a significant impact on the Company's performance in 2019; the Company has carried out transformative adjustment and restructuring of the broadcast and television business, which also has a certain impact on the Company's performance in 2019.

3.2 Major Accounting Indicators by Quarters in the Reporting Period

Unit: Yuan Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Operating revenue	1,076,443,782.90	1,052,901,993.64	1,073,554,315.53	1,457,146,909.85
Net profit attributable to shareholders of the Company	13,461,353.47	28,928,170.26	4,944,168.82	5,324,202.03
Net profit attributable to shareholders of the Company after extraordinary items	7,809,832.41	23,051,618.56	-553,456.52	-4,860,858.09
Net cash flows from operating activities	-238,571,084.53	-64,177,083.06	-22,338,084.29	-16,147,596.25

4 Particulars of Share Capital and Shareholders

4.1 Number of holders of ordinary shares and shareholding of top 10 shareholders

Unit: share

Total number of shareholders of ordinary shares as at the end of the reporting period	80,951 shareholders including 80,921 A shareholders and 30 H shareholders
Total number of shareholders of ordinary shares at the end of last month prior to the disclosure of the annual report	77,614 shareholders including 77,584 A shareholders and 30 H shareholders

Name of Shareholder	Shareholdings of top 10 shareholders						
	Increase/ decrease	Number of shares held	Percentage of shareholding (%)	Number of shares held subject to trading moratorium	Unknown or frozen Shares		
	during the reporting period	at the end of the reporting period			Stats of shares	Number of shares	Type of shareholders
Hong Kong Securities Clearing Company Nominees Limited	564,512	244,189,467	26.72	0	Unknown		Overseas legal person
Panda Electronics Group Limited (“PEGL”)	0	210,661,444	23.05	0	Unknown		State-owned legal person
China Huarong Assets Management Co., Ltd.	-17,211,176	65,146,691	7.13	0	Unknown		State-owned legal person
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	-27,414,000	35,888,611	3.93	0	Unknown		State-owned legal person
Bank of China Limited – Harvest CSI Central SOE Innovation-driven ETF Securities Investment Fund (嘉實中證央企創新驅動交易型開放式指數證券投資基金)	12,184,775	12,184,775	1.33	0	Unknown		Others
China Merchants Bank Co., Ltd.- Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund (博時中證央企創新驅動交易型開放式指數證券投資基金)	6,650,600	6,650,600	0.73	0	Unknown		Others
Zhao Dongling (趙東嶺)	2,658,100	2,658,100	0.29	0	Unknown		Domestic natural person
Industrial and Commercial Bank of China Limited – GF CSI Central SOE Innovation-driven ETF Securities Investment Fund (廣發中證央企創新驅動交易型開放式指數證券投資基金)	2,114,900	2,114,900	0.23	0	Unknown		Others
Cheng Lijun	1,935,000	1,935,000	0.21	0	Unknown		Domestic natural person
Chen Qiang (陳強)	1,934,244	1,934,244	0.21	0	Unknown		Domestic natural person

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

Name of Shareholder	Number of shares held not subject to trading moratorium	Class and number of shares	
		Class	Number
HKSCC (Nominees) Limited	244,189,467	Overseas listed foreign shares	241,377,470
		RMB ordinary shares	2,811,997
Panda Electronics Group Limited (“PEGL”)	210,661,444	RMB ordinary shares	210,661,444
China Huarong Asset Management Co., Ltd.	65,146,691	RMB ordinary shares	65,146,691
Nanjing Electronics Information Industrial Corporation (“NEIIC”)	35,888,611	RMB ordinary shares	22,120,611
		Overseas listed foreign shares	13,768,000
Bank of China Limited - Harvest CSI Central SOE Innovation-driven ETF Securities Investment Fund (嘉實中證央企創新驅 動交易型開放式指數證券投資基金)	12,184,775	RMB ordinary shares	12,184,775
China Merchants Bank Co., Ltd.- Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund (博時中證央 企創新驅動交易型開放式指數證券投 資基金)	6,650,600	RMB ordinary shares	6,650,600
Zhao Dongling (趙東嶺)	2,658,100	RMB ordinary shares	2,658,100
Industrial and Commercial Bank of China Limited – GF CSI Central SOE Innovation- driven ETF Securities Investment Fund (廣 發中證央企創新驅動交易型開放式指 數證券投資基金)	2,114,900	RMB ordinary shares	2,114,900
Cheng Lijun (程利軍)	1,935,000	RMB ordinary shares	1,935,000
Chen Qiang (陳強)	1,934,244	RMB ordinary shares	1,934,244

Details for the connected
relationship or party acting
in concert among the
aforesaid shareholders

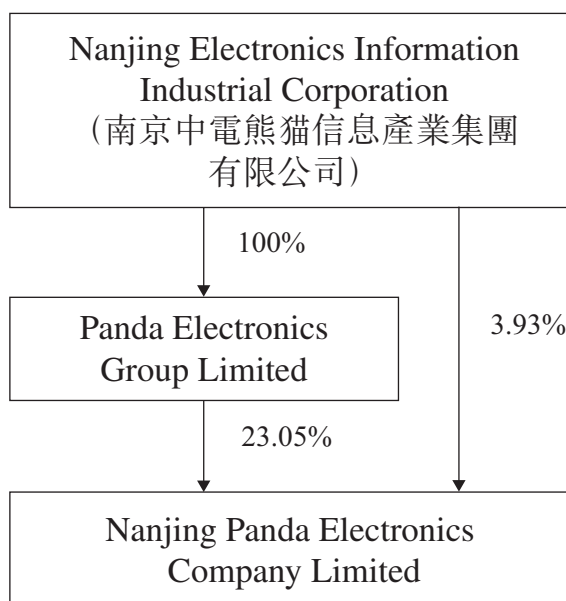
NEIIC holds 100% equity interests of PEGL, the controlling shareholder of the Company. NEIIC holds, directly and through asset management plans, 22,120,611 A shares and 13,768,000 H shares of the Company, representing 3.93% of the total number of shares. NEIIC indirectly holds 210,661,444 A shares of the Company through PEGL, representing 23.05% of the total number of shares. In total, NEIIC holds 26.98% equity interests of the Company. Save as the above, the Company is not aware of any connected relationship or party acting in concert among the aforesaid shareholders.

Note:

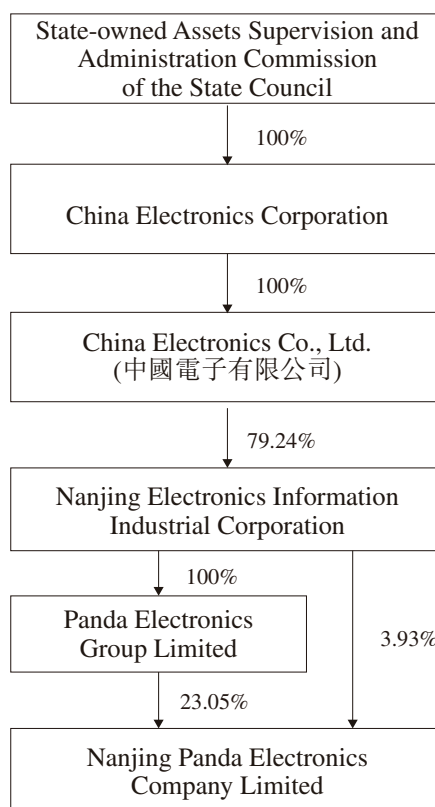
1. As at the end of the reporting period, HKSCC (Nominees) Limited held 244,189,467 shares of the Company (including 241,377,470 H share and 2,811,997 A share), representing 26.72% of the total issued share capital of the Company, on behalf of several clients. The Company is not aware of any individual client holding more than 5% of the issued share capital of the Company.
2. On 18 September 2019, NEIIC exchanged 18,276,000 A shares directly held in the Company for the fund units of Harvest CSI Central SOE Innovation-driven ETF Securities Investment Fund (嘉實中證央企創新驅動交易型開放式指數證券投資基金) (“Harvest ETF”), of same market value, and exchanged 9,138,000 A shares directly held in the Company for the fund units of Bosera CSI Central SOE Innovation-driven ETF Securities Investment Fund (博時中證央企創新驅動交易型開放式指數證券投資基金) (“Bosera ETF”), of same market value. NEIIC undertook not to reduce the fund units acquired by purchasing of the shares of the Company within six months after the establishment of the above Harvest ETF and Bosera ETF. Upon completion of purchasing, NEIIC will hold 22,120,611 A shares and 13,768,000 H shares directly and through an asset management plan, totaled 35,888,611 shares of the Company, representing 3.93% of the total share capital of the Company.

For details, please refer to the relevant announcement published by the Company in China Securities Journal and Shanghai Securities News and on the website of Shanghai Stock Exchange on 20 September 2019 (Lin 2019-058) and on the website of the Hong Kong Stock Exchange on 19 September 2019.

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



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



III. DISCUSSION AND ANALYSIS OF THE OPERATION

1 Principal operations during the reporting period

In 2019, the Company paid close attention to the development and change trends of the sub-sectors in which the main business belongs to, actively strengthened and developed the existing business, as a result, the main business of the Company maintained steady development. Taken development strategy and economic benefits as guide, the Company standardized its investment decisions, strengthened risk management and control with the governance on accounts receivable and inventory, and the overall operation of the Company remains stable. Due to the downward pressure against China's macro economy, the market competitiveness of the businesses engaged by the Company has become increasingly intensified, as well as the smart factory business has entered into transformation period, the efficiency of the Company's smart manufacturing business has decreased.

1.1 Analysis of principal operations

1.1.1 Analysis of changes in related items in the income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the same period last year	Change (%)
Operating income	4,660,047,001.92	4,500,505,653.14	3.54
Operating costs	3,955,938,472.70	3,777,408,587.41	4.73
Cost of sales	54,111,280.14	56,473,519.57	-4.18
Administrative expenses	270,036,371.18	249,028,876.39	8.44
R&D expenses	239,196,398.72	221,663,740.72	7.91
Financial expenses	2,504,014.29	6,290,074.04	-60.19
Net cash flows from operating activities	-341,233,848.13	45,563,017.57	-848.93
Net cash flows from investing activities	-43,461,006.56	81,068,704.67	-153.61
Net cash flows from financing activities	-43,865,208.11	-22,316,731.08	N/A
Other income	22,868,902.54	2,308,119.25	890.80
Gain or loss from fair value changes	469,826.49	0	N/A
Assets impairment losses	-43,308,217.26	-2,209,826.72	N/A
Gain from the disposal of assets	383,216.04	-1,178,977.14	N/A
Non-operating income	4,932,373.77	37,568,414.64	-86.87
Non-operating expenses	895,287.76	3,707,714.25	-75.85

Notes:

Decrease of financial expenses: mainly due to the decrease in exchange losses during the period resulting from changes in RMB exchange rate;

Decrease of net cash flow from operating activities: mainly due to the payment for purchases of commodities for the period;

Decrease of net cash flow from investing activities: mainly due to the payment of the principal of wealth management products that had not yet expired at the end of the period;

Decrease of net cash flow from financing activities: mainly due to the repayment of bank short-term loans for the period;

Increase of other income: mainly due to the increase in government subsidy on operation recognized during the period;

Increase of gain or loss from fair value changes: mainly due to the gains on changes in fair value of financial assets for trading for the period;

Increase of assets impairment losses: mainly due to the provision for impairment in long-term equity investments and the provision for decline in value of inventories for the period;

Increase of gain from the disposal of assets: mainly due to the increase of gains from the disposal of non-current assets;

Decrease of non-operating income: mainly due to the decrease in write-off of amount not needed to pay during the period;

Decrease of non-operating expenses: mainly due to the provision for estimated liabilities as a result of litigations for the previous period.

1.1.2 Revenue and cost

During the reporting period, the Company's operating income and operating cost increased by 3.54% and 4.73% respectively over the previous period. The increases in the overall operating cost of the Company is slightly higher than the operating income, with a slight decrease in gross profit margin. The decline in operating income of smart manufacturing business and related products is larger than that of operating costs, and the gross profit margin of related products has declined.

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

Unit: 0'000 Yuan Currency: RMB

Principal operations by business sector						
By sector	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income from the same period last year (%)	Increase/decrease in operating cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Intelligent Manufacturing	62,407.92	58,797.58	5.79	-38.59	-32.74	Decreased by 8.2 percentage points
Smart city	212,075.60	179,627.25	15.30	13.72	16.10	Decreased by 1.73 percentage points
Electronic manufacturing services	182,630.55	153,709.20	15.84	15.94	15.65	Increased by 0.21 percentage points
Others	2,964.81	2,807.10	5.32	12.21	68.23	Decreased by 31.53 percentage points

By products	Principal operations by products					
	Operating income	Operating cost	Gross profit margin (%)	Increase/ decrease in operating income from the same period last year (%)	Increase/ decrease in operating cost from the same period last year (%)	Increase/ decrease in gross profit margin from the same period last year (%)
Industrial robots	4,023.31	3,729.02	7.31	46.91	74.65	Decreased by 14.72 percentage points
Intelligent factories and systems	53,228.27	49,650.05	6.72	-39.60	-33.42	Decreased by 8.65 percentage points
Core components of smart manufacturing	5,156.34	5,418.52	-5.08	-52.13	-49.36	Decreased by 5.73 percentage points
Intelligent transportation	51,664.70	38,896.74	24.71	8.89	11.90	Decreased by 2.03 percentage points
Intelligent buildings	71,546.56	66,462.78	7.11	18.75	19.72	Decreased by 0.75 percentage points
Safe city and communication equipment	9,709.77	5,011.20	48.39	13.30	22.75	Decreased by 3.98 percentage points
Information network equipment and consumer electronic products	79,154.57	69,256.52	12.50	12.73	14.74	Decreased by 1.53 percentage points
Electronic manufacturing services	164,292.54	143,365.07	12.74	18.81	16.85	Increased by 1.47 percentage points
Modern service industry	18,338.01	10,344.13	43.59	-4.72	1.20	Decreased by 3.3 percentage points
Others	2,964.81	2,807.10	5.32	12.21	68.23	Decreased by 31.53 percentage points

Principal operations by geographical regions						
By region	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease in operating income from the same period last year (%)	Increase/decrease in operating cost from the same period last year (%)	Increase/decrease in gross profit margin from the same period last year (%)
Nanjing	376,511.31	328,451.54	12.76	-0.07	2.13	Decreased by 1.88 percentage points
Shenzhen	83,567.57	66,489.59	20.44	16.87	20.68	Decreased by 2.51 percentage points

Principal operations by business sector, product and geographical regions:

Principal subsidiaries of the Company are all engaged in smart manufacturing, smart city, electronic manufacturing services and related industries. The operating income from smart manufacturing decreased by 38.59% over the same period of last year as a result of the decrease in operating revenue related to smart factories and smart manufacturing core equipment. Due to the increase of orders in smart city business and electronic manufacturing service, the operating income increased by 13.72% and 15.94% respectively over the same period of the previous year.

During the reporting period, sales of industrial robots in major products of the Company fell short of expectations, but the investment of materials increased and gross profit margin decreased over the same period of the previous year. Due to intensified market competition, the smart manufacturing business saw its operating income decreased by 39.60% and 52.13% over the same period of the previous year due to the decrease in operating income related to smart factories and smart manufacturing core equipment. The operating income of the intelligent buildings increased by 18.75% over the same period of the previous year due to the large number of system integration projects completed by the Company in the current period.

The principal operations of the Company was primarily distributed in Nanjing and Shenzhen. During the reporting period, the operating income of Nanjing was basically the same over the same period of the previous year; while the operating income of Shenzhen increased by 16.87% compared with the same period of last year due to the increase in the business volume of consumer electronic products.

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

During the reporting period, sales to the top five customers amounted to RMB1,788,094,200, representing 38.37% of the total sales in 2019, of which sales to connected parties amounted to RMB1,542,958,100, representing 33.11% of the total sales in 2019.

During the reporting period, the aggregate amount of purchase from the top five suppliers of the Company amounted to RMB552,325,600, accounting for 16.31% of the total amount of purchase made by the Company in 2019. There were no connected parties in the top five suppliers.

(3) Expenses

During the Reporting Period, the selling expenses, the administrative expenses and the finance cost recorded a year-on-year increase of 4.77% on the whole of which, the administrative expenses increased by RMB21,007,500, representing an increase of 8.44%, mainly due to the increase in payroll and other related expenses in the period; financial expenses decreased by 60.19% over the same period of the previous year, mainly due to the year-on-year decrease in exchange losses during the period resulting from changes in RMB exchange rate.

(4) R&D Investment

Unit: Yuan Currency: RMB

R&D expenses for the period	239,196,398.72
Capitalized R&D expenses for the period	6,080,131.30
Total R&D expenses	245,276,530.02
The percentage of total R&D expenses over operating income (%)	5.26
The number of R&D personnel	687
The percentage of R&D personnel over total number of staff of the Company (%)	19.88
The percentage of capitalized R&D expenses (%)	2.48

Description:

The Company persisted in integrating technological innovation with mechanism innovation, in the meantime, the Company transformed the managerial style of technological innovation projects by giving prominence to scientificity of project, reasonability of expense budget and seriousness of implementation of plan as well as warranting profitable investment into R&D programs so as to ensure forward looking, catering to market as well as feasibility of R&D programs.

Major subsidiaries of the Company attained admirable scientific research achievements in their respective fields, with smooth progress made in key scientific research projects including Compact Medium-sized Multi-purpose Industrial Robot, artificial intelligence security gate system of rail transit and the R&D and industrialization of emergency broadcast intelligent terminals that in line with the latest national standards.

The Company focused on input for and output from scientific research and paid attention to the quality and management of research results, deployed and coordinated declaration and evaluation of scientific research results of various subsidiaries, and won the second prize of Jiangsu Science and Technology Progress in projects of “Technology and Application of Actively Collaborative Reconstruction for the Edge Internet of Vehicles (面向車聯邊緣網絡的主動協同重構技術與應用)” and the “Key Technology and Application of A New Generation of Polymer-based High-Frequency Transmittance and Multiple Protective Materials (新一代高分子基高頻透波與多重防護材料的關鍵技術與應用)”.

While strengthening the management of key scientific research projects, we also attached importance to the completion of projects, and organized external experts to complete the technical accreditation of more than ten projects; we completed the “Industrial Robot Quality Breakthroughs (工業機器人質量攻關)” project in the provincial scientific and technological quality breakthroughs scheme and the acceptance for two provincial-level projects of provincial scientific and technological achievements for the transformation of the “Research and Industrialisation of High-nationalization Industrial Robot (高國產化率工業機器人研發與產業化)” project.

The Company improved the intellectual property management system, mechanism and institution, and realized the standardization and institutionalization of the process management of intellectual property. The quantity and quality of the Company’s patent applications in industries such as intelligent manufacturing and smart cities were significantly improved. We enhanced the industry-university-research cooperation, expanded and improved the patent pools of intelligent manufacturing and smart cities, and strived to have some patents enter the national and industrial basic patents, core patents, key patents and high-value patents.

The Company will further strengthen the construction of the scientific research management system and the incentive system for scientific research personnel, to develop a scientific research management and guarantee mechanism where the Company’s headquarters and subsidiaries connect with and supplement each other, so as to ensure that the scientific and technological resources are concentrated towards the core industry. The Company will further increase the investment in scientific research, cultivate and improve the independent innovation capability of scientific research institutions at all levels, and deploy and coordinate the scientific research forces across the Company to build a collaborative innovation platform, strive for breakthroughs in the key common technologies and thus improve the core competitiveness of the Company.

(5) Cash flow

During the Reporting Period, the decrease in the net cash flow from operating activities was mainly due to the payment for purchases of commodities for the period; the decrease in the net cash flow from investment activities was mainly due to the payment of the principal of wealth management products that had not yet expired at the end of the Reporting Period; the decrease in net cash flow from financing activities was mainly due to the repayment of bank short-term borrowings for the period.

1.2 Analysis of assets and liabilities

Unit: 0'000 Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Explanation
Account financing	34,725.93	5.77	24,980.18	4.04	39.01	Mainly due to the decrease in notes receivable measured at fair value with changes included in other comprehensive income
Advance to suppliers	11,334.19	1.88	18,126.75	2.93	-37.47	Mainly due to the decrease in advance payment that has not been carried forward
Other receivables	4,802.04	0.80	8,857.31	1.43	-45.78	Mainly due to the recover dividends receivable received in current period
Contract assets	54,197.82	9.00	36,075.37	5.83	50.23	Mainly due to the increase in the right to receive consideration upon the transfer of goods to customers during the period
Other current assets	5,508.99	0.92	3,472.41	0.56	58.65	Mainly due to the increase in Value-added provision, Value-added tax recoverable
Investment property	2,109.63	0.35	1,946.20	0.31	8.40	Mainly due to the increase in operating leased assets during the period
Fixed assets	118,817.42	19.73	82,604.98	13.36	43.84	Mainly due to the current phase of construction in progress transformed into fixed assets
Construction in progress	3,140.79	0.52	30,480.84	4.93	-89.70	Mainly due to the current phase of construction in progress transformed into fixed assets

Item	Amount at the end of the period	Amount at the end of the period as a percentage of the total assets (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of the total assets (%)	Change in the amount at the end of the period as compared to the amount at the end of the previous period (%)	Explanation
Right-of-use assets	1,245.67	0.21	–	0	N/A	Due to recognize eligible leased assets as right-to-use assets according to the new lease standard
Long-term deferred expenses	1,172.06	0.19	128.97	0.02	808.78	Mainly due to the increase in long-term deferred items during the period
Other non-current assets	5,527.56	0.92	–	0	N/A	Due to the quality guarantee deposit for each project with guarantee period over one year
Short-term borrowings	5,000.00	0.83	9,500.00	1.54	-47.37	Due to the repayment of bank short-term loans during the period
Tax payable	2,140.42	0.36	18,538.71	3.00	-88.45	Mainly due to the payment for the land value-added tax payable during the period
Non-current liabilities due within one year	345.20	0.06	–	0	N/A	Due to lease liabilities due within one year
Lease liabilities	892.64	0.15	–	0	N/A	Due to recognize eligible leased assets as right-to-use assets according to the new lease standard and, the present value of the unpaid lease payments for over one year as a lease liability
Estimated liabilities	–	0	290.00	0.05	-100.00	Due to the full payment due for litigation matters during the period
Deferred income	1,726.19	0.29	705.02	0.11	144.84	Mainly due to the increase in government grants related to assets recognized during the period
Other comprehensive income	28.92	0.00	19.15	0.00	51.02	Due to change in fair value of other investments in equity instruments

1.3 Analysis of major invested companies

1.3.1 Analysis of major subsidiaries

In 2019, the Company further optimized its corporate structure and resource allocation, adjusted its industrial layout, deregistered Shanghai Panda Robot Technology Co., Ltd.(上海熊貓機器人科技有限公司), and invested in the establishment of Chengdu Panda Electronics Manufacturing Co., Ltd., which had no significant impact on the overall operations and performance of the Company.

Changes in net profit of major subsidiaries are as follows:

Unit: 0'000 Currency: RMB

Subsidiary	Net profit		Change (%)
	2019	2018	
Nanjing Panda Electronics Equipment Co., Ltd.	-5,784.01	2,815.05	-305.47
Nanjing Panda Information Industry Co., Ltd.	5,303.19	5,577.27	-4.91
Nanjing Panda Electronic Manufacture Co., Ltd.	8,256.02	6,021.51	37.11
Nanjing Panda Communication Technology Co., Ltd.	1,035.38	1,645.40	-37.07
Nanjing Panda Electronic Technology Development Co., Ltd.	-1,656.68	-1,697.62	N/A
Shenzhen Jinghua Electronics Co., Ltd.	9,490.72	7,753.49	22.41
Nanjing Panda Xinxing Industrial Co., Ltd.	465.86	766.67	-39.24

Description of changes:

The operating revenue and net profit of Nanjing Panda Electronic Manufacture Co., Ltd. increased by 17% and 37.11% year-on-year, respectively, demonstrating economies of scale, which was mainly due to the increase in business scale attributable to undertaking new businesses. The operating revenue and net profit of Shenzhen Jinghua Electronics Co., Ltd. increased by 16.61% and 22.41% year-on-year, respectively, which was mainly due to the increase in export sales orders. The product gross profit and thus net profit of Nanjing Panda Electronics Equipment Co., Ltd. decreased, which was mainly due to the decrease in business orders and that some engineering orders entered into the last phase. The net profit of Nanjing Panda Communication Technology Co., Ltd. decreased for the period, which was mainly due to the year-on-year increase in research and development expenses.

1.3.2 Analysis of major invested companies

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

ENC was set up on 15 September 1992 with a total investment of US\$40.88 million and a registered capital of US\$20.9 million. ENC is held as to 27% by the Company, 51% by Ericsson (China) Company Limited, 20% by China Potevio Co., Ltd., and 2% by Yung Shing Enterprise, Hong Kong. ENC mainly engages in production of mobile telecommunication system equipment and network communications system equipment, etc. As the biggest production and supply center of Ericsson in the world, ENC is now mainly in charge of the industrialization and mass production of the products that Ericsson Company Limited developed and provides delivery and shipment to customers worldwide.

Operating income of ENC for 2019 amounted to RMB9,315,362,000, representing a year-on-year increase of 5.65%; net profit amounted to RMB170,748,000, representing a year-on-year increase of 3.18%. Reason(s) for changes in the main indicators: the increase in market orders.

- (2) The Company holds 20% of the shares of Beijing SE Putian Mobile Communications Co., Ltd. Beijing SE Putian Mobile Communications Co., Ltd. announced that it entered the liquidation period at the meeting of the Board of Directors held on 28 March 2019. At the end of the Reporting Period, the Company made provision for impairment loss for long-term equity investment in accordance with its recoverable amount. During the Reporting Period, it had no impact on the Company's investment revenue.
- (3) During the reporting period, the Company's investment income amounted to RMB60,521,800. The investment income of major invested companies is as follows:

Unit: 0'000 Yuan Currency: RMB

Invested companies	Operating income	Net profit	Shareholding of the Company	Investment income received by the Company
ENC	931,536.20	17,074.80	27%	4,516.76

1.4 2020 operating plan

The operating targets of the Company in 2020 are to achieve a operating income of RMB4,500,000,000 and total profit of RMB105,000,000.

1.5 Profit distribution proposal for 2019

The Company (as parent company) achieved a net profit of RMB-20,373,500. Given the cash dividend of RMB73,107,100 distributed to shareholders in 2018, and the undistributed profit at the beginning of the period of RMB199,429,600, the actual distributable profit to shareholders this year amounted to RMB105,949,000. In accordance with the Articles of Association of the Company and the relevant requirements of Shanghai Stock Exchange, it was proposed to distribute a cash dividend of RMB0.175 (tax inclusive) for every ten shares 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 to be distributed amounting to RMB15,992,174.26, and the remaining part to be carried forward to next year. The Company will not transfer capital reserve into share capital. This proposal was considered and approved at the 4th meeting of the ninth session of the Board of the Company, and was agreed to submit to the annual general meeting for consideration.

The distribution of the proposed final dividend is subject to the approval by the shareholders at the forthcoming annual general meeting of the Company (“AGM”) to be held on or before 30 June 2020 and is expected to be paid to the holders of H shares of the Company on or before 10 August 2020. The notice of the AGM will be dispatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company, respectively in due course.

1.6 Appointment and dismissal of accounting firms

The fourth meeting of the ninth session of the Board of the Company considered and approved the Resolution related to the Appointment of the Auditors for 2019, and proposed 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 2019 and the determination of the auditor’s remuneration within the limit of the total amount of RMB2,100,000. The meeting also agreed to submit the resolution for consideration and approval at the 2018 annual general meeting.

The 2018 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 and PRC auditor as well as internal control auditor respectively for the year 2019, and authorized the Board to determine their remuneration within the limit of RMB2,100,000.

For details, please refer to the relevant announcements of the Company published in China Securities Journal, Shanghai Securities News and on the website of the Shanghai Stock Exchange on 29 March 2019 and 29 June 2019 and on the website of the Hong Kong Stock Exchange on 28 March 2019 and 28 June 2019.

1.7 Tax policies

Particulars of tax preference enjoyed by the Company and its subsidiaries as at 31 December 2019 are set out in the notes to the financial statements prepared in accordance with the Accounting Standards for Business Enterprises of China. The tax preference for subsidiaries registered in Hong Kong is subject to local laws & regulations.

1.8 Basic medical insurance for employees

The Company acted pursuant to the Provisional Regulations on Basic Medical Insurance for Employees in Nanjing Municipality and implemented a basic medical insurance for its employees since 1 January 2001. The Company pays the premiums for such basic medical insurance and the premiums are equivalent to 9% of the verified fee of all of the existing employees of the Company.

1.9 Liability insurance for its directors, supervisors and senior management

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

1.10 Other Disclosures

(1) Liquidity of Capital

In accordance with the Accounting Standards for Business Enterprises of China, the gearing ratio of the Company (the ratio between total liabilities and total assets), current liabilities, liquidity ratio and quick ratio were 38.73%, RMB2,285,527,500, 1.88 and 1.47 respectively as at 31 December 2019 as shown in the consolidated financial statements of the Company.

Cash: as at 31 December 2019, bank balances and cash amounted to RMB863,141,400 as shown in the consolidated financial statements of the Company.

Loans: short-term bank loans and other loans amounted to RMB50,000,000 as at 31 December 2019 as shown in the consolidated financial statements of the Company.

According to the Announcement [2019] No. 15 of the People's Bank of China, since 20 August 2019, the People's Bank of China authorized the National Interbank Funding Center to promulgate the loan prime rate (LPR) at 9:30 a.m. on the 20th of each month (postponed in case of holidays). The loan prime rate can be available for public inspection at websites of the National Interbank Funding Center and the People's Bank of China. As of 20 December 2019, the LPR for 1-year was 4.15%, and the LPR for more than 5-year was 4.80%; as of 20 March 2020, the LPR for 1-year was 4.05%, and the LPR for more than 5-year was 4.75%.

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

Unit: Yuan Currency: RMB

Connected parties	Connected Relationship	Provision of funds to connected parties			Provision of funds to the Company by connected parties		
		Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
Panda Electronics Group Limited	Controlling shareholder				6,970,553.13	-227,396.29	6,743,156.84
China Electronics Import and Export Co.,Ltd	Subsidiary owned by shareholders				195,539.62	0.00	195,539.62
Nanjing Electronics Information Industrial Corporation	Indirect controlling shareholder				43,500.00	43,200.00	86,700.00
Nanjing Panda Electronics Transportation Company	Subsidiary owned by shareholders				35,533.25	38,524.00	74,057.25
Shanghai Panda Huning Electronic Technology Co., Ltd.	Subsidiary owned by shareholders				22,907.00	0.00	22,907.00
Nanjing Panda Technology Park Development Company Limited	Subsidiary owned by shareholders				20,000.00	0.00	20,000.00
Liyang Panda Cuizhuyuan Hotel Co., Ltd	Subsidiary owned by shareholders				4,668.00	1,212.00	5,880.00
Nanjing Panda Investment Development Co., Ltd.	Subsidiary owned by shareholders				21,166,211.85	-21,166,211.85	
China Electronics Corporation	Indirect controlling shareholder				40,000.00	-40,000.00	
Nanjing Panda Dasheng Electronics Technology Co., Ltd.	Subsidiary owned by shareholders				200.00	-200.00	
Total					28,499,112.85	-21,350,872.14	7,148,240.71

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

- (4) *The Company’s Code of Corporate Governance and Model Code*

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

- (5) *Audit Committee*

The Company has set up an Audit Committee in compliance with the requirements of Rule 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Audit Committee has reviewed the interim financial report for 2019 and the audited financial report for 2019.

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

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

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

N/A

2 Reasons for suspension of listing

☐ Applicable ☒ Not Applicable

3 The circumstances and causes of the termination of listing

☐ Applicable ☒ Not Applicable

4 Analysis and explanation of the Company on the reasons and impact of the change in accounting policy and accounting estimation

- (1) The resolution on the Change in Some of the Company's Accounting Policies was considered and approved at the fifth meeting of the ninth session of the Board of the Company on 26 April 2019. In 2018, the Ministry of Finance revised the Accounting Standards for Business Enterprises No. 21 – Leases, the Company being an enterprise concurrently listed on domestic and foreign stock exchanges, the Company shall adopt such accounting standard with effect from 1 January 2019. This change in accounting policies is a reasonable change in accordance with relevant documents of the Ministry of Finance, and is in compliance with Accounting Standards and relevant requirements, and actual conditions. The decision process is in compliance with the relevant laws and regulations and the Articles of Association. The changes in accounting policies will affect the items of statement of the Company but cause no material impact the current financial conditions and operating results of the Company. For details of the change in accounting policies, please refer to the Announcement of Nanjing Panda on Change in Some of Accounting Policies (Lin 2019-029) published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 29 April 2019 and the related announcement published on the website of the Hong Kong Stock Exchange on 26 April 2019.
- (2) The resolution on the change in some of the Company's accounting policies was considered and approved at the tenth meeting of the ninth session of the Board of the Company on 29 August 2019. On 30 April 2019, the Ministry of Finance issued the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for 2019 (《關於修訂印發2019年度一般企業財務報表格式的通知》) (Cai Kuai [2019] No. 6), and has revised the format of financial statements for general enterprises. In accordance with the requirements of the above notice, the Company changed relevant accounting policies. The

change in accounting policies was made by the Company on reasonable basis according to the relevant documents of the Ministry of Finance, which was in line with the accounting the relevant regulations and the actual situation of the Company. The decision-making process for this change in accounting policies is in compliance with relevant laws and regulations and the Articles of Association without prejudice to the interest of the Company and its minority Shareholders. The changes in accounting policies affects the presentation of the relevant items in the Company's financial statement, but has no material impact on the Company's financial positions and operating results for the period. For details, please refer to the Announcement of Nanjing Panda on Amendment of Some of Accounting Policies (Lin 2019–[056]) published by the Company on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 30 August 2019 and the related announcement published on the website of the Hong Kong Stock Exchange on 29 August 2019.

- (3) The resolution on Changes in the Company's Accounting Policies and Relevant Matters was considered and approved at the fourteenth meeting of the ninth session of the Board of the Company on 30 March 2020. On 19 September 2019, the Ministry of Finance issued the Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Version) (《關於修訂印發合併財務報表格式(2019版)的通知》) (Cai Kuai [2019] No. 16). The Accounting Standards for Business Enterprises No. 7 – Non-monetary Asset Exchange (2019 Revision) (Cai Kuai [2019] No.8) on 9 May 2019. The Accounting Standards for Business Enterprises No. 12 – Debt Restructuring (2019 Revision) (Cai Kuai [2019] No.9) was promulgated on 16 May 2019. In accordance with the above regulations issued by the Ministry of Finance, the Company made corresponding changes in accounting policies and implemented the corresponding accounting treatments at the commencement date stipulated in the above document. The change in accounting policies was made on reasonable basis according to the relevant regulation issued by the Ministry of Finance, which was in line with the Accounting Standards for Business Enterprises and the relevant regulations. The decision-making process for this change in accounting policies is in compliance with relevant laws and regulations and the Articles of Association. The implementation of above notice and standards of the Company has no impact on the Company during the reporting period, nor does it involve retrospective adjustments in prior years. For details of the change in accounting policies, please refer to the Announcement of Nanjing Panda on Change in Accounting Policies (Lin 2020–021) published on the China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange on 31 March 2020, and relevant announcements published on the website of the Hong Kong Stock Exchange on 30 March 2020.

5 Analysis and explanation of the Company on the reasons and impact of the correction to material errors

☐ Applicable ☒ Not Applicable

6 Compared with the financial report of last year, the Company should make specific explanations for changes in the consolidation scope of the financial statements.

The Company deregistered the subsidiary of Shanghai Panda Robot Technology Co., Ltd. during the period. Before the deregistration, the subsidiary had been consolidated in the Company's consolidated statements. The Company invested and set up Chengdu Panda Electronic Manufacture Co., Ltd. in the period.

IV. FINANCIAL STATEMENTS UNDER PRC ACCOUNTING STANDARDS

Consolidated Balance Sheet

31 December 2019

(Expressed in RMB, unless otherwise stated)

ASSETS	Closing balance	Balance at the end of last year
Current assets:		
Cash and cash equivalents	1,053,869,767.19	1,448,751,802.35
Settlement provisions		
Placements with banks and other financial institutions		
Financial assets held for trading	300,469,826.49	360,000,000.00
Derivative financial assets		
Notes receivable	21,780,418.49	18,467,911.00
Accounts receivable	996,359,257.15	1,003,441,127.48
Receivables financing	347,259,336.87	249,801,805.38
Advance to suppliers	113,341,943.82	181,267,525.19
Premiums receivable		
Reinsurance receivable		
Reinsurance contract reserve receivable		
Other receivables	48,020,435.60	88,573,078.94
Financial assets held under resale agreements		
Inventories	816,955,476.60	867,808,744.86
Contract assets	541,978,173.94	360,753,744.24
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	55,089,857.84	34,724,089.13
Total current assets	4,295,124,493.99	4,613,589,828.57

ASSETS	Closing balance	Balance at the end of last year
Non-current assets:		
Loans and advances to customers		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	276,388,843.98	293,775,084.76
Other equity instruments investments	4,035,539.29	3,905,351.83
Other non-current financial assets		
Investment properties	21,096,325.77	19,461,979.00
Fixed assets	1,188,174,150.27	826,049,821.47
Construction in progress	31,407,899.18	304,808,394.92
Biological assets for production		
Fuel assets		
Right-of-use assets	12,456,669.33	
Investment Real Estates	109,121,914.00	109,121,966.50
Development expenses		
Goodwill		
Long-term expenses to be amortised	11,720,569.43	1,289,730.68
Deferred income tax assets	15,345,449.29	12,616,866.25
Other non-current assets	<u>55,275,624.94</u>	<u> </u>
Total non-current assets	<u>1,725,022,985.48</u>	<u>1,571,029,195.41</u>
Total assets	<u><u>6,020,147,479.47</u></u>	<u><u>6,184,619,023.98</u></u>

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Head of the Accounting Department:</i>
Xia Dechuan	Hu Dali	Liu Xianfang

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Current liabilities:		
Short-term borrowings	50,000,000.00	95,000,000.00
Borrowings from central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	234,736,827.23	187,360,370.61
Accounts payable	1,628,435,817.44	1,544,459,424.66
Advance receipts from customers	2,581,558.74	2,051,740.10
Contract liabilities	160,540,186.87	221,380,505.81
Financial assets sold under repurchase agreements		
Customer deposits and deposits from banks and other financial institutions		
Security trading of agency		
Securities underwriting		
Staff salaries payable	39,274,102.16	34,316,099.14
Taxes payable	21,404,214.61	185,387,137.32
Other payables	78,425,560.86	101,554,174.51
Bank charges and commissions due		
Reinsurers due		
Liabilities held for sale		
Non-current liabilities due within one year	3,451,972.08	
Other current liabilities	66,677,266.21	86,456,520.71
Total current liabilities	<u>2,285,527,506.20</u>	<u>2,457,965,972.86</u>

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Non-current liabilities:		
Insurance contract reserves		
Long-term payables		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	8,926,407.51	
Long-term payables		
Long-term staff salaries payables	19,767,429.75	24,722,333.29
Estimated liabilities		2,900,000.00
Deferred income	17,261,888.00	7,050,224.14
Deferred income tax liabilities	107,441.42	102,132.39
Other non-current liabilities		
Total non-current liabilities	46,063,166.68	34,774,689.82
Total liabilities	2,331,590,672.88	2,492,740,662.68

	Closing balance	Balance at the end of last year
Liabilities and owners' equity		
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,470,691,800.13	1,470,691,800.13
Less: Treasury shares		
Other comprehensive income	289,154.46	191,513.87
Special reserve		
Surplus reserve	258,647,274.54	258,647,274.54
General preparation		
Undistributed profit	<u>804,605,994.12</u>	<u>825,055,181.86</u>
Total equity attributable to the shareholders of the parent company	<u>3,448,072,752.25</u>	<u>3,468,424,299.40</u>
Minority interests	<u>240,484,054.34</u>	<u>223,454,061.90</u>
Total owners' equity	<u>3,688,556,806.59</u>	<u>3,691,878,361.30</u>
Total liabilities and owners' equity	<u><u>6,020,147,479.47</u></u>	<u><u>6,184,619,023.98</u></u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Parent Company Balance Sheet

31 December 2019

(Expressed in RMB, unless otherwise stated)

ASSETS	Closing balance	Balance at the end of last year
Current assets:		
Cash and cash equivalents	59,376,665.62	238,805,153.90
Financial assets held for trading	120,011,835.62	310,000,000.00
Derivative financial assets		
Notes receivables		
Accounts receivable	77,883,947.57	50,707,782.74
Financing receivables	6,000,000.00	2,700,000.00
Prepayments	1,623,591.01	3,768,695.26
Other receivables	395,937,554.47	295,423,983.44
Inventories	22,621,153.30	20,183,017.20
Contract assets		
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	27,552,360.61	
Total current assets	711,007,108.20	921,588,632.54

ASSETS	Closing balance	Balance at the end of last year
Non-current assets:		
Debenture investments		
Other debenture investments		
Long-term receivables		
Long-term equity investments	1,710,218,840.58	1,733,874,170.35
Other equity instruments investments	4,035,539.29	3,905,351.83
Other non-current financial assets		
Investment properties	159,384,219.01	176,978,570.90
Fixed assets	302,786,588.45	64,501,654.72
Construction in progress	2,319,713.81	248,705,534.64
Biological assets for production		
Fuel assets		
Right-of-use assets		
Intangible assets	12,090,267.24	13,069,376.80
Development expenses		
Goodwill		
Long-term deferred expense	3,922,128.00	
Deferred tax assets		
Other non-current assets		
Total non-current assets	<u>2,194,757,296.38</u>	<u>2,241,034,659.24</u>
Total assets	<u>2,905,764,404.58</u>	<u>3,162,623,291.78</u>

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Head of the Accounting Department:</i>
Xia Dechuan	Hu Dali	Liu Xianfang

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Note payables	2,525,779.62	4,827,406.90
Accounts payable	63,661,767.44	33,881,404.21
Advance receipts from customers	160,842.29	4,000.00
Contract liabilities	157,964.60	
Staff salaries payable	2,134,066.65	2,946,015.92
Taxes payable	1,685,195.08	153,711,832.83
Other payables	119,765,500.53	154,312,183.92
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	20,535.40	
Total current liabilities	190,111,651.61	349,682,843.78
Non-current liabilities:		
Long-term loans		
Bonds payables		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long term Staff salaries payable	1,961,534.25	2,998,820.29
Accrued liabilities		2,900,000.00
Deferred income		
Deferred income tax liabilities	96,384.83	63,837.96
Other non-current liabilities		
Total non-current liabilities	2,057,919.08	5,962,658.25
Total liabilities	192,169,570.69	355,645,502.03

Liabilities and owners' equity	Closing balance	Balance at the end of last year
Owners' equity:		
Share capital	913,838,529.00	913,838,529.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	1,434,870,834.28	1,434,870,834.28
Less: Treasury shares		
Other comprehensive income	289,154.46	191,513.87
Special reserve		
Surplus reserve	258,647,274.54	258,647,274.54
Undistributed profits	<u>105,949,041.61</u>	<u>199,429,638.06</u>
Total owners' equity	<u>2,713,594,833.89</u>	<u>2,806,977,789.75</u>
Total liabilities and owners' equity	<u>2,905,764,404.58</u>	<u>3,162,623,291.78</u>

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Head of the Accounting Department:</i>
Xia Dechuan	Hu Dali	Liu Xianfang

Consolidated Income Statement

The Year 2019

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Revenue	4,660,047,001.92	4,500,505,653.14
Including: Operating income	4,660,047,001.92	4,500,505,653.14
Interest income		
Premiums earned		
Fee and commission income		
2. Total operating cost	4,544,961,530.16	4,331,464,986.98
Including: Operating costs	3,955,938,472.70	3,777,408,587.41
Interest expenses		
Fee and commission expense		
Surrenders		
Net payment from indemnity		
Net provisions for insurance contract		
Insurance policy dividend paid		
Reinsurance cost		
Tax and surcharges	23,174,993.13	20,600,188.85
Selling expenses	54,111,280.14	56,473,519.57
Administrative expenses	270,036,371.18	249,028,876.39
R&D costs	239,196,398.72	221,663,740.72
Financial expenses	2,504,014.29	6,290,074.04
Including: Interest expense	3,631,924.64	3,672,880.22
Interest income	13,040,696.48	15,557,845.37
Add: Other gains	22,868,902.54	2,308,119.25
Investment income (losses are represented by “-”)	60,521,783.15	62,613,654.75
Including: Investment income of associates and joint ventures	45,436,683.21	46,572,091.82
Gains arising from derecognition of financial assets at amortised cost		
Exchange gain (losses are represented by “-”)		
Income on hedging the net exposure (losses are represented by “-”)		
Gains arising from changes in fair value (losses are represented by “-”)	469,826.49	
Credit impairment loss (losses are represented by “-”)	-12,648,007.98	-13,430,024.78
Asset impairment loss (losses are represented by “-”)	-43,308,217.26	-2,209,826.72
Gains on disposal of assets (losses are represented by “-”)	383,216.04	-1,178,977.14

Items	Amount for the current period	Amount for the previous period
3. Operating profit (losses are represented by “-”)	143,372,974.74	217,143,611.52
Add: Non-operating income	4,932,373.77	37,568,414.64
Less: Non-operating expenses	895,287.76	3,707,714.25
4. Total profit (total losses are represented by “-”)	147,410,060.75	251,004,311.91
Less: Income tax expense	33,724,437.23	38,470,211.64
5. Net profit (net losses are represented by “-”)	113,685,623.52	212,534,100.27
(1) Classified by the business continuity		
1. Net profit for going concern (net losses are represented by “-”)	113,685,623.52	212,534,100.27
2. Net profit for discontinued operation (net losses are represented by “-”)		
(2) Classified by the attribution of the ownership		
1. Net Profit attributable to the equity shareholders of the parent company (net losses are represented by “-”)	52,657,894.58	161,959,568.48
2. Minority interests (net losses are represented by “-”)	61,027,728.94	50,574,531.79
6. Net other comprehensive income after tax	97,640.59	191,513.87
Net other comprehensive income after tax attributable to owners of the parent company	97,640.59	191,513.87
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	97,640.59	191,513.87
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	97,640.59	191,513.87
4. Changes in fair value of the enterprise’s own credit risk		

Items	Amount for the current period	Amount for the previous period
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Changes in fair value of other equity instruments investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other bonds investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		
Net other comprehensive income after tax attributable to minority shareholders		
7. Total comprehensive income	113,783,264.11	212,725,614.14
Total comprehensive income attributable to the equity holders of the parent company	52,755,535.17	162,151,082.35
Total comprehensive income attributable to minority shareholders	61,027,728.94	50,574,531.79
8. Earnings per share:		
(1) Basic earnings per share (<i>RMB/share</i>)	0.0576	0.1772
(2) Diluted earnings per share (<i>RMB/share</i>)	0.0576	0.1772

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Parent Company Income Statement
The Year 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Operating income	105,540,010.24	114,879,391.95
Less: Operating costs	54,632,844.54	77,946,492.16
Business taxes and surcharge	4,370,529.62	5,310,874.73
Selling expenses	3,029,059.62	3,046,495.07
Administrative expenses	109,484,485.89	103,794,864.39
R&D costs	37,025,842.52	23,425,998.17
Financial expenses	-5,794,704.52	-6,358,000.30
Including: Interest expense		
Interest income	2,609,136.84	3,493,091.89
Add: Other incomes	18,910.30	
Investment income (losses are represented by “-”)	90,960,382.95	95,490,828.99
Including: Investment income of associates and joint ventures	45,167,594.22	45,790,347.38
Gains arising from derecognition of financial assets at amortised cost		
Income on hedging the net exposure (losses are represented by “-”)		
Income from change in fair value (losses are represented by “-”)	11,835.62	
Credit impairment loss (losses are represented by “-”)	-681,092.44	14,950,459.00
Assets impairment loss (losses are represented by “-”)	-13,186,312.38	-282,848.12
Gains on disposal of assets (losses are represented by “-”)		-223,732.69
2. Operating profit (losses are represented by “-”)	-20,084,323.38	17,647,374.91
Add: Non-operating income	2.17	22,043,114.80
Less: Non-operating expenses	289,192.92	3,174,110.66
3. Total profit (total losses are represented by “-”)	-20,373,514.13	36,516,379.05
Less: Income tax expense		
4. Net profit (net losses are represented by “-”)	-20,373,514.13	36,516,379.05
(I) Net profit for going concern (net losses are represented by “-”)	-20,373,514.13	36,516,379.05
(II) Net profit for discontinued operation (net losses are represented by “-”)		

Items	Amount for the current period	Amount for the previous period
5. Net other comprehensive income after tax	97,640.59	191,513.87
(1) Other comprehensive income which will not be reclassified subsequently to profit and loss	97,640.59	191,513.87
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	97,640.59	191,513.87
4. Changes in fair value of the enterprise's own credit risk		
(2) Other comprehensive income which will be reclassified to profit and loss		
1. Other comprehensive income accounted for using equity method which will be reclassified to profit and loss		
2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Translation difference of financial statements in foreign currencies		
7. Others		
6. Total comprehensive income	-20,275,873.54	36,707,892.92

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the Accounting
Department:*
Liu Xianfang

Consolidated Cash Flow Statement

The Year 2019

(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
1. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	4,465,987,746.96	4,531,140,339.58
Net increase in deposits and placements from financial institutions		
Net increase in borrowings due to central bank		
Net increase in loans from banks and other financial institutions		
Cash received from premiums of original insurance contract		
Net amount of reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Net cash received from securities brokerage		
Refunds of taxes	77,602,619.72	90,702,248.63
Cash received relating to other operating activities	193,588,491.67	166,252,903.23
Sub-total of cash inflows from operating activities	4,737,178,858.35	4,788,095,491.44
Cash paid on purchase of goods and services received	3,902,192,914.30	3,824,851,268.23
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in financial assets held for trading		
Net increase in placement		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	554,872,811.94	511,541,677.45
Cash paid for all types of taxes	333,710,832.18	200,344,271.78
Cash paid relating to other operating activities	287,636,148.06	205,795,256.41
Sub-total of cash outflows from operating activities	5,078,412,706.48	4,742,532,473.87
Net cash flows generated from operating activities	-341,233,848.13	45,563,017.57

Items	Amount for the current period	Amount for the previous period
2. Cash flows from investing activities		
Cash received from return on investments		8,895,569.03
Cash received from income from investments	84,558,902.54	73,462,367.50
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	3,596,859.22	601,086.21
Net cash received from disposal of subsidiaries and other operating entities	5,465,659.67	
Cash received relating to other investing activities	1,656,419,000.00	1,550,000,000.00
Sub-total of cash inflows from investing activities	1,750,040,421.43	1,632,959,022.74
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	197,082,427.99	91,890,318.07
Cash paid for investments		
Net increase in secured loans		
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	1,596,419,000.00	1,460,000,000.00
Sub-total of cash outflows from investing activities	1,793,501,427.99	1,551,890,318.07
Net cash flows generated from operating activities	-43,461,006.56	81,068,704.67
3. Net cash flows generated from financing activities		
Cash received from investment		
Including: Cash received by subsidiaries from minority shareholders' investment		
Cash received from borrowings	95,000,000.00	95,000,000.00
Cash received relating to other financing activities	124,394,222.30	39,198,666.76
Sub-total of cash inflows from financing activities	219,394,222.30	134,198,666.76
Cash paid on repayment of borrowings	140,000,000.00	45,000,000.00
Cash paid on distribution of dividends or profits, or interest expenses	118,517,590.98	111,230,033.75
Including: bonus and profit paid to minority shareholders by subsidiaries	42,117,860.74	43,998,639.18
Cash paid relating to other financing activities	4,741,839.43	285,364.09
Sub-total of cash outflows from financing activities	263,259,430.41	156,515,397.84
Net cash flows generated from financing activities	-43,865,208.11	-22,316,731.08

Items	Amount for the current period	Amount for the previous period
4. Effect of foreign exchange rate changes on cash and cash equivalents	-412,752.77	-3,797,914.09
5. Net increase in cash and cash equivalents	-428,972,815.57	100,517,077.07
Add: balance of cash and cash equivalents at the beginning of the year	1,292,114,192.80	1,191,597,115.73
6. Balance of cash and cash equivalents at the end of the year	863,141,377.23	1,292,114,192.80

The accompanying notes form an integral part of these financial statements.

<i>Legal representative:</i>	<i>Chief Accountant:</i>	<i>Head of the Accounting</i>
Xia Dechuan	Hu Dali	<i>Department:</i>
		Liu Xianfang

Parent Company Cash Flow Statement
The Year 2019
(Expressed in RMB, unless otherwise stated)

Items	Amount for the current period	Amount for the previous period
I. Cash flows from operating activities		
Cash received from the sale of goods and rendering of services	79,885,210.37	123,424,840.18
Refunds of taxes		
Cash received received to other operating activities	337,650,954.61	150,767,549.71
Sub-total of cash inflows from operating activities	417,536,164.98	274,192,389.89
Cash paid on purchase of goods and services received	40,763,889.86	75,578,302.03
Cash paid to and on behalf of employees	78,093,081.74	67,662,065.27
Cash paid for all types of taxes	185,314,721.55	15,327,121.89
Cash paid relating to other operating activities	501,692,238.90	222,611,191.81
Sub-total of cash outflows from operating activities	805,863,932.05	381,178,681.00
Net cash flows generated from operating activities	-388,327,767.07	-106,986,291.11
2. Cash flows from investing activities		
Cash received from disposal and returns of investments	5,465,659.67	
Cash received from return on investments	115,501,039.80	122,204,799.01
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Cash received relating to other investing activities	1,160,000,000.00	1,410,000,000.00
Sub-total of cash inflows from investing activities	1,280,966,699.47	1,532,204,799.01
Cash paid on purchase of fixed assets, intangible assets and other long-term assets	29,098,547.65	5,800,547.24
Cash paid for investments		20,000,000.00
Net cash paid on acquisition of subsidiaries and other operating entities		
Cash paid relating to other investing activities	970,000,000.00	1,270,000,000.00
Sub-total of cash outflows from investing activities	999,098,547.65	1,295,800,547.24
Net cash flows generated from operating activities	281,868,151.82	236,404,251.77

Items	Amount for the current period	Amount for the previous period
3. Cash flows from financing activities		
Cash received from investment		
Cash received from borrowings		
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid on repayment of borrowings		
Cash paid on distribution of dividends or profits, or interests expenses	73,107,082.32	63,968,697.03
Cash paid on other financing activities		
Sub-total of cash outflows from financing activities	73,107,082.32	63,968,697.03
Net cash flows from financing activities	-73,107,082.32	-63,968,697.03
4. Effect of fluctuations in exchange rates on cash and cash equivalents	300.14	426.35
5. Net increase in cash and cash equivalents	-179,566,397.43	65,449,689.98
Add: balance of cash and cash equivalents at the beginning of the period	236,485,704.31	171,036,014.33
6. Balance of cash and cash equivalents at the end of the period	56,919,306.88	236,485,704.31

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

*Head of the
Accounting Department:*
Liu Xianfang

Consolidated Statement of changes in shareholders' equity

The Year 2019

(Expressed in RMB, unless otherwise stated)

Items	Current period													
	Equity attributable to the owners of parent company													
	Share capital	Preference shares	Other equity instrument		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve		Undistributed profit	Subtotal	Minority interests
			Perpetual bonds	Others										
I. Balance at the end of prior year	913,838,529.00				1,470,691,800.13	191,513.87		258,647,274.54		825,055,181.86	3,468,424,299.40	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														
II. Balance at the beginning of current year	913,838,529.00				1,470,691,800.13	191,513.87		258,647,274.54		825,055,181.86	3,468,424,299.40	223,454,061.90	3,691,878,361.30	
III. Changes of current year (decreases are represented by "-")														
(I) Total comprehensive income						97,640.59				-20,449,187.74	-20,351,547.15	17,029,992.44	-3,321,554.71	
(II) Share capital contributed or withdrew by owners						97,640.59				52,657,894.58	52,755,535.17	61,027,728.94	113,783,264.11	
1. Share capital contributed by owners														
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included in owner's equity														
4. Others														
(III) Profit distribution										-73,107,082.32	-73,107,082.32	-43,997,736.50	-117,104,818.82	
1. Appropriation of surplus reserve														
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners (or shareholders)														
4. Others										-73,107,082.32	-73,107,082.32	-43,997,736.50	-117,104,818.82	

Items	Current period													
	Equity attributable to the owners of parent company													
	Share capital	Other equity instrument		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests	Total owners' equity	
	Preference shares	Perpetual bonds	Others											
(IV) Internal carry-over within equity														
1. Transfer of capital reserve to capital (or share capital)														
2. Transfer of surplus reserve to capital (or 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) Special reserve														
1. Appropriation for the current period														
2. Application for the current period														
(VI) Others														
IV. Balance at the end of current period	913,838,529.00					1,470,691,800.13		289,154.46		258,647,274.54	804,605,994.12	3,448,072,752.25	240,484,054.34	3,688,556,806.59

The accompanying notes form an integral part of these financial statements.

Legal representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Items	Preceding period												
	Equity attributable to the owners of parent company												
	Share capital	Other equity instrument		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Subtotal	Minority interests	Total owners' equity
	Preference shares	Perpetual bonds	Others										
I. Balance at the end of prior year	913,838,529.00			1,464,043,022.82				254,995,636.63		730,715,948.32	3,363,593,136.77	208,050,616.66	3,571,643,753.43
Add: Changes in accounting policies													
Error correction of previous period													
Business combination involving entities under common control													
Others													
II. Balance at the beginning of current year	913,838,529.00			1,464,043,022.82				254,995,636.63		730,715,948.32	3,363,593,136.77	208,050,616.66	3,571,643,753.43
III. Changes of current year (decreases are represented by "-")													
(I) Total comprehensive income				6,648,777.31		191,513.87		3,651,637.91		94,339,233.54	104,831,162.63	15,403,445.24	120,234,607.87
(II) Share capital contributed or withdrew by owners						191,513.87				161,959,568.48	162,151,082.35	50,574,531.79	212,725,614.14
1. Share capital contributed by shareholders				6,648,777.31							6,648,777.31	8,827,552.63	15,476,329.94
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in owner's equity													
4. Others													
(III) Profit distribution				6,648,777.31						-67,620,334.94	-63,968,697.03	8,827,552.63	15,476,329.94
1. Appropriation of surplus reserve								3,651,637.91				-43,998,639.18	-107,967,336.21
2. Appropriation of general risk reserve								3,651,637.91		-3,651,637.91			
3. Appropriation of profit to owners (or shareholders)													
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital (or share capital)													
2. Transfer of surplus reserve to capital (or 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) Special reserve													
1. Appropriation for the current period													
2. Application for the current period													
(VI) Others													
IV. Balance at the end of current year	913,838,529.00			1,470,691,800.13		191,513.87		258,647,274.54		825,055,181.86	3,468,424,299.40	223,454,061.90	3,691,878,361.30

The accompanying notes form an integral part of these financial statements.

Legal Representative:
Xia Dechuan

Chief Accountant:
Hu Dali

Head of the Accounting Department:
Liu Xianfang

Parent Company Statement of changes in shareholders' equity

The Year 2019

(Expressed in RMB, unless other wise stated)

Items	Other equity instrument				Current period				Total owners' equity		
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve		Surplus reserve	Undistributed profit
I. Balance at the end of prior year	913,838,529.00				1,434,870,834.28		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 withdrew by owners											
1. Share capital contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in owner's equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation to owners (or shareholders)											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to (or 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) Special reserve											
1. Appropriation for the current period											
2. Application for the current period											
(VI) Others											
IV. Balance at the end of current period	913,838,529.00				1,434,870,834.28		289,154.46		258,647,274.54	105,949,041.61	2,713,594,833.89

The accompanying notes form an integral part of these financial statements.

Legal Representative:

Xia Dechuan

Chief Accountant:

Hu Dali

Head of the Accounting Department:

Liu Xianfang

Items	Preceding period						
	Other equity instrument			Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve
	Share capital	Preference shares	Perpetual bonds				
		Others	Capital reserve	Undistributed profit	Total owners' equity		
I. Balance at the end of prior year	913,838,529.00		1,434,870,834.28	230,533,593.95	2,834,238,593.86		
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	230,533,593.95	2,834,238,593.86		
III. Changes of current year (decreases are represented by “-”)							
(I) Total comprehensive income							
(II) Share capital contributed or withdrew by owners							
1. Share capital contributed by shareholders				191,513.87	-31,103,955.89		-27,260,804.11
2. Capital contributed by holders of other equity instruments				191,513.87	36,516,379.05		36,707,892.92
3. Amount of share-based payment included in owner's equity							
4. Others							
(III) Profit distribution							
1. Appropriation of surplus reserve							
2. Appropriation to owners (or shareholders)							
3. Others							
(IV) Internal carry-over within equity							
1. Transfer of capital reserve to capital (or share capital)							
2. Transfer of surplus reserve to capital (or 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) Special reserve							
1. Appropriation for the current period							
2. Application for the current period							
(VI) Others							
IV. Balance at the end of current year	913,838,529.00		1,434,870,834.28	199,429,638.06	2,806,977,789.75		

Legal Representative:

Xia Dechuan

Chief Accountant:

Hu Dali

Head of the Accounting Department:

Liu Xianfang

NOTES

(1) 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.

(2) GOING CONCERN

For the reporting period and at least 12 months since the end of the reporting period, the Company’s production and operation was stable with reasonable asset and liability structure, therefore it has ability to continue as a going concern and there is no significant risk affecting its ability to continue as a going concern.

(3) SEGMENT REPORTS

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 inter-segment transfer price is determined based on the actual transaction price, and the expenses indirectly attributable to each segment are distributed among the segments according to the corresponding proportion. The assets are allocated based on the operations of the segments and the location of the assets. Segment liabilities include liabilities attributable to the segment from the segment’s operating activities. If the liabilities related to the liabilities shared by the multiple operating segments are allocated to these operating segments, the shared liabilities are also allocated to these operating segments.

Non-current assets are classified according to the assets in which they are located. The non-current assets of the Company are all within the China Mainland.

Annual information by December 31st, 2019 and December 31st, 2018 are separately provided as follows:

Year by December 31st, 2019

Unit: RMB, Yuan

Item	Intelligent city industry	Electronic manufacturing service	Intelligent manufacturing industry	Others	Undistributed amount	Eliminations among segments	Total
Trade income from third party	2,123,817,689.13	1,834,878,039.13	633,226,163.33	68,125,110.33			4,660,047,001.92
Trade income between segments	92,051,140.67	109,696,224.86	57,790,790.01	35,685,251.22		-295,223,406.76	
Investment income from joint ventures and associated		269,088.99			45,167,594.22		45,436,683.21
Impairment of assets	3,014,486.70	7,930,336.78	18,594,742.05	576,333.74	13,192,317.99		43,308,217.26
Credit impairment losses	7,469,159.94	-745,430.53	1,976,972.01	3,926,776.99	20,529.57		12,648,007.98
Depreciation and amortization expense	8,648,156.61	33,961,933.05	10,162,720.44	29,738,001.33	12,262,229.18	-69,582.16	94,703,458.45
Total profit (Total loss)	109,404,755.82	183,598,457.87	-57,772,206.69	-42,344,914.21	11,181,951.98	-56,657,984.02	147,410,060.75
Income tax expenses	9,282,757.57	25,486,039.35		-574,730.68		-469,629.01	33,724,437.23
Net profit (Net loss)	100,121,998.25	158,112,418.52	-57,772,206.69	-41,770,183.53	11,181,951.98	-56,188,355.01	113,685,623.52
Total assets	2,042,479,130.13	1,914,349,879.63	939,615,850.27	730,066,656.99	2,888,691,499.35	-2,495,055,536.90	6,020,147,479.47
Total liabilities	1,258,239,789.85	973,719,842.98	579,918,647.33	148,236,045.71	149,921,993.40	-778,445,646.39	2,331,590,672.88
Other non-cash expense other than depreciation and amortization expenses							
Long-term investment in joint ventures and associated enterprises		1,955,549.76			274,433,294.22		276,388,843.98
Increased amount in other non- current assets other than long-term investment	61,707,295.19	114,608,416.46	29,372,721.67	-12,124,528.49	-24,997,221.14	2,813,347.16	171,380,030.85

Year by December 31st, 2018

Unit: RMB, Yuan

Item	Intelligent city industry	Electronic manufacturing service	Intelligent manufacturing industry	Others	Undistributed amount	Eliminations among segments	Total
Trade income from third party	1,866,305,364.97	1,584,416,113.13	1,022,214,985.30	27,569,189.74			4,500,505,653.14
Trade income between segments	103,677,423.52	64,901,941.68	24,456,554.24	36,267,333.16		-229,303,252.60	
Investment income from joint ventures and associated		781,744.44			45,790,347.38		46,572,091.82
Impairment of assets	368,982.64	163,356.49	1,444,552.23	232,935.36			2,209,826.72
Credit impairment losses	10,673,563.50	-338,958.82	342,412.70	2,096,247.56	-15,268,073.78	15,924,833.62	13,430,024.78
Depreciation and amortization expense	3,812,332.66	26,632,288.49	5,571,725.42	76,554,771.82	81,406,946.11		193,978,064.50
Total profit (Total loss)	138,582,479.23	150,796,437.17	30,213,708.28	-38,371,857.33	41,977,669.73	-72,194,125.17	251,004,311.91
Income tax expenses	5,642,298.87	26,278,296.20	2,729,102.00	3,166,578.73		653,935.84	38,470,211.64
Net profit (Net loss)	132,940,180.36	124,518,140.97	27,484,606.28	-41,538,436.06	41,977,669.73	-72,848,061.01	212,534,100.27
Total assets	1,946,201,770.67	1,561,297,699.77	1,215,193,791.00	774,615,269.11	3,034,086,257.74	-2,346,775,764.31	6,184,619,023.98
Total liabilities	1,222,084,428.64	721,246,302.64	797,724,381.37	145,548,814.63	233,489,262.04	-627,352,526.64	2,492,740,662.68
Other non-cash expense other than depreciation and amortization expenses							
Long-term investment in joint ventures and associated enterprises				1,686,460.76	292,088,624.00		293,775,084.76
Increased amount in other non- current assets other than long-term investment	19,951,164.57	18,245,769.47	6,121,876.89	-29,330,943.76	237,143,698.83	-1,201,222.23	250,930,343.77

(4) ACCOUNTS RECEIVABLE

1. Disclosure of accounts receivable by aging

Account age	Closing balance	Opening balance
Within one year(includes 1 year)	888,517,226.88	813,839,720.38
including: 0–6 months	831,972,710.15	725,641,282.40
7–12 months	56,544,516.73	88,198,437.98
1 to 2 years	71,782,021.94	134,159,927.69
2 to 3 years	37,383,185.91	46,519,427.29
3 to 4 years	14,855,019.84	36,902,008.95
4 to 5 years	21,275,141.86	2,526,063.17
5 years above	8,724,891.67	9,329,730.51
Subtotal	1,042,537,488.10	1,043,276,877.99
Less: bad debt provision	46,178,230.95	39,835,750.51
Total	996,359,257.15	1,003,441,127.48

2. Disclosure of accounts receivable by allotment method of bad debt

Type	Carrying amount		Closing balance		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable with individual accrual	85,612,136.43	8.21	26,441,239.05	30.88	59,170,897.38
Accounts receivable with accruing bad debt provision in credit risk characteristic portfolio	956,925,351.67	91.79	19,736,991.90	2.06	937,188,359.77
Including: aging portfolio	520,032,228.45	49.88	19,479,475.27	3.75	500,552,753.18
Other portfolio	436,893,123.22	41.91	257,516.63	0.06	436,635,606.59
Total	1,042,537,488.10	100.00	46,178,230.95		996,359,257.15

Type	Closing balance at preceding year				Book value
	Carrying amount		Bad debt provision		
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable with accruing bad debt in individual item	233,783,226.75	22.41	22,264,703.00	9.52	211,518,523.75
Accounts receivable with accruing bad debt provision in credit risk characteristic portfolio	809,493,651.24	77.59	17,571,047.51	2.17	791,922,603.73
Including: aging portfolio	407,220,829.20	39.03	17,287,845.29	4.25	389,932,983.91
Other portfolios	402,272,822.04	38.56	283,202.22	0.07	401,989,619.82
Total	1,043,276,877.99	100.00	39,835,750.51		1,003,441,127.48

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

Type	Opening balance	Accrual of bad debts	Movement		Closing balance
			Return or recovery	withdrawing	
Accounts receivable with individual accrual	22,264,703.00	6,838,746.27	2,662,210.22		26,441,239.05
Accounts receivable with accruing bad debt provision in credit risk characteristic portfolio	17,571,047.51	7,442,097.84	5,267,273.45	8,880.00	19,736,991.90
Including: aging portfolio	17,287,845.29	7,440,097.84	5,239,587.86	8,880.00	19,479,475.27
Other portfolio	283,202.22	2,000.00	27,685.59		257,516.63
Total	<u>39,835,750.51</u>	<u>14,280,844.11</u>	<u>7,929,483.67</u>	<u>8,880.00</u>	<u>46,178,230.95</u>

4. The accounts receivable that have been written-off

Item	Written-off amount
Accounts receivable written-off	8,880.00

5. At the end of the accounting period, the company had no derecognized accounts receivable due to the transfer of financial assets

6. At the end of the accounting period, the company had no transferred receivables or continued to be involved in the amount of assets and liabilities

7. Overdue receivables at the end of accounting period

Item	Closing balance
Amount not overdue or impaired	831,972,710.15
Overdue but not impaired amount – Within 3 months	29,526,718.55
Overdue but not impaired amount – 3 months above	<u>134,859,828.45</u>
Total	<u><u>996,359,257.15</u></u>

The largest credit risk of The Company's accounts receivable is the carrying value of accounts receivable in the consolidated financial statement. Due to the top five debtors of accounts receivable occupying 42.76% (2018, 36.21%) of total accounts receivable in consolidated financial statement for the year of 2019 and 2018 respectively, the Company does not suffer from material and centralised credit risk.

(5) CONTRACT ASSETS

1. Details of contract assets

Item	Book balance	Closing Balance Impairment provision	Book value
Intelligent manufacturing	371,864,195.95	2,150,369.83	369,713,826.12
Intelligent traffic	90,869,620.80		90,869,620.80
Intelligent construction	80,743,660.20	538,933.18	80,204,727.02
Information network equipment and consumer electronics	<u>1,190,000.00</u>		<u>1,190,000.00</u>
Total	<u><u>544,667,476.95</u></u>	<u><u>2,689,303.01</u></u>	<u><u>541,978,173.94</u></u>

Item	Closing balance at the end of last year		
	Book balance	Impairment provision	Book value
Intelligent manufacturing	240,520,070.38	1,230,207.46	239,289,862.92
Intelligent traffic	42,033,057.40		42,033,057.40
Intelligent construction	76,960,115.10	538,933.18	76,421,181.92
Information network equipment and consumer electronics	<u>3,229,700.00</u>	<u>220,058.00</u>	<u>3,009,642.00</u>
Total	<u><u>362,742,942.88</u></u>	<u><u>1,989,198.64</u></u>	<u><u>360,753,744.24</u></u>

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

Item	Changed amount	Reasons of changes
Intelligent manufacturing	130,423,963.20	Amount increased due to the change of measurement of performance and progress
Intelligent traffic	48,836,563.40	Amount increased due to the change of measurement of performance and progress
Intelligent construction	3,783,545.10	Amount increased due to the change of measurement of performance and progress
Information network equipment and consumer electronics	<u>-1,819,642.00</u>	Transfer of contract assets recognized at the beginning of the year into account receivables
Total	<u><u>181,224,429.70</u></u>	

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

Item	Opening balance	Provision in current period	Reversal in current period	Written-off in current period	Closing balance	reasons
Intelligent manufacturing	1,230,207.46	920,162.37			2,150,369.83	
Intelligent construction	538,933.18				538,933.18	
Information network equipment and consumer electronics	220,058.00		220,058.00			Note
Total	<u>1,989,198.64</u>	<u>920,162.37</u>	<u>220,058.00</u>		<u>2,689,303.01</u>	

Note: The reason for the reversal of impairment in project “information network equipment and consumer electronics” is that the contract assets recognized at the beginning of the year were transferred into receivables, and the receivables have been collected.

(6) OTHER EQUITY INSTRUMENT INVESTMENT

1. Details of investment in other equity instrument

Item	Closing balance	Opening balance
Jiangsu urban rail transit research and Design Institute Co., Ltd	<u>4,035,539.29</u>	<u>3,905,351.83</u>
Total	<u>4,035,539.29</u>	<u>3,905,351.83</u>

2. Investment in non-tradable equity instruments

Item	Dividend income recognized in the current period	Accumulated profits	Accumulated loss	Amount transferred from other comprehensive income to retained earnings	Reasons of designated to be measured at fair value with changes included in other comprehensive income	Reasons for transfer of other comprehensive income into retained earnings
Jiangsu urban rail transit research and Design Institute Co., Ltd		385,539.29			Investment in non-tradable equity instruments	

(7) RIGHT OF USE ASSETS

Item	Buildings	Machinery equipment	Total
1. Original book value			
(1) Opening balance			
(2) Increased amount in current period	11,082,420.71	6,641,154.01	17,723,574.72
– New lease	11,082,420.71	6,641,154.01	17,723,574.72
– Increase by merge			
– Revaluation adjustment			
(3) Decreased amount in current period			
– Transferred to fix assets			
– Disposal			
(4) Closing balance	11,082,420.71	6,641,154.01	17,723,574.72
2. Accumulated Depreciation			
(1) Opening balance			
(2) Increased amount in current period	1,072,492.33	4,194,413.06	5,266,905.39
– Accrued	1,072,492.33	4,194,413.06	5,266,905.39
(3) Decreased amount in current period			
– Transferred to fixed assets			
– Disposal			
(4) Closing balance	1,072,492.33	4,194,413.06	5,266,905.39
3. Impairment provision			
(1) Opening balance			
(2) Increased amount in current period			
– Accrued			
(3) Decreased amount in current period			
– Transferred to fixed assets			
(4) Closing balance			
4. Book value			
(1) Book value at the end of the period	10,009,928.38	2,446,740.95	12,456,669.33
(2) Book value at the beginning of the period			

(8) ACCOUNTS PAYABLE

1. Accounts payable

Item	Closing balance	Opening balance
Within 1 year (Including 1 year)	1,354,289,654.38	1,359,695,678.37
1 to 2 years (Including 2 years)	186,252,779.24	111,329,297.59
2 to 3 years (Including 3 years)	45,350,521.82	46,995,341.56
3 years above	42,542,862.00	26,439,107.14
Total	<u>1,628,435,817.44</u>	<u>1,544,459,424.66</u>

2. Classified by nature

Item	Closing balance	Opening balance
Payment for goods	1,172,838,445.91	1,188,473,834.78
Project funds	416,464,550.85	304,111,326.91
Processing and maintenance funds	23,100,766.77	19,429,824.88
Logistics warehousing funds	4,536,666.39	8,126,415.82
Others	11,495,387.52	24,318,022.27
Total	<u>1,628,435,817.44</u>	<u>1,544,459,424.66</u>

(9) CONTRACT LIABILITIES

1. Details of contract liabilities

Item	Closing balance	Opening balance
Intelligent traffic	81,760,438.00	62,225,906.99
Intelligent construction	46,786,393.06	62,406,136.67
Electronic manufacturing service	22,275,571.73	3,391,483.28
Intelligent factory	8,172,912.03	78,733,835.64
Information network equipment and consumer electronics	1,544,872.05	14,623,143.23
Total	<u>160,540,186.87</u>	<u>221,380,505.81</u>

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

Item	Changing amount	Reason of changes
Intelligent traffic	19,534,531.01	Receipt of contract advance payment
Intelligent construction	-15,619,743.61	Contract liabilities at the beginning were recognized as revenue in current period
Electronic manufacturing service	18,884,088.45	Receipt of contract advance payment
Intelligent factory	-70,560,923.61	Contract liabilities at the beginning were recognized as revenue in current period
Information network equipment and consumer electronics	-13,078,271.18	Contract liabilities at the beginning were recognized as revenue in current period
Total	<u>-60,840,318.94</u>	

(10) LEASE LIABILITIES

Item	Closing balance
Lease payments	10,252,965.99
Less: unrecognized financial lease expenses	<u>1,326,558.48</u>
Total	<u><u>8,926,407.51</u></u>

(11) OPERATING REVENUE AND OPERATING COST

Item	Current period		Preceding period	
	Revenue	Cost	Revenue	Cost
Primary businesses	4,600,788,758.77	3,949,411,335.30	4,482,801,293.35	3,767,123,251.69
Other businesses	<u>59,258,243.15</u>	<u>6,527,137.40</u>	<u>17,704,359.79</u>	<u>10,285,335.72</u>
Total	<u><u>4,660,047,001.92</u></u>	<u><u>3,955,938,472.70</u></u>	<u><u>4,500,505,653.14</u></u>	<u><u>3,777,408,587.41</u></u>

(12) INCOME TAX EXPENSES**1. List of income tax expenses**

Item	Current period	Preceding period
Current income tax expenses	36,480,258.11	41,894,517.80
Deferred income tax expenses	<u>-2,755,820.88</u>	<u>-3,424,306.16</u>
Total	<u><u>33,724,437.23</u></u>	<u><u>38,470,211.64</u></u>

2. Explain of the relationship of income Tax Expenses and accounting profit

Item	Current period
Total profit	147,410,060.75
Income tax expenses calculated at the applicable tax rate	36,852,515.19
Different tax rate of subsidiaries	-11,144,481.75
Adjustment on previous income tax	607,117.45
Income not subject to tax	-11,658,406.87
Expenses not deductible for tax purposes	1,964,858.66
Utilisation of previously unrecognised tax losses for the current period	
Unrecognised deductible temporary difference and deductible tax loss for the current period	35,863,722.29
Effect of additional deductible cost under tax law	-18,760,887.74
Income tax expenses	33,724,437.23

3. Different taxpayers with different corporate income tax rates were disclosed as follows:

Name of the enterprise	Income tax rate
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 Property Management Co., Ltd	20.00%
Galant Limited	16.50%
JWD Trading (HK) Co., Ltd	16.50%

According to “Enterprise Income Tax Law of the People’s Republic of China” and “Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China”, domestic enterprises of The Company needs to pay the income tax in the mainland China and the tax rate is 25%.

According to Hong Kong “Tax Regulation”, Hong Kong enterprises of The Company needs to pay the income tax and the tax rate is 16.5%.

According to national tax preference of high-tech enterprise, the qualified high-tech enterprise can enjoy tax preference of income tax and the tax rate is 15%.

According to national tax preference of small low-profit enterprise, if the enterprise is recognised as small low-profit enterprise, the tax basis is as the 50% of the taxable income, the applicable rate is 20%

(13) RETURN ON NET ASSETS AND EARNINGS PER SHARE:

Profit 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	1.49	0.0576	0.0576
Net profit after deducting extraordinary profit and loss attributable to ordinary shareholders of the Company	0.72	0.0278	0.0278

(14) SIGNIFICANT CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Significant changes in accounting policy

(1) Execution of “Notice by the Ministry of Finance of Revising and Issuing the Format of 2019 Financial Statements of General Enterprises” and “Notice on revising and issuing the format of consolidated financial statement (2019 version)”.

On April 30th, 2019 and September 19th, 2019, the Ministry of Finance issued the “Notice by the Ministry of Finance of Revising and Issuing the Format of 2019 Financial Statements of General Enterprises” (Finance (2019) No. 6) and the “Notice on revising and issuing the format of consolidated financial statement (2019 version)” (Finance (2019) No. 16), thereon, revised the format of financial statement of general enterprises. The influence of adopting this policy is as followed:

The nature, content and reasons for changes of accounting policies	Approval approach	The account name and amount which have been influenced	
		Consolidations	Company
(1) In the balance sheet, “notes receivable and accounts receivable” are divided into “notes receivable” and “accounts receivable”; “notes payable and accounts payable” are divided into “notes payable” and “accounts payable”; the comparative data is adjusted accordingly.	Board of directors	“Notes receivable and accounts receivable” are divided into “notes receivable” and “accounts receivable”. In the preceding year, the closing balance of notes receivable was RMB18,467,911.00, and the closing balance of accounts receivable was RMB1,003,441,127.48. “Notes payable and accounts payable” was divided into “notes payable” and “accounts payable”. In the preceding year closing balance of “notes payable” was RMB187,360,370.61, and the closing balance of “accounts payable” is RMB1,544,459,424.66.	“Notes receivable and accounts receivable” is divided into “notes receivable” and “accounts receivable”. The last year closing balance of “notes receivable” was RMB0.00, and the closing balance of “accounts receivable” was RMB50,707,782.74. “Notes payable and accounts payable” is divided into “notes payable” and “accounts payable”. Last year, the closing balance year of “notes payable” was RMB4,827,406.90, and the closing balance of “accounts payable” was RMB33,881,404.21.
(2) Notes receivable measured at fair value with changes included in other comprehensive income are reclassified from “notes receivable” to “accounts receivable financing”; the comparative data are adjusted accordingly.	Board of directors	“Notes receivable” is reclassified as “accounts receivables financing”. The last year closing balance of “accounts receivables financing” after reclassification is RMB249,801,805.38.	“Notes receivable” is reclassified as “accounts receivables financing”. After reclassification, the last year closing balance of accounts receivables financing is RMB2,700,000.00.
(3) The discount interest of notes receivable measured at fair value with changes included in other comprehensive income is reclassified from “financial expenses” to “investment income”; the comparative data is adjusted accordingly.	Board of directors	“Finance expenses” of prior year were reclassified to investment income of RMB -285,364.09.	“Finance expenses” of prior year were reclassified to investment income of RMB0.00.

The nature, content and reasons for changes of accounting policies	Approval approach	The account name and amount which have been influenced	
		Consolidations	Company
(4) In the income statement, under the item of investment income, add the item of “including: derecognised income of financial assets measured at amortized cost”; the comparative data shall be adjusted accordingly.	Board of directors	The closing balance of “Derecognised income of financial assets measured at amortized cost” in prior year was RMB0.00	The closing balance of “Derecognised income of financial assets measured at amortized cost” in prior year was RMB0.00

(2) Implementation of “accounting standards for Business Enterprises No. 21 – leasing” (revised in 2018)

In 2018, the Ministry of Finance revised the “accounting standards for Business Enterprises No. 21 – leasing” (hereinafter referred to as the “**new leasing standards**”). The revised standards shall come into force as of January 1st, 2019. The company’s implementation of the new leasing standards has no impact on the opening balance of financial statements.

(3) Implementation of “accounting standards for Business Enterprises No. 7 – exchange of non-monetary assets” (revised in 2019)

On May 9th, 2019, the Ministry of Finance issued the “accounting standards for Business Enterprises No. 7 – exchange of non-monetary assets” (revised 2019) (Finance [2019] No. 8). The revised standards shall come into effect on June 10th, 2019. The exchange of non-monetary assets between January 1st, 2019 and the implementation date of the standards shall be adjusted in accordance with the standards. The exchange of non-monetary assets before January 1st, 2019 is not demanded to be retroactively adjusted in accordance with these standards. The company’s implementation of the above standards has no impact during the reporting period.

(4) *Implementation of “accounting standards for Business Enterprises No. 12 – debt restructure” (revised in 2019)*

On May 16th, 2019, the Ministry of Finance issued the “accounting standards for Business Enterprises No. 12 – debt restructuring” (revised 2019) (Finance [2019] No. 9). The revised standards shall come into force on June 17th, 2019. The debt restructure between January 1, 2019 and the implementation date of the standards shall be adjusted in accordance with the standards. For debt restructure before January 1, 2019, retroactive adjustment is not required to be retroactively adjusted in conformity to these standards. The company’s implementation of the above standards has no impact during the reporting period.

2. The change in significant accounting estimates

There is no change in significant accounting estimates for the period.

(15) OTHER EVENTS

1. Licensing of trademark use

On January 1, 2020, the company signed trademark license contracts with Nanjing CEC Panda FPD Technology Co.,Ltd. and Nanjing CEC Panda Flat Panel Display Technology Co., Ltd. respectively. The contract licenses the LCD products of the above two companies to use the trademarks of “Panda” and “PANDA” with the registration numbers of 8717688 and 8717689. The company collects the royalty payment for no more than RMB500,000 (RMB200,000 for Nanjing CEC Panda FPD Technology Co.,Ltd. and RMB300,000 for Nanjing CEC Panda Flat Panel Display Technology Co., Ltd.) every year. The authorized scope is in China (excluding Hong Kong, Macao and Taiwan), and the authorization period is from the effective date of the contract to December 31ST, 2021

2. Since the outbreak of coronavirus (COVID-19) in China in January 2020, the prevention and control of the epidemic has been carried out nationwide. The company expects that the epidemic, the prevention and control measures against it, will have a certain temporary impact on the production and operation of the company. And the degree of impact will be determined by the progress and duration of the epidemic prevention as well as the control policies in various regions. The company will continue to pay close attention to the development of the pneumonia epidemic and actively respond to its impact on the company's financial situation, operational results and other aspects.

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

Nanjing, the People's Republic of China
30 March 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 Jianlongg, Mr. Deng Weiming and Mr. Li Changjiang; and Independent Non-executive Directors: Ms. Du Jie, Mr. Zhang Chun and Mr. Gao Yajun.