南京熊猫電子股份有限公司
NANJING PANDA ELECTRONICS COMPANY LIMITED

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

(Stock Code: 00553)

PROPOSED MANDATE IN RELATION TO THE POSSIBLE MAJOR TRANSACTION THROUGH PUBLIC TENDER

THE PROPOSED DISPOSAL

On 19 June 2025, the Board has resolved to dispose of the Disposal Interest, being 27% equity interest in ENC held by the Company, by way of a public tender through SUAEE. The Disposal Interest will be listed for public tender together with 22% equity interest in ENC held by the Other ENC Vendors. Following the Proposed Disposal, the Company will cease to hold any interest in ENC.

The Initial Bidding Price (i.e. the opening price to be quoted at the Public Tender) for the disposal of 49% equity interest in ENC will be approximately RMB516.51 million, and the Company is entitled to the portion of approximately RMB284.61 million. If no qualified bidder is recorded within the initial publication period, the bidding price can be reduced to an amount not less than 90% of the Initial Bidding Price for an extended publication period. Accordingly, the final bidding price will in any event be no less than approximately RMB464.86 million, and the Company is entitled to the portion of approximately RMB256.15 million (i.e. the Minimum Consideration). The final consideration for the Proposed Disposal to be received by the Company will depend on the final bid price offered by the successful bidder, but in any event will be no less than the Minimum Consideration.

Once a successful bidder for the Public Tender has been identified, the Company will thereupon become unconditionally obliged to enter into the Asset Transaction Agreement with such successful bidder for the Public Tender and, subject to the terms and conditions thereunder, complete the Proposed Disposal. As such, the Company would not be able at the time to seek the approval of the Shareholders as required under Chapter 14 of the Listing Rules. Accordingly, the Board would like to seek the approval of the Proposed Mandate from the Shareholders at the EGM in advance so as to conduct the Proposed Disposal.

IMPLICATIONS UNDER LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Disposal is more than 25% but is less than 75%, the Proposed Disposal is expected to constitute a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, (i) details of the Proposed Disposal; and (iii) a notice convening the EGM; and (iv) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 14 July 2025 in order to allow sufficient time for the preparation of such relevant information for inclusion in the circular.

THE PROPOSED DISPOSAL

Reference is made to the announcement of the Company dated 27 March 2025, which disclosed that, among others, the Chinese shareholders of ENC, including the Company, received a written communication from Ericsson confirming, among other things, Ericsson proposes to purchase the 49% equity stake in ENC held by the Company and other Chinese shareholders of ENC, subject to necessary approvals and the outcome of discussions between the parties on the detailed terms of a transaction.

On 19 June 2025, the Board has resolved to dispose of the Disposal Interest, being 27% equity interest in ENC held by the Company, by way of a public tender through SUAEE. The Disposal Interest will be listed for public tender together with 22% equity interest in ENC held by the Other ENC Vendors. Following the Proposed Disposal, the Company will cease to hold any interest in ENC.

Basis of Consideration and Payment Terms

The Initial Bidding Price (i.e. the opening price to be quoted at the Public Tender) for the disposal of 49% equity interest in ENC will be approximately RMB516.51 million, and the Company is entitled to the portion of approximately RMB284.61 million. If no qualified bidder is recorded within the initial publication period, the bidding price can be reduced to an amount not less than 90% of the Initial Bidding Price for an extended publication period. Accordingly, the final bidding price will in any event be no less than approximately RMB464.86 million, and the Company is entitled to the portion of approximately RMB256.15 million (i.e. the Minimum Consideration). The final consideration for the Proposed Disposal to be received by the Company, will depend on the final bid price offered by the successful bidder, but in any event will be no less than the Minimum Consideration.

The Initial Bidding Price of approximately RMB516.51 million for the disposal of 49% equity interest in ENC was determined based on the valuation conclusion on ENC as at 31 December 2024 arrived at by an independent valuer in a valuation report using the market approach (the "**Valuation**"). Based on the Valuation, the value of the 100% shareholder equity interest of ENC as at 31 December 2024 is estimated to be approximately RMB1,054.10 million. Details of the Valuation will be disclosed in the circular of the EGM to be despatched. As such, the Directors are of the view that the Initial Bidding Price and the Minimum Consideration is fair and reasonable and in the interest of the Company and its Shareholders.

The Initial Bidding Price (i) represents a premium of approximately 3.22% to the unaudited net asset value of the 49% equity interest in ENC as at 31 December 2024 of approximately RMB500.41 million; and (ii) equals to 49% of the Valuation of the entire shareholder equity interest of ENC as at 31 December 2024 of approximately RMB1,054.10 million.

The potential bidders for the Public Tender shall pay an amount equivalent to no greater than 20% of the minimum consideration for the Public Tender to a designated account as deposit. Any deposit paid by the successful bidder shall be deemed to be part payment of the final consideration for the Public Tender. The full amount of the deposit shall be returned to the other bidders after the identity of the successful bidder be confirmed by SUAEE. The final consideration for the Public Tender shall be paid pursuant to the terms of the Asset Transaction Agreement to be executed by the Company and the Other ENC Vendors with the successful bidder after the identity of the successful bidder is confirmed.

Completion of the Proposed Disposal shall only take place after the Total Consideration has been settled in full by the successful bidder.

Procedures of the Public Tender

The Public Tender will be carried out through SUAEE. SUAEE is a comprehensive equity exchange service institution approved by the Shanghai People's Government (上海市人民政府) and designated by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) to engage in the transfer of state-owned equities of central enterprises. After obtaining the Shareholders' approval for the Proposed Mandate at the EGM, the Company and the Other ENC Vendors will commence the formal process of the Public Tender by submission of a tender notice to SUAEE setting out, inter alia, (i) the minimum bidding price for the Public Tender; (ii) the principal terms of the tender; and (iii) qualification requirements of potential bidders.

Once the tender notice for the Public Tender is published, the publication period will commence and open for tender. The publication period will initially be 20 working days. If no qualified bidder is recorded within the initial publication period, the bidding price can be reduced to an amount not less than 90% of the original bidding price for an extended publication period of 5 working days. During the publication period, interested bidders may submit the application materials and deposit together with their respective bidding price to SUAEE by the end of the publication period. Upon expiry of the publication period, SUAEE will notify the Company the identity of the successful bidder who offers the highest bidding price among the qualified interested bidders. The Company and the Other ENC Vendors will then enter into the Asset Transaction Agreement in relation to the Public Tender with the successful bidder within five days and to complete the disposal of 49% equity interest in ENC in accordance with the terms and conditions of the Asset Transaction Agreement. As at the date of this announcement, material information of the Asset Transaction Agreement including the bidders, final consideration, payment, delivery and closing date have not been finalised.

Qualifications of bidders

The qualified bidders shall satisfy, amongst others, the following qualifications:

1. the qualified bidder shall be a validly established legal entity or a natural person, who shall have full capacity for civil rights and capacity for civil conduct; and

2. other qualifications stipulated under the laws and regulations of the PRC.

Conditions precedent to the Proposed Disposal

The entering into of the Proposed Disposal shall be conditional upon the Company having completed all state-owned asset management procedures and obtained all necessary consents and approvals regarding the Proposed Disposal including the approval by the Shareholders in respect of the Proposed Mandate at the EGM.

Once a successful bidder for the Public Tender has been identified, the Company will thereupon become unconditionally obliged to enter into the Asset Transaction Agreement with such successful bidder for the Public Tender and, subject to the terms and conditions thereunder, complete the Proposed Disposal. As such, the Company would not be able at the time to seek the approval of the Shareholders as required under Chapter 14 of the Listing Rules. Accordingly, the Board would like to seek the approval of the Proposed Mandate from the Shareholders at the EGM in advance so as to conduct the Proposed Disposal.

INFORMATION ON ENC

ENC is a company established in the PRC with limited liability. As at the date of this announcement, ENC is held as to 27% by the Company, 51% by Ericsson (China) Company Limited, 20% by CETC Asset Management Co., Ltd. and 2% by Yung Shing Enterprise, Hong Kong. ENC is principally engaged in the production of mobile communication system equipment, public network communication system equipment and other products, mainly responsible for the industrialization and mass production of Ericsson's developed products, and delivering and shipping to customers around the world.

Set out below is the unaudited financial information of ENC for the two financial years ended 31 December 2024:

	For the financial year ended 31 December	
	2023	**2024**
	RMB million	*RMB million*
Revenue	4,775.53	3,376.11
Net profit/(loss) before taxation	131.44	95.53
Net profit/(loss) after taxation	96.40	72.48

Based on the unaudited financial information of ENC, the total assets value and net assets value of ENC were approximately RMB2,656.29 million and RMB1,021.24 million respectively as at 31 December 2024.

INFORMATION ON THE GROUP AND THE OTHER ENC VENDORS

The Group takes smart transportation and safe city, industrial Internet and intelligent manufacturing, and green and service-oriented electronic manufacturing as its three main businesses. The ultimate beneficial owner of the Company is CEC.

CETC Asset Management Co., Ltd. is a company established in the PRC with limited liability and is principally engaged in asset operation, asset management and asset services. To the best of knowledge and understanding of the Directors, CETC Asset Management Co., Ltd. is ultimately wholly-owned by SASAC.

Yung Shing Enterprise, Hong Kong is a sole proprietorship in Hong Kong and is principally engaged in telecommunication consultancy. To the best of knowledge and understanding of the Directors, the ultimate beneficial owner of Yung Shing Enterprise, Hong Kong is Alice Cheng.

To the best of knowledge and understanding of the Directors, each of the Other ENC Vendors and their ultimate beneficial owner are Independent Third Parties.

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

As the Company only held approximately 27% equity interest in ENC as at the date of this announcement, the financial results of ENC was not consolidated in the Company's consolidated financial statements. Accordingly, save as the expected gain on disposal arising from the Proposed Disposal, the Directors are of the view that the Proposed Disposal will not have any material impact on the Company's financial position.

The Group is expected to record a gain before tax and expenses of approximately RMB256.15 million (subject to adjustment and audit) from the proposed Disposal. It was calculated based on (i) the Minimum Consideration of approximately RMB256.15 million to be received by the Company; and (ii) the carrying amount of the 27% equity interest in ENC held by the Company of RMB0 as at 31 December 2024. The final gain from the Proposed Disposal will be determined based on the final consideration for the Proposed Disposal to be received by the Company, subject to audit by the auditors of the Company.

Immediately after the completion of the Proposed Disposal, the Company will not have any interest in ENC which will cease to be an associate of the Company and the results of ENC will not be accounted for in the Group's financial statements by equity accounting.

USE OF PROCEEDS FROM THE POTENTIAL DISPOSAL

Based on the Minimum Consideration, the gross proceeds to be received from the Proposed Disposal are expected to be not less than approximately RMB256.15 million. The Group intends to use the proceeds from the Proposed Disposal for daily business operations.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Company provided detailed explanations regarding the special tax adjustment and relevant matters (the "**Special Tax Adjustment**") of ENC in the announcements (Lin 2024-003, 2024-004, 2024-024, 2025-011) published on the website of the Shanghai Stock Exchange on 31 January, 1 March, 29 March, 27 April, 4 June, 28 August, 30 October 2024 and 28 March 2025 and in the Company's annual report for 2023, first quarterly report for 2024, interim report for 2024, third quarterly report for 2024 and annual report for 2024, and also disclosed the periodic progress of the matter in each regular report.

As disclosed in the announcement of the Company dated 27 March 2025, the Chinese shareholders of ENC have been engaging in ongoing communications and negotiations with their fellow ENC shareholder Ericsson, to agree on a path forward for ENC and in light of the Special Tax Adjustment matter of ENC.

In the Company's financial statements for the year 2023, a full impairment provision of RMB230 million was made for the long-term equity investment in ENC. If the ENC equity disposal is completed, it is expected to have a positive impact on the Company's financial results for the year when the Proposed Disposal is completed.

As the de facto controller of the Company, CEC, is ultimately controlled by the SASAC, the disposal of the equity interest in ENC held by the Company is required by laws and regulations of PRC governing the disposal of state-controlled assets to undergo the process of public tender through a qualified equity exchange institution.

The Directors (including the independent non-executive Directors) are of the view that the key terms of the Proposed Disposal are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Proposed Disposal is more than 25% but is less than 75%, the Proposed Disposal is expected to constitute a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, (i) details of the Proposed Disposal; and (iii) a notice convening the EGM; and (iv) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 14 July 2025 in order to allow sufficient time for the preparation of such relevant information for inclusion in the circular.

The terms of the Proposed Disposal have yet to be finalized and therefore may be subject to further changes. In addition, as the Proposed Disposal may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) in compliance with the Listing Rules as and when appropriate or required.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

"Asset Transaction Agreement"	asset transaction agreement (產權交易合同) to be entered by the Company and the Other ENC Vendors with the successful bidder of the Public Tender in respect of the Proposed Disposal, according to the rules and regulations of SUAEE;
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules;
"Board"	the board of Directors;
"CEC"	China Electronics Corporation (中國電子信息產業集團有限公司), the de facto controller of the Company;
"Company"	Nanjing Panda Electronics Company Limited (南京熊猫電子股份有限公司), a joint stock company incorporated in the PRC with limited liability;

"Directors"	the directors of the Company;
"Disposal Interest"	27% of the equity interest in ENC, which is the subject to be disposed in the Proposed Disposal;
"EGM"	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, granting the Proposed Mandate to the Directors;
"ENC"	Nanjing Ericsson Panda Communication Co., Ltd., a company established in the PRC with limited liability and is held as to 27% by the Company as at the date of this announcement;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected person(s) as defined in the Listing Rules;
"Initial Bidding Price"	the opening price to be quoted at the public tender for the Proposed Disposal, being approximately RMB516.51 million;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
"Minimum Consideration"	the minimum consideration to be received by the Company for the Proposed Disposal, being approximately RMB256.15 million;
"Other ENC Vendors"	CETC Asset Management Co., Ltd. and Yung Shing Enterprise, Hong Kong;
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan);
"Proposed Disposal"	the proposed disposal of 27% equity interest in ENC held by the Company in the Public Tender;

"Proposed Mandate"	the general mandate to be granted in advance to the Directors to enter into and complete the Proposed Disposal by the Shareholders at the EGM;
"Public Tender"	the proposed public tender for disposal of 49% equity interest in ENC held by the Company and the Other ENC Vendors through SUAEE;
"RMB"	Renminbi, the lawful currency of the PRC;
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council;
"Shareholder(s)"	holder(s) of the share(s) of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"SUAEE"	Shanghai United Assets and Equity Exchange (上海聯合產權交易所有限公司);
"Total Consideration"	the final bid price with respect to the Proposed Disposal offered by the successful bidder for the 49% equity interest in ENC;
"%"	per cent.

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

Nanjing, the People's Republic of China
19 June 2025

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