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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)

ANNOUNCEMENT IN RELATION TO PROVISION FOR ASSET IMPAIRMENT

This announcement is made by Nanjing Panda Electronics Company Limited (the “Company”) pursuant to Rule 13.09(2) and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong). The board of directors (the “Board”) and all members of the Board warrant that there is no misrepresentation, misleading statement contained in, or material omission from this announcement and accept legal responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

At the twentieth meeting of the tenth session of the Board and the thirteenth meeting of the tenth session of the supervisory committee of the Company held on 30 October 2023, the “Resolution in relation to Provision for Asset Impairment” was considered and passed. To give an objective view of the condition of the assets and the operation results of the Company and ensure the truthfulness and reliability of the accounting information, the Company has conducted an impairment test for each of its assets as of 30 September 2023, and has made a corresponding provision for impairment in accordance with the requirements of the “Accounting Standards for Business Enterprises” and the relevant policies of the Company. The details are set out as follows:

I. OVERVIEW ON THE PROVISION FOR ASSET IMPAIRMENT

(I) Provision for bad debts on accounts receivable and other receivables

The aggregate amount of the provision for bad debts on accounts receivable and other receivables of the Company for the period from January to September 2023 amounted to RMB8,956,620.92 and reversed provision for bad debts amounted to RMB8,941,452.78. Among them, bad debt provision for accounts receivable amounted to RMB8,244,380.46 and reversed provision for bad debts amounted to RMB8,639,309.78; bad debt provision for other receivables amounted to RMB712,240.46 and reversed provision for bad debts amounted to RMB302,143.00.

(II) Provision for impairment on inventories and prepayments

The aggregate amount of the provision for impairment on inventories and prepayments of the Company for the period from January to September 2023 amounted to RMB3,972,529.38 and reversed provision for impairment amounted to RMB7,123,343.34. Among them, provision for impairment on inventories amounted to RMB3,742,202.38 and reversed provision for impairment amounted to RMB7,037,273.34; provision for impairment on prepayments amounted to RMB230,327.00 and reversed provision for impairment amounted to RMB86,070.00.

II. IMPACT OF THE PROVISION FOR ASSET IMPAIRMENT ON THE COMPANY

The aggregate amount of the provision for impairment on assets of the Company for the period from January to September 2023 amounted to RMB12,929,150.30 and reversed provision for impairment amounted to RMB16,064,796.12, which affected the total profit in the consolidated statements of the Company by RMB3,135,645.82.

The above figures have not been audited, and the final amount confirmed by the accounting firm in the annual audit shall prevail.

III. PROCEDURES FOR REVIEWING THE PROVISION FOR ASSET IMPAIRMENT

At the twentieth meeting of the tenth session of the Board and the thirteenth meeting of the tenth session of the supervisory committee of the Company held on 30 October 2023, the “Resolution in relation to Provision for Asset Impairment” was considered and passed.

The provision for asset impairment is not required to be submitted to the shareholders’ meeting for consideration.

IV. AUDIT OPINIONS OF THE AUDIT COMMITTEE UNDER THE BOARD

The provision for asset impairment of the Company was made in accordance and compliance with the “Accounting Standards for Business Enterprises” and the relevant financial and accounting policies of the Company. It was made with sufficient basis and in line with the situation of the assets of the Company. The provision for asset impairment was based on the principle of prudence, which will be conducive to reflecting the financial condition, the value of the assets and the operation results of the Company more fairly, and will contribute to a more reasonable accounting information of the Company.

V. INDEPENDENT OPINIONS OF INDEPENDENT DIRECTORS

The provision for asset impairment of the Company was made in accordance and compliance with the “Accounting Standards for Business Enterprises” and the relevant financial and accounting policies of the Company. It was made with sufficient basis and in line with the situation of the assets of the Company. The provision for asset impairment was based on the principle of prudence and fairly reflected the financial condition, the value of assets and the operation results of the Company as at 30 September 2023, which has contributed to a more reasonable accounting information of the Company, and no circumstances were found where the interests of the Company and its shareholders, particularly its minority shareholders, would be harmed. The provision for asset impairment of the Company is hereby approved.

VI. OPINIONS OF THE SUPERVISORY COMMITTEE

According to the relevant provisions of the “Accounting Standards for Business Enterprises”, the provision for asset impairment of the Company was made in line with the actual situation of the Company, and the financial condition, the value of the assets and the operation results of the Company as at 30 September 2023 were fairly reflected following the provision for asset impairment. The relevant decision-making procedures complies with relevant laws and regulations. The provision for asset impairment of the Company is hereby approved.

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

Nanjing, the People’s Republic of China
30 October 2023

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. Shen Jianlong, Mr. Deng Weiming and Mr. Yi Guofu; and Independent Non-executive Directors: Mr. Dai Keqin, Ms. Xiong Yanren and Mr. Chu Wai Tsun, Baggio.