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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 ON WRITE-OFF OF CERTAIN LONG-TERM EQUITY INVESTMENT AND CREDITOR'S RIGHTS AND DEBTS

The board of directors of the Company and all its directors warrant that this announcement does not contain any false representations, misleading statements or material omissions, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents of this announcement.

According to the relevant requirements of the “Articles of Association”, the 6th meeting of the tenth session of the board of directors and the 4th meeting of the tenth session of the supervisory committee of Nanjing Panda Electronics Company Limited (the “**Company**”) were held on 30 March 2022, during which the resolution in relation to the “Write-Off of Certain Long-Term Equity Investment and Creditor’s Rights and Debts” was considered and approved respectively. The details are set out as below:

I. SUMMARY OF THE WRITE-OFF OF CERTAIN LONG-TERM EQUITY INVESTMENT AND CREDITOR’S RIGHTS AND DEBTS

Upon a comprehensive review carried out by the Company and its subordinate units on the long-term equity investment and long aging current accounts, the Company intended to write off certain long-term equity investment and long-outstanding accounts receivable.

1. The Company wrote off the long-term equity investment in Nanjing Huaxian High Technology Co., Ltd, which has been bankrupt and liquidated. Upon the confirmation of the company’s liquidation report ruled by the People’s Court of Pukou District, Nanjing in 2019, the cancellation of tax and industry and commerce for the company was completed in 2020. The carrying value of the Company’s long-term equity investment in Nanjing Huaxian High Technology Co., Ltd has been reduced to zero in 2011. In view of the above, the Company intended to write off the long-term equity investment. The write-off has no impact on the consolidated profit or loss of the Company.

2. The Company wrote off accounts receivable of RMB15,460,562.21 that were recognized as irrecoverable, with the provision for the bad debt amounting to RMB15,293,609.80. The impact of the write-off of creditor's rights and debts on the consolidated profit and loss of the Company amounted to RMB166,952.41.
3. The Company wrote off accounts payable of RMB4,574,358.40 that were recognized as unpayable. The write-off of accounts payable was all in line with the counterparty's deregistration, the counterparty's letter confirming that it had no accounts payable due from the Company, the confirmation of the difference of final payment that were recognized as unpayable by the counterparty, and the business personnel confirming that they had not issued any similar written documents with the creditors involving the confirmation of the creditor's rights and debts relationship, the debt amount, or the reconciliation or repayment commitments in the past five years. The impact of the write-off on the consolidated profit and loss of the Company amounted to RMB4,574,358.40.

The above-mentioned write-off amount was audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)).

II. IMPACT OF THE WRITE-OFF OF CERTAIN CURRENT ACCOUNTS ON THE COMPANY

The impact of the above write-off on the consolidated profit and loss of the Company for the current period amounted to RMB4,407,405.99.

III. APPROVAL PROCEDURES FOR THE WRITE-OFF OF CERTAIN CURRENT ACCOUNTS

(1) Consideration of the board of directors

The 6th meeting of the tenth session of the board of directors of the Company was held on 30 March 2022, during which the resolution in relation to the "Write-Off of Certain Long-Term Equity Investment and Creditor's Rights and Debts" was considered and approved. It was approved that the Company would write-off of the long-term equity investment in Nanjing Huaxian High Technology Co., Ltd, which has no impact on the consolidated profit and loss of the Company; it was approved that the Company would write-off accounts receivable of RMB15,460,562.21 that were recognized as irrecoverable,

for which the impact of the debt write-off on the consolidated profit and loss of the Company for the current period amounted to RMB166,952.41; it was approved that the Company would write-off accounts payable of RMB4,574,358.40 that were recognized as unpayable, for which the impact of the debt write-off on the consolidated profit and loss of the Company for the current period amounted to RMB4,574,358.40. The impact of the above write-off on the consolidated profit and loss of the Company for the current period amounted to RMB4,407,405.99.

The above-mentioned write-off was in line with the requirements of the “Accounting Standards for Business Enterprises” and relevant tax laws and regulations, as well as the actual situation of the Company, complied with the requirements of relevant laws and regulations and the “Articles of Association”, and was conducted through lawful and standard procedures with sufficient justification. The write-off did not prejudice the interests of the Company and its shareholders and would enable the Company’s financial position to be presented in a more objective way. It was approved that the Company would write off certain long-term equity investment and creditor’s rights and debts.

(2) Opinions of the independent directors

The Company provided the board of directors with the resolution in relation to the “Write-Off of Certain Long-Term Equity Investment and Creditor’s Rights and Debts” and the related information, and obtained prior approval through necessary communications before submission for consideration and written approval.

It was approved that the Company would write-off the long-term equity investment in Nanjing Huaxian High Technology Co., Ltd and accounts receivable of RMB15,460,562.21 that were recognized as irrecoverable, and accounts payable of RMB4,574,358.40 that were recognized as unpayable. The impact of the aforesaid write-off on the consolidated profit and loss of the Company for the current period amounted to RMB4,407,405.99. The above-mentioned write-off amount was audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合伙)). The aforesaid write-off was in line with the requirements of the “Accounting Standards for Business Enterprises” and relevant tax laws and regulations, as well as the actual situation of the Company, complied with the requirements of relevant laws and regulations and the “Articles of Association”, and was conducted through lawful and standard procedures with sufficient justification. The write-off did not prejudice the interests of the Company and its shareholders and would enable the Company’s financial position to be presented in a more objective way.

(3) Opinions of the supervisory committee

The carrying value of the long-term equity investment for the write-off by the Company has been reduced to zero. The current accounts written off by the Company were long-outstanding accounts receivable and accounts payable. The accounts receivable were recognized as irrecoverable, for which the provision of impairment was made, and the accounts payable were recognized as unpayable. The above-mentioned write-off amount was audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)), concluding that the write-off of certain long-term equity investment and creditor's rights and debts by the Company in 2021 was in compliance with relevant requirements of the "Accounting Standards for Business Enterprises". It was approved that the Company would write-off certain long-term equity investment and creditor's rights and debts.

The write-off was in line with the requirements of the "Accounting Standards for Business Enterprises" and relevant tax laws and regulations, as well as the actual situation of the Company, complied with the requirements of relevant laws and regulations and the "Articles of Association", and was conducted through lawful and standard procedures with sufficient justification. The write-off did not prejudice the interests of the Company and its shareholders and would enable the Company's financial position to be presented in a more objective way. It was approved that the Company would write-off certain long-term equity investment and creditor's rights and debts.

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

Nanjing, the People's Republic of China
30 March 2022

As at the date of this announcement, the Board comprises Executive Directors: Mr. Zhou Guixiang, Mr. Li Renzhi and Mr. Xia Dechuan; Non-executive Directors: 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.