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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)

### ESTIMATED ANNUAL RESULTS FOR 2023

This announcement is made by Nanjing Panda Electronics Company Limited (the “**Company**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The board of directors of the Company (the “**Board**”) and all the members of the Board warrant that there are no false representation, misleading statements contained in or material omissions from this announcement, and accept legal responsibilities for the truthfulness, accuracy and completeness of its contents.

#### IMPORTANT NOTES:

1. Specific application of estimated results announcement: Achievement of profitability and a decrease in net profit of 40% to 60% as compared with the corresponding period of the previous year.
2. Key financial data related to the estimated results announcement:

It is estimated that the net profit attributable to shareholders of the parent company for 2023 will be between RMB16,194,300 and RMB24,291,500, which will decrease by approximately RMB16,194,300 to RMB24,291,500, representing a decrease of approximately 40% to 60% as compared with the corresponding period of the previous year.

It is estimated that the net loss or profit attributable to shareholders of the parent company after extraordinary items for 2023 range from approximately a net loss of RMB3,272,900 to a net profit of RMB4,824,300, which will decrease by approximately RMB6,308,300 to RMB14,405,500, representing a decrease of approximately 56.67% to 129.40% as compared with the corresponding period of the previous year.

## **I. ESTIMATED RESULTS OF THE PERIOD**

### **(I) Period covered by the estimated results**

From 1 January 2023 to 31 December 2023.

### **(II) Estimated results**

1. Based on the preliminary estimation by the financial department of the Company, it is estimated that the net profit attributable to shareholders of the parent company for 2023 will be between RMB16,194,300 and RMB24,291,500, which will decrease by approximately RMB16,194,300 to RMB24,291,500, representing a decrease of approximately 40% to 60% as compared with the corresponding period of the previous year.
2. It is estimated that the net loss or profit attributable to shareholders of the parent company after extraordinary items for 2023 range from approximately a net loss of RMB3,272,900 to a net profit of RMB4,824,300, which will decrease by approximately RMB6,308,300 to RMB14,405,500, representing a decrease of approximately 56.67% to 129.40% as compared with the corresponding period of the previous year.

**(III)** No special explanation was issued by certified public accountants on the appropriateness and prudence in respect of the estimated results of the Company for the period.

## **II. OPERATING RESULTS AND FINANCIAL CONDITION FOR THE CORRESPONDING PERIOD OF THE PREVIOUS YEAR**

- (I) Net profit attributable to shareholders of the parent company: RMB40,485,761.62.
- (II) Net profit attributable to shareholders of the parent company after extraordinary items: RMB11,132,646.17.
- (III) Earnings per share: RMB0.0443.

### **III. MAIN REASONS FOR THE ESTIMATED LOSS FOR THE PERIOD**

#### **(I) Decrease in net profit as a result of the Company's product restructuring and decrease in revenue from principal business**

During the reporting period, some of the Company's product structures were adjusted, resulting in the market not meeting expectations; while the delivery cycles of some operations were adjusted, resulting in the failure to meet the requirements for settlement, representing a year-on-year decline in revenue and profit; and some of the changes in the business model resulted in a significant decline in revenue from principal business, which had a certain impact on the net profit attributable to shareholders of the parent company.

### **IV. RISKS WARNING**

#### **(I) Uncertainties that may affect the estimated results**

In December 2015, Nanjing Ericsson Panda Communication Co. (hereinafter referred to as "ENC", with 27% of its shares held by the Company), a joint stock company of the Company, received a notice of investigation and adjustment for special taxation from the State Administration of Taxation of Nanjing Jiangning Economic and Technological Development Zone, which stated that ENC was liable to pay an additional enterprise income tax of RMB1,222,867,252.87, together with interest under the relevant provisions, due to ENC's violation of the relevant laws and regulations on special tax adjustment. ENC paid the required taxes and interest totaling RMB1,424,241,068.

According to the 2015 annual audit report of ENC, ENC included the above special tax adjustment and interest into "Other Long-Term Assets" and paid RMB200 million of tax in the year, with the rest paid in early 2016.

At ENC's Board meeting held on 15 March 2016, all shareholders unanimously agreed that the amount of transfer pricing adjustments related to the internal transaction with ERICSSON AB (hereinafter referred to as "EAB") would be borne by EAB and that other tax adjustments would be borne by ENC. This opinion was recorded at ENC's Board meetings in previous years. At the same time, the directors were informed that EAB and ENC would submit an application for Mutual Agreement Procedures (MAP) under the double taxation avoidance agreement between China and Sweden. The Chinese shareholders have always stressed that the ongoing MAP bilateral negotiations should be regarded as a risk for EAB and not for ENC.

In addition, in the audit reports of ENC in the past years, the auditors have made the following statements: As of the date of these financial statements, ENC is unable to judge the outcome and timing of the completion of the Mutual Agreement Procedures, and ENC is basically certain that the special tax adjustment paid by ENC will not result in ENC not being able to obtain a full refund from the EAB and the PRC tax authorities as a result of the eventual revocation or withdrawal of such Mutual Agreement Procedures.

In the 2020 annual report of ENC, the above item "Other Long-Term Assets" was changed to "Other Non-Current Assets", and no change has been made to date.

The Company recognized investment income based on the audit report issued by ENC. Therefore, according to the accounting standards of enterprises and ENC's audited financial statements, the aforementioned tax matters did not have an impact on ENC and the Company's profit and loss for the years 2015–2022.

On 19 December 2023, the Swedish directors of ENC notified all the Chinese directors of ENC by email that the Swedish tax authorities had concluded the MAP negotiations, and ENC conducted financial treatment based on this. On 16 January 2024, the Company received the unaudited financial statements of ENC for December 2023, with a loss of RMB1,223,949,189.61, mainly due to the "special tax adjustment" of RMB1,424,241,068 assumed by ENC, excluding the portion of SEK199,493,876 (approximately RMB136 million) of tax reduction and exemption received from EAB, which was recognized in profit or loss for the current period.

Currently, the shareholders are still in the process of continuously exchanging, negotiating, and communicating with each other in respect of the treatment of this matter.

In accordance with the relevant provisions of the articles of association of ENC, the annual financial statements shall be unanimously approved by all those present at the meeting of the board of directors before a decision is made. The Company will maintain close communication with the relevant shareholders, actively follow up on the progress of the special tax adjustment and take all necessary measures to safeguard the legitimate rights and interests of the Company and its shareholders. The Company will also make proper disclosure of information on the subsequent progress and changes in the situation in accordance with relevant requirements.

Apart from this, there are no other important uncertainties that may affect the accuracy of the content of the estimated results.

**(II) Communication with the annual auditor regarding the above uncertainties**

The Company has communicated with WUYIGE Certified Public Accountants LLP (hereinafter referred to as “WUYIGE”), the annual auditor of the Company, in respect of the aforesaid uncertainties which may affect the accuracy of the contents of the estimated results. A consensus has been reached between the Company and WUYIGE on the judgment and treatment of the above uncertainties.

**(III) Possible impact of the above uncertainties**

In view of the foregoing uncertainties and the possible significant impact on the Company, it is estimated that it may cause the Company’s long-term equity investment in ENC to be written down to zero, and it is estimated that the maximum amount of impact that may be caused to the net loss attributable to shareholders of the parent company is RMB256,626,300, and as a result, it is estimated that the net loss attributable to shareholders of the parent company for 2023 may be between approximately RMB232,334,800 and RMB240,432,000, and a loss may be incurred as compared with the corresponding period of the previous year; it is estimated that the net loss or profit attributable to shareholders of the parent company after extraordinary items for 2023 possibly range from approximately a net loss of RMB3,272,900 to a net profit of RMB4,824,300.

**(IV) Other risks warning**

The estimated results for the period are the preliminary estimation made by the finance department of the Company based on its professional judgement and have not been audited by certified public accountants.

## V. OTHER MATTERS

The estimated results above are only preliminary estimation. Please refer to the audited annual report for 2023 officially disclosed by the Company for specific and accurate financial information. Investors are reminded to exercise caution when making investment decisions.

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

Nanjing, the People's Republic of China  
30 January 2024

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