

# **Nanjing Putian Telecommunications Co., Ltd.**

## **2021 Annual Report**

**April 2022**

## **Section I. Important Notice, Contents and Paraphrase**

**Board of Directors, Board of Supervisory, all directors, supervisors and senior executives of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as The Company) hereby confirm that there are no any fictitious records, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.**

**Sun Xigang, principal of the Company, Wang Huilin, person in charger of accounting works and Tang Yiqiao, head of accounting organization (accounting principal) hereby confirm that the Financial Report of Annual Report 2021 is authentic, accurate and complete.**

**All directors are attend the Meeting for Report deliberation.**

**The forward-looking statements such as operation programme involved in the annual report do not constitute a substantial commitment of the Company to investors. Investors and relevant persons should maintain sufficient risk awareness and understand the differences between programme, forecasts and commitments.**

**Possible risks that might be countered during the development have been analyzed in Section III. Management Discussion and Analysis in the Report, investors are kindly advised to check.**

**The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either.**

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## **Documents Available for Reference**

- (i)The financial statement containing signature and seals of the person in charge of the Company, person in charge of the accounting works and head of accounting organization (accounting principal);
- (ii)The original audit report containing the seals of accounting firm and signature and seals of the CPA;
- (iii)Original copies of documents and announcements The Company released publicly during the reporting period.

## Paraphrase

Items	Refers to	Contents
The Company, Company	Refers to	Nanjing Putian Telecommunications Co., Ltd.
CETC	Refers to	China Electronics Technology Group Corporation
Southern Telecom	Refers to	Nanjing Southern Telecom Co., Ltd (controlling subsidiary of the Company)
Telege Company	Refers to	Nanjing Putian Telege Intelligent Building Ltd (controlling subsidiary of the Company)
Nanman Company	Refers to	Nanjing Nanman Electric Co., Ltd. (wholly-owned subsidiary of the Company)
Datang Company	Refers to	Nanjing Putian Datang Information Electronic Co., Ltd (controlling subsidiary of the Company)

## Section II Company Profile and Main Financial Indexes

### I Company information

Short form of the stock	NJ TEL B	Stock code	200468
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	南京普天通信股份有限公司		
Short form of the Company (in Chinese)	南京普天		
Foreign name of the Company (if applicable)	Nanjing Putian Telecommunications Co., Ltd.		
Legal representative	Sun Xigang		
Registrations add.	No.8 Fenghui Avenue, Yuhua Economic Development Zone, Nanjing		
Code for registrations add	210039		
Historical changes of registered address	Registered address of the Company when established in 1997 was No.1 Block, west side of Ericsson, Jiangning Economic and Technological Development Zone, Nanjing; in 2003, registered address changed to No.58, Qinhuai Road, Jiangning Economic and Technological Development Zone, Nanjing; and in 2021 registered address changed as No.8 Fenghui Avenue, Yuhua Economic Development Zone, Nanjing		
Offices add.	Putian Technology Pioneer Park, No.8 Fenghui Avenue, Yuhuatai District, Nanjing, Jiangsu Province		
Codes for office add.	210039		
Company's Internet Web Site	www.postel.com.cn		
E-mail	securities@postel.com.cn		

### II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Li Jing	Xiao Hong
Contact address	Putian Technology Pioneer Park, No.8 Fenghui Avenue, Yuhuatai District, Nanjing, Jiangsu Province	Putian Technology Pioneer Park, No.8 Fenghui Avenue, Yuhuatai District, Nanjing, Jiangsu Province
Tel.	86-25-69675809	86-25-69675865
Fax.	86-25-52416518	86-25-52416518
E-mail	lijing@postel.com.cn	xiaohong@postel.com.cn

**III. Information disclosure and preparation place**

Website of the Stock Exchange where the annual report of the Company disclosed	Shenzhen Stock Exchange ( <a href="http://www.szse.cn">http://www.szse.cn</a> )
Media and Website where the annual report of the Company disclosed	<i>Securities Times</i> ; <i>Hong Kong Commercial Daily</i> and Juchao Website ( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> )
Preparation place for annual report	Office of the BOD

**IV. Registration changes of the Company**

Organization code	91320000134878054G
Changes of main business since listing (if applicable)	No change
Previous changes for controlling shareholders (if applicable)	When the Company established in 1997, the controlling shareholder was China Post and Telecommunications Industry Corporation (later changed name to China Putian CorporationChina Putian Corporation). In 2005, the shares held by China Putian CorporationChina Putian Corporation are transferred to China Potevio Company Limited (China Potevio), the controlling shareholder of the Company comes to China Potevio.

**V. Other relevant information**

CPA engaged by the Company

Name of CPA	Pan-China Certified Public Accountants (LLP)
Offices add. for CPA	17/F, Tower B, Beijing International Building, No. 18, Nandajie Jia, ZOL, Haidian District, Beijing
Signing accountant	He Jiangxing, Zhang Jinghui

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

 Applicable  Not applicable

Financial adviser engaged by the Company for performing continuous supervision duties in reporting period

 Applicable  Not applicable

Financial adviser	Office address of the financial adviser	Financial adviser sponsor	Continuous supervision period
CITIC Securities Co., Ltd.	North Block, Time Square Excellence (Phase II), No.8 Zhongxin 3 <sup>rd</sup> Road, Futian District, Shenzhen, Guangdong Province	Yang Xiao, Yang Zhenrui	2020.12.31-2021.12.31

## VI. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data or not

√Yes □No

Retroactive adjustment or reasons of re-statement

Correction of accounting errors

	2021	2020		Changes (+,-) compared with the previous year	2019	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Operating revenue (RMB)	917,129,674.49	1,025,243,815.83	1,025,243,815.83	-10.55%	1,338,284,194.21	1,156,771,262.94
Net profit attributable to shareholders of the listed Company (RMB)	-138,766,373.70	21,964,552.84	21,964,552.84	-731.77%	-169,088,516.69	-169,088,516.69
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	-141,603,716.82	-154,393,042.76	-154,393,042.76	8.28%	-171,904,933.41	-171,904,933.41
Net cash flow arising from operating activities (RMB)	-61,717,528.76	88,145,348.87	88,145,348.87	-170.02%	22,686,114.91	22,686,114.91
Basic earnings per share(RMB/Share)	-0.65	0.1	0.1	-750.00%	-0.79	-0.79
Diluted earnings per share (RMB/Share)	-0.65	0.1	0.1	-750.00%	-0.79	-0.79
Weighted average ROE	-105.00%	12.29%	12.29%	-117.29%	-66.55%	-66.55%
	Year-end of2021	Year-end of2020		Changes (+,-) compared with the year-end of previous year	Year-end of2019	
		Before adjustment	After adjustment		After adjustment	Before adjustment
Total assets (RMB)	993,571,982.44	1,167,608,410.82	1,167,608,410.82	-14.91%	1,652,005,519.44	1,652,005,519.44
Net assets attributable to shareholder of listed Company (RMB)	65,187,412.69	189,624,160.92	189,624,160.92	-65.62%	169,543,106.29	169,543,106.29

**Reasons for changes in accounting policy and correction of accounting errors**

According to relevant requirement of the Decision on Taking Corrective Regulatory Measures Against Nanjing Putian Telecommunications Co., Ltd (Administrative Supervisory Measures Decision Letter of Jiangsu Securities Regulatory Bureau [2022] No.10), and after deliberated and approved by 58<sup>th</sup> session of 7<sup>th</sup> BOD held on April 22, 2022, The Company adopted retrospective restatement method to correct the accounting errors for the periodic reports of 2017, 2018 and 2019. For the impact with annual operation results and financial status concerned, found more in the Notice on Correction of Prior Period Accounting Errors released by the Company dated April 26, 2022 and “15(1).Correction of Prior Period Accounting Errors” carried in Section X. of the Annual Report.

The lower of the Company’s net profit before or after deduction of non-recurring profit (gain)/loss for the last three financial years is negative, and the audit report for the latest year indicates that there is uncertainty about The Company’s ability to continue as a going concern

Yes No

The lower of the net profit before or after deduction of non-recurring profit (gain)/loss is negative

Yes No

Item	2021	2020	Note
Operating revenue (RMB)	917,129,674.49	1,025,243,815.83	-
Deduction amount from operating revenue (RMB)	10,884,944.81	10,262,253.21	-
Amount after deduction (RMB)	906,244,729.68	1,014,981,562.62	-

**VII. Difference of the accounting data under accounting rules in and out of China****1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)**

Applicable  Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either IAS (International Accounting Standards) or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

**2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)**

Applicable  Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

**VIII. Quarterly main financial index**

Unit: RMB/CNY

	Q 1	Q 2	Q 3	Q 4

Operating revenue	190,510,440.63	261,368,169.80	230,970,269.55	234,280,794.51
Net profit attributable to shareholders of the listed Company	-15,982,760.06	-13,611,107.13	-6,957,585.43	-102,214,921.08
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses	-16,485,198.74	-13,381,259.75	-6,972,945.34	-104,764,312.99
Net cash flow arising from operating activities	-81,930,160.48	-34,792,112.67	11,355,021.94	43,649,722.45

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in The Company's quarterly report and semi-annual report

Yes  No

## IX. Items and amounts of extraordinary profit (gains)/loss

Applicable  Not applicable

Unit: RMB/CNY

Item	2021	2020	2019	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-134,892.35	171,454,257.57	119,033.08	
Governmental subsidy reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	660,727.46	6,456,622.79	4,265,247.47	
Gains/losses from debt restructuring	2,456,389.38			
Other non-operating revenue and expenditure except for the aforementioned items	328,880.05	1,135,543.03	-185,497.35	
Payable unable to paid			362,546.35	
Less: impact on income tax	108,335.97	122,246.44	154,871.99	
Impact on minority shareholders' equity (post-tax)	365,425.45	2,566,581.35	1,590,040.84	
Total	2,837,343.12	176,357,595.60	2,816,416.72	--

Specific information on other items of profits/losses that qualified the definition of non-recurring profit(gain)/loss

Applicable  Not applicable

The Company does not have other items of profits/losses that qualified the definition of non-recurring profit(gain)/loss

Information on the definition of non-recurring profit(gain)/loss that listed in the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* as the recurring profit(gain)/loss

Applicable Not applicable

The Company does not have any non-recurring profit(gain)/loss listed under the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* defined as recurring profit(gain)/loss

## Section III. Management Discussion and Analysis

### I. Industry of the Company during the reporting period

According to the information released by the Ministry of Industry and Information Technology, in 2021, China's communication industry actively promoted the construction of a network powerful nation and Digital China, and fully accelerated the construction and application of new information infrastructure such as 5G and gigabit optical networks, which provided strong supports for creating new advantages in the digital economy and enhancing economic development. The development quality and growth level of the industry were further improved, achieving a good start in the "14th Five-Year Plan". The network infrastructure continued to evolve and upgrade, the investment in fixed assets was basically the same as the previous year, and the investment in 5G accounted for nearly half; the network infrastructure was optimized and upgraded, and the construction of all-optical networks was further advanced; 5G network construction was accelerated, and network coverage continued to advance.

The communication equipment manufacturing industry is the upstream industry of the communication industry and an important foundation of the communication industry. Driven by national policies, the communication equipment manufacturing industry is generally facing good development opportunities; at the same time, the communication equipment manufacturing industry is a fully competitive industry with many enterprises and fierce competition, and the overall profit level is declining.

From the segmentation of the Company's main products, in terms of integrated wiring products, with the implementation of cloud computing and big data, the construction of domestic data centers has been steadily advanced, and the network architecture of the military, government, and rail transit industries has been transformed and upgraded, as the data center infrastructure, integrated wiring has been driven by them; in terms of video conferencing products, with the intensification of Sino-US trade frictions, the product competitiveness of domestic brands in the industry has continued to increase; in terms of low-voltage distribution products, the market has formed a competition pattern with product technology, service ability and sales channel as the core, and the market competition is fierce. The target market of wiring products mainly includes the private network markets such as operators, tower companies, and governments, of which the product differentiation is small, and price competition is the main feature of the industrial competition pattern of this product.

### II. Main businesses of the Company during the reporting period

As one of the important product and solution providers in the domestic information and communication field, The Company adheres to the "product + solution + service" strategy, and continuously accelerates product innovation, industrial structure adjustment, transformation and upgrading. The main business of the Company and its subsidiaries involves optical communication networks, wireless communication networks, data applications, industrial electric and other fields, including optical distribution networks and communication supporting overall solutions (ODN overall solutions, optical network intelligent solutions, energy-saving data centre solutions), multimedia communication and application solutions, building intelligent integrated solutions, industrial intelligent power distribution systems, solar street light control systems, etc. Customers include domestic telecom operators, China Tower and industry customers in government, finance, power, medical and other fields.

The Company's optical distribution network and communication supporting overall solutions can be used for domestic communication network construction, broadcasting and television network transformation, high-speed rail communication construction, urban metro construction, e-commerce industry, etc.; and the data center products are widely used in data center

construction projects of operators, internet and other enterprises; the subsidiary Nanjing Southern Telecom Co., Ltd. can provide multimedia communication and application solutions for the large and medium-sized industry customers in the fields of government, finance, medical care, and education, and so on; the subsidiary Nanjing Putian Telege Intelligent Building Ltd. mainly provides customers with mid-to-high-end integrated wiring and building intelligent system solutions; subsidiary Nanjing Nanman Electric Co., Ltd. is oriented towards rail transit, airports, ports and other industrial sites and provides industrial intelligent power distribution products; the subsidiary Nanjing Putian Datang Information Electronic Co., Ltd. mainly provides customers with solar street lamp controllers and Internet of Things street lamp monitoring systems, etc.

The Company mainly obtains business opportunities by participating in project bidding, designs plans, produces or purchases equipment required by customers according to project requirements, and is responsible for installation and debugging, and realizes profits after deducting costs in accordance with the contract price. The Company's operating results are mainly affected by factors such as capital expenditures by telecom operators and industry customers, information input and bidding results, fluctuations in raw material prices and other cost changes.

During the reporting period, The Company granted 14 new patents (including 4 patents for inventions and 10 utility models) , and participated in the formulation of multiple industry standards such as *Standards of the PoE System Engineering Technical for Ethernet*; Southern Telecom obtained the Information Technology Service Management System Certification and the participation of building the "isolation area remote visiting system" of Second Hospital of Shandong University won the 5G+Smart Medical Innovation Application Awards; Telege Company obtained the certification of first batch "Power Over Ethernet (PoE) Products" in China.

### III. Core Competitiveness Analysis

#### 1. Marketing ability

The Company has mature market networks, serves the operators and industry customers in the government, rail transit, finance, medical, power, internet companies and others over a long period of time, and has rich industry experience.

#### 2. Product competitiveness

The Company insists on being market-oriented, strengthening and optimizing its leading products, actively developing new products, and constantly improving its innovation capabilities.

The Company has high technology and product advantages in wiring products. It has developed a series of optical network connection products that have obtained a number of national invention patents, and is a supplier of strong brand influence in the field of domestic optical fiber communication network connection products. Prefabricated steel structure data center products can quickly build data center modules for use in the construction of data center computer rooms, and perform on-site integration of various equipment in the production area to achieve integrated delivery. Access products have good performance in wired access networks, optical transmission networks, wireless access networks, etc., and are ranked among the "Top Ten Most Competitive Enterprises in China's Optical Transmission and Network Access Equipment" throughout the year. Focusing on video communication applications for more than 20 years, the subsidiary Southern Telecom has accumulated rich market channels and client resources, as well as differentiated products and conceptual design capabilities, the self-developed products have been recognized by large industry clients. The complete set of electrical products of the subsidiary, Nanman Company, are widely used in airports, wharves, rail transit and other industries, and has accumulated rich customer resources and industry experience, and can provide customers with complete sets of products and solutions for individual needs. Telege Building is positioned in the high-end market for cabling system, and its products serve the Beijing Winter Olympics, domestically produced large aircraft and other key projects, and it is actively developing new products such as a new generation of intelligent cabling systems and integrated cabling management platforms.

### 3. Brand influence

The Company is an information and communication enterprise under the central state-owned enterprise, and communication products have a strong brand influence in the field of domestic optical fiber communication network connection products. The integrated cabling products of Telege Building are well-known brand products in Jiangsu Province, a famous trademark of the province, and have been ranked among the top ten domestic cabling system brands for more than ten consecutive years. The video conferencing product series of Southern Telecom have a high reputation in China.

## IV. Main business analysis

### 1. Overview

During the reporting period, The Company adhered to the general principle of seeking progress while maintaining stability, closely focused on The Company's annual business tasks, and continued to carry out industrial adjustment, deepen reform and innovation, reduce redundant staff, and promote cost reduction and efficiency improvement under the enormous pressure from external shocks such as the COVID-19 pandemic and rising raw material prices, as well as The Company's cash flow and production cost. During the reporting period, The Company achieved an operating income of 917.13 million yuan, and net profit attributable to shareholders of the listed company was -138.77 million yuan. The operating income decreased by 10.55% compared with the previous year, mainly due to the intensifying market competition, repeated pandemics, industrial restructuring and other factors. The Company strived to promote product transformation, reduce gross profit business, and improve sales order quality, thus the overall gross profit margin increased, and the comprehensive gross profit margin increased by 3.83% on a year-on-year basis. The Company continued to strengthen the control of general expenses, and expenses decreased by 28.65 million yuan compared with the previous year, however, while the price of raw materials rose and the sales volume declined, The Company still needed to bear fixed costs and expenses, at the same time, The Company made a provision for asset impairment of 107.32 million yuan in accordance with the accounting standards this year, so the current net profit was negative.

Development situation of main business during the reporting period:

Base on the strategic positioning of the "National Team of Internet Information Business" of CETC's civil products, The Company returned to the original intention of the industry, focused on key market development, continuously increased new product research and development, tapped product production potential, innovated cost control methods, adhered to the industry, focused on the main business, and strived to make solid, professional and refined industry.

In terms of traditional products, we focused on key industries, and continued to explore the transformation of traditional wiring industry to data center business while stabilizing the existing industry position. In 2021, the wiring products won the bids for the centralized procurement of Zhongnanhai Special Communication Bureau, and won the bids for Nanchang Metro Line 4, Nanjing Metro Line 5 and other system integration projects; successfully signed the contracts for Jiangsu Unicom future city project, China Telecom Wuxi Branch custom cabinet supporting project, etc.. Completed the optical cable intelligent transformation projects of Beijing Metro Line 1 and Batong Line. The Company actively participated in the construction of data centers and other projects, and successfully supplied projects such as Suzhou Telecom Taihu data center channel, Jiangsu Mobile Jiangbei data center, Wuxi Telecom Dafu data center micromodule, Huawei Changzhou Telecom micromodule, Suzhou Baidu cabinet. Completed the implementation of Tencent Huailai Dongyuan phase III T-block project, the maintenance of Dongtai big data room project, and the completion acceptance of Nanjing Telecom Jishan data center project. The basic processing department took advantage of the information platform to improve and continuously improved the manufacturing level; strived to improve the efficiency of production operations by continuously strengthening the on-site cost management.

Southern Telecom successfully signed contracts for the renewal of insurance of the Postal Savings Bank of China and the upgrade and expansion of the cloud videoconferencing platform of China Everbright Bank. In addition, The Company utilized its accumulated resources in the videoconferencing industry to gradually integrate into the Huawei ecosystem, and Huawei business successfully won the bids for Minmetals, CCCC, PCOC and other large-scale projects. New businesses such as multimedia integration and independent research and development continued to grow.

Telege Company became the first batch of manufacturers to obtain POE certification in China, and completed the supply of integrated wiring products for many projects such as the weak current system engineering project of the Yanqing Winter Olympics Village project, the Beijing Financial Court project, and the west district supporting project of Shanghai Hongqiao International Airport. The Company actively dug deep into customers in medical, education and other industries, and supplied for the troops stationed in Hong Kong and Macao, the National Defense University project, China Construction Bank Liaoning Branch and other projects.

Nanman Company continued to deepen its development in the rail transit field, and signed Beijing Metro Line 19, Hangzhou Metro Line 9, Hefei Metro Airport Line, Shenzhen Urban Rail Transit Line 6 Branch Line and other projects, and maintained its leading position in the industry. In terms of social projects, The Company signed Xiongan Pipe Gallery, Shenneng Environmental Protection and other projects.

Datang Company quickly responded to market changes, launched new products such as integrated lamp panels and cruise terminal positioning management systems, and formed a certain sales.

At the same time, The Company insisted on independent research and development and increased technological innovation. Telege Company seized the opportunity of localization of high-end wiring, and completed the research and development of new six types of distribution frames, new modular distribution frames and automated production lines, B1/B2-class high flame retardant cables, and the data acquisition of a new generation of electronic distribution frame system localizations smart jumpers and domestic solutions; Nanman Company completed the research and development of the second-generation socket box and successfully put it on the market; Southern Telecom completed the full-featured Ruijing 13.3-inch conference guide all-in-one machine, and completed the schematic diagram of the core board and PCB design work etc.. Datang Company completed the lamp board development of the new CPU platform and successfully launched it into the market.

In terms of operation and management, while doing a good job in the pandemic prevention and control, The Company continued to focus on the four key tasks of “saving expenditure, opening source, innovation, and assessment”, deepened internal reform and adjustment, improved operation quality, strengthened internal control, solidly promoted the governance of loss-making enterprises, continued to promote the cost reduction, continuously consolidated The Company’s operating foundation, and enhanced competitiveness.

## 2.Revenue and cost

### (1)Composition of operating revenue

Unit: RMB/CNY

	2021	2020	Y-o-y changes (+,-)

	Amount	Ratio in operating revenue	Amount	Ratio in operating revenue	
Total operating revenue	917,129,674.49	100%	1,025,243,815.83	100%	-10.55%
<b>Industries</b>					
Communication industry	814,698,901.29	88.83%	926,487,735.23	90.37%	-12.07%
Electrical industry	102,430,773.20	11.17%	98,756,080.60	9.63%	3.72%
<b>Products</b>					
Main business revenue-Video conferencing products	293,267,591.71	31.98%	314,877,571.26	30.71%	-6.86%
Main business revenue-Integrated cabling products	381,243,880.13	41.57%	357,130,844.30	34.83%	6.75%
Main business revenue-Low-voltage distribution products	100,939,986.75	11.01%	96,477,794.59	9.41%	4.63%
Main business revenue-Wiring products and others	153,488,446.15	16.74%	287,776,479.36	28.07%	-46.66%
Interior offset	-32,454,210.31	-3.54%	-55,183,049.81	-5.38%	41.19%
Other business revenue	20,643,980.06	2.25%	24,164,176.13	2.36%	-14.57%
<b>Regions</b>					
Domestic area	917,129,674.49	100.00%	1,025,243,815.83	100.00%	-10.55%
<b>Sales model</b>					
Direct sales	450,874,262.30	49.16%	514,895,185.71	50.22%	-12.43%
Distribution	466,255,412.19	50.84%	510,348,630.12	49.78%	-8.64%

**(2) The industries, products, regions or sales model accounting for over 10% of the Company's operating revenue or operation profit**

Applicable     Not applicable

Unit: RMB/CNY

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating	Increase/decrease of operating cost	Increase/decrease of gross profit
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				revenue y-o-y	y-o-y	ratio y-o-y
<b>Industries</b>						
Communication industry	814,698,901.29	645,422,053.11	20.78%	-12.07%	-16.59%	4.30%
Electrical industry	102,430,773.20	77,075,597.57	24.75%	3.72%	5.41%	-1.21%
<b>Products</b>						
Main business revenue-Video conferencing products	293,267,591.71	227,789,514.03	22.33%	-6.86%	-12.66%	5.16%
Main business revenue-Integrated cabling products	381,243,880.13	291,804,222.05	23.46%	6.75%	5.22%	1.11%
Main business revenue-Low-voltage distribution products	100,939,986.75	76,275,464.34	24.43%	4.63%	6.82%	-1.56%
Main business revenue-Wiring products and others	153,488,446.15	141,952,065.67	7.52%	-46.66%	-47.17%	0.89%
Interior offset	-32,454,210.31	-32,454,210.31	0.00%	41.19%	40.05%	-1.89%
Other business revenue	20,643,980.06	17,130,594.90	17.02%	-14.57%	-24.91%	11.42%
<b>Regions</b>						
Domestic area	917,129,674.49	722,497,650.68	21.22%	-10.55%	-14.69%	3.83%
<b>Sales model</b>						
Direct sales	450,874,262.30	363,456,227.66	19.39%	-12.43%	-16.81%	4.24%
Distribution	466,255,412.19	359,041,423.02	22.99%	-8.64%	-12.43%	3.34%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

Applicable  Not applicable

### (3) Whether The Company's revenue from physical sales is greater than its revenue from labor services

Yes  No

Industries	Item	Unit	2021	2020	Increase/decrease
------------	------	------	------	------	-------------------

					y-o-y (+,-)
Communication industry	Sales volume	RMB	814,698,901.29	926,487,735.23	-12.07%
	Production volume	RMB	793,048,409.88	911,308,352.71	-12.98%
	Inventory	RMB	129,110,304.76	150,760,796.17	-14.36%
Electrical industry	Sales volume	RMB	102,430,773.2	98,756,080.6	3.72%
	Production volume	RMB	110,970,857.99	104,180,149.27	6.52%
	Inventory	RMB	57,421,260.94	48,881,176.15	17.47%

Note: due to the variety of products, the measurement unit is difficult to unify, the sales volume, production volume and inventory are expressed by the amount.

Reasons for y-o-y relevant data with over 30% changes

Applicable  Not applicable

#### (4) Performance of significant sales contracts, major procurement contract entered into by the Company up to the current reporting period

Applicable  Not applicable

#### (5) Constitute of operation cost

Industry classification

Unit: RMB/CNY

Industries	Item	2021		2020		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Communication industry	Main business cost-Cost of raw material (procurement cost)	581,208,359.85	80.44%	694,748,624.13	82.03%	-16.34%
Communication industry	Main business cost- Other	47,883,231.59	6.63%	57,941,348.33	6.84%	-17.36%
Communication industry	Other business cost	16,330,461.67	2.26%	21,097,941.35	2.49%	-22.60%
Electrical industry	Main business cost-Cost of raw material (procurement cost)	65,532,247.28	9.07%	63,426,773.23	7.49%	3.32%
Electrical	Main business	10,743,217.06	1.49%	7,977,089.73	0.94%	34.68%

industry	cost- Other					
Electrical industry	Other business cost	800,133.23	0.11%	1,714,165.72	0.20%	-53.32%
Total	Operation cost	722,497,650.68	100.00%	846,905,942.49	100.00%	-14.69%

Explanation

-

#### (6) Whether the changes in the scope of consolidation in Reporting Period

Yes  No

#### (7) Major changes or adjustment in business, product or service of the Company in Reporting Period

Applicable  Not applicable

#### (8) Major sales and main suppliers

Major sales client of the Company

Total top five clients in sales (RMB)	98,123,338.53
Proportion in total annual sales volume for top five clients	10.70%
Sales of related parties in annual sales from top five clients	0.00%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Shanghai Zhouluo Information Technology Co., Ltd.	24,092,637.29	2.63%
2	China Telecom	23,766,709.80	2.59%
3	Shanghai Shengxia Intelligent Technology Co., Ltd.	22,805,441.71	2.49%
4	Beijing Fuyuantong Digital Technical Development Co., Ltd.	15,309,592.32	1.67%
5	Beijing RT Zhiyuan Science and Technology LLC	12,148,957.41	1.32%
Total	--	98,123,338.53	10.70%

Other information on main clients

Applicable  Not applicable

## Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	264,007,480.05
Proportion in total annual purchase amount for top five suppliers	33.48%
Purchase of related parties in annual amount from top five suppliers	0.00%

## Information of top five suppliers of the Company

Serial	Supplier	Purchase amount(RMB)	Proportion in total annual procurement
1	Jiangsu Kexin Optoelectronics Technology Co., Ltd.	62,146,490.68	7.88%
2	Hongan Group Co., Ltd.	57,233,277.70	7.26%
3	Jiangsu Shuntian Internatinal Group Machinery Import & Export Co., Ltd.	54,828,236.76	6.95%
4	Huawei Technologies	46,806,026.42	5.94%
5	POLYCOM Communication Technology (Beijing) Co., Ltd.	42,993,448.49	5.45%
Total	--	264,007,480.05	33.48%

## Other information on main suppliers of the Company

Applicable  Not applicable

## 3. Expenses

Unit: RMB/CNY

	2021	2020	Increase/decrease y-o-y (+,-)	Note of major changes
Sales expense	91,425,098.10	101,208,835.79	-9.67%	
Management expense	67,220,016.02	75,477,706.26	-10.94%	
Financial expense	7,313,928.56	27,074,088.99	-72.99%	Mainly due to the decrease in debt financing in the period and the interest expenses declined from a year earlier.
R&D expenses	55,472,535.49	46,319,505.38	19.76%	

## 4. Investment in R&amp;D

Applicable  Not applicable

Projects	Purpose	Progress	Goals to be achieved	Expected impact on the future development of the Company

R& D of the new generation wiring frame and automatic production line	Developing new products and updating the product lines	Phase objects completed	Enrich the products categories of the enterprises and improving the technical parameters for products	Push out new products with technical content and enhance the enterprise competitiveness
B1, B2 grade high flame retardant cable	Developing new products and updating the product lines	R&D completed	Enrich the products categories of the enterprises and improving the technical parameters for products	Push out new products with more technical content and enhance the enterprise competitiveness
New generation hybrid networking system for building intelligence	Developing new products and updating the product lines	Phase objects completed	Enrich the products categories of the enterprises and improving the technical parameters for products	Push out new products with more technical content and enhance the enterprise competitiveness
Fine pitch LED display channel product line	Developing new products and updating the product lines	R&D completed	Enrich the products categories of the enterprises and improving the technical parameters for products	Push out new products with more technical content and enhance the enterprise competitiveness
Second generation socket boxes	Developing new products and updating the product lines	Completed the development and placing on the market	Enrich the products categories of the enterprises and improving the technical parameters for products	Push out new products with more technical content and enhance the enterprise competitiveness

## R&amp;D personnel

	2021	2020	Change ratio (+,-)
Number of R&D personnel (people)	286	332	-13.86%
Ratio of R&D personnel	27.63%	28.97%	-1.34%
Educational background	—	—	—
Undergraduate	176	206	-14.56%
Master	4	5	-20.00%
Junior college	99	111	-10.81%
Secondary specialized school	7	10	-30.00%
Age composition	—	—	—
Under 30	76	83	-8.43%
30~40	138	167	-17.37%
40~50	51	55	-7.27%
Over 50	21	27	-22.22%

## Investment of R&amp;D

	2021	2020	Change ratio (+,-)
R&D investment (RMB)	55,472,535.49	46,319,505.38	19.76%
R&D investment/Operation revenue	6.05%	4.52%	1.53%
Capitalization of R&D investment (RMB)	0.00	0.00	0.00%
Capitalization of R&D investment/R&D investment	0.00%	0.00%	0.00%

Reasons and effects of significant changes in composition of the R&D personnel

Applicable Not applicable

The reason of great changes in the proportion of total R&D investment accounted for operation income than last year

Applicable Not applicable

Reason for the great change in R&D investment capitalization rate and rational description

Applicable Not applicable

## 5. Cash flow

Unit: RMB/CNY

Item	2021	2020	Y-o-y changes (+,-)
Subtotal of cash in-flow from operation activity	1,039,198,794.59	1,207,247,116.07	-13.92%
Subtotal of cash out-flow from operation activity	1,100,916,323.35	1,119,101,767.20	-1.63%
Net cash flow arising from operating activities	-61,717,528.76	88,145,348.87	-170.02%
Subtotal of cash in-flow from investment activity	490,953.92	360,865,263.81	-99.86%
Subtotal of cash out-flow from investment activity	29,998,643.89	15,963,551.12	87.92%
Net cash flow from investment activity	-29,507,689.97	344,901,712.69	-108.56%
Subtotal of cash in-flow from financing activity	239,500,000.00	188,998,007.80	26.72%
Subtotal of cash out-flow from financing activity	137,908,918.21	660,669,001.36	-79.13%
Net cash flow from financing activity	101,591,081.79	-471,670,993.56	121.54%
Net increased amount of cash and cash equivalent	10,396,323.99	-38,721,119.73	126.85%

Main reasons for y-o-y major changes in aspect of relevant data

Applicable  Not applicable

Net cash flow arising from operating activities has declined on a y-o-y basis, mainly due to the decrease in sales return during the reporting period.

Cash in-flow from investment activity has declined on a y-o-y basis, mainly due to disposal of fixed assets and equity transfer in previous year, which resulted in a large cash in-flow.

Cash out-flow from investment activity has increased on a y-o-y basis, mainly due to the increase in cash paid for investment.

Net cash flow from investment activity has declined on a y-o-y basis, mainly due to disposal of fixed assets and equity transfer in previous year, which resulted in a large cash in-flow from investment activities.

Cash out-flow from financing activity has declined on a y-o-y basis, mainly due to the decrease in loans returned during the reporting period.

Net cash flow from financing activity has increased on a y-o-y basis, mainly due to the decrease in loans returned during the reporting period.

Net increased amount of cash and cash equivalent has increased on a y-o-y basis, mainly due to the increase in net cash flow arising from financing activities during the reporting period.

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

Applicable  Not applicable

### III. Analysis of the non-main business

Applicable  Not applicable

Unit: RMB/CNY

	Amount	Ratio in total profit	Cause of formation	Whether be sustainable (N/Y)
Assets impairment loss	-61,026,996.13	45.44%	Loss on inventory valuation	N
Credit impairment loss	-46,296,202.37	34.47%	Bad debt losses	N

### VI. Analysis of assets and liability

#### 1. Major changes of assets composition

Unit: RMB/CNY

	Year-end of 2021		Year-begin of 2021		Ratio changes (+,-)	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	188,665,530.37	18.99%	209,849,710.96	17.97%	1.02%	
Account	334,586,551.9	33.68%	493,992,403.49	42.31%	-8.63%	

receivable	3					
Contract assets		0.00%		0.00%	0.00%	
Inventory	186,531,565.70	18.77%	199,641,972.32	17.10%	1.67%	
Investment real estate	6,854,891.51	0.69%	4,267,013.35	0.37%	0.32%	
Long-term equity investment	10,422,193.15	1.05%	10,422,056.96	0.89%	0.16%	
Fix assets	117,801,156.71	11.86%	100,158,063.58	8.58%	3.28%	
Construction in process	292,996.23	0.03%	22,454,792.27	1.92%	-1.89%	
Right-of-use assets		0.00%		0.00%	0.00%	
Short-term loans	199,000,000.00	20.03%	65,000,000.00	5.57%	14.46%	Short-term loans at end of the period increased compared with that of beginning of the period
Contract liability	18,884,024.60	1.90%	28,518,252.40	2.44%	-0.54%	
Long-term loans		0.00%		0.00%	0.00%	
Leasing liability		0.00%		0.00%	0.00%	

Foreign assets account for a relatively high proportion

Applicable Not applicable

## 2. Assets and liability measured by fair value

Applicable Not applicable

Unit: RMB/CNY

Item	Opening number	Gains/losses of fair value changes in the period	Accumulated fair value changes included in equity	Impairment accrued in current period	Amount purchased in current period	Sales amount in current period	Other changes	Ending number
Financial assets								
1.Trading financial asset(excluding derivative financial assets)					20,000,000.00			20,000,000.00

4. Other equity instrument investment	741,953.00							741,953.00
Subtotal financial assets	741,953.00				20,000,000.00			20,741,953.00
Receivable financing	32,594,702.60							40,852,223.88
Total above	33,336,655.60				20,000,000.00			61,594,176.88
Financial liability	0.00							0.00

Other changes

Whether there are significant changes in the measurement attributes of the major assets during the reporting period

Yes  No

### 3. The assets rights restricted till end of the period

Assets with ownership or usage rights restricted:

(1) detail information

Item	Book value at period-end (Unit: RMB/CNY)	Restriction reason
Monetary funds	8,205,628.07	Guarantee deposit
Monetary funds	831.44	Bank freeze involving litigation
Fixed assets	1,063,884.17	Financial leasing
Total	9,270,343.68	

(2) other explanation

Saved as disclosed above, The Company pledged its stock rights of 4.8 million Yuan (40% equity in total) in the subsidiary Nanjing Putian Telege Intelligent Building Ltd., stock rights of 33.17 million Yuan (96.99% equity in total) in the subsidiary Nanjing Southern Telecom Co., Ltd., stock rights of 5.07 million Yuan (50.7% equity in total) in the subsidiary Nanjing Putian Changle Telecommunication Equipment Co., Ltd., and stock rights of 7.8 million Yuan (78% equity in total) in Nanjing Putian Network Co., Ltd pledge to the parent Company for entrusting the loan from Bank, and handled The Company's equity registration respectively at Market Supervision Administration in Jiangning District, Hi-Tech Industry District, Yuhuatai District and Qinghuai District of Nanjing City. Transfer of the stock rights of the aforesaid subsidiaries are restricted before the pledge being lifted.

## VII. Investment analysis

### 1. Overall situation

Applicable  Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year ( RMB)	Changes
29,661,590.83	15,508,722.61	91.26%

## 2. The major equity investment obtained during the reporting period

Applicable  Not applicable

## 3. The major non-equity investment in progress during the reporting period

Applicable  Not applicable

## 4. Financial assets investment

### (1) Securities investment

Applicable  Not applicable

The Company had no securities investment during the reporting period.

### (2) Derivative investment

Applicable  Not applicable

The Company had no derivatives investment during the reporting period.

## 5. Application of raised proceeds

Applicable  Not applicable

The Company had no application of raised proceeds during the reporting period.

## VIII. Sales of major assets and equity

### 1. Sales of major assets

Applicable  Not applicable

The Company had no major assets were sold during the reporting period.

### 2. Sales of major equity

Applicable  Not applicable

## IX. Analysis of main shareholding Company and joint stock companies

Applicable  Not applicable

Main subsidiaries and joint stock companies with an impact of 10% or more on The Company's net profit

Unit: RMB/CNY

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Nanjing Southern Telecom Co., Ltd	Subsidiary	Multimedia communication and application solutions	34.2 million yuan	353,161,616.97	96,010,589.01	293,669,517.19	9,532,540.11	8,555,394.52
Nanjing Putian Telege Intelligent Building Ltd	Subsidiary	General cabling, development, production and sales of the building intelligent products	20 million yuan	247,261,976.46	97,200,964.32	385,394,574.50	32,440,563.31	28,503,440.24
Nanjing Putian Network Co., Ltd.	Subsidiary	R&D, manufacture and sales of the software of communication, network and electronic equipment	10 million yuan	17,211,505.01	16,114,985.76	672,409.76	-7,018,823.74	-7,025,762.27
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	Subsidiary	Out-door patch, sub-line equipment, network box(cube)of out-door and machinery office, manufacture and sales of communication electrical products	10 million yuan	29,462,685.30	9,256,880.01	17,813,747.87	-22,705,617.10	-22,705,617.10
Putian Telecommunications (H.K.) Co.,	Subsidiary	Export and import of telecommunication	HKD 2 million	324,090.80	-18,312,002.66	0.00	-165,930.01	-165,930.01

Ltd.		equipment, Hi-tech R & D and transfer, technology trade						
Nanjing Putian Telecommuni- cation Technology Co., Ltd.	Subsidiary	R & D and sales of the electronic components assembly, electronic products and telecommuni- cation equipment	5 million yuan	1,185,486.13	-3,803,100.2 7	0.00	-1,326,151.6 7	-1,326,151.6 7
Nanjing Nanman Electric Co., Ltd.	Subsidiary	Manufacture and sales of industrial intelligent distribution products	41.14 million yuan	196,763,512. 42	52,388,602.5 0	102,430,773. 20	970,170.81	538,866.82
Nanjing Putian Datang Information Electronic Co., Ltd	Subsidiary	R&D, manufacture and sales of solar controller, and production & processing business of electronic products	10 million yuan	45,854,596.5 0	24,014,959.4 6	20,187,867.9 7	-5,805,057.8 4	-5,780,312.6 2
Chongqing Puhua Information Technology Co., Ltd.	Subsidiary	Information system integration service, computer software and hardware and peripherals manufacturin- g.	50 million yuan	2,408,159.31	2,030,937.31	8,161,928.63	8,851.44	22,397.77

		manufacture of the cloud computing devices, telecommunication equipment and internet devices, big data services and software development						
--	--	--	--	--	--	--	--	--

Particular about subsidiaries acquired or disposed during the reporting period

Applicable  Not applicable

Name	Method of acquisition and disposal during the reporting period	Impact on overall production operations and results
Nanjing Nanman Electric Co., Ltd.	Purchasing 25% equity of minority shareholders, and shareholding ratio increased to 100% from 75%	No significant impact
Putian Telecommunications (H.K.) Co., Ltd.	Proposal with subsidiary liquidation and close concerned has deliberated and approved by the Board	No significant impact

Explanation on main joint stock companies

## X. Structured vehicle controlled by the Company

Applicable  Not applicable

## XI. Future Development Prospects

The year 2022 is the year when the 20th National Congress of the Communist Party of China will be held, the year when the 14th Five-Year Plan will be fully implemented and new development pattern will be arranged in an all-round way. Under the guidance of long-term strategic planning for a “dual circulation” development pattern, carbon peak and carbon neutralization goals, and common prosperity, China is expected to start a round of comprehensive optimization for the demand structure and promote sustainable and high-quality and stable economic growth. From an industry perspective, the industrial layout of the national “Dong Shu Xi Suan” project has created new opportunities for the communication equipment manufacturing industry and brought a lasting and large-scale market demand. At the same time, in the post-pandemic period, the market demand for online videoconferencing and remote multimedia collaboration services remains strong, and The Company’s multimedia communication business still has continuous market opportunities. According to the national “carbon peak and carbon neutralization” strategy, China will increase investments in the power industry, and the rail transit and weak current intelligent industries covered by new infrastructure strategy, and the information technology application innovation industry will also usher in a period of development.

In the face of new opportunities and new challenges, The Company will be based on the national needs, the industry trends, and its own capabilities, focus on the main responsibility and main business, identify its own positioning, clarify the direction of industrial development, strengthen the development of new products, improve the system and mechanism, and actively integrate into the CETC system, promote The Company to complete optimization and adjustment as soon as possible, and achieve stable and healthy development of the Company.

Key work initiative in the new year:

1. Focus on key industry customers, pay close attention to key tasks. Advocate the “big market” concept and share internal resources. Based on the market of the Company’s existing competitive products such as integrated wiring, videoconferencing and industrial electrical, deeply cultivate customers in rail transit, data center, finance, medical treatment and other industries, driven by system solutions of “product + technology + service”, actively plan to develop new markets, internally coordinate market resources, dig deep into customer needs, increase the stickiness with customers, and enhance The Company’s overall industry market competitiveness. In terms of traditional wiring products, we will pay close attention to the industry market, integrate resources, and explore new sales methods. In terms of data center products, we will focus on customer projects of operators in advantageous regions. For production and processing businesses, we will strengthen the control of production process, continuously improve capacity, and strive to reduce cost and increase efficiency. Southern Telecom will take the Huawei videoconferencing business as an entry point, while maintaining the original product positioning, expand functions such as IoT centralized control and videoconferencing network quality diagnosis, extend to intelligence management of office space, making it the core of differentiated competitiveness of Nandian solutions. Telege Company will improve sales system, regulate the market through innovative sales means and scientific management methods, strengthen the development of industry customers, and promote The Company’s products. Nanman Company will continue to run through the rail transit field, comprehensively develop products from the socket box, distribution box to the switch cabinet field, at same time, focus on the development of airports, ports, petrochemical industry, data center, pipe gallery, hospitals, etc.. Datang Company will reconstitute the sales system, refine product sales goals, and focus on three new product markets, i.e. smart power supply, cruise system, and charger.

2. Strengthen the coordination of upstream and downstream industry chains to achieve win-win cooperation

Firmly seize the opportunity of China Potevio and CETC to achieve major strategic restructuring, strengthen business collaboration with related units, and strive to integrate The Company’s products into the overall solution of cooperators, form multiple business growth points, promote the transformation of Nanjing Potevio from a single product supplier to an overall solution supplier and service provider, and achieve upstream and downstream complementarity in the industrial chain and win-win cooperation.

3. Strengthen new product research and development capabilities and enhance internal driving force for development

Further strengthen the scientific nature of the Company’s new product project approval, improve the success rate of new product development, reduce the risk and cost of new product development, and strive to develop new products.

In terms of operation and management, The Company will strengthen the strategic guidance, identify the development orientation, continuously optimize the operation structure, and improve the quality of operation; promote the asset disposal to reduce operation risks; optimize performance assessment, build talent echelon; keep abreast with advanced enterprises, improve basic management; accelerate transformation and upgrading, and promote high-quality development of the Company by deepening enterprise reform.

Risks The Company run in development:

1. Cycle risk of communication industry

The Company is mainly engaged in the manufacture and sales of communications products, customers include several major telecom operators in China. The establishment and adjustment of network construction period and investment plan of the operators have a significant impact on the operation of the Company and pose industry cycle risk.

Countermeasures: The Company will continue to further integrate quality resources, accelerate industry upgrade, expand industry market and improve industry profitability.

## 2. Technology R&D risk

The telecommunication industry is experiencing rapid change of technology development and product upgrade. Therefore, The Company's business operation will be adversely affected if it cannot adapt to market change, lag behind in the technology reform or the developed products do not satisfy market demands.

Countermeasures: The Company will actively follow up the latest development trend of industrial technology, develop and introduce technology based on market requirements, focus on organization, planning and management of product development and expand development of new products, aiming to maintaining the leading position in terms of technology.

## 3. Market competition risk

The industry in which The Company operates is highly competitive with substantial market players. Besides, customers, such as various operators, continue to adopt centralized procurement policy which led to very furious market competition. Benefiting from long-term operation, The Company has accumulated certain competitive advantages in terms of brand, technology, quality and marketing. If our products fail to cater for the market variation in future, we may lose the existing advantages in market competition.

Countermeasures: The Company will continue to capitalize on the existing advantages to consolidate traditional market while expanding special network and industry markets actively, and accelerate the transformation and upgrading of industries and foster strategic emerging industries. Through continuous cost control and scientific innovation, it continues to improve production and research capability, which leads to rapid development of the new products and enables The Company to maintain and improve profitability.

## 4. Cash flow shortage risk

Products of the Company are used in operator network construction, subway construction and other projects. Affected by project completion cycle and long approval process, collection cycle is long. The receivable cycle was extended and inventory liquidation cycle becomes slower due to the impact of COVID-19, pressure from cash flow further increased.

Countermeasures: persist in the budget management on funds, proportion of fund payment and collection to ensure the dynamic balance of cash flow; intensified cleanup efforts on housing provident fund and enterprise annuity, increasing assessment efforts, urging the timely collection of payment for goods, reinforcing the inventory management and improving the liquidity; getting certain working capital financing from the banking and financial institutions as required.

## **XII. Reception of research, communication, interview and other activities during the reporting period**

Applicable     Not applicable

No reception of research, communication and interview occurred during the reporting period

## Section IV Corporate Governance

### I. Corporate governance of the Company

The Company has continuously improved the corporate governance structure in strict accordance with the requirements of the Company Law, Securities Law, Guidelines for the Governance of Listed Companies, Stock Listing Rules of the Shenzhen Stock Exchange, and other relevant laws and regulations, formed scientific and effective division of responsibilities and balance mechanism, improve the Company's internal control system, strengthen internal and external supervision, and improve the level of standardized operation. During the reporting period, the Company adhered to the combination of party organization construction and legal-person governance, operated according to law, effectively safeguard the legitimate rights and interests of small and medium shareholders, and promoted the Company's sustainable and healthy development.

#### 1. Shareholders and shareholders' meeting

The Company formulated the articles of association in accordance with The Company Law, Guidelines for Articles of Association of Listed Companies, and other laws and regulations, ensured that all shareholders have equal rights according to their share and bear the corresponding obligations. The shareholders' meetings were convened, held and voted according to the laws and regulations, guaranteed that all shareholders have the right to know and make decisions on major issues, the decision-making procedures of related transactions strictly abided by the laws and regulations and the provisions of the Articles of Association, did not damage the interests of the Company and non-related shareholders.

#### 2. Directors and the board of directors(BOD)

The Company elected directors in strict accordance with the election procedures prescribed by laws and regulations and the Articles of Association. There were 9 members of the Company's board of directors, including 3 independent directors, and the number and personnel composition of the board of directors met the requirements of laws and regulations. The board of directors, independent directors, and specialized committees of the board of directors exercised powers in accordance with the laws and regulations and the provisions of the Articles of Association, and safeguarded the legitimate rights and interests of the Company and all shareholders.

#### 3. Supervisors and the board of supervisors(BOS)

The Company elected supervisors in strict accordance with the election procedures prescribed by laws and regulations and the Articles of Association. There were 3 members of the Company's board of supervisors, including 1 employee supervisor, and the number and personnel composition of the board of supervisors met the requirements of laws and regulations. The board of supervisors performed their duties independently, inspected the Company's financial affairs according to law, supervised the legality and compliance of directors, senior management personnel in performing their duties, and exercised the functions and powers stipulated in the articles of association, and safeguarded the legitimate rights and interests of the listed company and shareholders.

#### 4. Senior executives and incentives

The Company engaged senior executives in strict accordance with the legal procedures and the Company's articles of association, and there was no situation that the controlling shareholders, actual controllers and their related parties interfered with the normal procedures for recruitment and selection of senior executives, or directly appointed and dismissed senior executives by bypassing the shareholders' meetings. The Company has established a mechanism for linking remuneration with company performance and personal performance, taking the performance evaluation of senior executives as an important basis for

remuneration and other incentives for senior executives.

#### 5. Controlling shareholders and their related parties

The controlling shareholders of the Company exercised their rights and fulfilled their obligations to the Company in accordance with the law, and there was no situation that the controlling shareholders and actual controllers used their control rights to damage the legitimate rights and interests of the Company and other shareholders. The controlling shareholders nominated or recommended candidates for directors and supervisors in accordance with the conditions and procedures stipulated by laws and regulations and The Company's articles of association. The Company's major decisions were made by the shareholders' meetings and the board of directors in accordance with the law. The Company was separated from the controlling shareholders and actual controllers in terms of personnel, assets, and finance, and independent in terms of organization and business, with independent accounting and independent responsibility and risk. The related transactions strictly performed decision-making procedures and information disclosure obligations in accordance with relevant provisions.

#### 6. Stakeholders, environmental protection and social responsibility

The Company respected the legitimate rights of the bank and other creditors, employees, customers, suppliers, communities and other stakeholders. While maintaining the Company's development, striving to improve business performance, and safeguarding the interests of shareholders, it actively fulfilled its social responsibilities and conducted effective exchanges and cooperation with stakeholders to jointly promote the sustainable and steady development of the Company and the industry.

#### 7. Information disclosure and transparency

In strict accordance with laws and regulations, self-regulation rules and the articles of association, the Company earnestly fulfilled its information disclosure obligations, continuously strengthened the standardization of information disclosure, conducted investor exchanges in accordance with regulations, fully guaranteed shareholders' right to know, guaranteed the transparency of information disclosure, and ensured that all shareholders of the Company have equal access to information.

Whether there are material differences between the actual condition of corporate governance and the laws, administrative regulations and rules with corporate governance concerned issued by CSRC on listed companies

Yes     No

The actual condition of corporate governance does not differ materially from the laws, administrative regulations and rules issued by CSRC with corporate governance concern on listed companies

## **II. Independence of the Company relative to controlling shareholder and the actual controller in ensuring The Company's assets, personnel, finance, organization and businesses**

The Company is independent and completely separate from its controlling shareholder, actual controller and other related parties, in terms of assets, personnel, finance, organization and business.

#### 1. Assets

The Company has independent and complete assets with clear property rights, and there are no occupancy or domination by directors, supervisors, senior executives, controlling shareholders, actual controller and other related parties.

#### 2. Personnel

The Company has independent labor & personnel system and workforce; senior executives are appointed in accordance with the regulations and do not hold any administrative position other than directors, supervisors in enterprise of controlling shareholder or its enterprise under the control.

## 3. Finance

The Company has an independent financial department and established a separate financial accounting system with its own; and has a standardized financial accounting system and financing management mechanism for branches and subsidiaries, also, The Company has ability to make independent financial decisions without intervention from the controlling shareholders on capital use.

## 4. Organization

The Company established an independent and completed corporate governance structure and internal management organization. BOD, BOS and other internal organization are operates independently and there are no mixed operations with its controlling shareholders.

## 5. Business

The Company has a completed business system including procurement, production, sales and R&D system, and made independent decisions with its own; self-operated and no reliance on shareholders and other related parties for production and operation activities.

### III. Horizontal competition

Applicable  Not applicable

### IV. Annual General Meeting(AGM) and extraordinary shareholders' general meeting held during the reporting period

#### 1. Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Meeting date	Date of disclosure	Resolution of the Meeting
Annual General Meeting of 2020	AGM	53.93%	May 26, 2021	May 27, 2021	Proposals deliberated and approved including: (1) Report on Work of the BOD for year of 2020; (2) Report on Work of the BOS for year of 2020; (3) Financial Statement Presentation for Year of 2020; (4) Profit Distribution Plan for year of 2020; (5) Annual Report of 2020; (6) Provision of Guarantee for Subsidiaries; (7) Expected Daily Related Transactions for year of 2021;

						(8)Amendment of Article of Association; and (9)Application for Entrusted Loans from China Potevio Company Limited.
First Extraordinary Shareholders General Meeting of 2021	Extraordinary Shareholders General Meeting	53.93%	May 27, 2021	May 28, 2021		Deliberated and approved Proposal on Application for Entrusted Loans from China Potevio Company Limited
Second Extraordinary Shareholders General Meeting of 2021	Extraordinary Shareholders General Meeting	54.12%	December 27, 2021	December 28, 2021		Proposals deliberated and approved including: (1)Signing of the Financial Service Agreement with China Electronics Technology Group Corporation; and (2)Appointment of the Auditing Organization for year of 2021

## 2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable  Not applicable

## V. Directors, supervisors and senior executives

### 1. Basic information

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-b egin (Share)	Amount of shares increased in this period (Share)	Amount of shares decrease d in this period (Share)	Other changes (share)	Shares held at period-e nd (Share)	Reasons for increase or decrease of shares
Sun	Director,	Currentl	Male	49	Feb. 14,		0	0	0	0	0	

Xigang	President	y in office			2022							
Wang Wenkui	Director	Currentl y in office	Male	47	Jan. 21, 2019		0	0	0	0	0	
Wang Wenkui	Deputy President	Currentl y in office	Male	47	Apr. 19, 2019		0	0	0	0	0	
Li Tong	Director	Currentl y in office	Male	51	Aug. 27, 2019		0	0	0	0	0	
Liu Yun	Director	Currentl y in office	Female	48	Aug. 27, 2019		0	0	0	0	0	
Qin Zhen	Director	Currentl y in office	Male	53	Aug. 23, 2017		0	0	0	0	0	
Wang Jinfeng	Director	Currentl y in office	Female	51	Aug. 23, 2017		0	0	0	0	0	
Tang Fuxin	Independent Director	Currentl y in office	Female	65	Aug. 23, 2017		0	0	0	0	0	
Xie Manlin	Independent Director	Currentl y in office	Male	58	Aug. 23, 2017		0	0	0	0	0	
Du Xiaorong	Independent Director	Currentl y in office	Female	53	Aug. 23, 2017		0	0	0	0	0	
Lv Dong	Supervisor	Currentl y in office	Male	50	Aug. 27, 2019		0	0	0	0	0	
Lv Dong	Chairman of the Supervisory Committee	Currentl y in office	Male	50	Aug. 28, 2019		0	0	0	0	0	
Wei Jie	Supervisor	Currentl y in office	Female	44	Aug. 27, 2019		0	0	0	0	0	

Qiu Huizhen	Supervisor	Currently in office	Female	48	Aug. 23, 2017		0	0	0	0	0
Wang Wenkui	GM	Currently in office	Male	47	Jan. 4, 2019		0	0	0	0	0
Qin Zhen	Deputy GM	Currently in office	Male	53	Aug. 26, 2016		0	0	0	0	0
Jia Haowen	Deputy GM	Currently in office	Female	41	Jun. 29, 2018		0	0	0	0	0
Lei Xu	Deputy GM	Currently in office	Male	53	May 29, 2019		0	0	0	0	0
Wang Huilin	Chief Accountant	Currently in office	Male	54	Aug. 29, 2019		0	0	0	0	0
Liu Xiaodong	General counsel	Currently in office	Female	50	Apr. 20, 2018		0	0	0	0	0
Li Jing	Secretary of the Board	Currently in office	Female	46	Aug. 23, 2017		0	0	0	0	0
Xu Qian	Director, President (former)	Office leaving	Male	59	Aug. 23, 2013	Jan. 12, 2022	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior Executives

Yes  No

Changes of directors, supervisors and senior executives

Applicable  Not applicable

Name	Title	Type	Date	Reasons
Sun Xigang	Director, President	Be elected	Feb. 14, 2022	Elected by Shareholders' general meeting to serves as Director and serves as president elected by the BOD
Xu Qian	Director, President	Office leaving	Jan. 12, 2022	Resignation

## 2. Post-holding

Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive at the present

### Director:

Sun Xigang (Male), born in 1972, owns a master of business administration. Mr. Sun worked as a technician and assistant engineer in the First department of 28<sup>th</sup> Research Institute of China Electronics Technology Group Corporation (CETC), the project manager, deputy director, director and secretary of Party Branch of science & technology division in CETC, director of planning management division of CETC, the special assistant to the director and director of capital management office of CETC; he is currently the deputy GM of CETC LES Information System Co., Ltd. and Party Secretary and President of Nanjing Putian Telecommunications Co., Ltd.

Wang Wenkui (Male), born in 1974, bachelor of engineering and joined the workforce in 1996. Mr. Wang served as the deputy manager of WCDMA project dept., WCDMA project manager and manager of the WCDMA project of Network Communication Research Institute of Eastcom Co.,Ltd, the deputy GM of Hangzhou Sanxing Eastcom Network Technology Co., Ltd., deputy GM of the wireless trunking division of Eastcom Co., Ltd, GM of the manufacturing division of Eastcom Co., Ltd and deputy president and GM of finance division of Eastcom Co., Ltd. Now he is the deputy president and GM of Nanjing Putian Telecommunications Co., Ltd.

Li Tong(Male), born in 1970, master of business administration and joined the workforce in 1993. Mr. Li served as the director of business planning division under the enterprise management dept. and deputy GM of China Putian Corporation; deputy director of corporate restructuring office, deputy GM of corporate development division and manager of corporate operation division I of the China Putian Corporation; deputy GM of corporate development division, manager of corporate operation division I and deputy GM of corporate development division of the China Potevio; GM of the Nanjing Putian Communication Technology Industrial Park Co., Ltd; Deputy GM, deputy secretary of the Party Committee, secretary of Discipline Inspection Committee and secretary of the Party Committee of Nanjing Putian Telecommunications Co., Ltd.; GM of the Audit/Inspection/Legal Affairs dept. of China Potevio; deputy head of the Discipline Inspection Group of the Party and director of the GM office of China Putian Corporation; GM of the general affairs dept., deputy head of the Discipline Inspection Group of the Party of China Potevio; office manager, director of office of the GM (President) and director of the Office of the BOD of China Putian Corporation (China Potevio); GM of the integrated management dept. of China Putian Corporation (China Potevio) and the assistant GM of China Putian Corporation; currently Mr. Li is the Party Secretary and President of Beijing Putian Taili Communication Technology Co., Ltd., secretary of the Board of China Putian Corporation (China Potevio) and Director of Nanjing Putian Telecommunications Co., Ltd.

Liu Yun (Female), born in 1973, master of economics and joined the workforce in 1997. She served as assistant general manager of Investment Department of China National Textiles Import and Export Corporation; the assistant general manager of Chinatex International Apparel Co., Ltd.; the financial director of the Preparation Office of the Infolex LLC Beijing Office; head of the investment management of corporate development dept., investment management manager, assistant GM of the corporate development dept. and deputy GM of China Potevio; from October 2013 to October 2018, she successively served as the assistant general manager and deputy general manager (October 2016) of Enterprise Development Department of China Potevio Information Industry Co., Ltd.; from October 2018 to June 2019, she served as the deputy general manager of Putian Innovation and Entrepreneurship Management Co., Ltd.; from June 2019 to the present, she has been the general manager of the Enterprise Operation Department of China Putian Corporation; deputy GM of Putian Innovation and Entrepreneurship Management Co., Ltd, and the GM of corporate operation dept. of China Putian Corporation. Now she is the senior manager of the Putian restructuring promotion office of China Electronics Technology Group Corporation and Director of Nanjing Putian Telecommunications Co., Ltd.

Qin Zhen (Male), born in 1968, bachelor of engineering and joined the workforce in 1990. Mr. Qin worked as the production office

scheduling and department assistant in Nanjing Communication Equipment Plant; the deputy GM and deputy secretary of the Party branch in wiring Company of Nanjing Putian Telecommunication Co., Ltd.; deputy director of the enterprise development dept. and enterprise management dept. and director of the enterprise management dept. in Nanjing Putian Telecommunication Co., Ltd. and GM of the Putian Industrial Co., Ltd.; deputy GM in network cabinet division (Machinery) of the Company; GM in manufacturing division, the Party Branch Secretary, director of Party Committee Work Department and vice president of Trade Union of Putian; assistant GM of Nanjing Putian Telecommunication Co., Ltd; now he is the Director and Deputy GM of Nanjing Putian Telecommunication Co., Ltd.

Wang Jinfeng (Female), born in 1970, bachelor of economics and joined the workforce in 1993. Ms. Wang worked as the accounting officer of the finance department and accounting supervisor of marketing center in the Beijing Posts and Telecommunications Equipment Factory; the position of financial accounting manager of Beijing Capitek Co. Ltd.; the financial manager of terminal services, agency services, agency and telecommunications services of China Potevio Company Limited; the assistant general manager of financial department of China Potevio Company Limited, the deputy general manager of financial department of China Potevio Company Limited; now she is the CFO of Potevio Information Technology (Chongqing) Co., Ltd. and Director of Nanjing Putian Telecommunication Co., Ltd.

Tang Fuxin (Female), born in 1956, obtaining a master's degree, a senior accountant and joined the workforce in 1975. She served as an accountant of financial division and the deputy director of inspection division of the original ministry of posts and telecommunications; the manager of planning financial department of the original Guoxin Paging Co., Ltd.; the deputy general manager of financial department of China United Communications Limited; the deputy general manager and general manager of financial department, general manager and senior manager of auditing department of China United Communications Limited; Ms. Tang currently is the Independent Director of Nanjing Putian Telecommunication Co., Ltd.

Xie Manlin (Male), born in 1963, Master of laws and joined the workforce in 1986. He worked in the Nanjing Second Laws and Nanjing Jinling Laws Firm; and now Mr. Xie is the director of Jiangsu Xie Manlin Laws Firm and the Independent Director of Nanjing Putian Telecommunication Co., Ltd.

Du Xiaorong (Female), born in 1968, doctor of management and joined the workforce in 1989. Ms. Du worked as an assistant teacher at the management department of Hohai University; a lecturer of International Business School of Hohai University; an associate professor of Business School of Hohai University; assistant of the director of planning division of Taihu Basin Administration, ministry of water resources (workplace attachment); an assistant professor of Business School and the deputy director of Chrematistics Department of Hohai University; the director of Chrematistics Department of Hohai University; a professor of Business School and director of Chrematistics Department of Hohai University; Ms. Du now is the professor of Business and head of accounting department of the Hohai University and the Independent Director of Nanjing Putian Telecommunication Co., Ltd.

#### **Supervisor:**

Lv Dong (Male), born in 1971, master of management and joined the workforce in 1995. Mr. Lv served as an accounting accountant of the Finance Office of Beijing Power Equipment Group Co., Ltd.; the auditor of the Audit Branch of North China Power Bureau; he was seconded to the 13<sup>th</sup> Office of the Board of Supervisors of the Central Enterprise Work Committee; the project manager of Tianhua Certified Public Accountants; the auditor of the Audit Department of China Putian Corporation; the audit practice manager of Audit & Inspection department and Auditing department, deputy manager of auditing department, manager of audit department, audit inspection & legal affair department, deputy general manager of audit, inspection & legal affair department and the audit manager of China Potevio; the deputy general manager of the Audit Department of Chian Putian Corporation; now Mr. Lv is the

project manager of the assurance division under the Putian Restructuring Promotion Leadership Office of China Electronics Technology Group Corporation and Chairman of the Supervisory Committee of Nanjing Putian Telecommunication Co., Ltd.

Wei Jie (Female), born in 1977, master of law and joined the workforce in 2001. She served as a legal specialist of Beijing Urban Construction First Construction Engineering Co., Ltd.; the lawyer and chief lawyer of the Legal Affairs Department of the Comprehensive Management Department, and a supervisor lawyer, senior lawyer, legal manager of the Audit and Supervision Legal Department of China Potevio.; the director of the Discipline Inspection Case Review Office of the Legal Risk Control Department of China Putian Corporation; the legal manager of the Legal Risk Control Department of China Putian Corporation; now she is the project manager, legal audit risk control department of China Electronics Technology Group Corporation and Supervisor of Nanjing Putian Telecommunication Co., Ltd.

Qiu Huizhen (Female), born in 1973, bachelor of economics and joined the workforce in 1997. Ms. Qiu served as the female director and secretary of the Youth League Committee in Shaokou Village Government, Wan'an County, Jiangxi Province; the cost accountant and the CFO in the finance department of Nanjing Putian Telecommunications Co., Ltd; the deputy director of the HR department and deputy director/director of the finance department of Nanjing Putian Telecommunications Co., Ltd; currently she is the director of audit, supervision & legal affair department and employee representative supervisors of Nanjing Putian Telecommunication Co., Ltd.

#### **Senior Executives:**

Main work experience of GM Mr. Wang Wenkui has been introduced in the above Directors.

Main work experience of deputy GM Mr. Qin Zhen has been introduced in the above Directors.

Jia Haowen (Female), born in 1980, bachelor of management and joined the workforce in 2002. Mr. Jia worked on administrative management and sales at Shanghai Xinhaoshi Real Estate Company; the president's office secretaries and secretary, assistant director of general management department, assistant director of human resources, president and vice president of the human resources and the director of general management department of Nanjing Putian Telecommunications Co., Ltd; assistant GM and head of the multimedia application industry division of Nanjing Putian Telecommunications Co., Ltd; currently she is the deputy GM of Nanjing Putian Telecommunications Co., Ltd.

Lei Xu (Male), born in 1968, Doctor of Engineering and joined the workforce in 1989. Mr. Lei worked as a product quality inspector in Wuhan Changjiang Transformer Factory; teaching and research at Harbin Institute of Technology; worked as the physical-layer algorithm research engineer in the wireless access technology division of the 4G department of information technology research institute of Putian; the manager of system planning department/wireless access technology department of the Potevio Institute Technology Co., Ltd., the standards and national special director, product director of marketing department V (information security product line) of the Potevio Information Technology Co., Ltd; and a assistant to the mayor (temporary job) of Yingtan, Jiangxi Province ; currently he is the deputy GM and head of strategic science & technology department of the Nanjing Putian Telecommunications Co., Ltd.

Wang Huailin (Male), born in 1967, master of engineering, senior accountant and joined the workforce in 1991. He worked as a teacher at Funan Normal College in Anhui Province; the employee of the Finance Department and financial manager of Electronic Equipment Department of Eastcom Co., Ltd.; financial director of Hangzhou Lingtong Electronic Equipment Co., Ltd.; CFO of Hefei Dongxin Real Estate Development Co., Ltd.; deputy general manager of the Financial Department of Putian Eastcom Group Co., Ltd., the committee member of Discipline Inspection Commission, deputy general manager and general manager of Finance Department

of Putian Eastcom Group Co., Ltd.; currently he is the chief accountant of Nanjing Putian Telecommunications Co., Ltd.

Liu Xiaodong (Female), born in 1971, bachelor of economics and joined the workforce in 1995. Ms. Liu served as the accountant, auditor, deputy director of the audit department, deputy director of the Audit and Supervision Department, head of the Audit and Supervision Department, and the head of the Audit Law Department, and the head of the Audit and Supervision Law Department of Nanjing Putian Telecommunications Co., Ltd.; the deputy secretary of the Disciplinary Inspection Committee and employee supervisor of Nanjing Putian Telecommunications Co., Ltd.; currently she is the deputy secretary of the Party Committee, secretary of the Discipline Inspection Committee, chairman of the labor union and General counsel of Nanjing Putian Telecommunications Co., Ltd.

Li Jing (Female), born in 1975, master of management and joined the workforce in 1996. Ms. Li worked as the secretary and customs declaring in Nanjing Mennekes; the buyer and industrial officer of Nanjing Potevio Computer Co., Ltd; the investment management officer, deputy director of the corporate development department and director of the strategic investment department of Nanjing Putian Telecommunications Co., Ltd; currently she is the Assistant GM, secretary of the Board and director of corporate development department of Nanjing Putian Telecommunications Co., Ltd.

#### Post-holding in shareholder's unit

√ Applicable   □ Not applicable

Name	Name of shareholder's unit	Position in shareholder's unit	Start dated of office term	End date of office term	Received remuneration from shareholder's unit (Y/N)
Li Tong	China Potevio Company Limited	Secretary of the Board	2019-11-09		N
Explanation	China Potevio is the controlling shareholder of the Company				

#### Post-holding in other unit

√ Applicable   □ Not applicable

Name	Name of other units	Position in other unit	Start dated of office term	End date of office term	Received remuneration from other unit (Y/N)
Li Tong	China Putian Corporation	Secretary of the Board	2019-11-09		Y
Li Tong	Beijing Putian Taili Communication Technology Co., Ltd	Secretary of Party Committee, President	2021-08-18		N
Liu Yun	China Electronics Technology Group Corporation	senior manager of the Putian	2021-08-01		Y

		restructuring promotion office			
Liu Yun	Putian Logistic Technology Co., Ltd.	Director	2017-02-28		N
Liu Yun	Potevio New Energy Co., Ltd.	Director	2018-04-13		N
Wang Jinfeng	Puxing Mobile Communication Equipment Co., Ltd.	Director	2015-12-21		N
Wang Jinfeng	Potevio Information Technology (Chongqing) Co., Ltd.	CFO	2020-07-21		N
Xie Manlin	Jiangsu XieManlin Laws Firm	Director	1994-12-01		Y
Xie Manlin	Saurer Intelligent Technology Co., Ltd.	Independent Director	2017-08-26		Y
Du Xiaorong	Business school of Hohai University	Professor, head of department of accounting	2013-06-15		Y
Lv Dong	China Electronics Technology Group Corporation	Project manager of the assurance division under the Putian Restructuring Promotion Leadership Office	2021-08-01		Y
Lv Dong	Wuhan Putian Power Co., Ltd.	Supervisor	2016-05-24		N
Lv Dong	Puxing Mobile Communication Equipment Co., Ltd.	Supervisor	2015-12-21		N
Lv Dong	Potevio Information Engineering Design Service Co., Ltd.	Supervisor	2016-08-04		N
Lv Dong	Potevio Information Trade Co., Ltd.	Supervisor	2018-07-11		N
Wei Jie	China Electronics Technology Group Corporation	Project manager, legal audit risk control department	2021-08-01		Y
Wei Jie	Potevio Guomai Networks Ltd.	Supervisor	2016-12-02		N
Wei Jie	Potevio Information Technology (Chongqing) Co., Ltd.	Supervisor	2020-07-21		N

Wang Huilin	Eastcom Ventures	Supervisor	2015-12-11		N
Explanation	China Electronics Technology Group Corporation is the actual controller of the Company				

Punishment of securities regulatory authority in recent three years to the Company's current and outgoing directors, supervisors and senior management during the reporting period

√ Applicable    □ Not applicable

In 2019, as a current president of Shanghai Putian, Mr. Xu Qian was warned and fined 50,000 yuan by CSRC for the information disclosure of Shanghai Putian.

### 3. Remuneration for directors, supervisors and senior executives

Decision-making procedures, recognition basis and payment for directors, supervisors and senior executives

The Company has not paid directors and supervisors, the directors and supervisors get paid as The Company's administrative duties. The independent directors receive the allowance in The Company, while subsidiary standard is determined by the general meeting of shareholders. Senior management personnel salary standard and assessment methods are decided by the board of directors.

The Company implements performance salary system on senior management, making evaluation and paying compensation according to the completion of the production and operation as well as performance of the senior management personnel.

Remuneration for directors, supervisors and senior executives during the reporting period

Unit: 10'000 yuan

Name	Title	Sex (M/F)	Age	Post-holding status	Total remuneration obtained from The Company (before taxes)	Whether remuneration obtained from related party of the Company
Sun Xigang	President	Male	49	Currently in office		Y
Wang Wenkui	Deputy President	Male	47	Currently in office		N
Li Tong	Director	Male	51	Currently in office		Y
Liu Yun	Director	Female	48	Currently in office		Y
Qin Zhen	Director	Male	53	Currently in office		N
Wang Jinfeng	Director	Female	51	Currently in office		Y

Tang Fuxin	Independent Director	Female	65	Currently in office	9	N
Xie Manlin	Independent Director	Male	58	Currently in office	9	N
Du Xiaorong	Independent Director	Female	53	Currently in office	9	N
Lv Dong	Chairman of the Supervisory Committee	Male	50	Currently in office		Y
Wei Jie	Supervisor	Female	44	Currently in office		Y
Qiu Huizhen	Supervisor	Female	48	Currently in office	22.17	N
Wang Wenkui	GM	Male	47	Currently in office	80	N
Qin Zhen	Deputy GM	Male	53	Currently in office	36.56	N
Jia Haowen	Deputy GM	Female	41	Currently in office	41.88	N
Lei Xu	Deputy GM	Male	53	Currently in office	34.12	N
Wang Huilin	Chief Accountant	Male	54	Currently in office	54.35	N
Liu Xiaodong	General counsel	Female	50	Currently in office	36.38	N
Li Jing	Secretary of the Board	Female	46	Currently in office	34.4	N
Xu Qian	Director, President(former)	Male	59	Office leaving		Y
Total	--	--	--	--	366.86	--

## VI. Responsibility performance of directors during the reporting period

### 1. The board of directors during the reporting period

Session of meeting	Date of meeting	Disclosure date	Meeting resolutions
The 46 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021-01-21	2021-01-22	Deliberated and approved the proposal on Acquisition of 25% Equity of Nanjing Nanman

			Electric Co., Ltd.
The 47 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021-03-09	2021-03-10	Deliberated and approved the proposal on Application for Entrusted Loans from China Potevio
The 48 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021-04-16	2021-04-20	Proposals deliberated and approved including: (1)Report on Work of the BOD for year of 2020; (2) Report on Work of the GM for year of 2020; (3)Financial Statement Presentation for Year of 2020; (4) Financial Budget Report for year of 2021; (5) Profit Distribution Plan for year of 2020; (6) Annual Report of 2020 and Summary of Annual Report 2020; (7) Provision for Assets Impairment in 2020; (8) Internal Control Assessment Report for year of 2020; (9) Application for a Credit Line From a Bank; (10)Provision of Guarantee for Subsidiaries; (11)Expected Daily Related Transactions for year of 2021; (12)Amendment of Article of Association and (13)Convening of the AGM of 2020
The 49 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021-04-28		Deliberated and approved the proposal on First Quarterly Report of 2021
The 50 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021-04-30	2021-05-07	Proposals deliberated and approved including: (1)Application for Entrusted Loans from China Potevio; and (2)Convening of the First Extraordinary Shareholders General Meeting for year of 2021
The 51 <sup>st</sup> Session of 7 <sup>th</sup> BOD	2021-08-25	2021-08-27	Proposals deliberated and approved including: (1)Report on Work of the GM for the first

			half of 2021; (2) Budget Performance Report for the first half of 2021; (3) Semi-Annual Report of 2021 and its Summary; and (4) Provision for Impairment of Assets in the first half of 2021
The 52 <sup>nd</sup> Session of 7 <sup>th</sup> BOD	2021-10-28	2021-10-30	Proposals deliberated and approved including: (1) The Third Quarterly Report of 2021; (2) Increase the Forecast of Daily Related Transactions for year of 2021; and (3) Liquidation and Closure of Putian Telecommunication (H.K.) Co., Ltd.
The 53 <sup>rd</sup> Session of 7 <sup>th</sup> BOD	2021-11-23	2021-11-24	Proposals deliberated and approved including: (1) Signing the Financial Service Agreement with CETC Finance Co., Ltd.; (2) Risk Assessment Report of CETC Finance Co., Ltd.; (3) Risk Management Plan for the Deposit and Loans Business in CETC Finance Co., Ltd.; and (4) Convening of the Second Extraordinary Shareholders General Meeting for year of 2021
The 54 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021-12-08	2021-12-10	Deliberated and approved the proposal on Appointment of the Auditing Institution for year of 2021

## 2. The attending of directors to Board meetings and shareholders general meeting

The attending of directors to Board Meeting and Shareholders General Meeting							
Director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending the Board Meeting by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attend the shareholders' general meeting

Xu Qian	9	0	9	0	0	N	0
Wang Wenkui	9	0	9	0	0	N	3
Li Tong	9	0	9	0	0	N	0
Liu Yun	9	0	9	0	0	N	0
Qin Zhen	9	0	9	0	0	N	1
Wang Jinfeng	9	0	9	0	0	N	0
Tang Fuxin	9	0	9	0	0	N	0
Xie Manlin	9	0	9	0	0	N	0
Du Xiaorong	9	0	9	0	0	N	2

Explanation of absent the Board Meeting for the second time in a row

Not applicable

### 3. Objection for relevant events from directors

Directors come up with objection about Company's relevant matters

Yes  No

No directors come up with objection about Company's relevant matters in the Period

### 4. Other explanation on responsibility performance of directors

The opinions from directors have been adopted

Yes  No

Director's statement to the Company that a proposal has been or has not been adopted

During the reporting period, all directors are carrying out the works in strictly accordance with the legal regulations as Company Law, Securities Law, Rules Governing the Stock of Listing on Shenzhen Stock Exchange, Guidelines on Standardized Operation of Listed Companies on Shenzhen Stock Exchange and Article of Association of the Company. Attend the Board Meeting on time, and study the proposals submitted to the Board according to actual condition of the Company, and making prudent decisions; supervise and promote the implementation of proposals and safeguard the legitimate rights and interest of the Company and all shareholders.

## VII. The special committees under the BOD during the reporting period

Committee name	Members	Number of meetings held	Date of meeting	Meeting content	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if applicable)
Auditing Committee of the Board	Du Xiaorong, Tang Fuxin and Wang Jinfeng	5	2021-04-06	Deliberated the financial accounting statement for year of 2020	The financial accounting statement for year of 2020 that audited by		

			that audited by Pan-China Certified Public Accountants (LLP)	Pan-China Certified Public Accountants (LLP) was deliberated and approved, agreed to submit the statement to the Board for consideration.		
			2021-04-21	Deliberated the First Quarterly Report of 2021	Deliberated and approved the First Quarterly Report of 2021	
			2021-08-12	Deliberated the Semi-Annual Report of 2021 and its Summary	Deliberated and approved the Semi-Annual Report of 2021 and its Summary	
			2021-10-19	Deliberated the Third Quarterly Report of 2021	Deliberated and approved the Third Quarterly Report of 2021	
			2021-12-02	Deliberated the appointment of auditing institution for year of 2021	Deliberated and approved the proposal on appointment of auditing institution for year of 2021, agreed to propose to the Board to re-appoint Pan-China Certified Public	

					Accountants (LLP) as the financial and internal control auditor for 2021		
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## VIII. Works from BOS

The Company has risks in reporting period that found in supervisory activity from BOS

Yes  No

BOS has no objection to the supervision matters during the reporting period

## IX. Particulars of workforce

### 1. Number of staff, professional composition and education background

Employee in-post of the parent Company at period-end(people)	319
Employee in-post of main Subsidiaries at period-end (people)	716
The total number of current employees at period-end(people)	1,035
The total number of current employees to receive pay (people)	1,217
Retired employee' s expenses borne by the parent Company and main Subsidiaries(people)	365
Professional composition	
Category of professional composition	Number of professional composition (people)
Production staff	268
Salesman	341
Technical staff	286
Financial staff	30
Administrative staff	110
Total	1,035
Education background	
Category of education	Number (people)
Master' s degree above	21
Bachelor	417
Junior college	377
High school and below	220

Total	1,035
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## 2. Remuneration policy

The Company strictly implements the national, provincial and municipal laws and regulations, and normatively implemented the distribution and payment of compensation and benefits. In order to further mobilize the enthusiasm, initiative and creativity of the employees, The Company implements an efficiency-oriented, performance-based compensation distribution mechanism, and formulates salary and performance appraisal methods for different positions according to their different characteristics, and at the same time, pays five insurances and one housing fund and enterprise annuities according to relevant national regulations.

## 3. Training programs

The Company always adheres to the people-oriented development concept, continuously carries out employee training, and establishes and continuously improves the matching training system according to the Company's development needs, and improves the quality of the staff. At the same time, The Company attaches great importance to the improvement of employees' comprehensive capabilities and closely follows the development trend of the industry, we will continue to innovate talent training methods, pay attention to the cultivation of compound talents, rationally arrange flexible learning methods, strengthen training in layers and grades, formulate annual training plans, and do a good job in talent reserves and cultivation of young cadres for the Company to implement innovation transformation.

## 4. Labor outsourcing

Applicable  Not applicable

## X. Profit distribution plan and capitalizing of common reserves plan

Formulation, Implementation and Adjustment of Profit Distribution Policy Especially Cash Dividend policy during the Reporting Period

Applicable  Not applicable

The Company earnings during the reporting period and profit available for distribution to shareholders from parent company is negative, but no cash dividend distribution plan has been proposed

Applicable  Not applicable

Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable  Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for the year.

## **XI. Implementation of the Company's stock incentive scheme, employee stock ownership plan or other employee incentives**

Applicable  Not applicable

The Company has no stock incentive scheme, employee stock ownership plan or other employee incentives during the reporting period

## **XII. Construction and implementation of internal control system during the reporting period**

### **1. Construction and implementation of internal control**

The Company has established a complete set of internal control systems that run through all aspects of daily operation and management activities in accordance with various national laws and regulations, as well as the industry, business mode and its own business characteristics, and has continuously improved it to form a standardized management system. In terms of corporate governance, the Company has formulated the Articles of Association, Rules of Procedure for Shareholders' Meetings, Rules of Procedure for Board of Directors, Rules of Procedure for Board of Supervisors, Work Rules of General Manager, Work System of Independent Director and other systems. In terms of the daily operation and management, the Company has formulated the Fixed Assets Management Measures, Guarantee Management Measures, Investment Management System, Attendance Management System, Employee Leave Management System, Recruitment Management System, Employee Resignation Management System, Equipment Management Measures, Procurement Management Measures, etc., covering the Company's human resources management, financial asset management, legal affairs management, investment management, auditing, informatization, market, technology, quality, procurement management and other work content involved in daily production and operation, so as to ensure the orderly work of the Company. In addition, the Company has also implemented safety standardization and quality, environment, and safety integrated management systems, and has formed a number of documents including safety standardization documents, integrated management system manuals, and procedural documents.

The Company supervises and self-monitors the internal control system and its implementation through various methods such as annual internal control self-evaluation, internal control external audit, inspection and acceptance of integrated management system, and irregular special inspections.

At present, the Company has established a relatively complete internal control system which has been effectively implemented and has achieved the goal of the Company's internal control, and there are no major defects. With the development needs of the Company's business scale and business scope, the Company will continue to improve the internal control system, strengthen the implementation of the internal control system, and promote the healthy development of the Company.

### **2. Details of major defects in IC appraisal report that found during reporting period**

Yes  No

## **XIII. Management and controls on the subsidiary during reporting period**

The Company implements management control over its subsidiaries in accordance with the Company Law and other laws and regulations and the requirements of the competent authorities. The Company appoints directors, supervisors, managers, chief financial officers, etc. to the subsidiaries to participate in the decision-making and supervision of major events of the subsidiaries;

assigns economic and management assessment indicators to the Company, and conducts regular assessments; the Company's functional departments implement corresponding control and internal supervision on important matters such as operations management and financial management of subsidiaries, so as to carry out multi-level, continuous and effective supervision and control over subsidiaries to ensure that the operation direction of subsidiaries is in line with the Company's overall strategy and business management objectives. New subsidiaries increased for the acquisition during the reporting period:

Name	Integration plans	Integration progress	Problems encountered in integration	Measures taken to resolve	Progress in solution	Follow-up solution plan
N/A	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

#### XIV. Internal control self-assessment report or internal control audit report

##### 1. Self-assessment Report of Internal Control

Disclosure date of full internal control assessment report	2022-04-26	
Disclosure index of full internal control assessment report	Assessment report of internal control for year of 2021 of Nanjing Putian Telecommunications Co., Ltd. published on Juchao Website (www.cninfo.com.cn)	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on The Company's consolidated financial statements	100.00%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on The Company's consolidated financial statements	100.00%	
Defects Recognition Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	Indicators for material defect of internal control in financial report: invalid control environment; fraud by our directors, supervisors and senior management, which brings significant loss and negative influences to the Company; external auditor finds material misstatement which is not first found by the Company; the board of directors or the authorized body and internal audit department conduct invalid supervision over our internal control. Indicators for major defect of internal control in financial	Indicators for material defect of internal control in non-financial report: decision-making procedures lead to material faults; lack of system control or system void for major business, and lack of effective compensation control; serious loss of senior management and senior technicians; assessment results of internal control, especially material defects, are not rectified; other situations that would materially and adversely affect The Company. Indicators for major

	<p>report: not select and apply accounting policies under the generally accepted accounting principles; not establish anti-fraud procedures and controlling measures; not establish corresponding controlling system or not implement corresponding compensation control in connection with accounting for abnormal or special transactions; one or more defects exist in control of ending financial reports and there is no assurance that financial statement prepared correspondingly is truthful and accurate. General defect: other internal control defects that do not constitute material or major defects.</p>	<p>defect of internal control in non-financial report: decision-making procedures lead to general fault; defects exist in major business systems; serous loss of key staff; assessment results of internal control, especially major defects, are not rectified; other situations that would relatively materially and adversely affect The Company. Indicators for general defect of internal control in non-financial report: low efficiency of decision-making procedures; defects exist in general business systems; serious loss of general staff; general defects are not rectified.</p>
Quantitative standard	<p>Any of the following situations may be viewed as material defect: potential misstatement of total profit <math>\geq 5\%</math> of total profit; potential misstatement of total assets <math>\geq 1\%</math> of total assets; potential misstatement of operating income <math>\geq 1\%</math> of total operating income. Any of the following situation may be viewed as major defect: 3% of total profit <math>\leq</math> potential misstatement of total profit <math>&lt; 5\%</math> of total profit; 0.5% of total assets <math>\leq</math> potential misstatement of total assets <math>&lt; 1\%</math> of total assets; :0.5% of total operating income <math>\leq</math> potential misstatement of operating income <math>&lt; 1\%</math> of total operating income. Any of the following situation may be viewed as general defect: potential misstatement of total profit <math>&lt; 3\%</math> of total profit; potential misstatement of total assets <math>&lt; 0.5\%</math> of total assets; potential misstatement of operating income <math>&lt; 0.5\%</math> of total operating income.</p>	<p>Major deficiencies:the amount of direct property loss is or more than 10 million Yuan; Significant deficiencies: the amount of direct property loss is between 5 million Yuan and 10 million Yuan (5 million Yuan included); Common deficiencies:the amount of direct property loss is less than 5 million Yuan.</p>
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in		0

non-financial reports	
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## 2. Auditing report of internal control

Applicable    Not applicable

Deliberations in Internal Control Audit Report	
We believe that according to relevant regulations and <i>Basic Norms of Internal Control</i> , The Company maintained an efficiency internal control of financial report dated 31 <sup>st</sup> December 2021, in all material aspects.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2022-04-26
Index of audit report of internal control (full-text)	<i>Audit report of internal control for year of 2021 of Nanjing Putian Telecommunications Co., Ltd.</i> published on Juchao Website (www.cninfo.com.cn)
Opinion type of auditing report of IC	Standard unqualified
whether the non-financial report had major defects	No

Carried out modified opinion for internal control audit report from CPA

Yes  No

The internal control audit report, issued by CPA, has concerted opinion with self-evaluation report, issued from the Board

Yes  No

## XV. Rectification of Self-examination Problems in Special Governance Actions in Listed Company

During the reporting period, in accordance with the requirements of the China Securities Regulatory Commission and the CSRC Jiangsu Bureau, the Company carefully carried out special self-examination and problem rectification work of listed companies comparing with the special self-examination list of listed Company governance. By self-examination, it was found that the Company did not timely change the term of office of the seventh board of directors. The term of office of the seventh board of directors expired in August 2020, due to the reorganization between the actual controller China Potevio and CETC, the term of office has not been changed yet.

Rectification: The Company is actively communicating with China Potevio and CETC about the change of term of office of the board of directors, and strives to complete the change as soon as possible. Before the completion of the change of term of office, all directors, supervisors and senior executives will continue to perform their duties in accordance with laws and regulations and the provisions of articles of association. At a later period of time, the Company will strictly abide by laws and regulations such as the Company Law and the provisions of Articles of Association, standardize the work procedure for the change of term of office of the board of directors, communicate in advance, do a good job in the selection of directors candidates, and appoint them strictly on schedule.

## Section V. Environmental and Social Responsibility

### I. Major environmental

The listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department

Yes  No

Administrative punishment for environmental problems during the reporting period

Name of company or subsidiary	Reason for punishment	Violation	Punishment result	The impact on the production and operation of listed companies	The Company's rectification measures
-	-	-	-	-	-

Other environmental information disclosed refer to key polluters

-

Measures taken to reduce carbon emissions during the reporting period and their effects

Applicable  Not applicable

Reasons for not disclosing other environmental information

The Company and its subsidiaries do not belong to the key emission enterprises announced by the environmental protection authorities. During the reporting period, The Company stringently implementing the relevant laws and regulations on national environmental protection, and there is no violation of environmental laws and regulations, no administrative penalties by environmental protection authorities for violating the environmental regulations.

### II. Social responsibility

Based on the communications industry, The Company adheres to independent innovation, continuously promotes the sustainable development of itself, and fulfills its responsibilities and obligations to the interested parties, and strive to achieve the harmonious and win-win development of the enterprises, staff, society and environment.

The Company continuously improves and optimizes corporate governance, earnestly fulfills its obligation of information disclosure, ensures shareholders' right to know, right to participate and right to vote on major matters of the Company, and guarantees the legitimate rights and interests of all shareholders.

The Company attaches great importance to quality, environment and occupational safety and health management. It has passed GB/T19001-2016/ISO9001:2015 quality management system certification, GB/T24001-2016/ISO14001:2015 environmental management system certification, and GB/T45001-2020/ISO45001:2018 occupational health and safety management system certification, and constantly strives to promote environmental protection and sustainable development.

The Company strictly abides by the Labor Law, Labor Contract Law and other laws and regulations, always adheres to the people-oriented core values, attaches great importance to the value of employees, cares about the work, life, health and safety of employees, effectively protects the rights and interests of employees, enhances the cohesion of the Company, devotes to the

realization of the joint development vision of the Company and its employees.

The Company has always kept in mind the mission and responsibility of a central enterprise, enthusiastically devoted itself to social public welfare undertakings, and actively participated in various love assistance activities. In 2021, the Company carried out consumption poverty alleviation work and purchased Qinghai local specialties from impoverished areas in Qinghai; participated in the donation activities of Spring Bud Dreams of Jiangsu Women and Children's Welfare Foundation, the volunteer service of Youth Volunteering to the Party's Beautiful Jiangsu, Love Angels in Action, volunteer service in the fight against the pandemic and many other public welfare activities.

Based on the principles of honesty and trustworthiness and operating in accordance with the law, the Company actively builds partnerships with suppliers, customers, banks and other relevant stakeholders, respects the legitimate rights and interests of stakeholders, achieves a win-win situation between the Company and relevant stakeholders, and promotes the Company's sustainable and steady development.

### **III. Consolidating and expanding the achievements of poverty alleviation and rural revitalization**

During the reporting period, The Company carried out works of consumer poverty alleviation and purchased 59700 yuan local specialties from poverty-stricken zone of Qinghai Province, and relevant works will continue to be carried out in later period.

## Section VI. Important Events

### I. Implementation of commitment

#### 1. Commitments that the actual controller, shareholders, related party, buyer and The Company have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

√ Applicable   □ Not applicable

Commitments	Commitments party	Type of commitments	Content of commitments	Date of commitments	Term of commitments	Implementation
Commitments for share merger reform						
Commitments in report of acquisition or equity change	China Electronics Technology Group Corporation	Commitments on horizontal competition, related transactions and fund occupation	Content of commitments see “2. Specific commitments”. See “Commitment 1”	August 31, 2021	Long-term	In normal performance
	China Electronics Technology Group Corporation	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 2”	August 31, 2021	Long-term	In normal performance
	China Electronics Technology Group Corporation	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 3”	August 31, 2021	Long-term	In normal performance
Commitments in assets reorganization	China Potevio; China Putian Corporation	Commitments on horizontal competition, related	See “Commitment 4”	October 13, 2020	Long-term	In normal performance

		transactions and fund occupation				
	China Potevio; China Putian Corporation	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 5”	October 13, 2020	Long-term	In normal performance
	China Potevio; China Putian Corporation	Other commitment	See “Commitment 6”	October 13, 2020	Long-term	In normal performance
	Xu Qian; Wang Wenkui; Li Tong; Liu Yun; Wang Jinfeng; Qin Zhen; Tang Fuxin; Xie Manlin; Du Xiaorong; Jia Haowen; Lei Xu; Liu Xiaodong; Wang Huailin; Li Jing	Other commitment	See “Commitment 7”	November 25, 2020	Long-term	In normal performance
	China Potevio; China Putian Corporation	Other commitment	See “Commitment 8”	November 25, 2020	Long-term	In normal performance
Commitments make in initial public offering or re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders	China Potevio	Commitments on horizontal competition, related transactions	See “Commitment 9”	April 8, 2018	Long-term	In normal performance

		and fund occupation				
	China Potevio	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 10”	April 8, 2018	Long-term	In normal performance
	China Potevio	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 11”	April 8, 2018	Long-term	In normal performance
	China Putian Corporation	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 12”	April 8, 2018	Long-term	In normal performance
	China Putian Corporation	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 13”	April 8, 2018	Long-term	In normal performance
	China Putian Corporation	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 14”	April 8, 2018	Long-term	In normal performance

	China Putian Corporation	Other commitment	See “Commitment 15”	June 19, 2018	Long-term	In normal performance
Completed on time (Y/N)	Y					
If the commitment is overdue and not fully fulfilled, it shall explain the specific reasons for the incomplete performance and the work plan for the next step	Not applicable					

## 2. Specific commitments

### Commitment 1:

Committed party: China Electronics Technology Group Corporation

Content of commitments:

After being studied by the State-owned Assets Supervision and Administration Commission of the State Council and approved by the State Council, China Potevio Information Industry Group Co., Ltd. (hereinafter referred to as “China Potevio”) shall be transferred to China Electronics Technology Group Co., Ltd. (hereinafter referred to as “the Company”) for free as a whole and become a wholly-owned subsidiary of the Company (hereinafter referred to as “this reorganization”). This reorganization will result in the Company becoming the indirect controlling shareholder of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as “the listed Company”), a listed Company affiliated to China Potevio. As the acquirer of the listed Company, in order to ensure the independence of the listed Company in terms of assets, personnel, finance, business and organization, the Company hereby makes the following commitments:

#### 1. Personnel independence

- (1) To guarantee that the general manager, deputy general manager, financial controller and secretary of the board of the listed Company and other senior executives shall neither serve as administrative posts other than directors and supervisors in the Company and other enterprises and institutions controlled by the Company (hereinafter referred to as “subsidiary enterprises and institutions”), nor receive salaries from the Company and the subsidiary enterprises and institutions of the Company.
- (2) The financial personnel of the listed Company shall not take part-time jobs in the Company and the subsidiary enterprises and institutions of the Company.

#### 2. Financial independence

- (1) To guarantee that the listed Company sets an independent financial accounting department and has an independent financial accounting system and financial management system, and independently makes financial decisions.
- (2) To guarantee that the listed Company maintains independence in financial decision-making, the Company and the Company’s subsidiary enterprises and institutions shall not get involved in the fund use of the listed Company.
- (3) To guarantee that the listed Company shall independently open bank accounts for settlement of income and expenditure, and independently declare tax and fulfill tax obligations in accordance with the law.

#### 3. Institutional independence

- (1) To guarantee that the listed Company and its subsidiaries establish and improve corporate governance structure in accordance with the law, and can operate independently; guarantee that the office and site for business operation of the listed Company are separated from the Company and the subsidiary enterprises and institutions of the Company.
- (2) To guarantee that the listed Company and its subsidiaries operate independently, there is no affiliation with functional departments of the Company.

#### 4. Asset independence

- (1) To guarantee that the listed Company has independent and complete assets.
- (2) To guarantee that the Company and the subsidiary enterprises and institutions of the Company shall not illegally occupy assets, funds and other resources of the listed Company.

#### 5. Business independence

- (1) To guarantee that the listed Company shall have independent business, and carry out business activities independently.
- (2) To guarantee that the listed Company shall contract and carry out business independently, form an independent and complete business system, implement independent accounting for operation and management, independently assume responsibility and risk, and have the ability for independent and sustainable operation in the market.

This commitment shall continue to be effective during the period when the Company has control over the listed Company. If the Company fails to fulfill the above commitment and causes losses to the listed Company, the Company shall bear the corresponding compensation liabilities.

#### **Commitment 2:**

Committed party: China Electronics Technology Group Corporation

Content of commitments:

After being studied by the State-owned Assets Supervision and Administration Commission of the State Council and approved by the State Council, China Potevio Information Industry Group Co., Ltd. (hereinafter referred to as "China Potevio") shall be transferred to China Electronics Technology Group Co., Ltd. (hereinafter referred to as "the Company") for free as a whole and become a wholly-owned subsidiary of the Company (hereinafter referred to as "this reorganization"). This reorganization will result in the Company becoming the indirect controlling shareholder of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "the listed Company"), a listed Company affiliated to China Potevio. As the acquirer of the listed Company, in order to avoid competition in the same industry and to protect the interests of public shareholders, we hereby make the following commitments:

From the date of issuance of this letter, the Company shall further investigate whether there is any business in competition with the listed Company. If there is business competition in the same industry, the Company will strengthen internal coordination and control management to ensure the healthy and sustainable development of the listed Company, there will be no harm to the interests of the listed Company and its public investors; if there is no business competition in the same industry, the Company will strictly abide by the relevant rules formulated by the China Securities Regulatory Commission and the stock exchange and the articles of association of the listed Company and other relevant provisions during the period when the Company directly or indirectly maintains a substantial equity control relationship with the listed Company, and shall not use its controlling position in the listed Company to engage in horizontal competition that damages the legitimate rights and interests of the listed Company and its minority shareholders.

The above commitments will take effect from the date of issuance of the letter of commitment, and will continue to be effective as long as the listed Company legally and effectively exists and the Company acts as the actual controller of the listed Company.

#### **Commitment 3:**

Committed party: China Electronics Technology Group Corporation

Content of commitments:

After being studied by the State-owned Assets Supervision and Administration Commission of the State Council and approved by the State Council, China Potevio Information Industry Group Co., Ltd. (hereinafter referred to as "China Potevio") shall be transferred to China Electronics Technology Group Co., Ltd. (hereinafter referred to as "the Company") for free as a whole and become a wholly-owned subsidiary of the Company (hereinafter referred to as "this reorganization"). This reorganization will result in the Company becoming the indirect controlling shareholder of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as

“the listed Company”), a listed Company affiliated to China Potevio. As the acquirer of the listed Company, in order to ensure the legitimate rights and interest of the listed company and its small & medium shareholders, we make the follow commitments to regulate the related transaction with listed company:

1. The Company and the subsidiaries controlled by the Company will try to avoid or reduce unnecessary related transactions with the listed Company and its subsidiaries; related business dealings or transactions that occur due to unavoidable or reasonable reasons will be carried out on an equal and voluntary basis in accordance with the principles of fairness, justice and openness, and the transaction price will be reasonably determined in accordance with the principles of marketization. For related transactions where it is difficult to compare market prices or whose pricing is restricted, the relevant cost and profit standards should be defined in the contracts, and decision-making procedures should be performed in accordance with relevant laws and regulations, normative documents and the Articles of Association of the listed Company, it shall be guaranteed that the legitimate rights and interests of the listed Company and other shareholders are not damaged through related transactions, and the information disclosure obligations are fulfilled according to relevant provisions at the same time.

2. Any agreements and arrangements made by the Company and its controlled subsidiaries with the listed Company on mutual related affairs and related transactions shall not prevent the other party from conducting business dealings or transactions with any third party for its own interests and under the same market competition conditions.

This letter of commitment will continue to be effective as long as the listed Company legally and effectively exists and the Company acts as the actual controller of the listed Company. If the listed Company suffers losses due to the Company's violation of the commitments under this letter of commitment, the Company will be liable for compensation according to law.

#### **Commitment 4:**

Committed party: China Potevio; China Putian Corporation

Content of commitments:

1. The Company or the companies controlled by the Company will try to minimize the related transactions with Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian") and its subsidiaries and branches.
2. Related transactions that cannot be avoided or exist with reasonable grounds will be conducted on an equal and voluntary basis and in accordance with the principles of fairness, justice, and compensation of equal value. The Company or the companies controlled by the Company will sign standardized related transaction agreements with Nanjing Putian or its subsidiaries in accordance with the law, and the transaction prices will be determined at a reasonable price recognized in the market to ensure that the related transaction price is fair; and perform fair procedures such as related transaction decision-making, vote avoidance, and disclose information in a timely manner in accordance with relevant laws, rules, regulations, other normative documents and the articles of association of Nanjing Putian or its subsidiaries, so as to ensure that the legitimate rights and interests of Nanjing Putian or its subsidiaries and other shareholders of Nanjing Putian will not be harmed through related transactions. .
3. It is guaranteed that it will not require or accept Nanjing Putian or its subsidiaries or branches in any fair market transaction to provide The Company or the companies controlled by the Company with better conditions than third parties.
4. It is guaranteed that it will exercise corresponding rights and assume corresponding obligations in accordance with the articles of association of Nanjing Putian and its subsidiaries, and will not use the identity of the controlling shareholder/actual controller to seek illegitimate interests, or use related transactions to illegally transfer funds and profits of Nanjing Putian or its subsidiaries, and guarantee not to damage the legitimate rights and interests of other shareholders of Nanjing Putian.
5. If The Company violates the above commitments, it will be willing to assume all the responsibilities arising therefrom, and fully compensate for all direct or indirect losses caused to Nanjing Putian.

**Commitment 5:**

Committed party: China Potevio; China Putian Corporation

Content of commitments:

1. During the period when The Company directly or indirectly holds shares of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian"), it guarantees that it will not use its control relationship over Nanjing Putian to engage in or participate in activities that harm the interests of Nanjing Putian and its small and medium shareholders.

2. In addition to the above disclosures, in the future, The Company and other companies controlled by the Company will not directly or indirectly own, manage, control, invest, or engage in any other businesses or projects that are the same as or similar to those currently carried out or planned in the future by Nanjing Putian and its subsidiaries and branches at home and abroad, nor participate in the ownership, management, control, or investment of any businesses or projects that are the same as or similar to those currently carried out or planned in the future by Nanjing Putian and its subsidiaries and branches, nor seek to directly or indirectly engage in any businesses constitute competition to the businesses currently carried out or planned in the future by Nanjing Putian and its subsidiaries and branches through joint ventures, cooperation, joint operations with any third party, or lease operations, contract operations, entrusted management, etc., nor have interests in the above activities. If The Company and other companies controlled by the Company discover any new business opportunities that constitute or may constitute a direct or indirect competitive relationship with Nanjing Putian or its holding company's main business, it will immediately notify Nanjing Putian in writing and urge the business opportunity to be first provided to Nanjing Putian or its holding company on reasonable and fair terms and conditions.

3. If Nanjing Putian or its holding companies abandon such competitive new business opportunities and The Company and other companies controlled by the Company engage in such competitive business, Nanjing Putian or its holding companies will have the right to acquire any equity, assets and other rights and interests in the above-mentioned competitive business from the above-mentioned entities at any time at one time or in multiples.

4. When The Company and other companies controlled by the Company intend to transfer, sell, lease, license or otherwise transfer or allow the use of assets and businesses that constitute or may constitute a direct or indirect competitive relationship with the main business of Nanjing Putian or its holding companies, The Company and other companies controlled by the Company will provide Nanjing Putian or its holding companies with the right of first refusal, and promise to do its utmost to urge The Company's shareholding companies to provide Nanjing Putian or its holding company with the right of first refusal under the above-mentioned circumstances.

5. If The Company violates the above commitments, it shall make a total, timely and full compensation for the losses suffered by Nanjing Putian; all the benefits obtained by the Company due to the violation of the above commitments shall be attributed to Nanjing Putian.

6. The above commitments will continue to be valid during the period when The Company is the controlling shareholder/actual controller of the listed company.

**Commitment 6:**

Committed party: China Potevio; China Putian Corporation

After the completion of this transaction, The Company will strictly abide by the "Company Law", "Securities Law", and relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange and the articles of association to ensure that Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as the "listed company") shall continue to be

completely separated from The Company and other companies that The Company controls or exerts significant influence in terms of personnel, assets, finance, organization and business, and maintain the independence of the listed company in terms of personnel, assets, finance, organization and business. In particular, after the completion of this transaction, The Company will comply with the regulations of the "Notice on Regulating Fund Transactions between Listed Companies and Related Parties and Issues Concerning the External Guarantees of Listed Companies" (ZJF (2003) No. 56) and the "Notice of China Securities Regulatory Commission and China Banking Regulatory Commission on Regulating the External Guarantee Behavior of Listed Companies (ZJF [2005] No. 120), standardize the external guarantee behavior of the listed company and its subsidiaries, and do not illegally occupy the funds of the listed company and its subsidiaries.

The Company guarantees to strictly fulfill the above-mentioned commitments. In the event that The Company or other companies that The Company controls or exerts significant influence violate the above-mentioned commitments and cause damage to the rights and interests of the listed company, The Company will bear the corresponding compensation liabilities in accordance with the law.

**Commitment 7:**

Committed party: Xu Qian; Wang Wenkui; Li Tong; Liu Yun; Wang Jinfeng; Qin Zhen; Tang Fuxin; Xie Manlin; Du Xiaorong; Jia Haowen; Lei Xu; Liu Xiaodong; Wang Huailin; Li Jing

Content of commitments:

In order to ensure that The Company's measures to fill the diluted immediate returns can be effectively implemented, all directors and senior managers of the Company have made the following commitments:

- (i) I promise not to convey benefits to other units or individuals without compensation or on unfair terms, nor to harm the interests of the listed company by other means;
- (ii) I promise to restrain my position-related consumption behavior;
- (iii) I promise not to use the assets of the listed company to engage in investment and consumption activities that have nothing to do with the performance of my duties;
- (iv) I promise to make every effort to urge the remuneration system formulated by the board of directors or the remuneration committee to be linked to the implementation of the listed company's compensation measures within the scope of my own duties and powers;
- (v) If the listed company plans to implement equity incentives in the future, I promise to make every effort to urge the listed company's planned equity incentive vesting conditions to be linked to the implementation of the compensation measures within the scope of my own duties and powers;
- (vi) From the time when this commitment is issued to the time before the completion of the transaction, if the China Securities Regulatory Commission makes other new regulatory requirements on the replenishment measures and its commitments, and the above commitments cannot meet the requirements of the China Securities Regulatory Commission, I promise that the supplementary commitments will be issued in accordance with the latest regulations of the China Securities Regulatory Commission;
- (vii) I promise to fulfill the relevant fill-up and return measures formulated by the listed company and any promises made by me regarding the fill-up and return measures. If I violate these promises and cause losses to the listed company or investors, I am willing to bear the liability of indemnity in accordance with the law to the listed company or investors.

**Commitment 8:**

Committed party: China Potevio; China Putian Corporation

Content of commitments:

1. The Company promises not to exceed its authority to interfere with the operation and management activities of Nanjing Putian

Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian"), nor infringe on the interests of Nanjing Putian;

2. From the issuance date of this commitment to the time before the completion of the transaction, if the China Securities Regulatory Commission makes clear provisions on the fill-up and return measures and its commitments, and the above commitments cannot meet the requirements of the China Securities Regulatory Commission, The Company promises to issue a supplementary commitment in accordance with the regulations of the China Securities Regulatory Commission;

The Company promises to strictly perform the above-mentioned commitments made by it to ensure that the measures for fill-up and return can be effectively implemented. If The Company violates the above commitments and causes losses to Nanjing Putian or investors, The Company is willing to bear the compensation responsibilities for Nanjing Putian or investors and the corresponding penalties imposed by the regulatory authorities in accordance with the law.

#### **Commitment 9:**

Committed party: China Potevio

Content of commitments: In view of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian") intended to apply for resumption of listing to the Shenzhen Stock Exchange, The Company, as a controlling shareholder of Nanjing Putian, made the following commitments:

##### **I. Ensure the personnel independence of Nanjing Putian**

- (i) Ensure that the production and management and public administration (including labour, personnel and wage management, etc.) of Nanjing Putian are completely independent of the Company and other subordinate companies and enterprises of the Company.
- (ii) Ensure that the general manager, deputy general manager, chief financial officer, secretary of the board and other senior management staff of Nanjing Putian work full time in Nanjing Putian and get remuneration from Nanjing Putian, and don't take part time jobs in other positions other than directors and supervisors in The Company or other companies and enterprises of the Company, nor get remuneration from The Company or other companies and enterprises of the Company, and ensure that the financial staff of Nanjing Putian don't take part time jobs or get remuneration from The Company or other companies and enterprises of the Company.
- (iii) Ensure that the candidates recommended by the Company to take up the posts of directors, supervisors and senior management in Nanjing Putian are checked by legal procedures, The Company does not interfere with the personnel appointment and dismissal decision made by the board of directors and the general meeting of shareholders of Nanjing Putian.

##### **II. Ensure the assets independence and integrity of Nanjing Putian**

- (i) Ensure the independence and integrity of the assets of Nanjing Putian and its subsidiaries, and all of these assets are under the control of Nanjing Putian and its subsidiaries, and are independently owned and operated by Nanjing Putian and its subsidiaries.
- (ii) Ensure that The Company and the subordinate companies and enterprises of the Company do not illegally occupy the assets, funds and other resources of Nanjing Putian.

##### **III. Ensure the business independence of Nanjing Putian**

- (i) Ensure that Nanjing Putian has independent procurement and sales systems, and has the assets, personnel, qualifications to carry out independent business activities and the ability to operate independently in the market.
- (ii) Ensure that The Company and other companies and enterprises affiliated to the Company avoid horizontal competition with Nanjing Putian and its subsidiaries.
- (iii) Ensure strict control of related transactions, and minimize the continuous related transactions between Nanjing Putian and its subsidiaries with The Company and other companies and enterprises under The Company. Eliminate the illegal occupation of funds and assets of Nanjing Putian, and don't require Nanjing Putian and its subsidiaries to provide any form of guarantee to the Company and other companies and enterprises affiliated to the Company. For the unavoidable related transactions, insist on the principle of

“fairness, justice and openness”, and keep the transaction prices same as the non-related enterprises, and carry out the information disclosure in a timely manner.

(iv) Ensure not to interfere with the major decision-making matters of Nanjing Putian in any way other than the exercise of shareholders’ rights in accordance with the law through a separate or concerted action, nor affect the independence of Nanjing Putian’s assets, personnel, finance, organization and business.

#### IV. Ensure the institution independence of Nanjing Putian

(i) Ensure that Nanjing Putian and its subsidiaries establish and improve the corporate governance structure according to law, and completely separate from The Company and other companies and enterprises under The Company; ensure that the office facilities and production and operation sites of Nanjing Putian and its subsidiaries are completely separated from The Company and other companies and enterprises affiliated to the Company, and there is no situation in which institutions are mixed.

(ii) Ensure that Nanjing Putian and its subsidiaries operate independently, and The Company will not directly or indirectly interfere with the decision-making and operation of Nanjing Putian by surpassing the board of directors and shareholders’ meeting of Nanjing Putian.

(iii) Ensure that the shareholders’ meeting, board of directors, independent directors, board of supervisors, and senior management personnel of Nanjing Putian independently exercise their official powers in accordance with laws, regulations, and articles of association.

#### V. Ensure the financial independence of Nanjing Putian

(i) Ensure that Nanjing Putian sets up an independent financial accounting department and has an independent financial accounting system, and has a standardized and independent financial accounting system and financial management system.

(ii) Ensure that Nanjing Putian maintains independence in financial decision-making, The Company and other companies and enterprises affiliated to the Company do not interfere with the use and dispatch of funds by Nanjing Putian.

(iii) Ensure that Nanjing Putian maintains its own independent bank account and does not share a bank account with The Company and other companies and enterprises under The Company.

(iv) Ensure that Nanjing Putian shall pay taxes independently according to law.

The above commitments are valid and cannot be changed or revoked while The Company is a shareholder of Nanjing Putian. If the above commitments are violated and economic losses are caused to Nanjing Putian, The Company will compensate Nanjing Putian

#### **Commitment 10:**

Committed party: China Potevio

Content of commitments:

In view of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as “Nanjing Putian”) intended to apply for resumption of listing to the Shenzhen Stock Exchange, The Company, as a controlling shareholder of Nanjing Putian, made the following commitments:

I. Do not influence and require Nanjing Putian and its subsidiaries to give rights superior to the third parties in the market in business cooperation, nor engage in any acts to damage the interests of Nanjing Putian and its subsidiaries by using its controlling shareholder status at Nanjing Putian.

II. Do not influence and require preferential rights to make deals with Nanjing Putian and its subsidiaries by using its controlling shareholder status at Nanjing Putian.

III. When conducting necessary and inevitable related transactions, guarantee to conduct according to the principle of marketization and fair price, and perform the transaction procedures and information disclosure obligations in strict accordance with the relevant laws, regulations, regulatory documents and the relevant provisions of the articles of association of listed companies, and guarantee

not to damage the legitimate rights and interests of Nanjing Putian and other shareholders through related transactions.

The above commitments are valid and cannot be changed or revoked while The Company is a shareholder of Nanjing Putian. If the above commitments are violated and economic losses are caused to Nanjing Putian, The Company will compensate Nanjing Putian.

**Commitment 11:**

Committed party: China Potevio

Content of commitments: In view of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as “Nanjing Putian”) intended to apply for resumption of listing to the Shenzhen Stock Exchange, The Company, as a controlling shareholder of Nanjing Putian, made the following commitments:

- I. The Company and other related enterprise controlled by the Company have not engaged in any production and business operations or activities that directly or indirectly compete with Nanjing Putian; and guarantee that they will not engage in any production and business operations or activities that directly or indirectly compete with Nanjing Putian in the future.
- II. The Company does not own, manage, control, invest or engage in any business or project that is the same or similar to the business of Nanjing Putian.
- III. If The Company or any related enterprise obtains any business opportunity from any third party that has substantial competition with the business of Nanjing Putian or may have substantial competition in the future, The Company will immediately notify Nanjing Putian, and transfers the business opportunity to Nanjing Putian after obtaining the promise from the third party.
- IV. The Company will supervise and restrict the production and operation activities of itself and other related enterprises. If The Company and other related enterprises have products or business the same or similar to those of Nanjing Putian, The Company promises to take the following measures to resolve:
  - (i) When Nanjing Putian considers it necessary, The Company and other related enterprises will reduce the holdings until all the relevant assets and businesses held by the Company and related enterprises are transferred;
  - (ii) When Nanjing Putian considers it necessary, the relevant assets and businesses held by the Company and other related enterprises may be preferentially acquired through appropriate means;
  - (iii) If The Company and related enterprises have conflicts of interest with Nanjing Putian due to horizontal competition, give priority to the interests of Nanjing Putian;
  - (iv) Other measures that help avoid horizontal competition.

The above commitments are valid and cannot be changed or revoked while The Company is a shareholder of Nanjing Putian. If the above commitments are violated and the economic losses are caused to Nanjing Putian, The Company will compensate Nanjing Putian.

**Commitment 12:**

Committed party: China Putian Corporation

Content of commitments: In view of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as “Nanjing Putian”) intended to apply for resumption of listing to the Shenzhen Stock Exchange, The Company, as an actual controller of Nanjing Putian, made the following commitments:

- I. Ensure the personnel independence of Nanjing Putian
  - (i) Ensure that the production and management and public administration (including labour, personnel and wage management, etc.) of Nanjing Putian are completely independent of the Company and other subordinate companies and enterprises of the Company.
  - (ii) Ensure that the general manager, deputy general manager, chief financial officer, secretary of the board and other senior management staff of Nanjing Putian work full time in Nanjing Putian and get remuneration from Nanjing Putian, and don't take part time jobs in other positions other than directors and supervisors in The Company or other companies and enterprises of the Company,

nor get remuneration from The Company or other companies and enterprises of the Company, and ensure that the financial staff of Nanjing Putian don't take part time jobs or get remuneration from The Company or other companies and enterprises of the Company.

(iii) Ensure that the candidates recommended by the Company to take up the posts of directors, supervisors and senior management in Nanjing Putian are checked by legal procedures, The Company does not interfere with the personnel appointment and dismissal decision made by the board of directors and the general meeting of shareholders of Nanjing Putian.

## II. Ensure the assets independence and integrity of Nanjing Putian

(i) Ensure the independence and integrity of the assets of Nanjing Putian and its subsidiaries, and all of these assets are under the control of Nanjing Putian and its subsidiaries, and are independently owned and operated by Nanjing Putian and its subsidiaries.

(ii) Ensure that The Company and the subordinate companies and enterprises of the Company do not illegally occupy the assets, funds and other resources of Nanjing Putian.

## III. Ensure the business independence of Nanjing Putian.

(i) Ensure that Nanjing Putian has independent procurement and sales systems, and has the assets, personnel, qualifications to carry out independent business activities and the ability to operate independently in the market.

(ii) Ensure that The Company and other companies and enterprises affiliated to the Company avoid horizontal competition with Nanjing Putian and its subsidiaries.

(iii) Ensure strict control of related transactions, and minimize the continuous related transactions between Nanjing Putian and its subsidiaries with The Company and other companies and enterprises under The Company. Eliminate the illegal occupation of funds and assets of Nanjing Putian, and don't require Nanjing Putian and its subsidiaries to provide any form of guarantee to the Company and other companies and enterprises affiliated to the Company. For the unavoidable related transactions, insist on the principle of "fairness, justice and openness", and keep the transaction prices same as the non-related enterprises, and carry out the information disclosure in a timely manner.

(iv) Ensure not to interfere with the major decision-making matters of Nanjing Putian in any way other than the exercise of shareholders' rights in accordance with the law through a separate or concerted action, nor affect the independence of Nanjing Putian's assets, personnel, finance, organization and business.

## IV. Ensure the institution independence of Nanjing Putian.

(i) Ensure that Nanjing Putian and its subsidiaries establish and improve the corporate governance structure according to law, and completely separate from The Company and other companies and enterprises under The Company; ensure that the office facilities and production and operation sites of Nanjing Putian and its subsidiaries are completely separated from The Company and other companies and enterprises affiliated to the Company, and there is no situation in which institutions are mixed.

(ii) Ensure that Nanjing Putian and its subsidiaries operate independently, and The Company will not directly or indirectly interfere with the decision-making and operation of Nanjing Putian by surpassing the board of directors and shareholders' meeting of Nanjing Putian.

(iii) Ensure that the shareholders' meeting, board of directors, independent directors, board of supervisors, and senior management personnel of Nanjing Putian independently exercise their official powers in accordance with laws, regulations, and articles of association.

## V. Ensure the financial independence of Nanjing Putian

(i) Ensure that Nanjing Putian sets up an independent financial accounting department and has an independent financial accounting system, and has a standardized and independent financial accounting system and financial management system.

(ii) Ensure that Nanjing Putian maintains independence in financial decision-making, The Company and other companies and enterprises affiliated to the Company do not interfere with the use and dispatch of funds by Nanjing Putian.

(iii) Ensure that Nanjing Putian maintains its own independent bank account and does not share a bank account with The Company and other companies and enterprises under The Company.

(iv) Ensure that Nanjing Putian shall pay taxes independently according to law.

The above commitments are valid and cannot be changed or revoked while The Company is a shareholder of Nanjing Putian. If the above commitments are violated and economic losses are caused to Nanjing Putian, The Company will compensate Nanjing Putian.

**Commitment 13:**

Committed party: China Putian Corporation

Content of commitments:

In view of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as “Nanjing Putian”) intended to apply for resumption of listing to the Shenzhen Stock Exchange, The Company, as a actual controller of Nanjing Putian, made the following commitments:

1. Do not influence and require Nanjing Putian and its subsidiaries to give rights superior to the third parties in the market in business cooperation, nor engage in any acts to damage the interests of Nanjing Putian and its subsidiaries by using its actual controller status at Nanjing Putian;
2. Do not influence and require preferential rights to make deals with Nanjing Putian and its subsidiaries by using its actual controller status at Nanjing Putian;
3. When conducting necessary and inevitable related transactions, guarantee to conduct according to the principle of marketization and fair price, and perform the transaction procedures and information disclosure obligations in strict accordance with the relevant laws, regulations, regulatory documents and the relevant provisions of the articles of association of listed companies, and guarantee not to damage the legitimate rights and interests of Nanjing Putian and other shareholders through related transactions.

The above commitments are valid and cannot be changed or revoked while The Company is a actual controller of Nanjing Putian. If the above commitments are violated and economic losses are caused to Nanjing Putian, The Company will compensate Nanjing Putian.

**Commitment 14:**

Committed party: China Putian Corporation

Content of commitments: In view of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as “Nanjing Putian”) intended to apply for resumption of listing to the Shenzhen Stock Exchange, The Company, as a actual controller of Nanjing Putian, made the following commitments:

1. The Company and other related enterprise controlled by the Company have not engaged in any production and business operations or activities that directly or indirectly compete with Nanjing Putian; and guarantee that they will not engage in any production and business operations or activities that directly or indirectly compete with Nanjing Putian in the future.
2. The Company does not own, manage, control, invest or engage in any business or project that is the same or similar to the business of Nanjing Putian.
3. If The Company or any related enterprise obtains any business opportunity from any third party that has substantial competition with the business of Nanjing Putian or may have substantial competition in the future, The Company will immediately notify Nanjing Putian, and transfers the business opportunity to Nanjing Putian after obtaining the promise from the third party.
4. The Company will supervise and restrict the production and operation activities of itself and other related enterprises. If The Company and other related enterprises have products or business the same or similar to those of Nanjing Putian, The Company promises to take the following measures to resolve:

- (1) When Nanjing Putian considers it necessary, The Company and other related enterprises will reduce the holdings until all the

relevant assets and businesses held by the Company and related enterprises are transferred;

(2) When Nanjing Putian considers it necessary, the relevant assets and businesses held by the Company and other related enterprises may be preferentially acquired through appropriate means;

(3) If The Company and related enterprises have conflicts of interest with Nanjing Putian due to horizontal competition, give priority to the interests of Nanjing Putian;

(4) Other measures that help avoid horizontal competition.

The above commitments are valid and cannot be changed or revoked while The Company is a shareholder of Nanjing Putian. If the above commitments are violated and the economic losses are caused to Nanjing Putian, The Company will compensate Nanjing Putian.

#### **Commitment 15:**

Committed party: China Putian Corporation

Content of commitments: The Group makes statements and commitments regarding the business condition and future development planning of the private network communications business of Nanjing Putian, and the operations of the Group and other enterprises controlled by the Group (other than Nanjing Putian and its controlled enterprises) as follows:

In order to optimize the internal resources allocation of the group, make full use of the business capability of Nanjing Putian, starting from 2016, the Group will convert the private network communication products originally purchased by China Potevio (hereinafter referred to as "Potevio"), a wholly-owned subsidiary of the Group, into commissioning Nanjing Putian for production. The Group's private network communication business which was originally a trade-oriented business and was purchased by Potevio from external suppliers to sell has successfully transformed into an independent processing and production business in 2016, and the current business model is that Potevio obtains orders from customers, and then signs entrusted production contracts with Nanjing Putian and its subsidiary Nanfang branch, and Nanjing Putian is responsible for the specific production. At present, the customer of Potevio is Fushen Industrial Co., Ltd., and the annual order amount of the existing model products remains above 500 million Yuan, and it is predicted that there will be a stable demand period of 3 to 5 years.

The Group promises to take Nanjing Putian as the business entity of the private network communication services, including but not limited to:

1. Nanjing Putian is the military-civilian integration industrial base of the Group, and is the only production entity of the existing product multi-mesh cloud data processing communication equipment and related military-civilian integration project (i.e. the private network communication service signified in this commitment), which is exclusive;
2. The Group promises to gradually integrate the complete business processes and related resources of the private network communication business, including the sales link, into Nanjing Putian within three years; if relevant business resources cannot be integrated into Nanjing Putian due to external factors, for example, downstream customers have special requirements for the direct partner's subject qualification (for example, must be non-foreign-invested enterprises), the Group will cooperate with Nanjing Putian to carry out related business in accordance with the requirements of relevant laws and regulations, that is, to undertake related business in the name of the Group or its subsidiaries, and Nanjing Putian is responsible for the actual operation.

The above commitments shall take effect on the date of signing this commitment, and shall remain in force and irrevocable during the period of existence of Nanjing Putian and during the period that the Group is deemed to be a related person whom is not allowed to engage in the same or similar business with the private network communication business of Nanjing Putian in accordance with relevant regulations. If the above commitment proved to be untrue or not complied with, all the benefits obtained by the Group in violation of the commitment shall be owned by Nanjing Putian, and the Group will compensate Nanjing Putian for all direct and indirect losses and bear corresponding legal liabilities.

**3. Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast**

Applicable  Not applicable

**II. Non-operational fund occupation from controlling shareholders and its related party**

Applicable  Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

**III. External guarantee out of the regulations**

Applicable  Not applicable

No external guarantee out of the regulations occurred in the period.

**IV. Statement on the latest “modified audit report” by BOD**

Applicable  Not applicable

**V. Explanation from BOD, BOS and Independent Directors (if applicable) for “Modified Audit Report” that issued by CPA**

Applicable  Not applicable

**VI. Explanation of the changes in accounting polices, accounting estimates or correction of significant accounting errors compared with the financial report of the previous year**

Applicable  Not applicable

According to relevant requirement of the Decision on Taking Corrective Regulatory Measures Against Nanjing Putian Telecommunications Co., Ltd (Administrative Supervisory Measures Decision Letter of Jiangsu Securities Regulatory Bureau [2022] No.10), and after deliberated and approved by 58<sup>th</sup> session of 7<sup>th</sup> BOD held on April 22, 2022, The Company adopted retrospective restatement method to correct the accounting errors for the periodic reports of 2017, 2018 and 2019. For the impact with annual operation results and financial status concerned, found more in the Notice on Correction of Prior Period Accounting Errors released by the Company dated April 26, 2022 and “15(1).Correction of Prior Period Accounting Errors” carried in Section X. of the Annual Report.

**VII. Compare with last year’s financial report; explain changes in consolidation statement’s scope**

Applicable  Not applicable

No changes in consolidation statement’s scope of the Company in Period.

**VIII. Appointment and non-reappointment (dismissal) of CPA**

Accounting firm appointed

Name of domestic accounting firm	Pan-China Certified Public Accountants (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	82
Continuous life of auditing service for domestic accounting firm	8
Name of domestic CPA	He Jiangxing, Zhang Jinghui
Continuous service years from domestic CPA	1 year, 3 years

Re-appointed accounting firms in this period

 Yes  No

Appointment of internal control auditing accounting firm, financial consultant or sponsor

 Applicable  Not applicable

Pan-China Certified Public Accountants (LLP) was engaged as audit institute of internal control for the Company of 2021, auditing fee for internal control was 0.28 million Yuan.

**IX. Particular about delisting after annual report disclosed** Applicable  Not applicable**X. Bankruptcy reorganization** Applicable  Not applicable

No bankruptcy reorganization for the Company during the reporting period

**XI. Significant litigation and arbitration of the Company** Applicable  Not applicable

Litigation(arbitration)	Amount involved (10 thousand Yuan)	Whether a accrual liability resulted (Y/N)	Progress	Outcome and impact of litigation (arbitration)	Judgment enforcement	Disclosure date	Disclosure index
1. No single significant litigation during the reporting period. Cumulative litigation meeting the disclosure standards are as:							
Case of sale and purchase contract	59.22	No	Court Mediation	No significant impact on the	Execution completed	October 29, 2021	Juchao website

dispute- Zhejiang Post and Telecommunications Engineering Construction Co., Ltd. bring a suit against Nanjing Putian Telecommunications Co., Ltd.				current profit or profit after the period			“Notice on Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Nanjing Hengshidan Electric Equipment Co., Ltd. bring a suit against Nanjing Putian Telecommunications Co., Ltd.	110.92	No	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
Case of construction contract dispute - Zhejiang Post and Telecommunications Engineering Construction Co., Ltd. bring a suit against Nanjing Putian Telecommunications Co., Ltd.	50.23	No	Court Mediation	No significant impact on the current profit or profit after the period	Execution completed	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Nanjing Hikvision Digital Technology Co., Ltd. bring a suit against Nanjing Putian Telecommunications Co., Ltd.	7.95	No	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Nanjing	30	No	Court Mediation	No significant impact on the current profit or	Execution completed	October 29, 2021	Juchao website “Notice on

Yonggao Electric Co., Ltd. bring a suit against Nanjing Putian Telecommunications Co., Ltd.				profit after the period			Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Shaanxi Guolian Information Technology Co., Ltd. bring a suit against Nanjing Putian Telecommunications Co., Ltd.	2.04	No	Final rejection	No significant impact on the current profit or profit after the period	-	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Nanjing Putian Communications Technology Co., Ltd. bring a suit against Nanjing Supply and Marketing Trade Development Co., Ltd.	306.96	No	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Xinjiang Tianan Electric Complete Equipment Co., Ltd. bring a suit against Nanjing Putian Communications Technology Co., Ltd.	24.7	No	Trial in progress	Pending	-	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Shenzhen Zhongpeng New	12.56	No	Judged	No significant impact on the current profit or profit after the	Execution completed	October 29, 2021	Juchao website “Notice on Cumulative

Electric Technology Co., Ltd. bring a suit against Nanjing Putian Telecommunications Co., Ltd.				period			Litigation” of the Company
Case of sale and purchase contract dispute- Chengdu Qianhong Communication Co., Ltd. bring a suit against Nanjing Putian Telecommunications Co., Ltd.	21.35	No	Pre-litigation mediation	No significant impact on the current profit or profit after the period	Execution completed	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Chengdu Qianhong Communication Co., Ltd. bring a suit against Nanjing Putian Telecommunications Co., Ltd.	25.33	No	Pre-litigation mediation	No significant impact on the current profit or profit after the period	Execution completed	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Nanjing Putian Telecommunications Co., Ltd. bring a suit against Nanjing Yuanzun Electromechanical Equipment Co., Ltd.	1,238.17	No	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Nanjing Putian Telecommunications Co., Ltd. bring a suit against Nanjing	497.05	No	Court Mediation	No significant impact on the current profit or profit after the period	Under implementation	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company

Aierte Optoelectronics Co., Ltd.							
Case of sale and purchase contract dispute- Nanjing Putian Telecommunications Co., Ltd. bring a suit against Nanjing Hehao Communication Technology Co., Ltd.	193.51	No	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
Case of sale and purchase contract dispute- Nanjing Putian Telecommunications Co., Ltd. bring a suit against Nanjing Zhengqian Communication Technology Co., Ltd.	686.44	No	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	October 29, 2021	Juchao website “Notice on Cumulative Litigation” of the Company
2.Other litigation that did not meet the disclosure standards during the reporting period	936.52	No	-	-	-		-

## XII. Penalty and rectification

Applicable  Not applicable

There are no penalty and rectification in the reporting period

## XIII. Integrity of the Company and its controlling shareholders and actual controllers

Applicable  Not applicable

## XIV. Major related transaction

### 1. Related transaction with routine operation concerned

√ Applicable   □ Not applicable

Related transaction parties	Related relationship	Related transaction type	Related transaction content	Pricing principle	Dealing price	Trading amount (in 10 thousand Yuan)	Proportion in the amount of the same transaction	Approved transaction amount (in 10 thousand Yuan)	Whether to exceed the approved amount	Means of payments	Market price of similar transaction available	Disclosure date	Disclosure index
China Potevio	Controlling shareholder	Purchase of products and receipt of services	Telecom product	Market price	37.17	37.17	0.05%	5,000	No	Bank transfer	37.17	April 20, 2021	Notice on Forecast of Daily Related Transaction for 2021 published on Juchao Website
Potevio Information Technology Co., Ltd.	Other enterprises under the same control of the actual controller	Purchase of products and receipt of services	Telecom product	Market price	23.93	23.93	0.03%	500	No	Bank transfer	23.93	April 20, 2021	Notice on Forecast of Daily Related Transaction for 2021 published on Juchao Website
Potevio Hi-tech Industry Co., Ltd.	Other enterprises under the same	Purchase of products and receipt of	Labor fee	Market price	25.81	25.81	0.03%		No	Bank transfer	25.81		

	control of the actual controller	services											
Nanjing Potevio Honyar Electrical Technology Co., Ltd.	Other enterprises under the same control of the actual controller	Purchase of products and receipt of services	Telecom product	Market price	45.64	45.64	0.06%		No	Bank transfer	45.64		
Nanjing Hikvision Digital Technology Co., Ltd.	Other enterprises under the same control of the actual controller	Purchase of products and receipt of services	Telecom product	Market price	1.44	1.44	0.00%		No	Bank transfer	1.44		Notice on Increase the Forecast of Daily Related Transactions for year of 2021 published on Juchao Website
The 23rd Research Institute of China Electronics Technology Group Corporation (CETC)	Other enterprises under the same control of the actual controller	Purchase of products and receipt of services	Inspection fees	Market price	2.3	2.3	0.00%	100	No	Bank transfer	2.3	October 30, 2021	
China Potevio	Controlling shareholder	Selling goods and providing	Telecom product	Market price	51.71	51.71	0.06%	1,000	No	Bank transfer	51.71	April 20, 2021	Notice on Forecast of Daily

		services											Related Transaction for 2021 published on Juchao Website
Potevio Information Technology Co., Ltd.	Other enterprises under the same control of the actual controller	Selling goods and providing services	Telecom product	Market price	6.68	6.68	0.01%	500	No	Bank transfer	6.68	April 20, 2021	Notice on Forecast of Daily Related Transaction for 2021 published on Juchao Website
Beijing Putian Desheng Technology Incubator Co., Ltd.	Other enterprises under the same control of the actual controller	Selling goods and providing services	Telecom product	Market price	0	0	0.00%	500	No	Bank transfer	0	April 20, 2021	Notice on Forecast of Daily Related Transaction for 2021 published on Juchao Website
Putian Communication Co., Ltd.	Other enterprises under the same control of the actual	Selling goods and providing services	Telecom product	Market price	0	0	0.00%	2,000	No	Bank transfer	0	April 20, 2021	Notice on Forecast of Daily Related Transaction for 2021

	controll er												publish ed on Juchao Website
Beijing Potevio Taili Communi cation s Technol ogy Co., Ltd.	Other enterpri ses under the same control of the actual controll er	Selling goods and providin g services	Telecom product	Market price	0.79	0.79	0.00%		No	Bank transfer	0.79		
Eastern Communi cation s Inc.	Other enterpri ses under the same control of the actual controll er	Selling goods and providin g services	Telecom product	Market price	129.59	129.59	0.14%	1,400	No	Bank transfer	129.59	April 20, 2021	Notice on Forecas t of Daily Related Transac tion for 2021 publish ed on Juchao Website
Potevio Eastern Communi cation s Co.,Ltd.	Other enterpri ses under the same control of the actual controll er	Selling goods and providin g services	Telecom product	Market price	2.36	2.36	0.00%		No	Bank transfer	2.36		
Wuhan Putian New Energy Co., Ltd.	Other enterpri ses under the same	Selling goods and providin g services	Telecom product	Market price	1.61	1.61	0.00%		No	Bank transfer	1.61		

	control of the actual controller												
Chengdu Weishitong Information Security Technology Co., Ltd.	Other enterprises under the same control of the actual controller	Selling goods and providing services	Telecom product	Market price	309.47	309.47	0.34%	1,700	No	Bank transfer	309.47	October 30, 2021	
Hebei Far East Communication System Engineering Co., Ltd	Other enterprises under the same control of the actual controller	Selling goods and providing services	Telecom product	Market price	460.63	460.63	0.50%		No	Bank transfer	460.63		Notice on Increase the Forecast of Daily Related Transactions for year
Nanjing Rail Transit System Engineering Co., Ltd.	Other enterprises under the same control of the actual controller	Selling goods and providing services	Telecom product	Market price	132.8	132.8	0.14%		No	Bank transfer	132.8		of 2021 published on Juchao Website
Nanjing Laisi Information Technology	Other enterprises under the	Selling goods and providing	Telecom product	Market price	16.28	16.28	0.02%		No	Bank transfer	16.28		

gy Co., Ltd.	same control of the actual controller	services											
Shanghai Huaxun Network System Co., Ltd	Other enterprises under the same control of the actual controller	Selling goods and providing services	Telecom product	Market price	5.93	5.93	0.01%		No	Bank transfer	5.93		
Sichuang Electronics Co., Ltd.	Other enterprises under the same control of the actual controller	Selling goods and providing services	Telecom product	Market price	8.87	8.87	0.01%		No	Bank transfer	8.87		
Zhongkexin integrated circuit Co., Ltd. Nanjing Branch	Other enterprises under the same control of the actual controller	Selling goods and providing services	OEM processing	Market price	7.42	7.42	0.01%		No	Bank transfer	7.42		
Potevio Hi-tech Industry Co.,	Other enterprises under	Leased property	Rent and property fees	Market price	83.97	83.97	21.30%	100	No	Bank transfer	83.97	April 20, 2021	Notice on Forecast of

Ltd.	the same control of the actual controller												Daily Related Transaction for 2021 published on Juchao Website
Nanjing lop Co., Ltd	Other enterprises under the same control of the actual controller	Rental property	Rent	Market price	39.52	39.52	14.77%	100	No	Bank transfer	39.52	October 30, 2021	Notice on Increase the Forecast of Daily Related Transactions for year of 2021 published on Juchao Website
China Potevio	Controlling shareholder	Entrusted loan interest	Borrowing interest	Market price	447.75	447.75	54.61%	506.3	No	Bank transfer	447.75	March 10, 2021, May 10, 2021	Notice on Application for Entrusted Loans from Controlling Shareholder
Total				--	--	1,841.66	--	13,406.3	--	--	--	--	--
Details of major sold-out order sent back				Not applicable									
The actual implementation of Daily Related Transactions that is about to				Total routing related transactions incurred during the reporting period did not exceed the estimated total amount									

occurred in the Period with total amount estimated by category (if applicable)	
Reason for the great difference between trade price and market reference price (if applicable)	Not applicable

## 2. Related transactions by assets acquisition and sold

Applicable  Not applicable

No related party transactions by assets acquisition and sold for the Company in Period.

## 3. Main related transactions of mutual investment outside

Applicable  Not applicable

No main related transactions of mutual investment outside for the Company during the reporting period

## 4. Contact of related credit and debt

Applicable  Not applicable

Whether The Company had non-operating contact of related credit and debt

Yes  No

The Company had no non-operating contact of related credit and debt during the reporting period.

## 5. Contact with the related finance companies

Applicable  Not applicable

Deposit business

Related party	Relationship	Maximum daily deposit limit (in 10 thousand yuan)	Deposit interest rate range	Opening balance (in 10 thousand yuan)	Amount for the Period		Ending Balance (10 thousand yuan)
					Total deposit amount for the Period (10 thousand yuan)	The total amount withdrawn in the Period (10 thousand yuan)	
China Electronic Technology Finance Co., Ltd	Other enterprises controlled by the actual controller	81,732.59	0.3%-1.1%	0	9,512.78	8,797.62	715.16

Loan business

Related party	Relationship	Loan amount	Loan interest	Opening	Amount for the Period	Ending
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		(in 10 thousand yuan)	rate range	balance (in 10 thousand yuan)	Total deposit amount for the Period (10 thousand yuan)	The total amount withdrawn in the Period (10 thousand yuan)	Balance (10 thousand yuan)

## Credit extension or other financial business

Related party	Relationship	Type of business	Total amount ( 10 thousand yuan)	Actual amount ( 10 thousand yuan)
China Electronic Technology Finance Co., Ltd	Other enterprises controlled by the actual controller	Credit	20,000	0

**6. Transactions between the finance company controlled by the Company and related parties**

Applicable     Not applicable

There are no deposits, loans, credits or other financial business between the finance companies controlled by the Company and related parties

**7. Other related transactions**

Applicable     Not applicable

The Company entered into a financial service agreement with China Electronics Technology Finance Co., Ltd during the reporting period, found more in relevant interim announcement. As of period-end, balance of the bank savings in China Electronics Technology Finance Co., Ltd amounted to 7.1516 million yuan, interest of the deposit amounted to 17,800 yuan.

Website for temporary disclosure of the major connected transaction

Announcement	Date of disclosure	Website for disclosure
Notice on Related Transaction of Signing the Financial Service Agreement with China Electronic Technology Finance Co., Ltd	November 24, 2021	Juchao Website

**XV. Significant contract and implementations****1. Trusteeship, contract and leasing****(1) Trusteeship**

Applicable     Not applicable

No trusteeship for the Company during reporting period

**(2) Contract**

Applicable     Not applicable

No contract for the Company during reporting period

**(3) Leasing**

Applicable     Not applicable

Explanation on leasing

During the reporting period, the Company incurred rent and property expenses of 3.9415 million yuan, and rent income of 2.675 million yuan.

Items that bringing gain/loss to the Company more than 10% of the total profits in reporting period

Applicable     Not applicable

No items generated over 10% gains/losses in total profit in reporting period for the Company

**2. Major guarantees**

Applicable     Not applicable

In 10 thousand Yuan

Particulars about the external guarantee of the Company and the subsidiaries (Barring the guarantee for subsidiaries)										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter-guarantee situation (if applicable)	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Guarantee between The Company and the subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter-guarantee situation (if applicable)	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Nanjing Southern Telecom Co., Ltd	April 20, 2021	5,000	June 23, 2021	1,000	Jointly liability guaranty			2021.6.23-2022.3.22	N	N
Nanjing Southern	April 20, 2021	5,000	October 28, 2021	2,000	Jointly liability			2021.10.28-2022.7.	N	N

Telecom Co., Ltd					guaranty			22		
Total amount of approving guarantee for subsidiaries in report period (B1)		10,500	Total amount of actual occurred guarantee for subsidiaries in report period (B2)							3,000
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		10,500	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)							3,000
Guarantees of subsidiaries to subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if applicable)	Counter-guarantee situation (if applicable)	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Total amount of guarantee of the Company (total of three above mentioned guarantee)										
Total amount of approving guarantee in report period (A1+B1+C1)		10,500	Total amount of actual occurred guarantee in report period (A2+B2+C2)							3,000
Total amount of approved guarantee at the end of report period (A3+B3+C3)		10,500	Total balance of actual guarantee at the end of report period (A4+B4+C4)							3,000
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)				46.02%						
Including:										
Amount of guarantee for shareholders, actual controller and its related parties (D)				0						
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)				0						
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)				0						
Total amount of the aforesaid three guarantees (D+E+F)				0						

Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)	N/A
Explanations on external guarantee against regulated procedures (if applicable)	N/A

Explanation on guarantee with composite way

### 3. Entrust others to cash asset management

#### (1) Trust financing

Applicable  Not applicable

The Company had no trust financing during the reporting period.

#### (2) Entrusted loans

Applicable  Not applicable

The Company had no entrusted loans during the reporting period.

### 4. Other material contracts

Applicable  Not applicable

No other material contracts for the Company during the reporting period

## XVI. Explanation on other significant events

Applicable  Not applicable

Index of the material events that disclosed in reporting period:

Event	Disclosure date	Index of information on appointed website
Notice on the completion of the transfer of the underlying assets of major asset sales and related-party transactions	2021.1.5	Juchao Website (www.cninfo.com.cn)
Report on the implementation of major asset sales and related-party transactions	2021.1.5	Juchao Website (www.cninfo.com.cn)
Notice on Major Asset Sales and Related Party Transactions Commitments	2021.1.5	Juchao Website (www.cninfo.com.cn)
Notice on the progress of the transfer of Subsidiary's equity	2021.1.5	Juchao Website (www.cninfo.com.cn)
Notice on the progress of the acquisition of the equity of Subsidiary and the merger of Subsidiary	2021.1.7	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 46 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021.1.22	Juchao Website (www.cninfo.com.cn)
2020 annual performance forecast	2021.1.30	Juchao Website (www.cninfo.com.cn)
Announcement of abnormal fluctuations in stock trading	2021.2.24	Juchao Website (www.cninfo.com.cn)
Indicative Notice on the proposed free transfer of the overall	2021.2.25	Juchao Website (www.cninfo.com.cn)

property rights of the actual controller		
Notice on the response to the Shenzhen Stock Exchange's letter of concern	2021.3.3	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 47 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021.3.10	Juchao Website (www.cninfo.com.cn)
Notice on Related Transaction of Applying for Entrust Loans to Controlling Shareholder	2021.3.10	Juchao Website (www.cninfo.com.cn)
Preliminary Earnings Estimate for 2020	2021.4.15	Juchao Website (www.cninfo.com.cn)
Performance Forecast for Q1 of 2021	2021.4.15	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 48 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021.4.20	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 20 <sup>th</sup> Session of 7 <sup>th</sup> Supervisory Committee	2021.4.20	Juchao Website (www.cninfo.com.cn)
Summary of Annual Report 2020	2021.4.20	Juchao Website (www.cninfo.com.cn)
Notice on Provision for Impairment of Assets for 2020	2021.4.20	Juchao Website (www.cninfo.com.cn)
Notice on Guarantee for Controlling Subsidiary	2021.4.20	Juchao Website (www.cninfo.com.cn)
Notice of the Forecast for Daily Related Transaction for year of 2021	2021.4.20	Juchao Website (www.cninfo.com.cn)
Notice on Convening the AGM of 2020	2021.4.20	Juchao Website (www.cninfo.com.cn)
Text of First Quarterly Report 2021	2021.4.29	Juchao Website (www.cninfo.com.cn)
CITIC Securities Co., Ltd.'s 2020 continuous supervision report on major asset sales and related transactions of Nanjing Putian Telecommunications Co., Ltd.	2021.4.30	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 50 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021.5.7	Juchao Website (www.cninfo.com.cn)
Notice on Related Transaction of Applying for Entrust Loans to Controlling Shareholder	2021.5.7	Juchao Website (www.cninfo.com.cn)
Notice on Convening the First Extraordinary General Meeting of Shareholders of 2021	2021.5.7	Juchao Website (www.cninfo.com.cn)
Notice on convening the 2020 annual performance online briefing	2021.5.10	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of AGM of 2020	2021.5.27	Juchao Website (www.cninfo.com.cn)
Notice on Convening the 1 <sup>st</sup> Extraordinary Shareholders General Meeting of 2021	2021.5.28	Juchao Website (www.cninfo.com.cn)
Notice on Reply to Inquiry Letter of Shenzhen Stock Exchange Annual Report	2021.6.22	Juchao Website (www.cninfo.com.cn)
Notice on the approval of the reorganization of China Putian and China Electric Technology	2021.6.24	Juchao Website (www.cninfo.com.cn)
Notice on the progress of guarantee for Subsidiary	2021.6.30	Juchao Website (www.cninfo.com.cn)
Performance Forecast for Semi-Annual of 2021	2021.7.15	Juchao Website (www.cninfo.com.cn)
Notice on Completion of the Filing of Article of Association and Registration Changes of the Registered Address for Industry and Commerce	2021.7.21	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 51 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021.8.27	Juchao Website (www.cninfo.com.cn)

Notice on Resolution of 22 <sup>th</sup> Session of 7 <sup>th</sup> Supervisory Committee	2021.8.27	Juchao Website (www.cninfo.com.cn)
Summary of Semi-Annual Report of 2021	2021.8.27	Juchao Website (www.cninfo.com.cn)
Notice on Provision for Assets Impairment in First Half of 2021	2021.8.27	Juchao Website (www.cninfo.com.cn)
Notice on Change of Accounting Policy	2021.8.27	Juchao Website (www.cninfo.com.cn)
Suggestive Announcement on the Equity Transfer Without Compensation of China Putian Corporation	2021.9.1	Juchao Website (www.cninfo.com.cn)
Summary of Acquisition Report of Nanjing Putian Telecommunications Co., Ltd.	2021.9.1	Juchao Website (www.cninfo.com.cn)
Acquisition Report of Nanjing Putian Telecommunications Co., Ltd.	2021.9.7	Juchao Website (www.cninfo.com.cn)
Completion of Industrial & Commercial Change Registration on the Equity Transfer Without Compensation of China Putian Corporation	2021.9.24	Juchao Website (www.cninfo.com.cn)
Performance Forecast of 3Q of 2021	2021.10.15	Juchao Website (www.cninfo.com.cn)
Notice on cumulative lawsuits	2021.10.29	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 52 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021.10.30	Juchao Website (www.cninfo.com.cn)
Text of 3Q report of 2021	2021.10.30	Juchao Website (www.cninfo.com.cn)
Increase the Forecast of Daily Related Transactions for year of 2021	2021.10.30	Juchao Website (www.cninfo.com.cn)
Liquidation and Closure of Subsidiaries	2021.10.30	Juchao Website (www.cninfo.com.cn)
Progress of Guarantees for Subsidiaries	2021.11.2	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 53 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021.11.24	Juchao Website (www.cninfo.com.cn)
Notice on Related Transaction of Signing the Financial Service Agreement with China Electronic Technology Finance Co., Ltd	2021.11.24	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 54 <sup>th</sup> Session of 7 <sup>th</sup> BOD	2021.12.10	Juchao Website (www.cninfo.com.cn)
Appointment of the Audit Institution for Year of 2021	2021.12.10	Juchao Website (www.cninfo.com.cn)
Notice on Convening the 2 <sup>nd</sup> Extraordinary Shareholders General Meeting of 2021	2021.12.10	Juchao Website (www.cninfo.com.cn)
Notice on Convening the 2 <sup>nd</sup> Extraordinary Shareholders General Meeting of 2021	2021.12.28	Juchao Website (www.cninfo.com.cn)

## XVII. Significant event of subsidiary of the Company

Applicable     Not applicable

## Section VII. Changes in Shares and Particular about Shareholders

### I. Changes in shares

#### 1. Changes in shares

Unit: Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Unlisted shares	115,000,000	53.49%						115,000,000	53.49%
1. Sponsor's shares	115,000,000	53.49%						115,000,000	53.49%
Including: state-owned shares	115,000,000	53.49%						115,000,000	53.49%
Domestic legal person's shares									
Overseas legal person's shares									
Others									
2. Recruitment corporation shares									
3. Internal employee shares									
4. Preferred shares or others									
II. Listed tradable shares	100,000,000	46.51%						100,000,000	46.51%
1. RMB ordinary shares									
2. Domestically listed foreign shares	100,000,000	46.51%						100,000,000	46.51%
3. Overseas listed foreign shares									
4. Others									
III. Total shares	215,000,000	100.00%						215,000,000	100.00%

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Reasons for share changed

Applicable  Not applicable

Approval of share changed

Applicable  Not applicable

Ownership transfer of share changes

Applicable  Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable  Not applicable

Other information necessary to disclose or need to disclosed under requirement from security regulators

Applicable  Not applicable

## 2. Changes of restricted shares

Applicable  Not applicable

## II. Securities issuance and listing

### 1. Security offering (without preferred stock) in Reporting Period

Applicable  Not applicable

### 2. Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

Applicable  Not applicable

### 3. Current internal staff shares

Applicable  Not applicable

## III. Shareholder and actual controller of the Company

### 1. Amount of shareholders of the Company and particulars about shares holding

Unit: Share

Total common stock shareholders in reporting period-end	8,100	Total common stock shareholders at end of last month before annual report disclosed	7,949	Total preference shareholders with voting rights recovered at end of reporting period	0	Total preference shareholders with voting rights recovered at end of last month before	0
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					(if applicable) (see note 8)		annual report disclosed (if applicable) (see note 8)	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportio n of shares held	Total sharehol ders at the end of report period	Changes in report period	Amount of unlisted shares held	Amount of listed shares held	Information of shares pledged, tagged or frozen	
							State of share	Amount
China Potevio	State-owned corporation	53.49%	115,000, 000	0	115,000, 000	0		
Shenwan Hong Yuan (H.K.) Limited	Foreign corporation	2.98%	6,416,82 0	30,000	0	6,416,820		
GUOTAI JUNAN SECURITIES(H ONGKONG) LIMITED	Foreign corporation	1.30%	2,794,90 68	-2,584,20	0	2,794,906		
Zheng Enyue	Domestic nature person	1.14%	2,449,73 9	0	0	2,449,739		
Sun Huiming	Domestic nature person	0.93%	2,000,00 0	-7,110	0	2,000,000		
Gu Jinhua	Domestic nature person	0.87%	1,871,37 1	0	0	1,871,371		
Guosen Securities (H.K.) Broker Co., Ltd.	Foreign corporation	0.85%	1,828,68 2	0	0	1,828,682		
BOCI SECURITIES LIMITED	Foreign corporation	0.59%	1,266,94 5	0	0	1,266,945		
Zhen Hongquan	Domestic nature person	0.46%	991,900	86,300	0	991,900		
Xiang Yan	Domestic nature person	0.42%	905,602	0	0	905,602		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (see note3)		N/A						

Explanation on associated relationship or concerted action among the aforesaid shareholders	Among the top ten shareholders, China Potevio is neither a related party nor a person acting in concert with the others. It's unknown by the Company whether there are related parties or persons acting in concert among the other shareholders.		
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	Not involved		
Special note on the repurchase account among the top 10 shareholders (See note 10)	N/A		
Top 10 shareholders with circulation shares held			
Shareholders' name	Amount of listed shares held at end of the Period	Type of shares	
		Type	Amount
Shenwan HongYuan (H.K.) Limited	6,416,820	Domestically listed foreign shares	6,416,820
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	2,794,906	Domestically listed foreign shares	2,794,906
Zheng Enyue	2,449,739	Domestically listed foreign shares	2,449,739
Sun Huiming	2,000,000	Domestically listed foreign shares	2,000,000
Gu Jinhua	1,871,371	Domestically listed foreign shares	1,871,371
Guosen Securities (H.K.) Broker Co., Ltd.	1,828,682	Domestically listed foreign shares	1,828,682
BOCI SECURITIES LIMITED	1,266,945	Domestically listed foreign shares	1,266,945
Zhen Hongquan	991,900	Domestically listed foreign shares	991,900
Xiang Yan	905,602	Domestically listed foreign shares	905,602

Liang Wei	772,800	Domestically listed foreign shares	772,800
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	It's unknown by the Company whether there are related parties or persons acting in concert among the above mentioned shareholders.		
Explanation on shareholders involving margin business about top ten common stock shareholders with un-restrict shares held(if applicable) (see note4)	N/A		

Whether top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes  No

The top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

## 2. Controlling shareholder of the Company

Nature of controlling shareholders: central state-owned holding

Type of controlling shareholders: legal person

Controlling shareholder	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
China Potevio	Lv Weiping	July 23, 2003	91110000710931555N	Focusing on manufacture and trading of information telecommunication products, relevant technology research and services. The operation scope covers information telecommunication, broadcasting, industrial information, financial electrics and new energy.
Equity of other domestic/oversea listed Company control by controlling shareholder as well as stock-joint in report period	Other listed companies directly controlled at the beginning of the reporting period include Chengdu Putian Cable Co., Ltd., and indirectly controlled listed companies include Oriental communication co., Ltd. and Eastcom Peace Smart Card Co., Ltd.; there are no other listed companies under control at end of the reporting period.			

Changes of controlling shareholders in reporting period

Applicable  Not applicable

The Company had no changes of controlling shareholders in reporting period

### 3. Actual controller and person acting in concert of the Company

Nature of actual controller: central state-owned assets management

Type of actual controller: legal person

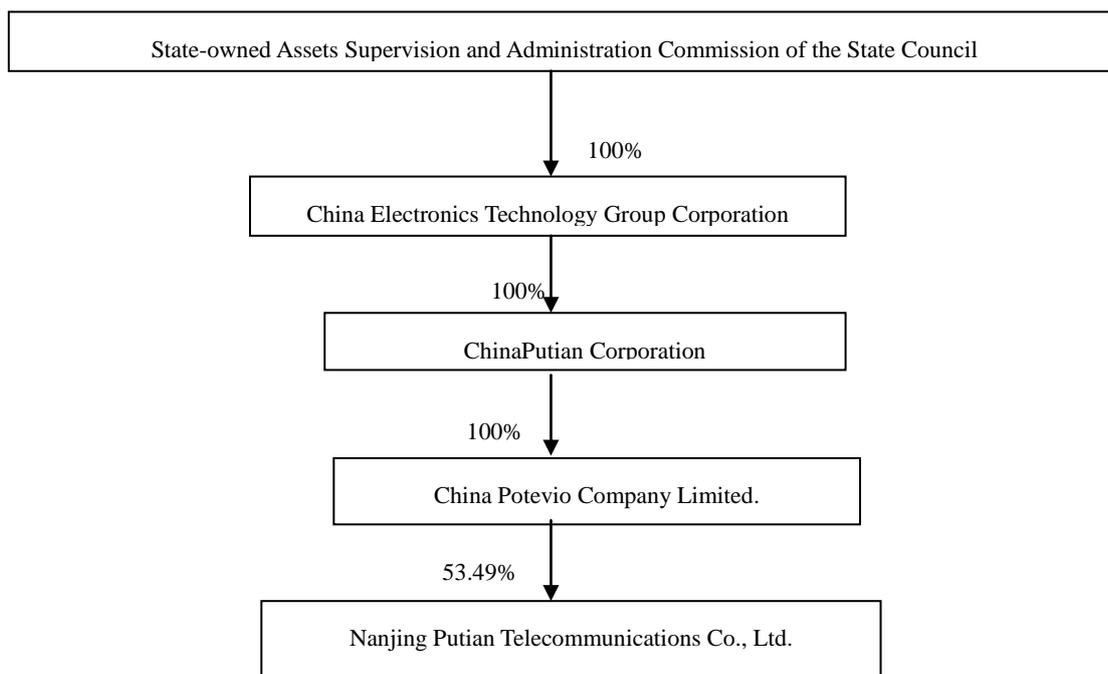
Actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
China Electronics Technology Group Corporation	Chen Zhaoxiong	February 25, 2002	Unified social credit code 91110000710929498G	Mainly engaged in the engineering construction of large electronic information system for national important military and civilian use, research and production of the major equipment, communication & electronic equipment, software and key components
Equity of domestic/overseas listed Company control by actual controller in report period	Other domestic and overseas listed companies actually controlled include: Hangzhou Hikvision Digital Technology Co., Ltd., Taiji Computer Co., Ltd., China Electronics Technology Co., Ltd., Chengdu Weishitong Information Industry Co., Ltd., Guorui Technology Co., Ltd., Sichuang Electronics Co., Ltd., Chengdu Tian'ao Electronics Co., Ltd., Guangzhou Jiesai Technology Co., Ltd., Phoenix Optical Co., Ltd., Zhongdian Kesheng Optoelectronics Technology Co., Ltd., Hebei Zhongci Electronic Technology Co., Ltd., Oriental communication co., Ltd., Eastcom Peace Smart Card Co., Ltd., Chengdu Putian Cable Co., Ltd.			

Changes of actual controller in reporting period

Applicable  Not applicable

The name of the original actual controller	China Potevio Information Industry Group Co., Ltd.
The name of the new actual controller	China Electronics Technology Group Corporation
Date of change	September 1, 2021
Specify the website query index	Summary of Acquisition Report of Nanjing Putian Telecommunications Co., Ltd. released on Juchao Website
Designated website disclosure date	September 1, 2021

Property right and controlling relationship between the actual controller and The Company is as follow



Actual controller controlling the Company by entrust or other assets management

Applicable  Not applicable

**4. The total number of shares pledged by controlling shareholders or the first majority shareholder and its persons acting in concert accounts for 80% of the shares held by them**

Applicable  Not applicable

**5. Particulars about other legal person shareholders with over 10% shares held**

Applicable  Not applicable

**6. Limitation and reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side and other commitment subjects**

Applicable  Not applicable

#### **IV. The specific implementation of shares buy-back during the reporting period**

Implementation progress of shares buy-back

Applicable  Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable  Not applicable

## **Section VIII. Preferred Stock**

Applicable  Not applicable

The Company had no preferred stock during the reporting period

## **Section IX. Corporate Bonds**

Applicable  Not applicable

## Section X. Financial Report

### I. Audit report

Type of audit opinion	Standard unqualified
Signing date of audit report	April 22, 2022
Name of audit institute	Pan-China Certified Public Accountants (LLP)
Serial of Auditing Report	Pan-China Shen (2022) No.1-489
Name of CPA	He Jiangxing, Zhang Jinghui

## Auditor's Report

PCCPAAR [2022] No. 1-489

To the Shareholders of Nanjing Putian Telecommunications Co., Ltd.:

### **I. Audit Opinion**

We have audited the accompanying financial statements of Nanjing Putian Telecommunications Co., Ltd. (the "Nanjing Putian Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2021, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the financial position of the Nanjing Putian Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

### **II. Basis for Audit Opinion**

We conducted our audit in accordance with CICPA Standards on Auditing ("CSAs"). ***IV. Certified Public Accountant's Responsibility for the Financial Statements' audit*** in this report describes our responsibility under these standards. Those standards require that we comply with ethical requirements, that we are independent from Nanjing Putian Company and fulfilled all other ethical obligation. We believe that we have obtained Complete and Just audit evidence as basis of audit opinion.

### III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

#### (I) Impairment of accounts receivable

##### 1. Key audit matters

Please refer to section III(X) and V(I) of the notes to the financial statements for details.

As of December 31, 2021, the book balance of accounts receivable amounted to 531,421,798.94 yuan, with provision for bad debts of 196,835,247.01 yuan, and the carrying amount amounted to 334,586,551.93 yuan.

Based on credit risk features of accounts receivable, the Management measures the provision for bad debts at the amount of expected credit losses during the whole life, either on an individual basis or on a collective basis. For accounts receivable with expected credit losses measured on an individual basis, the Management estimates the expected cash flows, so as to identify the provision for bad debts to be accrued, based on a comprehensive consideration of information with reasonableness and evidence, which is related to the past events, the current situation and the forecast of future economic conditions. For accounts receivable with expected credit losses measured on a collective basis, the Management classifies portfolios on the basis of ages, adjusts them based on historical credit risk loss experience and forward-looking estimations, prepares the comparison table of ages and expected credit loss rate of accounts receivable, so as to calculate the provision for bad debts to be accrued.

As the amount of accounts receivable is significant and the impairment involves significant judgment of the Management, we have identified impairment of accounts receivable as a key audit matter.

##### 2. Responsive audit procedures

Our main audit procedures for impairment of accounts receivable are as follows:

(1) We obtained understandings of key internal controls related to impairment of accounts receivable, assessed the design of these controls, determined whether they had been executed,

and tested the effectiveness of their operation;

(2) We reviewed the accounts receivable with provision for bad debts made in previous periods for their subsequent write-off or reversal, and assessed the accuracy of historical estimations made by the Management;

(3) We reviewed the consideration of the Management on credit risk assessment and objective evidence, and assessed whether the credit risk features of accounts receivable had been appropriately identified by the Management;

(4) For accounts receivable with expected credit losses measured on an individual basis, we obtained and checked the Management's estimations on the expected future cash flows, assessed the reasonableness of key assumptions and the accuracy of data adopted in the estimations and checked them with acquired external evidence;

(5) For accounts receivable with expected credit losses measured on a collective basis, we assessed the reasonableness of portfolio classification on the basis of credit risk features; we assessed the reasonableness of the comparison table of ages and expected credit loss rate of accounts receivable prepared by the Management based on the historical credit loss experience of portfolios with similar credit risk features and forward-looking estimations; we tested the accuracy and completeness of data used by the Management (including ages, historical loss rate, migration rate, etc.) and whether the calculation of provision for bad debts was accurate;

(6) We checked the subsequent collection of accounts receivable and assessed the reasonableness of provision for bad debts made by the Management;

(7) We checked whether information related to impairment of accounts receivable had been presented appropriately in the financial statements.

## (II) Net realizable value of inventories

### 1. Key audit matters

Please refer to section III(XI) and V(I)VIII of the notes to the financial statements for details.

As of December 31, 2021, the book balance of inventories amounted to 298,253,196.96 yuan, with provision for bad debts of 111,721,631.26 yuan, and the carrying amount amounted to

186,531,565.70 yuan.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value, with provisions for inventory write-down made on the excess of its cost over the net realizable value on a collective basis/on an individual basis. Based on the Management's consideration over purposes that the inventories were held for, the estimated selling price is determined based on historical selling price, actual selling price, contractual selling price, market price of identical or similar products, future market trend, etc., and the net realizable value of these inventories is determined based on the amount of the estimated selling price less the cost to be incurred upon completion, estimated selling expenses and relevant taxes and surcharges.

As the amount of inventories is significant and determination of net realizable value involves significant judgment of the Management, we have identified net realizable value of inventories as a key audit matter.

## 2. Responsive audit procedures

Our main audit procedures for net realizable value of inventories are as follows:

- (1) We obtained understandings of key internal controls related to net realizable value of inventories, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of their operation;
- (2) We reviewed the net realizable value estimated by the Management in previous years and the actual operating results, and assessed the accuracy of the Management's historical estimations;
- (3) We reviewed the estimation on selling price made by the Management by sampling method and compared the estimated selling price with historical data, subsequent situation, market information, etc.;
- (4) We assessed the reasonableness of estimation on cost to be incurred upon completion, selling expenses and relevant taxes and surcharges made by the Management;
- (5) We tested whether the calculation of net realizable value of inventories made by the Management was accurate;

(6) We checked whether there existed situations such as inventories with long stock age and obsolete model, decline in production, fluctuation of production cost or selling price, change in technology or market needs, etc. in combination with stocktaking, and assessed whether the net realizable value of inventories was reasonably estimated by the Management;

(7) We checked whether information related to net realizable value of inventories had been presented appropriately in the financial statements.

#### **IV. Other Information**

The Nanjing Putian Company's management (the "Management") is responsible for the other information. The other information comprises the information included in the Nanjing Putian Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

#### **V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

Management of Nanjing Putian Company is responsible for the preparation and present these financial statements fairly in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management of Nanjing Putian Company is also responsible for evaluate Nanjing Putian Company's corporate sustainability, disclose events related to its sustainability (if applicable), and complying going concern assumption, unless the management is arranging either liquidation, termination or no realistic option to comply.

Those charged with governance are responsible for overseeing the Nanjing Putian Company's financial reporting process.

## **VI. Certified Public Accountant's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions the users taken on the basis of these Financial Statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(I) Identify and assess the risks of material misstatements of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control.

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(IV) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nanjing Putian Company's ability to continue as a going concern. If we conclude that

a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain sole responsibility for our audit opinion.

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hangzhou · China

Chinese Certified Public Accountant

Date of Report: April 22 , 2022

*The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.*

## Nanjing Putian Telecommunications Co., Ltd.

## Consolidated balance sheet as at December 31, 2021

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances	1	188,665,530.37	209,849,710.96
Settlement funds			
Loans to other banks			
Held-for-trading financial assets	2	20,000,000.00	
Derivative financial assets			
Notes receivable	3	13,703,192.38	17,029,051.04
Accounts receivable	4	334,586,551.93	493,992,403.49
Receivables financing	5	40,852,223.88	32,594,702.60
Advances paid	6	22,645,816.66	19,616,348.65
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	7	16,628,195.17	16,911,790.31
Financial assets under reverse repo			
Inventories	8	186,531,565.70	199,641,972.32
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	9	7,763,000.07	13,126,022.08
Total current assets		831,376,076.16	1,002,762,001.45
Non-current assets:			
Loans and advances paid			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	10	10,422,193.15	10,422,056.96
Other equity instrument investments	11	741,953.00	741,953.00
Other non-current financial assets			
Investment property	12	6,854,891.51	4,267,013.35
Fixed assets	13	117,801,156.71	100,158,063.58
Construction in progress	14	292,996.23	22,454,792.27
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets	15	21,108,747.48	21,261,119.40
Development expenditures			
Goodwill			
Long-term prepayments	16	4,973,968.20	5,541,410.81

Deferred tax assets	17		
Other non-current assets			
Total non-current assets		162,195,906.28	164,846,409.37
Total assets		993,571,982.44	1,167,608,410.82

## Nanjing Putian Telecommunications Co., Ltd.

### Consolidated balance sheet as at December 31, 2021(continued)

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	18	199,000,000.00	65,000,000.00
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	19	1,251,741.17	76,135,010.10
Accounts payable	20	538,363,742.94	604,765,586.00
Advances received	21		
Contract liabilities	22	18,884,024.60	28,518,252.40
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable	23	19,445,171.68	17,362,878.28
Taxes and rates payable	24	2,881,067.35	8,707,248.67
Other payables	25	64,006,795.08	53,759,120.63
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	25	2,656,474.95	9,181,720.08
Other current liabilities	26	2,454,923.31	3,707,372.81
Total current liabilities		848,943,941.08	867,137,188.97
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	27		4,036,160.05
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			4,036,160.05
Total liabilities		848,943,941.08	871,173,349.02
Equity:			
Share capital/Paid-in capital	28	215,000,000.00	215,000,000.00
Other equity instruments			

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Including: Preferred shares			
Perpetual bonds			
Capital reserve	29	197,864,174.08	183,568,842.44
Less: Treasury shares			
Other comprehensive income	30	-6,819,637.82	-6,853,931.65
Special reserve			
Surplus reserve	31	589,559.77	589,559.77
General risk reserve			
Undistributed profit	32	-341,446,683.34	-202,680,309.64
Total equity attributable to the parent company		65,187,412.69	189,624,160.92
Non-controlling interest		79,440,628.67	106,810,900.88
Total equity		144,628,041.36	296,435,061.80
Total liabilities & equity		993,571,982.44	1,167,608,410.82

## Nanjing Putian Telecommunications Co., Ltd.

### Parent company balance sheet as at December 31, 2021

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		36,485,015.68	57,345,349.24
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable		390,277.10	1,190,734.45
Accounts receivable	1	124,745,572.67	218,887,318.18
Receivables financing		2,756,775.53	
Advances paid		15,353,338.77	10,138,293.79
Other receivables	2	28,544,036.00	50,275,151.96
Inventories		48,126,590.30	80,454,321.56
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		379,332.63	7,516,579.06
<b>Total current assets</b>		<b>256,780,938.68</b>	<b>425,807,748.24</b>
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	3	123,831,261.79	123,831,124.60
Other equity instrument investments		741,953.00	741,953.00
Other non-current financial assets			
Investment property			
Fixed assets		43,878,403.96	45,117,637.57
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets		4,644,068.97	5,006,099.13
Development expenditures			
Goodwill			
Long-term prepayments		4,192,313.07	4,461,404.63
Deferred tax assets			
Other non-current assets			
<b>Total non-current assets</b>		<b>177,288,000.79</b>	<b>179,158,218.93</b>
<b>Total assets</b>		<b>434,068,939.47</b>	<b>604,965,967.17</b>

## Nanjing Putian Telecommunications Co., Ltd.

Parent company balance sheet as at December 31, 2020<sup>1</sup>(continued)

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		145,000,000.00	30,000,000.00
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		1,251,741.17	76,135,010.10
Accounts payable		170,302,775.78	214,453,536.53
Advances received			
Contract liabilities		7,311,902.06	14,109,283.43
Employee benefits payable		9,250,482.99	7,931,673.97
Taxes and rates payable		57,506.75	115,233.85
Other payables		141,386,167.51	164,586,605.64
Liabilities classified as held for sale			
Non-current liabilities due within one year		2,656,474.95	9,181,720.08
Other current liabilities		950,547.38	1,834,206.85
Total current liabilities		478,167,598.59	518,347,270.45
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			4,036,160.05
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			4,036,160.05
Total liabilities		478,167,598.59	522,383,430.50
Equity:			
Share capital/Paid-in capital		215,000,000.00	215,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		158,864,042.34	158,864,042.34
Less: Treasury shares			
Other comprehensive income		-1,854,910.00	-1,854,910.00
Special reserve			

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Surplus reserve		589,559.76	589,559.76
Undistributed profit		-416,697,351.22	-290,016,155.43
Total equity		-44,098,659.12	82,582,536.67
Total liabilities & equity		434,068,939.47	604,965,967.17

## Nanjing Putian Telecommunications Co., Ltd.

Consolidated income statement for the year ended December 31, 2021

*(Expressed in Renminbi Yuan)*

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue		917,129,674.49	1,025,243,815.83
Including: Operating revenue	1	917,129,674.49	1,025,243,815.83
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		949,166,725.55	1,099,375,113.92
Including: Operating cost	1	722,497,650.68	846,905,942.49
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	5,237,496.70	5,849,160.81
Selling expenses	3	91,425,098.10	101,208,835.79
Administrative expenses	4	67,220,016.02	75,477,706.26
R&D expenses	5	55,472,535.49	46,319,505.38
Financial expenses	6	7,313,928.56	27,074,088.99
Including: Interest expenses		8,198,913.03	28,568,012.81
Interest income		1,231,541.18	1,758,180.41
Add: Other income	7	2,431,022.05	10,988,973.73
Investment income (or less: losses)	8	2,434,520.91	93,175,109.94
Including: Investment income from associates and joint ventures		136.19	-4,769,983.62
Gains from derecognition of financial assets at amortized cost		2,434,384.72	-952,176.00
Gains on foreign exchange (or less: losses)			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss	9	-46,296,202.37	-41,615,815.85
Assets impairment loss	10	-61,026,996.13	-14,421,937.22
Gains on asset disposal (or less: losses)	11	-134,892.35	72,556,988.01
III. Operating profit (or less: losses)		-134,629,598.95	43,091,894.72
Add: Non-operating revenue	12	485,555.18	4,301,614.63
Less: Non-operating expenditures	13	160,675.13	2,213,895.60
IV. Profit before tax (or less: total loss)		-134,304,718.90	45,179,613.75
Less: Income tax	14	5,789,994.37	7,504,586.94
V. Net profit (or less: net loss)		-140,094,713.27	37,675,026.81
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		-140,094,713.27	37,675,026.81

2. Net profit from discontinued operations (or less: net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company (or less: net loss)	-138,766,373.70	21,964,552.84
2. Net profit attributable to non-controlling shareholders (or less: net loss)	-1,328,339.57	15,710,473.97
VI. Other comprehensive income after tax	34,293.83	-77,806.80
Items attributable to the owners of the parent company	34,293.83	-77,806.80
(I) Not to be reclassified subsequently to profit or loss		
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of own credit risk		
5. Others		
(II) To be reclassified subsequently to profit or loss	34,293.83	-77,806.80
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve		
6. Translation reserve	34,293.83	-77,806.80
7. Others		
Items attributable to non-controlling shareholders		
VII. Total comprehensive income	-140,060,419.44	37,597,220.01
Items attributable to the owners of the parent company	-138,732,079.87	21,886,746.04
Items attributable to non-controlling shareholders	-1,328,339.57	15,710,473.97
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	-0.65	0.10
(II) Diluted EPS (yuan per share)	-0.65	0.10

## Nanjing Putian Telecommunications Co., Ltd.

## Parent company income statement for the year ended December 31, 2021

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	121,253,065.68	204,317,900.56
Less: Operating cost	1	108,698,958.12	199,201,858.68
Taxes and surcharges		887,582.51	902,601.86
Selling expenses		26,650,179.27	39,753,159.16
Administrative expenses		35,111,905.62	44,093,681.35
R&D expenses		6,217,458.99	6,647,759.39
Financial expenses		4,971,349.45	29,762,090.06
Including: Interest expenses		6,021,877.48	31,156,701.57
Interest income		1,102,616.10	1,497,839.93
Add: Other income		234,500.00	2,360,474.80
Investment income (or less: losses)	2	12,187,920.91	156,256,067.52
Including: Investment income from associates and joint ventures		136.19	-4,769,983.62
Gains from derecognition of financial assets at amortized cost		2,434,384.72	-952,176.00
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss		-33,748,185.70	-35,754,696.75
Assets impairment loss		-43,730,325.27	-13,427,856.98
Gains on asset disposal (or less: losses)		-189,842.76	72,730,654.86
II. Operating profit (or less: losses)		-126,530,301.10	66,121,393.51
Add: Non-operating revenue			100,621.81
Less: Non-operating expenditures		150,894.69	2,180,198.43
III. Profit before tax (or less: total loss)		-126,681,195.79	64,041,816.89
Less: Income tax			
IV. Net profit (or less: net loss)		-126,681,195.79	64,041,816.89
(I) Net profit from continuing operations (or less: net loss)		-126,681,195.79	64,041,816.89
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax			
(I) Not to be reclassified subsequently to profit or loss			
1. Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
VI. Total comprehensive income		-126,681,195.79	64,041,816.89
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			

(II) Diluted EPS (yuan per share)			
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## Nanjing Putian Telecommunications Co., Ltd.

Consolidated cash flow statement for the year ended December 31, 2021

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
<b>I. Cash flows from operating activities:</b>			
Cash receipts from sale of goods or rendering of services		1,012,793,323.59	1,186,849,798.95
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		7,426,691.80	4,611,350.90
Other cash receipts related to operating activities	1	18,978,779.20	15,785,966.22
Subtotal of cash inflows from operating activities		1,039,198,794.59	1,207,247,116.07
Cash payments for goods purchased and services received		812,607,602.97	819,268,501.77
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling charges and commission			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		193,602,468.59	177,936,827.34
Cash payments for taxes and rates		41,109,567.34	44,630,285.36
Other cash payments related to operating activities	2	53,596,684.45	77,266,152.73
Subtotal of cash outflows from operating activities		1,100,916,323.35	1,119,101,767.20
Net cash flows from operating activities		-61,717,528.76	88,145,348.87
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdrawal of investments			227,492,228.00
Cash receipts from investment income			
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		490,953.92	90,389,036.16
Net cash receipts from the disposal of subsidiaries & other business units			42,983,999.65
Other cash receipts related to investing activities			
Subtotal of cash inflows from investing activities		490,953.92	360,865,263.81
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		9,998,642.89	15,963,551.12
Cash payments for investments		20,000,001.00	

## Nanjing Putian Telecommunications Co., Ltd. 2021 Annual Report

Items	Note No.	Current period cumulative	Preceding period comparative
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities			
Subtotal of cash outflows from investing activities		29,998,643.89	15,963,551.12
Net cash flows from investing activities		-29,507,689.97	344,901,712.69
III. Cash flows from financing activities:			
Cash receipts from absorbing investments			
Including: Cash received by subsidiaries from non-controlling shareholders as investments			
Cash receipts from borrowings		239,500,000.00	184,998,007.80
Other cash receipts related to financing activities	3		4,000,000.00
Subtotal of cash inflows from financing activities		239,500,000.00	188,998,007.80
Cash payments for the repayment of borrowings		105,500,000.00	571,395,742.19
Cash payments for distribution of dividends or profits and for interest expenses		21,847,513.03	78,843,126.92
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		13,648,600.00	49,756,900.00
Other cash payments related to financing activities	4	10,561,405.18	10,430,132.25
Subtotal of cash outflows from financing activities		137,908,918.21	660,669,001.36
Net cash flows from financing activities		101,591,081.79	-471,670,993.56
IV. Effect of foreign exchange rate changes on cash & cash equivalents		30,460.93	-97,187.73
V. Net increase in cash and cash equivalents		10,396,323.99	-38,721,119.73
Add: Opening balance of cash and cash equivalents		170,062,746.87	208,783,866.60
VI. Closing balance of cash and cash equivalents		180,459,070.86	170,062,746.87

## Nanjing Putian Telecommunications Co., Ltd.

## Parent company cash flow statement for the year ended December 31, 2021

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
<b>I. Cash flows from operating activities:</b>			
Cash receipts from sale of goods and rendering of services		201,338,916.81	354,206,107.38
Receipts of tax refund		5,677,842.21	97,559.18
Other cash receipts related to operating activities		21,347,210.38	21,367,785.41
Subtotal of cash inflows from operating activities		228,363,969.40	375,671,451.97
Cash payments for goods purchased and services received		213,480,897.14	244,301,702.01
Cash paid to and on behalf of employees		61,786,970.13	61,739,154.02
Cash payments for taxes and rates		1,908,031.65	7,181,904.61
Other cash payments related to operating activities		37,275,425.19	118,640,184.23
Subtotal of cash outflows from operating activities		314,451,324.11	431,862,944.88
Net cash flows from operating activities		-86,087,354.71	-56,191,492.91
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdrawal of investments			266,658,637.16
Cash receipts from investment income		9,153,400.00	82,727,700.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		489,903.92	90,196,791.73
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities			
Subtotal of cash inflows from investing activities		9,643,303.92	439,583,128.89
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		3,080,531.04	3,437,576.27
Cash payments for investments		1.00	2,000,000.00
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities			
Subtotal of cash outflows from investing activities		3,080,532.04	5,437,576.27
Net cash flows from investing activities		6,562,771.88	434,145,552.62
<b>III. Cash flows from financing activities:</b>			
Cash receipts from absorbing investments			
Cash receipts from borrowings		145,000,000.00	109,998,007.80
Other cash receipts related to financing activities		13,300,000.00	4,000,000.00
Subtotal of cash inflows from financing activities		158,300,000.00	113,998,007.80
Cash payments for the repayment of borrowings		30,000,000.00	451,335,325.52
Cash payments for distribution of dividends or profits and for interest expenses		6,021,877.48	31,632,011.57
Other cash payments related to financing activities		33,561,405.18	10,430,132.25
Subtotal of cash outflows from financing activities		69,583,282.66	493,397,469.34
Net cash flows from financing activities		88,716,717.34	-379,399,461.54
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>			
		9,192,134.51	-1,445,401.83

Items	Note No.	Current period cumulative	Preceding period comparative
Add: Opening balance of cash and cash equivalents		24,349,341.34	25,794,743.17
VI. Closing balance of cash and cash equivalents		33,541,475.85	24,349,341.34

Nanjing Putian Telecommunications Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2021

(Expressed in Renminbi Yuan)

Items	Current period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
	Preferred shares	Perpetual bonds	Others										
I. Balance at the end of prior year	215,000,000.00				183,568,842.44		-6,853,931.65		589,559.77		-202,680,309.64	106,810,900.88	296,435,061.80
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	215,000,000.00				183,568,842.44		-6,853,931.65		589,559.77		-202,680,309.64	106,810,900.88	296,435,061.80
III. Current period increase (or less: decrease)					14,295,331.64		34,293.83				-138,766,373.70	-27,370,272.21	-151,807,020.44
(I) Total comprehensive income							34,293.83				-138,766,373.70	-1,328,339.57	-140,060,419.44
(II) Capital contributed or withdrawn by owners					14,295,331.64							-14,295,332.64	-1.00
1. Ordinary shares contributed by owners													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity													
4. Others					14,295,331.64							-14,295,332.64	-1.00
(III) Profit distribution												-11,746,600.00	-11,746,600.00
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners												-11,746,600.00	-11,746,600.00
4. Others													

Items	Current period cumulative												
	Equity attributable to parent company										Non-controlling interest	Total equity	
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Undistributed profit
	Preferred shares	Perpetual bonds	Others										
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes 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 of current period													
2. Application of current period													
(VI) Others													
IV. Balance at the end of current period	215,000,000.00				197,864,174.08		-6,819,637.82		589,559.77		-341,446,683.34	79,440,628.67	144,628,041.36

## Nanjing Putian Telecommunications Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2021 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative												Total equity
	Equity attributable to parent company											Non-controlling interest	
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
	Preferred shares	Perpetual bonds	Others										
I. Balance at the end of prior year	215,000,000.00				185,374,533.85		-6,776,124.85		589,559.77		-224,644,862.48	130,557,035.50	300,100,141.79
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	215,000,000.00				185,374,533.85		-6,776,124.85		589,559.77		-224,644,862.48	130,557,035.50	300,100,141.79
III. Current period increase (or less: decrease)					-1,805,691.41		-77,806.80				21,964,552.84	-23,746,134.62	-3,665,079.99
(I) Total comprehensive income							-77,806.80				21,964,552.84	15,710,473.97	37,597,220.01
(II) Capital contributed or withdrawn by owners					-1,805,691.41							1,805,691.41	
1. Ordinary shares contributed by owners													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity													
4. Others					-1,805,691.41							1,805,691.41	
(III) Profit distribution												-41,262,300.00	-41,262,300.00
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners												-41,262,300.00	-41,262,300.00
4. Others													
(IV) Internal carry-over within equity													
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to													

Items	Preceding period comparative												
	Equity attributable to parent company										Non-controlling interest	Total equity	
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Undistributed profit
Preferred shares		Perpetual bonds	Others										
retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. Others													
(V) Special reserve													
1. Appropriation of current period													
2. Application of current period													
(VI) Others													
IV. Balance at the end of current period	215,000,000.00				183,568,842.44		-6,853,931.65		589,559.77		-202,680,309.64	106,810,900.88	296,435,061.80

## Nanjing Putian Telecommunications Co., Ltd.

## Parent company statement of changes in equity for the year ended December 31, 2021

(Expressed in Renminbi Yuan)

Items	Current period cumulative										
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	215,000,000.00				158,864,042.34		-1,854,910.00		589,559.76	-290,016,155.43	82,582,536.67
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	215,000,000.00				158,864,042.34		-1,854,910.00		589,559.76	-290,016,155.43	82,582,536.67
III. Current period increase (or less: decrease)										-126,681,195.79	-126,681,195.79
(I) Total comprehensive income										-126,681,195.79	-126,681,195.79
(II) Capital contributed or withdrawn by owners											
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes 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 of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	215,000,000.00				158,864,042.34		-1,854,910.00		589,559.76	-416,697,351.22	-44,098,659.12

## Nanjing Putian Telecommunications Co., Ltd.

## Parent company statement of changes in equity for the year ended December 31, 2021 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative										
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	215,000,000.00				172,417,299.81		-1,854,910.00		589,559.76	-354,057,972.32	32,093,977.25
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	215,000,000.00				172,417,299.81		-1,854,910.00		589,559.76	-354,057,972.32	32,093,977.25
III. Current period increase (or less: decrease)					-13,553,257.47					64,041,816.89	50,488,559.42
(I) Total comprehensive income										64,041,816.89	64,041,816.89
(II) Capital contributed or withdrawn by owners					-13,553,257.47						-13,553,257.47
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others					-13,553,257.47						-13,553,257.47
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes 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 of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	215,000,000.00				158,864,042.34		-1,854,910.00		589,559.76	-290,016,155.43	82,582,536.67

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[Sun Xigang]

[Legal representative]

(Signature and stamp)

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[Wang Huailin]

[Officer in charge of accounting]

(Signature and stamp)

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[Tang Yiqiao]

[Head of accounting department]

(Signature and stamp)

## **Nanjing Putian Telecommunications Co., Ltd.**

### **Notes to Financial Statements**

For the year ended December 31, 2021

Monetary unit: RMB Yuan

#### **I. Company profile**

Nanjing Putian Telecommunications Co., Ltd. (the “Company”), whose predecessor is Nanjing Telecommunication Facility Factory, was established as a limited liability company through financing under the approval of National Economic Institutional Reform Commission with document of approval numbered TGS [1997] 28 dated March 21, 1997. It was registered in Nanjing Administration for Industry and Commerce on May 18, 1997, and its headquartered in Nanjing City, Jiangsu Province. Currently it holds a business license with unified social credit code of 91320000134878054G, with registered capital of 215,000,000.00 yuan, total share of 215,000,000 shares, with par value of 1 yuan per share. Among them, 115,000,000 shares are state-owned legal person shares, and 100,000,000 shares are B shares. The Company was listed on the Shenzhen Stock Exchange on May 22, 1997.

The Company belongs to telecommunication equipment manufacture industry and is mainly engaged in R&D, production, and sale of data, wire and wireless telecommunication equipment, distribution and allocation of layout of telecommunication product, multimedia computer, digital television, vehicle electronics and conference video system. R & D, manufacturing and sales of new energy vehicle charging products and their accessories (including electric vehicle charger charging module, charging station system, split charging cabinet, outdoor integrated pile, various AC and DC charging piles and other accessories); Design and sales of new energy charging and discharging overall solutions; Electric vehicle charging operation and maintenance. R & D and sales of software and intelligent software platform. Smart city, smart elderly care and other industry information services. R & D, manufacturing, sales, installation and service of video equipment and video conference system. Agent sales of communication modified vehicles (excluding wholesale), and provide corresponding after-sales service. Design, system integration and related consulting services of communication information network engineering and computer information system engineering. Design, construction, installation and service of building intelligent system engineering. Lease of self owned assets such as houses and equipment.

The financial statements have been deliberated and approved for issue by the Board of Directors dated April 22, 2022.

The Company has brought 9 subsidiaries including Nanjing South Telecommunications Co., Ltd., and Nanjing Putian Telege Intelligent Building Co., Ltd. etc. into the consolidated scope. Please refer to notes of VII for details.

#### **II. Preparation basis of the financial statements**

##### **(I) Preparation basis**

The financial statements have been prepared on the basis of going concern.

##### **(II) Assessment of the ability to continue as a going concern**

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

### **III. Significant accounting policies and estimates**

Important note:

The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, depreciation of fixed assets, depreciation of right-of-use assets, amortization of intangible assets, and revenue recognition, etc. based on the Company's actual production and operation features.

#### **(I) Statement of compliance**

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

#### **(II) Accounting period**

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

#### **(III) Operating cycle**

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

#### **(IV) Functional currency**

The Company's functional currency is Renminbi (RMB) Yuan.

#### **(V) Accounting treatments of business combination under and not under common control**

##### **1. Accounting treatment of business combination under common control**

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

##### **2. Accounting treatment of business combination not under common control**

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

#### **(VI) Compilation method of consolidated financial statements**

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 – Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

#### **(VII) Classification of joint arrangements and accounting treatment of joint operations**

##### **1. Joint arrangements include joint operations and joint ventures.**

2. When the Company is a joint operator of a joint operation, it recognizes the following items in relation to its interest in a joint operation:

- (1) its assets, including its share of any assets held jointly;
- (2) its liabilities, including its share of any liabilities incurred jointly;
- (3) its revenue from the sale of its share of the output arising from the joint operation;
- (4) its share of the revenue from the sales of the assets by the joint operation; and
- (5) its expenses, including its share of any expenses incurred jointly.

(VIII) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(IX) Foreign currency translation

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

(X) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a

transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

## 2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

### (1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or contracts in which the financing components with associated period less than one year are not considered, the Company measures at their transaction price in accordance with “CASBE 14 – Revenues”.

### (2) Subsequent measurement of financial assets

#### 1) Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

#### 2) Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

#### 3) Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

#### 4) Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with "CASBE 23 – Transfer of Financial Assets".

3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with "CASBE 14 – Revenues".

4) Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

- a. the contractual rights to the cash flows from the financial assets expire; or
- b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with "CASBE 23 – Transfer of Financial Assets".

2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

### 3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items are included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items are included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

### 4. Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active

markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, and financial forecast developed using the Company's own data, etc.

## 5. Impairment of financial instruments

### (1) Measurement and accounting treatment

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments, contract assets or leases receivable at fair value through other comprehensive income, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For accounts receivable and contract assets that do not contain a significant financing component or financing components in contracts with associated period less than one year that are not considered by the Company, which result from transactions as regulated in "CASBE 14 – Revenues", the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For lease receivables, accounts receivable and contract assets that result from transactions as regulated in "CASBE 14 – Revenues" and contain a significant financing component, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a

collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

(2) Financial instruments with expected credit risk assessed and expected credit losses measured on a collective basis

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Other receivables – Portfolio grouped with consolidated related parties	Nature of receivables	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, calculate expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Other receivables – Portfolio grouped with deposit receivables		
Other receivables – Portfolio grouped with export tax rebate		
Other receivables – Other portfolio		

(3) Accounts receivable and contract assets with expected credit losses measured on a collective basis

1) Specific portfolios and method for measuring expected credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Bank acceptance receivable	Type of notes	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, calculate expected credit loss through exposure at default and lifetime expected credit loss rate.
Trade acceptance receivable		
Accounts receivable –Portfolio grouped with consolidated related parties	Consolidated related parties	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, prepare the comparison table of overdue ages and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.
Accounts receivable – Portfolio Aging	Aging	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, calculate expected credit loss through aging of receivables and lifetime expected credit loss rate.

2) Accounts receivable – comparison table of ages and lifetime expected credit loss rate of portfolio grouped with ages

Ages	Expected credit loss rate (%)
Within 1 year (inclusive, the same hereinafter)	1.00
1-2 years	5.00
2-3 years	10.00

3-4 years	30.00
4-5 years	50.00
Over 5 years	100.00

#### 6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (a) currently has a legally enforceable right to set off the recognized amounts; and (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

#### (XI) Inventories

##### 1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, and materials or supplies etc. to be consumed in the production process or in the rendering of services.

##### 2. Accounting method for dispatching inventories:

Inventories dispatched from storage are accounted for with weighted average method.

##### 3. Basis for determining net realizable value

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value is determined separately and is compared with their costs to set the provision for inventory write-down to be made or reversed.

##### 4. Inventory system

Perpetual inventory method is adopted.

##### 5. Amortization method of low-value consumables and packages

###### (1) Low-value consumables

Low-value consumables are amortized with one-off method.

###### (2) Packages

Packages are amortized with one-off method.

#### (XII) Contract costs

Assets related to contract costs including costs of obtaining a contract and costs to fulfil a contract.

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfil a contract as an asset if all the following criteria are satisfied:

1. The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;
2. The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and
3. The costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

#### (XIII) Non-current assets or disposal groups classified as held for sale

##### 1. Classification of non-current assets or disposal groups as held for sale

Non-current assets or disposal groups are accounted for as held for sale when the following conditions are all met: a. the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets or disposal groups; b. its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the requirement of “expected to be completed within one year” is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three months).

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party transactions fail to be completed within one year due to one of the following reasons: a. a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

##### 2. Measurement of non-current assets or disposal groups as held for sale

###### (1) Initial measurement and subsequent measurement

For initial measurement and subsequent measurement as at the balance sheet date of a non-current asset or disposal

group as held for sale, where the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the write-down is recognized in profit or loss as assets impairment loss, meanwhile, provision for impairment of assets as held for sale shall be made.

For a non-current asset or disposal group classified as held for sale at the acquisition date, the asset or disposal group is measured on initial recognition at the lower of its initial measurement amount had it not been so classified and fair value less costs to sell. Apart from the non-current asset or disposal group acquired through business combination, the difference arising from the initial recognition of a non-current asset or disposal group at the fair value less costs to sell shall be included into profit or loss.

The assets impairment loss recognized for a disposal group as held for sale shall reduce the carrying amount of goodwill in the disposal group first, and then reduce its carrying amount based on the proportion of each non-current asset's carrying amount in the disposal group.

No provision for depreciation or amortization shall be made on non-current assets as held for sale or non-current assets in disposal groups as held for sale, while interest and other expenses attributable to the liabilities of a disposal group as held for sale shall continue to be recognized.

#### (2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reversed.

When there is a subsequent increase in fair value less costs to sell of a disposal group as held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the non-current assets impairment loss that has been recognized after the disposal group was classified as held for sale. The reversal shall be included into profit or loss. The reduced carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification is not reversed.

For the subsequent reversal of the impairment loss that has been recognized in a disposal group as held for sale, the carrying amount is increased based on the proportion of carrying amount of each non-current asset (excluding goodwill) in the disposal group.

#### (3) Non-current asset or disposal group that is no longer classified as held for sale and derecognized

A non-current asset or disposal group that does not meet criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group as held for sale shall be measured at the lower of: a. its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization or impairment that would have been recognized had it not been classified as held for sale; and b. its recoverable amount.

When a non-current asset or disposal group classified as held for sale is derecognized, unrecognized gains or losses shall be included into profit or loss.

### (XIV) Long-term equity investments

#### 1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint

control of these policies.

## 2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 – Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 – Non-cash Assets Exchange”.

## 3. Subsequent measurement and recognition method of profit or loss

For long-term equity investments with control relationship, it is accounted for with cost method; for long-term

equity investments with joint control or significant influence relationship, it is accounted for with equity method.

#### 4. Disposal of a subsidiary in stages resulting in the Company's loss of control

##### (1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company's loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is accounted for according to "CASBE 22 – Financial Instruments: Recognition and Measurement".

##### (2) Consolidated financial statements

###### 1) Disposal of a subsidiary in stages not qualified as "bundled transaction" resulting in the Company's loss of control

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

###### 2) Disposal of a subsidiary in stages qualified as "bundled transaction" resulting in the Company's loss of control

In case of "bundled transaction", stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

#### (XV) Investment property

1. Investment property includes land use right of leased-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

#### (XVI) Fixed assets

##### 1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

##### 2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	15-35	3.00	2.77-6.47
Machinery	Straight-line method	10-15	3.00	6.47-9.70
Transport facilities	Straight-line method	6-8	3.00	12.13-16.17
Electronic equipment	Straight-line method	4-11	3.00	8.82-24.25
Other equipment	Straight-line method	4-11	3.00	8.82-24.25

### 3. Initial recognition, measurement and depreciation of finance leases

If any of five tests are met, the lease is considered as a finance lease: 1) Ownership of the asset is transferred to the lessee at the end of the lease term; 2) The lease contains a bargain purchase option to buy the equipment at less than fair market value; 3) The lease term is for a major part of the economic life of the asset even if title is not transferred; 4) At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; 5) The leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

At the commencement of the lease term, lessees shall recognize finance leases as assets in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The minimum lease payments recognize as long-term liability, the variance shall be recognized as unrecognized financing charges. Initial direct costs are often incurred in connection with specific leasing activities, such as negotiating and securing leasing arrangements. The costs identified as directly attributable to activities performed by the lessee for a finance lease are added to the amount recognized as an asset. Unrecognized financing charges are amortized using effective interest rate in each accounting period during the lease term.

The depreciation policy for depreciable leased assets of the Company is consistent with that for depreciable assets that are owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

### (XVII) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

### (XVIII) Intangible assets

1. Intangible assets include land use right, patent right and non-patented technology etc. The initial measurement of intangible assets is based on its cost.

2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets

are amortized by the straight-line method with details as follows:

Items	Amortization period (years)
Software	3-10
patent right and non-patented technology	5-10
land use right	40-50

3. Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### (XIX) Impairment of part of long-term assets

For long-term assets such as long-term equity investments, investment property at cost model, fixed assets, construction in progress, productive biological assets at cost model, oil and gas assets, right-of-use assets, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

#### (XX) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

#### (XXI) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

##### 2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

##### 3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of rereasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

#### 4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: a. when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or b. when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

#### 5. Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: a. service cost; b. net interest on the net liability or net assets of other long-term employee benefits; and c. changes as a result of rereasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

#### (XXII) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

#### (XXIII) Revenue

##### 1. Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; (2) the customer can control goods as they are created by the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to receive the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the client obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods to the client, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the client, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

##### 2. Revenue measurement principle

(1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

(2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

(4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

### 3. Revenue recognition method

The Company's main product is the Video conference products, integrated wiring products, low voltage distribution products, wiring products and other products. The above-mentioned product sales business of the company belongs to the performance obligation performed at a certain time point, and the revenue is recognized when the customer collects, has collected the price or obtained the right to collect and the relevant economic benefits are likely to flow in.

#### (XXIV) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

#### 2. Government grants related to assets

Government grants related to assets are government grants with which the Company constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred

into profit or loss of the period in which the disposal occurred.

### 3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

#### (XXV) Contract assets, contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

#### (XXVI) Deferred income tax assets and liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable

income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (a) business combination; and (b) the transactions or items directly recognized in equity.

#### (XXVII) Leases

##### 1. Company as lessee

On the start date of the lease period, the company recognizes leases with a lease term not exceeding 12 months and no purchase option as short-term leases; leases with lower value when a single leased asset is a brand-new asset is recognized as a low-value asset lease. If the company subleases or expects to sublease the leased assets, the original lease is not recognized as a low-value asset lease.

For all short-term leases and leases of low-value assets, the company charges the lease payments to the cost of the relevant asset or current profit and loss on a straight-line basis over each period of the lease term.

Except for the above-mentioned short-term leases and low-value asset leases that adopt simplified treatment, on the commencement date of the lease period, the company recognizes the right-of-use assets and lease liabilities for the leases.

##### (1) Right-of-use asset

The right-of-use asset is initially measured at cost, which includes: 1) the initial measurement amount of the lease liability; 2) the lease payments made on or before the start date of the lease term, if there is a lease incentive, deduct the amount of the lease incentive already enjoyed ; 3) Initial direct costs incurred by the lessee; 4) The lessee is expected to incur costs to dismantle and remove the leased asset, restore the site where the leased asset is located, or restore the leased asset to the state agreed upon in the lease terms.

The company depreciates right-of-use assets on a straight-line basis. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the company shall accrue depreciation over the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained when the lease term expires, the company shall accrue depreciation within the shorter of the lease term and the remaining useful life of the leased asset.

##### (2) Lease liability

On the lease commencement date, the company recognizes the present value of the outstanding lease payments as a lease liability. When calculating the present value of lease payments, the interest rate implicit in the lease is used as the discount rate. If the interest rate implicit in the lease cannot be determined, the company's incremental borrowing rate is used as the discount rate. The difference between the lease payment and its present value is regarded as the unrecognized financing expense, and the interest expense is recognized in each period of the lease term according to the discount rate of the present value of the confirmed lease payment, and is included

in the current profit and loss. Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the actual fixed payment amount, a change in the estimated payable amount of the guaranteed residual value, a change in the index or ratio used to determine the lease payment amount, the evaluation of a purchase option, a lease renewal option or a termination option. When the result or the actual exercise situation changes, the company re-measures the lease liability according to the present value of the changed lease payments, and adjusts the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liabilities still need to be further reduced, the remaining amount shall be included in the current profit and loss.

## 2. Company as lessor

On the lease commencement date, the company classifies leases that substantially transfer almost all the risks and rewards related to the ownership of the leased assets as financial leases, and other leases are operating leases.

### 1) Operating leases

During each period of the lease term, the company recognizes the lease receipts as rental income on a straight-line basis. The initial direct expenses incurred are capitalized and amortized on the same basis as the rental income recognition, and are included in the current profit and loss in installments. The variable lease payments obtained by the company related to operating leases that are not included in the lease receipts are included in the current profit and loss when they actually occur.

### 2) Finance leases

On the commencement date of the lease period, the company shall recognize the financial lease receivables based on the net investment in the lease (unguaranteed residual value and the lease receipts not yet received on the commencement date of the lease term shall be based on the interest rate (sum of discounted present value) embedded in the lease), and terminate the recognition of financial lease assets. During each period of the lease term, the company calculates and recognizes interest income based on the interest rate implicit in the lease.

The variable lease payments obtained by the company that are not included in the net lease investment measurement are included in the current profit and loss when actually incurred.

## 3. Sale and leaseback

### (1) Company as lessee

According to the "Accounting Standards for Business Enterprises No. 14 - Revenue", the company evaluates and determines whether the asset transfer in the sale and leaseback transaction belongs to sales.

If the asset transfer in the sale and leaseback transaction is a sale, the company shall measure the right-of-use asset formed by the sale and leaseback based on the portion of the original book value of the asset that is related to the use right obtained by leaseback, and shall only measure the right-of-use asset formed by the sale and leaseback. Recognition of related gains or losses.

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company shall continue to recognize the transferred asset, recognize a financial liability equal to the transfer income, and conduct accounting treatment for the financial liability in accordance with the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments.

## (2) Company as lessor

According to the accounting standards for Business Enterprises No. 14 - income, the company evaluates and determines whether the asset transfer in the sale and leaseback transaction belongs to sales.

If the asset transfer in the sale and leaseback transaction belongs to sales, the company shall conduct accounting treatment for asset purchase in accordance with other applicable accounting standards for business enterprises, and accounting treatment for asset lease in accordance with accounting standards for Business Enterprises No. 21 - leasing.

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and carries out accounting treatment for the financial asset in accordance with the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments.

## (XXVIII) Segment reporting

Operating segments are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:

- (1) that engages in business activities from which it may earn revenues and incur expenses;
- (2) whose financial performance is regularly reviewed by the Management to make decisions about resource to be allocated to the segment and to assess its performance; and
- (3) for which accounting information regarding financial position, financial performance and cash flows is available through analysis.

## (XXIX) Significant changes in accounting policies and estimates

Changes in accounting policies arising from changes in CASBEs

1. The company has adopted the accounting standards for Business Enterprises No. 21 - Leases (hereinafter referred to as the new leases standards) revised by the Ministry of finance from January 1, 2021. According to the relevant provisions on the connection between the new and old standards, the information of the comparable period will not be adjusted, and the cumulative impact of the implementation of the new standards on the first

implementation date will retroactively adjust the amount of retained earnings and other related items in the financial statements at the beginning of the reporting period.

(1) For contracts that existed prior to the date of initial application, the company chose not to reassess whether it was a lease or contained a lease.

(2) For lease contracts in which the company is the lessee, the company adjusts the amount of retained earnings at the beginning of the reporting period and other relevant items in the financial statements according to the cumulative impact of the implementation of the new lease standards and the original standards on the date of initial implementation, and does not adjust the information for comparable periods. The specific processing is as follows:

1) Simplified treatment of operating leases prior to the date of initial application.

2) For lease contracts completed within 12 months after the date of initial execution, the company adopts a simplified method and does not recognize right-of-use assets and lease liabilities.

The above simplified treatment has no significant impact on the company's financial statements.

(3) For the operating lease contracts for low-value assets that existed before the date of initial application, the company adopts a simplified method, does not recognize right-of-use assets and lease liabilities, and conducts accounting treatment in accordance with the new lease standards from the date of initial application.

(4) For lease contracts in which the company is the lessor, accounting treatment will be carried out in accordance with the new lease standards from the date of initial execution.

2. From January 26, 2021, the company will implement the "Interpretation of Accounting Standards for Business Enterprises No. 14" issued by the Ministry of Finance in 2021. This accounting policy change has no impact on the company's financial statements.

3. From December 31, 2021, the company will implement the "Accounting Standards for Business Interpretation No. 15" "Related Presentation of Centralized Management of Funds" promulgated by the Ministry of Finance. This accounting policy change has no impact on the company's financial statements.

#### IV. Taxes

##### (I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The taxable revenue from sales of goods or rendering of services	13%、6%、5%、3%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2%、12%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	15%、16.5%、25%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
The Company	25%

Taxpayers	Income tax rate
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	15%
Nanjing Putian Datang Information Electronic Co., Ltd.	15%
Putian Telecommunications (H.K.) Co., Ltd.	16.5%
Taxpayers other than the above-mentioned	25%

## (II) Tax preferential policies

1. Nanjing Putian Telege Intelligent Building Ltd., obtained high-tech enterprise certificate in November, 2021, valid for 3 years. From 2021 to 2023, the enterprise income tax shall be paid at the reduced tax rate of 15%.
2. The subsidiary, Nanjing Putian Datang Information Electronic Co., Ltd., obtained high-tech enterprise certificate in November, 2021, valid for 3 years. From 2021 to 2023, the enterprise income tax shall be paid at the reduced tax rate of 15%.
3. The seventh branch of the subsidiary Nanjing communication equipment factory is a social welfare enterprise, which complies with the provisions of Guo Shui Fa [2007] No. 067 and enjoys the preferential tax policies of immediate collection and refund of value-added tax and plus deduction of wages of the disabled.
4. The subsidiaries, Nanjing Putian Datang Information Electronic Co., Ltd. were certified as software enterprises, and some of the software products produced by Nanjing South Telecommunications Company Limited and Nanjing Putian Network Co., Ltd. are entitled to enjoy the preferential tax policy of VAT refund upon collection in accordance with the provisions of Cai Shui [2011] No.100.

**V. Notes to items of consolidated financial statements**

Remarks: "Opening balance" in the report refers to the data on January 1, 2021 after the year-end balance of the financial statements is adjusted according to the new income standard.

## (I) Notes to items of the consolidated balance sheet

## 1. Cash and bank balances

## (1) Details

Items	Closing balance	Opening balance
Cash on hand	343.39	2,229.39
Cash in bank	180,458,727.47	170,060,517.48
Other cash and bank balances	8,206,459.51	39,786,964.09
Total	188,665,530.37	209,849,710.96

## (2) Centralized management of funds

1) The company implements centralized and unified management of the funds of the parent company and member units through the internal financial company.

2) Amounts and Circumstances Listed as "Money Funds"

Items	Closing balance	Opening balance
Funds listed as "monetary funds" and deposited in the finance company	7,151,551.17	

(3) Details of other cash and bank balances

Items	Closing balance	Opening balance
Bank acceptance deposit		29,219,480.00
deposit for L/G	8,205,628.07	10,428,199.34
Others	831.44	139,284.75
Total	8,206,459.51	39,786,964.09

Other cash and bank balances are restricted funds.

2. Held-for-trading financial assets

Items	Closing balance	Opening balance
Financial assets classified as financial assets measured at fair value and whose changes are included in current profits and losses	20,000,000.00	
Including: Debt Instrument Investment		
Debt Instrument Investment		
Derivative financial assets		
Others	20,000,000.00	
Financial assets designated to be measured at fair value and whose changes are included in current profits and losses		
Including: Debt Instrument Investment		
Others		
Total	20,000,000.00	

3. Notes receivable

(1) Details

1) Details on categories

Categories	Closing balance
------------	-----------------

	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	14,424,413.04	100.00	721,220.66	5.00	13,703,192.38
Including: Bank acceptance					
Trade acceptance	14,424,413.04	100.00	721,220.66	5.00	13,703,192.38
Total	14,424,413.04	100.00	721,220.66	5.00	13,703,192.38

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	17,714,790.57	100.00	685,739.53	3.87	17,029,051.04
Including: Bank acceptance	4,000,000.00	22.58			4,000,000.00
Trade acceptance	13,714,790.57	77.42	685,739.53	5.00	13,029,051.04
Total	17,714,790.57	100.00	685,739.53	3.87	17,029,051.04

## 2) Notes receivable with bad debt provision in combination

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
bank acceptance combination			
Trade acceptance combination	14,424,413.04	721,220.66	5.00
Total	14,424,413.04	721,220.66	5.00

## (2) Changes in provision for bad debts

## 1) Details

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
individual basis								

collective basis	685,739.53	35,481.13						721,220.66
Subtotal	685,739.53	35,481.13						721,220.66

## (3) Endorsed or discounted but undue notes at the balance sheet date

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	40,892,846.08	
Trade acceptance	7,563,925.38	
Subtotal	48,456,771.46	

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

## 4. Accounts receivable

## (1) Details

## 1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	78,379,779.60	14.75	78,379,779.60	100.00	-
Receivables with provision made on a collective basis	453,042,019.3 4	85.25	118,455,467.41	26.15	334,586,551.9 3
Total	531,421,798.9 4	100.00	196,835,247.0 1	37.04	334,586,551.9 3

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	59,944,074.91	9.14	59,944,074.91	100.00	
Receivables with provision made on a collective basis	595,708,348.2 4	90.86	101,715,944.7 5	17.07	493,992,403.4 9
Total	655,652,423.1 5	100.00	161,660,019.6 6	24.66	493,992,403.4 9

## 2) Accounts receivable with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Dongpo Xi Laos Co., Ltd.	19,708,086.54	19,708,086.54	100.00	Unable to recover

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Mr. Xu	17,591,683.74	17,591,683.74	100.00	Unable to recover
China Tower Corporation Ltd.	13,819,926.92	13,819,926.92	100.00	Unable to recover
Jilin Lidi Information Technology Co., Ltd	5,999,750.00	5,999,750.00	100.00	Unable to recover
China Railway Communication Signal Shanghai Engineering Group Co., Ltd	5,241,400.50	5,241,400.50	100.00	Unable to recover
Others	16,018,931.90	16,018,931.90	100.00	Unable to recover
Subtotal	78,379,779.60	78,379,779.60	100.00	

## 3) Accounts receivable with provision for bad debts made on age analysis

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	174,417,246.90	1,744,172.48	1.00
1-2 years	64,013,020.08	3,200,651.00	5.00
2-3 years	56,234,363.04	5,623,436.30	10.00
3-4 years	54,651,481.02	16,395,444.32	30.00
4-5 years	24,468,289.98	12,234,144.99	50.00
Over 5 years	79,257,618.32	79,257,618.32	100.00
Subtotal	453,042,019.34	118,455,467.41	26.15

## (2) Changes in provision for bad debts

Items	Opening balance	Increase		
		Accrual	Recovery	Others
Receivables with provision made on an individual basis	59,944,074.91	27,260,082.40		
Receivables with provision made on a collective basis	101,715,944.75	16,884,011.20		
Subtotal	161,660,019.66	44,144,093.60		

(Continued)

Items	Decrease			Closing balance
	Reversal	Write-off	Others	
Receivables with provision made on an individual basis	8,824,377.71			78,379,779.60
Receivables with provision made on a collective basis	-		144,488.54	118,455,467.41
Subtotal	8,824,377.71		144,488.54	196,835,247.01

## (3) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Dongpo Xi Laos Co., Ltd.	19,708,086.54	3.71	19,708,086.54
Mr. Xu	17,591,683.74	3.31	17,591,683.74
Hegang branch of China Tower Co., Ltd	13,819,926.92	2.60	13,819,926.92
China United Network Communication Co., Ltd. Henan Branch	8,828,589.22	1.66	4,836,072.87
Potevio Science & Technology Industrial Co., Ltd.	8,755,534.00	1.65	8,755,534.00
Subtotal	68,703,820.42	12.93	64,711,304.07

## 5. Receivables financing

### (1) Details

Items	Closing balance		Opening balance	
	Carrying amount	Accumulated recognized credit impairment allowance	Carrying amount	Accumulated recognized credit impairment allowance
Bank acceptance	40,852,223.88		32,594,702.60	
Total	40,852,223.88		32,594,702.60	

### (2) Endorsed or discounted but undue notes at the balance sheet date

Items	Closing balance derecognized
Bank acceptance	40,778,433.08
Subtotal	40,778,433.08

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

## 6. Advances paid

### (1) Age analysis

#### 1) Details

Ages	Closing balance				Opening balance			
	Book balance	% to total	Provision for impairment	Carrying amount	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	18,003,886.43	79.50		18,003,886.43	12,509,089.32	63.77		12,509,089.32
1-2 years	804,044.95	3.55		804,044.95	3,743,667.83	19.08		3,743,667.83
2-3 years	1,446,243.44	6.39		1,446,243.44	2,247,435.21	11.46		2,247,435.21

Ages	Closing balance				Opening balance			
	Book balance	% to total	Provision for impairment	Carrying amount	Book balance	% to total	Provision for impairment	Carrying amount
Over 3 years	2,391,641.84	10.56		2,391,641.84	1,116,156.29	5.69		1,116,156.29
Total	22,645,816.66	100.00		22,645,816.66	19,616,348.65	100.00		19,616,348.65

## (2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Huawei Technology Co., Ltd	9,877,049.63	43.62
Guizhou Tianguang Shian Technology Co., Ltd	750,000.00	3.31
Nanjing Rongwei electric control equipment Co., Ltd	655,832.00	2.90
Shenzhen abison optoelectronics Co., Ltd	541,000.00	2.39
Dingjie Automation Technology Co., Ltd	475,000.00	2.10
Subtotal	12,298,881.63	54.31

## 7. Other receivables

## (1) Details

## 1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	28,912,122.71	50.23	28,912,122.71	100.00	-
Receivables with provision made on a collective basis	28,650,270.24	49.77	12,022,075.07	41.96	16,628,195.17
Total	57,562,392.95	100.00	40,934,197.78	71.11	16,628,195.17

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	28,912,122.71	51.88	28,912,122.71	100.00	
Receivables with provision made on a collective basis	26,817,237.74	48.12	9,905,447.43	36.94	16,911,790.31
Total	55,729,360.45	100.00	38,817,570.14	69.65	16,911,790.31

## 2) Other receivables with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Beijing Likangpu Communication Equipment Co., Ltd.	28,912,122.71	28,912,122.71	100.00	Unable to recover
Subtotal	28,912,122.71	28,912,122.71		

## 3) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Aging combination	27,071,322.87	12,022,075.07	44.41
Portfolio-Financing margin	1,578,947.37		
Subtotal	28,650,270.24	12,022,075.07	41.96

## (2) Age analysis

Ages	Closing book balance	Opening book balance
Within 1 year	7,008,502.69	6,470,106.41
1-2 years	2,850,719.97	6,515,139.65
2-3 years	5,231,249.14	4,733,535.99
3-4 years	4,606,299.15	3,610,856.13
4-5 years	3,549,119.02	1,448,923.00
Over 5 years	34,316,502.98	32,950,799.27
Subtotal	57,562,392.95	55,729,360.45

## (3) Changes in provision for bad debts

## 1) Details

Items	Phase I	Phase II	Phase III	Subtotal
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	806,991.74		38,010,578.40	38,817,570.14
Opening balance in the current period				
--Transferred to phase II				
--Transferred to phase III	-3,454,965.50	-	3,454,965.50	
--Reversed to phase II				
--Reversed to phase I				

Items	Phase I	Phase II	Phase III	Subtotal
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Provision made in the current period	3,296,400.11	-	-1,179,772.47	2,116,627.64
Provision recovered in current period				
Provision reversed in current period				
Provision written off in current period				
Retranslation				
Decrease due to business combination				
Closing balance	648,426.35	-	40,285,771.43	40,934,197.78

## (4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Temporary payment receivable	40,950,602.33	35,152,407.81
Security deposit	12,054,412.80	16,515,511.45
Imprest	905,189.12	1,471,813.99
Others	3,652,188.70	2,589,627.20
Total	57,562,392.95	55,729,360.45

## (5) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Beijing Likangpu Communication Equipment Co., Ltd.	Temporary payment receivable	28,912,122.71	Over 5 years	50.23	28,912,122.71
China Potevio Company Limited	Security deposit	1,938,000.00	Over 3 years	3.37	1,938,000.00
Far East International Leasing Co., Ltd.	Security deposit	1,578,947.37	2-3 years	2.74	
Construction headquarters of Shenzhen Metro Group Co., Ltd	Security deposit	1,490,768.10	2-3 years	2.59	74,538.41
Nanjing dingnuo Intelligent Technology Co., Ltd	Temporary payment receivable	483,867.85	4-5 years	0.84	483,867.85
Subtotal		34,403,706.03		59.77	31,408,528.97

## 8. Inventories

## (1) Details

Items	Closing balance	Opening balance
-------	-----------------	-----------------

	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Raw materials	31,234,604.53	9,134,918.13	22,099,686.40	32,804,463.00	5,678,761.14	27,125,701.86
Work in process	13,606,311.30	2,797,339.41	10,808,971.89	13,266,680.85		13,266,680.85
Goods on hand	79,928,818.55	40,226,500.64	39,702,317.91	86,350,107.31	18,772,268.10	67,577,839.21
Goods dispatched	172,240,715.25	58,758,181.09	113,482,534.16	118,443,146.03	29,157,593.24	89,285,552.79
Products on consignment for sales	1,242,747.33	804,691.99	438,055.34	3,190,889.60	804,691.99	2,386,197.61
Total	298,253,196.96	111,721,631.26	186,531,565.70	254,055,286.79	54,413,314.47	199,641,972.32

## (2) Provision for inventory write-down

## 1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversal or write-off	Others	
Raw materials	5,678,761.14	3,960,223.37		504,066.38		9,134,918.13
Work in process		2,797,339.41				2,797,339.41
Goods on hand	18,772,268.10	24,116,300.88		2,662,068.34		40,226,500.64
Goods dispatched	29,157,593.24	30,153,132.47		552,544.62		58,758,181.09
Products on consignment for sales	804,691.99					804,691.99
Subtotal	54,413,314.47	61,026,996.13		3,718,679.34		111,721,631.26

## 2) Specific basis for determining net realizable value and reversal or write off of inventory depreciation reserves in the current period

Items	Specific basis for determining net realizable value	Reasons for reversal of inventory depreciation reserves	Reasons for write off of inventory depreciation reserves
Raw materials	The estimated selling price of relevant finished products minus the estimated cost to completion, estimated selling expenses and relevant taxes	The NRV of inventory with provision for inventory depreciation in the previous period increased	The inventory with provision has been sold in the current period
Goods dispatched	In the normal production and operation process, the net realizable value of the inventory is determined by the estimated selling price minus the estimated selling expenses and relevant taxes	The NRV of inventory with provision for inventory depreciation in the previous period increased	The inventory with provision has been sold in the current period
Goods on	In the normal production and operation	The NRV of inventory with provision	The inventory with

Items	Specific basis for determining net realizable value	Reasons for reversal of inventory depreciation reserves	Reasons for write off of inventory depreciation reserves
hand	process, the net realizable value of the inventory is determined by the estimated selling price minus the estimated selling expenses and relevant taxes	for inventory depreciation in the previous period increased	provision has been sold in the current period

## 9. Other current assets

Items	Closing balance	Opening balance
Input VAT to be credited	5,526,501.01	11,568,247.65
Prepaid income tax	2,236,499.06	1,557,774.43
Total	7,763,000.07	13,126,022.08

## 10. Long-term equity investments

## (1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates	10,422,193.15		10,422,193.15	10,422,056.96		10,422,056.96
Investments in joint ventures						
Total	10,422,193.15		10,422,193.15	10,422,056.96		10,422,056.96

## (2) Details

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
SEI-Nanjing Potevio Optical Network Co., Ltd.	10,422,056.96			136.19	
Total	10,422,056.96			136.19	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others		
Joint ventures						
SEI-Nanjing					10,422,193.15	

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others		
Potevio Optical Network Co., Ltd.						
Total					10,422,193.15	

## 11. Other equity instrument investments

Items	Closing balance	Opening balance	Dividend income	Accumulated amount of gains or losses transferred from other comprehensive income to retained earnings	
				Amount	Reasons
Nanjing Yuhua Electroplating Factory	420,915.00	420,915.00			
Hangzhou Honyar Electrical Co.,Ltd.	321,038.00	321,038.00			
Beijing Likangpu Communication Equipment Co., Ltd.					
Subtotal	741,953.00	741,953.00			

Note: The investment in Nanjing Yuhua Electroplating Factory, Hangzhou Honyar Electrical Co.,Ltd. and Beijing Likang Communication Equipment Co., Ltd. are classified as other equity instrument investments, the Company measured it at fair value through other comprehensive income.

## 12. Investment property

## (1) Details

Items	Buildings and structures	Total
Cost		
Opening balance	12,256,127.93	12,256,127.93
Increase	6,363,023.04	6,363,023.04
1) Acquisition	6,363,023.04	6,363,023.04
Decrease		
1) Disposal		
Closing balance	18,619,150.97	18,619,150.97
Accumulated depreciation and amortization		
Opening balance	7,989,114.58	7,989,114.58
Increase	3,775,144.88	3,775,144.88
1) Accrual or amortization	488,849.91	488,849.91
2) Transfer in of fixed assets	3,086,066.33	3,086,066.33

Items	Buildings and structures	Total
3) Others	200,228.64	200,228.64
Decrease		
1) Disposal		
Closing balance	11,764,259.46	11,764,259.46
Provision for impairment		
Opening balance		
Increase		
1) Accrual		
Decrease		
1) Disposal		
Carrying amount		
Closing balance	6,854,891.51	6,854,891.51
Opening balance	4,267,013.35	4,267,013.35

## 13. Fixed assets

## (1) Details

Items	Buildings and structures	General equipment	Transport facilities	Electronic equipment	Other equipment	Total
Cost						
Opening balance	134,663,363.37	34,132,418.65	7,887,148.60	2,299,878.54	44,835,592.91	223,818,402.07
Increase	24,285,656.35	2,044,909.44		2,832,399.37	978,934.98	30,141,900.14
1) Acquisition	634,235.63	361,835.55		2,832,399.37	978,934.98	4,807,405.53
2) Transferred in from construction in progress	23,651,420.72	1,683,073.89				25,334,494.61
Decrease	6,748,332.83	6,061,772.39	2,471,940.33	3,717,405.82	202,940.00	19,202,391.37
1) Disposal/Scrapping	385,309.79	6,061,772.39	2,471,940.33	3,717,098.11	202,940.00	12,839,060.62
2) Business combination	6,363,023.04					6,363,023.04
3) others				307.71		307.71
Closing balance	152,200,686.89	30,115,555.70	5,415,208.27	1,414,872.09	45,611,587.89	234,757,910.84
Accumulated depreciation						
Opening balance	47,849,478.31	24,943,137.29	7,154,206.68	2,114,915.83	40,872,637.82	122,934,375.93
Increase	5,494,398.02	1,431,909.97	201,161.51	1,313,520.35	155,014.18	8,596,004.03
1) Accrual	5,494,398.02	1,431,909.97	201,161.51	1,313,520.35	155,014.18	8,596,004.03
Decrease	3,290,122.23	6,043,748.48	2,347,425.35	3,421,440.53	196,851.80	15,299,588.39
1) Disposal/Scrapping	204,055.90	6,043,748.48	2,347,425.35	3,421,132.82	196,851.80	12,213,214.35

Items	Buildings and structures	General equipment	Transport facilities	Electronic equipment	Other equipment	Total
2) Business combination	3,086,066.33					3,086,066.33
3) others				307.71		307.71
Closing balance	50,053,754.10	20,331,298.78	5,007,942.84	6,995.65	40,830,800.20	116,230,791.57
Provision for impairment						
Opening balance	539,124.00			11,048.35	175,790.21	725,962.56
Increase						
Decrease						
Closing balance	539,124.00			11,048.35	175,790.21	725,962.56
Carrying amount						
Closing balance	101,607,808.79	9,784,256.92	407,265.43	1,396,828.09	4,604,997.48	117,801,156.71
Opening balance	86,274,761.06	9,189,281.36	732,941.92	173,914.36	3,787,164.88	100,158,063.58

## 2) Fixed assets temporarily idle

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
General equipment	191,485.00	176,039.10		15,445.90	
Electronic equipment	331,100.00	330,020.00		1,080.00	
Other equipment	665,985.18	479,449.93	175,410.00	11,125.25	
Subtotal	1,188,570.18	985,509.03	175,410.00	27,651.15	

## 3) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	48,695,259.22	Unable to handle
Subtotal	48,695,259.22	

## 14. Construction in progress

## (1) Details

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Nanjing Putian Datang Information Electronics Co., Ltd. Product Development Center				21,300,309.31		21,300,309.31
Others	292,996.23		292,996.23	1,154,482.96		1,154,482.96

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Total	292,996.23		292,996.23	22,454,792.27		22,454,792.27

## 2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Closing balance
Nanjing Putian Datang Information Electronics Co., Ltd. Product Development Center	30,000,000.00	21,300,309.31	4,034,185.30	25,334,494.61	
Subtotal	30,000,000.00	21,300,309.31	4,034,185.30	25,334,494.61	

(Continued)

Projects	Accumulated input to budget (%)	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in current period	Annual capitalization rate (%)	Fund source
Nanjing Putian Datang Information Electronics Co., Ltd. Product Development Center	84.45	100.00%				Self-owned fund
Subtotal	-	-				

## 15. Intangible assets

## (1) Details

Items	Land use right	Software	Total
Cost			
Opening balance	26,656,046.83	10,920,157.40	37,576,204.23
Increase		820,000.00	820,000.00
1) Acquisition		820,000.00	820,000.00
Decrease			
1) Disposal			
Closing balance	26,656,046.83	11,740,157.40	38,396,204.23
Accumulated amortization			
Opening balance	6,512,813.57	9,802,271.26	16,315,084.83
Increase	634,289.66	338,082.26	972,371.92

Items	Land use right	Software	Total
1) Accrual	634,289.66	338,082.26	972,371.92
Decrease			
1) Disposal			
Closing balance	7,147,103.23	10,140,353.52	17,287,456.75
Carrying amount			
Closing balance	19,508,943.60	1,599,803.88	21,108,747.48
Opening balance	20,143,233.26	1,117,886.14	21,261,119.40

## 16. Long-term prepayments

## (1) Details

Items	Opening balance	Increase	Amortization	Closing balance
Renovation expenditure	5,541,410.81	1,183,302.34	1,750,744.95	4,973,968.20
Total	5,541,410.81	1,183,302.34	1,750,744.95	4,973,968.20

## 17. Deferred tax assets and deferred tax liabilities

## (1) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	350,212,296.71	259,762,732.16
Deductible losses	247,021,502.77	145,604,016.49
Subtotal	597,233,799.48	405,366,748.65

## (2) Maturity years of deductible losses of unrecognized deferred tax assets

Maturity years	Closing balance	Opening balance	Remarks
Year 2021	3,321,233.55	5,554,380.47	
Year 2022	6,340,354.15	4,443,610.43	
Year 2023	6,538,713.94	18,084,226.36	
Year 2024	110,600,873.27	113,996,079.49	
Year 2025	5,019,673.59	3,525,719.74	
Year 2026	115,200,654.27		
Subtotal	247,021,502.77	145,604,016.49	

## 18. Short-term borrowings

## (1) Details

Items	Closing balance	Opening balance
Mortgaged borrowings	24,000,000.00	15,000,000.00
Secured borrowings	175,000,000.00	50,000,000.00
Total	199,000,000.00	65,000,000.00

## 19. Notes payable

## (1) Details

Items	Closing balance	Opening balance
Bank acceptance		57,636,900.00
Trade acceptance	1,251,741.17	18,498,110.10
Total	1,251,741.17	76,135,010.10

## 20. Accounts payable

## (1) Details

Items	Closing balance	Opening balance
Procurement of materials	536,734,286.45	603,045,038.32
Project payment	1,629,456.49	1,720,547.68
Total	538,363,742.94	604,765,586.00

## (2) Significant accounts payable with age over one year

Items	Closing balance	Reasons for unsettlement
SEI-Nanjing Potevio Optical Network Co., Ltd.	18,589,974.96	Not yet settled
China Potevio Company Limited	16,314,294.20	Not yet settled
Nanjing Xingping Industrial Co., Ltd	7,368,248.11	Not yet settled
Jiangsu Lexi Technology Co., Ltd	6,045,068.82	Not yet settled
Xi'an Huasheng Communication Co., Ltd	6,028,815.75	Not yet settled
Subtotal	54,346,401.84	

## 21. Contract liabilities

## (1) Details

Items	Closing balance	Opening balance[Note]
Payment for goods	18,884,024.60	28,518,252.40
Total	18,884,024.60	28,518,252.40

## 22. Employee benefits payable

## (1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	17,362,878.28	170,830,227.10	168,747,933.70	19,445,171.68
Post-employment benefits - defined contribution plan		24,985,603.27	24,985,603.27	
Total	17,362,878.28	195,815,830.37	193,733,536.97	19,445,171.68

## (2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	4,673,800.25	122,774,641.22	123,823,092.22	3,625,349.25
Employee welfare fund		8,142,215.29	8,142,215.29	
Social insurance premium		11,234,622.83	11,234,622.83	
Including: Medicare premium		9,880,634.06	9,880,634.06	
Occupational injuries premium		622,017.37	622,017.37	
Maternity premium		731,971.40	731,971.40	
Housing provident fund	3,294,555.74	10,855,919.87	10,855,955.87	3,294,519.74
Trade union fund and employee education fund	9,379,525.76	2,694,712.67	1,086,883.27	10,987,355.16
Compensation for termination of labor relations		4,557,451.50	3,034,500.50	1,522,951.00
Others	14,996.53	10,570,663.72	10,570,663.72	14,996.53
Subtotal	17,362,878.28	170,830,227.10	168,747,933.70	19,445,171.68

## (3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium		20,018,656.63	20,018,656.63	
Unemployment insurance premium		901,380.10	901,380.10	
Company annuity payment		4,065,566.54	4,065,566.54	
Subtotal		24,985,603.27	24,985,603.27	

## 23. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	1,007,843.11	2,356,409.61
Enterprise income tax	774,605.96	5,300,903.29
Individual income tax	298,962.05	167,893.85
Urban maintenance and construction tax	166,309.25	336,089.22

Items	Closing balance	Opening balance
Housing property tax	409,138.78	207,909.01
Land use tax	83,316.67	83,316.67
Education surcharge&local education surcharge	116,649.03	237,921.18
Other tax	24,242.50	16,805.84
Total	2,881,067.35	8,707,248.67

## 24. Other payables

## (1) Details

Items	Closing balance	Opening balance
Dividend payable	2,142,213.38	4,044,213.38
Other payables	61,864,581.70	49,714,907.25
Total	64,006,795.08	53,759,120.63

## (2) Dividend payable

Items	Closing balance	Opening balance
Dividend of ordinary shares	2,142,213.38	4,044,213.38
Subtotal	2,142,213.38	4,044,213.38

## (3) Other payables

Items	Closing balance	Opening balance
Temporary receipts payable	42,582,100.22	25,326,626.30
Unsettled installation cost	7,085,494.06	6,106,864.43
Deposits	4,797,260.63	6,497,152.88
Operating expenses	4,643,277.05	9,314,827.00
Others	2,756,449.74	2,469,436.64
Subtotal/Total	61,864,581.70	49,714,907.25

## 25. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term payables due within one year	2,656,474.95	9,181,720.08
Total	2,656,474.95	9,181,720.08

## 26. Other current liabilities

Items	Closing balance	Opening balance[Note]
VAT collected in advance	2,454,923.31	3,707,372.81

Items	Closing balance	Opening balance[Note]
Total	2,454,923.31	3,707,372.81

## 27. Long-term payables

Items	Closing balance	Opening balance
Finance lease		4,036,160.05
Total		4,036,160.05

## 28. Share capital

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	215,000,000						215,000,000

## 29. Capital reserve

Items	Opening balance	Increase	Decrease	Closing balance
Share premium	137,786,640.63			137,786,640.63
Other capital reserve	45,782,201.81	14,295,331.64		60,077,533.45
Total	183,568,842.44	14,295,331.64		197,864,174.08

Note: In this year, the company purchased the minority shareholders' equity of the subsidiary Nanman Electric Co., Ltd. The difference between the purchase price and the share of net assets enjoyed by the minority shareholders accrued the capital reserve of 14,295,331.64 yuan.

## 30. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative				Closing balance
		Current period cumulative before income tax	Less: Income tax	Attributable to parent company	Attributable to non-controlling shareholders	
Items not to be reclassified subsequently to profit or loss	-6,853,931.65	34,293.83		34,293.83		-6,819,637.82
Including: Translation reserves	-4,999,021.65	34,293.83		34,293.83		-4,964,727.82
Reclassified financial assets to OCI	-1,854,910.00					-1,854,910.00
Total	-6,853,931.65	34,293.83		34,293.83		-6,819,637.82

## 31. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	589,559.77			589,559.77

Items	Opening balance	Increase	Decrease	Closing balance
Total	589,559.77			589,559.77

## 32. Undistributed profit

## (1) Details

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	-202,680,309.64	-224,644,862.48
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	-202,680,309.64	-224,644,862.48
Add: Net profit attributable to owners of the parent company	-138,766,373.70	21,964,552.84
Less: Appropriation of statutory surplus reserve		
Dividend payable on ordinary shares		
Closing balance	-341,446,683.34	-202,680,309.64

## (II) Notes to items of the consolidated income statement

## 1. Operating revenue/Operating cost

## (1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	896,485,694.43	705,367,055.78	1,001,079,639.70	824,093,835.42
Other operations	20,643,980.06	17,130,594.90	24,164,176.13	22,812,107.07
Total	917,129,674.49	722,497,650.68	1,025,243,815.83	846,905,942.49

## (2) Breakdown of revenue from contracts with customers by major category

## 1) Revenue broken down by type of goods or services

For information on the breakdown of revenue by product or service type, please refer to Note XIII (II) to the financial statements.

## 2) Revenue broken down by time of transfer of goods or services

Items	Current period cumulative	Preceding period comparative
Recognize revenue at a point in time	917,129,674.49	1,025,243,815.83
Total	917,129,674.49	1,025,243,815.83

(3) The revenue recognized in the current period and included in the opening book value of contract liabilities is RMB 14,959,097.54.

## 2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	1,646,043.10	1,809,453.62
Education surcharge&local education surcharge	1,175,291.31	1,276,393.76
Housing property tax	1,515,792.33	1,546,447.85
Land use tax	498,237.90	568,336.87
Other tax	402,132.06	648,528.71
Total	5,237,496.70	5,849,160.81

## 3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	59,605,079.90	57,079,555.56
Business entertainment	11,019,689.73	14,810,790.03
Travelling expenses	6,418,642.09	8,320,143.23
Office expenses	5,363,559.72	4,918,392.62
Sales service charges	2,926,661.81	8,246,112.93
Conference expenses	889,635.62	459,420.68
Promotion expenses	804,186.18	446,883.59
Equipment maintain fees	57,709.51	626,909.61
Others	4,339,933.54	6,300,627.54
Total	91,425,098.10	101,208,835.79

## 4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	48,553,979.21	48,670,243.18
Depreciation and amortization	6,228,837.26	6,774,510.66
Consulting, intermediary and legal fees	2,489,981.97	5,956,557.06
Office expenses	2,216,172.51	3,264,199.44
Lease expenses	1,436,824.81	2,365,498.74
Business entertainment	1,371,565.12	1,395,310.80
Travelling expense	980,357.83	750,329.40
Funding for Party Building	500,644.92	608,575.64
Loss from shutdown		1,903,415.67
Others	3,441,652.39	3,789,065.67

Items	Current period cumulative	Preceding period comparative
Total	67,220,016.02	75,477,706.26

## 5. R&amp;D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	44,723,969.01	36,932,589.17
Travelling expenses	1,741,927.99	1,764,237.57
Depreciation and amortization	1,597,958.93	1,427,264.34
Material use	2,299,851.88	1,277,981.90
Intermediate test fee	131,608.52	224,424.47
Others	4,977,219.16	4,693,007.93
Total	55,472,535.49	46,319,505.38

## 6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenditures	8,198,913.03	28,568,012.81
Less: Interest income	1,231,541.18	1,758,180.41
Losses on foreign exchange	3,832.90	19,380.93
Financial institution fees	184,069.24	216,787.73
Others	158,654.57	28,087.93
Total	7,313,928.56	27,074,088.99

## 7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to income [Note]	2,409,577.05	10,953,444.48	660,727.46
Service charge of personal income tax	17,445.00	35,529.25	
Others	4,000.00		4,000.00
Total	2,431,022.05	10,988,973.73	664,727.46

Note: Please refer to section V (IV) 3 of the notes to financial statements for details on government grants included into other income.

## 8. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from disposal of long-term equity		98,897,269.56

Items	Current period cumulative	Preceding period comparative
investments		
Investment income from long-term equity investments under equity method	136.19	-4,769,983.62
Investment income from derecognition of financial assets at amortized cost	2,434,384.72	-952,176.00
Total	2,434,520.91	93,175,109.94

## 9. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debt loss of notes receivable	-35,481.13	-361,969.01
Bad debt loss of accounts receivable	-44,144,093.60	-36,758,177.42
Bad debt loss of other receivables	-2,116,627.64	-4,495,669.42
Total	-46,296,202.37	-41,615,815.85

## 10. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-61,026,996.13	-14,421,937.22
Total	-61,026,996.13	-14,421,937.22

## 11. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of fixed assets	-134,892.35	78,480,698.99	-134,892.35
Gains on disposal of intangible assets		-5,923,710.98	
Total	-134,892.35	72,556,988.01	-134,892.35

## 12. Non-operating revenue

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Unpaid employee benefits		3,337,422.56	
Unpaid payables		436,331.11	
Penalty income	6,600.00	164,707.10	6,600.00
Others	478,955.18	363,153.86	478,955.18
Total	485,555.18	4,301,614.63	485,555.18

## 13. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Penalty expenditures	51,075.65	2,161,289.87	51,075.65
Donation expenditures	2,000.00	2,000.00	2,000.00
Overdue expenditure	10,353.90		10,353.90
Others	97,245.58	50,605.73	97,245.58
Total	160,675.13	2,213,895.60	160,675.13

## 14. Income tax expenses

## (1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	5,789,994.37	7,504,586.94
Total	5,789,994.37	7,504,586.94

## (2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	-134,304,718.90	45,179,613.75
Income tax expenses based on tax rate applicable to the parent company	-33,576,179.73	6,776,942.06
Effect of different tax rate applicable to subsidiaries	-2,712,078.06	4,607,902.23
Effect of prior income tax reconciliation	415,195.75	-707,905.89
Effect of non-deductible costs, expenses and losses	-5,986,568.59	-6,363,766.98
Utilization of deductible losses not previously recognized as deferred tax assets	1,467,158.61	3,650,934.31
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets		-9,844,171.65
Effect of deductible temporary differences or deductible losses not recognized	184,062.99	110,437.79
Deduction of R&D expenditures	45,998,403.40	9,274,215.07
Income tax expenses	5,789,994.37	7,504,586.94

## (III) Notes to items of the consolidated cash flow statement

## 1. Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Government grants	682,172.46	4,248,205.97
Interest income	1,231,541.18	1,758,180.41
Intercourse	11,457,279.40	3,166,427.19

Items	Current period cumulative	Preceding period comparative
Others	5,607,786.16	6,613,152.65
Total	18,978,779.20	15,785,966.22

## 2. Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Selling and Administrative expenses paid in cash	52,821,136.05	67,899,682.41
Intercourse		9,235,390.47
Others	775,548.40	131,079.85
Total	53,596,684.45	77,266,152.73

## 3. Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Security of finance lease recovered		4,000,000.00
Total		4,000,000.00

## 4. Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Installment financing lease payments	10,561,405.18	10,430,132.25
Total	10,561,405.18	10,430,132.25

## 5. Supplement information to the cash flow statement

## (1) Supplement information to the cash flow statement

Supplement information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	-140,094,713.27	37,675,026.81
Add: Provision for assets impairment loss	57,308,316.79	13,888,011.56
Provision for credit impairment loss	46,296,202.37	41,615,815.85
Depreciation of fixed assets, oil and gas assets, productive biological assets	9,285,082.58	8,846,872.58
Amortization of intangible assets	972,371.92	1,356,243.79
Amortization of long-term prepayments	1,750,744.95	1,802,964.46
Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	134,892.35	-72,556,988.01
Fixed assets retirement loss (Less: gains)		

Supplement information	Current period cumulative	Preceding period comparative
Gains from derecognition of financial assets at amortized cost	-2,434,384.72	952,176.00
Losses on changes in fair value (Less: gains)		
Financial expenses (Less: gains)	8,202,745.93	28,587,393.74
Investment losses (Less: gains)	-136.19	-94,127,285.94
Decrease of deferred tax assets (Less: increase)		
Increase of deferred tax liabilities (Less: decrease)		
Decrease of inventories (Less: increase)	-44,197,910.17	-4,132,697.71
Decrease of operating receivables (Less: increase)	139,371,979.70	205,597,222.73
Increase of operating payables (Less: decrease)	-138,312,721.00	-79,053,430.99
Others		-2,305,976.00
Net cash flows from operating activities	-61,717,528.76	88,145,348.87
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets leased in under finance leases		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	180,459,070.86	170,062,746.87
Less: Cash at the beginning of the period	170,062,746.87	208,783,866.60
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	10,396,323.99	-38,721,119.73
(2) Composition of cash and cash equivalents		
Items	Closing balance	Opening balance
1) Cash	180,459,070.86	170,062,746.87
Including: Cash on hand	343.39	2,229.39
Cash in bank on demand for payment	180,458,727.47	170,060,517.48
2) Cash equivalents		
3) Cash and cash equivalents at the end of the period	180,459,070.86	170,062,746.87
(3) Amount of endorsed commercial acceptance not involving cash receipts and payments		
Items	Current period cumulative	Preceding period comparative
Amount of endorsed commercial acceptance	92,233,814.07	159,593,293.14
Including: Payment for goods	92,233,814.07	159,443,293.14

Items	Current period cumulative	Preceding period comparative
Payment for acquisition of long-term assets, such as fixed-assets		150,000.00

## (IV) Others

## 1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	8,205,628.07	deposit for L/G
Cash and bank balances	831.44	Bank freeze due to litigation
Fixed assets	1,063,884.17	Mortgaged borrowings
Total	9,270,343.68	

## (2) Other remarks

We remind users of financial statements that, apart from the above assets with title or use right restrictions, in order to entrust the parent company to apply for loans from Bank of Beijing, Jiangning Sub-branch, the Company pledged its holding equities to the parent company, which include equity of Nanjing South Telecommunications Co Ltd. 33.17 million yuan, equity of Nanjing Putian Telege Intelligent Building Co., Ltd. 4.80 million yuan, equity of Nanjing Putian Changle Telecommunications Equipment Co., Ltd. 5.07 million yuan, equity of Nanjing Putian Wangzhi Electronic Co., Ltd. 60.43 million yuan, equity of Nanjing Putian Network Co., Ltd. 7.80 million yuan. The Company has registered the equity pledge at Nanjing Jiangning Market Supervision Administration. Those equities are with use restrictions before released.

## 2. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances	107,718.57	6.3637	685,488.66
Including: USD	107,718.57	6.3637	685,488.66

## 3. Government grants

## 1) Government grants related to income and used to compensate incurred relevant costs, expenses or losses

Items	Amounts	Presented under	Remarks
VAT refund	1,748,849.59	Other income	Cai Shui [2011] No.100
Stable subsidy	466,620.88	Other income	Nanjing social insurance management center
Performance award of employment service for resettling disabled persons	80,000.00	Other income	The State Administration of Taxation on Issuing "Measures for the Administration of Preferential Value-Added Tax Policies for Promoting Employment of Disabled Persons"
unreported budget revenue	105,986.58	Other income	National Treasury of the People's Republic of China Nanjing Central Branch
Others	8,120.00	Other income	
Subtotal	2,409,577.05		

The amount of government subsidies included in the current profits and losses is 2,409,577.05yuan.

## VI. Changes in the consolidation scope

### (I) Disposal of subsidiaries

None.

### (II) Changes in the consolidation scope due to other reasons

None.

## VII. Interest in other entities

### (I) Interest in subsidiaries

#### 1. Composition of subsidiaries

##### (1) Basis information

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	Nanjing City	Nanjing City	Manufacture	50.70		Set up
Nanjing Putian Telege Intelligent Building Ltd.	Nanjing City	Nanjing City	Manufacture	45.77		Set up
Nanjing South Telecommunications Company Limited	Nanjing City	Nanjing City	Manufacture	96.99	3.01	Set up
Nanjing Nanman Electrics Co., Ltd.	Nanjing City	Nanjing City	Manufacture	100.00		not under the same control
Nanjing Putian Network Co., Ltd.	Nanjing City	Nanjing City	Manufacture	78.00		Set up
Nanjing Putian Datang Information Electronic Co., Ltd.	Nanjing City	Nanjing City	Manufacture	40.00		not under the same control
Nanjing Putian Communication Technology Co., Ltd.	Nanjing City	Nanjing City	Manufacture	70.00		Set up
Putian Communications (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Trading	100.00		Set up
Chongqing Puhua Information Technology Co., Ltd	Chongqing City	Chongqing City	Manufacture	100.00		Set up

##### (2) Other remarks

Remarks on inconsistency between holding proportion owned and voting rights proportion owned in subsidiaries

a. The Company holds 45.767% of voting rights in Nanjing Putian Telege Intelligent Building Ltd., the other voting rights are decentralized. The Company has over half member of the Board of Directors, and it not only controls this company but also has a privileged variable return by taking part in Nanjing Putian Telege Intelligent Building Ltd's related activity. The Company has the ability to impact the amount of return and control over Nanjing Putian Telege Intelligent Building

Ltd.

b. The Company holds 40% equity of Nanjing Putian Datang Information Electronic Co., Ltd. The Company signed the agreement with Yan yaoming, a shareholder of Nanjing Putian Datang Information Electronic Co., Ltd., to exercise his 21% right to vote. The agreement is valid during the period of the existence of Nanjing Putian Datang Information Electronic Co., Ltd. The Company has 61% of the voting right during the existence period of Nanjing Putian Datang Information Electronic Co., Ltd.

## 2. Significant not wholly-owned subsidiaries

### (1) Details

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
Nanjing Putian Telege Intelligent Building Ltd.	54.23%	15,457,415.64	10,846,600.00	52,712,082.95

## 3. Main financial information of significant not wholly-owned subsidiaries

### (1) Assets and liabilities

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Nanjing Putian Telege Intelligent Building Ltd.	211,702,890.62	35,559,085.84	247,261,976.46	150,061,012.14		150,061,012.14

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Nanjing Putian Telege Intelligent Building Ltd.	222,552,329.22	35,936,096.57	258,488,425.79	169,790,901.71		169,790,901.71

### (2) Profit or loss and cash flows

Subsidiaries	Current period cumulative				Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Nanjing Putian Telege Intelligent Building Ltd.	385,394,574.50	28,503,440.24	28,503,440.24	33,974,403.22	360,582,564.08	22,815,831.90	22,815,831.90	72,157,846.79

## (II) Interest in joint venture or associates

## 1. Aggregated financial information of insignificant joint ventures and associates

Items	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
Joint ventures		
Total carrying amount of investments	10,422,193.15	10,422,056.96
Proportionate shares in the following items		
Net profit	136.19	-10.65
Total comprehensive income	136.19	-10.65

**VIII. Risks related to financial instruments**

The Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance. Based on such objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. Management have deliberated and approved policies concerning such risks, and details are:

## (I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

## 1. Credit risk management practice

## (1) Evaluation method of credit risk

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard mainly relates to the scenario in which, on the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;
- 2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability;

## (2) Definition of default and credit-impaired asset

A financial asset is credit-impaired when one or more following events have occurred:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

## 2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk.

3. Please refer to note V(I)3; V(I)4; V(I)5; V(I)7 on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument.

## 4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

### (1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

### (2) Receivables

The Company performs credit assessment on customers who uses credit settlement on a regular/continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on receivables, to avoid significant risks in bad debts.

As the Company only conducts business with credible and well-reputed third parties, normally, does not obtain collateral from customers. Normally, the Group does not obtain collateral from customers. The Company manages credit risk aggregated by customers. As of December 31, 2021, the Company has certain concentration of credit risk, and 12.93% (December 31, 2020: 11.90%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset on the balance sheet.

## (II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparts of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company utilized financing tools such as notes settlement, bank borrowings, etc. and adopts long and short financing methods to optimizing financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial

banks to meet working capital requirements and expenditures.

Financial instruments classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	199,000,000.00	203,055,109.72	203,055,109.72		
Notes payable	1,251,741.17	1,251,741.17	1,251,741.17		
Accounts payable	538,363,742.94	538,363,742.94	538,363,742.94		
Other payable	64,006,795.08	64,006,795.08	64,006,795.08		
Long-term payable					
Non-current liabilities due within one year	2,656,474.95	2,717,664.49	2,717,664.49		
Subtotal	805,278,754.14	809,395,053.40	809,395,053.40		

(Continued)

Items	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	65,000,000.00	66,950,000.00	66,950,000.00		
Notes payable	76,135,010.10	76,135,010.10	76,135,010.10		
Accounts payable	604,765,586.00	604,765,586.00	604,765,586.00		
Other payable	53,759,120.63	53,759,120.63	53,759,120.63		
Long-term payable	4,036,160.05	4,157,244.85		4,157,244.85	
Non-current liabilities due within one year	9,181,720.08	9,457,171.68	9,457,171.68		
Subtotal	812,877,596.86	815,224,133.26	811,066,888.41	4,157,244.85	

### (III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market price.

#### 1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating interest financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating interest rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk relates mainly to *bank borrowings with floating interest rate*.

#### 2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities.

Please refer to notes to financial statements for details in foreign currency financial assets and liabilities at the end of the period.

## IX. Fair value disclosure

### (I) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Fair value as of the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Held-for-trading financial assets			20,000,000.00	20,000,000.00
2. Receivables financing			40,852,223.88	40,852,223.88
3. Other equity instrument investments			741,953.00	741,953.00
Total assets at recurring fair value measurement			61,594,176.88	61,594,176.88

### (II) Valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair measurement

1. For notes receivable, measured at par value.
2. For other equity instrument investments including Nanjing Yuhua Electroplating Factory and Hangzhou Honyar Electrical Co.,Ltd., due to no changes of operating environment and conditions and financial conditions of the invested enterprises, the Company measured at investment cost.
3. For other equity instrument investments including Beijing Likangpu Communication Equipment Co., Ltd., due to deterioration of operating environment and conditions and financial conditions of the invested enterprises, the Company measured at zero value.

## X. Related party relationships and transactions

### (I) Related party relationships

#### 1. Parent company

##### (1) Details

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
China Potevio Company Limited	No.2 Tudi 2 Road, Zhongguan Village Economy Zone, Haidian District, Beijing	Information industry	1,903,050,000.00	53.49	53.49

The Company's ultimate controlling party is China Electronics Technology Group Corporation (CETC).

2. Please refer to section VII of notes to financial statements for details on the Company's subsidiaries.

### 3. Joint ventures and associates of the Company

#### (1) Joint ventures and associates of the Company

Please refer to section VII of notes to financial statements for details on the Company's significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Joint ventures or associates	Relationships with the Company
SEI-Nanjing Potevio Optical Network Co., Ltd.	Joint ventures

### 4. Other related parties of the Company

#### (1) Details

Related parties	Relationships with the Company
Nanjing Honyar Electrical Technology Co., Ltd.	An affiliated company of the ultimate controlling party
Potevio Hi-tech Industry Co., Ltd.	An affiliated company of the ultimate controlling party
Nanjing Putian Information Technology Co., Ltd.	An affiliated company of the ultimate controlling party
Beijing Potevio Taili Communications Technology Co., Ltd.	An affiliated company of the ultimate controlling party
Nanjing Honyar Electrical Co., Ltd.	An affiliated company of the ultimate controlling party
Eastern Communications Inc.	An affiliated company of the ultimate controlling party
Potevio Eastern Communications Co., Ltd.	An affiliated company of the ultimate controlling party
Potevio Science & Technology Industrial Co., Ltd.	An affiliated company of the ultimate controlling party
POTEVIO Telecommunications Co., Ltd.	An affiliated company of the ultimate controlling party
Beijing Potevio Desheng Technology Incubator Co., Ltd	An affiliated company of the ultimate controlling party
Wuhan Putian New Energy Co., Ltd	An affiliated company of the ultimate controlling party
Shanghai Potevio Network Technology Co., Ltd.	An affiliated company of the ultimate controlling party
Shanghai Potevio Post and Telecommunications Technology Co., Ltd.	An affiliated company of the ultimate controlling party
Tianjin Potevio Innovation and Entrepreneur	An affiliated company of the ultimate

Related parties	Relationships with the Company
Technology Co., Ltd.	controlling party
Nanjing Putian Information Technology Co., Ltd.	An affiliated company of the ultimate controlling party
Beijing Likangpu Communication Equipment Co., Ltd.	An affiliated company of the ultimate controlling party
Nanjing Hikvision Digital Technology Co., Ltd	An affiliated company of the ultimate controlling party
China Electronic Technology Finance Co., Ltd	An affiliated company of the ultimate controlling party
The 23rd Research Institute of China Electronics Technology Group Corporation (CETC)	An affiliated company of the ultimate controlling party
Chengdu Weishitong Information Security Technology Co., Ltd	An affiliated company of the ultimate controlling party
Hebei Far East Communication System Engineering Co., Ltd	An affiliated company of the ultimate controlling party
Nanjing Rail Transit System Engineering Co., Ltd	An affiliated company of the ultimate controlling party
Nanjing Laisi Information Technology Co., Ltd	An affiliated company of the ultimate controlling party
Shanghai Huaxun Network System Co., Ltd	An affiliated company of the ultimate controlling party
Nanjing lop Co., Ltd	An affiliated company of the ultimate controlling party
Sichuang Electronics Co., Ltd	An affiliated company of the ultimate controlling party
Zhongkexin integrated circuit Co., Ltd. Nanjing Branch	An affiliated company of the ultimate controlling party
Beijing Taiji Information System Technology Co., Ltd	An affiliated company of the ultimate controlling party
Hangzhou Hikvision Technology Co., Ltd	An affiliated company of the ultimate controlling party、The company's shareholding company
China Putian Information Industry Group Co., Ltd	Indirect controlling shareholder

## (II) Related party transactions

## 1. Purchase and sale of goods, rendering and receiving of services

## (1) Details

## 1) Purchase of goods and receiving of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Nanjing Potevio Honyar Electrical Technology Co., Ltd.	Telecommunication products	456,378.05	1,651,259.37
Nanjing Hikvision Digital Technology Co., Ltd	Telecommunication products	14,410.33	
China Potevio Company	Telecommunication products	371,681.42	

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Limited			
The 23rd Research Institute of China Electronics Technology Group Corporation (CETC)	Testing fee	23,018.87	
Potevio Information Technology Co., Ltd.	Telecommunication products	239,336.28	68,584.07
Potevio Hi-tech Industry Co., Ltd.	service fee	258,113.16	

## 2) Sale of goods and rendering of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Potevio Information Technology Co., Ltd.	Telecommunication products	66,796.46	331,975.44
China Potevio Company Limited	Telecommunication products	517,067.86	1,759,578.23
Beijing Potevio Taili Communications Technology Co., Ltd.	Telecommunication products	7,867.42	1,725.66
Eastern Communications Inc.	Telecommunication products	1,295,903.33	273,476.12
Potevio Eastern Communications Co., Ltd.	Telecommunication products	23,588.42	22,641.51
Potevio Science & Technology Industrial Co., Ltd.	Telecommunication products		41,299.97
Potevio Telecommunications Co., Ltd.	Telecommunication products		1,040,734.52
Beijing Potevio Desheng Technology Incubator Co., Ltd	Telecommunication products		1,923,178.85
Chengdu Weishitong Information Security Technology Co., Ltd	Telecommunication products	3,094,690.26	
Hebei Far East Communication System Engineering Co., Ltd	Telecommunication products	4,606,252.16	
Nanjing Rail Transit System Engineering Co., Ltd	Telecommunication products	1,328,017.68	
Nanjing Laisi Information Technology Co., Ltd	Telecommunication products	162,831.85	
Shanghai Huaxun Network System Co., Ltd	Telecommunication products	59,320.35	
Sichuang Electronics Co., Ltd	Telecommunication products	88,685.84	
Zhongkexin integrated circuit Co., Ltd. Nanjing Branch	Processing	74,165.34	
Wuhan Putian New Energy Co., Ltd	Telecommunication products	16,088.49	297,203.55

## 2. Related party leases

## (1) Details

## 1) The Company as the lessee

Lessors	Types of asset leased	Lease expenses for current period	Lease expenses for the preceding period
Potevio Hi-tech Industry Co., Ltd.	Land and buildings	839,675.19	796,113.90

## 2) The Company as the lessor

Lessee	Types of asset leased	Lease incomes for current period	Lease incomes for the preceding period
Nanjing lop Co., Ltd	Land and buildings	395,238.10	

## 3. Related party guarantees

## (1) Details

## 1) The Company and its subsidiaries as guaranteed parties

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
China Potevio Company Limited	25,000,000.00	2021/2/8	2022/2/7	No
China Potevio Company Limited	25,000,000.00	2021/3/25	2022/3/24	No
China Potevio Company Limited	45,000,000.00	2021/4/12	2022/4/11	No
China Potevio Company Limited	50,000,000.00	2021/10/27	2022/10/26	No

## 4. Call loans between related parties

Entrusted loans and interest expenses with parent company	Current period cumulative	Preceding period comparative
Entrusted loans	145,000,000.00	
Entrusted interest expenses	4,477,491.67	12,867,202.78

## 5. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	3,668,506.00	2,430,976.00

## 6. Other related party transactions

On December 31, 2021, the balance of the company's funds deposited in China Electronics Technology Finance Co., Ltd. was 7,151,551.17 yuan, which were all bank deposits. During the reporting period, the deposit interest income was 17,793.85 yuan.

## (III) Balance due to or from related parties

## 1. Balance due from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Cash and bank balances					
	China Electronic Technology Finance Co., Ltd	7,151,551.17			
Accounts receivable					
	China Potevio Company Limited	5,519,204.83	3,339,327.20	5,890,775.42	2,761,564.47
	Potevio Information Technology Co., Ltd.	6,065,598.36	1,321,517.31	6,900,298.36	536,650.66
	Shanghai Potevio Network Technology Co., Ltd.			536,319.70	132,831.97
	Shanghai Potevio Post and Technology Co., Ltd.	8,755,534.00	8,755,534.00	8,755,534.00	8,755,534.00
	Eastern Communications Inc.	19,100.00	315.00	20,659.60	206.60
	Potevio Telecommunications Co., Ltd.	4,317,924.00	372,990.90	4,317,924.00	168,855.00
	Tianjin Potevio Innovation and Entrepreneur Technology Co., Ltd.	4,546.26	1,363.88	4,546.26	454.63
	Beijing Potevio Desheng Technology Incubator Co., Ltd			107,164.50	1,071.65
	Beijing Taiji Information System Technology Co., Ltd	182,680.00	18,268.00		
	Hebei Far East Communication System Engineering Co., Ltd	7,954,628.78	210,528.84		
	Nanjing Rail Transit System Engineering Co., Ltd	905,040.41	9,050.40		
	Sichuang Electronics Co., Ltd	183,262.43	8,388.89		
	Zhongkexin integrated circuit Co., Ltd. Nanjing Branch	26,373.10	263.73		
Subtotal		41,085,443.34	14,037,548.15	26,533,221.84	12,357,168.98
Advances paid					
	China Potevio Company Limited			420,000.00	
	Hangzhou Hikvision Technology Co., Ltd	6,850.00			
Subtotal		6,850.00		420,000.00	
Other receivables					
	China Potevio Company Limited	2,245,100.00	1,953,355.00	2,245,100.00	1,062,255.00
	Potevio Information Technology Co., Ltd.	367,800.00	367,800.00	1,203,052.00	60,152.60

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Beijing Likangpu Communication Equipment Co., Ltd.	28,912,122.71	28,912,122.71	28,912,122.71	28,912,122.71
	Nanjing Hikvision Digital Technology Co., Ltd	80,000.00	4,000.00		
	The 23rd Research Institute of China Electronics Technology Group Corporation (CETC)	67,400.00	3,370.00		
Subtotal		31,672,422.71	31,240,647.71	32,360,274.71	30,034,530.31

## 2. Balance due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	SEI-Nanjing Potevio Optical Network Co., Ltd.		20,220,725.66
	China Potevio Company Limited	18,016,137.43	18,332,258.02
	Shanghai Potevio Network Technology Co., Ltd.		11,685.00
	Potevio Hi-tech Industry Co., Ltd.	25,000.00	25,000.00
	Nanjing Honyar Electrical Technology Co., Ltd.	19,580.00	126,806.40
Subtotal		18,060,717.43	38,716,475.08
Advances received			
	China Potevio Company Limited	4,703,127.30	4,690,537.30
	Potevio Company Limited.		13,239.48
	Wuhan Putian New Energy Co., Ltd		12,120.00
Subtotal		4,703,127.30	4,715,896.78
Other payables			
	Potevio Hi-tech Industry Co., Ltd.	3,805,596.06	3,588,281.58
	Potevio Information Technology Co., Ltd.	400,000.00	555,000.00
	Potevio Telecommunications Co., Ltd.	200,000.00	200,000.00
	Potevio Company Limited.	9,580,000.00	9,580,000.00
	China Potevio Company Limited	231,015.28	
	Nanjing Putian Information Technology Co., Ltd.	3,042,825.53	
Subtotal		17,259,436.87	13,923,281.58
Short-term borrowings			
	China Potevio Company Limited	145,000,000.00	
Subtotal		145,000,000.00	

## **XI. Commitments and contingencies**

### (I) Significant commitments

None.

### (II) Contingencies

None.

## **XII. Events after the balance sheet date**

None.

## **XIII. Other significant events**

### (一) Correction of previous accounting errors

#### 1. Important previous errors and corrections

##### (1) Reasons for prior error corrections

The Company has received the Administrative Regulatory Measures Decision ([2022] No. 10) issued by the Jiangsu Regulatory Bureau of the China Securities Regulatory Commission on January 23, 2022. According to the decision on administrative supervision measures, it is determined that the company has the following violation facts: During the period from 2017 to 2019, the private network communication business carried out by your company is essentially to provide customers with entrusted processing business, and it does not bear the inventory risk and price risk of commodities. The entrusted processing service fee income is recognized according to the net method, but your company has always used the gross method to recognize the income. According to "Accounting Standards for Business Enterprises No. 28 - Accounting Policies, Changes in Accounting Estimates and Correction of Errors" and "Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 19 - Correction of Financial Information and Related Disclosures (Revised in 2020)" (Announcement [2020] No. 20 of the China Securities Regulatory Commission), the company will correct relevant errors.

##### (2) Accounting treatment of previous error correction

After receiving the decision on administrative supervision measures, the company conducted self-examination and self-correction in 2017, 2018 and 2019, corrected the aforementioned errors by retrospective restatement, and made retrospective adjustments to the financial statements of each year accordingly.

This statement has been approved for publication at the fifty-eight meeting of the seven Board of Directors of the Company on April 22, 2022.

#### 2. Influence of important prior error corrections on the company's financial position, operating results and

cash flow

## (1) Impact on the consolidated income statement

## 1) 2017

Items	Amount before adjustment	Adjustment amount	Adjusted amount
Operating revenue	2,254,399,406.04	-484,090,085.50	1,770,309,320.54
Operating cost	1,880,588,070.75	-484,090,085.50	1,396,497,985.25

## 2) 2018

Items	Amount before adjustment	Adjustment amount	Adjusted amount
Operating revenue	1,995,627,772.60	-360,477,056.67	1,635,150,715.93
Operating cost	1,643,115,522.38	-360,477,056.67	1,282,638,465.71

## 3) 2019

Items	Amount before adjustment	Adjustment amount	Adjusted amount
Operating revenue	1,338,284,194.21	-181,512,931.27	1,156,771,262.94
Operating cost	1,087,774,366.66	-181,512,931.27	906,261,435.39

## (2) Impact on the parent company's income statement

## 1) 2017

Items	Amount before adjustment	Adjustment amount	Adjusted amount
Operating revenue	1,149,882,076.74	-484,090,085.50	665,791,991.24
Operating cost	1,009,471,690.52	-484,090,085.50	525,381,605.02

## 2) 2018

Items	Amount before adjustment	Adjustment amount	Adjusted amount
Operating revenue	1,005,618,954.77	-360,477,056.67	645,141,898.10
Operating cost	879,422,579.08	-360,477,056.67	518,945,522.41

## 3) 2019

Items	Amount before adjustment	Adjustment amount	Adjusted amount
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Items	Amount before adjustment	Adjustment amount	Adjusted amount
Operating revenue	433,903,979.88	-181,512,931.27	252,391,048.61
Operating cost	397,437,511.55	-181,512,931.27	215,924,580.28

## (II) Segment information

## 1. Identification basis for reportable segments

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. The Company identified reportable segments based on products, which include video conferencing products, generic cable products, electrical products, wiring products, and other products. Assets and liabilities shared by different segments are allocated pro rata among segments.

The Company identified reportable segments based on products, assets and liabilities of each segment are the actual amount of its proportion in assets and liabilities, and revenue from main operations and cost of main operations are those generated or incurred by each product segment.

## 2. Financial information of reportable segments

## Products segment

Items	Video conferencing products	Generic cable products	Electrical products	Wiring products	Inter-segment offsetting	Total
Revenue from main operations	293,267,591.71	381,243,880.13	100,939,986.75	153,488,446.15	-32,454,210.31	896,485,694.43
Cost of main operations	227,789,514.03	291,804,222.05	76,275,464.34	141,952,065.67	-32,454,210.31	705,367,055.78
Total assets	251,531,380.06	247,261,976.46	196,763,512.42	530,515,462.52	-232,500,349.02	993,571,982.44
Total liabilities	155,520,791.05	150,061,012.14	144,374,909.92	545,311,462.03	-146,324,234.06	848,943,941.08

**XIV. Notes to items of parent company financial statements**

## (I) Notes to items of parent company balance sheet

## 1. Accounts receivable

## (1) Details

## 1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	70,076,309.09	25.59	70,076,309.09	100.00	-
Receivables with provision made on a collective basis	203,781,201.65	74.41	79,035,628.98	38.78	124,745,572.67
Total	273,857,510.74	100.00	149,111,938.07	54.45	124,745,572.67

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	59,944,074.91	17.44	59,944,074.91	100.00	
Receivables with provision made on a collective basis	283,799,350.56	82.56	64,912,032.38	22.87	218,887,318.18
Total	343,743,425.47	100.00	124,856,107.29	36.32	218,887,318.18

## 2) Accounts receivable with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Dongpo Xi Laos Co., Ltd.	19,708,086.54	19,708,086.54	100.00	Unable to collect
Mr. Xu	17,591,683.74	17,591,683.74	100.00	Unable to collect
China Tower Corporation Ltd.	13,819,926.92	13,819,926.92	100.00	Unable to collect
China Railway Communication Signal Shanghai Engineering Group Co., Ltd	5,241,400.50	5,241,400.50	100.00	Unable to collect
Others	13,715,211.39	13,715,211.39	100.00	Unable to collect
Subtotal	70,076,309.09	70,076,309.09	100.00	

## 3) Accounts receivable with provision for bad debts made on an age analysis

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	51,326,203.63	513,262.04	1.00
1-2 years	19,790,631.45	989,531.57	5.00
2-3 years	22,670,878.34	2,267,087.83	10.00
3-4 years	39,529,690.55	11,858,907.17	30.00
4-5 years	10,779,217.30	5,389,608.65	50.00
Over 5 years	58,017,231.72	58,017,231.72	100.00
Subtotal	202,113,852.99	79,035,628.98	39.10

## (2) Changes in provision for bad debts

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
Receivables with provision made on an individual basis	59,944,074.91	18,956,611.89			8,824,377.71			70,076,309.09
Receivables with provision made on a collective basis	64,912,032.38	14,123,596.60						79,035,628.98

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
Subtotal	124,856,107.29	33,080,208.49			8,824,377.71			149,111,938.07

## (3) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Dongpo Xi Laos Co., Ltd.	19,708,086.54	7.20	19,708,086.54
Mr. Xu	17,591,683.74	6.42	17,591,683.74
Hegang branch of China Tower Co., Ltd	13,819,926.92	5.05	13,819,926.92
China United Network Communication Co., Ltd. Henan Branch	8,828,589.22	3.22	4,836,072.87
Potevio Science & Technology Industrial Co., Ltd.	8,755,534.00	3.20	8,755,534.00
Subtotal	68,703,820.42	25.09	64,711,304.07

## 2. Other receivables

## (1) Details

Items	Closing balance	Opening balance
Interest receivable		
Dividends receivable	600,000.00	
Other receivables	27,944,036.00	50,275,151.96
Total	28,544,036.00	50,275,151.96

## (2) Dividends receivable

## 1) Details

Items	Closing balance	Opening balance
common stock dividends	600,000.00	
Total	600,000.00	

## (3) Other receivables

## 1) Details

## ① Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	31,098,272.43	45.48	31,098,272.43	100.00	

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	37,273,951.38	54.52	9,329,915.38	25.03	27,944,036.00
Total	68,372,223.81	100.00	40,428,187.81	59.13	27,944,036.00

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	33,010,009.04	36.68	33,010,009.04	100.00	
Receivables with provision made on a collective basis	56,983,224.19	63.32	6,708,072.23	11.77	50,275,151.96
Total	89,993,233.23	100.00	39,718,081.27	44.13	50,275,151.96

## 2) Other receivables with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Beijing Likangpu Communication Equipment Co., Ltd.	28,912,122.71	28,912,122.71	100.00	Unable to collect
Putian Communications (Hong Kong) Co., Ltd.	2,186,149.72	2,186,149.72	100.00	Unable to collect
Subtotal	31,098,272.43	31,098,272.43		

## 3) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Aging combination	14,094,253.50	9,329,915.38	66.20
Portfolio-Financing margin	1,578,947.37		
Portfolio-Other	21,600,750.51		
Subtotal	37,273,951.38	9,329,915.38	25.03

## (2) Ages

Items	Closing book balance	Opening book balance
Within 1 year	21,361,891.68	38,298,614.15
1-2 years	2,121,917.36	5,217,214.31
2-3 years	4,335,634.46	7,373,694.63
3-4 years	3,821,379.29	1,648,262.87

4-5 years	1,493,262.87	1,321,643.00
Over 5 years	35,238,138.15	36,133,804.27
Subtotal/Total	68,372,223.81	89,993,233.23

## (3) Changes in provision for bad debts

Items	Phase I	Phase II	Phase III	Subtotal
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	480,904.58		39,237,176.69	39,718,081.27
Opening balance in current period	---	---	---	
--Transferred to phase II				
--Transferred to phase III	-3,446,032.15		3,446,032.15	-
--Reversed to phase II				
--Reversed to phase I				
Provision made in current period	3,215,882.21		-2,505,775.67	710,106.54
Provision recovered in current period				
Provision reversed in current period				
Provision written off in current period				
Other changes				
Closing balance	250,754.64	-	40,177,433.17	40,428,187.81

## (4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Temporary advance payment receivable	58,684,606.32	76,617,770.01
Deposit as security	6,554,054.67	10,992,593.44
Travel reserve fund	691,088.20	796,798.91
Others	2,442,474.62	1,586,070.87
Total	68,372,223.81	89,993,233.23

## (5) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Beijing Likangpu Communication Equipment Co., Ltd.	Temporary advance payment receivable	28,912,122.71	Over 5 years	42.29	28,912,122.71
Nanjing Nanman Electric Co., Ltd	Temporary advance payment	18,867,500.00	Over 1 years	27.60	

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
	receivable				
Nanjing Putian Communication Technology Co., Ltd	Temporary advance payment receivable	2,733,250.51	1-4years	4.00	
Putian Communication (Hong Kong) Co., Ltd	Rent, utilities	2,186,149.72	Over 5 years	3.20	2,186,149.72
Far East International Leasing Co.,Ltd.	Deposit as security	1,578,947.37	2-3 years	2.31	
Subtotal		54,277,970.31		79.39	31,098,272.43

### 3. Long-term equity investments

#### (1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	115,319,588.64	1,910,520.00	113,409,068.64	115,319,587.64	1,910,520.00	113,409,067.64
Investments in associates and joint ventures	10,422,193.15		10,422,193.15	10,422,056.96		10,422,056.96
Total	125,741,781.79	1,910,520.00	123,831,261.79	125,741,644.60	1,910,520.00	123,831,124.60

#### (2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	2,610,457.00			2,610,457.00		
Nanjing Putian Telege Intelligent Building Ltd.	3,320,003.45			3,320,003.45		
Nanjing South Telecommunications Company Limited	33,175,148.00			33,175,148.00		
Nanjing Nanman Electrics Co., Ltd.	57,831,011.71	1.00		57,831,012.71		
Nanjing Putian Network Co., Ltd.	7,741,140.41			7,741,140.41		
Nanjing Putian Datang Information Electronic Co., Ltd.	5,436,797.07			5,436,797.07		
Nanjing Putian Telecommunication Technology Co., Ltd.	1,294,510.00			1,294,510.00		
Putian Telecommunications (H.K.) Co., Ltd.	1,910,520.00			1,910,520.00		1,910,520.00
Chongqing Puhua Information Technology Co., Ltd	2,000,000.00			2,000,000.00		

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Subtotal	115,319,587.64	1.00		115,319,588.64		1,910,520.00

## (3) Investments in associates and joint ventures

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
SEI-Nanjing Potevio Optical Network Co., Ltd.	10,422,056.96			136.19	
Subtotal	10,422,056.96			136.19	
Total	10,422,056.96			136.19	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others		
Joint ventures						
SEI-Nanjing Potevio Optical Network Co., Ltd.					10,422,193.15	
Subtotal					10,422,193.15	
Total					10,422,193.15	

## (II) Notes to items of the parent company income statement

## 1. Operating revenue/Operating cost

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	109,762,989.18	98,939,817.40	189,850,952.52	182,844,309.33
Other operations	11,490,076.50	9,759,140.72	14,466,948.04	16,357,549.35
Total	121,253,065.68	108,698,958.12	204,317,900.56	199,201,858.68

## (2) Breakdown of revenue by main categories

Reportable segments	Video conference products	Generic products	Low voltage distribution products	Others	Subtotal
Revenue recognition time					

Goods (transferred at a point in time)				121,253,065.68	121,253,065.68
Services (rendered over time)					
Total				121,253,065.68	121,253,065.68

(3) The revenue recognized in the current period included in the book value of contract liabilities at the beginning of the period is 7,483,448.32 yuan.

## 2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	9,753,400.00	82,727,700.00
Investment income from long-term equity investments under equity method	136.19	-4,769,983.62
Gains on disposal of long-term equity investments		79,250,527.14
Gains from derecognition of financial assets at amortized cost	2,434,384.72	-952,176.00
Total	12,187,920.91	156,256,067.52

## XV. Other supplementary information

### (I) Non-recurring profit or loss

#### 1. Schedule of non-recurring profit or loss

##### (1) Details

Items	Amount	Remarks
Gains on disposal of non-current assets, including write-off of provision for impairment	-134,892.35	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards)	660,727.46	
Profit and loss from debt restructuring	2,456,389.38	
Other non-operating revenue or expenditures	328,880.05	
Subtotal	3,311,104.54	
Less: Enterprise income tax affected	108,335.97	
Non-controlling interest affected (after tax)	365,425.45	
Net non-recurring profit or loss attributable to shareholders of the parent company	2,837,343.12	

## (II) RONA and EPS

## 1. Details

Profit of the reporting period	Weighted average RONA (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	-105.00	-0.65	-0.65
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-107.15	-0.66	-0.66

## 2. Calculation process of weighted average RONA

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	-138,766,373.70
Non-recurring profit or loss	B	2,837,343.12
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-141,603,716.82
Opening balance of net assets attributable to shareholders of ordinary shares	D	189,624,160.92
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	
Others	Retranslation	34,293.83
	Increase in purchase of minority interests in the current period	14,295,331.64
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J 10
Number of months in the reporting period	K	12
Weighted average net assets	$L = D + A/2 + E \times F/K - G \times H/K \pm I \times J/K$	132,153,750.44
Weighted average RONA	$M = A/L$	-105.00%
Weighted average return on net assets after deducting non-recurring profits and losses (%)	$N = C/L$	-107.15%

## 3. Calculation process of basic EPS and diluted EPS

## (1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
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Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	-138,766,373.70
Non-recurring profit or loss	B	2,837,343.12
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-141,603,716.82
Opening balance of total shares	D	215,000,000.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the share was increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the share was decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12
Weighted average of outstanding ordinary shares	$L=D+E+F \times G/K-H \times I/ K-J$	215,000,000.00
Basic EPS	$M=A/L$	-0.65
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	-0.66

Calculation process of diluted EPS is the same as calculation process of basic EPS.

Board of Directors of

Nanjing Putian Telecommunications Co., Ltd.

26 April 2022