

Nanjing Putian Telecommunications Co., Ltd.

2020 Annual Report

April 2021

Section I. Important Notice, Contents and Interpretation

Board of Directors, Supervisory Committee, 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 statements, 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.

Wang Wenkui, Principal of the Company, Wang Huilin, person in charge of accounting works and Tang Yiqiao, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2020 Annual Report is authentic, accurate and complete.

All directors are attend the Meeting for Report deliberation.

Concerning the forward-looking statements with development strategy, operation plans and targets involved in the Report, they do not constitute a substantial commitment for investors. Investors are advised to exercise caution of investment risks.

Investors' attention is requested to see the risk factors that the Company may be faced in its future development which has been analyzed in the "Section IV Discussion and Analysis of Operation" in this report.

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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Interpretation

Items	Refers to	Contents
CSRC	Refers to	China Securities Regulatory Commission
SZ Stock Exchange	Refers to	Shenzhen Stock Exchange
Potevio	Refers to	China Potevio (controlling shareholder of the Company)
The Company, Company, Nanjing Putian	Refers to	Nanjing Putian Telecommunications Co., Ltd.
Southern Telecom	Refers to	Nanjing Southern Telecom Co., Ltd.(controlling subsidiary of the Company)
Telege Building	Refers to	Nanjing Putian Telege Intelligent Building Ltd (controlling subsidiary of the Company)
Datang Electronic	Refers to	Nanjing Putian Datang Information Electronic Co., Ltd.(controlling subsidiary of the Company)
Reporting period	Refers to	Year of 2020

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	Wang Wenkui		
Registrations add.	No. 58 Qinhuai Road, Jiangning Economics and Technology Development Zone, Nanjing, Jiangsu Province		
Code for registrations add	211100		
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

Newspaper appointed for information disclosure	<i>Securities Times; Hong Kong Commercial Daily</i>
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Website for annual report publish appointed by CSRC	www.cninfo.com.cn
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)	The original controlling shareholder of the Company was China Putian Corporation. In 2005, China Putian Corporation transferred all the holding shares free to China Potevio. The controlling shareholder of the Company changed 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	Jin Jingyu, 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 rd 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

	2020	2019	Changes (+,-) compared with the previous year	2018
Operating revenue (RMB)	1,025,243,815.83	1,338,284,194.21	-23.39%	1,995,627,772.60

Net profit attributable to shareholders of the listed Company(RMB)	21,964,552.84	-169,088,516.69	112.99%	5,859,214.84
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses(RMB)	-154,393,042.76	-171,904,933.41	10.19%	-21,461,955.87
Net cash flow arising from operating activities (RMB)	88,145,348.87	22,686,114.91	288.54%	-155,418,733.83
Basic earnings per share (RMB/Share)	0.10	-0.79	112.66%	0.03
Diluted earnings per share (RMB/Share)	0.10	-0.79	112.66%	0.03
Weighted average ROE	12.29%	-66.55%	78.84%	1.66%
	Year-end of 2020	Year-end of 2019	Changes (+,-) compared with the year-end of previous year	Year-end of 2018
Total assets (RMB)	1,167,608,410.82	1,652,005,519.44	-29.32%	2,120,744,292.41
Net assets attributable to shareholder of listed Company (RMB)	189,624,160.92	169,543,106.29	11.84%	355,289,728.24

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	2020	2019	Note
Operating revenue (RMB)	1,025,243,815.83	1,338,284,194.21	-
Deduction amount from operating revenue (RMB)	10,262,253.21	9,372,750.09	-
Amount after deduction (RMB)	1,014,981,562.62	1,328,911,444.12	-

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

In RMB

	Q 1	Q 2	Q 3	Q 4
Operating revenue	151,862,432.34	253,310,371.28	257,967,139.46	362,103,872.75
Net profit attributable to shareholders of the listed Company	-30,609,179.61	-28,247,674.42	-1,190,034.23	82,011,441.10
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses	-33,044,537.66	-30,562,957.49	-5,633,894.62	-85,151,652.99
Net cash flow arising from operating activities	-19,005,983.54	36,658,701.57	6,656,073.35	63,836,557.49

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

In RMB

Item	2020	2019	2018	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	171,454,257.57	119,033.08	33,483,456.05	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	6,456,622.79	4,265,247.47	8,554,841.22	
Other non-operating revenue and expenditure except for the aforementioned	1,135,543.03	-185,497.35	-165,751.16	

items				
Payable unable to paid		362,546.35	1,332,427.34	
Less: impact on revenue tax	122,246.44	154,871.99	5,400,947.05	
Impact on minority shareholders' equity (post-tax)	2,566,581.35	1,590,040.84	10,482,855.69	
Total	176,357,595.60	2,816,416.72	27,321,170.71	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

Section III Summary of Company Business

I. Main businesses of the Company in 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 remote collaboration 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 intelligent application solutions; subsidiary Nanjing Nanman Electrics 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.

The company has a complete industrial chain structure, has good R&D, production, and marketing capabilities, and has established good brand strength and influence in the industry market and the operator market. The company is now a member unit of the Jiangsu Information Innovation Industry Alliance and a member unit of the Information Technology Application Innovation Working Committee of the China Electronics Standardization

Association, and has the qualification of Huawei intelligent collaboration first-level distributor. During the reporting period, Telege Building participated in the formulation and revision of six industry standards, including the national standard for generic cabling of IEC11801 and the "Data Center Infrastructure Construction and Acceptance Specification", and was awarded the "Top Ten Generic Cabling Brands" for the sixteenth consecutive year; "e Cloud. e Horizon Mo-Cloud" of Southern Telecom won the "Outstanding Innovation Application Industry Leadership Award" selected by the Posts and Telecommunications News in 2019. During the reporting period, the company actively deployed Huawei videoconferencing business and strengthened the cultivation of new businesses such as independent management software.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	The 49.64% equity of joint stock corporation-Putian High-Tech Co., Ltd. and the 100% equity of controlling subsidiary -Nanjing Putian Information Technology Co., Ltd were transferred by the Company in the reporting period.
Fixed assets	Fixed assets at the end of the reporting period were 100.16 million Yuan, a decrease of 10.56 million Yuan from the beginning of the period, and mainly due to the disposal of the No.1 Putian Road and Beijing property during the reporting period.
Intangible assets	Amount at the end of the reporting period was 21.26 million Yuan, a decrease of 7.12 million Yuan from the beginning of the period, mainly due to the land use right of No.1 Putian Road was transferred by the Company during the reporting period.
Construction in progress	Amount at the end of the reporting period was 22.45 million Yuan, an increase of 9.41 million Yuan from the beginning of the period, mainly due to the input for construction project of R&D center from subsidiary Datang Electronic during the reporting period.
Note receivable	Amount at the end of the reporting period was 17.03 million Yuan, a decrease of 42.62 million Yuan from the beginning of the period, mainly due to the transfer of endorsement of bill during the reporting period.
Receivable financing	Amount at the end of the reporting period was 32.59 million Yuan, an increase of 28.77 million Yuan from the beginning of the period, mainly due to the bank acceptance received during the reporting period.
Advance payment	Advance payment at the end of the reporting period was 19.62 million Yuan, a decrease of 14.14 million Yuan from the beginning of the period. Due to the strengthened control over advance payment, the purchases with advance payment declined in the Period.
Investment real estate	Amount at the end of the reporting period was 4.27 million Yuan, a decrease of 3.54 million Yuan from the beginning of the period, mainly declined for combination.

2. Main overseas assets

Applicable Not applicable

III. Core Competitiveness Analysis

As a state-owned holding information and communication device manufacturer, the company attaches great importance to industrial development, continues to carry out market expansion and product innovation, has a complete industrial chain and mature market network, has strong R&D, production, and marketing capabilities, and has strong comprehensive competitiveness.

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. The company's computing industry products are produced and developed based on Huawei Kunpeng platform, and the performance indicators have reached the high-end level of imported products, and have been recognized by the country, the Ministry of Industry and Information Technology, multiple provinces and cities, telecom operators, and finance and other industries. The subsidiary, Southern Telecom, has focused on video communication applications for more than 20 years, and has accumulated rich market channels and customer resources, as well as differentiated product and program design capabilities, its self-developed products have been recognized by large industry customers. 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 with Putian brand 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.

Section IV Discussion and Analysis of Operation

1. Introduction

In 2020, due to the comprehensive impact of the COVID-19 epidemic and market competition, the company's operations faced severe challenges. The company focused on its annual operating tasks, adhered to "pragmatic, trustworthy, service, and win-win", and focused on "transformation and reform". When preventing and controlling the epidemic, we adhered to the general keynote of seeking progress while maintaining stability, adhered to customer-centric, market-oriented, and centered on the main business of the industry, focused on gross profit margin and cash flow management, deepened reform and innovation, and increased inventory revitalization. The company's overall operation has been stable. In 2020, the Company achieved an operating revenue of 1.025 billion Yuan with 23.39% down on a y-o-y basis, the net profit attributable to shareholder of listed company amounted to 21.9646 million Yuan.

In terms of industrial development, the company adhered to the business philosophy of "being practical", with the primary goal of improving gross profit margin and improving operating cash flow, relied on industry, focused on main business and unswervingly make the industry more solid, stronger and better.

The company focused on the main business of communications, paid close attention to the key industries, and actively explored the transformation of traditional industries into data center businesses. In the early stage of the epidemic, the company overcame numerous difficulties and cooperated with partners to build Tencent Dongsheng Cloud Computing Data Center, completed the rapid assembly of multiple T-blocks, and realized the modular prefabrication of the entire data center. The data center product successfully won the bid for the cabinet supporting project of the second phase of the cloud computing base of China Telecom Chongqing Branch, and supplied the micro-module data room of Henan Zhongtian Group and the module room of the Commission for Discipline Inspection of Qingshan District, Baotou. Participated in the construction of Nanjing Telecom, Changzhou International Data Center, machine room of Qixia Broadcasting and Television, machine room of Taizhou Broadcasting and Television and other projects, and won praise from customers. Traditional wiring products have won bids in many operator projects such as telecommunications, broadcasting and television, and towers. The new product "Intelligent Manhole Cover Based on NB IoT" won the bid for the Beijing Unicom project and completed the prototype pilot. In addition, the company has completed the upgrading and transformation of some processing equipment, which has improved its independent production and manufacturing capabilities.

During the reporting period, the COVID-19 epidemic forced the development of remote office systems, and competition in the domestic video conferencing industry further intensified. The company strived to promote the diversified development of its video business and actively deployed Huawei video business. The company became the first-level distributor of Huawei's intelligent safeguard system, and Southern Telecom obtained the gold

distributor qualification for Huawei's smart screen in Jiangsu area. Ruijing Information Release System passed the compatibility test of Huawei Taishan server. Ruizhi video conference management system has become a joint solution of Huawei ISV, which can support single Huawei platform and POLY+Huawei platform. At the same time, by strengthening cooperation with business platform manufacturers, the company promoted independent products, and strived to seek business breakthroughs in advantageous industries such as government, medical treatment, and finance.

According to market demand, the company accelerated the upgrading of cabling products. Telege Building has got the certification of "Nanjing Enterprise Technology Engineering Center", completed the research and development of a new generation of intelligent cabling system and integrated cabling management platform and small batch trial production, and completed the research and development of optical cabling products such as Siemens data modules. Kept up with the military, transportation, finance, urban exhibition halls and other industry markets, six types of unshielded cables won the bids of Huaqiang Group, China Construction Bank Shenzhen Branch and other projects; optical products won the bids of China Railway Main Data Center Computer Room and National Convention and Exhibition Center projects; intelligent display products won the bids of Nari Group, Lukou Convention and Exhibition Center and other projects.

Electrical complete sets of products continued to deepen the rail transit industry. Nanman Company successfully signed Nanjing Metro Line 7, Tianjin Metro Line 4, Hefei Metro Line 4, Changzhou Metro Line 2 and other projects, and strived to expand the social project market, and completed the construction of the integrated pipe gallery project in the hub area of Xiong'an Station and the pipe gallery project of Malaysian aluminum plant, which was of positive significance to Nanman Electric's brand building and market development of "intelligent power distribution integrated solutions".

Datang Electronics has been striving to carry out the strategic transformation to an "Internet of Things technology-based enterprise", and on the premise of stabilizing the existing OEM business and the sales of solar street light controllers, it has launched mains supply single light controllers, smart power supplies, smart cruise terminals, and a series of IoT products. The mains supply smart street light management cloud platform and the solar smart street light management cloud platform have entered the testing and verification stage.

In order to expand the company's business coverage and further optimize the industrial layout, the company established a wholly-owned subsidiary Puhua Company in Chongqing. The company undertakes the computing business authorized by Potevio, and at the same time serves as the southwestern market expansion unit of Nanjing Putian's data center, video conferencing and other existing products. At the same time, it carries out the Chongqing government cloud project in cooperation with Huawei. Under the authorization of Potevio, it has gradually entered the information technology application innovation market and actively cultivated new economic growth points for the company. In September, Potevio's "Pusheng" series of Kunpeng server products were

officially released at the Smart China Expo. During the reporting period, integrators have been connected to promote the implementation of the information technology application innovation project.

During the epidemic, Southern Telecom and its partners opened some free video conference rooms at appropriate times to help medical institutions, government agencies, enterprises and public institutions quickly carry out remote real-time collaboration. After resumption of work, it has further focused on customer needs, and increased the flow of customers on the "cloud" and the secondary development, gave full play to the advantages of differentiation, and strived to make the business bigger and stronger.

In terms of business management, in the face of the complex and changeable business situation in 2020 and unprecedented operating pressures, while doing a good job in the prevention and control of the epidemic, the company adhered to the business philosophy of leading a thrifty life and leading a hard life, insisted on problem orientation, increased the collection of the two funds, speeded up the revitalization of resources, and improved internal control management by doing a good job in deepening reform and adjustment. The company continued to increase the reform and adjustment of operating entities; speeded up asset revitalization, improved operating resources, and released operating cash flow; strengthened financial management and gave full play to the core role of financial management in operating activities; adhered to the rule of law to prevent legal risks; deepened the management of losses, promoted the improvement of quality and efficiency; solidly promoted the governance of loss-making entities, and actively carried out the work of turning losses and increasing profits by adjusting the industrial structure and strengthening operation management; consolidated basic management and improved the level of lean management.

During the reporting period, the COVID-19 epidemic and macro market environment had a certain adverse impact on the Company's business. In addition, in order to adapt to the market changes, the company took the initiative to adjust the industrial structure, sales revenue declined form a year earlier. During the reporting period, the net profit attributable to shareholder of listed company amounted to 21.9646 million Yuan, the impact of non-recurring gains/losses on net income was 176.3576 million Yuan, mainly includes the income from disposal of non-current assets of 171.4543 million Yuan, that is transfer the subordinate enterprise's equity and land properties.

II. Main business analysis

1. Introduction

See the "I-Introduction" in "Discussion and Analysis of Operation"

2. Revenue and cost

(1) Constitute of operation revenue

In RMB

	2020		2019		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operation revenue	Amount	Ratio in operation revenue	
Total operation revenue	1,025,243,815.83	100%	1,338,284,194.21	100%	-23.39%
Industries					
Communication industry -Main business revenue	904,601,845.11	88.23%	1,191,168,506.75	89.01%	-24.06%
Communication industry -Other business revenue	21,885,890.12	2.13%	19,282,451.91	1.44%	13.50%
Electrical industry -Main business revenue	96,477,794.59	9.41%	125,526,053.59	9.38%	-23.14%
Electrical industry -Other business revenue	2,278,286.01	0.22%	2,307,181.96	0.17%	-1.25%
Products					
Video conference products- main business revenue	314,877,571.26	30.71%	365,004,501.66	27.27%	-13.73%
General cabling products- main business revenue	357,130,844.30	34.83%	359,232,741.86	26.84%	-0.59%
Low-voltage distribution products-main business revenue	96,477,794.59	9.41%	125,526,053.59	9.38%	-23.14%
Private network communication products -main business revenue			186,594,827.60	13.94%	-100.00%
Wiring and other products-main business revenue	287,776,479.36	28.07%	316,048,396.10	23.62%	-8.95%
Interior offset	-55,183,049.81	-5.38%	-35,711,960.47	-2.67%	-54.52%
Other business revenue	24,164,176.13	2.36%	21,589,633.87	1.61%	11.92%

Regions					
Domestic area-main business revenue	1,001,079,639.70	97.64%	1,316,427,546.22	98.37%	-23.95%
Domestic area -Other business revenue	24,164,176.13	2.36%	21,589,633.87	1.61%	11.92%
Abroad -main business revenue			267,014.12	0.02%	-100.00%

Note: Reasons on declined of the main business revenue from private network communication: settlement mode of the business has changed. In the previous year, according to clients requirements, the Company was responsible for all procurement and production, and collected payments for selling product to the customers, resulting in a main business revenue; during the reporting period, only processing fees were used for settlement, resulting in other business revenue of 2.88 million Yuan.

(2) About the industries, products, or regions accounting for over 10% of the Company's operating income or operating profit

√ Applicable □ Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
Industries						
Communication industry -Main business revenue	904,601,845.11	752,689,972.46	16.79%	-24.06%	-22.43%	-1.75%
Communication industry -Other business revenue	21,885,890.12	21,097,941.35	3.60%	13.50%	34.56%	-15.09%
Electrical industry -Main business revenue	96,477,794.59	71,403,862.96	25.99%	-23.14%	-28.68%	5.75%
Electrical industry -Other business revenue	2,278,286.01	1,714,165.72	24.76%	-1.25%	7.32%	-6.01%
Products						
Main business revenue-Video conference products	314,877,571.26	260,805,089.88	17.17%	-13.73%	-9.15%	-4.18%
Main business	357,130,844.30	277,322,277.49	22.35%	-0.59%	3.64%	-3.16%

revenue-General cabling products						
Main business revenue-Low-voltage distribution products	96,477,794.59	71,403,862.96	25.99%	-23.14%	-28.68%	5.75%
Main business revenue-Wiring and other products	287,776,479.36	268,702,106.80	6.63%	-8.95%	0.69%	-8.93%
Interior offset	-55,183,049.81	-54,139,501.71	1.89%	-54.52%	-56.32%	-1.13%
other business revenue	24,164,176.13	22,812,107.07	5.60%	11.92%	32.04%	-14.38%
Regions						
Domestic area-main business revenue	1,001,079,639.70	824,093,835.42	17.68%	-23.95%	-23.01%	-1.01%
Domestic area-other business revenue	24,164,176.13	22,812,107.07	5.60%	11.92%	32.04%	-14.38%

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) Income from physical sales larger than income from labors

Yes No

Industries	Item	Unit	2020	2019	Increase/decrease y-o-y (+,-)
Communication industry	Sales volume	Yuan	926,487,735.23	1,210,450,958.66	-23.46%
	Production volume	Yuan	911,308,352.71	1,133,076,301.85	-26.42%
	Inventory	Yuan	150,760,796.17	165,940,178.69	-9.15%
Electrical industry	Sales volume	Yuan	98,756,080.6	127,833,235.55	-22.75%
	Production volume	Yuan	104,180,149.27	127,632,545.94	-18.37%
	Inventory	Yuan	48,881,176.15	43,457,107.48	12.48%

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) Fulfillment of the Company's signed significant sales contracts up to this reporting period

Applicable Not applicable

(5) Constitute of operation cost

Industry classification

In RMB

Industries	Item	2020		2019		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)	694,748,624.13	82.03%	900,740,417.31	82.81%	-22.87%
Communication industry	Main business cost- other	57,941,348.33	6.84%	69,633,948.53	6.40%	-16.79%
Communication industry	Other business cost	21,097,941.35	2.49%	15,679,501.63	1.44%	34.56%
Electrical industry	Main business cost-Cost of raw material (procurement cost)	63,426,773.23	7.49%	89,556,252.70	8.23%	-29.18%
Electrical industry	Main business cost- other	7,977,089.73	0.94%	10,567,001.31	0.97%	-24.51%
Electrical industry	Other business cost	1,714,165.72	0.20%	1,597,245.18	0.15%	7.32%
Total	Operation cost	846,905,942.49	100.00%	1,087,774,366.66	100.00%	-22.14%

Explanation

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

Yes No

Found more in the part of "Change of Consolidation Scope" carried in Notes to Financial Statements in the full-text of the annual report.

(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)	107,212,081.24
Proportion in total annual sales volume for top five clients	10.46%
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	No.1	31,127,043.42	3.04%
2	No.2	20,589,728.71	2.01%
3	No.3	19,144,261.54	1.87%
4	No.4	18,648,861.29	1.82%
5	No.5	17,702,186.29	1.73%
Total	--	107,212,081.24	10.46%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	209,490,067.16
Proportion in total annual purchase amount for top five suppliers	27.63%
Purchase of related parties in annual amount from top five suppliers	0.00%

Information of top five suppliers of the Company

Serial	Supplier	Sales (RMB)	Proportion in total annual sales
1	No.1	56,196,018.53	7.41%
2	No.2	48,057,599.10	6.34%
3	No.3	45,246,191.76	5.97%
4	No.4	34,022,889.05	4.49%
5	No.5	25,967,368.72	3.42%

Total	--	209,490,067.16	27.63%
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Other notes of main suppliers of the Company

Applicable Not applicable

3. Expenses

In RMB

	2020	2019	Increase/decrease y-o-y (+,-)	Note of major changes
Sales expense	101,208,835.79	146,879,432.92	-31.09%	Main reasons for major declined from a year earlier: implemented new revenue standards in the year, the “freight” are no longer included under the item of “Sales expenses”; sales scale declined on a y-o-y basis, the staff reduced, and at the same time, employees enjoyed the national social insurance preferential policies due to the the epidemic, their salaries declined from a year earlier.
Management expense	75,477,706.26	87,447,829.68	-13.69%	
Financial expense	27,074,088.99	30,575,151.90	-11.45%	
R&D expenses	46,319,505.38	71,178,941.51	-34.93%	The staff reduced, and at the same time, employees enjoyed the national social insurance preferential policies due to the the epidemic, their salaries declined from a year earlier.

4. Investment in R&D

Applicable Not applicable

The company insisted on being market-oriented, actively developed new products and improved its technical level. During the reporting period, the company newly increased 8 invention patents and 13 utility models; 5 scientific and technological research and development projects passed the evaluation by experts of the municipal government, and were confirmed by the Nanjing Municipal Government to enjoy relevant tax policies. During the reporting period, the company carried out the development of intelligent precision monitoring units for distribution equipment for communications, outdoor shelter for FRP communication systems, outdoor integrated water quality monitoring stations, 8 categories of cabling systems, 400G optical fiber cabling systems and other products.

R&D investment of the Company

	2020	2019	Change ratio(+/-)
Number of R&D (people)	332	381	-12.86%

Ratio of number of R&D	28.97%	28.18%	0.79%
R&D investment (Yuan)	46,319,505.38	71,178,941.51	-34.93%
R&D investment accounted for R&D income	4.52%	5.32%	-0.80%
R&D investment capitalization (Yuan)	0.00	0.00	0.00%
Capitalization R&D investment accounted for R&D investment	0.00%	0.00%	0.00%

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

In RMB

Item	2020	2019	Y-o-y changes (+,-)
Subtotal of cash in-flow from operation activity	1,207,247,116.07	1,349,310,377.01	-10.53%
Subtotal of cash out-flow from operation activity	1,119,101,767.20	1,326,624,262.10	-15.64%
Net cash flow arising from operating activities	88,145,348.87	22,686,114.91	288.54%
Subtotal of cash in-flow from investment activity	360,865,263.81	2,081,423.80	17,237.42%
Subtotal of cash out-flow from investment activity	15,963,551.12	14,544,973.78	9.75%
Net cash flow from investment activity	344,901,712.69	-12,463,549.98	2,867.28%
Subtotal of cash in-flow from financing activity	188,998,007.80	547,594,317.72	-65.49%
Subtotal of cash out-flow from financing activity	660,669,001.36	550,423,917.30	20.03%
Net cash flow from financing activity	-471,670,993.56	-2,829,599.58	-16,569.18%
Net increased amount of cash and cash equivalent	-38,721,119.73	7,414,549.18	-622.23%

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

Applicable Not applicable

During the reporting period, the net cash flow arising from operating activities has a significant y-o-y increase, mainly because the Company strive to overcome the adverse impact of epidemic, strengthen the management of fund collection, strictly controls all expenses and expenditures to reducing the costs and increasing efficiency.

Cash in-flow from investment activities and the net cash flow from investment activity are increased from a year earlier with major amount, mainly because during the reporting period, the cash received from land property and subordinate enterprise disposal have a significant increased on a y-o-y basis.

Cash in-flow from financing activities and net cash flow from financing activity are declined from a year earlier with major amount, mainly because the loans in the reporting period declined from a year earlier and repayment of bank loans in the Period.

Net increased amount of cash and cash equivalent has a significant decrease from a year earlier, mainly because the net cash flow from financing activity declined on a y-o-y basis dramatically.

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

In RMB

	Amount	Ratio in total profit	Cause of formation	Whether be sustainable (N/Y)
Investment income	93,175,109.94	206.23%	Income from disposal of long-term equity investment and transferred the equity of joint stock companies and controlling subsidiaries during the reporting period	N
Credit impairment loss	-41,615,815.85	-92.11%	The bad debt loss of account receivable and other receivables	N
Assets impairment loss	-14,421,937.22	-31.92%	Loss on inventory valuation	N
Income from assets disposal	72,556,988.01	160.60%	The income from disposal of fixed assets and intangible assets from land and real estate disposal	N

IV. Analysis of assets and liability

1. Major changes of assets composition

Implement the new revenue standards or new lease standards for the first time since 2020, and adjusted relevant items of financial statement at beginning of the year

Applicable

In RMB

	Year-end of 2020		Year-begin of 2020		Ratio changes (+,-)	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	209,849,710.96	17.97%	261,270,033.28	15.82%	2.15%	
Account receivable	493,992,403.49	42.31%	697,656,063.96	42.23%	0.08%	
Inventory	199,641,972.32	17.10%	209,397,286.17	12.68%	4.42%	
Investment real estate	4,267,013.35	0.37%	7,810,210.00	0.47%	-0.10%	
Long-term equity investment	10,422,056.96	0.89%	181,762,383.50	11.00%	-10.11%	
Fix assets	100,158,063.58	8.58%	110,722,102.52	6.70%	1.88%	
Construction in process	22,454,792.27	1.92%	13,048,701.59	0.79%	1.13%	
Short-term loans	65,000,000.00	5.57%	451,915,948.50	27.36%	-21.79%	Repay the loans during the reporting period
Long-term loans		0.00%		0.00%	0.00%	

2. Assets and liability measured by fair value

√ Applicable □ Not applicable

In RMB

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.Receivable financing	3,821,550.77							32,594,702.60
2.Other equity	741,953.00							741,953.00

instrument investment								
Total	4,563,503.77							33,336,655.60
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:

Item	Book value at period –end	Restriction reason
Monetary funds	39,647,679.34	Note margin and guarantee margin
Monetary funds	139,284.75	Bank freeze involving litigation
Fixed assets	10,352,538.63	Mortgage loan
Intangible assets	3,665,962.99	Mortgage loan
Total	53,805,465.71	

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 of Beijing, 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.

V. Investment

1. Overall situation

Applicable Not applicable

Investment in the reporting (RMB)	Investment in the same period of last year (RMB)	Changes
15,508,722.61	12,710,363.19	22.02%

2. The major equity investment obtained in the reporting period

Applicable Not applicable

In RMB

Invested enterprise	Main businesses	Investment way	Amount invested	Shareholding ratio	Capital source	Partner	Investment term	Product type	Progress as of the balance sheet date	Expected earnings	Profit/loss on investment for the period	Whether involved in a lawsuit (Y/N)	Disclosure date (If any)	Disclosure index (If any)
Chongqing Puhua Information Technology Co., Ltd.	Information system integration services and cloud computing businesses etc.	Newly established	2,000,000.00	100.00%	Own funds	N/A	10-year	-	Established in July 2020 with a subscribed capital of 50 million Yuan, and the paid-in capital of 2 million Yuan in 2020.		8,539.54	N	2020-07-09	The "Announcement on Investment in the Establishment of a Wholly-owned Subsidiary" on Juchao Website
Total	--	--	2,000,000.00	--	--	--	--	--	--	0.00	8,539.54	--	--	--

3. The major non-equity investment doing in the reporting period

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The Company had no securities investment in the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

5. Application of raised proceeds

Applicable Not applicable

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

VI. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

Counter-party	Disposed assets	Selling date	Trading price (10 thousand Yuan)	Net profit contributed by the assets to the listed company from the beginning of the period to the date of sale (10 thousand Yuan)	Impact of the sale on the company (Note 3)	Ratio of net profit contributed by the asset sales to the total net profit of listed companies	Pricing principles	Whether it is a related transaction (Y/N)	Association with the counter-party (applicable to related transactions)	Whether the property rights of the assets involved have all been transferred (Y/N)	Whether all the claims and debts involved have been fully transferred (Y/N)	Whether the implementation is on schedule, and if not, the reasons and measures taken by the company shall be explained (Y/N)	Disclosure date	Disclosure index
Putian Innovation and Entrepreneurship Management Co., Ltd.	Land property of the No. 1 Putian Road	2020.12.24	11,038.36	0	Income from assets disposal are recognized as 60.1	273.94%	Listed for transfer based on appraisal value	Y	Have the same controlling shareholder	Y	Y	Y	2020-10-14	The "Proposal of Major Assets Sale" published on Juchao Website; "Major Assets

					703 million yuan									Sale and Report on Related Transactions (Draft)" dated 27 November 2020
Lianyun Yihan Service Co., Ltd.	Property in Beijing	2020.12.28	1,172.40		Income from assets disposal are recognized as 5.8669 million Yuan	26.71%	Listed for transfer based on appraisal value	N	N/A	Y	Y	Y	2020-01-18	"Announcement on the Assets Transfer by Listing" published on Juchao Website
Jin Xu	Property in Beijing	2020.7.27	1,170		Income from assets disposal are recognized as 6.7923 million Yuan	30.92%	Listed for transfer based on appraisal value	N	N/A	Y	Y	Y	2020-01-18	"Announcement on the Assets Transfer by Listing" published on Juchao Website

2. Sales of major equity

√ Applicable □ Not applicable

Counter-party	Disposed equity	Selling date	Trading price	Net profit	Impact of the	Ratio of net	Pricing principle	Whether it is a	Association with	Whether the	Whether the	Disclosure date	Disclosure
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			(10 thousand Yuan)	contributed by the equity to the listed company from the beginning of the period to the date of sale (10 thousand Yuan)	sale on the company	profit contributed by equity sales to the total net profit of listed companies	es	related transaction (Y/N)	the counterparty	equity involved have all been transferred (Y/N)	implementation is on schedule, and if not, the reasons and measures taken by the company shall be explained		index
Putian Innovation and Entrepreneurship Management Co., Ltd.	49.64% equity of the joint stock enterprise - Putian High-tech Industry Co., Ltd	2020-12-28	22,749.22	-960.91	Incomes from investment are recognized as 61.0321 million yuan	277.87%	Listed for transfer based on appraisal value	Y	Have the same controlling shareholder	Y	Y	2020-10-14	The "Proposal of Major Assets Sale" published on Juchao Website; "Major Assets Sale and Report on Related Transactions (Draft)" dated 27 November 2020
Putian Innovation and Entrepreneurship	100% equity of the subsidia	2020-12-25	4,343.16	-167.55	Incomes from investment are	192.97%	Assessed value	Y	Have the same controlling	Y	Y	2020-12-10	"Announcement on the Related

Management Co., Ltd.	ry - Nanjing Putian Information Technology Co., Ltd.				recognized as 42.3852 million yuan				ng shareholder				Transactions of Subsidiary's Equity Transfer " published on Juchao Website
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VII. Analysis of main holding Company and joint stock companies

√ Applicable □ Not applicable

Particular about main subsidiaries and stock-jointly companies net profit over 10%

In RMB

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	34.20 million	267,796,243.51	87,455,194.49	315,258,523.64	7,284,552.26	7,996,426.60
Nanjing Putian Telege Intelligent Building Ltd	Subsidiary	General cabling, development, production and sales of the building intelligent products	20 million	258,488,425.79	88,697,524.08	360,582,564.08	30,942,511.88	22,815,831.90
Nanjing Putian Network Co., Ltd.	Subsidiary	R&D, manufacture and sales of the software of communication, network and electronic equipment	10 million	25,252,856.61	23,140,748.03	697,647.49	415,312.45	415,312.45

Nanjing Putian Change 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	54,297,323.14	31,962,497.11	45,193,624.54	159,435.36	159,435.36
Putian Telecommunications (H.K.) Co., Ltd.	Subsidiary	Export and import of telecommunication equipment, Hi-tech R & D and transfer, technology trade	HKD 2 million	3,873,042.82	-18,180,366.48	0.00	-45,645.63	-45,645.63
Nanjing Putian Telecommunication Technology Company Ltd.	Subsidiary	R & D and sales of the electronic components assembly, electronic products and telecommunication equipment	5 million	4,565,803.72	-2,476,948.60	4,000.01	-429,435.40	-429,435.40
Nanjing Nanman Electrics Co., Ltd.	Subsidiary	Manufacture and sales of industrial intelligent distribution products	41.14 million	195,003,137.30	51,849,735.68	98,756,080.60	1,912,256.52	1,908,368.07
Nanjing Putian Datang	Subsidiary	R&D, manufacture and sales of	10 million	51,899,779.47	31,295,272.08	36,384,724.20	1,832,744.82	2,182,392.18

Information Electronic Co., Ltd.		solar controller, and production & processing business of electronic products						
Chongqing Puhua Information Technology Co., Ltd.	Subsidiary	Information system integration service, computer software and hardware and peripherals manufacturing, manufacture of the cloud computing devices, telecommunication equipment and internet devices, big data services and software development	50 million	10,627,133.66	2,008,539.54	18,462,941.71	28,539.54	8,539.54

Particular about subsidiaries acquired or disposed in reporting period

√ Applicable □ Not applicable

Name	Method of acquisition and disposal during the reporting period	Impact on overall production operations and results
Nanjing Bada Telecommunications Equipment Co., Ltd.	Closed for liquidation	No significant impact
Nanjing Putian Wangzhi Electronic Co., Ltd	Merger by absorption	No significant impact
Nanjing Putian Information Technology Co., Ltd.	100% equity transferred	Incomes from investment are recognized as 42,385,183.68 Yuan
Chongqing Puhua Information Technology Co., Ltd.	Newly established	Achieved net profit of 8,539.54 Yuan in the Year

Information note

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Future Development Prospects

From the perspective of industry policy, our country has always attached great importance to the development of the communications industry, and the communications industry has been strongly supported and encouraged. Relevant government departments have issued a series of policies to encourage industry and policies to support regional development, which have a positive impact on the development of the industry. In May 2020, the "Government Work Report 2020" mentioned strengthening the construction of new infrastructure, developing a new generation of information networks, expanding 5G applications, building charging piles, promoting new energy vehicles, stimulating new consumer demand, and assisting industrial upgrading. In March 2020, the Ministry of Industry and Information Technology issued a notice on accelerating the development of 5G. It is required to comprehensively promote 5G network construction, application promotion, technological development and security assurance, and give full play to the scale effect and leading role of the new 5G infrastructure to support high-quality economic development, speed up the deployment of 5G network construction and speed up the progress of 5G network construction. Industry policies provide an important guarantee for the future development of the company's communications industry.

From the perspective of the company's product development trend, traditional wiring products need to focus on the main communications industry, focus on key industries, and actively explore the transformation of traditional wiring industry to data center business. The wiring industry will focus on participating in rail transit, data center construction, and military, power, aerospace, government and other industry users. In the future, access products will focus on participating in projects for users in the power, public security, and transportation and other industries. As the basis of network transmission, cabling products are necessary infrastructure for the construction of various industries. In the future, our country's guidance on 5G, manufacturing upgrades, new infrastructure, artificial intelligence and other policies will have a huge impact on the development of cabling. The complete set of electrical products will adhere to a market strategy that runs through the track, realize value transfer around general contractors, design institutes and strategic partners, and create a win-win situation. Computing products will rely on rich R&D and adaptation capabilities to focus on gathering applications, integrating industries, creating a complete Putian Kunpeng business ecosystem, and strive to provide users with a full range of domestic product solutions. In the future, video conferencing products can fully integrate and innovate with business systems according to the needs of enterprises.

Business plan for the next year:

2021 is the first year of the "14th Five-Year Plan". Under the leadership of the board of directors, the company will continue to deepen reform and innovation, prevent and resolve risks, focus on key industries, and seek development.

In terms of industrial development, the company will adhere to the customer-centered and market-oriented business philosophy, with a three-year rolling strategic plan as the starting point, further clarify development ideas, focus on industry, focus on the main business, and clarify the positioning goals and key tasks of industrial development; formulate tasks and measures that can be implemented, evaluated, and assessed, so as to plan for the future development of the company and lead the direction.

The company will rely on the existing industrial foundation, actively integrate relevant advantageous resources within the company, seize the development opportunities of 5G and "new infrastructure", actively integrate and take active actions. In terms of information and communication, we will deepen the construction of data centers, pay attention to data room construction projects and personalized overall solutions, make every effort to focus on the construction of key markets and major projects, and strive to enter the procurement directory of well-known companies such as Ali, Tencent, and Huawei; continue to improve independent production and manufacturing capacity. Keep up with the new networking requirements of 5G, continue to optimize traditional products such as outdoor communication cabinets and outdoor communication equipment rooms, and enrich the IoT series products, and strive to complete the design and development of FRP outdoor mini cabinets and other products. In terms of video conferencing business, it focuses on tracking the upgrade business needs of original superior customers, pays close attention on key projects, and strives to form model cases of Potevio products that break through the industry. In terms of integrated cabling products, we will strive to seize the development opportunities of high-end cabling localization, increase the research and development of new products, complete the market launch of a new generation of intelligent cabling systems and integrated cabling management platforms, the approval of cloud cabling system products, and the solutions for copper cables fast line-tracking system. In terms of complete electrical products, we will continue to penetrate the rail transit field, do in-depth marketing, maintain the market share of low-voltage distribution boxes (cabinet), and increase tracking in the field of socket boxes, and strive to seek breakthroughs in fields other than airports, ports, pipe gallery and other rail transits. Continue to improve new products such as mains smart power supplies and smart cruise ships, and actively promote solar/mains smart street lighting systems and smart cruise cloud platforms. Strive to achieve new breakthroughs in new businesses. Puhua Company will actively participate in government localization substitution and government cloud projects, and strive to achieve a certain scale of project implementation of server products in the government and non-government markets. At the same time, it also plans to vigorously expand other businesses such as multimedia and data centers in Chongqing to enrich project cases and increase sales revenue.

In terms of operation and management, the company will focus on the main channel business and explore "new increment". Continue to increase reform and adjustment efforts, release accumulated resources, and at the same time strive to explore the future main business and incremental development direction, promote the optimization of the company's industrial structure, and make new breakthroughs in business development. The company will

continue to adhere to the financial-centric operating activities management, adhere to the management and control of capital use, actively strive for resources from all parties, and strive to ensure the stability of the company's operating cash flow; optimize the accounting and evaluation mechanism of the business unit; continue to increase the design optimization of the company's internal control system, and strengthen the execution and verification; continue to carry out loss management work, and solve problems in development. Continue to advance the work of improving quality and efficiency. Strengthen budget control, further strengthen cost and expense management, and effectively promote cost reduction and efficiency enhancement. Strengthen risk prevention and take strict precautions against various business risks. Intensify the reform of the assessment and incentive system, strengthen the training of talents, and improve per capital benefits.

Maintain the current business and complete the capital needs of the investment project under construction:

In 2021, the company will mainly obtain the required circulating funds by dispatching its own funds and financing to financial institutions. It is estimated that the financing scale will be around 250 million Yuan in 2021.

Risks the Company may face in the future 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 bring the industry cycle risk.

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.

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.

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, sales return cycle is longer and the cash flow pressure is greater.

The Company insists on budget management of funds, prepare capital collection plan and capital payment budget to ensure dynamic balance of cash flow. Besides, it increases management on inventory and trade receivables, reinforces performance assessment, urges prompt collection of goods payment, strengthens inventory management and reduced capital occupation. Adhering to the basic control principle of “pay-as-you-go” and management the funds strictly; obtain liquidity financing from the banks and other financial institutions

X. Reception of research, communication and interview

1. In the report period, reception of research, communication and interview

Applicable Not applicable

No reception of research, communication and interview occurred in the period

Section V. Important Events

I. Profit distribution plan of common stock and capitalizing of common reserves plan

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

Applicable Not applicable

Profit distribution plan (pre-plan) of common stock and capitalizing of common reserves plan (pre-plan) in latest three years (including the reporting period)

The Company did not distribute profits or capital reserve in recent three years.

Cash dividend of common stock in latest three years (including the reporting period)

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio of the cash bonus in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Proportion for cash bonus by other ways(i.e. share buy-backs)	Ratio of the cash bonus by other ways in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Total cash bonus (including other ways)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement
2020	0.00	21,964,552.84	0.00%	0.00	0.00%	0.00	0.00%
2019	0.00	-169,088,516.69	0.00%	0.00	0.00%	0.00	0.00%
2018	0.00	5,859,214.84	0.00%	0.00	0.00%	0.00	0.00%

The Company gains profits in reporting period and the retained profit of common stock shareholders provided by parent Company is positive but no plan of cash dividend proposed of common stock

Applicable Not applicable

II. 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.

III. 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	Commitment party	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for share merger reform						
Commitments in report of acquisition or equity change						
Commitments in assets reorganization	China Potevio ;China Putian Information Industry Group Co., Ltd.	Commitments on horizontal competition, related transactions and fund occupation	Content of commitments see “2. Specific commitments”. See “Commitment 1”	13 Oct. 2020	Long-term	In normal performance
	China Potevio ;China Putian Information Industry Group Co., Ltd.	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 2”	13 Oct. 2020	Long-term	In normal performance
	China Potevio ;China Putian Information Industry Group Co., Ltd.	Other commitment	See “Commitment 3”	13 Oct. 2020	Long-term	In normal performance
	Xu Qian; Wang Wenkui; Li Tong; Liu Yun; Wang Jinfeng; Qin Zhen; Tang Fuxin; Xie Manlin; Du	Other commitment	See “Commitment 4”	25 Nov. 2020	Long-term	In normal performance

	Xiaorong; Jia Haowen; Lei Xu; Liu Xiaodong; Wang Huilin; Li Jing					
	China Potevio ;China Putian Information Industry Group Co., Ltd.	Other commitment	See “Commitment 5”	25 Nov. 2020	Long-term	In normal performance
	China Potevio	Other commitment	See “Commitment 6”	13 Oct. 2020	Until the completion of this transaction	Completed
	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 Huilin; Li Jing; Lv Dong; Qiu Huizhen; Wei Jie	Other commitment	See “Commitment 7”	13 Oct. 2020	Until the completion of this transaction	Completed
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	See “Commitment 8”	8 April 2018	Long-term	In normal performance

		transactions and fund occupation				
	China Potevio	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 9”	8 April 2018	Long-term	In normal performance
	China Potevio	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 10”	8 April 2018	Long-term	In normal performance
	China Putian Corporation	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 11”	8 April 2018	Long-term	In normal performance
	China Putian Corporation	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 12”	8 April 2018	Long-term	In normal performance
	China Putian Corporation	Commitments on horizontal competition, related transactions and fund occupation	See “Commitment 13”	8 April 2018	Long-term	In normal performance

	China Putian Corporation	Other commitment	See "Commitment 14"	19 June 2018	Long-term	In normal performance
	China Potevio	Other commitment	See "Commitment 15"	8 July 2015	Share keeping commitment: within six months since 8 July 2015	Completed
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 Potevio ; China Putian Information Industry Group Co., Ltd.

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 2:

Committed party: China Potevio ;China Putian Information Industry Group Co., Ltd.

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 3:

Committed party: China Potevio ; China Putian Information Industry Group Co., Ltd.

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 4:

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 Huilin; 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 5:

Committed party: China Potevio ;China Putian Information Industry Group Co., Ltd.

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 6:

Committed party: China Potevio

Content of commitments: The Company promises that during the period from the issuance of this letter of commitment to the completion of the transaction, the Company has no intention or plan to reduce its holdings of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian"), nor reduce its holdings by any means. If the Company violates this commitment and causes losses to Nanjing Putian or other investors, the Company promises to assume liability for compensation to Nanjing Putian or other investors 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 Huilin; Li Jing; Lv Dong; Qiu Huizhen; Wei Jie

Content of commitments:

I promise that during the period from the issuance of this letter of commitment to the completion of the transaction, the Company has no intention or plan to reduce its holdings of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian"), nor reduce its holdings by any means. If I violates this commitment and causes losses to Nanjing Putian or other investors, I promises to assume liability for compensation to Nanjing Putian or other investors in accordance with the law.

Commitment 8:

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

(1) 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.

(2) 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.

(3) 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.

(1) 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.

(2) 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.

- (1) 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.
- (2) Ensure that the Company and other companies and enterprises affiliated to the Company avoid horizontal competition with Nanjing Putian and its subsidiaries.
- (3) 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.
- (4) 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.

- (1) 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.
- (2) 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.
- (3) 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.

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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 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:

(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 controlling shareholder status at Nanjing Putian.

(2) 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.

(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 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. 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:

(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 11:

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

(1) 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.

(2) 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.

(3) 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

(1) 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.

(2) 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.

(1) 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.

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

(3) 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.

(4) 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.

(1) 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.

(2) 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.

(3) 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

(1) 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.

(2) 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.

(3) 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.

(4) 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 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 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 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.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 14:

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.

Commitment 15:

Committed party: China Potevio

Content of commitments: In order to protect the legitimate rights and interests of all types of investors, China Potevio (hereinafter referred to as "Potevio"), as the controlling shareholder of NJ TEL B (200468), now makes the following commitments:

- i. Potevio, as a responsible controlling shareholder, starting from July 8, 2015, will not reduce the company's stock within the next six months.
- ii. At present, NJ TEL B has stable operations and its main business is running normally. Potevio will continue to promote the transformation and upgrading and structural adjustment of listed companies by asset restructuring and optimizing allocation of resources so as to vigorously improve the quality of listed companies.
- iii. Potevio will accelerate the long-term mechanism of improving the return of investors in listed companies, and improve the operation quality and profitability of listed companies so as to continuously improve investor returns.

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

IV. 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.

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for "Modified Audit Report" that issued by CPA

Applicable Not applicable

VI. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Not applicable

Changes in accounting policies caused by changes in Accounting Standards for Business Enterprise

1. The Company implemented the Accounting Standards for Business Enterprise No.14- Revenue (hereinafter referred to as New Revenue Standard) that revised by Ministry of Finance since 1 Jan. 2020. According to the provisions of the relevant old and new standards, the information of comparable periods is not adjusted. The cumulative impact of the implementation of new standards on the first implementation date is retrospectively adjusted to the amount of retained earnings at the beginning of the reporting period and other related items in the financial statement.

Main impact of the implementation of new revenue standards on the Company's financial statement dated 1 Jan. 2020:

Item	Balance Sheet		
	2019-12-31	Impact of new revenue standard adjustments	2020-1-1
Account received in advance	22,148,080.67	-22,148,080.67	
Contract liability		19,600,071.39	19,600,071.39
Other current liability		2,548,009.28	2,548,009.28

2. Since 1 Jan. 2020, the company has implemented the Interpretation of Accounting Standards for Business Enterprise No.13 issued by the Ministry of Finance in 2019, and change of the accounting policy is accounted for using the future application method.

VII. Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

VIII. Compare with last year's financial report; explain changes in consolidation statement's scope

Applicable Not applicable

(i) Disposal of subsidiaries

Loss of control upon a single disposal of an investment in a subsidiary

Subsidiary	Equity disposal price	Share ratio with equity disposed (%)	Equity disposal method	Time-point of the control lost	Basis for determining the time-point at which the control is lost	The difference between the disposal price and share of the net assets of the subsidiary at the consolidated financial statement corresponding to the disposal of the investment
Nanjing Putian Information Technology Co., Ltd.	43,431,600.00	100.00	Transfer	2020-12-25	Completed industrial & commercial changes	42,385,183.68

(ii) Change in consolidation scope for other reasons

1. Increase in scope of consolidation

Company	Way of the equity acquired	Time-point of the equity acquired	Contribution amount	Contribution ratio
Chongqing Puhua Information Technology Co., Ltd.	Establishment	2020-7-10	2,000,000.00	100.00%

2. Decrease in scope of consolidation

Company	Way of the equity disposed	Time-point of the equity disposed	Net assets on disposal date	Net profit from the beginning of the period to the date of disposal
Nanjing Putian Wangzhi Electronic Co., Ltd	Cancel for liquidation	2020-12-31		754,205.54
Nanjing Bada Telecommunications Equipment Co., Ltd.	Cancel for liquidation	2020-12-31		4,301,547.02

IX. 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)	101
Continuous life of auditing service for domestic accounting firm	7
Name of domestic CPA	Jin Jingyu, Zhang Jinghui
Continuous service years from domestic CPA	5 years, 2 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 2020, auditing fee for internal control was 0.32 million Yuan.

During the reporting period, the company engaged CITIC Securities Co., Ltd as an independent financial adviser due to the major assets restructuring, the financial adviser fee was 1.5 million Yuan.

X. Particular about delisting after annual report disclosed

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XII. Significant lawsuits and arbitration of the Company

Applicable Not applicable

Lawsuits (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
Nanjing Putian Telecommunications Co., Ltd bring a suit against Beijing UniStrong Co., Ltd for contract dispute	5,343.58	N	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	2020-01-14	Juchao website "Notice on Material Lawsuits" and Progress of the Material Lawsuits (Notice No.: 2020-001, 2020-005) on 23 Jan. 2020.
Other lawsuits and arbitration:	3,946.73	-	-	-	-	-	-
Case of Sale and purchase contract dispute- Nanjing Putian Telecommunications Co., Ltd bring a suit against Jiangsu Xinxin Jiayuan Network Tech. Co., Ltd.	238.04	N	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	2020-08-12	"Announcement on Cumulative Litigation" (Notice No.: 2020-043)
Case of Sale and	12.58	N	Settlement	No significant	-	2020-08-12	

purchase contract dispute- Nanjing Putian Communications Co., Ltd. bring a suit against Great Wall Broadband Network Service Co., Ltd. Shantou Branch			withdrawal	impact on the current profit or profit after the period			“Announcem ent on Cumulative Litigation” (Notice No.: 2020-043)
Case of Construction contract dispute - Jiangsu Huichuang Science and Education Development Co., Ltd. bring a suit against Nanjing Putian Telecommunication Technology Company Ltd	46.52	N	Judged	No significant impact on the current profit or profit after the period	Not implemented	2020-08-12	“Announcem ent on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Huaxun Ark Co., Ltd. bring a suit against Nanjing Putian Communications Co., Ltd.	218.07	N	Judged	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcem ent on Cumulative Litigation” (Notice No.: 2020-043)
Case of Labor dispute- Gu Ming'e bring a suit against Nanjing Putian Network Co., Ltd.	7.6	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcem ent on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute-Nanjing Caiqian Technology Co., Ltd. bring a suit against Nanjing	57.12	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcem ent on Cumulative Litigation” (Notice No.:

Putian Communications Co., Ltd.							2020-043)
Case of Unjust enrichment dispute- Nanjing Putian Telege Intelligent Building Ltd bring a suit against Wenzhou Dayao Hardware Co., Ltd	3.38	N	Trial in progress	Pending	-	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Nanjing Putian Telecommunication Technology Company Ltd. bring a suit against Guangzhou Jingxin Communication Equipment Co., Ltd.	60.16	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Jiangsu Huaqiang Power Equipment Co., Ltd. bring a suit against Nanjing Menekes Electric Co., Ltd.	103.99	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Zhejiang Dahua Technology Co., Ltd. bring a suit against Nanjing Putian Communications Co., Ltd.	183.3	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Nanjing Shengping	280.05	N	Mediated case closure	No significant impact on the current profit or profit after the	Execution completed	2020-08-12	“Announcement on Cumulative

Communication Equipment Co., Ltd. bring a suit against Nanjing Putian Communications Co., Ltd.				period			Litigation” (Notice No.: 2020-043)
Case of Project contract dispute - Nanjing Southern Telecom Co., Ltd bring a suit against Chongqing New Oupeng Education City Management Co., Ltd.	151.83	N	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Nanjing Gerong Optoelectronics Technology Co., Ltd. bring a suit against Nanjing Putian Communications Co., Ltd.	8.34	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Nanjing Southern Telecom Co., Ltd bring a suit against Guangzhou Futeng Information Technology Co., Ltd.	180.46	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Nanjing Putian Telege Intelligent Building Ltd. bring a suit against Shanghai Zhuibo Electric Co.,	3.98	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)

Ltd.							
Case of Sale and purchase contract dispute- Nanjing Putian Telege Intelligent Building Ltd. bring a suit against Anqing City Guangcai Market Changshun Plumbing Equipment Firm	4.98	N	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Shanghai Mingyi Optical-Electrical Technology Co., Ltd bring a suit against Nanjing Putian Communications Co., Ltd.	42.23	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Nanjing Great Road Optics Electronics Tech. Co., Ltd. bring a suit against Nanjing Putian Communications Co., Ltd.	29.58	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Nanjing Putian Communications Co., Ltd. bring a suit against Great Wall Broadband Network Service Co., Ltd. Suzhou Branch	28.09	N	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	2020-08-12	“Announcement on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and	26.8	N	Settlement	No significant	-	2020-08-12	

purchase contract dispute- Nanjing Putian Communications Co., Ltd. bring a suit against Great Wall Broadband Network Service Co., Ltd. Luoyang Branch			withdrawal	impact on the current profit or profit after the period			“Announcem ent on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Nanjing Lianshengda Electrical Equipment Co., Ltd bring a suit against Nanjing Putian Communications Co., Ltd.	10	N	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	2020-08-12	“Announcem ent on Cumulative Litigation” (Notice No.: 2020-043)
Case of Sale and purchase contract dispute- Nanjing Chuanggan Technology Co., Ltd bring a suit against Nanjing Putian Communications Co., Ltd.	9.75	N	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	2020-08-12	“Announcem ent on Cumulative Litigation” (Notice No.: 2020-043)
Dispute cases that damage the interest of creditors- Nanjing Putian Communications Co., Ltd. bring a suit against Yu Yumei, Peng Xiong and Peng Shikui	263.72	N	Trial in progress	Pending	-	2020-12-30	“Announcem ent on Cumulative Litigation” (Notice No.: 2020-080)
Case of Sale and purchase contract dispute- Beijing Xinjie Zhonghe Intelligent Technology Co.,	142.05	N	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	2020-12-30	“Announcem ent on Cumulative Litigation” (Notice No.: 2020-080)

Ltd. bring a suit against Nanjing Putian Communications Co., Ltd							
Labor dispute case- Wu Yunfei bring a suit against Nanjing Putian Telecommunication Technology Company Ltd.	10.89	N	Trial in progress	Pending	-	2020-12-30	“Announcement on Cumulative Litigation” (Notice No.: 2020-080)
Case of Labor dispute- Zhang Wei bring a suit against Nanjing Putian Communications Co., Ltd	52.96	N	Trial in progress	Pending	-	2020-12-30	“Announcement on Cumulative Litigation” (Notice No.: 2020-080)
Case of Labor dispute- Ma Wenbin bring a suit against Nanjing Putian Communications Co., Ltd	5.07	N	Settlement withdrawal	No significant impact on the current profit or profit after the period	-	2020-12-30	“Announcement on Cumulative Litigation” (Notice No.: 2020-080)
Case of Sale and purchase contract dispute- Nanjing Mennekes Co., Ltd. bring a suit against Xi’an Tongrui Electron Mechanical Equipment Co., Ltd.	213.22	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-12-30	“Announcement on Cumulative Litigation” (Notice No.: 2020-080)
Case of Sale and purchase contract dispute- Hubei Jassonfiber Tech. Co., Ltd bring a suit against Nanjing Putian Communications Co., Ltd	81.93	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-12-30	“Announcement on Cumulative Litigation” (Notice No.: 2020-080)
Case of Labor	23.95	N	Trial in	Pending	-	2020-12-30	“Announcement

dispute- Chen Yumei bring a suit against Nanjing Putian Communications Co., Ltd			progress				ent on Cumulative Litigation” (Notice No.: 2020-080)
Contracting dispute case - Zheng Qiang, Wu Wengao and Jiang Mingwei bring a suit against Nanjing Putian Communications Co., Ltd	184.54	N	Trial in progress	Pending	-	2020-12-30	“Announcement on Cumulative Litigation” (Notice No.: 2020-080)
Case of Labor dispute- Li Qi bring a suit against Nanjing Putian Communications Co., Ltd	480.73	N	Trial in progress	Pending	-	2020-12-30	“Announcement on Cumulative Litigation” (Notice No.: 2020-080)
Case of Sale and purchase contract dispute- Nanjing Southern Telecom Co., Ltd bring a suit against the Geju Business Education Technology (Shenzhen) Co., Ltd and Beijing Geju Business Online Technology Co., Ltd.	691.58	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-12-30	“Announcement on Cumulative Litigation” (Notice No.: 2020-080)
Case of Sale and purchase contract dispute- Shanghai Haiheng Intelligent Culture Technology Co., Ltd bring a suit against Nanjing Putian Telecommunications Co., Ltd.	21.95	N	Mediated case closure	No significant impact on the current profit or profit after the period	Execution completed	2020-12-30	“Announcement on Cumulative Litigation” (Notice No.: 2020-080)

Case of Sale and purchase contract dispute- Jiangsu Datang Electric Technology Co., Ltd bring a suit against Nanjing Putian Telecommunications Co., Ltd.	67.29	N	Trial in progress	Pending	-	2020-12-30	“Announcement on Cumulative Litigation” (Notice No.: 2020-080)
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XIII. Penalty and rectification

Applicable Not applicable

There are no penalty and rectification in the reporting period

XIV. Integrity of the Company and its controlling shareholders and actual controllers

Applicable Not applicable

XV. Implementation of the Company’s stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

During the reporting period, the Company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

XVI. 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	Telecom product	Market price	0.00	0	0.00%	10,800	N	Bank transfer	0.00	2020-04-28	Notice on Forecast of

		receipt of services from related parties											Routine Related Transaction for 2020 published on Juchao Website
Other enterprise controlled by China Putian Information Industry Group Co., Ltd.	Other subsidiary enterprise controlled by actual controller	Purchase of products and receipt of services from related parties	Telecom product	Market price	171.99	171.99	0.23%	500	N	Bank transfer	171.99	2020-04-28	The same as above
-Including: Nanjing Putian Honyar Electrics Tech. Co., Ltd	Subsidiary enterprise controlling shareholder	Purchase of products and receipt of services from related parties	Telecom product	Market price	165.13	165.13	0.22%		N	Bank transfer	165.13	2020-04-28	The same as above
-Including: Potevio Information Technology Co., Ltd.	Subsidiary enterprise controlling shareholder	Purchase of products and receipt of services from related parties	Telecom product	Market price	6.86	6.86	0.01%		N	Bank transfer	6.86	2020-04-28	The same as above
China Potevio	Controlling shareholder	Sales of products and provision	Telecom product	Market price	175.96	175.96	0.17%	2,500	N	Bank transfer	175.96	2020-04-28	The same as above

		n of services to related parties											
Putian Communications Co., Ltd.	Subsidiary enterprise of controlling shareholder	Sales of products and provision of services to related parties	Telecom product	Market price	104.07	104.07	0.10%	2,000	N	Bank transfer	104.07	2020-04-28	The same as above
Other enterprise controlled by China Putian Information Industry Group Co., Ltd.	Other subsidiary enterprise of actual controller	Sales of products and provision of services to related parties	Telecom product	Market price	289.15	289.15	0.28%	800	N	Bank transfer	289.15	2020-04-28	The same as above
-Including: Beijing Putian Desheng Technology Incubator Co., Ltd	Subsidiary enterprise of actual controller	Sales of products and provision of services to related parties	Telecom product	Market price	192.32	192.32	0.19%		N	Bank transfer	192.32	2020-04-28	The same as above
-Including: Potevio Information Technology Co., Ltd.	Subsidiary enterprise of controlling shareholder	Sales of products and provision of services to related parties	Telecom product	Market price	33.2	33.2	0.03%		N	Bank transfer	33.2	2020-04-28	The same as above
-Including	Subsidiary	Sales of	Telecom	Market	4.13	4.13	0.00%		N	Bank	4.13	2020-04	The

g: Putian Kechuang Industry Co., Ltd	ry enterprise of actual controller	products and provision of services to related parties	product	price						transfer		-28	same as above
-Including: Eastcom	Subsidiary enterprise of controlling shareholder	Sales of products and provision of services to related parties	Telecom product	Market price	27.35	27.35	0.03%		N	Bank transfer	27.35	2020-04-28	The same as above
-Including: Beijing Potian Taili Communication Technology Co., Ltd.	Subsidiary enterprise of controlling shareholder	Sales of products and provision of services to related parties	Telecom product	Market price	0.17	0.17	0.00%		N	Bank transfer	0.17	2020-04-28	The same as above
-Including: Putian Eastern Communications Group Co., Ltd.	Subsidiary enterprise of controlling shareholder	Sales of products and provision of services to related parties	Telecom product	Market price	2.26	2.26	0.00%		N	Bank transfer	2.26	2020-04-28	The same as above
-Including: Potevio New Energy Co., Ltd.	Subsidiary enterprise of controlling shareholder	Sales of products and provision of services to related	Telecom product	Market price	29.72	29.72	0.03%		N	Bank transfer	29.72	2020-04-28	The same as above

		parties											
Putian Hi-Tech Industry Co., Ltd	Subsidiary enterprise of actual controller	Lease of related party properties and receipt of related party services	Rent and Property Fee	Market price	79.61	79.61	33.66%	100	N	Bank transfer	79.61	2020-04-28	The same as above
Total				--	--	820.78	--	16,700	--	--	--	--	--
Details of major sold-out order sent back				-									
The actual implementation of routine related transactions that is about to occurred in the Period with total amount estimated by category (if applicable)				It is estimated that routine related transactions occurred in 2020 will not exceed 167 million Yuan (of which, the amount purchase of products and receipt of services from related parties will not be more than 113 million Yuan, sales of products and provision of services to related parties will not be more than 53 million Yuan, paying rentals and relevant service costs to related party will not be more than one million Yuan); the related transaction actually occurred amounted as 8.2078 million Yuan (of which, 1.7199 million Yuan from purchasing goods and receiving labor service, 5.6918 million Yuan from sales of product and provide labor services, rental and property expenses amounted as 0.7961 million Yuan) in total that not more than expected at beginning of the year.									
Reason for the great difference between trade price and market-reference price (if applicable)				-									

2. Related transactions by assets acquisition and sold

√ Applicable □ Not applicable

Related party	Association	Type of related transaction	Content of related transaction	Pricing principle	Carrying value of the assets transferred (10 thousand Yuan)	Appraised value of the assets transferred (10 thousand Yuan)	Transfer price (10 thousand Yuan)	Settlement	Trading gains/losses (10 thousand Yuan)	Disclosure date	Disclosure index
Putian Innovation and Entrepreneurship	Subsidiary of the controlling shareholder	Sale of equity	49.64% equity of the joint stock enterprise	Listed for transfer based on appraisal value	16,860.48	22,749.22	22,749.22	In cash	6,103.21	2020-10-14	The "Proposal of Major Assets Sale" publ

Management Co., Ltd.			- Putian High-tech Industry Co., Ltd								ished on Juchao Website; “Major Assets Sale and Report on Related Transactions (Draft)” dated 27 November 2020
Putian Innovation and Entrepreneurship Management Co., Ltd.	Subsidiary of the controlling shareholder	Sale of equity	100% equity of the subsidiary - Nanjing Putian Information Technology Co., Ltd.	Base on appraised value	150.67	4,343.16	4,343.16	In cash	4,238.52	2020-12-10	”Announcement on the Related Transactions of Subsidiary’s Equity Transfer ” published on Juchao Website
Putian Innovation and Entrepreneurship Management Co., Ltd.	Subsidiary of the controlling shareholder	Sales of land use rights and buildings	The 5,777.36 square meters land use rights and structures on the ground at No.1 Putian Road, Qinghuai District, Nanjing	Listed for transfer based on appraisal value	1,061.01	11,038.36	11,038.36	In cash	6,017.03	2020-10-14	The “Proposal of Major Assets Sale” published on Juchao Website; “Major Assets Sale and Report on Related Transactions (Draft)” dated 27 November

											r 2020
Reasons for large differences between the transfer price and carrying value or appraisal value (if any)			Not applicable								
Impact on operating results and financial status of the Company			The above matters have a gains from assets disposal and investment earnings of 163.5876 million yuan in total.								
If relevant transaction involves a performance agreement, the performance realization during the reporting period			Not applicable								

3. Main related transactions of mutual investment outside

Applicable Not applicable

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

5. Other related transactions

Applicable Not applicable

The Company applied for entrusted loan from controlling shareholder- China Potevio in the reporting period

Website for temporary disclosure of the major connected transaction

Announcement	Date of disclosure	Website for disclosure
Relation Transaction of Applying Entrust Loan from Controlling Shareholder	2020-03-28	Juchao Website:www.cninfo.com.cn
Relation Transaction of Applying Entrust Loan from Controlling Shareholder	2020-05-20	Juchao Website:www.cninfo.com.cn

XVII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship for the Company in reporting period

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

Explanation on leasing

During the reporting period, the company and its subsidiaries incurred rental fee and property fee of 2.37 million yuan, and recognized rental income of 1.52 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

(1) Guarantees

In 10 thousand Yuan

Particulars about the external guarantee of the Company (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	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Nanjing Southern Telecom Co., Ltd	May 30, 2019	7,500	March 18, 2020	1,000	Jointly liability guaranty	2020.3.18-2020.12.11	Y	N
Nanjing Southern Telecom Co., Ltd	May 30, 2019	7,500	April 17, 2020	1,000	Jointly liability guaranty	2020.4.17-2021.1.8	N	N
Nanjing Southern	May 30,	7,500	April 17, 2020	1,000	Jointly	2020.4.17-20	N	N

Telecom Co., Ltd	2019				liability guaranty	21.4.17		
Nanjing Southern Telecom Co., Ltd	April 28, 2020	7,500	May 12, 2020	1,000	Jointly liability guaranty	2020.5.12-2020.11.12	Y	N
Total amount of approving guarantee for subsidiaries in report period (B1)		11,900		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		4,000		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		11,900		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		2,000		
Guarantee of the subsidiary for subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	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)		11,900		Total amount of actual occurred guarantee in report period (A2+B2+C2)		4,000		
Total amount of approved guarantee at the end of report period (A3+B3+C3)		11,900		Total balance of actual guarantee at the end of report period (A4+B4+C4)		2,000		
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)				10.55%				
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)				2,000				
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)				2,000				
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

(2) Guarantee outside against the regulation

Applicable Not applicable

No guarantee outside against the regulation in Period.

3. Entrust others to cash asset management

(1) Trust financing

Applicable Not applicable

The Company had no trust financing in the reporting period.

(2) Entrusted loans

Applicable Not applicable

The Company had no entrusted loans in the reporting period.

4. Major contracts for daily operations

Applicable Not applicable

5. Other material contracts

Applicable Not applicable

No other material contracts for the Company in reporting period

XVIII. Social responsibility

1. Performance of social responsibility

Based on the communications industry, the company adheres to independent innovation, continuously promotes the sustainable development of itself and society, and fulfills its responsibilities and obligations to society, shareholders, employees and other interested parties.

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 quality management system certification, GB/T24001-2016 environmental management system certification, and GB/T28001-2011 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 the central enterprise and is enthusiastic about devoting itself to social welfare undertakings. Do a good job in targeted poverty alleviation, and have participated in the “Spring Bud Project” of China Children and Teenagers’ Fund, Nanjing City Charity “One Day Donation” and other charitable assistance and donations and public welfare activities for many years. The company’s youth commonweal organization “Blue Dandelion” volunteer service team was rated as “Top Ten Volunteer Organizations” by the Nanjing Youth League Committee.

The company has always been honest and trustworthy, operating in accordance with the law, actively building partnerships with suppliers, customers, banks and other relevant stakeholders, respecting the legitimate rights and interests of stakeholders, focusing on communication and coordination with various stakeholders, and achieving a win-win situation of the company and stakeholders, and promoting the company’s sustained and steady development.

2. Precise poverty alleviation social responsibility

(1) Precise poverty alleviation plan

The company will implement the work arrangements of the party committee of the group and the party committee of the Nanjing Municipal Bureau of Industry and Information Technology, earnestly fulfill its social responsibilities, and actively participate in targeted poverty alleviation.

(2) Summary of annual precise poverty alleviation

During the reporting period, the company further implemented the "Party Building and Joint Construction Agreement" signed with the Jianshe Township Committee of Dari County, Qinghai in accordance with the deployment of the party committee of the group company. Continued to effectively assist Molihua Village in Liuhe District, and fulfill the social responsibilities of central enterprises. Earnestly implemented the work deployment of the group company's party committee on fixed-point poverty alleviation and pairing assistance, and purchased a total of 60,000 yuan of agricultural products from poverty alleviation areas to help fight poverty.

(3) Results of the poverty

Target	Measurement unit	Numbers/ implementation
i. Overall	—	—
Including: 1. Capital	In 10 thousand Yuan	6
ii. Invested by specific project	—	—
1. Industrial development poverty	—	—
2. Transfer employment	—	—

3.Relocation the poor	—	—
4.Education poverty	—	—
5.Health poverty alleviation	—	—
6.Ecological protection and poverty alleviation	—	—
7.Fallback protection	—	—
8.Social poverty alleviation	—	—
9. Other item	—	—
9.2. Investment amount	In 10 thousand Yuan	6
iii. Awards (content and grade)	—	—

(4) Follow-up of precise poverty alleviation

In 2021, the company will actively fulfill its poverty alleviation responsibilities, maintain normalized assistance cooperation with Molihua Village, and at the same time actively participate in Putian Group's poverty alleviation linkage and consumption poverty alleviation work for Dari County, so as to gather intelligence, gather strength, and win the tough battle against poverty.

3. Environmental protection

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

Yes No

No

The listed Company and its subsidiary did not belongs to the key sewage units released from environmental protection department

XIX. 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 major litigation	2020.1.14	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 30 th Session of 7 th BOD	2020.1.18	Juchao Website (www.cninfo.com.cn)
Notice on the transfer of assets by listing	2020.1.18	Juchao Website (www.cninfo.com.cn)
Notice on Change the Continuous Supervision Sponsor Representative	2020.1.22	Juchao Website (www.cninfo.com.cn)
Notice on the progress of major litigation matters	2020.1.23	Juchao Website (www.cninfo.com.cn)
2019 annual performance forecast	2020.1.23	Juchao Website (www.cninfo.com.cn)

Notice on Resolution of 31 st Session of 7 th BOD	2020.3.10	Juchao Website (www.cninfo.com.cn)
Notice on the progress of listing and transfer of assets	2020.3.10	Juchao Website (www.cninfo.com.cn)
Notice on liquidation and closure of subsidiaries	2020.3.10	Juchao Website (www.cninfo.com.cn)
Notice on obtain Government Subsidies	2020.3.14	Juchao Website (www.cninfo.com.cn)
Notice on the progress of guarantees for holding subsidiaries	2020.3.18	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 32 th Session of 7 th BOD	2020.3.28	Juchao Website (www.cninfo.com.cn)
Notice on Related Transaction of Applying for Entrust Loans to Controlling Shareholder	2020.3.28	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 33 th Session of 7 th BOD	2020.4.8	Juchao Website (www.cninfo.com.cn)
Notice on the resignation of senior managers	2020.4.8	Juchao Website (www.cninfo.com.cn)
Preliminary Earnings Estimate for 2019	2020.4.15	Juchao Website (www.cninfo.com.cn)
Performance Forecast for Q1 of 2020	2020.4.15	Juchao Website (www.cninfo.com.cn)
Notice on the progress of guarantees for holding subsidiaries	2020.4.22	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 34 th Session of 7 th BOD	2020.4.28	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 14 th Session of 7 th Supervisory Committee	2020.4.28	Juchao Website (www.cninfo.com.cn)
Summary of Annual Report 2019	2020.4.28	Juchao Website (www.cninfo.com.cn)
Notice on Provision for Impairment of Assets for 2019	2020.4.28	Juchao Website (www.cninfo.com.cn)
Notice on Guarantee for Controlling Subsidiary	2020.4.28	Juchao Website (www.cninfo.com.cn)
Notice of the Forecast for Routine Related Transaction for year of 2020	2020.4.28	Juchao Website (www.cninfo.com.cn)
Text of First Quarterly Report 2020	2020.4.29	Juchao Website (www.cninfo.com.cn)
Notice on the progress of listing and transfer of assets	2020.5.9	Juchao Website (www.cninfo.com.cn)
Notice on convening the 2019 annual performance online briefing	2020.5.20	Juchao Website (www.cninfo.com.cn)
Notice on the progress of guarantees for holding subsidiaries	2020.5.20	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 36 th Session of 7 th BOD	2020.5.20	Juchao Website (www.cninfo.com.cn)
Notice on Related Transaction of Applying for Entrust Loans to Controlling Shareholder	2020.5.20	Juchao Website (www.cninfo.com.cn)
Notice on Convening the AGM of 2019	2020.5.20	Juchao Website (www.cninfo.com.cn)
Suggestive notice on planning a major asset reorganization	2020.6.4	Juchao Website (www.cninfo.com.cn)

Notice on Resolution of AGM of 2019	2020.6.11	Juchao Website (www.cninfo.com.cn)
Notice on the progress of planning a major asset reorganization	2020.6.18	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 37 th Session of 7 th BOD	2020.6.29	Juchao Website (www.cninfo.com.cn)
Notice on the progress of planning a major asset reorganization	2020.7. 6	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 38 th Session of 7 th BOD	2020.7.9	Juchao Website (www.cninfo.com.cn)
Notice on the establishment of wholly-owned subsidiaries	2020.7.9	Juchao Website (www.cninfo.com.cn)
Performance Forecast for Semi-Annual of 2020	2020.7.15	Juchao Website (www.cninfo.com.cn)
Notice on the progress of investing in the establishment of a wholly-owned subsidiary	2020.7.17	Juchao Website (www.cninfo.com.cn)
Notice on the progress of planning a major asset reorganization	2020.7.20	Juchao Website (www.cninfo.com.cn)
Notice on the progress of planning a major asset reorganization	2020.8.3	Juchao Website (www.cninfo.com.cn)
Notice on cumulative lawsuits	2020.8.12	Juchao Website (www.cninfo.com.cn)
Notice on the progress of planning a major asset reorganization	2020.8.17	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 39 th Session of 7 th BOD	2020.8.25	Juchao Website (www.cninfo.com.cn)
Summary of Semi-Annual Report of 2020	2020.8.25	Juchao Website (www.cninfo.com.cn)
Notice on Change of Accounting Policy	2020.8.25	Juchao Website (www.cninfo.com.cn)
Notice on the progress of planning a major asset reorganization	2020.8.31	Juchao Website (www.cninfo.com.cn)
Notice on the progress of planning a major asset reorganization and adjustments of the reorganization matters	2020.9.14	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 40 th Session of 7 th BOD	2020.9.25	Juchao Website (www.cninfo.com.cn)
Notice on the progress of planning a major asset reorganization	2020.9.28	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 41 th Session of 7 th BOD	2020.10.14	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 17 th Session of 7 th Supervisory Committee	2020.10.14	Juchao Website (www.cninfo.com.cn)
Plan on Sales of Major Asset (summary)	2020.10.14	Juchao Website (www.cninfo.com.cn)
Notice on the listing and transfer of related assets on the Beijing Equity Exchange	2020.10.14	Juchao Website (www.cninfo.com.cn)
Notice on general risk warning of major asset reorganization	2020.10.14	Juchao Website (www.cninfo.com.cn)

Performance Forecast of 3Q of 2020	2020.10.15	Juchao Website (www.cninfo.com.cn)
Text of 3Q report of 2020	2020.10.31	Juchao Website (www.cninfo.com.cn)
Notice on the progress after the disclosure of the major asset reorganization plan	2020.11.13	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 43 th Session of 7 th BOD	2020.11.17	Juchao Website (www.cninfo.com.cn)
Notice on the acquisition of the equity from subsidiaries and the absorption and merger of subsidiaries	2020.11.17	Juchao Website (www.cninfo.com.cn)
Notice on Convening the 1 st Extraordinary Shareholders General Meeting of 2020	2020.11.17	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 44 th Session of 7 th BOD	2020.11.27	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 19 th Session of 7 th Supervisory Committee	2020.11.27	Juchao Website (www.cninfo.com.cn)
Sales of Major Assets and Summary of the Report (Draft) on Related Party Transactions	2020.11.27	Juchao Website (www.cninfo.com.cn)
Notice on Convening the 2 nd Extraordinary Shareholders General Meeting of 2020	2020.11.27	Juchao Website (www.cninfo.com.cn)
Notice on Convening the 1 st Extraordinary Shareholders General Meeting of 2020	2020.12.4	Juchao Website (www.cninfo.com.cn)
Self-examination report on the purchase and sale of the company's stocks by insiders related to major asset reorganization	2020.12.10	Juchao Website (www.cninfo.com.cn)
Notice on the reappointment of Certified Public Accountants	2020.12.10	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 45 th Session of 7 th BOD	2020.12.10	Juchao Website (www.cninfo.com.cn)
Notice on Related-Party Transactions on Transfer of Equity in Subsidiaries	2020.12.10	Juchao Website (www.cninfo.com.cn)
Notice on Convening the 3 rd Extraordinary Shareholders General Meeting of 2020	2020.12.10	Juchao Website (www.cninfo.com.cn)
Notice on the postponement of reply to the reorganization inquiry letter of the Shenzhen Stock Exchange	2020.12.10	Juchao Website (www.cninfo.com.cn)
Notice on the Reply to the "Inquiry Letter on the Reorganization of Nanjing Putian Telecommunications Co., Ltd." by the Shenzhen Stock Exchange	2020.12.12	Juchao Website (www.cninfo.com.cn)
Sales of Major Assets and Summary of the Report (Draft) on Related Party Transactions	2020.12.12	Juchao Website (www.cninfo.com.cn)
Notice on the revision of the Sales of Major Assets and Summary of the Report (Draft) on Related Party Transactions	2020.12.12	Juchao Website (www.cninfo.com.cn)

Notice on the progress of the transfer of the equity of the subsidiary	2020.12.12	Juchao Website (www.cninfo.com.cn)
Notice on Convening the 2 nd Extraordinary Shareholders General Meeting of 2020	2020.12.24	Juchao Website (www.cninfo.com.cn)
Notice on Resolution of 3 rd Extraordinary Shareholders General Meeting of 2020	2020.12.26	Juchao Website (www.cninfo.com.cn)
Notice on cumulative lawsuits	2020.12.30	Juchao Website (www.cninfo.com.cn)
Notice on the progress of listing and transfer of assets	2020.12.30	Juchao Website (www.cninfo.com.cn)

XX. Significant event of subsidiary of the Company

Applicable Not applicable

Section VI. Changes in Shares and Particular about Shareholders

I. Changes in shares

1. Changes in shares

In 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

Progress of share repurchase

Applicable Not applicable

Implementation progress of reducing holdings of repurchase shares by centralized bidding

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

In Share

Total common stock	8,388	Total common stock	8,346	Total preference shareholders	0	Total preference shareholders	0
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shareholders in reporting period-end		shareholders at end of last month before annual report disclosed		with voting rights recovered at end of reporting period (if applicable) (see note 8)		with voting rights recovered at end of last month before 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	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of lock-up shares held	Amount of listed shares held	Number of share pledged/frozen	
							State of share	Amount
China Potevio	State-owned corporation	53.49%	115,000,000	-	115,000,000	0		
Shenwan HongYuan (H.K.) Limited	Foreign corporation	2.97%	6,386,820	740,320	0	6,386,820		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	2.50%	5,379,114	-101,000	0	5,379,114		
Zheng Enyue	Domestic nature person	1.14%	2,449,739	-	0	2,449,739		
Sun Huiming	Domestic nature person	0.93%	2,007,110	-	0	2,007,110		
Gu Jinhua	Domestic nature person	0.87%	1,871,371	-	0	1,871,371		
Guosen Securities (H.K.) Broker Co., Ltd.	Foreign corporation	0.85%	1,828,682	-73,200	0	1,828,682		
BOCI SECURITIES LIMITED	Foreign corporation	0.59%	1,266,945	-200,000	0	1,266,945		
Xiang Yan	Domestic nature person	0.42%	905,602	-5,000	0	905,602		
Zhen Hongquan	Domestic nature person	0.42%	905,600	56,400	0	905,600		

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 Company Limited 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	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	6,386,820	Domestically listed foreign shares	6,386,820
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	5,379,114	Domestically listed foreign shares	5,379,114
Zheng Enyue	2,449,739	Domestically listed foreign shares	2,449,739
Sun Huiming	2,007,110	Domestically listed foreign shares	2,007,110
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
Xiang Yan	905,602	Domestically listed foreign shares	905,602
Zhen Hongquan	905,600	Domestically listed foreign	905,600

		shares	
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	Potevio is a large central enterprise under direct administration of State-owned Assets Supervision and Administration Commission of the State Council, 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	Domestic and overseas listed companies directly controlled includes Shanghai Potevio Co., Ltd., Nanjing Putian Telecommunications Co., Ltd., Chengdu Potevio Cable Co., Ltd.; Domestic and overseas listed companies indirectly controlled includes Eastern Communications Co., Ltd., Eastcom Peace Smart Card Co., Ltd., the Company takes no stake in domestic and overseas listed Company.			

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

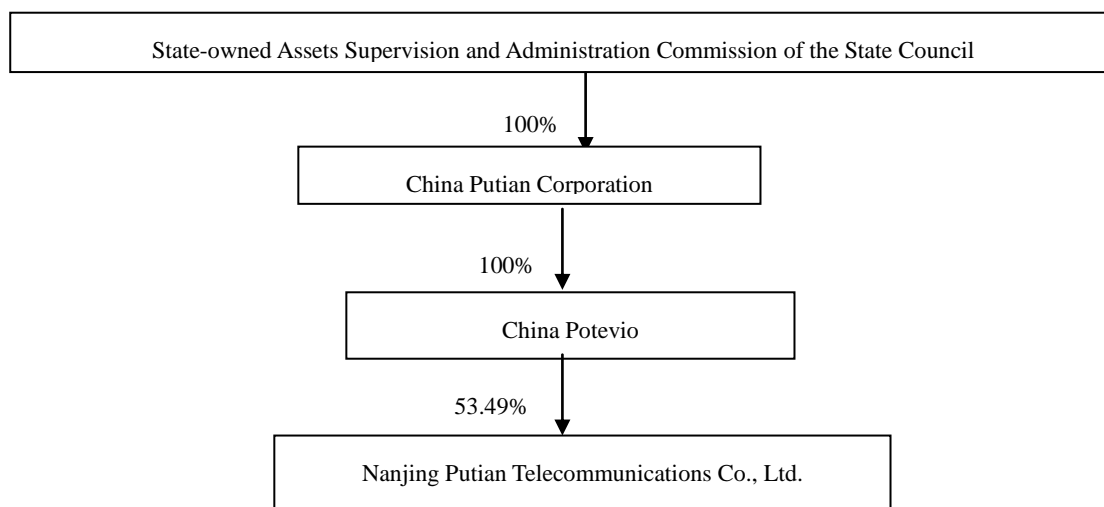
Actual controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
China Putian Corporation	Lv Weiping	March 29, 1980	9111000010000157XE	A large central enterprise under direct administration of State-owned Assets Supervision and Administration Commission of the State Council, 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 domestic/oversea listed Company control by actual controller in report period	No domestic and overseas listed Company directly controlled and held by the Company. Domestic and overseas listed Company indirectly controlled by China Potevio includes Nanjing Putian Telecommunications Co., Ltd., Chengdu Putian Telecommunications Cable Co., Ltd, Eastern Communications Co., Ltd. and Eastcom Peace Smart Card Co., Ltd.			

Changes of actual controller in reporting period

Applicable Not applicable

No changes of actual controllers for the Company in reporting period.

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

Applicable Not applicable

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

Applicable Not applicable

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the reporting

Section VIII. Convertible Bonds

Applicable Not applicable

The Company had no convertible bonds in the Period

Section IX. Particulars about Directors, Supervisors, Senior Executives and Employees

I. Changes of shares held by directors, supervisors and senior executives

Name	Title	Working status	Sex (M/F)	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)
Xu Qian	Director (President)	Currently in office	M	58	August 23, 2013		0	0	0	0	0
Wang Wenkui	Director	Currently in office	M	46	January 21, 2019		0	0	0	0	0
Wang Wenkui	Deputy President	Currently in office	M	46	April 19, 2019		0	0	0	0	0
Li Tong	Director	Currently in office	M	50	August 27, 2019		0	0	0	0	0
Liu Yun	Director	Currently in office	F	47	August 27, 2019		0	0	0	0	0
Qin Zhen	Director	Currently in office	M	52	August 23, 2017		0	0	0	0	0
Wang Jinfeng	Director	Currently in office	F	50	August 23, 2017		0	0	0	0	0
Tang Fuxin	Independent Director	Currently in office	F	64	August 23, 2017		0	0	0	0	0
Xie Manlin	Independent Director	Currently in office	M	57	August 23, 2017		0	0	0	0	0
Du Xiaorong	Independent Director	Currently in office	F	52	August 23, 2017		0	0	0	0	0
Lv Dong	Supervisor	Currently in office	M	49	August 27, 2019		0	0	0	0	0
Lv Dong	Chairman of the	Currently in office	M	49	August 28, 2019		0	0	0	0	0

	Supervisory Committee										
Wei Jie	Supervisor	Currently in office	F	43	August 27, 2019		0	0	0	0	0
Qiu Huizhen	Supervisor	Currently in office	F	47	August 23, 2017		0	0	0	0	0
Wang Wenkui	GM	Currently in office	M	46	January 4, 2019		0	0	0	0	0
Qin Zhen	Deputy GM	Currently in office	M	52	August 26, 2016		0	0	0	0	0
Jia Haowen	Deputy GM	Currently in office	F	40	June 29, 2018		0	0	0	0	0
Lei Xu	Deputy GM	Currently in office	M	52	May 29, 2019		0	0	0	0	0
Wang Huailin	Chief Accountant	Currently in office	M	53	August 29, 2019		0	0	0	0	0
Liu Xiaodong	General counsel	Currently in office	F	49	April 20, 2018		0	0	0	0	0
Li Jing	Secretary of the Board	Currently in office	F	45	August 23, 2017		0	0	0	0	0
Cao Xurong	Deputy GM	Office leaving	M	45	August 29, 2019	April 7, 2020	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

II. Changes of directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Title	Type	Date	Reasons
Cao Xurong	Deputy GM	Office leaving	April 7, 2020	Resigned by deputy general manager after approval by the board of directors

III. Post-holding

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

Xu Qian (Male), born in 1962, a senior executive getting a MBA. He joins the work in 1984, and worked as engineer of the

communication equipment dept. in China P&T Appliances from August 1984 to July 1993; a deputy GM of communication device department in China P&T Appliances from July 1993 to July 1994; deputy GM of China P&T Appliances Beijing Company from July 1994 to July 1995 and GM from July 1995 to March 1998; vice-secretary (secondment for getting experience) of CPC Lankao County Committee, Henan Province from March 1998 to March 1999; GM assistant of China P&T Appliances from March 1999 to August 2000; deputy GM of China P&T Appliances from August 2000 to February 2002 and deputy GM of China P&T Appliances Group from February 2002 to June 2003; Party members and deputy GM in China P&T Appliances Group from June 2003 to April 2009; Party members and deputy GM of the China Potevio from April 2009 to December 2017; senior vice president (concurrently) of China Potevio Company Limited and GM (concurrently) of communications industry business from June 2009 to May 2016; party secretary of the Company from May 2013 to June 2016; he serves as president (concurrently) of China Potevio Company Limited since May 2016; he serves as Standing committee of the Party Committee and Deputy GM of China Potevio from December 2017 to December 2020; and he also serves as Standing committee of the Party Committee and Deputy GM of China Potevio since December 2020.

Mr. Xu Qian holds a concurrent post as Director and President of the Company since August 2013.

Wang Wenkui, male, born in 1974, bachelor of engineering, joined in work in 1996. From July 1996 to December 2002, he served as the deputy manager and WCDMA project manager of WCDMA project department of the Network Communication Research Institute of Eastcom Co., Ltd.; from December 2002 to August 2004, he served as the manager of WCDMA Project Department of the Network Communication Research Institute of Eastcom Co., Ltd.; from August 2004 to December 2007, he was dispatched and appointed as the deputy general manager of Hangzhou Sanxing Eastcom Network Technology Co., Ltd. by the Investment Management Department of Eastcom Co., Ltd.; from December 2007 to November 2009, he served as the deputy general manager of Trunked Radio Business Division of Eastcom Co., Ltd.; from November 2009 to April 2012, he served as the general manager of Manufacturing Business Division of Eastcom Co., Ltd.; from April 2012 to June 2015, he served as the vice president and the general manager of Manufacturing Business Division (concurrently) of Eastcom Co., Ltd.; from June 2015 to December 2018, he served as the vice president and the general manager of Financial Business Division (concurrently) of Eastcom Co., Ltd.; since January 2019, he has been serving as the general manager of Nanjing Putian Telecommunications Co., Ltd.

Mr. Wang Wenkui holds a concurrent post as Director of the Company since January 2019 (serve as vice chairman of the Company since April 2019).

Li Tong, male, born in 1970, master of business administration, joined the work in 1993. He worked in the Enterprise Management Department of China Posts and Telecommunications Industry Corporation from July 1993 to September 1999; he successively served as Director and deputy general manager of the Enterprise Management Department, deputy director of Corporate Restructuring Office, and concurrently deputy general manager of Corporate Development Division and manager of Corporate Operations Department I of China Potevio Information Industry Group Corporation from September 1999 to November 2005; from November 2005 to December 2007, he served as deputy general manager of Corporate Development Division and manager of Corporate Operations Department I, and deputy general manager of Corporate Development Division of China Potevio Information Industry Co., Ltd.; from December 2007 to December 2011, he served as general manager of Nanjing Putian Communication Technology Industrial Park Co., Ltd.; from May 2011 to December 2011, he concurrently served as deputy general manager, deputy secretary of the Party Committee, and secretary of the Discipline Inspection Committee of Nanjing Putian Communication Co., Ltd. (August 2011); he served as party secretary and deputy general manager (concurrently) of Nanjing Putian Communication Co., Ltd. from December 2011 to May 2013; and served as general manager of the Audit and Supervision Legal Department of China Potevio Information Industry Co., Ltd. from May 2013 to May 2014; from May 2014 to March 2015, he served as the deputy leader of the Discipline Inspection Group of the Leading Party Group of China Potevio Information Industry Group Corporation, and general manager (concurrently) of the Audit and Supervision Legal Department of China Potevio Information Industry Co., Ltd.; from March 2015 to December 2017, he served as the director of the General Manager Office of China Potevio Information Industry Group

Corporation, the general manager of the General Affairs Department of China Potevio Information Industry Co., Ltd., and the deputy leader of the Discipline Inspection Group of the Leading Party Group of the Group; from December 2017 to October 2018, he served as secretary of the Board of Directors, and concurrently director of the General Office and director of the General Manager (President) Office (Board Office) of China Potevio Information Industry Group Corporation (China Potevio Information Industry Co., Ltd.); from October 2018 to November 2019, he served as secretary of the Board of Directors, and concurrently director of the General Office and director of the Board Office of China Potevio Information Industry Group Corporation (China Potevio Information Industry Co., Ltd.); from November 2019 to September 2020, he has been serving as secretary of the Board of Directors, and concurrently general manager of the General Management Department and director of the Board Office of China Potevio Information Industry Group Corporation (China Potevio Information Industry Co., Ltd.); from September 2020 to the present, he has been serving as Assistant to General Manager of China Potevio Information Industry Group Corporation, and secretary of the Board of Directors, and concurrently general manager of the General Management Department and director of the Board Office of China Potevio Information Industry Group Corporation (China Potevio Information Industry Co., Ltd.).

Mr. Li Tong holds a concurrent post as Director of the Company from May 2006 to August 2017; holds a concurrent post as Director of the Company since August 2019.

Liu Yun, female, born in 1973, master of economics, joined work in 1997. She worked in the Office and Finance Department of China National Textiles Import and Export Corporation from April 1997 to January 2002; she served as assistant general manager of Investment Department of China National Textiles Import and Export Corporation from January 2002 to June 2004; from June 2004 to October 2006, she served as assistant general manager of Chinatex International Apparel Co., Ltd.; from October 2006 to April 2007, she served as the financial director of the Preparation Office of the Infocell Beijing Office; from April 2007 to October 2013, she successively served as the investment management supervisor and the investment management manager of Enterprise Development Department of China Potevio Information Industry Co., Ltd.; 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 Potevio Information Industry Group Corporation.

Ms. Liu Yun holds a concurrent post as Director of the Company from August 2007 to January 2019; holds a concurrent post as Director of the Company since August 2019.

Qin Zhen (Male), born in 1969, bachelor of engineering, major in administrative engineering. He worked in 1990 and successively worked as the production office scheduling and department assistant in Nanjing Communication Equipment Plant from August 1990 to January 1999; he worked as the deputy GM and deputy secretary of the Party branch in wiring Company of Nanjing Putian Telecommunication Co., Ltd. from January 1999 to March 2001; and served as 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. from March 2001 to January 2006; served as deputy GM in network cabinet division of the Company from January 2006 to November 2006; he served as GM in Putian manufacturing department and party branch secretary of the Company from November 2006 to March 2012; the director of party committee of the Company from March 2012 and August 2015; serves as deputy chairman of the labor union in the Company from May 2012 to March 2013 and acted as GM assistant from March 2013 to September 2016; now he serves as deputy GM of the Company since September 2016.

Mr. Qin Zhen holds a concurrent post as Director of the Company since August 2017.

Wang Jinfeng (Female), born in 1970, bachelor of economics, started her career in 1993. Ms. Wang worked as the accountant of the financial department of Beijing Posts and Telecommunications Equipment Factory from August 1993 to April 1995; she served as

the accounting officer of the marketing center of Beijing Posts and Telecommunications Equipment Factory from April 1995 to February 2002; she held the position of financial accounting manager of Beijing Capitek Co. Ltd. from March 2002 to April 2005; Ms. Wang successively served as the financial manager of terminal services, agency services, agency and telecommunications services of China Potevio Company Limited from April 2005 to November 2013; she has worked as the assistant of the general manager of financial department of China Potevio Company Limited from November 2013 to December 2017, she has worked as the deputy general manager of financial department of China Potevio Company Limited from December 2017 to July 2020; she has worked as the deputy general manager of financial department of China Potevio Information Industry Group Corporation, and CFO of Potevio Information Technology (Chongqing) Co., Ltd. from July 2020 to the present.

Ms. Wang Jinfeng holds a concurrent post as Director of the Company since August 2017.

Tang Fuxin (Female), born in 1956, obtaining a master's degree, a senior accountant, started her career in 1975. Ms. Tang worked at the countryside in Shunyi Beijing from March 1975 to December 1976; she successively served as an accountant of financial division and the deputy director of inspection division of the original ministry of posts and telecommunications from September 1976 to October 1998; she served as the manager of planning financial department of the original Guoxin Paging Co., Ltd. from October 1998 to July 2000; she worked as the vice general manager of financial department of China United Communications Limited from July 2000 to September 2001; she served as the vice general manager of financial department of China United Communications Limited from September 2001 to March 2005; Ms. Tang held the position of general manager of the financial department of China United Communications Limited from March 2005 to February 2006; she served as the general manager of auditing department of China United Communications Limited from February 2006 to April 2011; she worked as the senior manager of auditing department of China United Communications Limited from April 2011 to February 2016.

Ms. Tang Fuxin holds a concurrent post as independent director of the Company since August 2017.

Xie Manlin (Male), born in 1963, Master of laws. He worked in 1986, and in the Nanjing Second Laws Firm from August 1986 to September 1989; he worked in Nanjing Jinling Laws Firm from October 1989 to October 1994; and serves as director of Jiangsu Xie Manlin Laws Firm since December 1994.

Mr. Xie Manlin holds a concurrent post as independent director of the Company since August 2017.

Du Xiaorong (Female), born in 1968, doctor of management, major in technical economy and management, started her career in 1989. Ms. Du worked as an assistant teacher at the management department of Hohai University from July 1989 to March 1995; she served as a lecturer of International Business School of Hohai University from April 1995 to March 2001; Ms. Du worked as an associate professor of Business School of Hohai University from April 2001 to March 2002; Ms. Du was put on field practice at Taihu Basin Administration and worked as the assistant of the director of planning department from April 2002 to April 2003; She served as an assistant professor of Business School and the deputy director of Chrematistics Department of Hohai University from May 2003 to December 2003 ;She served as an assistant professor of Business School as well as the director of Chrematistics Department of Hohai University from January 2004 to May 2008; she worked as a professor of Business School and director of Chrematistics Department of Hohai University from June 2008 to September 2010; Ms. Du also worked as a professor and the director of Finance Department of Business School of Hohai University from October 2010 to May 2013; She also serves as a professor and Head of Accounting Dept. of Hohai University since June 2013

Ms. Du Xiaorong holds a concurrent post as independent director of the Company since August 2017.

Supervisor:

Lv Dong, male, born in 1971, master of management, joined the work in 1995. From August 1995 to December 1999, he served as an accounting accountant of the Finance Office of Beijing Power Equipment Group Co., Ltd.; from December 1999 to October 2000, he

served as the auditor of the Audit Branch of North China Power Bureau; from October 2000 to October 2001, he was seconded to the 13th Office of the Board of Supervisors of the Central Enterprise Work Committee; he acted as the project manager of Tianhua Certified Public Accountants from October 2001 to February 2002; he acted as the auditor of the Audit Department of China Potevio Information Industry Group Corporation from February 2002 to April 2006; from April 2006 to September 2011, he served as the audit business manager and deputy manager (May 2010) of the Audit Department of China Potevio Information Industry Co., Ltd.; from September 2011 to July 2017, he served as the manager of the Audit Department and the Audit and Supervision Legal Department of China Potevio Information Industry Co., Ltd.; from July 2017 to October 2018, he served as the deputy general manager of the Audit and Supervision Legal Department and the manager of the Audit Department (concurrently) of China Potevio Information Industry Co., Ltd.; from October 2018 to the present, he has been serving as the deputy general manager of the Audit Department of China Potevio Information Industry Group Corporation.

Mr. Lv Dong holds a concurrent post as supervisor, chairman of the Supervisory Committee in the Company since August 2019.

Wei Jie, female, born in 1977, master of law, joined work in 2001. From July 2001 to September 2002, she served as a legal specialist of Beijing Urban Construction First Construction Engineering Co., Ltd.; from October 2005 to October 2018, he successively served as a lawyer and chief lawyer of the Legal Affairs Department of the Comprehensive Management Department, and a supervisor lawyer, senior lawyer, legal manager (June 2016) of the Audit and Supervision Legal Department of China Potevio Information Industry Co., Ltd.; from October 2018 to November 2019, she served as the director of the Discipline Inspection Case Review Office of the Legal Risk Control Department of China Potevio Information Industry Group Corporation; from November 2019 to the present, she has been serving as the legal manager of the Legal Risk Control Department of China Potevio Information Industry Group Corporation.

Ms. Wei Jie holds a concurrent post as supervisor in the Company since August 2019.

Qiu Huizhen (Female), born in 1973, bachelor of economics. She commenced to work in 1997, with details as follows: successively served as the female director and secretary of the Youth League Committee in Shaokou Village Government, Wan'an County, Jiangxi Province from July 1997 to January 2000; served as the cost accountant and the CFO in the finance department of Nanjing Putian Telecommunications Co., Ltd from February 2000 to October 2004; the deputy director of the HR department of Nanjing Putian Telecommunications Co., Ltd from November 2004 to November 2005; successively served as the deputy director and director of the finance department of Nanjing Putian Telecommunications Co., Ltd from December 2005 to September 2016, she serves as director of the department of audit, supervision and law of Nanjing Putian Telecommunications Co., Ltd since October 2016.

Ms. Qiu Huizhen holds a concurrent post as the staff representative supervisor of the Company since August 2017.

Senior Executives:

GM Mr. Wang Wenkui found in the introduction in Director.

Deputy GM Mr. Qin Zhen found in the introduction in Director.

Jia Haowen (female) born in 1980, bachelor of management, joined in work in 2002, worked on administrative management and sales at Shanghai Xinhaoshi Real Estate Company from July 2002 to March 2004; from April 2004 to April 2007, she served as the confidential secretary and secretary of the President Office of Nanjing Putian Telecommunications Co., Ltd.; from April 2007 to February 2008, she successively served as the assistant director of the General Management Department and the assistant director of the Human Resources Department of Nanjing Putian Telecommunications Co., Ltd.; from February 2008 to October 2009, she served as the deputy director of Human Resources Department of Nanjing Putian Telecommunications Co., Ltd.; from October 2009 to March

2012, she served as the director of Human Resources Department of Nanjing Putian Telecommunications Co., Ltd.; from March 2012 to August 2012, she served as the director of the General Management Department and the director of Human Resources Department of Nanjing Putian Telecommunications Co., Ltd.; from August 2012 to June 2013, she served as the director of the General Management Department of Nanjing Putian Telecommunications Co., Ltd. (during the period, from May 2012 to May 2013), she was studying in the class for further studies as a business administration major at the Graduate School of Tsinghua University); from June 2013 to November 2014, she served as the assistant general manager and the director of General Management Department of Nanjing Putian Telecommunications Co., Ltd.; from November 2014 to August 2015, she served as the assistant general manager and the director of General Management Department and the director of Multimedia Application Industry Department of Nanjing Putian Telecommunications Co., Ltd.; from August 2015 to September 2016, she served as the assistant general manager and the director of Multimedia Application Industry Department of Nanjing Putian Telecommunications Co., Ltd.; from September 2016 to November 2017, she served as the assistant general manager of Nanjing Putian Telecommunications Co., Ltd.; since November 2017, she has been serving as a member of the party committee and the assistant general manager of Nanjing Putian Telecommunications Co., Ltd.; and since July 2018, she has been serving as the deputy general manager of Nanjing Putian Telecommunications Co., Ltd.

Lei Xu, male, born in 1968, Doctor of Engineering, joined work in 1989. He worked in Wuhan Changjiang Transformer Factory from July 1989 to July 1992, served as a product quality inspector; from July 1995 to October 2005, he worked at Harbin University of Science and Technology, engaged in teaching and scientific research; from November 2005 to July 2008, he worked at Putian Information Technology Research Institute, served as a physical layer algorithm research engineer of the Wireless Access Technology Department of the 4G Project Department; from August 2008 to December 2013, he worked at Putian Information Technology Research Institute Co., Ltd., and served as the manager of the System Planning Department/Wireless Access Technology Department; from January 2014 to June 2016, he worked at Putian Information Technology Co., Ltd. and served as the standards and national special director; from July 2016 to December 2017, he worked at Putian Information Technology Co., Ltd. as the product director of the 5th Marketing Department (information security product lines); from January 2018 to December 2018, he worked in Yingtan City, Jiangxi Province as an assistant to the mayor (taking a temporary post); from January 2019 to April 2019, he worked at Putian Information Technology Co., Ltd. as the product director of the 5th Marketing Department (information security product lines); from May 2019 to the present, he has been serving as deputy general manager of Nanjing Putian Telecommunications Co., Ltd.

Wang Huailin, male, born in 1967, master of engineering, senior accountant, started working in 1991. He worked as a teacher at Funan Normal College in Anhui Province from July 1991 to September 1995; from July 1998 to December 1999, he worked as an employee of the Finance Department of Eastcom Co., Ltd.; from December 1999 to July 2001, he served as the financial manager of the Electronic Equipment Department of Eastcom Co., Ltd.; from July 2001 to July 2005, he served as the financial director of Hangzhou Lingtong Electronic Equipment Co., Ltd.; from July 2005 to March 2011, he served as the financial controller of Hefei Dongxin Real Estate Development Co., Ltd.; from March 2011 to April 2012, he successively served as deputy general manager of the Financial Department of Putian Eastcom Group Co., Ltd., and financial director of Hefei Dongxin Real Estate Development Co., Ltd.; from March 2012 to April 2012, he served as a committee member of Discipline Inspection Commission and deputy general manager of Finance Department of Putian Eastcom Group Co., Ltd., and chief financial officer of Hefei Dongxin Real Estate Development Co., Ltd.; from April 2012 to October 2018, he served as a committee member of Discipline Inspection Commission and general manager of Finance Department of Putian Eastcom Group Co., Ltd., and concurrently chief financial officer of Hefei Dongxin Real Estate Development Co., Ltd.; from October 2018 to August 2019, he served as a committee member of Discipline Inspection Commission and general manager of Finance Department of Putian Eastcom Group Co., Ltd.; from August 2019 to the present, he has been serving as chief accountant of Nanjing Putian Telecommunications Co., Ltd.

Liu Xiaodong (female) born in 1971, bachelor of economics, joined in work in 1995, served as the Company's accountant, auditor, deputy director of the audit department, deputy director of the Audit and Supervision Department. From April 2006 to September 2016,

she served as the 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. From July 2007 to July 2016, she served as the deputy secretary of the Disciplinary Inspection Committee of Nanjing Putian Telecommunications Co., Ltd. From May 2009 to August 2017, she served as the employee supervisor of Nanjing Putian Telecommunications Co., Ltd. Since June 2013, she has been serving as the general counsel of Nanjing Putian Telecommunications Co., Ltd. Since July 2016, she has been serving as the deputy secretary of the Party Committee and the secretary of the Disciplinary Inspection Committee and the chairman of the Labor Union of Nanjing Putian Telecommunications Co., Ltd.

Li Jing (Female), born in 1975, master of management. She commenced to work in 1996, with details as follows: worked as the secretary and customs declaring in Nanjing Mennekes from August 1996 to March 1998; worked as the buyer and industrial officer of Nanjing Potevio Computer Co., Ltd from March 1998 to August 2001; served as the investment management officer and deputy director of the corporate development department of Nanjing Putian Telecommunications Co., Ltd from August 2001 to August 2015; serves as the director of the strategic investment department of Nanjing Putian Telecommunications Co., Ltd since August 2015 and GM assistant and secretary of the Board of Nanjing Putian Telecommunications Co., Ltd since August 2017.

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)
Xu Qian	China Potevio	President	May 5, 2016		Y
Xu Qian	China Potevio	Director, Executive Director, member of the executive council	May 19, 2011		Y
Wang Jinfeng	China Potevio	Deputy GM of Finance dept.	December 13, 2017		Y
Li Tong	China Potevio	Secretary of the board of directors, general manager of general management department and director of the office of the board	November 9, 2019		N

		of directors			
Li Tong	China Potevio	Director	December 30, 2019		N
Lv Dong	China Potevio	Supervisor	December 30, 2019		N
Post-holding in shareholder's unit	China Potevio is the company's controlling shareholder.				

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)
Xu Qian	China Potevio Company Limited	Deputy GM	December 27, 2017		N
Xu Qian	China Potevio Company Limited	Standing committee of the Party Committee, Deputy GM	December 13, 2020		N
Xu Qian	Potevio Guomai Networks Ltd.	Director, President	October 23, 2012		N
Xu Qian	Beijing Putian Taili Communication Technology Co., Ltd.	Director, President	June 11, 2015		N
Xu Qian	Shanghai Potevio Co., Ltd.	Director, President	November 20, 2015		N
Xu Qian	Putian Eastern Communications Group Co., Ltd.	Director, President	May 30, 2016		N
Xu Qian	Hangzhou Honyar Electric Co., Ltd.	Director, President	June 28, 2017	March 16, 2021	N
Xu Qian	Putian International Trade Co., Ltd.	Executive director	December 30, 2019		
Li Tong	China Potevio Company Limited	Secretary of the board of directors, general manager of general management	November 09, 2019		Y

		department and director of the office of the board of directors			
Li Tong	China Potevio Company Limited	Assistant General Manager	September 17, 2020		
Liu Yun	China Potevio Company Limited	General Manager of Enterprise Operation Department	June 28, 2019		Y
Liu Yun	Shanghai Putian Kechuang Electronic Co., Ltd.	Director	July 9, 2015		N
Liu Yun	Hangzhou Honyar Electric Co., Ltd.	Director	July 7, 2016		N
Liu Yun	Chengdu Putian Cable Co., Ltd.	Director	January 13, 2017		N
Liu Yun	Putian Logistics Technology Co., Ltd.	Director	February 28, 2017		N
Liu Yun	Potevio New Energy Co., Ltd	Director	April 13, 2018		N
Qin Zhen	Putian Hi-Tech Industry Co., Ltd	Director	December 1, 2016		N
Wang Jinfeng	Beijing Putian Taili Communication Technology Co., Ltd.	Director	June 19, 2015		N
Wang Jinfeng	Puxing Mobile Telecom Equipment Ltd	Director	December 21, 2015		N
Wang Jinfeng	Potevio Information Technology (Chongqing) Co., Ltd.	CFO	July 21, 2020		N
Xie Manlin	Jiangsu Xie Manlin Laws Firm	Executive	December 1, 1994		Y
Xie Manlin	Saurer Intelligent Technology Co., Ltd.	Independent director	August 26, 2017		Y
Du Xiaorong	Business School of Hohai University	Professor, Head of Accounting Dept.	June 15, 2013		Y
Lv Dong	China Potevio Company Limited	Deputy GM of Audit Dept.	October 29, 2018		Y

Lv Dong	Wuhan Putian Power Co., Ltd.	Supervisor	May 24, 2016		N
Lv Dong	Jingdezhen Putian Technology Co., Ltd.	Supervisor	June 16, 2015		N
Lv Dong	Puxing Mobile Communication Equipment Co., Ltd	Supervisor	December 21, 2015		N
Lv Dong	Putian Information Engineering Design Service Co., Ltd.	Supervisor	August 4, 2016		N
Lv Dong	Beijing Putian Taili Communication Technology Co., Ltd.	Supervisor, Chairman of the Supervisory Committee	July 11, 2018		N
Lv Dong	Putian International Trade Co., Ltd.	Supervisor	July 11, 2018		N
Lv Dong	Chengdu Putian Cable Co., Ltd.	Chairman of the Supervisory Committee	June 24, 2020		N
Wei Jie	China Potevio Company Limited	Legal Manager of Legal Risk Management Department	November 14, 2019		Y
Wei Jie	Putian Yintong Payment Co., Ltd.	Supervisor	May 17, 2016		N
Wei Jie	Putian Guomai Network Technology Co., Ltd.	Supervisor	December 2, 2016		N
Wei Jie	Potevio Information Technology (Chongqing) Co., Ltd.	Supervisor	July 21, 2020		N
Wang Huailin	Hangzhou Dongxin Photoelectric Technology Co., Ltd.	Supervisor	December 11, 2015		N
Liu Xiaodong	Putian Hi-Tech Industry Co., Ltd	Supervisor	November 9, 2018		N
Note of post-holding in other unit	Among the other units mentioned above, China Potevio Company Limited 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 chairman of Shanghai Putian, Mr. Xu Qian was warned and fined 50,000 yuan by CSRC for the information disclosure of Shanghai Putian.

IV. 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 in reporting period

In 10 thousand 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
Xu Qian	Director (President)	M	58	Currently in office		Y
Wang Wenkui	Director (deputy president)	M	46	Currently in office		N
Li Tong	Director	M	50	Currently in office		Y
Liu Yun	Director	F	47	Currently in office		Y
Qin Zhen	Director	M	52	Currently in office		N
Wang Jinfeng	Director	F	50	Currently in office		Y
Tang Fuxin	Independent Director	F	64	Currently in office	9	N
Xie Manlin	Independent Director	M	57	Currently in office	9	N
Du Xiaorong	Independent Director	F	52	Currently in office	9	N
Lv Dong	Supervisor (Chairman of the Supervisory Committee)	M	49	Currently in office		Y

Wei Jie	Supervisor	F	43	Currently in office		Y
Qiu Huizhen	Supervisor	F	47	Currently in office	19.16	N
Wang Wenkui	GM	M	46	Currently in office	66.5	N
Qin Zhen	Deputy GM	M	52	Currently in office	27.49	N
Jia Haowen	Deputy GM	F	40	Currently in office	30.16	N
Lei Xu	Deputy GM	M	52	Currently in office	24.98	N
Wang Huailin	Chief Accountant	M	53	Currently in office	34.87	N
Liu Xiaodong	General counsel	F	49	Currently in office	25.66	N
Li Jing	Secretary of the Board	F	45	Currently in office	25.44	N
Cao Xurong	Deputy GM	M	45	Office leaving	7.99	N
Total	--	--	--	--	289.25	--

Delegated equity incentive for directors, supervisors and senior executives in reporting period

Applicable Not applicable

V. Particulars of workforce

1. Number of staff, professional composition and education background

The number of On-the-job staff of the parent Company (people)	412
The number of On-the-job staff of major subsidiaries (people)	734
The total number of on-the-job staff (people)	1,146
Total number of staff receiving remuneration in the current period (people)	1,352
The number of the retired staff of the parent Company and the major subsidiaries bearing the expenses (people)	385
Professional composition	
Category of professional composition	Number of professional composition (people)
Production staff	285
Salesman	380

Technical staff	332
Financial staff	30
Administrative staff	119
Total	1,146
Education background	
Category of education	Number (people)
Master's degree above	27
Bachelor	465
Junior college	415
High School and above	239
Total	1,146

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

Section X. Corporate Governance

I. Corporate governance of the Company

By strictly followed requirement of relevant laws, regulations and regulatory documents of *Company Law*, *Securities Laws*, *Rules of Corporate Governance for Listed Company*, *Rules of Stock Listing in Main Board of Shenzhen Stock Exchange* as well as requirement of relevant documents from CSRC and Shenzhen Stock Exchange, combined with the actual situation of the company, the Company constantly improve structure of the corporate governance, standardize company operations and improve corporate governance.

The company has constructed a "three meetings and one management" governance structure composed of the general meeting of shareholders, the board of directors, the board of supervisors and the management, which clearly defines powers and responsibilities, performs their own duties and coordinates operations. The company has established a set of reasonable internal systems and has been continuously improving to improve the company's standard operation level.

The company convenes the general meeting of shareholders by strictly abiding by the requirements of "Company Law", "Stock Listing Rules of the Shenzhen Stock Exchange", "General Meeting Rules of the Listed Company", and "Articles of Association", provides all shareholders with an online voting method to ensure that all shareholders have the right to participate in and make decisions on major decision-making matters of the company.

The number and staff composition of the company's board of directors comply with the requirements of laws and regulations. Directors can abide by laws, regulations and relevant provisions of the articles of association, perform their duties faithfully, diligently, and cautiously, attend the board meetings seriously, pay attention to the company's production and operations, and express opinions on matters under discussion, ensure the efficient operation and scientific decision-making of the board of directors, directors can actively participate in relevant training and understand the rights, obligations and responsibilities of directors. The convening of the board meetings has been legal and standardized.

The company's board of supervisors has a reasonable staff structure, and the supervisors have corresponding professional knowledge and work experience. The board of supervisors is able to operate independently and earnestly perform its duties in an attitude of being responsible to all shareholders, and supervise the legality and compliance of major matters such as the duty performance of the company's directors and senior managers, the internal control of the company, and related transactions in accordance with the law, and safeguard the legitimate rights and interests of the company and all shareholders.

The company and the controlling shareholder are independent in terms of personnel, assets, finance, organization, and business, with independent accounting and independent responsibility and risk. The controlling shareholders follow the code of conduct, and do not directly or indirectly interfere with the company's decision-making and business activities beyond the general meeting of shareholders. There is no such case that company provides guarantees for controlling shareholders and their affiliates, or the controlling shareholders occupy the company's funds for non-operating purposes.

The company is able to disclose information in a true, accurate, complete, timely and fair manner in strict accordance with the "Securities Law" and the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange to

protect investors' right to know.

The company respects and safeguards the legitimate rights and interests of banks and other stakeholders such as creditors, employees, customers, suppliers, etc., attaches importance to active cooperation with relevant stakeholders, and jointly promotes the company's sustainable and healthy development. The company actively implements the concept of green development, attaches importance to pollution prevention and resource conservation, actively participates in public welfare undertakings, earnestly carries out poverty alleviation work, and fulfills social responsibilities.

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed Company from CSRC

Yes No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed Company from CSRC.

II. Independence of a Company relative to its controlling shareholder in business, personnel, assets, institution and finance

Personnel: The company's personnel are independent of the controlling shareholders, and the senior executives do not hold any administrative positions other than directors and supervisors in the controlling shareholders.

Assets: The company's assets are independent with clear ownership, and are independent of controlling shareholders, actual controllers and other related parties.

Finance: The company has an independent financial department, and has established a sound financial and accounting management system for independent account opening, independent taxation, and independent financial decision-making and independent management.

Institution: The company's board of directors, board of supervisors and other internal institutions operate independently and exercise their powers independently.

Business: The company has a complete system of production, supply, and sales. The business is independent of the controlling shareholder and actual controller, and it has an independent and complete business system and independent operation capabilities.

III. Horizontal competition

Applicable Not applicable

IV. In the report period, the Company held AGM and extraordinary shareholders' general meeting

1. Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Meeting date	Date of disclosure	Index of disclosure
Annual General Meeting 2019	AGM	53.91%	June 10, 2020	June 11, 2020	<i>Resolution Notice of AGM of 2019 on Juchao Website</i>

First Extraordinary Shareholders General Meeting of 2020	Extraordinary Shareholders General Meeting	54.08%	December 3, 2020	December 4, 2020	<i>Resolution Notice of First Extraordinary Shareholders General Meeting of 2020 on Juchao Website</i>
Second Extraordinary Shareholders General Meeting of 2020	Extraordinary Shareholders General Meeting	54.01%	December 23, 2020	December 24, 2020	<i>Resolution Notice of Second Extraordinary Shareholders General Meeting of 2020 on Juchao Website</i>
Third Extraordinary Shareholders General Meeting of 2020	Extraordinary Shareholders General Meeting	54.10%	December 25, 2020	December 26, 2020	<i>Resolution Notice of Third Extraordinary Shareholders General Meeting of 2020 on Juchao Website</i>

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

Applicable Not applicable

V. Responsibility performance of independent directors

1. The attending of independent directors to Board Meeting and shareholders general meeting

The attending of independent directors to Board Meeting and shareholders general meeting							
Independent director	Times of Board meeting supposed to attend in the report period	Times of Presence on the Board Meeting	Times of attending by communication	Times of entrusted presence in Board Meeting	Times of Absence in Board Meeting	Absent the Board Meeting for the second time in a row (Y/N)	Times of presence on shareholders general meeting
Tang Fuxin	16	0	16	0	0	N	0
Xie Manlin	16	0	16	0	0	N	0
Du Xiaorong	16	0	16	0	0	N	3

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

2. Objection for relevant events from independent directors

Independent directors come up with objection about Company's relevant matters

Yes No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

Yes No

Explanation on advice that accepted/not accepted from independent directors

During the reporting period, the company's independent directors conscientiously performed their duties as independent directors in strict accordance with the China Securities Regulatory Commission's "Guidelines for the Governance of Listed Companies", the Shenzhen Stock Exchange's "Guidelines for the Normative Operation of Listed Companies" and other relevant laws and regulations, and the relevant provisions of the "Articles of Association", attended the company's board meetings and shareholders' meetings on time, carefully reviewed various proposals, actively strengthened communication with the company's management, paid attention to the company's operations, used their own professional knowledge and participated in major business decisions, issued independent directors' opinions on major matters such as the company's related transactions, engagement of audit institutions, and senior management changes, etc., and put forward professional suggestions on the company's business strategy and standardized operation, which played an active role in the standardized operation and scientific decision-making of the board of directors, and safeguarded the overall interests of the company and all shareholders, especially the legitimate rights and interests of small and medium shareholders.

VI. Duty performance of the special committees under the board during the reporting period

In 2020, the Audit Committee of the Board of Directors deliberated on major events as previous periodic reports and the appointment of audit institution as well as submit the proposal to the Board; in accordance with the relevant provisions of *Annual Report Working Rules of the Audit Committee*, actively performed their duties in the annual report auditing process, made audit opinions on the financial statements, supervised and urged the accounting firm to complete the auditing work.

The Remuneration and Appraisal Committee of the Board of Directors reviewed and made audit opinions on the remuneration of the directors, supervisors and senior executives disclosed in the annual report in accordance with relevant provisions.

VII. Works from Supervisory Committee

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

Yes No

Supervisory committee has no objection about supervision events in reporting period

VIII. Examination and incentives of senior management

The Company exercise performance year-income system for senior executives carries on appraisals and paying remuneration to senior executives based on operation target and performance of target implementation of senior executives.

IX. Internal Control

1. Details of major defects in IC appraisal report that found in reporting period

Yes No

2. Appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	April 20, 2021	
Disclosure index of full internal control evaluation report	Appraisal report of internal control for year of 2020 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 Evaluation 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 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	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 defect of internal control in non-financial report: decision-making procedures lead to general fault; defects exist in major business systems; serious loss of key staff; assessment results of internal control, especially major defects, are not

	<p>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>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 $\geq 5\%$ of total profit; potential misstatement of total assets $\geq 1\%$ of total assets; potential misstatement of operating income $\geq 1\%$ of total operating income. Any of the following situation may be viewed as major defect: 3% of total profit \leq potential misstatement of total profit $< 5\%$ of total profit; 0.5% of total assets \leq potential misstatement of total assets $< 1\%$ of total assets; :0.5% of total operating income \leq potential misstatement of operating income $< 1\%$ of total operating income. Any of the following situation may be viewed as general defect: potential misstatement of total profit $< 3\%$ of total profit; potential misstatement of total assets $< 0.5\%$ of total assets; potential misstatement of operating income $< 0.5\%$ 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 non-financial reports		0

X. 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 st December 2020, in all material aspects.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	April 20, 2021
Index of audit report of internal control (full-text)	<i>Audit report of internal control for year of 2020 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

Section XI. Corporate Bond

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when annual report approved for released or fail to cash in full on due

No

Section XII. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified
Signing date of audit report	April 16, 2021
Name of audit institute	Pan-China Certified Public Accountants (LLP)
Serial of Auditing Report	Pan-China Shen (2021) No.1-914
Name of CPA	Jin Jingyu, Zhang Jinghui

Auditor's Report

Auditor's Report

PCCPAAR [2021] No. 1-914

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 "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2020, 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 Company as at December 31, 2020, 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 China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical

responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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) Revenue recognition

1. Key audit matters

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

The Company is mainly engaged in telecommunication equipment manufacture. In 2020, the operating revenue amounted to 1,019,906,425.58 yuan, of which, 995,742,249.45 yuan was from telecommunication equipment manufacture, accounting for 97.63%.

As operating revenue is one of the key performance indicators of the Company, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations, and revenue recognition involves complicated information system and significant judgment of the Management, we have identified revenue recognition as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

- (1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We tested the general control of information system and application control related to revenue recognition process;
- (3) We checked sale contracts, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method was appropriate;
- (4) We performed analysis procedure on operating revenue and gross margin by month, product, client, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason of fluctuations;

(5) For revenue from domestic sales, we checked supporting documents related to revenue recognition by sampling method, including sales contracts, orders, sales invoices, delivery lists, delivery orders, client acceptance receipts, etc.;

(6) We performed confirmation procedures on current sales amount by sampling method in combination with confirmation procedure of accounts receivable;

(7) We performed cut-off tests on the operating revenue recognized around the balance sheet date, and assessed whether the operating revenue was recognized in the appropriate period;

(8) We obtained sales return records subsequent to the balance sheet date and checked whether there was revenue not eligible for recognition at the balance sheet date;

(9) We checked whether information related to operating revenue had been presented appropriately in the financial statements.

(II) 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, 2020, the book balance of accounts receivable amounted to 650,115,822.75 yuan, with provision for bad debts of 173,255,619.73 yuan, and the carrying amount amounted to 476,860,203.02 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.

(IV) Net realizable value of inventories

1. Key audit matters

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

details.

As of December 31, 2020, the book balance of inventories amounted to 257,175,833.90 yuan, with provision for bad debts of 54,413,314.47 yuan, and the carrying amount amounted to 202,762,519.43 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 Company's management (the "Management") is responsible for the other information. The other information comprises the information included in the 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

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the

Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 misstatement, whether due to fraud or error, and to issue an 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 China Standards on Auditing will always detect a material misstatement when it exists. Misstatement 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 of users taken on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

(I) Identify and assess the risks of material misstatement 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 for 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, forgery, 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 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.

China Hangzhou

Chinese CPA: Zhang Jinghui

16 April 2021

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

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, 2020

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances	1	209,849,710.96	261,270,033.28
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	2	17,029,051.04	59,653,053.58
Accounts receivable	3	493,992,403.49	697,656,063.96
Receivables financing	4	32,594,702.60	3,821,550.77
Advances paid	5	19,616,348.65	33,759,523.09
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	6	16,911,790.31	28,110,390.53
Financial assets under reverse repo			
Inventories	7	199,641,972.32	209,397,286.17
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	8	13,126,022.08	11,610,245.99
Total current assets		1,002,762,001.45	1,305,278,147.37
Non-current assets:			
Loans and advances paid			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	9	10,422,056.96	181,762,383.50
Other equity instrument investments	10	741,953.00	741,953.00
Other non-current financial assets			
Investment property	11	4,267,013.35	7,810,210.00
Fixed assets	12	100,158,063.58	110,722,102.52
Construction in progress	13	22,454,792.27	13,048,701.59
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets	14	21,261,119.40	28,381,246.28
Development expenditures			
Goodwill			
Long-term prepayments	15	5,541,410.81	4,260,775.18
Deferred tax assets	16		
Other non-current assets			

Nanjing Putian Telecommunications Co., Ltd. 2020 Annual Report

Total non-current assets		164,846,409.37	346,727,372.07
Total assets		1,167,608,410.82	1,652,005,519.44

Nanjing Putian Telecommunications Co., Ltd.

Consolidated balance sheet as at December 31, 2020 (continued)

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	17	65,000,000.00	451,915,948.50
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	18	76,135,010.10	81,784,929.91
Accounts payable	19	604,765,586.00	679,428,580.08
Advances received	20		22,148,080.67
Contract liabilities	21	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	22	17,362,878.28	21,602,707.70
Taxes and rates payable	23	8,707,248.67	4,125,566.60
Other payables	24	53,759,120.63	61,246,678.81
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	25	9,181,720.08	10,820,807.35
Other current liabilities	26	3,707,372.81	
Total current liabilities		867,137,188.97	1,333,073,299.62
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	12,827,205.03
Long-term employee benefits payable			
Provisions			
Deferred income	28		6,004,873.00
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		4,036,160.05	18,832,078.03
Total liabilities		871,173,349.02	1,351,905,377.65
Equity:			
Share capital/Paid-in capital	29	215,000,000.00	215,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	30	183,568,842.44	185,374,533.85
Less: Treasury shares			
Other comprehensive income	31	-6,853,931.65	-6,776,124.85

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Special reserve			
Surplus reserve	32	589,559.77	589,559.77
General risk reserve			
Undistributed profit	33	-202,680,309.64	-224,644,862.48
Total equity attributable to the parent company		189,624,160.92	169,543,106.29
Non-controlling interest		106,810,900.88	130,557,035.50
Total equity		296,435,061.80	300,100,141.79
Total liabilities & equity		1,167,608,410.82	1,652,005,519.44

Nanjing Putian Telecommunications Co., Ltd.

Parent company balance sheet as at December 31, 2020

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		57,345,349.24	75,513,546.51
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable		1,190,734.45	2,180,607.60
Accounts receivable	1	218,887,318.18	415,997,318.07
Receivables financing			2,307,438.00
Advances paid		10,138,293.79	13,234,147.98
Other receivables	2	50,275,151.96	26,761,817.07
Inventories		80,454,321.56	73,809,627.64
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		7,516,579.06	2,778,241.54
Total current assets		425,807,748.24	612,582,744.41
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	3	123,831,124.60	333,070,134.14
Other equity instrument investments		741,953.00	741,953.00
Other non-current financial assets			
Investment property			
Fixed assets		45,117,637.57	52,382,989.60
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets		5,006,099.13	11,557,138.68
Development expenditures			
Goodwill			
Long-term prepayments		4,461,404.63	3,129,023.74
Deferred tax assets			
Other non-current assets			
Total non-current assets		179,158,218.93	400,881,239.16
Total assets		604,965,967.17	1,013,463,983.57

Nanjing Putian Telecommunications Co., Ltd.

Parent company balance sheet as at December 31, 2020 (continued)

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		30,000,000.00	371,812,627.72
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		76,135,010.10	81,784,929.91
Accounts payable		214,453,536.53	274,182,241.12
Advances received			7,517,427.53
Contract liabilities		14,109,283.43	
Employee benefits payable		7,931,673.97	8,135,211.34
Taxes and rates payable		115,233.85	199,408.61
Other payables		164,586,605.64	213,090,147.71
Liabilities classified as held for sale			
Non-current liabilities due within one year		9,181,720.08	10,820,807.35
Other current liabilities		1,834,206.85	
Total current liabilities		518,347,270.45	967,542,801.29
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables		4,036,160.05	12,827,205.03
Long-term employee benefits payable			
Provisions			
Deferred income			1,000,000.00
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		4,036,160.05	13,827,205.03
Total liabilities		522,383,430.50	981,370,006.32
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	172,417,299.81
Less: Treasury shares			
Other comprehensive income		-1,854,910.00	-1,854,910.00
Special reserve			
Surplus reserve		589,559.76	589,559.76
Undistributed profit		-290,016,155.43	-354,057,972.32

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Total equity		82,582,536.67	32,093,977.25
Total liabilities & equity		604,965,967.17	1,013,463,983.57

Nanjing Putian Telecommunications Co., Ltd.

Consolidated income statement for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue		1,025,243,815.83	1,338,284,194.21
Including: Operating revenue	1	1,025,243,815.83	1,338,284,194.21
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		1,099,375,113.92	1,432,157,541.99
Including: Operating cost	1	846,905,942.49	1,087,774,366.66
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	5,849,160.81	8,301,819.32
Selling expenses	3	101,208,835.79	146,879,432.92
Administrative expenses	4	75,477,706.26	87,447,829.68
R&D expenses	5	46,319,505.38	71,178,941.51
Financial expenses	6	27,074,088.99	30,575,151.90
Including: Interest expenses		28,568,012.81	30,200,892.97
Interest income		1,758,180.41	1,475,350.85
Add: Other income	7	10,988,973.73	7,894,918.90
Investment income (or less: losses)	8	93,175,109.94	-297,833.76
Including: Investment income from associates and joint ventures		-4,769,983.62	-297,833.76
Gains from derecognition of financial assets at amortized cost		-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	-41,615,815.85	-53,458,859.20
Assets impairment loss	10	-14,421,937.22	-19,577,005.54
Gains on asset disposal (or less: losses)	11	72,556,988.01	119,033.08
III. Operating profit (or less: losses)		43,091,894.72	-159,193,094.30
Add: Non-operating revenue	12	4,301,614.63	1,900,048.84
Less: Non-operating expenditures	13	2,213,895.60	368,099.84
IV. Profit before tax (or less: total loss)		45,179,613.75	-157,661,145.30
Less: Income tax	14	7,504,586.94	1,279,314.02
V. Net profit (or less: net loss)		37,675,026.81	-158,940,459.32
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		37,675,026.81	-158,940,459.32
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)		21,964,552.84	-169,088,516.69
2. Net profit attributable to non-controlling shareholders (or less: net loss)		15,710,473.97	10,148,057.37
VI. Other comprehensive income after tax		-77,806.80	29,304.15
Items attributable to the owners of the parent company		-77,806.80	26,373.73
(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			

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(II) To be reclassified subsequently to profit or loss		-77,806.80	26,373.73
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		-77,806.80	26,373.73
7. Others			
Items attributable to non-controlling shareholders			2,930.42
VII. Total comprehensive income		37,597,220.01	-158,911,155.17
Items attributable to the owners of the parent company		21,886,746.04	-169,062,142.96
Items attributable to non-controlling shareholders		15,710,473.97	10,150,987.79
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		0.10	-0.79
(II) Diluted EPS (yuan per share)		0.10	-0.79

Nanjing Putian Telecommunications Co., Ltd.

Parent company income statement for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	204,317,900.56	433,903,979.88
Less: Operating cost	1	199,201,858.68	397,437,511.55
Taxes and surcharges		902,601.86	1,804,317.52
Selling expenses		39,753,159.16	54,675,166.60
Administrative expenses		44,093,681.35	45,037,899.50
R&D expenses		6,647,759.39	14,913,248.49
Financial expenses		29,762,090.06	27,811,135.49
Including: Interest expenses		31,156,701.57	27,271,764.56
Interest income		1,497,839.93	849,413.36
Add: Other income		2,360,474.80	300,000.00
Investment income (or less: losses)	2	156,256,067.52	8,855,566.24
Including: Investment income from associates and joint ventures		-4,769,983.62	-297,833.76
Gains from derecognition of financial assets at amortized cost		-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		-35,754,696.75	-49,787,168.46
Assets impairment loss		-13,427,856.98	-17,419,090.93
Gains on asset disposal (or less: losses)		72,730,654.86	21,631.63
II. Operating profit (or less: losses)		66,121,393.51	-165,804,360.79
Add: Non-operating revenue		100,621.81	938,797.01
Less: Non-operating expenditures		2,180,198.43	366,483.43
III. Profit before tax (or less: total loss)		64,041,816.89	-165,232,047.21
Less: Income tax			
IV. Net profit (or less: net loss)		64,041,816.89	-165,232,047.21
(I) Net profit from continuing operations (or less: net loss)		64,041,816.89	-165,232,047.21
(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		64,041,816.89	-165,232,047.21
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Nanjing Putian Telecommunications Co., Ltd.

Consolidated cash flow statement for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		1,186,849,798.95	1,312,359,448.24
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		4,611,350.90	12,067,911.19
Other cash receipts related to operating activities	1	15,785,966.22	24,883,017.58
Subtotal of cash inflows from operating activities		1,207,247,116.07	1,349,310,377.01
Cash payments for goods purchased and services received		819,268,501.77	901,941,126.87
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		177,936,827.34	241,604,857.64
Cash payments for taxes and rates		44,630,285.36	70,058,938.01
Other cash payments related to operating activities	2	77,266,152.73	113,019,339.58
Subtotal of cash outflows from operating activities		1,119,101,767.20	1,326,624,262.10
Net cash flows from operating activities		88,145,348.87	22,686,114.91
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		227,492,228.00	1,183,862.97
Cash receipts from investment income			
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		90,389,036.16	897,560.83
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		360,865,263.81	2,081,423.80
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		15,963,551.12	14,544,973.78
Cash payments for investments			
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		15,963,551.12	14,544,973.78
Net cash flows from investing activities		344,901,712.69	-12,463,549.98
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		184,998,007.80	517,594,317.72

Nanjing Putian Telecommunications Co., Ltd. 2020 Annual Report

Items	Note No.	Current period cumulative	Preceding period comparative
Other cash receipts related to financing activities	3	4,000,000.00	30,000,000.00
Subtotal of cash inflows from financing activities		188,998,007.80	547,594,317.72
Cash payments for the repayment of borrowings		571,395,742.19	511,267,000.00
Cash payments for distribution of dividends or profits and for interest expenses		78,843,126.92	30,076,595.52
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		49,756,900.00	
Other cash payments related to financing activities	4	10,430,132.25	9,080,321.78
Subtotal of cash outflows from financing activities		660,669,001.36	550,423,917.30
Net cash flows from financing activities		-471,670,993.56	-2,829,599.58
IV. Effect of foreign exchange rate changes on cash & cash equivalents		-97,187.73	21,583.83
V. Net increase in cash and cash equivalents		-38,721,119.73	7,414,549.18
Add: Opening balance of cash and cash equivalents		208,783,866.60	201,369,317.42
VI. Closing balance of cash and cash equivalents		170,062,746.87	208,783,866.60

Nanjing Putian Telecommunications Co., Ltd.

Parent company cash flow statement for the year ended December 31, 2020

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods and rendering of services		354,206,107.38	343,169,578.37
Receipts of tax refund		97,559.18	5,765,754.44
Other cash receipts related to operating activities		21,367,785.41	39,495,085.12
Subtotal of cash inflows from operating activities		375,671,451.97	388,430,417.93
Cash payments for goods purchased and services received		244,301,702.01	250,742,210.91
Cash paid to and on behalf of employees		61,739,154.02	92,940,344.78
Cash payments for taxes and rates		7,181,904.61	20,457,454.33
Other cash payments related to operating activities		118,640,184.23	39,907,351.71
Subtotal of cash outflows from operating activities		431,862,944.88	404,047,361.73
Net cash flows from operating activities		-56,191,492.91	-15,616,943.80
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments		266,658,637.16	
Cash receipts from investment income		82,727,700.00	9,153,400.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		90,196,791.73	398,588.81
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		439,583,128.89	9,551,988.81
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		3,437,576.27	2,030,956.24
Cash payments for investments		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		5,437,576.27	2,030,956.24
Net cash flows from investing activities		434,145,552.62	7,521,032.57
III. Cash flows from financing activities:			
Cash receipts from absorbing investments			
Cash receipts from borrowings		109,998,007.80	417,594,317.72
Other cash receipts related to financing activities		4,000,000.00	30,000,000.00
Subtotal of cash inflows from financing activities		113,998,007.80	447,594,317.72
Cash payments for the repayment of borrowings		451,335,325.52	401,257,000.00
Cash payments for distribution of dividends or profits and for interest expenses		31,632,011.57	27,192,787.89
Other cash payments related to financing activities		10,430,132.25	9,080,321.78
Subtotal of cash outflows from financing activities		493,397,469.34	437,530,109.67
Net cash flows from financing activities		-379,399,461.54	10,064,208.05
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
			13,777.16
V. Net increase in cash and cash equivalents			
		-1,445,401.83	1,982,073.98
Add: Opening balance of cash and cash equivalents		25,794,743.17	23,812,669.19

Items	Note No.	Current period cumulative	Preceding period comparative
VI. Closing balance of cash and cash equivalents		24,349,341.34	25,794,743.17

Nanjing Putian Telecommunications Co., Ltd.

Consolidated statement of changes in equity for the year ended December 31, 2020

(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				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													

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										
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				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.

Consolidated statement of changes in equity for the year ended December 31, 2020 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative												Non-controlling interest	Total equity
	Equity attributable to parent company													
	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		-4,947,588.58		589,559.77		-40,726,776.80	132,707,742.04	487,997,470.28	
Add: Cumulative changes of accounting policies							-1,854,910.00				-14,829,568.99	-1,781,094.33	-18,465,573.32	
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		-6,802,498.58		589,559.77		-55,556,345.79	130,926,647.71	469,531,896.96	
III. Current period increase (or less: decrease)							26,373.73				-169,088,516.69	-369,612.21	-169,431,755.17	
(I) Total comprehensive income							26,373.73				-169,088,516.69	10,150,987.79	-158,911,155.17	
(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												-10,520,600.00	-10,520,600.00	
1. Appropriation of surplus reserve														
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners												-10,520,600.00	-10,520,600.00	
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 retained earnings														
5. Other comprehensive income 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													
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				185,374,533.85		-6,776,124.85		589,559.77		-224,644,862.48	130,557,035.50	300,100,141.79

Nanjing Putian Telecommunications Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2020

(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				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											
(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

Nanjing Putian Telecommunications Co., Ltd.

Parent company statement of changes in equity for the year ended December 31, 2020 (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				589,559.76	-180,137,921.22	207,868,938.35
Add: Cumulative changes of accounting policies										-8,688,003.89	-10,542,913.89
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	-188,825,925.11	197,326,024.46
III. Current period increase (or less: decrease)										-165,232,047.21	-165,232,047.21
(I) Total comprehensive income										-165,232,047.21	-165,232,047.21
(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				172,417,299.81		-1,854,910.00		589,559.76	-354,057,972.32	32,093,977.25

[Wang Wenkui]
[Legal representative]
(Signature and stamp)

[Wang Huailin]
[Officer in charge of accounting]
(Signature and stamp)

[Tang Yiqiao]
[Head of accounting department]
(Signature and stamp)

Nanjing Putian Telecommunications Co., Ltd.

Notes to Financial Statements

For the year ended December 31, 2020

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. The Company is 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 215,000,000.00 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. The main services rendered by the Company include installation and maintenance equipment, communication information network and computer information system projects design, and systems integration and related consultancy service.

The financial statements have been deliberated and approved for issue by the Board of Directors dated April 16, 2021.

The Company has brought 9 subsidiaries including Nanjing Southern Telecom 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

(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 remeasurement 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 remeasurement 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, private network communication 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. Identification of a lease

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, the customer has both of the following: (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and (b) the right to direct the use of the identified asset.

2. Identification of separate leases

1) Operating leases

When the Company is the lessee, lease payments are recognized as cost or profit or loss with straight-line method/unit-of-production method over the lease term. Initial expenses are recognized directly into profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

When the Company is the lessor, lease income is recognized as profit or loss with straight-line method/unit-of-production method over the lease term. Initial expenses, other than those with material amount and eligible for capitalization which are recognized as profit or loss by installments, are recognized directly as profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

2) Finance leases

When the Company is the lessee, at the commencement of the lease term, lessees recognize finance leases as assets and liabilities in their balance sheets at amounts equal to the lower of fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize the minimum lease payments as the entering value of long-term payable, and treat the difference of the two as unrecognized finance expense. Any initial direct costs of the lessee are added to the amount recognized as an asset. The effective interest method is used to recognize finance expense of the period during the lease term.

When the Company is the lessor, at the commencement of the lease, lessor recognizes the aggregate of minimum lease receipts and initial direct costs, each determined at the inception of the lease, as the entering value of finance lease receivables, and recognize the unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values is recognized as unrealized finance income. The effective interest method is used to recognize finance income of the period during the lease term.

(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

1. Significant changes in accounting policies

(1) Changes in accounting policies arising from changes in CASBEs

1) The company has adopted the accounting standards for Business Enterprises No. 14 - Revenue (hereinafter referred to as the new revenue standards) revised by the Ministry of finance from January 1, 2020. 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 The main impact of the implementation of the new revenue standard on the company's financial statements as of January 1, 2020 is as follows:

Items	Balance sheet		
	Dec. 31, 2019	Effect due to revised financial instrument standard	Jan. 1, 2020
Advance received	22,148,080.67	-22,148,080.67	
Contract liabilities		19,600,071.39	19,600,071.39
Other current liabilities		2,548,009.28	2,548,009.28

(2) The Company has adopted "Interpretation of China Accounting Standards for Business Enterprises No. 13" since Jan 1, 2020, and the change of accounting policy is applicable to prospective application method.

2. Significant changes in accounting estimates

None.

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	16%、13%、6%、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%

Taxes	Tax bases	Tax rates
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	15%
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

The Company obtained high-tech enterprise certificate in December, 2018, valid for 3 years. It is subject to the enterprise income tax at a rate of 15%

The subsidiary, Nanjing Putian Changle Telecommunications Equipment Co., Ltd., obtained high-tech enterprise certificate in October, 2018, valid for 3 years. It is subject to the enterprise income tax at a rate of 15%.

The subsidiary, Nanjing Putian Datang Information Electronic Co., Ltd., obtained high-tech enterprise certificate in November, 2018, valid for 3 years. It is subject to the enterprise income tax at a rate of 15%.

The subsidiaries, Nanjing Putian Datang Information Electronic Co., Ltd. and Nanjing Putian Telecommunication Technology Co., Ltd., were certified as software enterprises, and some of the software products produced by Nanjing Southern Telecom Co., Ltd 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, 2020 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	2,229.39	2,273.88
Cash in bank	170,060,517.48	208,781,592.72
Other cash and bank balances	39,786,964.09	52,486,166.68
Total	209,849,710.96	261,270,033.28

(2) Details of other cash and bank balances

Items	Closing balance	Opening balance
Bank acceptance deposit	29,219,480.00	36,000,000.00
deposit for L/G	10,428,199.34	16,477,961.78
Others	139,284.75	8,204.90
Total	39,786,964.09	52,486,166.68

Other cash and bank balances are restricted funds.

2. Notes receivable

(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 for bad debts made on an individual basis					
Including: Bank acceptance					
Trade acceptance					
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

(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 an individual basis					
Including: Bank acceptance					
Trade acceptance					
Receivables with provision for bad debts made on a collective basis	59,976,824.10	100.00	323,770.52	0.54	59,653,053.58

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Including: Bank acceptance	53,501,413.64	89.20			53,501,413.64
Trade acceptance	6,475,410.46	10.80	323,770.52	5.00	6,151,639.94
Total	59,976,824.10	100.00	323,770.52	0.54	59,653,053.58

(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	323,770.52	361,969.01						685,739.53
Subtotal	323,770.52	361,969.01						685,739.53

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

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	3,001,879.22	
Trade acceptance	8,555,865.91	
Subtotal	11,557,745.13	

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.

3. 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	59,944,074.91	9.14	59,944,074.91	100.00	
Receivables with provision made on a collective basis	595,708,348.24	90.86	101,715,944.75	17.07	493,992,403.49
Total	655,652,423.15	100.00	161,660,019.66	24.66	493,992,403.49

(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	31,829,378.66	3.86	31,411,610.66	98.69	417,768.00
Receivables with provision made on a collective basis	792,139,948.91	96.14	94,901,652.95	11.98	697,238,295.96
Total	823,969,327.57	100.00	126,313,263.61	15.33	697,656,063.96

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
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
Nanjing Zhengqian Communication Technology Co., Ltd	5,356,181.55	5,356,181.55	100.00	Unable to recover
Nanjing Aerte photoelectric Co., Ltd	3,468,196.16	3,468,196.16	100.00	Unable to recover
Subtotal	59,944,074.91	59,944,074.91	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	280,933,599.49	2,809,335.99	1.00
1-2 years	93,801,198.04	4,690,059.91	5.00
2-3 years	105,548,507.89	10,554,850.79	10.00
3-4 years	36,396,131.90	10,918,839.57	30.00
4-5 years	12,572,104.87	6,286,052.44	50.00
Over 5 years	66,456,806.05	66,456,806.05	100.00
Subtotal	595,708,348.24	101,715,944.75	17.07

(2) Changes in provision for bad debts

Items	Opening balance	Increase		
		Accrual	Recovery	Others
Receivables with provision made on an individual basis	31,411,610.66	28,532,464.25		
Receivables with provision made on a collective basis	94,901,652.95	8,225,713.17		

Subtotal	126,313,263.61	36,758,177.42		
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(Continued)

Items	Decrease			Closing balance
	Reversal	Write-off	Others	
Receivables with provision made on an individual basis				59,944,074.91
Receivables with provision made on a collective basis	1,085,901.45		325,519.92	101,715,944.75
Subtotal	1,085,901.45		325,519.92	161,660,019.66

(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	3.01	19,708,086.54
Mr. Xu	17,591,683.74	2.68	17,591,683.74
Shenzhen Yunshi Haitong Technology Co., Ltd	14,474,552.00	2.21	144,745.52
Hegang branch of China Tower Co., Ltd	13,819,926.92	2.11	13,819,926.92
Nanjing yuanzun Electromechanical Equipment Co., Ltd	12,362,665.79	1.89	2,353,301.27
Subtotal	77,956,914.99	11.90	53,617,743.99

4. Receivables financing

(1) Details

1) Details on categories

Items	Closing balance					
	Initial cost	Interest adjustment	Interest accrued	Changes in fair value	Carrying amount	Provision for impairment
Bank acceptance	32,594,702.60				32,594,702.60	
Total	32,594,702.60				32,594,702.60	

(Continued)

Items	Opening balance					
	Initial cost	Interest adjustment	Interest accrued	Changes in fair value	Carrying amount	Provision for impairment
Bank acceptance	3,821,550.77				3,821,550.77	
Total	3,821,550.77				3,821,550.77	

2) Receivables financing with provision for impairment made on a collective basis

Items	Closing balance		
	Book balance	Provision for impairment	Provision proportion (%)
Bank acceptance portfolio	32,594,702.60		
Subtotal	32,594,702.60		

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

Items	Closing balance derecognized
Bank acceptance	53,633,327.45
Subtotal	53,633,327.45

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.

5. 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	12,509,089.32	63.77		12,509,089.32	22,726,145.30	67.32		22,726,145.30
1-2 years	3,743,667.83	19.08		3,743,667.83	7,774,347.45	23.03		7,774,347.45
2-3 years	2,247,435.21	11.46		2,247,435.21	1,297,653.28	3.84		1,297,653.28
Over 3 years	1,116,156.29	5.69		1,116,156.29	1,961,377.06	5.81		1,961,377.06
Total	19,616,348.65	100.00		19,616,348.65	33,759,523.09	100.00		33,759,523.09

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

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Hunan Baode Ziqiang Computer Co., Ltd	3,331,422.00	16.98
Huawei Technology Co., Ltd	1,547,169.75	7.89
Nanjing xinju Construction Co., Ltd	720,000.00	3.67
Jiangsu Zhizhen optoelectronics Co., Ltd	683,755.60	3.49
Fuzhou Yunfeng Communication Technology Co., Ltd	584,467.03	2.98
Subtotal	6,866,814.38	35.01

6. 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	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

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	28,912,122.71	45.55	28,912,122.71	100.00	
Receivables with provision made on a collective basis	34,563,137.22	54.45	6,452,746.69	18.67	28,110,390.53
Total	63,475,259.93	100.00	35,364,869.40	55.71	28,110,390.53

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	100.00	

3) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio-Financing margin	1,578,947.37		
Portfolio-Others	25,238,290.37	9,905,447.43	39.25
Subtotal	26,817,237.74	9,905,447.43	36.94

(2) Age analysis

Ages	Closing book balance	Opening book balance
Within 1 year	6,470,106.41	17,480,990.19
1-2 years	6,515,139.65	9,297,587.45
2-3 years	4,733,535.99	2,517,678.34

3-4 years	3,610,856.13	1,673,457.97
4-5 years	1,448,923.00	733,113.00
Over 5 years	32,950,799.27	31,772,432.98
Subtotal	55,729,360.45	63,475,259.93

(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	1,185,865.45		34,179,003.95	35,364,869.40
Opening balance in the current period				
--Transferred to phase II				
--Transferred to phase III	-1,937,398.16		1,937,398.16	
--Reversed to phase II				
--Reversed to phase I				
Provision made in the current period	2,601,194.90		1,894,474.52	4,495,669.42
Provision recovered in current period				
Provision reversed in current period				
Provision written off in current period				
Retranslation			298.23	298.23
Decrease due to business combination	1,042,670.45			1,042,670.45
Closing balance	806,991.74		38,010,578.40	38,817,570.14

(4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Temporary payment receivable	35,152,407.81	36,848,648.68
Security deposit	16,515,511.45	23,681,938.64
Imprest	1,471,813.99	1,499,462.35
Others	2,589,627.20	1,445,210.26
Total	55,729,360.45	63,475,259.93

(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	Temporary payment	28,912,122.71	Over 5	51.88	28,912,122.71

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Equipment Co., Ltd.	receivable		years		
China Potevio Information Industry Inc.	Security deposit	1,958,000.00	2-5 years	3.51	1,046,900.00
Far East International Leasing Co.,Ltd.	Security deposit for financial leasing	1,578,947.37	1-2 years	2.83	
Construction headquarters of Shenzhen Metro Group Co., Ltd	Security deposit	1,490,768.10	1-2 years	2.68	74,538.41
Potevio Information Technology Co., Ltd.	Security deposit	1,203,052.00	2-3 years	2.16	60,152.60
Subtotal		35,142,890.18		63.06	30,093,713.72

7. 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	32,804,463.00	5,678,761.14	27,125,701.86	33,932,185.24	3,232,000.61	30,700,184.63
Work in process	13,266,680.85		13,266,680.85	11,050,997.83		11,050,997.83
Goods on hand	86,350,107.31	18,772,268.10	67,577,839.21	74,186,943.04	17,585,934.82	56,601,008.22
Goods dispatched	118,443,146.03	29,157,593.24	89,285,552.79	129,012,025.69	20,346,372.53	108,665,653.16
Products on consignment for sales	3,190,889.60	804,691.99	2,386,197.61	3,184,134.32	804,691.99	2,379,442.33
Total	254,055,286.79	54,413,314.47	199,641,972.32	251,366,286.12	41,968,999.95	209,397,286.17

(2) Provision for inventory write-down

1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversal or write-off	Others	
Raw materials	3,232,000.61	2,446,760.53				5,678,761.14
Goods on hand	17,585,934.82	2,610,079.84		6,666.66	1,417,079.90	18,772,268.10
Goods dispatched	20,346,372.53	9,365,096.85		527,259.00	26,617.14	29,157,593.24
Products on consignment for sales	804,691.99					804,691.99
Subtotal	41,968,999.95	14,421,937.22		533,925.66	1,443,697.04	54,413,314.47

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

Items	Specific basis for determining net realizable value	Reasons for reversal of inventory depreciation reserves	Reasons for write off of inventory depreciation reserves
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 hand	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

8. Other current assets

Items	Closing balance	Opening balance
Input VAT to be credited	11,568,247.65	10,632,374.23
Prepaid income tax	1,557,774.43	977,871.76
Total	13,126,022.08	11,610,245.99

9. 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	10,422,056.96		10,422,056.96	10,422,067.61		10,422,067.61
Investments in joint ventures				171,340,315.89		171,340,315.89
Total	10,422,056.96		10,422,056.96	181,762,383.50		181,762,383.50

(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.	10,422,067.61			-10.65	
Subtotal	10,422,067.61			-10.65	
Associates					

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Potevio Hi-tech Industry Co., Ltd.	171,340,315.89		166,460,142.12	-4,769,972.97	
Subtotal	171,340,315.89		166,460,142.12	-4,769,972.97	
Total	181,762,383.50		166,460,142.12	-4,769,983.62	

(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.					10,422,056.96	
Subtotal					10,422,056.96	
Associates						
Potevio Hi-tech Industry Co., Ltd.		110,200.80				
Subtotal		110,200.80				
Total		110,200.80			10,422,056.96	

10. 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 Likong Communication Equipment Co., Ltd. are classified as other equity instrument investments, the Company measured it at fair value through other comprehensive income.

11. Investment property

(1) Details

Items	Buildings and structures	Land use right	Total
Cost			
Opening balance	18,646,397.35	3,642,147.87	22,288,545.22
Increase			
1) Acquisition			
Decrease	6,390,269.42	3,642,147.87	10,032,417.29
1) Disposal	6,390,269.42	3,642,147.87	10,032,417.29
Closing balance	12,256,127.93		12,256,127.93
Accumulated depreciation and amortization			
Opening balance	10,631,422.07	2,004,495.15	12,635,917.22
Increase	466,943.34	119,960.64	586,903.98
1) Accrual or amortization	466,943.34	119,960.64	586,903.98
Decrease	3,109,250.83	2,124,455.79	5,233,706.62
1) Disposal	3,109,250.83	2,124,455.79	5,233,706.62
Closing balance	7,989,114.58		7,989,114.58
Provision for impairment			
Opening balance	1,842,418.00		1,842,418.00
Increase			
1) Accrual			
Decrease	1,842,418.00		1,842,418.00
1) Disposal	1,842,418.00		1,842,418.00
Closing balance			
Carrying amount			
Closing balance	4,267,013.35		4,267,013.35
Opening balance	6,172,557.28	1,637,652.72	7,810,210.00

12. Fixed assets

(1) Details

Items	Buildings and structures	General equipment	Transport facilities	Electronic equipment	Other equipment	Total
Cost						
Opening balance	152,574,361.56	37,939,347.17	10,484,109.76	6,197,841.71	45,833,527.80	253,029,188.00
Increase	288,234.03	2,294,930.67	55,719.34	686,300.79	525,299.84	3,850,484.67

Items	Buildings and structures	General equipment	Transport facilities	Electronic equipment	Other equipment	Total
1) Acquisition	288,234.03	2,294,930.67	55,719.34	686,300.79	525,299.84	3,850,484.67
2) Transferred in from construction in progress						
3) Retranslation						
Decrease	18,199,232.22	6,101,859.19	2,652,680.50	4,577,467.96	1,530,030.73	33,061,270.60
1) Disposal/Scrapping	18,199,232.22	6,101,859.19	2,448,994.93	4,526,955.99	1,530,030.73	32,807,073.06
2) Business combination			203,685.57	49,818.72		253,504.29
3) Retranslation				693.25		693.25
Closing balance	134,663,363.37	34,132,418.65	7,887,148.60	2,306,674.54	44,828,796.91	223,818,402.07
Accumulated depreciation						
Opening balance	55,665,186.61	28,338,902.22	9,509,087.57	5,989,836.61	42,067,246.89	141,570,259.90
Increase	5,184,316.29	2,208,930.99	134,422.20	587,732.21	264,527.55	8,379,929.24
1) Accrual	5,184,316.29	2,208,930.99	134,422.20	587,732.21	264,527.55	8,379,929.24
2) Retranslation						
Decrease	13,000,024.59	5,530,136.72	2,553,862.29	4,460,085.41	1,471,704.20	27,015,813.21
1) Disposal/Scrapping	13,000,024.59	5,530,136.72	2,356,287.09	4,412,056.30	1,471,704.20	26,770,208.90
2) Business combination			197,575.20	47,335.86		244,911.06
3) Retranslation				693.25		693.25
Closing balance	47,849,478.31	25,017,696.49	7,089,647.48	2,117,483.41	40,860,070.24	122,934,375.93
Provision for impairment						
Opening balance	539,124.00	10,863.02		11,048.35	175,790.21	736,825.58
Increase						
Decrease		10,863.02				10,863.02
Closing balance	539,124.00			11,048.35	175,790.21	725,962.56
Carrying amount						
Closing balance	86,274,761.06	9,114,722.16	797,501.12	178,142.78	3,792,936.46	100,158,063.58
Opening balance	96,370,050.95	9,589,581.93	975,022.19	196,956.75	3,590,490.70	110,722,102.52

2) Fixed assets temporarily idle

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
General equipment	2,466,884.50	2,265,898.17	11,048.35	189,937.98	
Transport facilities	987,277.01	944,682.45		42,594.56	
Electronic equipment	433,603.93	413,182.23		20,421.70	
Other equipment	1,574,539.55	1,287,852.76	175,408.71	111,278.08	

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
Subtotal	5,462,304.99	4,911,615.61	186,457.06	364,232.32	

3) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	31,449,073.42	Unable to handle
Subtotal	31,449,073.42	

13. 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	12,738,203.48		12,738,203.48
Others	1,154,482.96		1,154,482.96	310,498.11		310,498.11
Total	22,454,792.27		22,454,792.27	13,048,701.59		13,048,701.59

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	12,738,203.48	8,562,105.83		21,300,309.31
Subtotal	30,000,000.00	12,738,203.48	8,562,105.83		21,300,309.31

(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	90.00	90.00				Self-owned fund
Subtotal	90.00	90.00				

14. Intangible assets

(1) Details

Items	Land use right	Software	Total
Cost			
Opening balance	34,638,346.69	11,978,112.74	46,616,459.43
Increase		39,867.26	39,867.26
1) Acquisition		39,867.26	39,867.26
2) Internal research and development			
Decrease	7,982,299.86	1,097,822.60	9,080,122.46
1) Disposal	7,982,299.86	1,097,822.60	9,080,122.46
Closing balance	26,656,046.83	10,920,157.40	37,576,204.23
Accumulated amortization			
Opening balance	7,727,958.57	10,507,254.58	18,235,213.15
Increase	843,443.88	392,839.28	1,236,283.16
1) Accrual	843,443.88	392,839.28	1,236,283.16
Decrease	2,058,588.88	1,097,822.60	3,156,411.48
1) Disposal	2,058,588.88	1,097,822.60	3,156,411.48
Closing balance	6,512,813.57	9,802,271.26	16,315,084.83
Carrying amount			
Closing balance	20,143,233.26	1,117,886.14	21,261,119.40
Opening balance	26,910,388.12	1,470,858.16	28,381,246.28

(1) Land use right with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Land use right	4,525,451.23	Unable to handle
Subtotal	4,525,451.23	

15. Long-term prepayments

(1) Details

Items	Opening balance	Increase	Amortization	Closing balance
Renovation expenditure	4,260,775.18	3,083,600.09	1,802,964.46	5,541,410.81
Total	4,260,775.18	3,083,600.09	1,802,964.46	5,541,410.81

16. Deferred tax assets and deferred tax liabilities

(1) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	259,762,732.16	212,555,020.06
Deductible losses	145,604,016.49	208,426,046.76
Subtotal	405,366,748.65	420,981,066.82

(2) Maturity years of deductible losses of unrecognized deferred tax assets

Maturity years	Closing balance	Opening balance	Remarks
Year 2020		42,593,678.81	
Year 2021	5,554,380.47	29,308,451.67	
Year 2022	4,443,610.43	4,443,610.43	
Year 2023	18,084,226.36	18,084,226.36	
Year 2024	113,996,079.49	113,996,079.49	
Year 2025	3,525,719.74		
Subtotal	145,604,016.49	208,426,046.76	

17. Short-term borrowings

(1) Details

Items	Closing balance	Opening balance
Pledged borrowings		276,812,627.72
Mortgaged borrowings	15,000,000.00	65,042,904.11
Secured borrowings	50,000,000.00	110,060,416.67
Total	65,000,000.00	451,915,948.50

18. Notes payable

(1) Details

Items	Closing balance	Opening balance
Bank acceptance	57,636,900.00	72,000,000.00
Trade acceptance	18,498,110.10	9,784,929.91
Total	76,135,010.10	81,784,929.91

19. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Procurement of materials	603,045,038.32	679,428,580.08
Project payment	1,720,547.68	
Total	604,765,586.00	679,428,580.08

(2) Significant accounts payable with age over one year

Items	Closing balance	Reasons for unsettlement
POLYCOM communications technology (Beijing) Co.,Ltd.	24,545,645.78	Not yet settled
Nanjing Xingping Industrial Co., Ltd	20,868,248.11	Not yet settled
SEI-Nanjing Potevio Optical Network Co., Ltd.	18,899,974.96	Not yet settled
Jiangsu Sainty Machinery IMP.&Co.,Ltd.	16,642,003.33	Not yet settled
China Potevio Information Industry Inc.	16,314,294.20	Not yet settled
Subtotal	97,270,166.38	

20. Advances received

(1) Details

Items	Closing balance	Opening balance[Note]
Payment for goods		
Total		

Note: Please refer to note III (XXVIII) 1 (1) 1) of the financial statements for the difference between the opening balance and the end of the previous year.

21. Contract liabilities

(1) Details

Items	Closing balance	Opening balance[Note]
Payment for goods	28,518,252.40	19,600,071.39
Total	28,518,252.40	19,600,071.39

Note: Please refer to note III (XXVIII) 1 (1) 1) of the financial statements for the difference between the opening balance and the end of the previous year.

22. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	21,602,707.70	170,982,560.73	175,222,390.15	17,362,878.28
Post-employment benefits - defined contribution plan		7,033,468.50	7,033,468.50	
Total	21,602,707.70	178,016,029.23	182,255,858.65	17,362,878.28

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	11,209,937.62	122,927,261.78	129,463,399.15	4,673,800.25

Items	Opening balance	Increase	Decrease	Closing balance
Employee welfare fund		8,595,660.73	8,595,660.73	
Social insurance premium		10,725,435.17	10,725,435.17	
Including: Medicare premium		9,866,290.18	9,866,290.18	
Occupational injuries premium		40,647.57	40,647.57	
Maternity premium		818,497.42	818,497.42	
Housing provident fund	156,533.23	12,093,373.14	8,955,350.63	3,294,555.74
Trade union fund and employee education fund	10,215,560.09	522,976.40	1,359,010.73	9,379,525.76
Compensation for termination of labor relations		6,464,311.30	6,464,311.30	
Others	20,676.76	9,653,542.21	9,659,222.44	14,996.53
Subtotal	21,602,707.70	170,982,560.73	175,222,390.15	17,362,878.28

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium		4,756,406.04	4,756,406.04	
Unemployment insurance premium		513,473.53	513,473.53	
Company annuity payment		1,763,588.93	1,763,588.93	
Subtotal		7,033,468.50	7,033,468.50	

23. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	2,356,409.61	1,385,203.91
Enterprise income tax	5,300,903.29	1,605,203.32
Individual income tax	167,893.85	90,009.67
Urban maintenance and construction tax	336,089.22	446,279.63
Housing property tax	207,909.01	222,050.55
Land use tax	83,316.67	83,316.67
Education surcharge	237,921.18	287,880.75
Other tax	16,805.84	5,622.10
Total	8,707,248.67	4,125,566.60

24. Other payables

(1) Details

Items	Closing balance	Opening balance
-------	-----------------	-----------------

Items	Closing balance	Opening balance
Dividend payable	4,044,213.38	12,538,813.38
Other payables	49,714,907.25	48,707,865.43
Total	53,759,120.63	61,246,678.81

(2) Dividend payable

Items	Closing balance	Opening balance
Dividend of ordinary shares	4,044,213.38	12,538,813.38
Subtotal	4,044,213.38	12,538,813.38

(3) Other payables

Items	Closing balance	Opening balance
Temporary receipts payable	25,326,626.30	28,413,293.97
Unsettled installation cost	6,106,864.43	6,405,205.17
Deposits	6,497,152.88	6,942,844.36
Operating expenses	9,314,827.00	2,184,841.28
Others	2,469,436.64	4,761,680.65
Subtotal/Total	49,714,907.25	48,707,865.43

25. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term payables due within one year	9,181,720.08	10,820,807.35
Total	9,181,720.08	10,820,807.35

26. Other current liabilities

Items	Closing balance	Opening balance[Note]
VAT collected in advance	3,707,372.81	2,548,009.28
Total	3,707,372.81	2,548,009.28

Note: Please refer to note III (XXVIII) 1 (1) 1) of the financial statements for the difference between the opening balance and the end of the previous year.

27. Long-term payables

Items	Closing balance	Opening balance
Finance lease	4,036,160.05	12,827,205.03
Total	4,036,160.05	12,827,205.03

28. Deferred income

Items	Opening balance	Increase	Decrease	Closing balance
Government grants	6,004,873.00		6,004,873.00	
Total	6,004,873.00		6,004,873.00	

Note: Please refer to section V (IV) 3 of notes to financial statements for details on grants included into profit or loss.

29. Share capital

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	215,000,000.00						215,000,000.00

30. Capital reserve

Items	Opening balance	Increase	Decrease	Closing balance
Share premium	139,592,332.04		1,805,691.41	137,786,640.63
Other capital reserve	45,782,201.81			45,782,201.81
Total	185,374,533.85		1,805,691.41	183,568,842.44

Note: In this year, the company purchased minority shareholders' equity of the subsidiary Putian Communication (Hong Kong) Co., Ltd. The difference between the purchase price and the net assets of the subsidiary offset the capital reserve by 1,805,691.41 yuan.

31. 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	-6,776,124.85	-77,806.80		-77,806.80		-6,853,931.65
Including: Translation reserves	-4,921,214.85	-77,806.80		-77,806.80		-4,999,021.65
Reclassified financial assets to OCI	-1,854,910.00					-1,854,910.00
Total	-6,776,124.85	-77,806.80		-77,806.80		-6,853,931.65

32. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	589,559.77			589,559.77
Total	589,559.77			589,559.77

33. Undistributed profit

(1) Details

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	-224,644,862.48	-40,726,776.80
Add: Increase due to adjustment (or less: decrease)		-14,829,568.99
Opening balance after adjustment	-224,644,862.48	-55,556,345.79
Add: Net profit attributable to owners of the parent company	21,964,552.84	-169,088,516.69
Less: Appropriation of statutory surplus reserve		
Dividend payable on ordinary shares		
Closing balance	-202,680,309.64	-224,644,862.48

(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	1,001,079,639.70	824,093,835.42	1,316,694,560.34	1,070,497,619.85
Other operations	24,164,176.13	22,812,107.07	21,589,633.87	17,276,746.81
Total	1,025,243,815.83	846,905,942.49	1,338,284,194.21	1,087,774,366.66

(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)	305,265,930.73	355,509,173.22	96,477,794.59	267,990,917.29	1,025,243,815.83
Services (rendered over time)					
Total	305,265,930.73	355,509,173.22	96,477,794.59	267,990,917.29	1,025,243,815.83

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	1,809,453.62	3,276,155.79
Education surcharge	1,276,393.76	2,311,072.67
Housing property tax	1,546,447.85	1,462,422.80
Land use tax	568,336.87	547,177.81
Other tax	648,528.71	704,990.25

Items	Current period cumulative	Preceding period comparative
Total	5,849,160.81	8,301,819.32

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	57,079,555.56	77,048,927.73
Business entertainment	14,810,790.03	17,114,142.33
Travelling expenses	8,320,143.23	13,819,057.87
Office expenses	4,918,392.62	5,560,856.53
Sales service charges	8,246,112.93	1,038,155.51
Equipment maintain fees	626,909.61	53,959.44
Conference expenses	459,420.68	1,525,458.07
Promotion expenses	446,883.59	1,155,792.65
Transport fees		19,665,748.31
Others	6,300,627.54	9,897,334.48
Total	101,208,835.79	146,879,432.92

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	48,670,243.18	55,926,241.69
Depreciation and amortization	6,774,510.66	6,887,635.80
Consulting, intermediary and legal fees	5,956,557.06	5,448,016.21
Office expenses	3,264,199.44	4,275,357.00
Lease expenses	2,365,498.74	3,131,821.43
Loss from shutdown	1,903,415.67	
Business entertainment	1,395,310.80	2,253,298.18
Travelling expense	750,329.40	1,461,187.42
Funding for Party Building	608,575.64	1,213,551.34
Others	3,789,065.67	6,850,720.61
Total	75,477,706.26	87,447,829.68

5. R&D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	36,932,589.17	55,575,661.68

Items	Current period cumulative	Preceding period comparative
Travelling expenses	1,764,237.57	3,433,025.78
Depreciation and amortization	1,427,264.34	1,555,336.33
Material use	1,277,981.90	3,270,507.03
Intermediate test fee	224,424.47	600,097.91
Commissioned development		841,669.70
Others	4,693,007.93	5,902,643.08
Total	46,319,505.38	71,178,941.51

6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenditures	28,568,012.81	30,200,892.97
Less: Interest income	1,758,180.41	1,475,350.85
Losses on foreign exchange	19,380.93	7,720.32
Financial institution fees	216,787.73	692,502.67
Financing fee		1,149,386.79
Others	28,087.93	
Total	27,074,088.99	30,575,151.90

7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to income [Note]	10,953,444.48	7,894,918.90	6,456,622.79
Service charge of personal income tax	35,529.25		
Total	10,988,973.73	7,894,918.90	6,456,622.79

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 investments	98,897,269.56	
Investment income from long-term equity investments under equity method	-4,769,983.62	-297,833.76
Investment income from derecognition of financial assets at amortized cost	-952,176.00	
Total	93,175,109.94	-297,833.76

9. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debt loss of notes receivable	-361,969.01	-323,770.52
Bad debt loss of accounts receivable	-36,758,177.42	-54,184,559.30
Bad debt loss of other receivables	-4,495,669.42	1,049,470.62
Total	-41,615,815.85	-53,458,859.20

10. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-14,421,937.22	-19,577,005.54
Total	-14,421,937.22	-19,577,005.54

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	78,480,698.99	119,033.08	78,480,698.99
Gains on disposal of intangible assets	-5,923,710.98		-5,923,710.98
Total	72,556,988.01	119,033.08	72,556,988.01

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		3,337,422.56
Unpaid payables	436,331.11	362,546.35	436,331.11
Penalty income	164,707.10	63,385.71	164,707.10
Government grants		1,354,900.00	
Others	363,153.86	119,216.78	363,153.86
Total	4,301,614.63	1,900,048.84	4,301,614.63

13. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Penalty expenditures	2,161,289.87	343,083.03	2,161,289.87
Donation expenditures	2,000.00		2,000.00

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Others	50,605.73	25,016.81	50,605.73
Total	2,213,895.60	368,099.84	2,213,895.60

14. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	7,504,586.94	1,279,314.02
Total	7,504,586.94	1,279,314.02

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	45,179,613.75	-157,661,145.30
Income tax expenses based on tax rate applicable to the parent company	6,776,942.06	-23,649,171.79
Effect of different tax rate applicable to subsidiaries	4,607,902.23	-626,836.21
Effect of prior income tax reconciliation	-707,905.89	498,379.34
Effect of non-deductible costs, expenses and losses	3,650,934.31	3,456,216.58
Utilization of deductible losses not previously recognized as deferred tax assets	-9,844,171.65	
Effect of deducible temporary differences or deductible losses not recognized as deferred tax assets	110,437.79	110,437.79
Effect of deducible temporary differences or deductible losses not recognized	9,274,215.07	31,109,797.60
Deduction of R&D expenditures	-6,363,766.98	-9,619,509.29
Income tax expenses	7,504,586.94	1,279,314.02

(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	4,248,205.97	2,973,805.47
Interest income	1,758,180.41	1,475,350.85
Intercourse	3,166,427.19	14,077,394.69
Others	6,613,152.65	6,356,466.57
Total	15,785,966.22	24,883,017.58

2. Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Selling and Administrative expenses paid in cash	67,899,682.41	110,042,009.33
Intercourse	9,235,390.47	2,969,125.35
Others	131,079.85	8,204.90
Total	77,266,152.73	113,019,339.58

3. Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Financial lease payments received		30,000,000.00
Security of finance lease recovered	4,000,000.00	
Total	4,000,000.00	30,000,000.00

4. Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Installment financing lease payments	10,430,132.25	7,930,934.99
Payment of financing handling fees		1,149,386.79
Total	10,430,132.25	9,080,321.78

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	37,675,026.81	-158,940,459.32
Add: Provision for assets impairment loss	13,888,011.56	16,620,515.26
Provision for credit impairment loss	41,615,815.85	53,458,859.20
Depreciation of fixed assets, oil and gas assets, productive biological assets	8,846,872.58	9,832,586.60
Amortization of intangible assets	1,356,243.79	2,024,313.13
Amortization of long-term prepayments	1,802,964.46	1,734,208.58
Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-72,556,988.01	-119,033.08
Fixed assets retirement loss (Less: gains)		
Gains from derecognition of financial assets at amortized cost	952,176.00	
Losses on changes in fair value (Less: gains)		

Supplement information	Current period cumulative	Preceding period comparative
Financial expenses (Less: gains)	28,587,393.74	31,358,000.08
Investment losses (Less: gains)	-94,127,285.94	297,833.76
Decrease of deferred tax assets (Less: increase)		
Increase of deferred tax liabilities (Less: decrease)		
Decrease of inventories (Less: increase)	-4,132,697.71	60,954,831.16
Decrease of operating receivables (Less: increase)	205,597,222.73	326,109,564.75
Increase of operating payables (Less: decrease)	-79,053,430.99	-320,645,105.21
Others	-2,305,976.00	
Net cash flows from operating activities	88,145,348.87	22,686,114.91
(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	170,062,746.87	208,783,866.60
Less: Cash at the beginning of the period	208,783,866.60	201,369,317.42
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	-38,721,119.73	7,414,549.18
(2) Composition of cash and cash equivalents		
Items	Closing balance	Opening balance
1) Cash	170,062,746.87	208,783,866.60
Including: Cash on hand	2,229.39	2,273.88
Cash in bank on demand for payment	170,060,517.48	208,781,592.72
2) Cash equivalents		
3) Cash and cash equivalents at the end of the period	170,062,746.87	208,783,866.60
(3) Net cash receipts from disposal of subsidiaries in current period		
Items	Current period cumulative	
Cash and cash equivalents received in current period for subsidiary disposal in current period	43,431,600.00	
Including: Nanjing Putian Information Technology Co., Ltd.	43,431,600.00	
Less: Cash and cash equivalents held by subsidiaries on which the Company lost control	447,600.35	
Including: Nanjing Putian Information Technology Co., Ltd.	447,600.35	

Items	Current period cumulative
Add: Cash and cash equivalents received in current period for subsidiary disposal in prior periods	
Including: Nanjing Putian Information Technology Co., Ltd.	
Net cash receipts from disposal of subsidiaries in current period	42,983,999.65

(4) Amount of endorsed commercial acceptance not involving cash receipts and payments

Items	Current period cumulative	Preceding period comparative
Amount of endorsed commercial acceptance	159,593,293.14	153,041,789.44
Including: Payment for goods	159,443,293.14	152,290,789.44
Payment for acquisition of long-term assets, such as fixed-assets	150,000.00	751,000.00

(IV) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	39,647,679.34	Deposit for acceptance and deposit for L/G
Cash and bank balances	139,284.75	Bank freeze due to litigation
Fixed assets	10,352,538.63	Mortgaged borrowings
Intangible assets	3,665,962.99	Mortgaged borrowings
Total	53,805,465.71	

(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 Southern Telecom 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	--	--	--
Including: USD	635,347.49	6.5249	4,145,578.84
EUR	522.27	8.0250	4,191.22
GBP	208.79	8.8903	1,856.21
HKD	567,899.15	0.84164	477,966.64

3. Government grants

1) Government grants related to income and used to compensate future relevant costs, expenses or losses

Items	Opening balance of deferred income	Increase	Recognized in other income	Reduction caused by business combination	Closing balance of deferred income	Related to asset/income
Science and technology development plan and science and technology funding target subsidies	1,000,000.00		1,000,000.00			related to income
Compensation for zombie enterprise	5,004,873.00		1,305,976.00	3,698,897.00		related to income
Subtotal	6,004,873.00		2,305,976.00	3,698,897.00		

2) Government grants related to income and used to compensate incurred relevant costs, expenses or losses

Items	Amounts	Presented under	Remarks
VAT refund	4,399,262.51	Other income	Cai Shui [2011] No.100
Special fund	2,070,000.00	Other income	CZ [2019] No.13
Stable subsidy	667,423.08	Other income	Nanjing social insurance management center
Rewards of R&D	572,000.00	Other income	Subsidy from Finance Bureau of Qinhuai District, Nanjing development and Reform Commission
Subsidies for industrial transformation and upgrading	300,000.00	Other income	Government subsidy policy of Zhonghuamen Office of Nanjing Qinhuai District People's Government
Rewards of technology development	100,000.00	Other income	Subsidy from Jiangning District Finance Bureau of Nanjing
Special fund for industrial development	100,000.00	Other income	Nanjing Yuhua Economic Development Zone Management Committee
Others	438,782.89	Other income	
Subtotal	8,647,468.48		

The amount of government subsidies included in the current profits and losses is 10,953,444.48yuan.

VI. Changes in the consolidation scope

(I) Disposal of subsidiaries

1. One-time disposal involving loss of control over a subsidiary

Subsidiaries	Equity disposal consideration	Equity disposal proportion (%)	Equity disposal method	Loss of control date	Determination basis for loss of control date	Difference between disposal consideration and net assets attributable to the Company at the consolidated financial statements level
Nanjing Putian Information Technology	43,431,600.00	100.00	transfer	December 25, 2020	Completion of business registration change	42,385,183.68

Subsidiaries	Equity disposal consideration	Equity disposal proportion (%)	Equity disposal method	Loss of control date	Determination basis for loss of control date	Difference between disposal consideration and net assets attributable to the Company at the consolidated financial statements level
Co., Ltd.						

(II) Changes in the consolidation scope due to other reasons

1. Entities brought into the consolidation scope

Entities	Equity acquisition method	Equity acquisition date	Capital contribution	Capital contribution proportion (%)
Chongqing Puhua Information Technology Co., Ltd	Set up	July 10, 2020	2,000,000.00	100.00%

2. Entities excluded from the consolidation scope

Entities	Equity disposal method	Equity disposal date	Disposal-date net assets	Net profit from the period beginning to the disposal date
Nanjing Putian Wangzhi Electronic Co., Ltd.	Liquidation and cancellation	December 31, 2020		754,205.54
Nanjing Bada Communication Equipment Co., Ltd.	Liquidation and cancellation	December 31, 2020		4,301,547.02

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 Southern Telecom Co., Ltd	Nanjing City	Nanjing City	Manufacture	96.99	3.01	Set up
Nanjing Nanman Electrics Co., Ltd.	Nanjing City	Nanjing City	Manufacture	75.00		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

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
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%	12,373,025.64	32,538,000.00	48,100,667.31

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.	222,552,329.22	35,936,096.57	258,488,425.79	169,790,901.71		169,790,901.71

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Nanjing Putian Telege Intelligent Building Ltd.	272,941,946.26	35,035,874.45	307,977,820.71	182,096,128.53		182,096,128.53

(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.	360,582,564.08	22,815,831.90	22,815,831.90	72,157,846.79	362,262,442.89	23,336,955.05	23,336,955.05	57,350,651.98

(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	10,422,056.96	10,422,067.61
Proportionate shares in the following items		
Net profit	-10.65	-706,250.73
Total comprehensive income	-10.65	-706,250.73
Associates		
Total carrying amount of investments		
Proportionate shares in the following items		
Net profit		
Total comprehensive income		

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)2(2); V(I)3(2); V(I)6(3) 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, 2020, the Company has certain concentration of credit risk, and 11.90% (December 31, 2019: 17.05%) 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
Bank 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	49,714,907.25	49,714,907.25	49,714,907.25		
Long-term payable	13,217,880.13	13,614,416.53	9,457,171.68	4,157,244.85	
Subtotal	808,833,383.48	811,179,919.88	807,022,675.03	4,157,244.85	

(Continued)

Items	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	451,915,948.50	465,473,426.95	465,473,426.95		
Notes payable	81,784,929.91	81,784,929.91	81,784,929.91		
Accounts payable	679,428,580.08	679,428,580.08	679,428,580.08		
Other payable	48,707,865.43	48,707,865.43	48,707,865.43		
Long-term payable	23,648,012.38	24,357,452.75	11,145,431.57	13,212,021.18	
Subtotal	1,285,485,336.30	1,299,752,255.12	1,286,540,233.94	13,212,021.18	

(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. Receivables financing			32,594,702.60	32,594,702.60
2. Other equity instrument investments			741,953.00	741,953.00
Total assets at recurring fair value measurement			33,336,655.60	33,336,655.60

(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 Information Industry Inc	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 POTEVIO Corporation Limited..

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 Putian Information 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
Potevio innovation and Entrepreneurship Management Co., Ltd	An affiliated company of the ultimate controlling party
Nanjing Honyar Electrical Technology Co., Ltd.	An affiliated company of the ultimate controlling party
Nanjing Honyar Electrical 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
Beijing Potevio Taili Communications Technology Co., Ltd.	An affiliated company of the ultimate controlling party
Hangzhou Honyar Dongbei Photoelectric Technology Co., Ltd.	An affiliated company of the ultimate controlling party
Shanghai Potevio Network Technology Co., Ltd.	An affiliated company of the ultimate controlling party
POTEVIO Telecommunications Co., Ltd.	An affiliated company of the ultimate controlling party
Potevio 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
Mennekes Electric Industrial(China) Co., Ltd.	Minority shareholders of subsidiaries of the company
Potevio Heping Technology Co., Ltd.	An affiliated company of the ultimate controlling party
Hangzhou Honyar Electrical Co.,Ltd.	An affiliated company of the ultimate controlling party
Potevio International Trading Co., Ltd.	An affiliated company of the ultimate controlling party
Chengdu Putian Telecommunications Cable 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

Related parties	Relationships with the Company
Tianjin Potevio Innovation and Entrepreneur Technology 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
Putian New Energy (Shenzhen) Co., Ltd.	An affiliated company of the ultimate controlling party
Wuhan Putian New Energy Co., Ltd	An affiliated company of the ultimate controlling party

(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	1,651,259.37	134,874.07
Potevio Information Technology Co., Ltd.	Telecommunication products	68,584.07	22,123.89

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	331,975.44	5,475,549.68
China Potevio Information Industry Inc.	Telecommunication products	1,759,578.23	191,688,219.39
Beijing Potevio Taili Communications Technology Co., Ltd.	Telecommunication products	1,725.66	31,310.35
Hangzhou Honyar Electrical Co.,Ltd.	Telecommunication products		241.36
Eastern Communications Inc.	Telecommunication products	273,476.12	14,641.59
Potevio Eastern Communications Co.,Ltd.	Telecommunication products	22,641.51	16,300.00
Potevio Science & Technology Industrial Co., Ltd.	Telecommunication products	41,299.97	602,734.41
Potevio Telecommunications Co., Ltd.	Telecommunication products	1,040,734.52	4,278,714.91
Beijing Potevio Desheng Technology Incubator Co., Ltd	Telecommunication products	1,923,178.85	
Wuhan Putian New Energy Co., Ltd	Telecommunication products	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	796,113.90	2,170,165.03

3. Related party guarantees

(1) Details

1) The Company and its subsidiaries as guarantors

Guaranteed parties	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
Nanjing Southern Telecom Co., Ltd	10,000,000.00	2020/4/17	2021/1/8	No
Nanjing Southern Telecom Co., Ltd	10,000,000.00	2020/4/17	2021/4/17	No

2) The Company and its subsidiaries as guaranteed parties

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
China Potevio Information Industry Inc.	50,000,000.00	2019/6/5	2020/5/14	Yes
China Potevio Information Industry Inc.	30,000,000.00	2020/1/3	2021/1/3	No
China Potevio Information Industry Inc.	50,000,000.00	2020/10/19	2021/10/19	No

4. Call loans between related parties

Entrusted loans and interest expenses with parent company	Current period cumulative	Preceding period comparative
Entrusted loans		262,000,000.00
Entrusted interest expenses	12,867,202.78	13,560,288.33

5. Assets transfer and debt restructuring of the related parties

Related parties	Content of related party transactions	Pricing basis	Current period cumulative	Preceding period comparative
Potevio innovation and Entrepreneurship Management Co., Ltd	Equity transfer	Evaluation value	227,492,228.00	61,032,085.88
Potevio innovation and Entrepreneurship Management Co., Ltd	Equity transfer	Evaluation value	43,431,600.00	42,385,183.68
Potevio innovation and Entrepreneurship Management Co., Ltd	Assets transfer	Evaluation value	110,383,600.00	60,170,295.26

(1) The company transferred its 49.64% equity of Potevio Hi-tech Industry Co., Ltd. to Potevio Innovation and Entrepreneur

Technology Co., Ltd. at a price of 227.49 million yuan, and the investment income confirmed in this transaction was 61.03 million yuan. The transaction was appraised by Beijing zhongtianhua Assets Appraisal Co., Ltd. and the appraisal report of Zhongzi Pingbaozi [2020] No. 10888 was issued. The 100% equity value of Putian hi tech Industry Co., Ltd. appraised is 458.28 million yuan, and the corresponding 49.64% equity value is 227.49 million yuan. As of December 23, 2020, the company has received all the above transfer price.

(2) The company transferred its 100.00% equity of Nanjing Putian Information Technology Co., Ltd. to Potevio Innovation and Entrepreneur Technology Co., Ltd. at a price of 43.43 million yuan, and the investment income confirmed in this transaction was 42.39 million yuan. The transaction was evaluated by China Capital Asset Appraisal Co., Ltd. and issued the appraisal report of Zhongzi Pingbaozi [2020] No. 412. The 100.00% equity value of Putian hi tech Industry Co., Ltd. was 43.43 million yuan. As of December 23, 2020, the company has received all the above transfer price.

(3) The company transferred the land and real estate of No. 1 Putian road held by it to Potevio Innovation and Entrepreneur Technology Co., Ltd. at a price of 110.38 million yuan, and the asset disposal income of 60.17 million yuan was confirmed in this transaction. The transaction was evaluated by Beijing Zhongtianhua Assets Appraisal Co., Ltd. and issued the appraisal report of Zhongzi Pingbaozi [2020] No. 10887. The estimated value of the land and real estate of No. 1 Putian Road is RMB 110.38 million yuan. As of December 23, 2020, the company has received all the above transfer prices.

6. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	2,430,976.00	1,796,209.00

(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
Accounts receivable					
	China Potevio Information Industry Inc.	5,890,775.42	2,761,564.47	12,500,971.72	2,537,197.33
	Potevio Information Technology Co., Ltd.	6,900,298.36	536,650.66	14,018,807.64	525,759.59
	Shanghai Potevio Network Technology Co., Ltd.	536,319.70	132,831.97	536,319.70	110,415.99
	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.	20,659.60	206.60	20,659.60	371.18
	Potevio Eastern Communications Co.,Ltd.			127,974.15	3,182.80
	Potevio Telecommunications Co., Ltd.	4,317,924.00	168,855.00	5,193,281.30	84,350.07
	Tianjin Potevio Innovation and Entrepreneur Technology Co., Ltd.	4,546.26	454.63	4,546.26	227.31
	Beijing Potevio Desheng Technology Incubator Co., Ltd	107,164.50	1,071.65		

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Potevio Company Limited.			629,899.32	311,049.45
Subtotal		26,533,221.84	12,357,168.98	41,787,993.69	12,328,087.72
Advances paid					
	Potevio Heping Technology Co., Ltd.			436,294.00	
	China Potevio Information Industry Inc.	420,000.00			
Subtotal		420,000.00		436,294.00	
Other receivables					
	China Potevio Information Industry Inc.	2,245,100.00	1,062,255.00	1,958,000.00	496,900.00
	Potevio Eastern Communications Co., Ltd.			30,000.00	1,500.00
	Potevio Information Technology Co., Ltd.	1,203,052.00	60,152.60	1,203,052.00	60,152.60
	Putian New Energy (Shenzhen) Co., Ltd.			1,150.06	57.50
Subtotal		3,448,152.00	1,122,407.60	3,192,202.06	558,610.10

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	20,530,725.66
	China Potevio Information Industry Inc.	18,332,258.02	19,641,228.50
	Nanjing Potevio Honyar Electrical Co., Ltd.		242,595.99
	Shanghai Potevio Network Technology Co., Ltd.	11,685.00	11,685.00
	Mennekes Electric Industrial(China) Co., Ltd.		5,508,839.24
	Potevio Hi-tech Industry Co., Ltd.	25,000.00	25,000.00
	Nanjing Potevio Honyar Electrical Technology Co., Ltd.		136,848.85
Subtotal		38,589,668.68	46,096,923.24
Advances received			
	China Potevio Information Industry Inc.	4,690,537.30	2,708,112.86
	Potevio Company Limited.	13,239.48	
	Wuhan Putian New Energy Co., Ltd	12,120.00	
Subtotal		4,715,896.78	2,708,112.86
Other payables			
	SEI-Nanjing Potevio Optical Network Co., Ltd.		83,000.00
	Potevio Hi-tech Industry Co., Ltd.	3,588,281.58	3,535,518.07

Items	Related parties	Closing balance	Opening balance
	Potevio Information Technology Co., Ltd.	555,000.00	400,000.00
	Potevio Telecommunications Co., Ltd.	200,000.00	200,000.00
	China Potevio Information Industry Inc.		475,310.00
	Potevio Company Limited.	9,580,000.00	14,580,000.00
Subtotal		13,923,281.58	19,273,828.07

XI. Commitments and contingencies

(I) Significant commitments

None.

(II) Contingencies

None.

XII. Events after the balance sheet date

None.

XIII. Other significant events

(I) 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	314,877,571.26	357,130,844.30	96,477,794.59	287,776,479.36	-55,183,049.81	1,001,079,639.70
Cost of main operations	260,805,089.88	277,322,277.49	71,403,862.96	268,702,106.80	-54,139,501.71	824,093,835.42
Total assets	267,796,243.51	258,488,425.79	195,003,137.30	755,481,906.59	-309,161,302.37	1,167,608,410.82
Total liabilities	180,341,049.02	169,790,901.71	143,153,401.62	605,149,628.24	-227,261,631.57	871,173,349.02

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	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

(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	31,829,378.66	6.28	31,411,610.66	98.69	417,768.00
Receivables with provision made on a collective basis	475,258,345.40	93.72	59,678,795.33	12.56	415,579,550.07
Total	507,087,724.06	100.00	91,090,405.99	17.96	415,997,318.07

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
Nanjing Zhengqian Communication Technology Co., Ltd	5,356,181.55	5,356,181.55	100.00	Unable to collect
Nanjing Aerte photoelectric Co., Ltd	3,468,196.16	3,468,196.16	100.00	Unable to collect
Subtotal	59,944,074.91	59,944,074.91	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	96,982,273.63	969,822.74	1.00
1-2 years	44,989,354.77	2,249,467.74	5.00
2-3 years	71,183,792.40	7,118,379.24	10.00
3-4 years	17,541,941.61	5,262,582.48	30.00
4-5 years	7,155,905.31	3,577,952.66	50.00

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Over 5 years	45,733,827.52	45,733,827.52	100.00
Subtotal	283,587,095.24	64,912,032.38	22.89

(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	31,411,610.66	28,532,464.25						59,944,074.91
Receivables with provision made on a collective basis	59,678,795.33	5,233,237.05						64,912,032.38
Subtotal	91,090,405.99	33,765,701.30						124,856,107.29

(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	5.73	19,708,086.54
Mr. Xu	17,591,683.74	5.12	17,591,683.74
Hegang branch of China Tower Co., Ltd	13,819,926.92	4.02	13,819,926.92
Nanjing yuanzun Electromechanical Equipment Co., Ltd	12,362,665.79	3.60	2,353,301.27
Shenzhen Zhongchuang Electric Measurement Technology Co., Ltd	11,171,751.30	3.25	1,117,175.13
Subtotal	74,654,114.29	21.72	54,590,173.60

2. 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	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

(Continued)

Categories	Opening balance				
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	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	51.27	33,010,009.04	100.00	
Receivables with provision made on a collective basis	31,371,561.56	48.73	4,609,744.49	14.69	26,761,817.07
Total	64,381,570.60	100.00	37,619,753.53	58.43	26,761,817.07

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.	4,097,886.33	4,097,886.33	100.00	Unable to collect
Subtotal	33,010,009.04	33,010,009.04	100.00	

3) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio-Financing margin	1,578,947.37		
Portfolio-Other	58,864,402.62	10,168,198.03	17.27
Subtotal	60,443,349.99	10,168,198.03	16.82

(2) Ages

Items	Closing book balance	Opening book balance
Within 1 year	38,298,614.15	16,695,643.58
1-2 years	5,217,214.31	9,027,575.59
2-3 years	7,373,694.63	1,742,931.56
3-4 years	1,648,262.87	1,528,457.97
4-5 years	1,321,643.00	563,113.00
Over 5 years	36,133,804.27	34,823,848.90
Subtotal/Total	89,993,233.23	64,381,570.60

(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	704,333.65		36,915,419.88	37,619,753.53
Opening balance in current period				

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)	
--Transferred to phase II				
--Transferred to phase III	-119,804.90		119,804.90	
--Reversed to phase II				
--Reversed to phase I				
Provision made in current period	-103,624.17		2,201,951.91	2,098,327.74
Provision recovered in current period				
Provision reversed in current period				
Provision written off in current period				
Other changes				
Closing balance	480,904.58		39,237,176.69	39,718,081.27

(4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Temporary advance payment receivable	76,617,770.01	47,366,428.11
Deposit as security	10,992,593.44	15,794,589.88
Travel reserve fund	796,798.91	630,902.93
Others	1,586,070.87	589,649.68
Total	89,993,233.23	64,381,570.60

(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	32.13	28,912,122.71
China Potevio Information Industry Inc.	Deposit as security	1,958,000.00	2-5 years	2.18	1,046,900.00
Far East International Leasing Co.,Ltd.	Financing deposit	1,578,947.37	1-2 years	1.75	-
Potevio Information Technology Co., Ltd.	Deposit as security	1,203,052.00	2-3years	1.34	60,152.60
Nanjing Putian Communication Industry Co., Ltd	Deposit as security	794,451.12	1-5 years	0.88	624,226.14
Subtotal		34,446,573.20		38.28	30,643,401.45

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	115,319,587.64	1,910,520.00	113,409,067.64	153,218,270.64	1,910,520.00	151,307,750.64
Investments in associates and joint ventures	10,422,056.96		10,422,056.96	181,762,383.50		181,762,383.50
Total	125,741,644.60	1,910,520.00	123,831,124.60	334,980,654.14	1,910,520.00	333,070,134.14

(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 Southern Telecom Co., Ltd	33,175,148.00			33,175,148.00		
Nanjing Nanman Electrics Co., Ltd.	57,831,011.71			57,831,011.71		
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		
Nanjing Putian Wangzhi Electronic Co., Ltd.	20,428,683.00	3,412,266.00	23,840,949.00			
Nanjing Bada Communication Equipment Co., Ltd.	5,610,000.00		5,610,000.00			
Nanjing Putian Information Technology Co., Ltd.*	13,860,000.00		13,860,000.00			
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		
Subtotal	153,218,270.64	5,412,266.00	43,310,949.00	115,319,587.64		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.	10,422,067.61			-10.65	

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Subtotal	10,422,067.61			-10.65	
Associates					
Potevio Hi-tech Industry Co., Ltd.	171,340,315.89		166,460,142.12	-4,769,972.97	
Subtotal	171,340,315.89		166,460,142.12	-4,769,972.97	
Total	181,762,383.50		166,460,142.12	-4,769,972.97	

(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.					10,422,056.96	
Subtotal					10,422,056.96	
Associates						
Potevio Hi-tech Industry Co., Ltd.		110,200.80				
Subtotal		110,200.80				
Total		110,200.80			10,422,056.96	

(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	189,850,952.52	182,844,309.33	421,674,918.84	386,876,567.34
Other operations	14,466,948.04	16,357,549.35	12,229,061.04	10,560,944.21
Total	204,317,900.56	199,201,858.68	433,903,979.88	397,437,511.55

2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	82,727,700.00	9,153,400.00
Investment income from long-term equity investments under equity	-4,769,983.62	-297,833.76

Items	Current period cumulative	Preceding period comparative
method		
Gains on disposal of long-term equity investments	79,250,527.14	
Gains from derecognition of financial assets at amortized cost	-952,176.00	
Total	156,256,067.52	8,855,566.24

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	171,454,257.57	
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)	6,456,622.79	
Other non-operating revenue or expenditures	1,135,543.03	
Subtotal	179,046,423.39	
Less: Enterprise income tax affected	122,246.44	
Non-controlling interest affected (after tax)	2,566,581.35	
Net non-recurring profit or loss attributable to shareholders of the parent company	176,357,595.60	

(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	12.29	0.1022	0.1022
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-86.41	-0.7181	-0.7181

2. Calculation process of weighted average RONA

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	21,964,552.84
Non-recurring profit or loss	B	176,357,595.60
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-154,393,042.76
Opening balance of net assets attributable to shareholders of ordinary shares	D	

Items	Symbols	Current period cumulative
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	1,805,691.41
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G	12.00
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	-77,806.80
Others	Retranslation	6.00
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	K
Number of months in the reporting period	K	178,680,787.90
Weighted average net assets	$L = D + A/2 + E \times F/K - G \times H/K \pm I \times J/K$	12.29
Weighted average RONA	$M = A/L$	-86.41

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	21,964,552.84
Non-recurring profit or loss	B	176,357,595.60
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$C = A - B$	-154,393,042.76
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	12.00
Weighted average of outstanding ordinary shares	$L = D + E + F \times G/K - H \times I/K - J$	215,000,000.00
Basic EPS	$M = A/L$	0.1022
Basic EPS after deducting non-recurring profit or loss	$N = C/L$	-0.7181

Calculation process of diluted EPS is the same as calculation process of basic EPS.

Section XIII. Documents Available for Reference

- (i) Accounting statement bearing signature and seal of the legal representative, person in charge of accounting works and person in charge of accounting institution of the Company
- (ii) Original auditing report bearing seal of CPAs and signature and seal of CPA.
- (iii) Text of notice and original draft that public on website appointed by CSRC within report period.

**Board of Directors of
Nanjing Putian Telecommunications Co., Ltd.
20 April 2021**