

Nanjing Putian Telecommunications Co., Ltd.  
Consolidated balance sheet as at June 30, 2021  
*(Expressed in Renminbi Yuan)*

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances	1	90,221,585.93	209,849,710.96
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	2	20,215,362.47	17,029,051.04
Accounts receivable	3	529,083,330.61	493,992,403.49
Receivables financing	4	13,747,563.72	32,594,702.60
Advances paid	5	26,113,911.42	19,616,348.65
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	6	18,122,691.90	16,911,790.31
Financial assets under reverse repo			
Inventories	7	226,870,395.21	199,641,972.32
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	8	13,311,935.75	13,126,022.08
Total current assets		937,686,777.01	1,002,762,001.45
Non-current assets:			
Loans and advances paid			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	9	10,422,055.77	10,422,056.96
Other equity instrument investments	10	741,953.00	741,953.00
Other non-current financial assets			
Investment property	11	4,076,777.32	4,267,013.35
Fixed assets	12	98,429,381.98	100,158,063.58
Construction in progress	13	23,811,418.56	22,454,792.27
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets	14	20,778,350.12	21,261,119.40
Development expenditures			
Goodwill			
Long-term prepayments	15	5,382,379.54	5,541,410.81
Deferred tax assets	16		
Other non-current assets			
Total non-current assets		163,642,316.29	164,846,409.37
Total assets		1,101,329,093.30	1,167,608,410.82

Nanjing Putian Telecommunications Co., Ltd.  
Consolidated balance sheet as at June 30, 2021 (continued)  
*(Expressed in Renminbi Yuan)*

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	17	140,500,000.00	65,000,000.00
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	18	14,698,110.10	76,135,010.10
Accounts payable	19	561,701,149.98	604,765,586.00
Advances received	20		
Contract liabilities	21	31,494,936.69	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	16,999,268.19	17,362,878.28
Taxes and rates payable	23	6,327,204.25	8,707,248.67
Other payables	24	56,473,719.89	53,759,120.63
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	25	7,954,722.25	9,181,720.08
Other current liabilities	26	3,778,589.00	3,707,372.81
Total current liabilities		839,927,700.35	867,137,188.97
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	27		4,036,160.05
Long-term employee benefits payable			
Provisions			
Deferred income	28		
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			4,036,160.05
Total liabilities		839,927,700.35	871,173,349.02
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	196,286,481.92	183,568,842.44
Less: Treasury shares			
Other comprehensive income	31	-5,891,985.07	-6,853,931.65
Special reserve			
Surplus reserve	32	589,559.77	589,559.77
General risk reserve			
Undistributed profit	33	-232,274,176.83	-202,680,309.64
Total equity attributable to the parent company		173,709,879.79	189,624,160.92
Non-controlling interest		87,691,513.16	106,810,900.88
Total equity		261,401,392.95	296,435,061.80
Total liabilities & equity		1,101,329,093.30	1,167,608,410.82

Nanjing Putian Telecommunications Co., Ltd.  
Parent company balance sheet as at June 30, 2021  
*(Expressed in Renminbi Yuan)*

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		20,592,675.73	57,345,349.24
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable		237,500.00	1,190,734.45
Accounts receivable	1	203,731,115.33	218,887,318.18
Receivables financing		1,683,955.00	
Advances paid		8,950,718.25	10,138,293.79
Other receivables	2	41,635,450.06	50,275,151.96
Inventories		83,081,841.77	80,454,321.56
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		5,787,633.65	7,516,579.06
Total current assets		365,700,889.79	425,807,748.24
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	3	123,831,124.41	123,831,124.60
Other equity instrument investments		741,953.00	741,953.00
Other non-current financial assets			
Investment property			
Fixed assets		43,682,729.77	45,117,637.57
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets			
Intangible assets		4,825,084.05	5,006,099.13
Development expenditures			
Goodwill			
Long-term prepayments		3,859,520.94	4,461,404.63
Deferred tax assets			
Other non-current assets			
Total non-current assets		176,940,412.17	179,158,218.93
Total assets		542,641,301.96	604,965,967.17

Nanjing Putian Telecommunications Co., Ltd.  
Parent company balance sheet as at June 30, 2021 (continued)  
*(Expressed in Renminbi Yuan)*

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		95,000,000.00	30,000,000.00
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable		14,698,110.10	76,135,010.10
Accounts payable		192,828,967.91	214,453,536.53
Advances received			
Contract liabilities		15,011,700.79	14,109,283.43
Employee benefits payable		8,292,687.68	7,931,673.97
Taxes and rates payable		403,923.89	115,233.85
Other payables		145,888,014.12	164,586,605.64
Liabilities classified as held for sale			
Non-current liabilities due within one year		7,954,722.25	9,181,720.08
Other current liabilities		1,635,768.34	1,834,206.85
Total current liabilities		481,713,895.08	518,347,270.45
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			4,036,160.05
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			4,036,160.05
Total liabilities		481,713,895.08	522,383,430.50
Equity:			
Share capital/Paid-in capital		215,000,000.00	215,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		158,864,042.34	158,864,042.34
Less: Treasury shares			
Other comprehensive income		-1,854,910.00	-1,854,910.00
Special reserve			
Surplus reserve		589,559.76	589,559.76
Undistributed profit		-311,671,285.22	-290,016,155.43
Total equity		60,927,406.88	82,582,536.67
Total liabilities & equity		542,641,301.96	604,965,967.17

Nanjing Putian Telecommunications Co., Ltd.  
 Consolidated income statement for the year ended June 30, 2021  
 (Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue		451,878,610.43	405,172,803.62
Including: Operating revenue	1	451,878,610.43	405,172,803.62
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		471,300,838.43	455,371,095.39
Including: Operating cost	1	357,433,868.99	327,775,992.40
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	2,771,656.02	2,290,036.93
Selling expenses	3	49,061,292.58	58,811,392.65
Administrative expenses	4	29,720,592.42	27,533,357.61
R&D expenses	5	29,747,490.78	24,000,179.13
Financial expenses	6	2,565,937.64	14,960,136.67
Including: Interest expenses		2,798,625.53	15,276,918.26
Interest income		410,149.62	2,387,417.73
Add: Other income	7	1,192,018.97	6,452,807.84
Investment income (or less: losses)	8	-1.19	-137,939.58
Including: Investment income from associates and joint ventures		-1.19	-137,939.58
Gains from derecognition of financial assets at amortized cost			
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	-2,408,210.40	-5,364,320.35
Assets impairment loss	10		-3,298,844.16
Gains on asset disposal (or less: losses)	11	15,829.32	1,244.51
III. Operating profit (or less: losses)		-20,622,591.30	-52,545,343.51
Add: Non-operating revenue	12	56,934.58	3,768,822.98
Less: Non-operating expenditures	13	61,544.99	649,407.57
IV. Profit before tax (or less: total loss)		-20,627,201.71	-49,425,928.10
Less: Income tax	14	4,521,812.72	2,242,233.92
V. Net profit (or less: net loss)		-25,149,014.43	-51,668,162.02
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		-25,149,014.43	-51,668,162.02
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)		-29,593,867.19	-58,856,854.03
2. Net profit attributable to non-controlling shareholders (or less: net loss)		4,444,852.76	7,188,692.01
VI. Other comprehensive income after tax		961,946.58	-724,622.78
Items attributable to the owners of the parent company		961,946.58	-652,160.50
(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		961,946.58	-652,160.50
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		961,946.58	-652,160.50
7. Others			
Items attributable to non-controlling shareholders			-72,462.28
VII. Total comprehensive income		-24,187,067.85	-52,392,784.80
Items attributable to the owners of the parent company		-28,631,920.61	-59,509,014.53
Items attributable to non-controlling shareholders		4,444,852.76	7,116,229.73
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		-0.14	-0.27
(II) Diluted EPS (yuan per share)		-0.14	-0.27

Nanjing Putian Telecommunications Co., Ltd.  
Parent company income statement for the year ended June 30, 2021  
(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	63,611,201.65	62,600,413.61
Less: Operating cost	1	59,096,001.19	62,495,073.80
Taxes and surcharges		891,562.48	553,456.43
Selling expenses		14,093,441.48	22,491,578.45
Administrative expenses		14,173,902.23	12,223,379.98
R&D expenses		4,771,057.66	4,226,104.01
Financial expenses		1,549,446.67	14,496,890.37
Including: Interest expenses		1,997,776.76	13,154,606.78
Interest income		498,022.08	448,096.86
Add: Other income		232,500.00	1,262,915.62
Investment income (or less: losses)	2	9,153,398.81	55,129,560.42
Including: Investment income from associates and joint ventures		-1.19	-137,939.58
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss		-55,949.44	-5,633,415.93
Assets impairment loss			-3,298,844.16
Gains on asset disposal (or less: losses)		15,829.32	67,992.36
II. Operating profit (or less: losses)		-21,618,431.37	-6,357,861.12
Add: Non-operating revenue		22,004.66	40,400.31
Less: Non-operating expenditures		58,703.08	607,399.62
III. Profit before tax (or less: total loss)		-21,655,129.79	-6,924,860.43
Less: Income tax			
IV. Net profit (or less: net loss)		-21,655,129.79	-6,924,860.43
(I) Net profit from continuing operations (or less: net loss)		-21,655,129.79	-6,924,860.43
(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		-21,655,129.79	-6,924,860.43
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 June 30, 2021  
 (Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
<b>I. Cash flows from operating activities:</b>			
Cash receipts from sale of goods or rendering of services		420,252,617.33	524,664,515.38
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		1,054,350.93	2,251,512.17
Other cash receipts related to operating activities	1	14,468,443.28	26,408,848.52
Subtotal of cash inflows from operating activities		435,775,411.54	553,324,876.07
Cash payments for goods purchased and services received		373,073,984.06	386,133,169.35
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		95,944,470.91	93,415,784.55
Cash payments for taxes and rates		22,940,276.09	16,591,036.09
Other cash payments related to operating activities	2	60,538,953.63	39,532,168.05
Subtotal of cash outflows from operating activities		552,497,684.69	535,672,158.04
Net cash flows from operating activities		-116,722,273.15	17,652,718.03
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdrawal of investments			
Cash receipts from investment income			
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		31,890.00	9,966,200.00
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		31,890.00	9,966,200.00
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		3,324,429.34	5,923,105.90
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		3,324,429.34	5,923,105.90
Net cash flows from investing activities		-3,292,539.34	4,043,094.10
<b>III. Cash flows from financing activities:</b>			
Cash receipts from absorbing investments			
Including: Cash received by subsidiaries from non-controlling shareholders as investments			
Cash receipts from borrowings		140,500,000.00	172,737,283.33
Other cash receipts related to financing activities	3		
Subtotal of cash inflows from financing activities		140,500,000.00	172,737,283.33
Cash payments for the repayment of borrowings		70,057,921.04	207,227,384.90
Cash payments for distribution of dividends or profits and for interest expenses		7,991,968.37	30,654,979.03
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			8,722,500.00
Other cash payments related to financing activities	4	39,813,078.92	40,240,245.04
Subtotal of cash outflows from financing activities		117,862,968.33	278,122,608.97
Net cash flows from financing activities		22,637,031.67	-105,385,325.64
IV. Effect of foreign exchange rate changes on cash & cash equivalents		424,532.65	129,185.36
V. Net increase in cash and cash equivalents		-96,953,248.17	-83,560,328.15
Add: Opening balance of cash and cash equivalents		170,062,746.87	208,783,866.60
VI. Closing balance of cash and cash equivalents		73,109,498.70	125,223,538.45

Nanjing Putian Telecommunications Co., Ltd.  
Parent company cash flow statement for the year ended June 30, 2021  
*(Expressed in Renminbi Yuan)*

Items	Note No.	Current period cumulative	Preceding period comparative
<b>I. Cash flows from operating activities:</b>			
Cash receipts from sale of goods and rendering of services		75,606,543.56	175,951,704.04
Receipts of tax refund		18,754.29	37,518.67
Other cash receipts related to operating activities		38,473,620.39	39,171,541.72
Subtotal of cash inflows from operating activities		114,098,918.24	215,160,764.43
Cash payments for goods purchased and services received		69,851,073.79	78,668,243.32
Cash paid to and on behalf of employees		31,619,733.53	35,297,802.39
Cash payments for taxes and rates		1,076,610.70	782,330.42
Other cash payments related to operating activities		50,209,315.10	73,919,046.61
Subtotal of cash outflows from operating activities		152,756,733.12	188,667,422.74
Net cash flows from operating activities		-38,657,814.88	26,493,341.69
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdrawal of investments			
Cash receipts from investment income		4,500,000.00	55,267,500.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		31,890.00	9,965,400.00
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		4,531,890.00	65,232,900.00
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets			441,129.96
Cash payments for investments			
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			441,129.96
Net cash flows from investing activities		4,531,890.00	64,791,770.04
<b>III. Cash flows from financing activities:</b>			
Cash receipts from absorbing investments			
Cash receipts from borrowings		95,000,000.00	97,737,283.33
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities		95,000,000.00	97,737,283.33
Cash payments for the repayment of borrowings		35,057,921.04	137,227,384.90
Cash payments for distribution of dividends or profits and for interest expenses		729,270.76	10,263,867.10
Other cash payments related to financing activities		41,391,500.00	45,108,000.00
Subtotal of cash outflows from financing activities		77,178,691.80	192,599,252.00
Net cash flows from financing activities		17,821,308.20	-94,861,968.67
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>			
Add: Opening balance of cash and cash equivalents		24,349,341.34	25,794,743.17
<b>VI. Closing balance of cash and cash equivalents</b>			
		8,044,724.66	22,217,886.23



Nanjing Putian Telecommunications Co., Ltd.  
 Consolidated statement of changes in equity for the year ended June 30, 2021  
 (Expressed in Renminbi Yuan)

Items	Current period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
	Preferred shares	Perpetual bonds	Others										
I. Balance at the end of prior year	215,000,000.00				183,568,842.44		-6,853,931.65		589,559.77		-202,680,309.64	106,810,900.88	296,435,061.80
Add: Cumulative changes of accounting policies													-
Error correction of prior period													-
Business combination under common control													-
Others													-
II. Balance at the beginning of current year	215,000,000.00				183,568,842.44		-6,853,931.65		589,559.77		-202,680,309.64	106,810,900.88	296,435,061.80
III. Current period increase (or less: decrease)					12,717,639.48		961,946.58		-		-29,593,867.19	-19,119,387.72	-35,033,668.85
(I) Total comprehensive income							961,946.58				-29,593,867.19	4,444,852.76	-24,187,067.85
(II) Capital contributed or withdrawn by owners					12,717,639.48		-		-		-	-12,717,640.48	-1.00
1. Ordinary shares contributed by owners												-	-
2. Capital contributed by holders of other equity instruments												-	-
3. Amount of share-based payment included in equity												-	-
4. Others					12,717,639.48		-		-			-12,717,640.48	-1.00
(III) Profit distribution												-10,846,600.00	-10,846,600.00
1. Appropriation of surplus reserve													-
2. Appropriation of general risk reserve													-
3. Appropriation of profit to owners												-10,846,600.00	-10,846,600.00
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													-

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				196,286,481.92		-5,891,985.07		589,559.77		-232,274,176.83	87,691,513.16	261,401,392.95

Nanjing Putian Telecommunications Co., Ltd.  
 Consolidated statement of changes in equity for the year ended June 30, 2021 (continued)  
 (Expressed in Renminbi Yuan)

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										
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)							-652,160.50				-58,856,854.03	-1,606,270.27	-61,115,284.80
(I) Total comprehensive income							-652,160.50				-58,856,854.03	7,116,229.73	-52,392,784.80
(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												-8,722,500.00	-8,722,500.00
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners												-8,722,500.00	-8,722,500.00
4. Others													
(IV) Intemal 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				185,374,533.85		-7,428,285.35		589,559.77		-283,501,716.51	128,950,765.23	238,984,856.99

Nanjing Putian Telecommunications Co., Ltd.  
 Parent company statement of changes in equity for the year ended June 30, 2021  
 (Expressed in Renminbi Yuan)

Items	Current period cumulative										
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	215,000,000.00				158,864,042.34		-1,854,910.00		589,559.76	-290,016,155.43	82,582,536.67
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	215,000,000.00				158,864,042.34		-1,854,910.00		589,559.76	-290,016,155.43	82,582,536.67
III. Current period increase (or less: decrease)										-21,655,129.79	-21,655,129.79
(I) Total comprehensive income										-21,655,129.79	-21,655,129.79
(II) Capital contributed or withdrawn by owners											
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity											
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	215,000,000.00				158,864,042.34		-1,854,910.00		589,559.76	-311,671,285.22	60,927,406.88

Nanjing Putian Telecommunications Co., Ltd.

Parent company statement of changes in equity for the year ended June 30, 2021 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative										
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	215,000,000.00				172,417,299.81		-1,854,910.00		589,559.76	-354,057,972.32	32,093,977.25
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	215,000,000.00				172,417,299.81		-1,854,910.00		589,559.76	-354,057,972.32	32,093,977.25
III. Current period increase (or less: decrease)										-6,924,860.43	-6,924,860.43
(I) Total comprehensive income										-6,924,860.43	-6,924,860.43
(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	-360,982,832.75	25,169,116.82

[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 June 30, 2021

Monetary unit: RMB Yuan

### **I. Company profile**

Nanjing Putian Telecommunications Co., Ltd. (the “Company”), whose predecessor is Nanjing Telecommunication Facility Factory, was established as a limited liability company through financing under the approval of National Economic Institutional Reform Commission with document of approval numbered TGS [1997] 28 dated March 21, 1997. 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 August 25, 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	Consolidated related	Based on historical credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
–Portfolio grouped with consolidated related parties	parties	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) The company has adopted the accounting standards for Business Enterprises No. 21 - Lease (hereinafter referred to as the new lease standards) revised by the Ministry of finance from January 1, 2021.

1) For contracts that existed before January 1, 2021, The company has not assessed whether it is a lease or contains a lease;

2) The company did not follow the retrospective adjustment method to the company as the lessor's lease.

## 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	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%
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

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

#### 1. Cash and bank balances

##### (1) Details

Items	Closing balance	Opening balance
Cash on hand	398.89	2,229.39
Cash in bank	73,109,099.81	170,060,517.48
Other cash and bank balances	17,112,087.23	39,786,964.09
Total	90,221,585.93	209,849,710.96

##### (2) Details of other cash and bank balances

Items	Closing balance	Opening balance
Bank acceptance deposit	9,747,672.38	29,219,480.00
deposit for L/G	7,364,414.85	10,428,199.34
Others		139,284.75
Total	17,112,087.23	39,786,964.09

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					

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
for bad debts made on an individual basis					
Including: Bank acceptance					
Trade acceptance					
Receivables with provision for bad debts made on a collective basis	21,256,734.18	100.00	1,041,371.71	4.90	20,215,362.47
Including: Bank acceptance	429,300.00	2.02			429,300.00
Trade acceptance	20,827,434.18	97.98	1,041,371.71	5.00	19,786,062.47
Total	21,256,734.18	100.00	1,041,371.71	4.90	20,215,362.47

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	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

(2) Changes in provision for bad debts

1) Details

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
individual basis								
collective basis	685,739.53	355,632.18					1,041,371.71	
Subtotal	685,739.53	355,632.18					1,041,371.71	

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

Items	Closing balance derecognized	Closing balance not yet derecognized

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	3,001,879.22	31,824,655.94
Trade acceptance	8,555,865.91	19,452,731.28
Subtotal	11,557,745.13	51,277,387.22

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	8.65	59,944,074.91	100.00	
Receivables with provision made on a collective basis	633,167,867.15	91.35	104,084,536.54	16.44	529,083,330.61
Total	693,111,942.06	100.00	164,028,611.45	23.67	529,083,330.61

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	59,944,074.91	9.14	59,944,074.91	100.00	
Receivables with provision made on a collective basis	595,708,348.24	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

##### 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	316,210,450.04	3,162,104.49	49.94
1-2 years	105,709,344.20	5,285,467.22	16.7
2-3 years	88,463,431.54	8,846,343.16	13.97
3-4 years	38,568,632.29	11,570,589.69	6.09
4-5 years	17,991,954.20	8,995,977.10	2.84
Over 5 years	66,224,054.88	66,224,054.88	10.46
Subtotal	633,167,867.15	104,084,536.54	16.44

(2) Changes in provision for bad debts

Items	Opening balance	Increase		
		Accrual	Recovery	Others
Receivables with provision made on an individual basis	59,944,074.91			
Receivables with provision made on a collective basis	101,715,944.75	2,426,050.63		
Subtotal	161,660,019.66	2,426,050.63		

(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			57,458.84	104,084,536.54
Subtotal			57,458.84	164,028,611.45

(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	2.84	19,708,086.54
Mr. Xu	17,591,683.74	2.54	17,591,683.74
China Tower Corporation Ltd.	13,819,926.92	1.99	13,819,926.92
Shenzhen Yunshi Haitong Technology Co., Ltd	16,602,269.00	2.40	713,406.01
Beijing RONGTONG Zhiyuan Technology Co., Ltd	11,489,579.97	1.66	371,115.48
Subtotal	79,211,546.17	11.43	52,204,218.69

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	13,747,563.72				13,747,563.72	
Total	13,747,563.72				13,747,563.72	

(Continued)

Items	Opening 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	

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	13,747,563.72		
Subtotal	13,747,563.72		

(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	20,881,818.10	79.97		20,881,818.10	12,509,089.32	63.77		12,509,089.32
1-2 years	1,925,702.53	7.37		1,925,702.53	3,743,667.83	19.08		3,743,667.83
2-3 years	1,060,012.10	4.06		1,060,012.10	2,247,435.21	11.46		2,247,435.21
Over 3 years	2,246,378.69	8.60		2,246,378.69	1,116,156.29	5.69		1,116,156.29
Total	26,113,911.42	100.00		26,113,911.42	19,616,348.65	100.00		19,616,348.65

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

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Jiangsu Shuntian International Group Machinery Import and Export Co., Ltd	7,415,646.87	28.40
HUAWEI TECHNOLOGIES CO.LTD	6,616,009.13	25.34
Fuzhou Yunfeng Communication Technology Co., Ltd	1,547,169.75	5.92
Liyang Shengli rubber and plastic products Co., Ltd	950,205.36	3.64
Far East Cable Co., Ltd	684,068.05	2.62
Subtotal	17,213,099.16	65.92

6. Other receivables

(1) Details

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	28,912,122.71	51.11	28,912,122.71	100.00	
Receivables with provision made on a collective basis	27,654,614.27	48.89	9,531,922.37	34.47	18,122,691.90
Total	56,566,736.98	100.00	38,444,045.08	67.96	18,122,691.90

(Continued)

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

2) Other receivables with provision made on an individual basis

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

3) Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio-Financing margin	1,578,947.37		
Portfolio-Others	26,075,666.90	9,531,922.37	36.55
Subtotal	27,654,614.27	9,531,922.37	34.47

(2) Age analysis

Ages	Closing book balance	Opening book balance
Within 1 year	11,015,336.50	6,470,106.41
1-2 years	2,854,624.48	6,515,139.65
2-3 years	5,122,220.31	4,733,535.99
3-4 years	2,446,269.65	3,610,856.13
4-5 years	3,051,927.07	1,448,923.00
Over 5 years	32,076,358.97	32,950,799.27
Subtotal	56,566,736.98	55,729,360.45

(3) Changes in provision for bad debts

1) Details

Items	Phase I	Phase II	Phase III	Subtotal
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	806,991.74		38,010,578.40	38,817,570.14
Opening balance in the current period				
--Transferred to phase II				
--Transferred to phase III	-8,784.66		8,784.66	
--Reversed to phase II				
--Reversed to phase I				
Provision made in the current period	71,282.31		-444,754.72	-373,472.41
Provision recovered in current period				
Provision reversed in current period				
Provision written off in current period				
Retranslation			52.65	52.65
Decrease due to business combination				
Closing balance	869,489.39		37,574,555.69	38,444,045.08

(4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
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Nature of receivables	Closing balance	Opening balance
Temporary payment receivable	33,648,852.40	35,152,407.81
Security deposit	15,595,850.55	16,515,511.45
Imprest	1,487,151.73	1,471,813.99
Others	5,834,882.30	2,589,627.20
Total	56,566,736.98	55,729,360.45

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

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Beijing Likangpu Communication Equipment Co., Ltd.	Temporary payment receivable	28,912,122.71	Over 5 years	51.11	28,912,122.71
China Potevio Company Limited	Security deposit	1,958,000.00	2-5 years	3.46	1,046,900.00
Far East International Leasing Co.,Ltd.	Security deposit for financial leasing	1,578,947.37	1-2 years	2.79	
China Communications import and Export Co., Ltd. Shenzhen Branch	Security deposit	943,855.74	1-2 years	1.67	74,538.41
Potevio Information Technology Co., Ltd.	Security deposit	824,870.77	2-3 years	1.46	41,243.54
Subtotal		34,217,796.59		60.49	30,074,804.66

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	38,576,581.23	5,678,761.14	32,897,820.09	32,804,463.00	5,678,761.14	27,125,701.86
Work in process	15,757,432.72		15,757,432.72	13,266,680.85		13,266,680.85
Goods on hand	96,741,785.61	18,772,268.10	77,969,517.51	86,350,107.31	18,772,268.10	67,577,839.21
Goods dispatched	127,140,389.35	29,157,593.24	97,982,796.11	118,443,146.03	29,157,593.24	89,285,552.79
Products on consignment for sales	3,067,520.77	804,691.99	2,262,828.78	3,190,889.60	804,691.99	2,386,197.61
Total	281,283,709.68	54,413,314.47	226,870,395.21	254,055,286.79	54,413,314.47	199,641,972.32

(2) Provision for inventory write-down

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversal or write-off	Others	
Raw materials	5,678,761.14					5,678,761.14
Goods on hand	18,772,268.10					18,772,268.10
Goods dispatched	29,157,593.24					29,157,593.24
Products on consignment for sales	804,691.99					804,691.99
Subtotal	54,413,314.47					54,413,314.47

## 8. Other current assets

Items	Closing balance	Opening balance
Input VAT to be credited	10,919,159.61	11,568,247.65
Prepaid income tax	2,392,776.14	1,557,774.43
Total	13,311,935.75	13,126,022.08

## 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	10,422,055.77		10,422,055.77	10,422,056.96		10,422,056.96
Investments in joint ventures						
Total	10,422,055.77		10,422,055.77	10,422,056.96		10,422,056.96

### (2) Details

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
SEI-Nanjing Potevio Optical Network Co., Ltd.	10,422,056.96			-1.19	
Total	10,422,056.96			-1.19	

(Continued)

Investees	Increase/Decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others		
Joint ventures						
SEI-Nanjing Potevio Optical Network Co., Ltd.					10,422,055.77	
Total					10,422,055.77	

## 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			

Items	Closing balance	Opening balance	Dividend income	Accumulated amount of gains or losses transferred from other comprehensive income to retained earnings	
				Amount	Reasons
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	12,256,127.93		12,256,127.93
Increase			
1) Acquisition			
Decrease			
1) Disposal			
Closing balance	12,256,127.93		12,256,127.93
Accumulated depreciation and amortization			
Opening balance	7,989,114.58		7,989,114.58
Increase	190,236.03		190,236.03
1) Accrual or amortization	190,236.03		190,236.03
Decrease			
1) Disposal			
Closing balance	8,179,350.61		8,179,350.61
Provision for impairment			
Opening balance			
Increase			
1) Accrual			
Decrease			
1) Disposal			
Closing balance			
Carrying amount			

Items	Buildings and structures	Land use right	Total
Closing balance	4,076,777.32		4,076,777.32
Opening balance	4,267,013.35		4,267,013.35

## 12. Fixed assets

### (1) Details

Items	Buildings and structures	General equipment	Transport facilities	Electronic equipment	Other equipment	Total
Cost						
Opening balance	134,663,363.37	34,132,418.65	7,887,148.60	2,306,674.54	44,828,796.91	223,818,402.07
Increase		309,137.32		1,121,831.25	835,735.70	2,266,704.27
1) Acquisition		309,137.32		386,825.69	835,735.70	1,531,698.71
2) Transferred in from construction in progress				735,005.56		735,005.56
3) Retranslation						
Decrease		1,653,806.74		509,686.37		2,163,493.11
1) Disposal/Scrapping		1,653,806.74		509,564.00		2,163,370.74
2) Business combination						
3) Retranslation				122.37		
Closing balance	134,663,363.37	32,787,749.23	7,887,148.60	2,912,023.42	45,671,328.61	223,921,613.23
Accumulated depreciation						
Opening 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
Increase	2,368,328.69	808,318.03	124,719.72	614,634.58	3,943.40	3,919,944.42
1) Accrual	2,368,328.69	808,318.03	124,719.72	614,634.58	3,943.40	3,919,944.42
2) Retranslation						
Decrease		1,593,652.21		122.37	494,277.08	2,088,051.66
1) Disposal/Scrapping		1,593,652.21			494,277.08	2,087,929.29
2) Business combination						
3) Retranslation				122.37		122.37
Closing balance	50,217,807.00	24,157,803.11	7,278,926.40	2,729,428.04	40,382,304.14	124,766,268.69
Provision for impairment						
Opening balance	539,124.00			11,048.35	175,790.21	725,962.56
Increase						
Decrease						
Closing balance	539,124.00			11,048.35	175,790.21	725,962.56
Carrying amount						
Closing balance	83,906,432.37	8,618,516.27	608,222.20	182,595.38	5,113,615.76	98,429,381.98
Opening balance	86,274,761.06	9,114,722.16	797,501.12	178,142.78	3,792,936.46	100,158,063.58

### 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	

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
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	
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	29,713,873.09	Unable to handle
Subtotal	29,713,873.09	

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	22,905,813.91		22,905,813.91	21,300,309.31		21,300,309.31
Others	905,604.65		905,604.65	1,154,482.96		1,154,482.96
Total	23,811,418.56		23,811,418.56	22,454,792.27		22,454,792.27

2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Closing balance
Nanjing Putian Datang Information Electronics Co., Ltd. Product Development Center	30,000,000.00	21,300,309.31	1,605,504.60		22,905,813.91
Subtotal	30,000,000.00	21,300,309.31	1,605,504.60		22,905,813.91

(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	76.35	76.35				Self-owned fund



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
Center						
Subtotal	76.35	76.35				

#### 14. Intangible assets

##### (1) Details

Items	Land use right	Software	Total
Cost			
Opening balance	26,656,046.83	10,920,157.40	37,576,204.23
Increase			
1) Acquisition			
2) Internal research and development			
Decrease			
1) Disposal			
Closing balance	26,656,046.83	10,920,157.40	37,576,204.23
Accumulated amortization			
Opening balance	6,512,813.57	9,802,271.26	16,315,084.83
Increase	317,144.81	165,624.47	482,769.28
1) Accrual	317,144.81	165,624.47	482,769.28
Decrease			
1) Disposal			
Closing balance	6,829,958.38	9,967,895.73	16,797,854.11
Carrying amount			
Closing balance	19,826,088.45	952,261.67	20,778,350.12
Opening balance	20,143,233.26	1,117,886.14	21,261,119.40

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

Items	Carrying amount	Reasons for unsettlement
Land use right	4,462,742.89	Unable to handle
Subtotal	4,462,742.89	

#### 15. Long-term prepayments

##### (1) Details

Items	Opening balance	Increase	Amortization	Closing balance
Renovation expenditure	5,541,410.81	721,912.42	880,943.69	5,382,379.54
Total	5,541,410.81	721,912.42	880,943.69	5,382,379.54

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	259,762,732.16
Deductible losses	145,604,016.49	145,604,016.49
Subtotal	405,366,748.65	405,366,748.65

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

Maturity years	Closing balance	Opening balance	Remarks
Year 2021	5,554,380.47	5,554,380.47	
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	3,525,719.74	
Subtotal	145,604,016.49	145,604,016.49	

17. Short-term borrowings

(1) Details

Items	Closing balance	Opening balance
Pledged borrowings	95,000,000.00	
Mortgaged borrowings	45,500,000.00	15,000,000.00
Secured borrowings		50,000,000.00
Total	140,500,000.00	65,000,000.00

18. Notes payable

(1) Details

Items	Closing balance	Opening balance
Bank acceptance		57,636,900.00
Trade acceptance	14,698,110.10	18,498,110.10
Total	14,698,110.10	76,135,010.10

19. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Procurement of materials	560,915,409.98	603,045,038.32
Project payment	785,740.00	1,720,547.68
Total	561,701,149.98	604,765,586.00

## (2) Significant accounts payable with age over one year

Items	Closing balance	Reasons for unsettlement
SEI-Nanjing Potevio Optical Network Co., Ltd.	18,627,974.96	Not yet settled
POLYCOM communications technology (Beijing) Co.,Ltd.	16,532,270.72	Not yet settled
China Potevio Company Limited	16,314,294.20	Not yet settled
Nanjing Xingping Industrial Co., Ltd	12,368,248.11	Not yet settled
Jiangsu Lecxe TECHNOLOGIES INC.	9,909,302.30	Not yet settled
Subtotal	73,752,090.29	

## 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	31,494,936.69	28,518,252.40
Total	31,494,936.69	28,518,252.40

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	17,362,878.28	66,234,062.10	66,597,672.19	16,999,268.19
Post-employment benefits - defined contribution plan		10,425,345.26	10,425,345.26	
Total	17,362,878.28	76,659,407.36	77,023,017.45	16,999,268.19

## (2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	4,673,800.25	51,451,348.16	52,499,799.16	3,625,349.25
Employee welfare fund		3,216,504.92	3,027,798.02	188,706.90

Items	Opening balance	Increase	Decrease	Closing balance
Social insurance premium		3,953,763.28	3,953,763.28	
Including: Medicare premium		3,423,765.38	3,423,765.38	
Occupational injuries premium		246,858.22	246,858.22	
Maternity premium		283,139.68	283,139.68	
Housing provident fund	3,294,555.74	4,240,384.66	4,240,384.66	3,294,555.74
Trade union fund and employee education fund	9,379,525.76	995,047.82	498,913.81	9,875,659.77
Compensation for termination of labor relations		360,985.00	360,985.00	
Others	14,996.53	2,016,028.26	2,016,028.26	14,996.53
Subtotal	17,362,878.28	66,234,062.10	66,597,672.19	16,999,268.19

(3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium		7,796,170.62	7,796,170.62	
Unemployment insurance premium		2,179,474.13	2,179,474.13	
Company annuity payment		449,700.51	449,700.51	
Subtotal		10,425,345.26	10,425,345.26	

23. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	578,183.08	2,356,409.61
Enterprise income tax	3,869,737.95	5,300,903.29
Individual income tax	1,067,344.52	167,893.85
Urban maintenance and construction tax	309,543.90	336,089.22
Housing property tax	198,649.66	207,909.01
Land use tax	81,754.17	83,316.67
Education surcharge	218,960.27	237,921.18
Other tax	3,030.70	16,805.84
Total	6,327,204.25	8,707,248.67

24. Other payables

(1) Details

Items	Closing balance	Opening balance
Dividend payable	7,692,213.38	4,044,213.38
Other payables	48,781,506.51	49,714,907.25

Items	Closing balance	Opening balance
Total	56,473,719.89	53,759,120.63

(2) Dividend payable

Items	Closing balance	Opening balance
Dividend of ordinary shares	7,692,213.38	4,044,213.38
Subtotal	7,692,213.38	4,044,213.38

(3) Other payables

Items	Closing balance	Opening balance
Temporary receipts payable	34,267,658.25	25,326,626.30
Unsettled installation cost	231,627.19	6,106,864.43
Deposits	3,945,708.16	6,497,152.88
Operating expenses	9,195,923.30	9,314,827.00
Others	1,140,589.61	2,469,436.64
Subtotal/Total	48,781,506.51	49,714,907.25

25. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term payables due within one year	7,954,722.25	9,181,720.08
Total	7,954,722.25	9,181,720.08

26. Other current liabilities

Items	Closing balance	Opening balance[Note]
VAT collected in advance	3,778,589.00	3,707,372.81
Total	3,778,589.00	3,707,372.81

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
Total		4,036,160.05

28. Share capital

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

### 29. Capital reserve

Items	Opening balance	Increase	Decrease	Closing balance
Share premium	137,786,640.63	12,717,639.48		150,504,280.11
Other capital reserve	45,782,201.81			45,782,201.81
Total	183,568,842.44	12,717,639.48		196,286,481.92

### 30. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative				Closing balance
		Current period cumulative before income tax	Less: Income tax	Attributable to parent company	Attributable to non-controlling shareholders	
Items not to be reclassified subsequently to profit or loss	-6,853,931.65	961,946.58		961,946.58		-5,891,985.07
Including: Translation reserves	-4,999,021.65	961,946.58		961,946.58		-4,037,075.07
Reclassified financial assets to OCI	-1,854,910.00					-1,854,910.00
Total	-6,853,931.65	961,946.58		961,946.58		-5,891,985.07

### 31. 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

### 32. Undistributed profit

#### (1) Details

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	-202,680,309.64	-224,644,862.48
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	-202,680,309.64	-224,644,862.48
Add: Net profit attributable to owners of the parent company	-29,593,867.19	-58,856,854.03
Less: Appropriation of statutory surplus reserve		
Dividend payable on ordinary shares		
Closing balance	-232,274,176.83	-283,501,716.51

#### (II) Notes to items of the consolidated income statement

##### 1. Operating revenue/Operating cost

#### (1) Details

Items	Current period cumulative	Preceding period comparative
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	Revenue	Cost	Revenue	Cost
Main operations	441,387,294.27	348,603,700.69	395,904,248.73	319,716,375.61
Other operations	10,491,316.16	8,830,168.30	9,268,554.89	8,059,616.79
Total	451,878,610.43	357,433,868.99	405,172,803.62	327,775,992.40

(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)	129,623,277.17	197,510,645.45	41,853,695.33	82,890,992.48	451,878,610.43
Services (rendered over time)					
Total	129,623,277.17	197,510,645.45	41,853,695.33	82,890,992.48	451,878,610.43

2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	950,147.23	691,226.63
Education surcharge	678,676.61	518,417.63
Housing property tax	632,407.41	665,188.86
Land use tax	253,268.80	281,129.00
Other tax	257,155.97	134,074.81
Total	2,771,656.02	2,290,036.93

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	30,657,820.79	29,101,579.10
Business entertainment	7,320,086.73	10,510,611.36
Travelling expenses	3,593,668.46	3,952,465.19
Sales service charges	1,983,529.10	796,994.00
Office expenses	757,905.79	688,695.61
Promotion expenses	645,814.35	190,608.73
Conference expenses	561,693.48	136,838.17
Equipment maintain fees	7,719.09	2,959,544.28
Transport fees	2,617.00	5,078,514.76
Others	3,530,437.79	5,395,541.45
Total	49,061,292.58	58,811,392.65

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	20,500,482.96	17,630,420.81
Depreciation and amortization	3,134,154.50	2,946,226.66
Consulting, intermediary and legal fees	1,179,882.32	1,751,707.50
Office expenses	1,128,158.97	1,423,803.35
Lease expenses	382,999.62	307,636.94
Business entertainment	712,793.82	597,252.28
Travelling expense	500,872.73	303,727.91
Funding for Party Building	214,223.66	338,709.63
Taxes		18,744.56
Others	1,967,023.84	2,215,127.97
Total	29,720,592.42	27,533,357.61

#### 5. R&D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	24,333,843.32	19,862,124.42
Intermediate test fee	1,431,006.18	
Travelling expenses	865,144.33	726,452.26
Depreciation and amortization	605,021.78	709,954.89
Material use	684,146.16	375,658.08
Commissioned development		233,946.41
Others	1,828,329.01	2,092,043.07
Total	29,747,490.78	24,000,179.13

#### 6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenditures	2,798,625.53	15,276,918.26
Less: Interest income	410,149.62	2,387,417.73
Losses on foreign exchange	-104,172.86	187,604.49
Financial institution fees	281,634.59	502,882.54
Financing fee		1,312,805.26
Others		67,343.85
Total	2,565,937.64	14,960,136.67

#### 7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to income	1,192,018.97	6,452,807.84	360,145.78



Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
[Note]			
Total	1,192,018.97	6,452,807.84	360,145.78

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 long-term equity investments under equity method	-1.19	-137,939.58
Total	-1.19	-137,939.58

#### 9. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debt loss of notes receivable	-355,632.18	41,793.34
Bad debt loss of accounts receivable	-2,426,050.63	-5,126,974.89
Bad debt loss of other receivables	373,472.41	-279,138.80
Total	-2,408,210.40	-5,364,320.35

#### 10. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss		-3,298,844.16
Total		-3,298,844.16

#### 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	15,829.32	1,244.51	15,829.32
Total	15,829.32	1,244.51	15,829.32

#### 12. Non-operating revenue

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Penalty income	5,000.00	200,000.11	5,000.00
Government grants		191,000.00	
Non-current assets damage and retirement gains		35,398.23	
Others	51,934.58	3,342,424.64	51,934.58

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Total	56,934.58	3,768,822.98	56,934.58

### 13. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Donation expenditures	2,000.00	2,000.00	2,000.00
Inventory loss		605,399.62	
Others	59,544.99	42,007.95	59,544.99
Total	61,544.99	649,407.57	61,544.99

### 14. Income tax expenses

#### (1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	4,521,812.72	2,242,233.92
Total	4,521,812.72	2,242,233.92

#### (2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	-20,627,201.71	-49,425,928.10
Income tax expenses based on tax rate applicable to the parent company	-3,094,080.26	-7,413,889.22
Effect of different tax rate applicable to subsidiaries	1,662,899.51	766,325.77
Effect of prior income tax reconciliation	415,195.75	-20,690.94
Effect of non-deductible costs, expenses and losses	1,597,637.39	8,932,260.09
Utilization of deductible losses not previously recognized as deferred tax assets	-4,299.40	-308,388.14
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets	110,437.79	
Effect of deductible temporary differences or deductible losses not recognized	5,874,821.15	726,243.45
Deduction of R&D expenditures	-2,040,799.21	-439,627.09
Income tax expenses	4,521,812.72	2,242,233.92

### (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
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Items	Current period cumulative	Preceding period comparative
Government grants	1,192,018.97	5,337,831.84
Interest income	410,149.62	2,387,417.73
Intercourse	11,932,139.16	17,451,277.42
Others	934,135.53	1,232,321.53
Total	14,468,443.28	26,408,848.52

## 2. Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Selling and Administrative expenses paid in cash	33,193,862.80	22,717,102.16
Intercourse	26,882,349.43	15,824,530.64
Others	462,741.40	990,535.25
Total	60,538,953.63	39,532,168.05

## 3. 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	-25,149,014.43	-51,668,162.02
Add: Provision for assets impairment loss		3,298,844.16
Provision for credit impairment loss	2,408,210.40	5,364,320.35
Depreciation of fixed assets, oil and gas assets, productive biological assets	3,919,944.42	4,403,776.33
Amortization of intangible assets	482,769.28	666,658.48
Amortization of long-term prepayments	880,943.69	835,343.74
Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-15,829.32	-1,244.51
Fixed assets retirement loss (Less: gains)		-35,398.23
Losses on changes in fair value (Less: gains)		
Financial expenses (Less: gains)	2,798,625.53	16,589,723.52
Investment losses (Less: gains)	1.19	137,939.58
Decrease of deferred tax assets (Less: increase)		
Increase of deferred tax liabilities (Less: decrease)		
Decrease of inventories (Less: increase)	27,228,422.89	-28,013,240.51
Decrease of operating receivables (Less: increase)	-106,583,908.66	120,731,493.58
Increase of operating payables (Less: decrease)	-22,692,438.14	-54,657,336.44
Others		

Supplement information	Current period cumulative	Preceding period comparative
Net cash flows from operating activities	-116,722,273.15	17,652,718.03
(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	73,109,498.70	125,223,538.45
Less: Cash at the beginning of the period	170,062,746.87	208,783,866.60
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-96,953,248.17	-83,560,328.15
(2) Composition of cash and cash equivalents		
Items	Closing balance	Opening balance
1) Cash	73,109,498.70	170,062,746.87
Including: Cash on hand	398.89	2,229.39
Cash in bank on demand for payment	73,109,099.81	170,060,517.48
2) Cash equivalents		
3) Cash and cash equivalents at the end of the period	73,109,498.70	170,062,746.87

(IV) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	3,136,966.33	Deposit for acceptance and deposit for L/G
Fixed assets	10,133,882.66	Mortgaged borrowings
Intangible assets	3,615,634.97	Mortgaged borrowings
Total	16,886,483.96	

(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 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	9,653.15	6.4601	62,360.31
EUR	4979.83	7.6862	38,275.97
GBP	2205.47	8.941	19,719.11
HKD	461,146.61	0.83208	383,710.87

## 3. Government grants

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

Items	Amounts	Presented under	Remarks
VAT refund	831,873.19	Other income	Cai Shui [2011] No.100
Staff training subsidies	244,700.00	Other income	Nanjing social insurance management center
Subsidies for up-to-standard enterprises in the construction of dual prevention mechanisms	3,100.00	Other income	Nanjing Jiangning Economic Development Zone Management Committee
Others	112,345.78	Other income	
Subtotal	1,192,018.97		

The amount of government subsidies included in the current profits and losses is 1,192,018.97yuan.

## VI. Changes in the consolidation scope

The scope of the consolidated financial statements for the current period has not changed.

## 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	Nanjing	Nanjing	Manufacture	100.00		not under

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Electrics Co., Ltd.	City	City				the same control
Nanjing Putian Network Co., Ltd.	Nanjing City	Nanjing City	Manufacture	78.00		Set up
Nanjing Putian Datang Information Electronic Co., Ltd.	Nanjing City	Nanjing City	Manufacture	40.00		not under the same control
Nanjing Putian Communication Technology Co., Ltd.	Nanjing City	Nanjing City	Manufacture	70.00		Set up
Putian Communications (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Trading	100.00		Set up
Chongqing Puhua Information Technology Co., Ltd	Chongqing City	Chongqing City	Manufacture	100.00		Set up

(2) Other remarks

Remarks on inconsistency between holding proportion owned and voting rights proportion owned in subsidiaries

a. The Company holds 45.767% of voting rights in Nanjing Putian Telege Intelligent Building Ltd., the other voting rights are decentralized. The Company has over half member of the Board of Directors, and it not only controls this company but also has a privileged variable return by taking part in Nanjing Putian Telege Intelligent Building Ltd's related activity. The Company has the ability to impact the amount of return and control over Nanjing Putian Telege Intelligent Building Ltd.

b. The Company holds 40% equity of Nanjing Putian Datang Information Electronic Co., Ltd. The Company signed the agreement with Yan yaoming, a shareholder of Nanjing Putian Datang Information Electronic Co., Ltd., to exercise his 21% right to vote. The agreement is valid during the period of the existence of Nanjing Putian Datang Information Electronic Co., Ltd. The Company has 61% of the voting right during the existence period of Nanjing Putian Datang Information Electronic Co., Ltd.

2. Significant not wholly-owned subsidiaries

(1) Details

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling interest
Nanjing Putian Telege Intelligent Building Ltd.	54.23%	7,377,766.84	10,846,600.00	44,632,434.14

3. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

Subsidiaries	Closing balance
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	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Nanjing Putian Telege Intelligent Building Ltd.	221,613,748.50	36,396,797.07	258,010,545.57	175,708,435.77		175,708,435.77

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Nanjing Putian Telege Intelligent Building Ltd.	222,552,329.22	35,936,096.57	258,488,425.79	169,790,901.71		169,790,901.71

## (2) Profit or loss and cash flows

Subsidiaries	Current period cumulative				Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Nanjing Putian Telege Intelligent Building Ltd.	199,671,487.21	13,604,585.72	13,604,585.72	-52,546,951.98	154,721,985.29	10,380,625.48	10,380,625.48	-40,625,738.51

## (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	10,422,056.96
Proportionate shares in the following items		
Net profit	2.38	140.38
Total comprehensive income	2.38	140.38
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 the company's accounts receivable risk points are distributed across multiple partners and customers, as of June 30, 2021, 11.43% of the company's accounts receivable (June 30, 2020: 12.32%) Among the top five customers in the balance, the company does not have a significant concentration of credit risk.

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

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	140,500,000.00	140,500,000.00	140,500,000.00		
Notes payable	14,698,110.10	14,698,110.10	14,698,110.10		
Accounts payable	561,701,149.98	561,701,149.98	561,701,149.98		
Other payable	56,473,719.89	56,473,719.89	56,473,719.89		
Long-term payable					
Subtotal	773,372,979.97	773,372,979.97	773,372,979.97		

(Continued)

Items	Opening 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	53,759,120.63	53,759,120.63	53,759,120.63		
Long-term payable	13,217,880.13	13,614,416.53	9,457,171.68	4,157,244.85	
Subtotal	812,877,596.86	815,224,133.26	811,066,888.41	4,157,244.85	

### (III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market price.

#### 1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating interest financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating interest rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk relates mainly to *bank borrowings with floating interest rate*.

#### 2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities.

Please refer to notes to financial statements for details in foreign currency financial assets and liabilities at the end of the period.

## IX. Fair value disclosure

(I) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Fair value as of the balance sheet date			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Receivables financing			13,747,563.72	13,747,563.72
2. Other equity instrument investments			741,953.00	741,953.00
Total assets at recurring fair value measurement			14,489,516.72	14,489,516.72

(II) Valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair measurement

1. For notes receivable, measured at par value.
2. For other equity instrument investments including Nanjing Yuhua Electroplating Factory and Hangzhou Honyar Electrical Co.,Ltd., due to no changes of operating environment and conditions and financial conditions of the invested enterprises, the Company measured at investment cost.
3. For other equity instrument investments including Beijing Likangpu Communication Equipment Co., Ltd., due to deterioration of operating environment and conditions and financial conditions of the invested enterprises, the Company measured at zero value.

## X. Related party relationships and transactions

(I) Related party relationships

1. Parent company

(1) Details

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
China Potevio Company Limited	No.2 Tudi 2 Road, Zhongguan Village Economy Zone, Haidian District, Beijing	Information industry	1,903,050,000.00	53.49	53.49

The Company's ultimate controlling party is China Putian Corporation.

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
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
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
China Potevio Company Limited	Telecommunication products	371,681.42	
Nanjing Putian Hongyan Electrical Technology Co., Ltd.	Procurement of goods/labor	175,207.98	
Putian High-tech Industry Co., Ltd.	Procurement of labor	129,056.58	
Potevio Information Technology Co., Ltd.	Telecommunication products		68,584.07

##### 2) Sale of goods and rendering of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Eastern Communications Co., Ltd.	Telecommunication products	1,034,151.45	15,929.21
China Potevio Company Limited	Telecommunication products	384,300.86	573,405.15
Putian Eastern Communications Group Co., Ltd.	Telecommunication products	22,641.51	
Wuhan Putian New Energy Co., Ltd.	Telecommunication products	16,088.49	
Beijing Putian Desheng Technology Incubator Co., Ltd.	Telecommunication products		1,361,157.59
Putian Communication Co., Ltd.	Telecommunication products		1,040,734.52
Putian Information Technology Co., Ltd.	Telecommunication products		303,656.86
Putian Science and Technology Industrial Co., Ltd.	Telecommunication products		31,034.48

### 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	268,423.40	86,037.72

### 3. Related party guarantees

#### (1) The Company and its subsidiaries as guaranteed parties

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
China Potevio Company Limited	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	95,000,000.00	297,000,000.00
Entrusted interest expenses	1,286,777.78	8,328,382.78

#### 5. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	1,306,373.00	1,161,814.00

### (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					
	Putian Information Technology Co., Ltd.	6,256,048.36	426,255.40	6,900,298.36	536,650.66
	Putian Communication Co., Ltd.	4,317,924.00	168,855.00	4,317,924.00	168,855.00
	Eastern Communications Co., Ltd.	448,207.57	22,410.38	20,659.60	206.60
	Nanjing Loop Co., Ltd.	207,500.00	2,075.00		
	Putian Eastern Communications Group Co., Ltd.	24,000.00	240.00		
	Beijing Putian Desheng Technology Incubator Co., Ltd.	107,164.50	1,071.65	107,164.50	1,071.65
	Tianjin Putian Innovation and Entrepreneurship Technology Co., Ltd.	4,546.26	454.63	4,546.26	454.63
	China Potevio Company Limited	5,987,268.83	2,948,823.87	5,890,775.42	2,761,564.47
	Shanghai Putian Network Technology Co., Ltd.	536,319.70	132,831.97	536,319.70	132,831.97
	Shanghai Putian Post Technology Co., Ltd.	8,755,534.00	8,755,534.00	8,755,534.00	8,755,534.00
Subtotal		26,437,013.22	12,456,476.90	26,533,221.84	12,357,168.98
Advances paid					
	China Potevio Company Limited			420,000.00	
Subtotal				420,000.00	
Other receivables					
	China Potevio Information Industry Inc.	2,245,100.00	1,062,255.00	2,245,100.00	1,062,255.00
	Potevio Information Technology Co., Ltd.	367,800.00	18,390.00	1,203,052.00	60,152.60
Subtotal		2,612,900.00	1,080,645.00	3,448,152.00	1,122,407.60

#### 2. Balance due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	SEI-Nanjing Potevio Optical Network Co., Ltd.	20,258,725.66	20,220,725.66
	China Potevio Company Limited	18,016,137.43	18,332,258.02
	Shanghai Potevio Network Technology Co., Ltd.	11,685.00	11,685.00
	Potevio Hi-tech Industry Co., Ltd.	25,000.00	25,000.00
	Nanjing Potevio Honyar Electrical Technology Co., Ltd.	166,421.00	126,806.40
Subtotal		38,477,969.09	38,716,475.08
Advances received			
	China Potevio Company Limited	4,690,537.30	4,690,537.30
	Potevio Company Limited.	13,239.48	13,239.48
	Wuhan Putian New Energy Co., Ltd		12,120.00
Subtotal		4,703,776.78	4,715,896.78
Other payables			
	Potevio Hi-tech Industry Co., Ltd.	3,806,518.82	3,588,281.58
	Potevio Information Technology Co., Ltd.	555,000.00	555,000.00
	Potevio Telecommunications Co., Ltd.	200,000.00	200,000.00
	Potevio Company Limited.	9,580,000.00	9,580,000.00
Subtotal		14,141,518.82	13,923,281.58

## **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	129,623,277.17	197,510,645.45	41,853,695.33	82,624,306.00	-10,224,629.68	441,387,294.27
Cost of main operations	103,283,120.76	148,296,269.63	30,554,000.92	76,594,824.74	-10,124,515.36	348,603,700.69
Total assets	233,822,636.26	258,010,545.57	192,388,655.44	667,988,818.83	-250,881,562.80	1,101,329,093.30
Total liabilities	144,379,073.75	175,708,435.77	141,195,664.59	543,718,100.05	-165,073,574.81	839,927,699.35

## 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	18.13	59,944,074.91	100.00	
Receivables with provision made on a collective basis	270,714,500.06	81.87	66,983,384.73	24.74	203,731,115.33
Total	330,658,574.97	100.00	126,927,459.64	38.39	203,731,115.33

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	59,944,074.91	17.44	59,944,074.91	100.00	
Receivables with provision made on a collective basis	283,799,350.56	82.56	64,912,032.38	22.87	218,887,318.18
Total	343,743,425.47	100.00	124,856,107.29	36.32	218,887,318.18

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

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Dongpo Xi Laos Co., Ltd.	19,708,086.54	19,708,086.54	100.00	Unable to collect
Mr. Xu	17,591,683.74	17,591,683.74	100.00	Unable to collect
China Tower Corporation Ltd.	13,819,926.92	13,819,926.92	100.00	Unable to collect
Nanjing Zhengqian Communication Technology Co., Ltd	5,356,181.55	5,356,181.55	100.00	Unable to collect
Nanjing Aerte photoelectric	3,468,196.16	3,468,196.16	100.00	Unable to collect



Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Co., Ltd				
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	88,426,367.31	884,263.67	1.00
1-2 years	55,112,850.02	2,755,642.50	5.00
2-3 years	47,035,306.00	4,703,530.60	10.00
3-4 years	20,401,838.97	6,120,551.69	30.00
4-5 years	13,235,473.84	6,617,736.92	50.00
Over 5 years	45,901,659.35	45,901,659.35	100.00
Subtotal	270,113,495.49	66,983,384.73	24.80

(2) Changes in provision for bad debts

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Write-off	Others	
Receivables with provision made on an individual basis	59,944,074.91							59,944,074.91
Receivables with provision made on a collective basis	64,912,032.38	2,071,352.35						66,983,384.73
Subtotal	124,856,107.29	2,071,352.35						126,927,459.64

(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	5.96	19,708,086.54
Mr. Xu	17,591,683.74	5.32	17,591,683.74
Hegang branch of China Tower Co., Ltd	13,819,926.92	4.18	13,819,926.92
Shenzhen Zhongchuang Electric Measurement Technology Co., Ltd	11,171,751.30	3.38	1,117,175.13
Nanjing yuanzun Electromechanical Equipment Co., Ltd	9,862,665.79	2.98	2,353,301.27
Subtotal	72,154,114.29	21.82	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	31,098,272.43	41.61	31,098,272.43	100.00	
Receivables with provision made on a collective basis	43,636,626.22	58.39	6,654,576.16	15.25	36,982,050.06
Total	74,734,898.65	100.00	37,752,848.59	50.52	36,982,050.06

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	33,010,009.04	36.68	33,010,009.04	100.00	
Receivables with provision made on a collective basis	56,983,224.19	63.32	6,708,072.23	11.77	50,275,151.96
Total	89,993,233.23	100.00	39,718,081.27	44.13	50,275,151.96

2) Other receivables with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Beijing Likangpu Communication Equipment Co., Ltd.	28,912,122.71	28,912,122.71	100.00	Unable to collect
Putian Communications (Hong Kong) Co., Ltd.	2,186,149.72	2,186,149.72	100.00	Unable to collect
Subtotal	31,098,272.43	31,098,272.43	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	42,057,678.85	6,654,576.16	15.82
Subtotal	43,636,626.22	6,654,576.16	15.25

(2) Ages

Items	Closing book balance	Opening book balance
Within 1 year	33,252,863.61	38,298,614.15
1-2 years	1,287,937.67	5,217,214.31
2-3 years	2,946,444.41	7,373,694.63
3-4 years	2,296,002.65	1,648,262.87
4-5 years	1,304,932.00	1,321,643.00
Over 5 years	33,646,718.31	36,133,804.27
Subtotal/Total	74,734,898.65	89,993,233.23

(3) Changes in provision for bad debts

Items	Phase I	Phase II	Phase III	Subtotal
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	480,904.58		39,237,176.69	39,718,081.27
Opening balance in current period				
--Transferred to phase II				
--Transferred to phase III	-77,787.12		77,787.12	
--Reversed to phase II				
--Reversed to phase I				
Provision made in current period	102,078.17		-155,574.24	-53,496.07
Provision recovered in current period			1,911,736.61	1,911,736.61
Provision reversed in current period				
Provision written off in current period				
Other changes				
Closing balance	505,195.63		37,247,652.96	37,752,848.59

(4) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Temporary advance payment receivable	60,309,503.15	76,617,770.01
Deposit as security	9,749,249.43	10,992,593.44
Travel reserve fund	866,938.99	796,798.91
Others	3,809,207.08	1,586,070.87
Total	74,734,898.65	89,993,233.23

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

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Beijing Likangpu Communication Equipment Co., Ltd.	Temporary advance payment receivable	28,912,122.71	Over 5 years	38.69	28,912,122.71
China Potevio Company Limited	Deposit as security	1,958,000.00	2-5 years	2.62	1,046,900.00
Far East International Leasing Co.,Ltd.	Financing deposit	1,578,947.37	1-2 years	2.11	-
Nanjing Putian Communication Industry Co., Ltd	Deposit as security	824,870.77	1-5 years	1.10	41,243.54
Nanjing Municipal Construction Industry Construction Enterprise Migrant Workers' Wage Guarantee Fund Management Office	Deposit as security	400,000.00	Over 5 years	0.54	400,000.00

Debtors	Nature of receivables	Book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts
Subtotal		33,673,940.85		45.06	30,400,266.25

### 3. Long-term equity investments

#### (1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	115,319,588.64	1,910,520.00	113,409,068.64	115,319,587.64	1,910,520.00	113,409,067.64
Investments in associates and joint ventures	10,422,055.77		10,422,055.77	10,422,056.96		10,422,056.96
Total	125,741,644.41	1,910,520.00	123,831,124.41	125,741,644.60	1,910,520.00	123,831,124.60

#### (2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	2,610,457.00			2,610,457.00		
Nanjing Putian Telege Intelligent Building Ltd.	3,320,003.45			3,320,003.45		
Nanjing Southern Telecom Co., Ltd.	33,175,148.00			33,175,148.00		
Nanjing Nanman Electrics Co., Ltd.	57,831,011.71	1.00		57,831,012.71		
Nanjing Putian Network Co., Ltd.	7,741,140.41			7,741,140.41		
Nanjing Putian Datang Information Electronic Co., Ltd.	5,436,797.07			5,436,797.07		
Nanjing Putian Telecommunication Technology Co., Ltd.	1,294,510.00			1,294,510.00		
Putian Telecommunications (H.K.) Co., Ltd.	1,910,520.00			1,910,520.00		1,910,520.00
Chongqing Puhua Information Technology Co., Ltd	2,000,000.00			2,000,000.00		
Subtotal	115,319,587.64	1.00		115,319,588.64		1,910,520.00

#### (3) Investments in associates and joint ventures

Investees	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
SEI-Nanjing Potevio Optical Network Co., Ltd.	10,422,056.96			-1.19	
Total	10,422,056.96			-1.19	

(Continued)

Investees	Increase/Decrease	Closing balance	Closing balance of provision for
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	Changes in other equity	Cash dividend/Profit declared for distribution	Provision for impairment	Others		impairment
Joint ventures						
SEI-Nanjing Potevio Optical Network Co., Ltd.					10,422,055.77	
Total					10,422,055.77	

(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	57,592,825.38	53,102,335.86	56,667,765.21	56,773,522.18
Other operations	6,018,376.27	5,993,665.33	5,932,648.40	5,721,551.62
Total	63,611,201.65	59,096,001.19	62,600,413.61	62,495,073.80

2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	9,153,400.00	
Investment income from long-term equity investments under equity method	-1.19	-137,939.58
Investment income from long-term equity investments under cost method		55,267,500.00
Total	9,153,398.81	55,129,560.42

**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	15,829.32	
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)	360,145.78	
Other non-operating revenue or expenditures	-4,610.41	
Subtotal	371,364.69	
Less: Enterprise income tax affected	25,041.95	

Items	Amount	Remarks
Non-controlling interest affected (after tax)	73,731.44	
Net non-recurring profit or loss attributable to shareholders of the parent company	272,591.30	

## (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	-16.14	-0.14	-0.14
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-16.29	-0.14	-0.14

### 2. Calculation process of weighted average RONA

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	-29,593,867.19
Non-recurring profit or loss	B	272,591.30
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-29,866,458.49
Opening balance of net assets attributable to shareholders of ordinary shares	D	189,624,160.92
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	
Others	Others	12,717,639.48
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J
Number of months in the reporting period	K	6
Weighted average net assets	$L = D + A/2 + E \times F/K - G \times H/K - H \times J/K$	183,305,653.65
Weighted average RONA (%)	$M = A/L$	-16.14
Weighted average RONA after deducting non-recurring profit or loss (%)	$N = C/L$	-16.29

### 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	-29,593,867.19
Non-recurring profit or loss	B	272,591.30
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-29,866,458.49
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	6.00
Weighted average of outstanding ordinary shares	$L=D+E+F \times G/K-H \times I/K-J$	215,000,000.00
Basic EPS	$M=A/L$	-0.14
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	-0.14

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