

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

## **Annual Report 2022**

**[April 2023]**

# **Annual Report 2022**

## **Section I Important Notes, Contents and Interpretations**

**The Board of Directors, Board of Supervisors, directors, supervisors and senior executives of the Company guarantee the truthfulness, accuracy and completeness of the Annual Report, and ensure that there are no false records, misleading statements or major omissions, and they will be held individually and jointly liable for any legal liability that may arise.**

**Li Langping, the person in charge of the Company, Liao Rongchao, the person in charge of accounting, and Lv Yunfei, the person in charge of the accounting firm (accounting supervisor), declare that they guarantee the truthfulness, accuracy and completeness of the financial report represented in this Annual Report.**

**All directors attended the board meeting at which this Annual Report was considered.**

**This Annual Report contains forward-looking statements concerning future plans such as the Company's business plan. It is important to note that these statements are not intended to constitute a substantive commitment to investors, and investors and related parties should exercise sufficient risk awareness and carefully consider the differences among plans, forecasts, and commitments.**

**In Section III Discussion and Analysis of the Management Team, the Company has provided an analysis of the potential risks that may affect the Company's development. We encourage investors to review this section carefully.**

**The Company planed not to distribute cash dividends and bonus shares, or**

**increase its share capital from provident fund.**

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## **Contents of Documents for Future Reference**

- (I) Financial statements containing the signatures and seals of the person in charge of the Company, the person in charge of accounting work and the person in charge of the accounting firm (accounting supervisor).
- (II) The original audit report containing the seal of the accounting firm and the signatures and seals of the certified public accountants.
- (III) The originals of all Company documents and announcements publicly disclosed during the reporting period.

## Interpretations

| Term             | Means | Interpretation  |
|------------------|-------|---|
| The Company      | means | Nanjing Putian Telecommunications Co., Ltd.   |
| CETC             | means | China Electronics Technology Group Corporation  |
| CETC Glarun      | means | CETC Glarun Group Co., Ltd.   |
| Southern Telecom | means | Nanjing Southern Telecom Co., Ltd. (a holding subsidiary of the Company)                      |
| Telege           | means | Nanjing Putian Telege Intelligent Building Ltd. (a holding subsidiary of the Company)         |
| NM Electrical    | means | Nanjing Nanman Electrical Co., Ltd. (a wholly-owned subsidiary of the Company)                |
| Datang           | means | Nanjing Putian Datang Information Electronics Co., Ltd. (a holding subsidiary of the Company) |

## Section II Company Profile and Main Financial Indicators

### I. Company information

|   |   |            |        |
|---|---|------------|--------|
| Stock abbreviation                          | NJ TEL B  | Stock code | 200468 |
| Stock exchange                              | Shenzhen Stock Exchange   |            |        |
| Chinese name                                | Nanjing Putian Telecommunications Co., Ltd.   |            |        |
| Chinese abbreviation                        | Nanjing Putian  |            |        |
| English name (if any)                       | Nanjing Putian Telecommunications Co., Ltd.   |            |        |
| Legal representative                        | Li Langping   |            |        |
| Registered address                          | No.8 Fenghui Avenue, Yuhua Economic Development Zone, Nanjing   |            |        |
| Postal code                                 | 210039  |            |        |
| Changes of the Company's registered address | When the Company was established in 1997, its registered address was Building 1 on the west side of Ericsson in Jiangning Economic and Technological Development Zone, Nanjing; In 2003, the registered address of the Company was changed to No.58 Qinhuai Road, Jiangning Economic and Technological Development Zone, Nanjing; In 2021, the registered address of the Company was changed to No.8 Fenghui Avenue, Yuhua Economic Development Zone, Nanjing |            |        |
| Office address                              | Putian Science and Technology Business Incubator, No.8 Fenghui Avenue, Yuhuatai District, Nanjing City, Jiangsu Province  |            |        |
| Postal code                                 | 210039  |            |        |
| Website                                     | www.postel.com.cn   |            |        |
| E-mail                                      | securities@postel.com.cn  |            |        |

### II. Contact persons and contact information

|         | Secretary of the Board of Directors  | Securities representative  |
|---------|--|--|
| Name    | Li Jing  | Dai Yuan   |
| Address | Putian Science and Technology Business Incubator, No.8 Fenghui Avenue, Yuhuatai District, Nanjing City, Jiangsu Province | Putian Science and Technology Business Incubator, No.8 Fenghui Avenue, Yuhuatai District, Nanjing City, Jiangsu Province |
| Tel.    | 86-25-69675805   | 86-25-69675865   |
| Fax     | 86-25-52416518   | 86-25-52416518   |
| E-mail  | lijing@postel.com.cn   | daiyuan@postel.com.cn  |

### III. Location of information disclosure and provision

|  |   |
|--|---|
| Website of the stock exchange where the Company discloses its annual report      | Shenzhen Stock Exchange ( <a href="http://www.szse.cn">http://www.szse.cn</a> )       |
| Names and websites of the media in which the Company discloses its annual report | Securities Times, CNINFO ( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ) |
| Place where the Annual Report of the Company is prepared                         | Office of the Board of Directors of the Company                                       |

### IV. Changes in registration

|  |   |
|--|---|
| Unified social credit code   | 91320000134878054G  |
| Changes in the main business of the Company since its listing (if any) | No change   |
| Changes of controlling shareholders (if any)                           | When the Company was established in 1997, its controlling shareholder was China National Posts and Telecommunications Industry Corporation (later renamed China Potevio Information Industry Group Corporation and China Potevio Information Industry Group Co., Ltd. successively) In 2005, China Potevio Information Industry Group Corporation transferred all its shares to China Potevio Information Industry Co., Ltd. free of charge, and the Company's controlling shareholder was changed to China Potevio Information Industry Co., Ltd. In 2022, China Potevio Information Industry Co., Ltd. transferred all its shares to CETC Glarun Group Co., Ltd. free of charge, and the Company's controlling shareholder was changed to CETC Glarun Group Co., Ltd. |

### V. Other relevant information

Accounting firms engaged by the Company

|                                       |   |
|---------------------------------------|---|
| Name of the accounting firm           | WUYIGE Certified Public Accountants LLP                           |
| Office address of the accounting firm | Room 2206, Floor 22, No.1 Zhichun Road, Haidian District, Beijing |

|                                  |                           |
|----------------------------------|---------------------------|
| Names of the signing accountants | Wan Fangquan, Guo Zhigang |
|----------------------------------|---------------------------|

Sponsor engaged by the Company to perform continuous supervision duties during the reporting period

Applicable Not applicable

Financial consultant engaged by the Company to perform continuous supervision duties during the reporting period

Applicable Not applicable

## VI. Main accounting data and financial indicators

Does the Company need to retroactively adjust or restate the accounting data of previous years

Yes No

|   | 2022               | 2021               | Increase or decrease in the current year over the previous year                                | 2020               |
|---|--------------------|--------------------|--|--------------------|
| Operating revenue (yuan)  | 879,566,048.96     | 917,129,674.49     | -4.10%   | 1,025,243,815.83   |
| Net profit attributable to shareholders of the listed company (yuan)  | -47,390,545.55     | -138,766,373.70    | 65.85%   | 21,964,552.84      |
| Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (yuan) | -51,234,544.29     | -141,603,716.82    | 63.82%   | -154,393,042.76    |
| Net cash flow from operating activities (yuan)  | -30,726,510.39     | -61,717,528.76     | 50.21%   | 88,145,348.87      |
| Basic earnings per share (yuan/share)   | -0.220             | -0.650             | 66.15%   | 0.1                |
| Diluted earnings per share (yuan/share)   | -0.220             | -0.650             | 66.15%   | 0.1                |
| Weighted average return on net assets   | -114.39%           | -105.00%           | -9.39%   | 12.29%             |
|   | By the end of 2022 | By the end of 2021 | Increase or decrease at the end of the current year compared with the end of the previous year | By the end of 2020 |
| Total assets (yuan)   | 891,390,055.62     | 993,571,982.44     | -10.28%  | 1,167,608,410.82   |
| Net assets attributable to shareholders of the listed company (yuan)  | 21,995,336.28      | 65,187,412.69      | -66.26%  | 189,624,160.92     |

The lower of the Company's net profit before and after deduction of non-recurring profits and losses for the last three fiscal years is negative, and the audit report for the latest year shows that there is uncertainty about the Company's ability to continue as a going concern

Yes No

The lower of the Company's net profit before and after deduction of non-recurring profits and losses is negative

Yes No

| Item   | 2022           | 2021           | Remarks |
|--|----------------|----------------|---------|
| Operating revenue (yuan)                           | 879,566,048.96 | 917,129,674.49 | -       |
| Deducted amount of operating revenue (yuan)        | 10,866,001.57  | 10,884,944.81  | -       |
| Amount after deduction of operating revenue (yuan) | 868,700,047.39 | 906,244,729.68 | -       |

## VII. Differences in accounting data under domestic and overseas accounting standards

### 1. Differences in net profits and net assets in the financial reports disclosed in accordance with international accounting standards and in accordance with Chinese accounting standards

Applicable Not applicable

During the reporting period, there is no difference between the net profit and net assets in the financial reports disclosed in accordance



with international accounting standards and Chinese accounting standards.

## 2. Differences in net profits and net assets in the financial reports disclosed in accordance with overseas accounting standards and in accordance with Chinese accounting standards

Applicable Not applicable

During the reporting period, there is no difference between the net profit and net assets in the financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards.

## VIII. Main quarterly financial indicators

Unit: yuan

|  | Q1              | Q2             | Q3             | Q4             |
|--|-----------------|----------------|----------------|----------------|
| Operating revenue  | 209,168,303.46  | 198,144,312.89 | 230,838,273.53 | 241,415,159.08 |
| Net profit attributable to shareholders of the listed company  | -11,616,937.13  | -16,094,360.20 | -6,590,348.37  | -13,088,899.85 |
| Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses | -11,627,342.45  | -12,926,126.45 | -6,698,530.80  | -19,982,544.59 |
| Net cash flow from operating activities  | -143,341,352.67 | 47,477,355.11  | -38,687,202.60 | 103,824,689.77 |

Whether the above financial indicators or the sum of them are significantly different from the relevant financial indicators in the quarterly report and semi-annual report disclosed by the Company

Yes No

## IX. Items and amounts of non-recurring profits and losses

Applicable Not applicable

Unit: yuan

| Item   | Amount in 2022 | Amount in 2021 | Amount in 2020 | Description |
|--|----------------|----------------|----------------|-------------|
| Profits and losses on disposal of non-current assets (including the write-off part of the provision for impairment of assets)  | 506,839.52     | -134,892.35    | 171,454,257.57 |             |
| Government subsidies included in the profits and losses of the current period (except the government subsidies that are closely related to the normal operation of the Company, conform to the national policies and regulations, and are continuously enjoyed according to a certain standard quota or quantitative amount) | 210,513.19     | 660,727.46     | 6,456,622.79   |             |
| Profit and loss of debt restructuring  |                | 2,456,389.38   |                |             |
| Other non-operating revenue and expenses other than the above items  | 2,896,463.54   | 328,880.05     | 1,135,543.03   |             |
| Other profit and loss items that comply with the definition of non-recurring profit and  | 817,837.09     |                |                |             |

|  |              |              |                |    |
|--|--------------|--------------|----------------|----|
| loss   |              |              |                |    |
| Less: Affected amount of revenue tax                         | 160,760.51   | 108,335.97   | 122,246.44     |    |
| Affected amount of minority shareholders' equity (after tax) | 426,894.09   | 365,425.45   | 2,566,581.35   |    |
| Total  | 3,843,998.74 | 2,837,343.12 | 176,357,595.60 | -- |

Details of other profit and loss items that comply with the definition of non-recurring profit and loss:

Applicable Not applicable

Other profit and loss items that comply the definition of non-recurring profit and loss are mainly investment income of trading financial assets during the reporting period.

Explanation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No.1 on Information Disclosure by Companies with Public Securities Offerings - Non-recurring Profits and Losses as recurring profit and loss items

Applicable Not applicable

The Company does not define the non-recurring profit and loss items listed in the Explanatory Announcement No.1 on Information Disclosure by Companies with Public Securities Offerings as recurring profit and loss items.

## **Section III Discussion and Analysis of the Management Team**

### **I. Industry in which the Company operates during the reporting period**

According to the data released by the Ministry of Industry and Information Technology, in 2022, China made every effort to promote the construction of a network powerhouse and a digital nation, and strove to deepen the integration of digital economy and real economy. New progress has been made in the construction of new information infrastructure such as 5G networks and Gigabit optical networks, and the popularization of various applications has been accelerated in an all-round way, providing strong support for shaping new advantages of digital economy and enhancing new dynamics of economic development. During 2022, the communications industry made notable progress in improving its infrastructure, particularly in the construction of information infrastructure. New infrastructures, such as 5G networks and Gigabit optical networks, were moderately deployed in anticipation. The role of digital development was continuously enhanced to support these new infrastructures. Meanwhile, emerging businesses, such as data centers, cloud computing, big data, and the Internet of Things, saw rapid growth and contributed over 60% to the industry's development.

The communication equipment manufacturing industry is an upstream industry and an important foundation of the communications industry. Driven by national policies, the communication equipment manufacturing industry is generally facing good development opportunities; Additionally, the communication equipment manufacturing industry is a fully competitive industry, with a great many of players in fierce competition.

The following is an analysis of the Company's main products in different sub-sectors. In terms of communication infrastructure products, the construction of data centers has gained strong momentum due to the implementation of "East-to-west Computing Resource Transfer Project" and green energy initiatives. The Company's products, including comprehensive cabling, intelligent ODN, and data center support products, has opened up new opportunities and gained sustained and significant market demand. As for video conferencing products, with the rapid development of China's digital economy, the information technology application innovation industry is entering the application stage. This progress has increased the significance of "self-control" technology and created vast opportunities for the development of the Company's video conferencing products. The Company is gradually transitioning and upgrading its products to be more cloud-based, intelligent, and integrated to meet the demand of the market. With respect to intelligent electrical products, the Company's intelligent power distribution products and platform are at the forefront of a new era in the rail transportation sector. With "green" and "smart" power distribution systems, the Company is improving operational and maintenance efficiency, energy consumption management, and energy use in rail transportation. These advancements are effectively assisting customers in achieving their goals of carbon emissions peak and carbon neutrality. In regard to smart lighting products, to achieve the goals of carbon emissions peak and carbon neutrality, the construction of eco-friendly intelligent cities is being prioritized in various regions. The number of intelligent streetlights is rapidly increasing, with approximately one million new ones installed each year. The Company's IoT-based grid-powered street light controller products have enormous potential for development.

### **II. Major business of the Company during the reporting period**

As one of the important providers of products and solutions in the field of information and communication in China, the Company adheres to the strategy of "products + solutions + services" and constantly accelerates product innovation, industrial restructuring, and transformation and upgrading. The main business of the Company and its subsidiaries involves communication infrastructure products, video conferencing, intelligent electrical and intelligent lighting, etc., including optical distribution network and communication supporting integrated solutions (intelligent ODN integrated solutions, optical network intelligent solution, energy-saving data center solution), multimedia communication and application solutions, building intelligent integrated solutions, industrial intelligent

power distribution systems, IoT-based grid-powered street lamp control systems, etc. Its customers include domestic telecom operators, network service providers, and industry customers from governments, finance, power, medical industries, etc.

The Company's optical distribution network and communication supporting integrated solutions can be used for domestic communication network construction, radio and television network transformation, high-speed rail communication construction, urban subway construction, e-commerce industry, etc.; its data center products are widely used in data center construction projects of operators, Internet enterprises, etc.; the subsidiary Southern Telecom can offer multimedia communication and application solutions to large and medium industry customers in the fields of government, finance, medical care and education; Its subsidiary Telege mainly provides customers with mid-to-high-end integrated cabling and building intelligent system solutions; the subsidiary NM Electrical provides intelligent power distribution solutions for various scenarios such as rail transit, airports, ports and parks; the subsidiary Datang mainly provides customers with solutions of solar energy, IoT-based grid-connected street lamp controllers, and IoT-based street lamp management and control.

The Company mainly obtains business opportunities by participating in project bidding. It designs, manufactures or purchases equipment required by customers according to project requirements, and is responsible for installation, commissioning and system integration, and realizes profits after deducting cost according to contract prices. The Company's operating performance is mainly affected by the capital expenditure, information technology investments and bidding results of telecom operators, government agencies and industry customers, as well as fluctuations in raw material prices and changes in other costs.

### **III. Analysis of core competitiveness**

#### **1. Marketing ability**

The Company possesses a well-established market network and extensive industry experience, having provided long-term services to customers across a diverse range of sectors. These include central enterprises, government agencies, rail transit companies, telecommunications operators, financial institutions, healthcare providers, electric power companies, and internet-based businesses.

#### **2. Product competitiveness**

The Company adheres to a market-oriented approach, and focuses on strengthening and optimizing its core products. It actively develops new products and continually enhances its innovative capabilities. The Company has significant technical and product advantages in cabling products. It has developed a series of optical network connection products that have earned multiple national invention patents. It has a strong brand influence in China's fiberoptical communications industry. Its access products have shown excellent performance in wired access networks, optical transmission networks, and other areas. The Company has ranked among the "China's Top 10 Most Competitive Enterprises of Optical Transmission and Network Access Equipment" for years. The subsidiary Southern Telecom has focused on video communication applications for more than 20 years, and has accumulated abundant market channels and customer resources, and developed differentiated products and scheme design capabilities. Its self-developed products have been recognized by large industry customers. Intelligent electrical products of NM Electrical, a subsidiary, are widely used by customers from airport, dock, rail transit and other industries. With rich customer resources and industry experience, NM Electrical can provide complete sets of products and solutions tailored to customer needs. The subsidiary Telege specializes in integrated cabling in high-end market. It is committed to R&D of new products such as new generation intelligent cabling systems and integrated cabling management platforms. The smart lighting products of Datang, a subsidiary, are incorporated into Datang's integrated solutions of advanced IoT-based grid-connected street lamp control platforms for its customers.

#### **3. Brand influence**

The Company is an information and communications subsidiary of a central enterprise. Its communications products have gained a strong brand reputation in the domestic fiber optical communications industry, particularly in the area of network connection products. The integrated cabling products of Telege have been awarded the prestigious titles of "Famous Brand of Jiangsu Province" and "Well-known Trademark." They have consistently ranked among the top ten domestic integrated cabling brands for sixteen consecutive years. Southern Telecom owns well-known trademarks such as Ruijing and Ruizhi, and its video conferencing products enjoy high brand awareness in the domestic market. NM Electrical is a well-known brand in the rail transit industry.

During the reporting period, the Company gained 19 new patents, including 7 invention patents, 8 utility models, 4 software copyrights. Additionally, it obtained 88 certifications for its products and participated in the formulation of 4 national and industry standards.

#### **IV. Analysis of main business**

##### **1. Overview**

In September 2022, according to the strategic deployment of CETC, in order to promote the high-quality development of Nanjing Putian, China Potevio Information Industry Co., Ltd., the former controlling shareholder of the Company, transferred its shares to CETC Glarun Group Co., Ltd. (hereinafter referred to as "CETC Glarun") free of charge, and entrusted CETC Glarun with the management of Nanjing Putian. Faced with unfavorable factors such as slowing macroeconomic growth, the Company resolutely implemented the decisions of the Leading Party Group of CETC and the Party Committee of CETC Glarun, and solidly promoted integrated development in six aspects: "strategy, business, management, system, teamwork, and culture". The Company strove for maintaining a stable foundation while making necessary changes to adapt to new challenges by strengthening centralized control, and actively expanding markets and reinforcing internal management. To achieve this, the Company implemented several measures. Firstly, it identified its development positioning, consolidated internal and external resources and actively integrated into the upstream and downstream industry chains to improve economic efficiency. Secondly, it took steps to reduce costs, improve efficiency and increase profits by strictly controlling low-profit businesses, clearing unprofitable subsidiaries, streamlining organizational structures, optimizing personnel structures, recovering accounts receivable and clearing inventory debts, and strengthening cost control. Lastly, it activated underperforming and idle assets and improved the quality of asset management to promote its stable development. During the reporting period, the Company realized operating revenue of 879.57 million yuan, and the net profit attributable to shareholders of the listed company was -47.39 million yuan, a decrease of 91.38 million yuan compared with the previous year.

Development of main business during the reporting period:

The Company upheld the concept of grand markets and strove to expand further into traditional industry markets by focusing on key industries and customers. It strengthened collaboration within the upstream and downstream industry chains of CETC and continuously increased its investment in technology research and development. Its primary objective was to excel in its core business and become a prominent player in the industry. The Company has set up the Industrial Development Department to actively promote the business coordination with the member units of CETC, and formed a variety of business cooperation modes such as system matching, product sales and joint research and development. The Company's 12 products in 5 categories have been successfully selected into CETC's internal preferred product catalogue, and the Company has become a qualified supplier of many member units of CETC. Additionally, the Company has obtained the qualification of second-class military secrecy organization, laying the foundation for actively exploring the military business market.

In terms of integrated cabling products, on the basis of traditional distribution channels, the Company aimed at key industries and key customers and made breakthrough progress. It supported the construction of key projects such as mobile cabin hospitals in Shanghai, machine rooms of Shanghai Unicom Data Center, and Beijing Emergency

Center; it actively followed up customers in military, financial and other industries and implemented an EPC project of an army; it won the bid for the data center project of Guangxi Branch of Bank of Communications, and achieved a breakthrough in the bank's localization of its core machine rooms with domestic products.

In terms of video conferencing products, the Company adopted the sales mode of "product distribution + direct orders from projects", and continued to strengthen customer stickiness. Targeting leading central enterprises and top-tier enterprises in finance and other industries, the Company won over 20 significant projects of central enterprises and aimed to deepen and refine its relationships with high-quality customers. It incorporated its self-developed products into tailored integrated solutions, promoting successful implementation of projects such as those of Jining Medical University and Daoli Public Security Sub-bureau. Additionally, the Company actively expanded its sales network by increasing its efforts in internet marketing and partnering with over 70 distributors.

In regard to smart electrical products, the Company continued expanding its reach in the rail transit sector and won bids for Nanjing Metro Line 5, Beijing Metro Line 12 and Line 17, etc.; It also focused on developing new industrial connector products and building distributor channels.

As for communication infrastructure products, the Company attached special importance to developing markets in industries such as rail transit, energy and power, and military industries. Its intelligent ODN products successfully won bids for key projects such as those of Beijing Metro, Hangzhou Pipeline, Western Theater and Shanghai Unicom.

For smart lighting products, the Company strengthened its product structure, broadened its market channels and innovated its service models, achieving a total shipment of 370,000 solar controllers. It completed a key project, namely the construction of new rural street light systems in Nanjing, and achieved a new breakthrough in product development by providing customized solar-powered security monitoring controllers to Hikvision for the first time.

## 2. Revenue and costs

### (1) Composition of operating revenue

Unit: yuan

|   | 2022           |                                 | 2021           |                                 | Year-on-year increase or decrease |
|---|----------------|---------------------------------|----------------|---------------------------------|-----------------------------------|
|   | Amount         | Proportion in operating revenue | Amount         | Proportion in operating revenue |                                   |
| Total operating revenue   | 879,566,048.96 | 100%                            | 917,129,674.49 | 100%                            | -4.10%                            |
| Industry  |                |                                 |                |                                 |                                   |
| Communication industry  | 788,478,840.69 | 89.64%                          | 814,698,901.29 | 88.83%                          | -3.22%                            |
| Electrical industry   | 91,087,208.27  | 10.36%                          | 102,430,773.20 | 11.17%                          | -11.07%                           |
| Product   |                |                                 |                |                                 |                                   |
| Revenue from main business - integrated cabling products                      | 363,986,691.29 | 41.38%                          | 381,243,880.13 | 41.57%                          | -4.53%                            |
| Revenue from main business - video conferencing products                      | 304,872,384.83 | 34.66%                          | 293,267,591.71 | 31.98%                          | 3.96%                             |
| Revenue from main business - smart electrical products                        | 88,207,032.72  | 10.03%                          | 100,939,986.75 | 11.01%                          | -12.61%                           |
| Revenue from main business - communication infrastructure products and others | 145,879,508.57 | 16.59%                          | 153,488,446.15 | 16.74%                          | -4.96%                            |
| Internal offset   | -40,821,613.26 | -4.64%                          | -32,454,210.31 | -3.54%                          | -25.78%                           |

|                             |                |         |                |         |         |
|-----------------------------|----------------|---------|----------------|---------|---------|
| Revenue from other business | 17,442,044.81  | 1.98%   | 20,643,980.06  | 2.25%   | -15.51% |
| Region                      |                |         |                |         |         |
| Domestic                    | 879,566,048.96 | 100.00% | 917,129,674.49 | 100.00% | -4.10%  |
| Sales mode                  |                |         |                |         |         |
| Direct selling              | 464,411,292.37 | 52.80%  | 450,874,262.30 | 49.16%  | 3.00%   |
| Distribution                | 415,154,756.59 | 47.20%  | 466,255,412.19 | 50.84%  | -10.96% |

**(2) The industries, products, regions and sales modes that account for more than 10% of the Company's operating revenue or operating profit**

Applicable Not applicable

Unit: yuan

|   | Operating revenue | Operating cost | Gross profit margin | Operating revenue increased or decreased over the same period of the previous year | Operating costs increased or decreased over the same period of the previous year | Gross profit margin increased or decreased over the same period of the previous year |
|---|-------------------|----------------|---------------------|--|--|--|
| Industry  |                   |                |                     |  |  |  |
| Communication industry  | 788,478,840.69    | 629,667,500.35 | 20.14%              | -3.22%   | -2.44%   | -0.64%   |
| Electrical industry   | 91,087,208.27     | 68,940,130.07  | 24.31%              | -11.07%  | -10.56%  | -0.44%   |
| Product   |                   |                |                     |  |  |  |
| Revenue from main business - integrated cabling products                      | 363,986,691.29    | 284,913,207.39 | 21.72%              | -4.53%   | -2.36%   | -1.74%   |
| Revenue from main business - video conferencing products                      | 304,872,384.83    | 240,566,689.70 | 21.09%              | 3.96%  | 5.61%  | -1.24%   |
| Revenue from main business - smart electrical products                        | 88,207,032.72     | 67,419,638.33  | 23.57%              | -12.61%  | -11.61%  | -0.86%   |
| Revenue from main business - communication infrastructure products and others | 145,879,508.57    | 134,205,498.72 | 8.00%               | -4.96%   | -5.46%   | 0.48%  |
| Internal offset   | -40,821,613.26    | -40,621,384.62 | 0.49%               | -25.78%  | -25.17%  | 0.49%  |
| Revenue from other business   | 17,442,044.81     | 12,123,980.90  | 30.49%              | -15.51%  | -29.23%  | 13.47%   |
| Region  |                   |                |                     |  |  |  |
| Domestic  | 879,566,048.96    | 698,607,630.42 | 20.57%              | -4.10%   | -3.31%   | -0.65%   |
| Sales mode  |                   |                |                     |  |  |  |
| Direct selling  | 464,411,292.37    | 378,412,008.17 | 18.52%              | 3.00%  | 4.11%  | -0.87%   |
| Distribution  | 415,154,756.59    | 320,195,622.25 | 22.87%              | -10.96%  | -10.82%  | -0.12%   |

When the statistical range of the Company's main business data is adjusted during the reporting period, the Company's main business data according to the range adjusted at the end of the reporting period in the latest year is

Applicable Not applicable

**(3) Whether the Company's physical sales revenue is greater than the labor service revenue**

Yes No

| Industry | Item | Unit | 2022 | 2021 | Year-on-year increase or decrease |
|----------|------|------|------|------|-----------------------------------|
|----------|------|------|------|------|-----------------------------------|

|                        |            |      |                |                |         |
|------------------------|------------|------|----------------|----------------|---------|
| Communication industry | Sales      | Yuan | 788,478,840.69 | 814,698,901.29 | -3.22%  |
|                        | Production | Yuan | 785,475,356.70 | 793,048,409.88 | -0.95%  |
|                        | Inventory  | Yuan | 126,106,820.77 | 129,110,304.76 | -2.33%  |
| Electrical industry    | Sales      | Yuan | 91,087,208.27  | 102,430,773.20 | -11.07% |
|                        | Production | Yuan | 73,999,365.12  | 110,970,857.99 | -33.32% |
|                        | Inventory  | Yuan | 40,333,417.79  | 57,421,260.94  | -29.76% |

Explanation of the reasons why the relevant data changed by more than 30% year-on-year

Applicable Not applicable

The main reasons for the large year-on-year decline in the production of electrical products are: inventory management optimization and inventory occupation reduction.

**(4) The performance of major sales contracts and major purchase contracts signed by the Company as of the reporting period**

Applicable Not applicable

**(5) Composition of operating costs**

Industry

Industry

Unit: yuan

| Industry               | Item   | 2022           |                               | 2021           |                               | Year-on-year increase or decrease |
|------------------------|--|----------------|-------------------------------|----------------|-------------------------------|-----------------------------------|
|                        |  | Amount         | Proportion to operating costs | Amount         | Proportion to operating costs |                                   |
| Communication industry | Cost of main business - raw material cost (procurement cost) | 579,046,304.70 | 82.89%                        | 581,208,359.85 | 80.44%                        | -0.37%                            |
| Communication industry | Cost of main business - other                                | 38,718,063.87  | 5.54%                         | 47,883,231.59  | 6.63%                         | -19.14%                           |
| Communication industry | Cost of other business                                       | 11,903,131.78  | 1.70%                         | 16,330,461.67  | 2.26%                         | -27.11%                           |
| Electrical industry    | Cost of main business - raw material cost (procurement cost) | 56,741,067.50  | 8.12%                         | 65,532,247.28  | 9.07%                         | -13.42%                           |
| Electrical industry    | Cost of main business - other                                | 11,978,213.45  | 1.71%                         | 10,743,217.06  | 1.49%                         | 11.50%                            |
| Electrical industry    | Cost of other business                                       | 220,849.12     | 0.03%                         | 800,133.23     | 0.11%                         | -72.40%                           |
| Total                  | Operating cost   | 698,607,630.42 | 100.00%                       | 722,497,650.68 | 100.00%                       | -3.31%                            |

Description

-

**(6) Whether the consolidation scope changed during the reporting period**

Yes No

See the section "Changes in the scope of consolidation" in the notes to the financial statements in the full text of the annual report.

**(7) Major changes or adjustments in the business, products or services of the Company during the reporting period**

Applicable Not applicable

**(8) Main customers and suppliers**

Main sales customers of the Company

|   |                |
|---|----------------|
| Total sales amount of the top five customers (yuan)                                     | 109,132,100.82 |
| Proportion of total sales amount of the top five customers to total annual sales amount | 12.41%         |



|  |       |
|--|-------|
| Proportion of related party sales of the top five customers' sales to the total annual sales | 0.00% |
|--|-------|

## Information of the Company's top 5 customers

| S/N   | Customer name | Sales (yuan)   | Proportion to total annual sales |
|-------|---------------|----------------|----------------------------------|
| 1     | 1st           | 24,960,558.28  | 2.84%                            |
| 2     | 2nd           | 23,981,726.98  | 2.73%                            |
| 3     | 3rd           | 21,943,415.58  | 2.49%                            |
| 4     | 4th           | 19,749,383.22  | 2.25%                            |
| 5     | 5th           | 18,497,016.76  | 2.10%                            |
| Total | --            | 109,132,100.82 | 12.41%                           |

## Other information of major customers

Applicable Not applicable

## Major suppliers of the Company

|   |                |
|---|----------------|
| Total purchase amount of the top 5 suppliers (yuan)   | 180,847,944.18 |
| Proportion of total purchase amount of the top 5 suppliers to total annual purchase amount                          | 28.44%         |
| Proportion of related party purchase amount in the top 5 suppliers' purchase amount to total annual purchase amount | 0.00%          |

## Information of the Company's top 5 suppliers

| S/N   | Name of supplier | Purchase amount (yuan) | Proportion to total annual purchase amount |
|-------|------------------|------------------------|--|
| 1     | 1st              | 50,906,078.27          | 8.01%                                      |
| 2     | 2nd              | 34,725,657.85          | 5.46%                                      |
| 3     | 3rd              | 33,583,774.36          | 5.28%                                      |
| 4     | 4th              | 32,555,954.19          | 5.12%                                      |
| 5     | 5th              | 29,076,479.51          | 4.57%                                      |
| Total | --               | 180,847,944.18         | 28.44%                                     |

## Other information of major suppliers

Applicable Not applicable

### 3. Expenses

Unit: yuan

|                    | 2022          | 2021          | Year-on-year increase or decrease | Description of major changes  |
|--------------------|---------------|---------------|-----------------------------------|---|
| Sales expenses     | 75,331,981.00 | 91,425,098.10 | -17.60%                           |   |
| Management fees    | 63,190,264.31 | 67,220,016.02 | -5.99%                            |   |
| Financial expenses | 10,081,432.77 | 7,313,928.56  | 37.84%                            | During the reporting period, the financing scale increased compared with the same period of the previous year |
| R&D expenses       | 42,690,479.34 | 55,472,535.49 | -23.04%                           |   |

### 4. Investment in R&D

Applicable Not applicable

| Name of main R&D project          | Project purpose   | Project progress | Goals to be achieved  | Expected impact on the future development of the Company           |
|-----------------------------------|---|------------------|---|--|
| Smart micro module (cold channel) | Prototypes or sample machines of new products, sample parts, sample products, formulations, and new equipment that are independently developed by the company | R&D completed    | Drawings and data (inspection specifications, instruction manuals, product sample data, etc.) | Enhance the competitiveness of the Company in data center products |
| Development of                    | Prototypes or sample  | R&D completed    | Software delivery   | Enhance the  |

|   |   |                          |  |   |
|---|---|--------------------------|--|---|
| information release systems based on domestic processor architecture                      | machines of new products, sample parts, sample products, formulations, and new equipment that are independently developed by the company                      |                          |  | differentiation advantages of the Company's video conferencing solutions, enhance the stickiness of major customers, and enhance the market competitiveness of video conferencing project construction.             |
| Ruijing video conferencing network quality diagnosis system                               | Prototypes or sample machines of new products, sample parts, sample products, formulations, and new equipment that are independently developed by the company | R&D completed            | Software delivery  | Enhance the differentiation advantages of the Company's video conferencing solutions, enhance the stickiness of major customers, and enhance the market competitiveness of video conferencing project construction. |
| Intelligent in-situ control box   | Prototypes or sample machines of new products, sample parts, sample products, formulations, and new equipment that are independently developed by the company | R&D completed            | Sample and test environment, internal evaluation   | Improve the intelligent level of products   |
| New-generation intelligent cabling system and integrated cabling management platform 2022 | Prototypes or sample machines of new products, sample parts, sample products, formulations, and new equipment that are independently developed by the company | R&D completed            | Enrich product portfolios and improve technical parameters of products   | Introduce products that are more technologically advanced to enhance the competitiveness of the Company   |
| Integrated cabling systems for industrial Internet and industrial applications            | Prototypes or sample machines of new products, sample parts, sample products, formulations, and new equipment that are independently developed by the company | Achieve the phased goals | Inspection specifications, instruction manuals, product sample data, sample and test environment, internal appraisal | Integrated cabling systems in line with future development and meeting the requirements of industrial Internet  |
| Smart power supply optimization project   | Prototypes or sample machines of new products, sample parts, sample products, formulations, and new equipment that are independently developed by the company | R&D completed            | Inspection specifications, instruction manuals, product sample data, sample and test environment, internal appraisal | Meet the demand of product intelligence and provide customers with satisfactory products.   |

## R&amp;D personnel of the Company

|  | 2022   | 2021   | Proportion of change |
|--|--------|--------|----------------------|
| Number of R&D personnel (unit: person) | 274    | 286    | -4.20%               |
| Proportion of R&D personnel            | 30.30% | 27.60% | 2.70%                |
| Educational levels of R&D personnel    |        |        |                      |
| Bachelor's degree                      | 173    | 176    | -1.70%               |
| Master's degree                        | 5      | 4      | 25.00%               |

|                      |     |     |         |
|----------------------|-----|-----|---------|
| Associate's degree   | 87  | 99  | -12.10% |
| Vocational degree    | 9   | 7   | 28.60%  |
| Age of R&D personnel |     |     |         |
| Under 30             | 67  | 76  | -11.80% |
| 30 ~ 40              | 128 | 138 | -7.20%  |
| 40 ~ 50              | 61  | 51  | 19.60%  |
| Over 50              | 18  | 21  | -14.30% |

## R&amp;D investment of the Company

|  | 2022          | 2021          | Proportion of change |
|--|---------------|---------------|----------------------|
| R&D investment amount (yuan)                               | 42,690,479.34 | 55,472,535.49 | -23.04%              |
| Proportion of R&D investment to operating revenue          | 4.85%         | 6.05%         | -1.20%               |
| Amount of capitalized R&D investment (yuan)                | 0.00          | 0.00          | 0.00%                |
| Proportion of capitalized R&D investment to R&D investment | 0.00%         | 0.00%         | 0.00%                |

Causes and impacts of major changes in the composition of R&D personnel in the Company

Applicable Not applicable

Reasons for significant changes in the proportion of total R&D investment to operating revenue compared with the previous year

Applicable Not applicable

Reasons for the significant change of capitalization rate of R&D investment and an explanation of its reasonability

Applicable Not applicable

## 5. Cash flow

Unit: yuan

| Item   | 2022           | 2021             | Year-on-year increase or decrease |
|--|----------------|------------------|-----------------------------------|
| Subtotal of cash inflow from operating activities    | 908,235,270.88 | 1,039,198,794.59 | -12.60%                           |
| Subtotal of cash outflow from operating activities   | 938,961,781.27 | 1,100,916,323.35 | -14.71%                           |
| Net cash flow from operating activities              | -30,726,510.39 | -61,717,528.76   | 50.21%                            |
| Subtotal of cash inflow from investment activities   | 21,066,608.48  | 490,953.92       | 4,190.95%                         |
| Subtotal of cash outflows from investment activities | 2,629,351.27   | 29,998,643.89    | -91.24%                           |
| Net amount of cash flow from investment activities   | 18,437,257.21  | -29,507,689.97   | 162.48%                           |
| Subtotal of cash inflows from financing activities   | 198,600,000.00 | 239,500,000.00   | -17.08%                           |
| Subtotal of cash outflows from financing activities  | 202,378,296.79 | 137,908,918.21   | 46.75%                            |
| Net cash flow from financing activities              | -3,778,296.79  | 101,591,081.79   | -103.72%                          |
| Net increase in cash and cash equivalents            | -16,074,329.47 | 10,396,323.99    | -254.62%                          |

Description of the main influencing factors of major year-on-year changes in relevant data

Applicable Not applicable

The net cash flow from operating activities increased year on year, mainly due to strengthening recovery of accounts receivable and clearance of inventory debts, and strictly controlling various costs and expenses.

Cash inflow from investment activities increased year on year, mainly due to the sale of trading financial assets that were purchased in the previous period and sold in the current period.

Cash outflow from investment activities decreased year on year, mainly due to the non-purchase of trading financial assets in the current period.

Net cash flow from investment activities increased year on year, mainly due to the sale of trading financial assets that were purchased in the previous period and sold in the current period.

Cash outflow from fund-raising activities increased year on year, mainly due to the increase in the repayment of entrusted loans and bank borrowings due in the current period compared with the same period of the previous year.

Net cash flow from fund-raising activities decreased year on year, mainly due to the smaller fund-raising scale in the current period.

The net increase in cash and cash equivalents decreased year on year, mainly due to the obvious decrease in the scale of fund raising compared with the same period of the previous year.

Explain the reasons for the significant difference between the net cash flow generated from the Company's operating activities during the reporting period and the net profit of the current year

Applicable Not applicable

## V. Analysis of non-main business

Applicable Not applicable

Unit: yuan

|                        | Amount         | Proportion to total profits | Reasons   | Is it sustainable |
|------------------------|----------------|-----------------------------|---|-------------------|
| Asset impairment loss  | -8,379,473.73  | 29.11%                      | Inventory depreciation loss and long-term equity investment loss  | No                |
| Credit impairment loss | -10,854,068.21 | 37.71%                      | Provision of expected credit losses for accounts receivable, other receivables and bills receivable according to the new financial instrument standards | No                |

## VI. Analysis of assets and liabilities

### 1. Significant changes in asset composition

Unit: yuan

|                             | By the end of 2022 |                            | Early 2022     |                            | Increase or decrease in proportion | Description of major changes                                      |
|-----------------------------|--------------------|----------------------------|----------------|----------------------------|------------------------------------|---|
|                             | Amount             | Proportion to total assets | Amount         | Proportion to total assets |                                    |   |
| Monetary fund               | 173,863,825.35     | 19.50%                     | 188,665,530.37 | 18.99%                     | 0.51%                              |   |
| Accounts receivable         | 304,616,212.04     | 34.17%                     | 334,586,551.93 | 33.68%                     | 0.49%                              |   |
| Contract assets             |                    | 0.00%                      |                | 0.00%                      | 0.00%                              |   |
| Inventories                 | 166,440,238.56     | 18.67%                     | 186,531,565.70 | 18.77%                     | -0.10%                             |   |
| Investment real estate      | 20,351,240.03      | 2.28%                      | 6,854,891.51   | 0.69%                      | 1.59%                              |   |
| Long-term equity investment | 10,422,321.80      | 1.17%                      | 10,422,193.15  | 1.05%                      | 0.12%                              |   |
| Fixed assets                | 97,917,714.15      | 10.98%                     | 117,801,156.71 | 11.86%                     | -0.88%                             |   |
| Construction in progress    | 0.00               | 0.00%                      | 292,996.23     | 0.03%                      | -0.03%                             |   |
| Right-of-use assets         |                    | 0.00%                      |                | 0.00%                      | 0.00%                              |   |
| Short-term loan             | 112,836,727.77     | 12.66%                     | 199,000,000.00 | 20.03%                     | -7.37%                             |   |
| Contract liabilities        | 15,048,811.36      | 1.69%                      | 18,884,024.60  | 1.90%                      | -0.21%                             |   |
| Long-term loan              | 105,800,000.00     | 11.87%                     | 0.00           | 0.00%                      | 11.87%                             | Long-term borrowings increased at the end of the reporting period |

|                   |  |       |  |       |       |  |
|-------------------|--|-------|--|-------|-------|--|
| Lease liabilities |  | 0.00% |  | 0.00% | 0.00% |  |
|-------------------|--|-------|--|-------|-------|--|

Overseas assets account for a high proportion

Applicable Not applicable

## 2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: yuan

| Item  | Opening amount | Profits and losses from changes in fair value in the current period | Changes in cumulative fair value included in equity | Impairment accrued in the current period | Purchase amount in the current period | Sales amount in the current period | Other changes | Closing amount |
|---|----------------|---|---|--|---------------------------------------|------------------------------------|---------------|----------------|
| Financial assets  |                |   |   |  |                                       |                                    |               |                |
| 1. Trading financial assets (excluding derivative financial assets) | 20,000,000.00  |   |   |  |                                       | 20,000,000.00                      |               | 0.00           |
| 4. Other equity instrument investments                              | 741,953.00     |   |   |  |                                       |                                    |               | 741,953.00     |
| Subtotal of financial assets  | 20,741,953.00  |   |   |  |                                       |                                    |               | 741,953.00     |
| Receivables financing   | 40,852,223.88  |   |   |  |                                       |                                    |               | 30,668,999.36  |
| Total of the above items  | 61,594,176.88  |   |   |  |                                       |                                    |               | 31,410,952.36  |
| Financial liabilities   | 0.00           |   |   |  |                                       |                                    |               | 0.00           |

Other changes

Whether there were any significant changes in the measurement attributes of the Company's main assets during the reporting period

Yes No

## 3. Restricted asset rights as of the end of the reporting period

Assets with restricted ownership or use rights

(1) Details

| Item                 | Ending book value | Limit reason                            |
|----------------------|-------------------|---|
| Other monetary funds | 2,700,000.00      | Funds frozen by banks due to litigation |
| Other monetary funds | 6,779,083.96      | Bond cash deposit                       |
| Fixed assets         | 24,947,499.64     | Real estate and land mortgage loans     |
| Intangible assets    | 1,568,556.10      | Real estate and land mortgage loans     |
| Total                | 35,995,139.70     | --                                      |

(2) Other notes

In addition to the above-mentioned assets with restricted ownership or use rights, the Company pledged its equity interests in its subsidiaries, namely 40% equity interest in Nanjing Putian Telege Intelligent Building Ltd. (4.8 million yuan), 96.99% equity interest in Nanjing Southern Telecom Co., Ltd. (33.17 million yuan), 50.7% equity

interest in Nanjing Putian Changle Communication Equipment Co., Ltd. (5.07 million yuan), 78% equity interest in Nanjing Putian Network Co., Ltd. (7.8 million yuan), and 100% equity interest in Nanjing Nanman Electrical Co., Ltd. (41.14 million yuan) to the parent company of the Company for loans granted by the bank entrusted by the parent company. The Company registered the pledges of its equity interests in Jiangning District, Nanjing High-tech Industrial Development Zone, Yuhuatai District and Qinhuai Administration for Market Regulation of Nanjing respectively. The transfer of the above-mentioned equity interests in subsidiaries is restricted until the pledges are released.

## VII. Analysis of investment status

### 1. Overview

Applicable Not applicable

| Investment amount in the reporting period (yuan) | Investment amount in the same period of the previous year (yuan) | Amplitude of variation |
|--|--|------------------------|
| 3,726,579.21                                     | 29,661,590.83  | -87.44%                |

### 2. Significant equity investments acquired during the reporting period

Applicable Not applicable

### 3. Major ongoing non-equity investments during the reporting period

Applicable Not applicable

### 4. Investment in financial assets

#### (1) Securities investment

Applicable Not applicable

There was no securities investment during the reporting period.

#### (2) Derivatives investment

Applicable Not applicable

There was no derivative investment during the reporting period.

### 5. Use of raised funds

Applicable Not applicable

There was no use of the raised funds during the reporting period.

## VIII. Sale of major assets and equity

### 1. Sale of major assets

Applicable Not applicable

The Company did not sell any major assets during the reporting period.

### 2. Sale of major equity

Applicable Not applicable

## IX. Analysis of the major companies controlled by the Company and companies in which the Company holds an equity stake

Applicable Not applicable

Major subsidiaries, and companies in which the Company holds an equity stake and that contribute more than 10% to the Company's net profit

Unit: yuan

| Company name                                    | Type of company | Main business   | Registered capital | Total assets   | Net assets     | Operating revenue | Operating profit | Net profit    |
|---|-----------------|---|--------------------|----------------|----------------|-------------------|------------------|---------------|
| Nanjing Putian Telege Intelligent Building Ltd. | Subsidiary      | Development, production and sales of integrated cabling and intelligent | 20 million yuan    | 256,387,579.00 | 105,394,842.00 | 368,838,452.07    | 30,164,822.49    | 28,193,877.68 |

|  |            |  |                    |                |                |                |               |                |
|--|------------|--|--------------------|----------------|----------------|----------------|---------------|----------------|
|  |            | building products  |                    |                |                |                |               |                |
| Nanjing Southern Telecom Co., Ltd.                       | Subsidiary | Multimedia communication and application solutions   | 34.2 million yuan  | 246,673,514.58 | 103,703,335.03 | 305,267,622.93 | 13,608,857.20 | 7,692,746.02   |
| Nanjing Nanman Electrical Co., Ltd.                      | Subsidiary | Manufacturing and sales of industrial intelligent power distribution products  | 41.14 million yuan | 162,567,836.07 | 52,583,045.91  | 91,087,208.27  | 549,015.66    | 194,443.41     |
| Nanjing Putian Datang Information Electronics Co., Ltd.  | Subsidiary | Research and development, production and sales of solar energy controllers, and production and processing of electronic products   | 10 million yuan    | 43,710,749.24  | 24,135,485.30  | 26,543,946.45  | 116,167.59    | 120,525.84     |
| Nanjing Putian Changle Communication Equipment Co., Ltd. | Subsidiary | Manufacturing and sales of outdoor cabling products, cable distribution equipment, outdoor and machine room network chassis (cabinet) equipment, communication electronic products | 10 million yuan    | 14,936,404.93  | -941,903.93    | 9,841,393.36   | 10,181,218.13 | -10,198,783.94 |
| Nanjing Putian Network Co., Ltd.                         | Subsidiary | Research and development, production and sales of software for communication, network and electronic equipment   | 10 million yuan    | 17,027,327.29  | 15,938,841.04  | 0.00           | 176,144.72    | -176,144.72    |
| Chongqing  | Subsidiary | Information  | 50 million         | 2,012,751.7    | 2,012,751.7    | 464,601.75     | -18,185.53    | -18,185.53     |

|  |  |   |      |   |   |  |  |  |
|--|--|---|------|---|---|--|--|--|
| Puhua Information Technology Co., Ltd. |  | n system integration services, manufacturing of computer software and hardware and peripheral equipment, cloud computing equipment, communication equipment and Internet equipment, big data services, software development | yuan | 8 | 8 |  |  |  |
|--|--|---|------|---|---|--|--|--|

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

| Company name   | Ways of acquiring and disposing subsidiaries during the reporting period | Impact on overall production, operation and performance |
|--|--|---|
| Putian Telecommunications (H.K.) Co., Ltd.             | Liquidation and closure  | No significant impact                                   |
| Nanjing Putian Telecommunications Technology Co., Ltd. | Bankruptcy and liquidation   | No significant impact                                   |

Information of major companies controlled by the Company and companies in which the Company holds an equity stake

## X. Structured entities controlled by the Company

Applicable Not applicable

## XI. Prospects for the future development of the Company

The year 2023 marks the beginning of the comprehensive implement of the guiding principles of the 20th National Congress of the Communist Party of China. It is an important year to connect the preceding with the following in the implementation of the 14th Five-Year Plan, and a crucial year for Nanjing Putian to fully integrate into CETC Glarun. Faced with new historical opportunities and challenges, the Company will further unite and strengthen its confidence, take Party building as the guide, and transform the guiding principles of the 20th National Congress of the Communist Party of China into a powerful driving force for its growth and practical work; It will also follow its strategic planning to integrate and focus on four major areas: communication infrastructure, audio and video system integration, intelligent electrical products, and smart lighting. The Company will actively expand into three types of markets that support CETC's upstream and downstream industries, server major central enterprises. To achieve the goal of improving operational quality, the Company will strive to promote all initiatives and create a new era of its high-quality development.

Key work of the Company in the new year:

1. In response to the trend of digital economy development in China, the Company will focus on key industries and customers, keep a foothold in the markets for its advantageous products such as communication infrastructure, audio-visual system integration, intelligent electrical products, and smart lighting. The Company will advocate the concept of grand markets, coordinate internal and external resources, deeply explore customer needs, enhance



customer loyalty, and improve its comprehensive market competitiveness. Regarding communication infrastructure products, firstly the Company aims to establish a nationwide unified sales system with market-oriented, systematic and collaborative features. It will strengthen its marketing capability, consolidate its position in the civilian market, and seize opportunities to rapidly expand into the military market. Secondly, the Company will continue to expand its share of the civilian market by developing in the fields of finance, civil aviation airports, and healthcare, while breaking through the bottleneck of the high-end market. The Company will also actively seek cooperation with units within the Group, and participate more in integrated projects for military information construction and the research and development of supporting connectors for military products. In the field of audio and video system integration, the Company will continue to implement its strategy of "product distribution + direct orders from projects", while increasing its efforts to develop key customers such as central enterprises, and those in the finance industry and other industries. Additionally, it will strive to increase the proportion of direct orders and self-developed products. In terms of intelligent electrical products, the Company will establish a well-rounded channel sales system, vigorously promote the marketing of intelligent power distribution products and solutions, and accelerate the marketing of military products, represented by military connectors. With respect to intelligent lighting products, the Company will explore multiple channels to expand the application scenarios of solar controllers and provide customers with customized services. For grid-powered products, it will adopt a distributor mode and strengthen its presence in markets serving government agencies and telecom operators.

2. The Company will coordinate internal and external market resources and seek new breakthroughs in the industry. The Company will optimize the industrial structure, expand the existing business, strengthen business synergy with CETC, and foster multiple business growth points; Additionally, it will cultivate new economic growth points to enhance its core competitiveness.

3. The Company will strengthen the innovation of new products and enhance the driving force for endogenous development.

Adhering to the innovation-driven strategy, the Company will strengthen the core position of scientific and technological innovation to promote its transformation and upgrading; It will further strengthen the scientific validity of its new product proposals, improve the success rate of new product development, and reduce risks and costs.

In terms of operation and management, the Company will follow its strategic planning to continuously optimize the industrial structure, improve economic efficiency, invigorate assets, improve operational quality, optimize personnel structure, and build a talent pool. It will benchmark against advanced enterprises and improve its management in an all-round way. Through deepening reforms, accelerating transformation and upgrading, the Company will promote its high-quality development.

Risks that the Company may face during its development:

#### 1. Cyclical risks in the communications industry

The Company is mainly engaged in the manufacture and sales of communications products, and its customers include several major telecom operators in China. The development and adjustment of operators' network construction cycle and investment plans have a significant impact on the Company's operation and bring cyclical risks to the industry.

Countermeasures: The Company will further integrate high-quality resources, accelerate industrial optimization and upgrading, actively expand markets and improve industrial profitability.

#### 2. Risks of technology research and development

The rapid development of technology and product upgrades in the telecommunications industry necessitates that the Company keeps up with the ever-changing market demands and remains relevant in the technological evolution.

Failure to do so, or failure to develop products that meet market demands, could have a negative impact on the Company's operations.

Countermeasures: The Company will actively monitor industry trends in technology development and adopt a market-oriented approach to technology development and introduction. It places great importance on the organization, planning, and management of product development, expands new product projects, and strives to maintain its technological leadership in the industry.

### 3. Risks of market competition

The industry in which the Company operates is characterized by fierce competition among a large number of players. The Company faces intense competition due to the implementation of centralized procurement policies by its customers, including telecommunications operators. Despite having established a competitive advantage in areas such as brand recognition, technology, quality, and marketing through its long-term business development efforts, failure to adapt to future market changes may cause the Company to lose its current advantage in the highly competitive market.

Countermeasures: The Company will continue to leverage its existing advantages to consolidate its position in traditional markets while actively expanding into specialized networks and industry-specific markets. To achieve this, the Company will accelerate its industrial transformation and upgrading efforts, and cultivate strategic emerging industries. The Company will also continuously strengthen its cost control, and enhance its production and R&D capabilities to promote the rapid development of new products. Furthermore, the Company will keep a close eye on market trends, grasp market information, adjust sales policies in a timely manner, and maintain its competitive edge in the market.

### 4. Risks of cash flow shortage

The Company's products are used in projects such as operators' network construction and subway construction. Due to factors such as project construction period and lengthy approval processes, the sales payment period is prolonged, resulting in significant cash flow pressure.

Countermeasures: The Company adheres to budget management for funds, ensuring a dynamic balance between cash payments and collections. The Company classifies and collects long-term accounts receivables, while increasing assessment efforts, implementing reward and punishment measures, urging timely recovery of payments, strengthening inventory management, and enhancing inventory liquidity. If necessary, the Company may obtain some working capital financing from financial institutions.

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

Applicable Not applicable

During the reporting period, there were no activities such as reception of research, communication and interviews.

## **Section IV Corporate Governance**

### **I. Overview of corporate governance**

In strict accordance with the requirements of the Company Law, Securities Law, Code of Corporate Governance for Listed Companies, Listing Rules of Shenzhen Stock Exchange and other relevant laws and regulations, the Company has built a "three organizations and one team" governance system composed of the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the management team, forming a governance structure with clearly-defined rights and responsibilities, separate functions and coordinated operation. The Company has improved the internal control system, strengthened internal and external supervision, and enhanced standardized operation. During the reporting period, the Company adhered to the combination of Party organization construction and corporate governance, operated according to law, earnestly safeguarded the legitimate rights and interests of minority shareholders, and promoted its sustained and healthy development.

#### **1. About shareholders and shareholders' meetings**

The Company has developed the Articles of Association in strict accordance with the Company Law, Guidelines for Articles of Association of Listed Companies and other laws and regulations to ensure that all shareholders enjoy equal rights and assume corresponding obligations according to their shares. The convening, holding and voting of shareholders' meetings are conducted in accordance with the laws and regulations, and internet voting mode is allowed for all shareholders to ensure that all shareholders have the right to know and make decisions on important matters. The decision-making procedures for related party transactions strictly comply with the laws and regulations and the Articles of Association of the Company, and there are no cases of damage to the interests of the Company and unrelated shareholders.

#### **2. About directors and the Board of Directors**

The Company elects directors in strict accordance with the selection procedures stipulated in laws and regulations and the Articles of Association. There are 8 members of the Board of Directors, including 3 independent directors. The number and composition of the Board of Directors comply with laws and regulations. The Board of Directors, independent directors and professional committees of the Board of Directors shall exercise their functions and powers in accordance with laws and regulations and the Articles of Association of the Company, and safeguard the legitimate rights and interests of the Company and all shareholders. All directors abide by laws and regulations and the relevant provisions of the Articles of Association, perform their duties diligently and cautiously, attend board meetings seriously, and give their opinions on matters discussed to ensure the efficient operation and scientific decision-making of the Board of Directors. The convening and holding of board meetings complies with laws and regulations.

#### **3. Supervisors and the Board of Supervisors**

The Company elects supervisors in strict accordance with the selection procedures stipulated in laws and regulations and the Articles of Association. There are 3 members of the Board of Supervisors, including 1 employee supervisor. The number and composition of the Board of Supervisors comply with laws and regulations. The Board of Supervisors operates independently, conscientiously performs its duties, inspects the Company's finance status according to laws, supervises the legal compliance of directors and senior executives in performing their duties, exercises the functions and powers stipulated in the Articles of Association, and safeguards the legitimate rights and interests of the Company and shareholders.

#### **4. Senior executives and incentives**

The Company employs senior executives in strict accordance with legal procedures and the Articles of Association of the Company. There are no cases where controlling shareholders, actual controllers and their related parties interfere with the normal selection procedures of senior executives and directly appoint or dismiss senior executives

without the approval of the Shareholders' General Meeting and the Board of Directors. The Company has established a mechanism linking remuneration with Company performance and individual performance, and takes the performance evaluation of senior executives as an important basis for remuneration and other incentives of senior executives.

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

The controlling shareholder of the Company exercises shareholders' rights and fulfills shareholders' obligations according to laws, and there are no cases where the controlling shareholder and actual controller leverage their control rights to damage the legitimate rights and interests of the Company and other shareholders. The nomination or recommendation of candidates for directors and supervisors by controlling shareholder shall comply with the requirements and procedures stipulated by laws and regulations and the Articles of Association of the Company. Major decisions of the Company are made by the Shareholders' General Meeting and the Board of Directors according to laws. The Company is independent of the controlling shareholder and actual controller in terms of personnel, assets, finance, organizations and businesses. They conduct accounting independently, and bear liability and risks independently. For related party transactions, decision-making procedures and information disclosure obligations are strictly performed in accordance with relevant regulations. The Company does not provide guarantee for the controlling shareholder and its affiliated enterprises. The controlling shareholder does not occupy the Company's funds for non-operating purposes.

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

The Company respects the legitimate rights of banks and other creditors, employees, customers, suppliers, communities and other stakeholders. While maintaining its development, striving to improve business performance and protecting the interests of shareholders, the Company actively fulfills its social responsibilities, conducts effective exchanges and cooperation with stakeholders to jointly promote the sustained and steady development of the Company and the industry.

#### 7. Information disclosure and transparency

In strict accordance with laws and regulations, self-discipline rules and the Articles of Association, the Company conscientiously fulfills its information disclosure obligations, continuously strengthens the standardization of information disclosure, conducts investor exchanges in accordance with regulations, fully protects shareholders' right to be informed, ensures the transparency of information disclosure, and ensures that all shareholders of the Company can obtain information with equal opportunities.

Is there any significant difference between the actual situation of corporate governance and the laws, administrative regulations and the regulations on the governance of listed companies issued by China Securities Regulatory Commission

Yes No

There is no significant difference between the actual situation of corporate governance and the laws, administrative regulations and the regulations on the governance of listed companies issued by China Securities Regulatory Commission.

## **2. The independence of the Company relative to the controlling shareholder and actual controller in terms of assets, personnel, finance, organizations and business**

The Company is independent of and completely separated from the controlling shareholder, actual controller and other related parties in terms of assets, personnel, finance, organizations and business.

### 1. Assets

The assets owned by the Company are independent and complete, with clear established ownership, and are not occupied or controlled by any directors, supervisors, senior executives, controlling shareholder, actual controller and their related parties.

### 2. Personnel

The Company has an independent labor and personnel system and an independent workforce; Senior executives are appointed in accordance with regulations, and do not hold other administrative positions except directors and supervisors in the controlling shareholder or enterprises controlled by it.

### 3. Finance

The Company has an independent financial department, has established an independent financial accounting system and developed financial accounting rules, and developed financial management rules for its branches and subsidiaries. It can make financial decisions independently, without the interference of the controlling shareholder in the use of the Company's funds.

### 4. Organizations

The Company has established an independent and sound corporate governance structure and internal operation management organizations. The Board of Directors, the Board of Supervisors and other internal organizations operate independently, and there is no mixed operation with the controlling shareholder.

### 5. Business

The Company has complete business systems including procurement, production, sales and R&D systems. It can make independent decisions and operate independently, and does not need to rely on shareholders and other related parties for production and operation.

## III. Horizontal competition

Applicable Not applicable

## 4. Annual general meeting of shareholders and extraordinary general meetings of shareholders held during the reporting period

### 1. General Meeting of Shareholders during the Reporting Period

| Session   | Type  | Investor participation ratio | Date of meeting   | Date of disclosure | Resolution   |
|---|---|------------------------------|-------------------|--------------------|--|
| The first extraordinary general meeting of shareholders in 2022 | Extraordinary general meeting of shareholders | 54.25%                       | February 14, 2022 | February 15, 2022  | The following proposals were reviewed and approved at the meeting:<br>1. Proposal on by-election of Mr. Sun Xigang as a director of the seventh Board of Directors of the Company;<br>2. Proposal on amending the Articles of Association of the Company |
| 2021 annual general meeting of shareholders                     | Annual general meeting of shareholders        | 54.25%                       | May 20, 2022      | May 21, 2022       | The following proposals were reviewed and approved at the meeting:<br>1. Work Report of the Company's Board of Directors for 2021;<br>2. Work Report of the Company's Board of Supervisor for 2021;<br>3. The Company's annual final                     |

|  |   |        |                   |                   |   |
|--|---|--------|-------------------|-------------------|---|
|  |   |        |                   |                   | financial accounts report for 2021;<br>4. The Company's profit distribution plan for 2021;<br>5. Annual report of the Company for 2021;<br>6. Proposal on expected routine related party transactions in 2022   |
| The second extraordinary general meeting of shareholders in 2022 | Extraordinary general meeting of shareholders | 54.36% | October 18, 2022  | October 19, 2022  | The following proposals were reviewed and approved at the meeting:<br>1. Proposal on changing accounting firm;<br>2. Proposal on amending the Articles of Association of the Company;<br>3. Proposal on the election of non-independent directors of the eighth Board of Directors;<br>4. Proposal on the Election of Independent Directors of the Eighth Board of Directors;<br>5. Proposal on election of non-employee supervisors of the eighth Board of Supervisors |
| The third extraordinary general meeting of shareholders in 2022  | Extraordinary general meeting of shareholders | 54.36% | December 15, 2022 | December 16, 2022 | The following proposals were reviewed and approved at the meeting:<br>1. Proposal on amending the Articles of Association of the Company;<br>2. Proposal on amending the Company's Rules of Procedure of the Board of Directors;<br>3. Proposal on amending the Company's Rules of Procedure of the Board of Supervisors  |

## 2. The preferred shareholders whose voting rights have been restored requested to convene an extraordinary general meeting of shareholders

Applicable Not applicable

## V. Information on directors, supervisors and senior executives

### 1. Basic information

| Name          | Position   | Service status | Gender | Age | Term starts on    | Term expires on | Number of shares held at the beginning of the current period (shares) | Number of shares increased in the current period (shares) | Number of shares reduced in the current period (Shares) | Other increases and reductions (shares) | Number of shares held at the end of the current period (shares) | Reasons for the increase or decrease of shares |
|---------------|--|----------------|--------|-----|-------------------|-----------------|---|---|---|---|---|--|
| Li Langping   | Director, Chairman of the Board                  | In service     | Male   | 58  | October 18, 2022  |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| Sun Xigan     | Director   | In service     | Male   | 50  | February 14, 2022 |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| Sun Xigan     | Vice Chairman                                    | In service     | Male   | 50  | October 18, 2022  |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| Shen Xiaobing | Director   | In service     | Male   | 44  | October 18, 2022  |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| Shi Jiandong  | Director   | In service     | Male   | 49  | October 18, 2022  |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| Wang Xingyu   | Director   | In service     | Male   | 44  | October 18, 2022  |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| Song Tiecheng | Independent director                             | In service     | Male   | 55  | October 18, 2022  |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| Gao Jing      | Independent director                             | In service     | Female | 54  | October 18, 2022  |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| Huang Linkui  | Independent director                             | In service     | Male   | 42  | October 18, 2022  |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| Mei Lin       | Supervisor, Chairman of the Board of Supervisors | In service     | Male   | 40  | October 18, 2022  |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| He Hui        | Supervisor                                       | In service     | Male   | 37  | October 18, 2022  |                 | 0   | 0   | 0   | 0                                       | 0   |  |
| Qiu Huizhe    | Supervisor                                       | In service     | Female | 49  | August 23,        |                 | 0   | 0   | 0   | 0                                       | 0   |  |

|               |                                     |                |        |    |                   |                  |   |   |   |   |   |  |
|---------------|-------------------------------------|----------------|--------|----|-------------------|------------------|---|---|---|---|---|--|
| n             |                                     |                |        |    | 2017              |                  |   |   |   |   |   |  |
| Jia Haowen    | Executive Deputy General Manager    | In service     | Female | 42 | October 18, 2022  |                  | 0 | 0 | 0 | 0 | 0 |  |
| Liao Rongchao | Deputy General Manager              | In service     | Male   | 48 | October 18, 2022  |                  | 0 | 0 | 0 | 0 | 0 |  |
| Liao Rongchao | Chief Accountant                    | In service     | Male   | 48 | October 18, 2022  |                  | 0 | 0 | 0 | 0 | 0 |  |
| Li Jing       | Deputy General Manager              | In service     | Female | 47 | October 18, 2022  |                  | 0 | 0 | 0 | 0 | 0 |  |
| Li Jing       | Secretary of the Board of Directors | In service     | Female | 47 | August 23, 2017   |                  | 0 | 0 | 0 | 0 | 0 |  |
| Fu Guokai     | General Counsel                     | In service     | Male   | 32 | October 18, 2022  |                  | 0 | 0 | 0 | 0 | 0 |  |
| Sun Xigan     | Chairman (former)                   | Not in service | Male   | 50 | February 14, 2022 | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |  |
| Wang Wenkui   | Director                            | Not in service | Male   | 48 | January 21, 2019  | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |  |
| Wang Wenkui   | Vice Chairman                       | Not in service | Male   | 48 | April 19, 2019    | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |  |
| Li Tong       | Director                            | Not in service | Male   | 52 | August 27, 2019   | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |  |
| Liu Yun       | Director                            | Not in service | Female | 49 | August 27, 2019   | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |  |
| Qin Zhen      | Director                            | Not in service | Male   | 54 | August 23, 2017   | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |  |
| Wang Jinfeng  | Director                            | Not in service | Female | 52 | August 23, 2017   | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |  |
| Tang Fuxin    | Independent director                | Not in service | Female | 66 | August 23, 2017   | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |  |
| Xie Manlin    | Independent director                | Not in service | Male   | 59 | August 23, 2017   | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |  |
| Du            | Indepe                              | Not in         | Femal  | 54 | August            | Octobe           | 0 | 0 | 0 | 0 | 0 |  |



|              |                                      |                |        |    |                 |                  |   |   |   |   |   |    |
|--------------|--------------------------------------|----------------|--------|----|-----------------|------------------|---|---|---|---|---|----|
| Xiaorong     | Independent director                 | service        | Male   |    | 23, 2017        | October 18, 2022 |   |   |   |   |   |    |
| Lv Dong      | Supervisor                           | Not in service | Male   | 51 | August 27, 2019 | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Lv Dong      | Chairman of the Board of Supervisors | Not in service | Male   | 51 | August 28, 2019 | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Wei Jie      | Supervisor                           | Not in service | Female | 45 | August 27, 2019 | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Wang Wenkui  | General Manager                      | Not in service | Male   | 48 | January 4, 2019 | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Qin Zhen     | Deputy General Manager               | Not in service | Male   | 54 | August 26, 2016 | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Jia Haowen   | Deputy General Manager               | Not in service | Female | 42 | June 29, 2018   | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Lei Xu       | Deputy General Manager               | Not in service | Male   | 54 | May 29, 2019    | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Wang Huailin | Chief Accountant                     | Not in service | Male   | 55 | August 29, 2019 | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Liu Xiaodong | General Counsel                      | Not in service | Female | 51 | April 20, 2018  | October 18, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Total        | --                                   | --             | --     | -- | --              | --               | 0 | 0 | 0 | 0 | 0 | -- |

Was there resignation of any directors and supervisors or dismissal of any senior executives during the reporting period?

Yes No

Changes of directors, supervisors and senior executives of the Company

Applicable Not applicable

| Name          | Position                        | Type    | Date              | Reason   |
|---------------|---------------------------------|---------|-------------------|--|
| Li Langping   | Director, Chairman of the Board | Elected | October 18, 2022  | Elected at a general meeting of shareholders as a director and elected by the Board of Directors as Chairman |
| Sun Xigang    | Director                        | Elected | February 14, 2022 | Elected as a director by a general meeting of shareholders   |
| Sun Xigang    | Vice Chairman                   | Elected | October 18, 2022  | Elected as Chairman by the Board of Directors  |
| Shen Xiaobing | Director                        | Elected | October 18, 2022  | Elected as a director by   |

|               |  |   |                  |  |
|---------------|--|---|------------------|--|
|               |  |   |                  | a general meeting of shareholders  |
| Shi Jiandong  | Director   | Elected                                 | October 18, 2022 | Elected as a director by a general meeting of shareholders   |
| Wang Xingyu   | Director   | Elected                                 | October 18, 2022 | Elected as a director by a general meeting of shareholders   |
| Song Tiecheng | Independent director                             | Elected                                 | October 18, 2022 | Elected as an independent director at a general meeting of shareholders  |
| Gao Jing      | Independent director                             | Elected                                 | October 18, 2022 | Elected as an independent director at a general meeting of shareholders  |
| Huang Linkui  | Independent director                             | Elected                                 | October 18, 2022 | Elected as an independent director at a general meeting of shareholders  |
| Mei Lin       | Supervisor, Chairman of the Board of Supervisors | Elected                                 | October 18, 2022 | Elected as a supervisor at a general meeting of shareholders and elected by the Board of Supervisors as Chairman of the Board of Supervisors |
| He Hui        | Supervisor                                       | Elected                                 | October 18, 2022 | Elected as a supervisor at a general meeting of shareholders   |
| Qiu Huizhen   | Supervisor                                       | Elected                                 | August 23, 2017  | Elected as a supervisor at a general meeting of shareholders   |
| Jia Haowen    | Executive Deputy General Manager                 | Appointed                               | October 18, 2022 | Appointed by the Board of Directors as Executive Deputy General Manager  |
| Liao Rongchao | Deputy General Manager                           | Appointed                               | October 18, 2022 | Appointed by the Board of Directors as Deputy General Manager  |
| Liao Rongchao | Chief Accountant                                 | Appointed                               | October 18, 2022 | Appointed by the Board of Directors as Chief Accountant  |
| Li Jing       | Deputy General Manager                           | Appointed                               | October 18, 2022 | Appointed by the Board of Directors as Deputy General Manager  |
| Li Jing       | Secretary of the Board of Directors              | Appointed                               | August 23, 2017  | Appointed by the Board of Directors as Secretary of the Board of Directors   |
| Fu Guokai     | General Counsel                                  | Appointed                               | October 18, 2022 | Appointed by the Board of Directors as General Counsel   |
| Sun Xigang    | Chairman of the Board                            | Left office upon the expiry of the term | October 18, 2022 |  |
| Wang Wenkui   | Director, Vice Chairman                          | Left office upon the expiry of the term | October 18, 2022 |  |
| Li Tong       | Director   | Left office upon the expiry of the term | October 18, 2022 |  |
| Liu Yun       | Director   | Left office upon the expiry of the term | October 18, 2022 |  |
| Qin Zhen      | Director   | Left office upon the expiry of the term | October 18, 2022 |  |
| Wang Jinfeng  | Director   | Left office upon the                    | October 18, 2022 |  |

|              |  |   |                  |  |
|--------------|--|---|------------------|--|
|              |  | expiry of the term                      |                  |  |
| Tang Fuxin   | Independent director                             | Left office upon the expiry of the term | October 18, 2022 |  |
| Xie Manlin   | Independent director                             | Left office upon the expiry of the term | October 18, 2022 |  |
| Du Xiaorong  | Independent director                             | Left office upon the expiry of the term | October 18, 2022 |  |
| Lv Dong      | Supervisor, Chairman of the Board of Supervisors | Left office upon the expiry of the term | October 18, 2022 |  |
| Wei Jie      | Supervisor                                       | Left office upon the expiry of the term | October 18, 2022 |  |
| Wang Wenkui  | General Manager                                  | Left office upon the expiry of the term | October 18, 2022 |  |
| Qin Zhen     | Deputy General Manager                           | Left office upon the expiry of the term | October 18, 2022 |  |
| Jia Haowen   | Deputy General Manager                           | Left office upon the expiry of the term | October 18, 2022 |  |
| Lei Xu       | Deputy General Manager                           | Left office upon the expiry of the term | October 18, 2022 |  |
| Wang Huailin | Chief Accountant                                 | Left office upon the expiry of the term | October 18, 2022 |  |
| Liu Xiaodong | General Counsel                                  | Left office upon the expiry of the term | October 18, 2022 |  |

## 2. Service situation

Professional background, main work experience and main responsibilities of current directors, supervisors and senior executives of the Company

### Directors:

Li Langping, male, born in 1964, holds a bachelor's degree in engineering and is a senior engineer at research fellow level. He started his career in 1985 and worked in various positions at the 43rd Research Institute of CETC, including technician, assistant engineer, and engineer, Assistant Deputy Director and Deputy Director at the 5th Office, Vice President, President, and Deputy Secretary of the Party Committee of the 43rd Research Institute of CETC, as also served as director, General Manager, and Deputy Secretary of the Party Committee at CETC Microelectronics Technology Co., Ltd. He is currently serving as the director, General Manager, and Deputy Secretary of the Party Committee of CETC Glarun Group Co., Ltd., Chairman and Secretary of the Party Committee of Glarun Technology Co., Ltd., and Chairman of Nanjing Putian Telecommunications Co., Ltd.

Sun Xigang, male, born in 1972, holds an MBA degree and is a senior engineer at research fellow level. He started his career in 1994 and worked in various positions in the 28th Research Institute of CETC, including technician and assistant engineer at the 1st Research Department, project manager, deputy director, director and Party branch secretary at the Science and Technology Department, Director of the Planning Management Department and Party branch secretary of the Science and Technology Department, Special Assistant to the President and Director of the Capital Construction Management Department. He is currently serving as Deputy General Manager of CETC LES Information System Co., Ltd., and Secretary of the Party Committee and Vice Chairman of Nanjing Putian Telecommunications Co., Ltd.

Shen Xiaobing, male, born in 1978, holds a bachelor's degree and is an engineer. He started his career in 1997 and worked in various positions, including technician and assistant engineer at 121st Office of the 12th Department of the 14th Research Institute of CETC, General Manager of Nanjing Lopu Technology Co., Ltd. and General Manager of Nanjing Lopu Co., Ltd. He is currently serving as Deputy General Manager of CETC Glarun Group Co., Ltd., Chairman of Nanjing Lopu Technology Co., Ltd., Chairman of Nanjing Lopu Industrial Co., Ltd., Chairman of Nanjing Lopu Co., Ltd. and director of Nanjing Putian Telecommunications Co., Ltd.

Shi Jiandong, male, born in 1973, holds a master's degree in engineering and is a senior engineer at research fellow level. He started his career in 1996 and worked in various positions in the 14th Research Institute of CETC, including assistant engineer and engineer at 302nd Office of the 3rd Department, senior engineer at the 402nd Office of the 4th Department, Deputy Director of Standardization Office of the Technical Foundation Department, Director of the Production Office of the Science and Technology Department, Director of the Scientific Research Office of the Science and Technology Department, Secretary of United Party Branch of the logistics company under the Materials and Equipment Department, Vice Director of the Materials and Equipment Department (concurrently), and Director of General Office (concurrently). He is currently serving as Deputy Director of the Science and Technology Department in the 14th Research Institute of CETC, and a director of Nanjing Putian Telecommunications Co., Ltd.

Wang Xingyu, male, born in 1978, holds a master's degree in engineering and is a senior engineer. He started his career in 2000, and served successively as assistant engineer of the Materials and Equipment Department, and Vice Director of the Materials and Equipment Department in the 14th Research Institute of CETC. He is currently serving as United Party Branch Secretary and Vice Director of the Materials and Equipment Department of the 14th Research Institute of CETC, Deputy General Manager of the logistics company under the Materials and Equipment Department, and a director of Nanjing Putian Telecommunications Co., Ltd.

Song Tiecheng, male, born in 1967, holds a doctor's degree in engineering. He started his career in 1992, served successively as teaching assistant, lecturer and associate professor at Southeast University, and is currently a professor of Southeast University and an independent director of Nanjing Putian Telecommunications Co., Ltd.

Gao Jing, female, born in 1968, holds a bachelor's degree, and is a senior accountant and a certified public accountant. She started her career in 1989 and worked in various positions, including accountant and deputy director at AVIC Jincheng Group Co., Ltd., deputy director of AVIC Jincheng Nanjing Engineering Institute of Aircraft System, chief project accountant of AVIC Electromechanical Systems Co., Ltd., Chief Risk Control Officer of Shenzhen Kuang-Chi Cutting-edge Equipment Technology Co., Ltd., CFO of Kuang-Chi Technologies Co., Ltd., Director of the Risk Control Department and Secretary of the Board of Directors of Shenzhen Hymson Laser Intelligent Equipment Co., Ltd. She is currently serving as Financial Director and a director of Shenzhen Hymson Laser Intelligent Equipment Co., Ltd., a director (concurrently) of Shenzhen Kuang-Chi Advanced Structure Technologies Co., Ltd., an independent director (concurrently) of Shenzhen Redray Biotechnology Corp., Ltd. and an independent director of Nanjing Putian Telecommunications Co., Ltd.

Huang Linkui, male, born in 1980, holds a bachelor's degree. He started his career in 2003 and used to be a partner of Jiangsu Tonganning Law Firm, and is currently a partner of Grandall (Nanjing) Law Firm and an independent director of Nanjing Putian Telecommunications Co., Ltd.

#### **Supervisors:**

Mei Lin, male, born in 1982, holds a master's degree in law, and is a first-class legal counsel and a senior engineer. He started his career in 2007, served successively as assistant engineer, engineer, senior engineer and Director of Legal Affairs Office of the 14th Research Institute of CETC. He is currently serving as Deputy General Counsel and Director of Legal Affairs Office of CETC Glarun Group Co., Ltd., a supervisor of Magnichip Co., Ltd., Chairman of the Board of Supervisors of Nanjing Glarun-Atten Technology Co., Ltd., and Chairman of the Board of Supervisors of Nanjing Putian Telecommunications Co., Ltd.

He Hui, male, born in 1985, holds a master's degree in management and is a senior accountant. He joined the work in 2012, served successively as assistant accountant and deputy minister of the Finance Department of the 14th Research Institute of China Electronics Technology Group Corporation, and is currently the deputy minister of the Finance Department of the 14th Research Institute of China Electronics Technology Group Corporation and a supervisor of Nanjing Putian Telecommunications Co., Ltd.

Qiu Huizhen, female, born in 1973, holds a bachelor's degree in economics and is a senior accountant. She started her career in 1997, served successively as representative of woman's congress and Secretary of the CCYL Committee of Shaokou Township Government, Wan'an County, Jiangxi Province, cost accountant and CEO of the Finance Department of Nanjing Putian Telecommunications Co., Ltd., Deputy Director of the Personnel Department, Deputy Director of the Finance Department and Director of the Finance Department of Nanjing Putian Telecommunications Co., Ltd., and is currently serving as Director of the Audit Discipline Inspection and Risk Control Department and an employee supervisor of Nanjing Putian Telecommunications Co., Ltd.

#### **Senior executives:**

Jia Haowen, female, born in 1980, holds a bachelor's degree in management and is a senior human resource manager. She started her career in 2002, and served successively as administrative management specialist and sales representative at Shanghai Xinhaoshi Real Estate Co., Ltd.; In Nanjing Putian Telecommunications Co., Ltd., she served successively as Confidential Secretary, and Secretary of the CEO's Office, Assistant Director of the Integrated Management Department, Assistant Director, Deputy Director and Director of the Human Resources Department, Director of the Integrated Management Department (concurrently), Party Branch Secretary of the Integrated Management Department, Director of the Multimedia Application Industry Department in the HQ (concurrently), and Assistant General Manager. She is currently serving as Executive Deputy General Manager of Nanjing Putian Telecommunications Co., Ltd., General Manager of the Communications Division (concurrently) of Nanjing Putian Telecommunications Co., Ltd., Chairman of Nanjing Southern Telecom Co., Ltd., and General Manager of Chongqing Puhua Information Technology Co., Ltd.

Liao Rongchao, male, born in 1974, holds a master's degree in accounting and is a senior accountant. He started his career in 1997, and served successively as probationary accountant and assistant accountant at 200th Office of the 2nd Department, accountant and Deputy Director of the Finance Department in the 14th Research Institute of CETC. He is currently serving as Deputy General Manager and Chief Accountant of Nanjing Putian Telecommunications Co., Ltd.

Li Jing, female, born in 1975, holds a master's degree in management and is a senior economist. She started her career in 1996, and served successively as secretarial clerk and customs broker at Nanjing Mennekes Electric Co., Ltd., purchaser and employee-employer relation management specialist at Nanjing Putian Computer Industry Co., Ltd., investment administrator, assistant and Deputy Director of the Corporate Development Department, Deputy Director of the Strategic Development Department, Deputy Director of the Comprehensive Management Department, Deputy Director and Director of the Investment Management Department at Nanjing Putian Telecommunications Co., Ltd. She is currently serving as Deputy General Manager and Secretary of the Board of Directors at Nanjing Putian Telege Intelligent Building Ltd., a director of Nanjing Putian Datang Information Electronics Co., Ltd., a director of Nanjing Putian Network Co., Ltd., and a director of Nanjing Putian Changle Communication Equipment Co., Ltd.

Fu Guokai, male, born in 1990, holds a master's degree in management and is an engineer. He started his career in 2016, used to be a trainee in the Discipline Inspection, Supervision and Audit Department of the 14th Research Institute of CETC, and is currently serving as General Counsel of Nanjing Putian Telecommunications Co., Ltd.

Service in shareholder units

Applicable Not applicable

| Name of employee                                      | Name of shareholder unit  | Position held in shareholder unit                                      | Term starts on   | Term expires on | Did he/she receive remuneration and allowances from the shareholder unit? |
|---|---|--|------------------|-----------------|---|
| Li Langping   | CETC Glarun Group Co., Ltd.   | Director, General Manager, and Deputy Secretary of the Party Committee | October 15, 2020 |                 | Yes   |
| Shen Xiaobing   | CETC Glarun Group Co., Ltd.   | Deputy General Manager   | January 10, 2022 |                 | Yes   |
| Mei Lin   | CETC Glarun Group Co., Ltd.   | Deputy General Counsel   | June 3, 2022     |                 | Yes   |
| Information about the service in the shareholder unit | CETC Glarun Group Co., Ltd. is the controlling shareholder of the Company |  |                  |                 |   |

Service in other units

Applicable Not applicable

| Name of employee | Name of other unit  | Position held in other unit                             | Term starts on    | Term expires on | Did he/she receive remuneration and allowances from other unit? |
|------------------|---|---|-------------------|-----------------|---|
| Li Langping      | Glarun Technology Co., Ltd.   | Chairman of the Board                                   | December 3, 2020  |                 | No  |
| Li Langping      | Glarun Technology Co., Ltd.   | Secretary of the Party Committee                        | December 3, 2020  |                 | No  |
| Sun Xigang       | CETC LES Information System Co., Ltd.   | Deputy General Manager                                  | December 13, 2021 |                 | Yes   |
| Shen Xiaobing    | Nanjing Lopu Technology Co., Ltd.   | Chairman of the Board                                   | February 10, 2022 |                 | No  |
| Shen Xiaobing    | Nanjing Lopu Industrial Co., Ltd.   | Chairman of the Board                                   | February 10, 2022 |                 | No  |
| Shen Xiaobing    | Nanjing Lopu Co., Ltd.  | Chairman of the Board                                   | February 10, 2022 |                 | No  |
| Shi Jiandong     | The 14th Research Institute of CETC   | Vice Director of the Science and Technology Department  | January 5, 2022   |                 | Yes   |
| Wang Xingyu      | The 14th Research Institute of CETC   | Vice Director of the Materials and Equipment Department | November 2, 2020  |                 | Yes   |
| Wang Xingyu      | Logistics Company under the Materials and Equipment Department of the 14th Research Institute of CETC | Deputy General Manager                                  | January 10, 2013  |                 | No  |
| Wang Xingyu      | Logistics Company under the Materials and Equipment   | Deputy Secretary of the United Party Branch             | January 5, 2022   |                 | No  |

|               |  |   |                   |  |     |
|---------------|--|---|-------------------|--|-----|
|               | Department of the 14th Research Institute of CETC            |   |                   |  |     |
| Song Tiecheng | Southeast University   | Professor                               | April 8, 2005     |  | Yes |
| Gao Jing      | Shenzhen Hymson Laser Intelligent Equipment Co., Ltd.        | Financial Director                      | January 15, 2019  |  | Yes |
| Gao Jing      | Shenzhen Hymson Laser Intelligent Equipment Co., Ltd.        | Director                                | May 6, 2019       |  | Yes |
| Gao Jing      | Shenzhen Kuang-Chi Advanced Structure Technologies Co., Ltd. | Director                                | July 19, 2017     |  | No  |
| Gao Jing      | Shenzhen Redray Biotechnology Corp., Ltd.                    | Independent director                    | August 6, 2020    |  | No  |
| Huang Linkui  | Grandall (Nanjing) Law Firm                                  | Partner                                 | May 9, 2022       |  | Yes |
| Mei Lin       | Magnichip Co., Ltd.  | Supervisor                              | June 15, 2021     |  | No  |
| Mei Lin       | Nanjing Glarun-Atten Technology Co., Ltd.                    | Chairman of the Board of Supervisors    | December 10, 2021 |  | No  |
| He Hui        | The 14th Research Institute of CETC                          | Vice Director of the Finance Department | November 6, 2020  |  | Yes |

Penalties imposed by securities regulatory authorities in the past three years on the Company's directors, supervisors and senior executives serving or leaving office during the reporting period

Applicable Not applicable

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

Decision-making procedures, basis for determination and actual payment of remuneration for directors, supervisors and senior executives

The Company did not pay remuneration to its directors and supervisors, the directors and supervisors who held administrative positions of the Company received remuneration according to their administrative positions. Independent directors received independent director allowances from the Company, and the allowance standard was decided by the Shareholders' General Meeting. The remuneration standards and assessment methods of senior executives were decided by the Board of Directors.

For senior executives, the Company implemented the performance-based annual remuneration system, and assessed and paid the senior executives according to its production and operation indicators and the completion of the work undertaken by the senior executives.

Remuneration of directors, supervisors and senior executives of the Company during the reporting period

Unit: RMB 10,000

| Name        | Position                        | Gender | Age | Service status | Total pre-tax remuneration received from the Company | Did he/she receive remuneration from related parties of the Company |
|-------------|---------------------------------|--------|-----|----------------|--|---|
| Li Langping | Director, Chairman of the Board | Male   | 58  | In service     |  | Yes   |
| Sun Xigang  | Director                        | Male   | 50  | In service     |  | Yes   |
| Sun Xigang  | Vice Chairman                   | Male   | 50  | In service     |  | Yes   |

|               |   |        |    |                |       |     |
|---------------|---|--------|----|----------------|-------|-----|
| Shen Xiaobing | Director  | Male   | 44 | In service     |       | Yes |
| Shi Jiandong  | Director  | Male   | 49 | In service     |       | Yes |
| Wang Xingyu   | Director  | Male   | 44 | In service     |       | Yes |
| Song Tiecheng | Independent director  | Male   | 55 | In service     | 1.5   | No  |
| Gao Jing      | Independent director  | Female | 54 | In service     | 1.5   | No  |
| Huang Linkui  | Independent director  | Male   | 42 | In service     | 1.5   | No  |
| Mei Lin       | Supervisor, Chairman of the Board of Supervisors            | Male   | 40 | In service     |       | Yes |
| He Hui        | Supervisor  | Male   | 37 | In service     |       | Yes |
| Qiu Huizhen   | Supervisor  | Female | 49 | In service     | 23.36 | No  |
| Jia Haowen    | Executive Deputy General Manager                            | Female | 42 | In service     | 36.45 | No  |
| Liao Rongchao | Deputy General Manager, Chief Accountant                    | Male   | 48 | In service     | 6.97  | No  |
| Li Jing       | Deputy General Manager, Secretary of the Board of Directors | Female | 47 | In service     | 31.4  | No  |
| Fu Guokai     | General Counsel   | Male   | 32 | In service     | 5.82  | No  |
| Sun Xigang    | Chairman (former)   | Male   | 50 | Not in service |       | Yes |
| Wang Wenkui   | Deputy Director (former)                                    | Male   | 48 | Not in service |       | No  |
| Li Tong       | Director (former)   | Male   | 52 | Not in service |       | Yes |
| Liu Yun       | Director (former)   | Female | 49 | Not in service |       | Yes |
| Qin Zhen      | Director (former)   | Male   | 54 | Not in service |       | Yes |
| Wang Jinfeng  | Director (former)   | Female | 52 | Not in service |       | Yes |
| Tang Fuxin    | Independent Director (former)                               | Female | 66 | Not in service | 7.5   | No  |
| Xie Manlin    | Independent Director (former)                               | Male   | 59 | Not in service | 7.5   | No  |
| Du Xiaorong   | Independent Director (former)                               | Female | 54 | Not in service | 7.5   | No  |
| Lv Dong       | Supervisor (former)   | Male   | 51 | Not in service |       | Yes |
| Lv Dong       | Chairman of the Board of Supervisors (former)               | Male   | 51 | Not in service |       | Yes |
| Wei Jie       | Supervisor (former)   | Female | 45 | Not in service |       | Yes |
| Wang Wenkui   | General Manager (former)                                    | Male   | 48 | Not in service | 55.73 | No  |
| Qin Zhen      | Deputy General Manager (former)                             | Male   | 54 | Not in service | 27.53 | No  |
| Jia Haowen    | Deputy General  | Female | 42 | Not in service |       | No  |



|              |                                 |        |    |                |        |    |
|--------------|---------------------------------|--------|----|----------------|--------|----|
|              | Manager (former)                |        |    |                |        |    |
| Lei Xu       | Deputy General Manager (former) | Male   | 54 | Not in service | 28.05  | No |
| Wang Huailin | Chief Accountant (former)       | Male   | 55 | Not in service | 44.63  | No |
| Liu Xiaodong | General Counsel (former)        | Female | 51 | Not in service | 28.71  | No |
| Total        | --                              | --     | -- | --             | 315.65 | -- |

## VI. Performance of duties by directors during the reporting period

### 1. Situation of the Board of Directors during the reporting period

| Session                                    | Date of meeting   | Date of disclosure | Resolution  |
|--|-------------------|--------------------|---|
| 55th meeting of the 7th Board of Directors | January 18, 2022  | January 19, 2022   | The following proposals were reviewed and approved at the meeting:<br>1. The proposal on by-election of Mr. Sun Xigang as a director of the 7th Board of Directors of the Company was reviewed;<br>2. The proposal on amending the Articles of Association of the Company was reviewed;<br>3. The proposal on convening the first extraordinary general meeting of shareholders in 2022 was reviewed  |
| 56th meeting of the 7th Board of Directors | February 14, 2022 | February 15, 2022  | The proposal on electing the chairman of the 7th Board of Directors of the Company was reviewed and approved at the meeting.  |
| 57th meeting of the 7th Board of Directors | March 23, 2022    | March 24, 2022     | The proposal on expected routine related party transactions in 2022 was reviewed and approved at the meeting.   |
| 57th meeting of the 7th Board of Directors | April 22, 2022    | April 23, 2022     | The following proposals were reviewed and approved at the meeting:<br>1. Work Report of the Company's Board of Directors for 2021;<br>2. Work Report of the Company's General Manager for 2021;<br>3. The Company's annual final financial accounts report for 2021;<br>4. The Company's Annual Financial Budget Report for 2022;<br>5. The Company's Profit Distribution Plan for 2021;<br>6. The Company's Annual Report for 2021 and its summary;<br>7. Proposal on Provision for Asset Impairment in 2021;<br>8. The Company's Internal Control Evaluation Report for 2021; |

|  |                    |                    |   |
|--|--------------------|--------------------|---|
|  |                    |                    | <p>9. Proposal on Applying for Credit Line from Banks;</p> <p>10. Risk Continuous Assessment Report for CETC Finance Co., Ltd.;</p> <p>11. Proposal on Correction of Accounting Errors in the Early Period;</p> <p>12. Proposal on Developing the Authorization Management Rules of the Board of Directors of Nanjing Putian Telecommunications Co., Ltd.;</p> <p>13. Proposal on Convening the Annual General Meeting of Shareholders in 2021</p>  |
| 59th meeting of the 7th Board of Directors | April 28, 2022     | April 29, 2022     | The full report of the first quarter of 2022 was reviewed and approved at the meeting.  |
| 60th meeting of the 7th Board of Directors | August 8, 2022     | August 9, 2022     | <p>The following proposals were reviewed and approved at the meeting:</p> <p>1. The proposal on changing the accounting firm was reviewed;</p> <p>2. The proposal on convening the 2nd extraordinary general meeting of shareholders in 2022 was reviewed</p>   |
| 61st meeting of the 7th Board of Directors | August 19, 2022    | August 20, 2022    | <p>The following proposals were reviewed and approved at the meeting:</p> <p>1. The work report of the general manager of the Company for the first half of 2022 was reviewed;</p> <p>2. The Company's budget implementation report for the first half of 2022 was reviewed;</p> <p>3. The Company's semi-annual report and summary for 2022 were reviewed;</p> <p>4. The Risk Continuous Assessment Report for CETC Finance Co., Ltd. was reviewed;</p> <p>5. The proposal on bankruptcy liquidation of Nanjing Putian Telecommunications Technology Co., Ltd. was reviewed.</p> |
| 62nd meeting of the 7th Board of Directors | September 28, 2022 | September 29, 2022 | <p>The following proposals were reviewed and approved at the meeting:</p> <p>1. The proposal on amending the Articles of Association of the Company was reviewed;</p> <p>2. The proposal on the general election of the Board of Directors and the nomination of candidates for non-independent directors was reviewed;</p> <p>3. The proposal on the general election of the Board of</p>  |

|   |                   |                   |  |
|---|-------------------|-------------------|--|
|   |                   |                   | Directors and the nomination of independent director candidates was reviewed.  |
| 1st meeting of the 8th Board of Directors | October 18, 2022  | October 19, 2022  | The following proposals were reviewed and approved at the meeting:<br>1. The proposal on the election of the chairman and vice chairman of the 8th Board of Directors of the Company was reviewed;<br>2. The proposal on the appointment of the executive deputy general manager of the Company was reviewed;<br>3. The proposal on the appointment of the deputy general manager of the Company was reviewed;<br>4. The proposal on the appointment of the chief accountant of the Company was reviewed;<br>5. The proposal on the appointment of the secretary of the Board of Directors of the Company was reviewed;<br>6. The proposal on the appointment of the Company's general counsel was reviewed;<br>7. The proposal on amending the Articles of Association of the Company was reviewed;<br>8. The proposal on amending the Company's Rules of Procedure of the Board of Directors was reviewed;<br>9. The proposal on developing the detailed working rules of the Company's special committees of the Board of Directors was reviewed;<br>10. The plan of the Company's special committee members of the 8th Board of Directors was reviewed;<br>11. The proposal on convening the 3rd extraordinary general meeting of shareholders in 2022 was reviewed. |
| 2nd meeting of the 8th Board of Directors | October 28, 2022  | October 29, 2022  | The report for the third quarter of 2022 was reviewed and approved at the meeting.   |
| 3rd meeting of the 8th Board of Directors | November 18, 2022 | November 19, 2022 | The proposal on the remuneration plan of the Company's senior executives in 2022 was reviewed and approved at the meeting.   |

## 2. Attendances of directors at board meetings and general meetings of shareholders

| Attendances of directors at board meetings and general meetings of shareholders |   |   |   |  |  |  |   |
|---|---|---|---|--|--|--|---|
| Name of director  | Number of board meetings that should be attended during the | Number of on-site attendances at board meetings | Number of attendances at board meetings via communication means | Number of attendances at board meetings by proxy | Number of absences from board meetings | Whether there was a failure to attend board meetings in person for | Number of attendances at shareholders' meetings |
|   |   |   |   |  |  |  |   |

|               | reporting period |   |   |   |   | two consecutive times |   |
|---------------|------------------|---|---|---|---|-----------------------|---|
| Sun Xigang    | 10               | 1 | 9 | 0 | 0 | No                    | 3 |
| Wang Wenkui   | 8                | 0 | 8 | 0 | 0 | No                    | 2 |
| Li Tong       | 8                | 0 | 8 | 0 | 0 | No                    | 0 |
| Liu Yun       | 8                | 0 | 8 | 0 | 0 | No                    | 0 |
| Qin Zhen      | 8                | 0 | 8 | 0 | 0 | No                    | 2 |
| Wang Jinfeng  | 8                | 0 | 8 | 0 | 0 | No                    | 0 |
| Tang Fuxin    | 8                | 0 | 8 | 0 | 0 | No                    | 0 |
| Xie Manlin    | 8                | 0 | 8 | 0 | 0 | No                    | 0 |
| Du Xiaorong   | 8                | 0 | 8 | 0 | 0 | No                    | 1 |
| Li Langping   | 3                | 1 | 2 | 0 | 0 | No                    | 2 |
| Shen Xiaobing | 3                | 1 | 2 | 0 | 0 | No                    | 1 |
| Shi Jiandong  | 3                | 1 | 2 | 0 | 0 | No                    | 1 |
| Wang Xingyu   | 3                | 1 | 2 | 0 | 0 | No                    | 1 |
| Song Tiecheng | 3                | 1 | 2 | 0 | 0 | No                    | 1 |
| Gao Jing      | 3                | 1 | 2 | 0 | 0 | No                    | 1 |
| Huang Linkui  | 3                | 1 | 2 | 0 | 0 | No                    | 1 |

Explanation for not attending board meetings in person for two consecutive times

Not applicable

### 3. Directors' objections to relevant matters of the Company

Did any directors raise any objections to the relevant matters of the Company

Yes No

During the reporting period, directors did not raise any objections to the relevant matters of the Company.

### 4. Other explanations of directors' performance of their duties

Were directors' suggestions for the Company adopted

Yes No

Explanation of whether the Company adopted suggestions made by directors

During the reporting period, all directors of the Company worked in strict accordance with the Company Law, Securities Law, Listing Rules of Shenzhen Stock Exchange, Guidelines of Shenzhen Stock Exchange on Standardized Operation of Listed Companies, and the Articles of Association of the Company, attended the board meetings on time, carefully studied various proposals submitted to the Board of Directors according to the actual situation of the Company and made prudent decisions, supervised and promoted the implementation of resolutions of the Board of Directors, and safeguarded the legitimate rights and interests of the Company and all shareholders.

## VII. Situation of the special committees under the Board of Directors during the reporting period

| Name of the committee                     | Members                               | Number of meetings held | Date of meeting | Content of the meeting   | Important opinions and suggestions put forward   | Performance of duties | Details of matters objected (if any) |
|---|---------------------------------------|-------------------------|-----------------|--|--|-----------------------|--------------------------------------|
| Audit Committee of the Board of Directors | Du Xiaorong, Tang Fuxin, Wang Jinfeng | 1                       | April 22, 2022  | Review of the 2021 financial and accounting statements audited by Pan-China Certified Public | The 2020 financial and accounting statements audited by Pan-China Certified Public Accountants |                       |                                      |

|   |   |   |                     |  |   |  |  |
|---|---|---|---------------------|--|---|--|--|
|   |   |   |                     | Accountants<br>LLP   | LLP were reviewed and approved, and it was agreed to submit the statements to the Board of Directors for deliberation.  |  |  |
| Audit Committee of the Board of Directors                       | Du Xiaorong,<br>Tang Fuxin,<br>Wang Jinfeng                               | 1 | April 28,<br>2022   | Review of the Company's report for the first quarter of 2022                               | The Company's report for the first quarter of 2022 was reviewed and approved  |  |  |
| Audit Committee of the Board of Directors                       | Du Xiaorong,<br>Tang Fuxin,<br>Wang Jinfeng                               | 1 | July 28, 2022       | Review of the proposal on changing the Company's accounting firm in 2022                   | The proposal on changing the audit institution of the Company in 2022 was reviewed and approved, and it was agreed to propose to the Board of Directors to engage WUYIGE Certified Public Accountants LLP as the financial and internal control audit institution of the Company in 2022. |  |  |
| Audit Committee of the Board of Directors                       | Du Xiaorong,<br>Tang Fuxin,<br>Wang Jinfeng                               | 1 | August 19,<br>2022  | Review of the Company's semi-annual report and summary for 2022                            | The Company's semi-annual report and summary for 2022 were reviewed and approved  |  |  |
| Audit and Risk Control Committee of the Board of Directors      | Gao Jing, Shi Jiandong,<br>Wang Xingyu,<br>Song Tiecheng,<br>Huang Linkui | 1 | October 26,<br>2022 | Review of the Company's report for the third quarter of 2022                               | The report for the third quarter of 2022 was reviewed and approved  |  |  |
| Remuneration and Evaluation Committee of the Board of Directors | Gao Jing, Shi Jiandong,<br>Wang Xingyu,<br>Song Tiecheng,<br>Huang Linkui | 1 | November 16, 2022   | Review of the proposal on the remuneration plan of the Company's senior executives in 2022 | The proposal on the remuneration plan of the Company's senior executives in 2022 was reviewed and   |  |  |

|  |  |  |  |  |          |  |  |
|--|--|--|--|--|----------|--|--|
|  |  |  |  |  | approved |  |  |
|--|--|--|--|--|----------|--|--|

### VIII. Work of the Board of Supervisors

The Board of Supervisors tried to identify risks of the Company in supervision activities during the reporting period

Yes No

The Board of Supervisors had no objection to the supervision matters during the reporting period.

### IX. Employees of the Company

#### 1. Number of employees, areas of expertise and educational attainment

|  |  |
|--|--|
| Number of employees in the parent company at the end of the reporting period (unit: person)                    | 246  |
| Number of employees in major subsidiaries at the end of the reporting period (unit: person)                    | 659  |
| Total number of employees at the end of the reporting period (unit: person)                                    | 905  |
| Total number of paid employees in the current period (unit: person)  | 1,087  |
| Number of retired employees who receive payments from the parent company and major subsidiaries (unit: person) | 355  |
| <b>Areas of expertise</b>  |  |
| <b>Area of expertise</b>   | <b>Number of employees with the expertise (unit: person)</b> |
| Production personnel   | 239  |
| Sales personnel  | 277  |
| Technical personnel  | 274  |
| Financial personnel  | 29   |
| Administrative personnel   | 86   |
| Total  | 905  |
| <b>Education attainment</b>  |  |
| <b>Education attainment</b>  | <b>Number of persons</b>                                     |
| Master's degree or above   | 23   |
| Bachelor's degree  | 372  |
| Associate's degree   | 314  |
| Senior high school and below   | 196  |
| Total  | 905  |

#### 2. Remuneration policy

The Company strictly implements the national, provincial and municipal laws and regulations, and standardizes the distribution and payment of remuneration and benefits. In order to further mobilize the enthusiasm, initiative and creativity of employees, the Company implements an efficiency-oriented and performance-based remuneration distribution mechanism, and develops remuneration and performance appraisal methods for different positions according to the characteristics of different positions. Additionally, the Company provides its employees with five social insurances, housing provident fund, and enterprise annuity in accordance with relevant national regulations.

#### 3. Training plans

According to the Company's development plan and the principle of Party-led talent management, the Company upholds new development concepts in the new development stage and focuses on talent work deployment in the new era. The Company places great importance on the development of employees' capabilities, with particular emphasis on three aspects: training and education, on-the-job cultivation, and practical experience, and improves its training system to enhance the quality of its talent pool. The Company also prioritizes the training of innovative and versatile talents, and strengthens training through a layered and graded approach to build up reserves of talents for its innovation and transformation.

#### 4. Labor outsourcing

Applicable Not applicable

### X. Profit distribution and conversion of capital provident fund to share capital

Development, implementation or adjustment of profit distribution policies, especially cash dividend policies during the reporting period

Applicable Not applicable

During the reporting period, the Company made profits and the profit available to shareholders of the parent company was positive, but no cash dividend distribution plan was proposed

Applicable Not applicable

Profit distribution and conversion of capital provident fund to share capital during the reporting period

Applicable Not applicable

The Company planed not to distribute cash dividends and bonus shares, or increase its share capital from provident fund.

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

Applicable Not applicable

During the reporting period, the Company had no equity incentive plan, employee stock ownership plan or other employee incentive measures and implementation of such plans and measures.

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

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

The Company kept strengthening its system construction, constantly promoted the development and improvement of its internal control system, ensuring legal and compliant operations, and orderly implementation of all work. In 2022, 62 rules and regulations were developed or amended. In terms of strengthening the leadership of the Party, the Company developed and amended rules and regulations such as the Rules of Procedure of Party Committee Meetings, the Basic Rules of Inspection Work, the Learning Rules of the Central Group of the Party Committee, the Working Mechanism for Implementing the Guiding Principles of General Secretary Xi Jinping's Important Speech and Important Instructions, and the Learning Rules of "First Topic". In terms of corporate governance, the Company amended various rules and regulations, such as the Articles of Association, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the General Manager's Office Meeting, the Rules of Procedure of the Board of Supervisors, and the Working Rules of Special Committees of the Board of Directors. In terms of daily operation and management, the Company developed and amended rules and regulations related to daily production and operation, covering human resources management, financial asset management, legal affairs management, investment management, audit, informationization, market, technology, quality and procurement management, so as to ensure the orderly progress of the Company's work. The rules and regulations include the Measures for the Management of Middle-level Managers, the Measures for the Management of Economic Contracts, the Comprehensive Budget Management Rules, the Measures for the Administration of Legal Affairs, the Measures for the Administration of Equity Investment, the Measures for the Administration of Internal Audit, the Measures for the Administration of Project Management, the Measures for the Administration of Strategic Planning, the Basic System of Quality Management, and the Measures for the Administration of Single-source Procurement.

In order to further play the role of rules and regulations in ensuring smooth operation and management, the Company has set up a Rules and Regulations Review Committee to review the rules and regulations developed and amended by departments and offices; regularly review the existing rules and regulations, and give suggestions on abolishing, amending and continuing to use existing rules and regulations; organize the development of the Company's annual rules and regulations amendment plan; analyze and give suggestions on the problems in the development, amendment and implementation of rules and regulations; guide divisions and holding companies to establish their own rules and regulations.

The Company implemented safety standardization and integrated management system of quality, environment and safety, and prepared a number of documents including safety standardization documents, integrated management system manuals, and procedure documents. The Company supervised and evaluated the design and implementation of internal control rules and regulations by carrying out annual internal control self-evaluation, external audit of

internal control, inspection and acceptance of comprehensive management system, and carrying out special inspections from time to time. According to the requirements of the Company's internal control rules and relevant regulations, internal control has been established in all major aspects and effectively implemented, achieving the goal of internal control. No major defects in internal control of financial reports and non-financial reports have been found. To meet needs of operation and business development, the Company will continue to improve the construction of internal control system, strengthen the enforcement of internal control system to promote the healthy development of the Company.

## 2. Details of major internal control defects found during the reporting period

Yes No

### XIII. Management and control of subsidiaries by the Company during the reporting period

| Company name | Integration plan | Integration progress | Problems encountered in integration | Solutions taken | Settlement progress | Follow-up settlement plan |
|--------------|------------------|----------------------|-------------------------------------|-----------------|---------------------|---------------------------|
| None         | Not applicable   | Not applicable       | Not applicable                      | Not applicable  | Not applicable      | Not applicable            |

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

#### 1. Internal control self-evaluation report

| Date of disclosing full-text internal control evaluation report  | April 20, 2023  |   |
|--|---|---|
| Index of the disclosed full-text internal control evaluation report  | CNINFO (www.cninfo.com.cn), "Internal Control Evaluation Report 2022 of Nanjing Putian Telecommunications Co., Ltd."  |   |
| Proportion of the total assets of the unit included in the evaluation scope to the total assets in the Company's consolidated financial statements           | 100.00%   |   |
| Proportion of the operating revenue of the unit included in the evaluation scope to the operating revenue in the Company's consolidated financial statements | 100.00%   |   |
| Defect identification criteria   |   |   |
| Category   | Financial reporting   | Non-financial reports   |
| Qualitative criteria   | <p>Any of the following circumstances (including but not limited to the circumstances) shall generally be deemed as a "major defect" in the internal control of financial reports:</p> <ol style="list-style-type: none"> <li>1) Senior executives abuse their powers and commit major fraud;</li> <li>2) Any reported or disclosed financial reports are corrected due to the discovery of significant accounting errors in previous years;</li> <li>3) It is found that there is a material misstatement in the current financial statements, but the misstatement was not found in the internal control process;</li> <li>4) The supervision of internal control by internal audit institutions is not effective;</li> </ol> <p>Major or important defects that have been identified and reported to the management team have not been rectified within a reasonable time limit.</p> | <p>Laws and regulations: Minor violations that have been corrected are general defects, violations that result in punishment are important defects, and serious violations that lead to severe punishment or criminal liability are major defects.</p> <p>Operation: Temporary halts in production that can be restored within half a day are considered as general defects, halts lasting up to 2 days are considered as important defects, and halts lasting 3 days or more are considered as major defects.</p> <p>Reputation: When negative news circulates within the Company without greatly affecting its reputation, it is considered as a general defect. If negative news spreads in a certain area and causes significant damage to the Company's reputation, it is considered as an important defect. When negative news circulates throughout the country and causes significant damage to the Company's reputation, it is considered as a major defect.</p> <p>Safety: General defects are those that cause brief impacts on the health of employees or citizens that can be restored to normal within a short period. Important defects are those that cause the death of an</p> |



|                              |  |   |
|------------------------------|--|---|
|                              |  | <p>employee or citizen, or require a longer period of time to recover their health. Major defects are those that cause the death of multiple employees or citizens or result in irreparable damage to their health.</p> <p>Environment: Environmental pollution and damage that are within a controllable range and do not cause permanent environmental impact are considered as general defects. Important defects are those that cause significant pollution to the surrounding environment and require high restoration costs. Major defects are those that cause permanent pollution or irreparable damage to the surrounding environment;</p> <p>Any of the following circumstances (including but not limited to the circumstances) shall generally be deemed as a "major defect" in the internal control of non-financial reports:</p> <p>(1) Serious violation of national laws, administrative regulations and normative documents, causing adverse effects;</p> <p>(2) Any important decisions, important issues, important personnel appointments and dismissals, and large sum payments were not approved through the collective decision-making process;</p> <p>(3) Serious loss of management personnel and technical personnel in key positions;</p> <p>(4) Important business operations related to the Company's production and operation lack institutional controls or suffer from institutional system failures;</p> <p>(5) Major/important defects in internal control are not rectified in time.</p> |
| <p>Quantitative criteria</p> | <p>Potential errors or omissions of total profit in financial report: Errors or omissions that are less than 2% of the total profit/RMB 500,000 are general defects. Errors or omissions that are greater than or equal to 2% of the total profit/RMB 500,000 and less than 3% of the total profit/RMB 3 million are important defects. Errors or omissions that are greater than or equal to 3% of the total profit/RMB 3 million are major defects.</p> <p>Potential errors or omissions of total assets in financial reports: Errors or omissions that are less than 1% of the total assets/RMB 2 million are general defects. Errors or omissions that are greater than or equal to 1% of the total assets/RMB 2 million and less than 2% of the total assets/RMB 100 million are important defects. Errors or omissions that are greater than or equal to 2% of the total assets/RMB 100 million are major defects.</p> <p>Potential errors or omissions of operating revenue in financial reports: Errors or omissions that are less than 0.5% of the total operating revenue/RMB 2 million are general defects. Errors or omissions that are greater than or equal to 0.5% of</p> | <p>Potential assets and capital losses: Losses that are less than RMB 100,000 are general defects; Losses that are greater than or equal to RMB 100,000 and less than RMB 1 million are important defects; Losses that are greater than or equal to RMB 1 million are major defects.</p>  |

|  |   |   |
|--|---|---|
|  | <p>the total operating revenue/RMB 2 million and less than 1% of the total operating revenue/RMB 100 million are important defects. Errors or omissions that are greater than or equal to 1% of the total operating revenue/RMB 100 million are major defects.</p> <p>Potential errors or omissions of owners' equity in financial reports: Errors or omissions that are less than 0.5% of the total owners' equity/RMB 1 million are general defects. Errors or omissions that are greater than or equal to 0.5% of the total owners' equity/RMB 1 million and less than 1% of the total owners' equity/RMB 5 million are important defects. Errors or omissions that are greater than or equal to 1% of the total owners' equity/RMB 5 million are major defects.</p> |   |
| Number of major defects in financial reports         |   | 0 |
| Number of major defects in non-financial reports     |   | 0 |
| Number of important defects in financial reports     |   | 0 |
| Number of important defects in non-financial reports |   | 0 |

## 2. Internal control audit report

Applicable    Not applicable

| Consideration paragraph in internal control audit report  |  |
|---|--|
| We believe that Nanjing Putian maintained effective internal control over financial reports in all major aspects in accordance with the Basic Standards for Internal Control of Enterprises and relevant regulations. |  |
| Disclosure of internal control audit report   | Disclosed  |
| Disclosure date of full-text internal control audit report  | April 20, 2023   |
| Disclosure index of the full-text internal control audit report   | CNINFO (www.cninfo.com.cn), "Internal Control Audit Report of Nanjing Putian Telecommunications Co., Ltd. in 2022" |
| Type of opinions in internal control audit report   | Standard unqualified opinion   |
| Whether there are major defects in non-financial reports  | No   |

Did the accounting firm issue an internal control audit report with non-standard opinions

Yes No

Whether the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the Board of Directors

Yes No

## XV. Rectification of problems found during self-inspection in special actions for listed company governance

During the reporting period, according to the notification requirements of China Securities Regulatory Commission and Jiangsu Securities Regulatory Bureau, the Company earnestly carried out special self-inspection and problem rectification for listed company governance according to the list of special self-inspection of listed company governance. After self-inspection, it was found that due to the reorganization of the original actual controllers China Potevio and CETC, the Company failed to conduct a general election upon the expiration of the 7th Board of Directors' term in a timely manner.

Rectification: During the reporting period, the Company completed the election of the 8th Board of Directors in accordance with the Company Law and other laws and regulations and the Articles of Association. The election of the 8th Board of Directors was reviewed and approved at the 62nd meeting of the 7th Board of Directors of the

Company held on September 28, 2022 and the 2nd extraordinary general meeting of shareholders held on October 18, 2022. For details, please refer to the Company's announcement (Announcements No. 2022-032 and 2022-035).

## Section V Environmental and Social Responsibilities

### I. Major environmental protection issues

Whether the listed company and its subsidiaries are key pollutant discharge units announced by the environmental protection department

Yes No

Administrative punishment due to environmental problems during the reporting period

| Name of company or subsidiary | Reasons for punishment | Violation | Penalty | Influence on the production and operation of the listed company | Rectification measures taken by the Company |
|-------------------------------|------------------------|-----------|---------|---|---|
| -                             | -                      | -         | -       | -   | -   |

Refer to other environmental information disclosed by key pollutant discharge units

-

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

Applicable Not applicable

Reasons for not disclosing other environmental information

The Company and its subsidiaries are not key pollutant discharge units announced by the environmental protection department. During the reporting period, the Company strictly implemented the relevant national environmental protection laws and regulations, and there was no violation of environmental protection laws and regulations, and there was no administrative punishment by the environmental protection department for environmental violations.

### II. Social responsibilities

In the communications industry, the Company insists on independent innovation, continuously promotes its own sustainable development, fulfills its responsibilities and obligations to stakeholders, and strives to achieve harmonious and win-win development of itself, its employees, society and environment.

The Company constantly improves and optimizes corporate governance, conscientiously fulfills its information disclosure obligations, ensures shareholders' right to be informed, participate and vote on major issues of the Company, and ensures the legitimate rights and interests of all shareholders.

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

The Company strictly abides by the Labor Law, Labor Contract Law and other laws and regulations, always upholds the core people-oriented values, attaches great importance to the value of employees, cares about their work, life, health and safety, effectively protects their rights and interests, enhances the cohesion of the Company, and strives to realize the vision of common development of itself and its employees.

The Company always keeps in mind the mission and responsibilities of central enterprises and enthusiastically devotes itself to social welfare undertakings. During the reporting period, the Company organized pandemic prevention volunteers to participate in nucleic acid testing. It also participated in many charitable activities such as "Love Angel in Action" and "99 Public Welfare Day" fundraising campaign.

Based on the principle of honesty and trustworthiness and legal operation, the Company actively builds cooperative partnership with suppliers, customers, banks and other relevant stakeholders, respects the legitimate rights and interests of relevant stakeholders, tries to realize win-win results for itself and relevant stakeholders, and promotes its sustained and steady development.

### **III. Consolidation and expansion of the achievements in poverty alleviation and rural revitalization efforts**

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## Section VI Important Matters

### I. Implementation of commitments

#### 1. Commitments fulfilled by the actual controllers, shareholders, related parties, purchasers and the Company during the reporting period and commitments not fulfilled by the end of the reporting period

Applicable Not applicable

| Subject of commitment  | Commitment party  | Type of commitments  | Contents of commitments   | Date of commitment | Valid period | Fulfillment status   |
|--|---|--|---|--------------------|--------------|--|
| Commitments made in acquisition reports or equity change reports | China Electronics Technology Group Corporation                          | Commitments on horizontal competition, related party transactions and capital occupation       | See "Commitment 1" under "2. Details of commitments" for details. | August 31, 2021    | Long-term    | Being fulfilled normally   |
| Commitments made in acquisition reports or equity change reports | China Electronics Technology Group Corporation                          | Commitments on horizontal competition, related party transactions and capital occupation       | See "Commitment 2"  | August 31, 2021    | Long-term    | Being fulfilled normally   |
| Commitments made in acquisition reports or equity change reports | China Electronics Technology Group Corporation                          | Commitments on horizontal competition, related party transactions and capital occupation       | See "Commitment 3"  | August 31, 2021    | Long-term    | Being fulfilled normally   |
| Commitments made in acquisition reports or equity change reports | CETC Glarun Group Co., Ltd.   | Commitment on maintaining the independence of Nanjing Putian Telecommunications Co., Ltd.      | See "Commitment 4"  | September 13, 2022 | Long-term    | Being fulfilled normally   |
| Commitments made in acquisition reports or equity change reports | CETC Glarun Group Co., Ltd.   | Commitment on avoiding horizontal competition with Nanjing Putian Telecommunications Co., Ltd. | See "Commitment 5"  | September 13, 2022 | Long-term    | Being fulfilled normally   |
| Commitments made in acquisition reports or equity change reports | CETC Glarun Group Co., Ltd.   | Commitment on standardization and reduction of related party transactions                      | See "Commitment 6"  | September 13, 2022 | Long-term    | Being fulfilled normally   |
| Commitments made during asset reorganization                     | China Potevio Information Industry Co., Ltd.                            | Commitments on horizontal competition, related party transactions and capital occupation       | See "Commitment 7"  | October 13, 2020   | Long-term    | Being fulfilled normally   |
| Commitments made during asset reorganization                     | China Potevio Information Industry Co., Ltd.; China Potevio Information | Commitments on horizontal competition, related party transactions and capital                  | See "Commitment 8"  | October 13, 2020   | Long-term    | Being fulfilled normally (Jia Haowen, Li Jing); Fulfilment completed (Xu |

|  |  |  |                     |                   |           |  |
|--|--|--|---------------------|-------------------|-----------|--|
|  | Industry Group Co., Ltd.   | occupation   |                     |                   |           | Qian, Wang Wenkui, Li Tong, Liu Yun, Wang Jinfeng, Qin Zhen, Tang Fuxin, Xie Manlin, Du Xiaorong, Lei Xu, Liu Xiaodong and Wang Huailin left their posts during the reporting period). |
| Commitments made during asset reorganization                   | China Potevio Information Industry Co., Ltd.; China Potevio Information Industry Group Co., Ltd.   | Other commitments  | See “Commitment 9”  | October 13, 2020  | Long-term | Being fulfilled normally   |
| Commitments made during asset reorganization                   | Xu Qian; Wang Wenkui; Li Tong; Liu Yun; Wang Jinfeng; Qin Zhen; Tang Fuxin; Xie Manlin; Du Xiaorong; Jia Haowen; Lei Xu; Liu Xiaodong; Wang Huailin; Li Jing | Other commitments  | See “Commitment 10” | November 25, 2020 | Long-term | Being fulfilled normally   |
| Commitments made during asset reorganization                   | China Potevio Information Industry Co., Ltd.; China Potevio Information Industry Group Co., Ltd.   | Other commitments  | See “Commitment 11” | November 25, 2020 | Long-term | Being fulfilled normally   |
| Other commitments made to minority shareholders of the Company | China Potevio Information Industry Co., Ltd.   | Commitments on horizontal competition, related party transactions and capital occupation | See “Commitment 12” | April 8, 2018     | Long-term | Being fulfilled normally   |
| Other commitments made to minority shareholders of the Company | China Potevio Information Industry Co., Ltd.   | Commitments on horizontal competition, related party transactions and capital occupation | See “Commitment 13” | April 8, 2018     | Long-term | Being fulfilled normally   |
| Other commitments made to minority shareholders of the Company | China Potevio Information Industry Co., Ltd.   | Commitments on horizontal competition, related party transactions and capital occupation | See “Commitment 14” | April 8, 2018     | Long-term | Being fulfilled normally   |
| Other commitments  | China Potevio Information  | Commitments on horizontal  | See “Commitment     | April 8, 2018     | Long-term | Being fulfilled normally   |

|   |  |  |                     |               |           |                          |
|---|--|--|---------------------|---------------|-----------|--------------------------|
| made to minority shareholders of the Company  | Industry Group Corporation                           | competition, related party transactions and capital occupation                           | 15”                 |               |           |                          |
| Other commitments made to minority shareholders of the Company  | China Potevio Information Industry Group Corporation | Commitments on horizontal competition, related party transactions and capital occupation | See “Commitment 16” | April 8, 2018 | Long-term | Being fulfilled normally |
| Other commitments made to minority shareholders of the Company  | China Potevio Information Industry Group Corporation | Commitments on horizontal competition, related party transactions and capital occupation | See “Commitment 17” | April 8, 2018 | Long-term | Being fulfilled normally |
| Other commitments made to minority shareholders of the Company  | China Potevio Information Industry Group Corporation | Other commitments  | See “Commitment 18” | June 19, 2018 | Long-term | Being fulfilled normally |
| Is the commitment fulfilled on time   | Yes  |  |                     |               |           |                          |
| If a commitment is not fulfilled on time, the specific reasons for the failed fulfillment and the next work plan shall be specified in detail | Not applicable                                       |  |                     |               |           |                          |

## 2. Details of commitments

### Commitment 1

Commitment made by: China Electronics Technology Group Corporation

Contents of commitments

After the review by the State-owned Assets Supervision and Administration Commission of the State Council and the approval by the State Council, China Potevio Information Industry Group Co., Ltd. (hereinafter referred to as "China Potevio") was transferred to China Electronics Technology Group Corporation (hereinafter referred to as "the Company") free of charge and became a wholly-owned subsidiary of the Company (hereinafter referred to as "the Reorganization"). The Reorganization will result in the Company becoming the indirect controlling shareholder of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as the "Listed Company"), a listed company affiliated to China Potevio. As the purchaser of the Listed Company, in order to ensure the independence of the Listed Company in terms of assets, personnel, finance, business and organizations, the Company hereby makes the following commitments:

#### 1. Personnel independence

(1) The Company ensures that the general manager, deputy general manager, chief financial officer, secretary of the Board of Directors and other senior executives of the Listed Company will not hold other administrative positions except directors and supervisors in the Company and other enterprises and institutions controlled by the Company



(hereinafter referred to as "Subordinate Enterprises and Institutions"), and will not receive remuneration from the Company and its Subordinate Enterprises and Institutions.

(2) The Company ensures that the financial personnel of the Listed Company will not work part-time in the Company and its Subordinate Enterprises and Institutions.

#### 2. Financial independence

(1) The Company ensures that the Listed Company sets up an independent financial accounting department, has independent financial accounting system and financial management rules, and makes financial decisions independently.

(2) The Company ensures that the Listed Company remains independent in financial decision-making, and that the Company and its Subordinate Enterprises and Institutions do not interfere in the use of funds by the Listed Company.

(3) The Company ensures that the Listed Company independently opens accounts in banks and settle revenue and expenditures, and independently files tax returns and fulfills tax obligations according to laws.

#### 3. Organizational independence

(1) The Company ensures that the Listed Company and its subsidiaries establish and improve their corporate governance structures according to laws and can operate independently, and that the offices and production and business premises of the Listed Company are separated from the Company and its Subordinate Enterprises and Institutions.

(2) The Company ensures that the Listed Company and its subsidiaries operate independently without subordinate relationship with the Company's functional departments.

#### 4. Asset independence

(1) The Company ensures that the Listed Company has independent and complete assets.

(2) The Company ensures that the Company and its Subordinate Enterprises and Institutions do not illegally occupy assets, funds and other resources of the Listed Company.

#### 5. Business independence

(1) The Company ensures the independence of the Listed Company's business and operation activities.

(2) The Company ensures that the Listed Company signs contracts and carries out business independently, forms an independent and complete business system, implements independent accounting of operation and management, bears liabilities and risks independently, and has the ability to operate independently and continuously in the market. This commitment shall remain in force during the period during which the Company has control over the Listed Company. If the Company fails to fulfill the above commitment and causes losses to the Listed Company, the Company will bear corresponding liability for compensation.

### **Commitment 2**

Commitment made by: China Electronics Technology Group Corporation

Contents of commitments

After the review by the State-owned Assets Supervision and Administration Commission of the State Council and the approval by the State Council, China Potevio Information Industry Group Co., Ltd. (hereinafter referred to as "China Potevio") was transferred to China Electronics Technology Group Corporation (hereinafter referred to as "the Company") free of charge and became a wholly-owned subsidiary of the Company (hereinafter referred to as "the Reorganization"). The Reorganization will result in the Company becoming the indirect controlling shareholder of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as the "Listed Company"), a listed company affiliated to China Potevio. As the purchaser of the Listed Company, in order to avoid horizontal competition and safeguard the interests of public shareholders, the Company hereby makes the following commitment:

From the date of issuance of this Letter of Commitment, the Company will further investigate whether there is horizontal competition with the Listed Company. If there is horizontal competition with the Listed Company, the Company will strengthen internal coordination and control management to ensure the healthy and sustainable development of the Listed Company without damaging the interests of the Listed Company and its public investors; If there is no horizontal competition, during the period when the Company directly or indirectly maintains substantial equity control over the Listed Company, it will strictly abide by the relevant rules formulated by the CSRC and the stock exchange and the Articles of Association of the Listed Company, and will not leverage its control over the Listed Company to engage in horizontal competition that harms the legitimate rights and interests of the Listed Company and its minority shareholders.

The above Letter of Commitment shall take effect from the date of issuance of the Letter of Commitment, and shall remain valid during the legal and effective existence of the Listed Company and the period when the Company is the actual controller of the Listed Company.

### **Commitment 3**

Commitment made by: China Electronics Technology Group Corporation

Contents of commitments

After the review by the State-owned Assets Supervision and Administration Commission of the State Council and the approval by the State Council, China Potevio Information Industry Group Co., Ltd. (hereinafter referred to as "China Potevio") was transferred to China Electronics Technology Group Corporation (hereinafter referred to as "the Company") free of charge and became a wholly-owned subsidiary of the Company (hereinafter referred to as "the Reorganization"). The Reorganization will result in the Company becoming the indirect controlling shareholder of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as the "Listed Company"), a listed company affiliated to China Potevio. As the acquirer of the Listed Company, in order to ensure the legitimate rights and interests of the Listed Company and its minority shareholders, the Company makes the following commitment concerning regulating related party transactions between the Company and the Listed Company:

1. The Company and its subordinate units controlled by the Company will try their best to avoid or reduce unnecessary related party transactions with the Listed Company and its subsidiaries; Related business transactions or transactions that are necessary or reasonable will be conducted on the basis of equality and voluntariness and in accordance with the principles of fairness, impartiality and openness, and the transaction prices will be reasonably determined based on market prices. For related party transactions that are difficult to compare with market prices or subject to pricing limitations, the standards of relevant costs and profits should be clearly defined in contracts, and decision-making procedures should be performed in accordance with relevant laws and regulations, normative documents and the Articles of Association of the Listed Company, so as to ensure that the legitimate rights and interests of the Listed Company and other shareholders will not be damaged through related party transactions, and information disclosure obligations should be performed in accordance with relevant regulations.
2. Any agreement and arrangement made by the Company, its controlled subordinate enterprises and the Listed Company on related affairs and related party transactions shall not prevent them from conducting business dealings or transactions with any third party for their own benefit under the same competitive conditions in the market.

This Letter of Commitment shall remain valid during the legal and valid existence of the Listed Company and the period when the Company is the actual controller of the Listed Company. If the Listed Company suffers losses due to the Company's violation of the commitment under this Letter of Commitment, the Company will bear corresponding compensation liabilities according to laws.

### **Commitment 4**

Commitment made by: CETC Glarun Group Co., Ltd.

#### Contents of commitments

As the acquirer of NJ TEL B, the Company hereby makes the following commitment to ensure the independence of the Listed Company in assets, personnel, finance, business and organizations after the completion of this acquisition:

##### 1. Personnel independence

(1) The Company ensures that the general manager, deputy general manager, chief financial officer, secretary of the Board of Directors and other senior executives of the Listed Company will not hold other positions except directors and supervisors in the Company and other enterprises and institutions controlled by the Company (hereinafter referred to as "Subordinate Enterprises and Institutions"), and will not receive remuneration from the Company and its Subordinate Enterprises and Institutions.

(2) The Company ensures that the financial personnel of the Listed Company will not work part-time in or receive remuneration from the Company and its Subordinate Enterprises and Institutions.

(3) The Company ensures that the Listed Company has complete and independent labor, personnel and remuneration management systems, and that these systems are completely independent of the Company and other enterprises and institutions controlled by the Company.

##### 2. Financial independence

(1) The Company ensures that the Listed Company sets up an independent financial accounting department, has independent financial accounting system and financial management rules, and makes financial decisions independently.

(2) The Company ensures that the Listed Company remains independent in financial decision-making, and that the Company and its Subordinate Enterprises and Institutions do not interfere in the use of funds by the Listed Company.

(3) The Company ensures that the Listed Company independently opens accounts in banks and settle revenue and expenditures, and independently files tax returns and fulfills tax obligations according to laws.

(4) The Company ensures that the financial personnel of the Listed Company do not serve concurrently in the Company and its Subordinate Enterprises and Institutions.

##### 3. Organizational independence

(1) The Company ensures that the Listed Company and its subsidiaries establish and improve their corporate governance structures according to laws, establish independent and complete organizations, and operate independently, and that the office and production and business premises of the Listed Company are separated from the Company and its Subordinate Enterprises and Institutions, without confusion among their organizations.

(2) The Company ensures that the Listed Company and its subsidiaries operate independently without subordinate relationship with the Company's functional departments.

##### 4. Asset independence

(1) The Company ensures that the Listed Company has independent and complete assets.

(2) The Company ensures that the Company and its Subordinate Enterprises and Institutions do not illegally occupy assets, funds and other resources of the Listed Company.

##### 5. Business independence

(1) The Company ensures the independence of the Listed Company's business and operation activities.

(2) The Company ensures that the Listed Company has assets, personnel and qualifications to independently carry out business activities, sign contracts and carry out business independently, forms an independent and complete business system, implements independent accounting of operation and management, bears liabilities and risks independently, and has the ability to operate independently and continuously in the market.

(3) In case of necessary related party transactions between the Company/its Subordinate Enterprises and Institutions and the Listed Company, agreements shall be signed according to laws, and necessary legal procedures shall be performed in accordance with relevant laws, regulations and Articles of Association of the Listed Company. This commitment shall remain valid during the legal and valid existence of the Listed Company and the period when the Company is the controlling shareholder of the Listed Company. If the Company fails to fulfill the above commitment and causes losses to the Listed Company, the Company will bear corresponding liability for compensation.

### **Commitment 5**

Commitment made by: CETC Glarun Group Co., Ltd.

Contents of commitments

The main business of the Company is not identical or similar to that of the Listed Company. Before this acquisition, the actual controller of the Listed Company was China Electronics Technology Group Corporation (hereinafter referred to as "CETC"). After the completion of this acquisition, the actual controller of the Listed Company is still CETC. This acquisition is carried out between different subjects controlled by the same actual controller, without causing changes in the actual controller of the Listed Company and the related parties of the Listed Company. Therefore, this acquisition will not cause new horizontal competition between the related parties and the Listed Company.

In order to avoid horizontal competition and safeguard the interests of public shareholders, the Company hereby makes the following commitment:

I. As of the date of issuance of this Letter of Commitment, the Company and other enterprises controlled by the Company do not engage in or participate in any business or activities that constitutes a substantial competition against the Listed Company in its main business.

II. After the completion of this acquisition, the Company and other enterprises controlled by the Company will not directly or indirectly engage in the business same as the main business of the Listed Company.

III. After the completion of this acquisition, the Company ensures that the Company and its subordinate units will not have substantial horizontal competition against the Listed Company in the future through internal coordination and control management. If the Company and its subordinate units get business opportunities to engage in new businesses that may result in horizontal competition against the Listed Company, the Company and its subordinate units will give priority to offering the business opportunities of the said new businesses to the Listed Company for selection, and make their best efforts to enable the business opportunities of the said new businesses to transfer to the Listed Company.

If the Listed Company gives up the business opportunities of the said new businesses, the Company and its subordinate units can operate the relevant new businesses on their own, but in the future, with the needs of business development, the Listed Company will still enjoy the following rights as permitted by the applicable laws and regulations and relevant regulatory rules:

1. The Listed Company has the right to purchase assets and equity related to the above businesses from the Company and its subordinate units for one or more times;

2. In addition to acquisition, the Listed Company may, as permitted by applicable laws, regulations and relevant regulatory rules, choose to operate the assets and/or businesses related to the above businesses of the Company and its subordinate units by means of entrusted management, lease, contracted operation and licensed use.

IV. This Letter of Commitment shall remain valid during the legal and effective existence of the Listed Company and the period when the Company is the controlling shareholder of the Listed Company; From the date of issuance of this Letter of Commitment, if the Listed Company suffers losses due to the violation of the commitment under

this Letter of Commitment by the Company or its subordinate units, the Company will bear corresponding compensation liabilities according to laws.

If the commitment hereunder is impossible to fulfill or needs to be adjusted due to objective reasons such as policy adjustment and market changes, the Company and the Listed Company will give public explanations to the market in advance to fully disclose the reasons for adjustment or failure to fulfill the commitment, and propose corresponding solution.

### **Commitment 6**

Commitment made by: CETC Glarun Group Co., Ltd.

Contents of commitments

After the completion of this acquisition, the Listed Company will continue to strictly comply with the requirements of relevant laws, regulations and the Listing Rules, abide by the Articles of Association and other provisions on related party transactions, perform necessary legal procedures, conduct related party transactions in accordance with legal and effective agreements, give full play to the role of independent directors in practical work, follow the principles of fairness, impartiality and openness, and fulfill information disclosure obligations, thus protecting the interests of minority shareholders. In order to reduce and regulate related party transactions, and safeguard the legitimate rights and interests of the Listed Company and its public shareholders, the Company makes the following commitment concerning regulating related party transactions between the Company and the Listed Company:

1. The Company and its subordinate units controlled by the Company will try their best to avoid or reduce unnecessary related party transactions with the Listed Company and its subsidiaries; Related business transactions or transactions that are necessary or reasonable will be conducted on the basis of equality and voluntariness and in accordance with the principles of fairness, impartiality and openness, and the transaction prices will be reasonably determined based on market prices. For related party transactions that are difficult to compare with market prices or subject to pricing limitations, the standards of relevant costs and profits should be clearly defined in contracts, and decision-making procedures should be performed in accordance with relevant laws and regulations, normative documents and the Articles of Association of the Listed Company, so as to ensure that the legitimate rights and interests of the Listed Company and other shareholders will not be damaged through related party transactions, and information disclosure obligations should be performed in accordance with relevant regulations.
2. Any agreement and arrangement made by the Company, its controlled subordinate enterprises and the Listed Company on related affairs and related party transactions shall not prevent them from conducting business dealings or transactions with any third party for their own benefit under the same competitive conditions in the market.

This Letter of Commitment shall remain valid during the legal and valid existence of the Listed Company and the period when the Company is the controlling shareholder of the Listed Company. If the Listed Company suffers losses due to the Company's violation of the commitment under this Letter of Commitment, the Company will bear corresponding compensation liabilities according to laws.

If the commitment hereunder is impossible to fulfill or needs to be adjusted due to objective reasons such as policy adjustment and market changes, the Company and the Listed Company will give public explanations to the market in advance to fully disclose the reasons for adjustment or failure to fulfill the commitment, and propose corresponding solution.

### **Commitment 7**

Commitment made by: China Potevio Information Industry Co., Ltd.; China Potevio Information Industry Group Co., Ltd.

Contents of commitments

1. The Company or the enterprises controlled by the Company will minimize related party transactions with Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian") and its subsidiaries and branches.
2. Related party transactions that are necessary or reasonable shall be conducted on the basis of equality and voluntariness and in accordance with the principles of fairness, impartiality and compensation for equal value. The Company or the enterprise controlled by the Company will sign a related party transaction agreement with Nanjing Putian or its subsidiaries in accordance with the laws, and transaction prices will be determined according to the reasonable prices recognized by the market to ensure the fairness of the related party transaction prices; In accordance with relevant laws, regulations, rules, other normative documents and the Articles of Association of Nanjing Putian or its subsidiaries, fair procedures such as related party transaction decision-making and vote avoidance shall be performed, and information shall be disclosed in a timely manner to ensure that the legitimate rights and interests of Nanjing Putian or its subsidiaries and other shareholders of Nanjing Putian will not be damaged by related party transactions.
3. The Company ensures that the Company will not require or accept Nanjing Putian or its subsidiaries and branches to give the Company or the enterprises controlled by the Company conditions superior to those for third parties in any fair market transaction.
4. The Company ensures that it will exercise corresponding rights and assume corresponding obligations in accordance with the Articles of Association of Nanjing Putian and its subsidiaries, will not leverage the identity of controlling shareholder/actual controller to seek illegitimate interests, will not illegally transfer funds and profits of Nanjing Putian or its subsidiaries through related party transactions, and guarantees that it will not damage the legitimate rights and interests of other shareholders of Nanjing Putian.
5. In case of violation of the above commitment, the Company is willing to bear all liabilities arising therefrom and fully compensate or make up for all direct or indirect losses caused to Nanjing Putian.

### **Commitment 8**

Commitment made by: China Potevio Information Industry Co., Ltd.; China Potevio Information Industry Group Co., Ltd.

Contents of commitments

1. During the period when the Company directly or indirectly holds shares of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian"), it guarantees not to leverage its control over Nanjing Putian to engage in or participate in acts detrimental to the interests of Nanjing Putian and its minority shareholders.
2. Except the above-mentioned disclosure, in the future, the Company and enterprises controlled by the Company will not own, manage, control, invest in, or engage in any other business or project, directly or indirectly, within or outside the PRC, which is the same or similar to those currently carried out or planned for the future by Nanjing Putian and its subsidiaries and branches, nor will they seek to directly or indirectly engage in any business that competes with the current or planned business of Nanjing Putian and its subsidiaries or branches through joint venture, cooperation, joint venture with any third party or through any means such as lease operation, contract operation or entrusted management, nor will they have an interest in the above activities. If the Company and the enterprises controlled by the Company discover any new business opportunity that constitutes or may constitute a direct or indirect competition against Nanjing Putian or its holding enterprises in their main business, they will immediately notify Nanjing Putian in writing and cause the business opportunity to be first provided to Nanjing Putian or its holding enterprises on reasonable and fair terms and conditions.
3. If Nanjing Putian or its holding enterprises give up such competitive new business opportunities, and the Company and the enterprises controlled by the Company engage in these competitive businesses, Nanjing Putian or

its holding enterprises have the right to acquire any equity, assets and other interests in the above competitive businesses from the above entities for one or more times at any time.

4. When the Company and the enterprises controlled by the Company intend to transfer, sell, lease, license or otherwise transfer or allow the use of assets and businesses that constitute or may constitute direct or indirect competition against Nanjing Putian or its holding enterprises in their main business, the Company and the enterprises controlled by the Company will provide Nanjing Putian or its holding enterprises with the right of first refusal, and promise to make every effort to urge the enterprises in which the Company holds an equity stake to provide the right of first refusal to Nanjing Putian or its holding enterprises under the above circumstances.

5. If the Company violates the above commitment, it shall make comprehensive, timely and full compensation for the losses suffered by Nanjing Putian; All benefits obtained by the Company due to breach of the above commitments shall belong to Nanjing Putian.

6. The above commitment shall remain valid during the period when the Company is the controlling shareholder/actual controller of the Listed Company.

### **Commitment 9**

Commitment made by: China Potevio Information Industry Co., Ltd.; China Potevio Information Industry Group Co., Ltd.

After the completion of this transaction, the Company will strictly abide by the Company Law, Securities Law, relevant regulations of China Securities Regulatory Commission, Shenzhen Stock Exchange and the Articles of Association, etc., and ensure that Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as the "Listed Company") will continue to be completely separated from the Company and the enterprises controlled or greatly influenced by the Company in terms of personnel, assets, finance, organizations and business, and maintain the independence of the Listed Company in terms of personnel, assets, finance, organizations and business. In particular, after the completion of this transaction, the Company will abide by the Notice on Certain Issues Concerning the Regulation of Financial Transactions between Listed Companies and Related Parties and External Guarantees by Listed Companies (Z.J.F (2003) No.56) and the Notice of the China Securities Regulatory Commission and China Banking Regulatory Commission on the Regulation of External Guarantees by Listed Companies (Z.J.F [2005] No.120) to regulate external guarantees by the Listed Company and its subsidiaries, and will not illegally occupy funds of the Listed Company and its subsidiaries.

The Company guarantees to strictly fulfill the above commitment. If the rights and interests of the Listed Company are damaged due to the violation of the above commitment by the Company or the enterprises controlled or greatly influenced by the Company, the Company will bear corresponding compensation liabilities according to laws.

### **Commitment 10**

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

Contents of commitments

In order to ensure that the Company's measures to fill the diluted immediate return can be effectively implemented, all directors and senior executives of the Company make the following commitment:

(I) I promise not to transfer benefits to other units or individuals without compensation or on unfair terms, or to use other means to harm the interests of the Listed Company;

(II) I promise to restrain my job-related consumption behavior;

(III) I promise not to use the Listed Company's assets for investments and consumption unrelated to my duties;

(IV) I promise to do my best, within the scope of my responsibilities and authority, to link the remuneration system established by the Board of Directors or the Remuneration Committee with the implementation of the Listed Company's compensation measures to cover losses;

(V) If the Listed Company plans to implement equity incentives in the future, I promise to do my best, within the scope of my responsibilities and authority, to link the exercise conditions of the equity incentives planned by the Listed Company with the implementation of the compensation measures to cover losses;

(VI) From the date of this commitment to the completion of this transaction, if the CSRC issues any new regulatory provisions regarding compensation measures to cover losses to cover losses and related commitments, and the above commitments cannot satisfy such provisions of the CSRC, I promise to issue a supplementary commitment in accordance with the latest regulations of the CSRC;

(VII) I promise to diligently fulfill the Listed Company's established compensation measures to cover losses and any commitments I have made in relation to these measures; if I violate such commitments and cause losses to the Listed Company or investors, I am willing to assume legal compensation responsibility to the Listed Company or investors.

### **Commitment 11**

Commitment made by: China Potevio Information Industry Co., Ltd.; China Potevio Information Industry Group Co., Ltd.

Contents of commitments

1. The Company promises not to interfere in the operation and management activities of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian") beyond its authority and not encroach on interests of Nanjing Putian;

2. From the date of issuance of this commitment to the completion of this transaction, if the CSRC makes clear provisions on the compensation measures to cover losses and related commitments, and the above commitments cannot satisfy the provisions of the CSRC, the Company promises to issue supplementary commitments according to the provisions of the CSRC;

The Company promises to strictly fulfill the above commitments and ensure that the compensation measures to cover losses can be effectively taken. If the Company violates the above commitments and causes losses to Nanjing Putian or investors, the Company is willing to bear the compensation responsibility for Nanjing Putian or investors and the corresponding punishment of the regulatory authorities according to laws.

### **Commitment 12**

Commitment made by: China Potevio Information Industry Co., Ltd.

Commitment: Since Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian") intends to apply to Shenzhen Stock Exchange for resumption of listing, the Company, as the controlling shareholder of Nanjing Putian, hereby makes the following commitment:

I. Ensure personnel independence of Nanjing Putian

(I) The Company ensures that Nanjing Putian's production, operation and administration (including labor, personnel and salary management, etc.) are completely independent of the Company and the companies and enterprises under the Company.

(II) The Company ensures that Nanjing Putian's general manager, deputy general manager, chief financial officer, secretary of the Board of Directors and other senior executives work full-time in Nanjing Putian and receive remuneration from Nanjing Putian, and do not concurrently hold other positions other than directors and supervisors in the Company and the companies and enterprises under the Company, and do not receive remuneration from the



Company and the companies or enterprises under the Company; The Company ensures that the financial personnel of Nanjing Putian do not work part-time in and receive remuneration from the Company and the companies and enterprises under the Company.

(III) The Company ensures that it recommends candidates to serve as directors, supervisors and senior executives of Nanjing Putian through legal procedures, and that it will not interfere with the personnel appointment and dismissal decisions made by the Board of Directors and Shareholders' Meeting of Nanjing Putian.

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

(I) The Company ensures the assets independence and integrity of Nanjing Putian and its subsidiaries, and ensures that all these assets are under the control of Nanjing Putian and its subsidiaries, and are independently owned and operated by Nanjing Putian and its subsidiaries.

(II) The Company ensures that the Company and the companies and enterprises under the Company do not illegally occupy Nanjing Putian's assets, funds and other resources.

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

(I) The Company ensures that Nanjing Putian has an independent procurement and sales systems; has the assets, personnel and qualifications to independently carry out business activities, and has the ability to operate independently in the market.

(II) The Company ensures that the Company and the companies and enterprises under the Company avoid horizontal competition against Nanjing Putian and its subsidiaries.

(III) The Company ensures to conduct strict control of related party transactions and minimize continuing related party transactions between Nanjing Putian and its subsidiaries and the Company and the companies and enterprises under the Company. The Company puts an end to the illegal occupation of Nanjing Putian's funds and assets, and will not require Nanjing Putian and its subsidiaries to provide any form of guarantee to the Company and the companies and enterprises under the Company. For necessary related party transactions, the Company will follow the principle of "fairness, impartiality and openness", make transaction prices consistent with those for non-related enterprises, and disclose information in a timely manner.

(IV) The Company ensures not to interfere in major decisions of Nanjing Putian by any means other than exercising shareholders' rights according to laws, and not to affect the independence of Nanjing Putian's assets, personnel, finance, organizations and business.

#### IV. Ensure organizational independence of Nanjing Putian

(I) The Company ensures that Nanjing Putian and its subsidiaries establish and improve their own corporate governance structures according to laws, and completely separate from the Company and the companies and enterprises under the Company; The Company ensures that Nanjing Putian and its subsidiaries are completely separated from the Company and the companies and enterprises under the Company in terms of offices and production and business premises, without confusion among their organizations.

(II) The Company ensures that Nanjing Putian and its subsidiaries operate independently, and the Company will not directly or indirectly interfere in the decision-making and operation of Nanjing Putian without the approval of the Board of Directors and Shareholders' Meeting of Nanjing Putian.

(III) The Company ensures that the Shareholders' Meeting, Board of Directors, independent directors, Board of Supervisors and senior executives of Nanjing Putian independently exercise their functions and powers in accordance with laws, regulations and the Articles of Association.

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

(I) The Company ensures that Nanjing Putian has an independent financial accounting department, an independent financial accounting system, standardized and independent financial accounting rules and financial management rules.

(II) The Company ensures that Nanjing Putian remains independent in financial decision-making, and that the Company and the companies and enterprises under the Company do not interfere in the use and dispatch of funds of Nanjing Putian.

(III) The Company ensures that Nanjing Putian maintains its own independent bank accounts and does not share any bank accounts with the Company and the companies and enterprises under the Company.

(IV) Ensure independent tax payment by Nanjing Putian according to laws.

The above commitment shall remain valid and irrevocable during the period when the Company is the controlling shareholder of Nanjing Putian. In case of violation of the above commitment and thus causing economic losses to Nanjing Putian, the Company will compensate Nanjing Putian.

### **Commitment 13**

Commitment made by: China Potevio Information Industry Co., Ltd.

Contents of commitments

In view of the fact that Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian") intends to apply to Shenzhen Stock Exchange for resumption of listing, the Company, as the controlling shareholder of Nanjing Putian, hereby makes the following commitment:

I. The Company will not leverage its identity as Nanjing Putian's controlling shareholder to require Nanjing Putian and its subsidiaries to give rights superior to those for third parties in the market in business cooperation or engage in any acts that harm the interests of Nanjing Putian and its subsidiaries in transactions.

II. The Company will not leverage its identity as Nanjing Putian's controlling shareholder to seek priority rights to conclude transactions with Nanjing Putian and its subsidiaries.

III. When carrying out related party transactions that are really necessary and unavoidable, it ensures that they are carried out in accordance with the principle of marketization and fair prices, and will strictly comply with the relevant laws, regulations, normative documents and the relevant provisions of the Articles of Association of the listed company, perform the transaction procedures and information disclosure obligations, and ensures that the legitimate rights and interests of the Company and other shareholders will not be damaged through related party transactions.

The above commitment shall remain valid and irrevocable during the period when the Company is the controlling shareholder of Nanjing Putian. In case of violation of the above commitment and thus causing economic losses to Nanjing Putian, the Company will compensate Nanjing Putian.

### **Commitment 14**

Commitment made by: China Potevio Information Industry Co., Ltd.

Commitment: Since Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian") intends to apply to Shenzhen Stock Exchange for resumption of listing, the Company, as the controlling shareholder of Nanjing Putian, hereby makes the following commitment:

I. The Company and the related enterprises controlled by the Company have not engaged in any production and operation business or activities that directly or indirectly compete against Nanjing Putian, and promise not to engage in any production and operation business or activities that directly or indirectly compete against Nanjing Putian in the future.

II. The Company does not own, manage, control, invest or engage in any other businesses or projects that are the same as or similar to the those of Nanjing Putian.

III. If the Company or its any related enterprise obtains any business opportunity from any third party that constitutes substantial competition or may constitute substantial competition against Nanjing Putian in its business, the

Company will immediately notify Nanjing Putian and transfer the business opportunity to Nanjing Putian after obtaining approval from the third party.

IV. The Company will supervise and restrain the production and operation activities of itself and its related enterprises. If the products or businesses of the Company and its related enterprises are the same as or similar to those of Nanjing Putian in the future, the Company promises to take the following measures to solve the problem:

(I) When Nanjing Putian deems it necessary, the Company and its related enterprises will reduce their holdings until all the relevant assets and businesses held by the Company and its related enterprises are transferred;

(II) Nanjing Putian may, when it deems it necessary, give priority to the acquisition of relevant assets and businesses held by the Company and its related enterprises through appropriate means;

(III) If the Company and its related enterprises have conflicts of interest with Nanjing Putian due to horizontal competition, the interests of Nanjing Putian shall be given priority;

(IV) The Company will take other measures conducive to avoiding horizontal competition.

The above commitment shall remain valid and irrevocable during the period when the Company is the controlling shareholder of Nanjing Putian. In case of violation of the above commitment and thus causing economic losses to Nanjing Putian, the Company will compensate Nanjing Putian.

### **Commitment 15**

Commitment made by: China Potevio Information Industry Group Corporation

Commitment: In view of the fact that Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian") intends to apply to Shenzhen Stock Exchange for resumption of listing, the Company, as the actual controller of Nanjing Putian, hereby makes the following commitment:

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

(I) The Company ensures that Nanjing Putian's production, operation and administration (including labor, personnel and salary management, etc.) are completely independent of the Company and the companies and enterprises under the Company.

(II) The Company ensures that Nanjing Putian's general manager, deputy general manager, chief financial officer, secretary of the Board of Directors and other senior executives work full-time in Nanjing Putian and receive remuneration from Nanjing Putian, and do not concurrently hold other positions other than directors and supervisors in the Company and the companies and enterprises under the Company, and do not receive remuneration from the Company and the companies or enterprises under the Company; The Company ensures that the financial personnel of Nanjing Putian do not work part-time in and receive remuneration from the Company and the companies and enterprises under the Company.

(III) The Company ensures that it recommends candidates to serve as directors, supervisors and senior executives of Nanjing Putian through legal procedures, and that it will not interfere with the personnel appointment and dismissal decisions made by the Board of Directors and Shareholders' Meeting of Nanjing Putian.

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

(I) The Company ensures the assets independence and integrity of Nanjing Putian and its subsidiaries, and ensures that all these assets are under the control of Nanjing Putian and its subsidiaries, and are independently owned and operated by Nanjing Putian and its subsidiaries.

(II) The Company ensures that the Company and the companies and enterprises under the Company do not illegally occupy Nanjing Putian's assets, funds and other resources.

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

(I) The Company ensures that Nanjing Putian has an independent procurement and sales systems; has the assets, personnel and qualifications to independently carry out business activities, and has the ability to operate independently in the market.

(II) The Company ensures that the Company and the companies and enterprises under the Company avoid horizontal competition against Nanjing Putian and its subsidiaries.

(III) The Company ensures to conduct strict control of related party transactions and minimize continuing related party transactions between Nanjing Putian and its subsidiaries and the Company and the companies and enterprises under the Company. The Company puts an end to the illegal occupation of Nanjing Putian's funds and assets, and will not require Nanjing Putian and its subsidiaries to provide any form of guarantee to the Company and the companies and enterprises under the Company. For necessary related party transactions, the Company will follow the principle of "fairness, impartiality and openness", make transaction prices consistent with those for non-related enterprises, and disclose information in a timely manner.

(IV) The Company ensures not to interfere in major decisions of Nanjing Putian by any means other than exercising shareholders' rights according to laws, and not to affect the independence of Nanjing Putian's assets, personnel, finance, organizations and business.

#### IV. Ensure organizational independence of Nanjing Putian

(I) The Company ensures that Nanjing Putian and its subsidiaries establish and improve their own corporate governance structures according to laws, and completely separate from the Company and the companies and enterprises under the Company; The Company ensures that Nanjing Putian and its subsidiaries are completely separated from the Company and the companies and enterprises under the Company in terms of offices and production and business premises, without confusion among their organizations.

(II) The Company ensures that Nanjing Putian and its subsidiaries operate independently, and the Company will not directly or indirectly interfere in the decision-making and operation of Nanjing Putian without the approval of the Board of Directors and Shareholders' Meeting of Nanjing Putian.

(III) The Company ensures that the Shareholders' Meeting, Board of Directors, independent directors, Board of Supervisors and senior executives of Nanjing Putian independently exercise their functions and powers in accordance with laws, regulations and the Articles of Association.

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

(I) The Company ensures that Nanjing Putian has an independent financial accounting department, an independent financial accounting system, standardized and independent financial accounting rules and financial management rules.

(II) The Company ensures that Nanjing Putian remains independent in financial decision-making, and that the Company and the companies and enterprises under the Company do not interfere in the use and dispatch of funds of Nanjing Putian.

(III) The Company ensures that Nanjing Putian maintains its own independent bank accounts and does not share any bank accounts with the Company and the companies and enterprises under the Company.

(IV) Ensure independent tax payment by Nanjing Putian according to laws.

The above commitment shall remain valid and irrevocable during the period when the Company is the actual controller of Nanjing Putian. In case of violation of the above commitment and thus causing economic losses to Nanjing Putian, the Company will compensate Nanjing Putian.

### **Commitment 16**

Commitment made by: China Potevio Information Industry Group Corporation

Contents of commitments

In view of the fact that Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian") intends to apply to Shenzhen Stock Exchange for resumption of listing, the Company, as the actual controller of Nanjing Putian, hereby makes the following commitment:

1. The Company will not leverage its identity as Nanjing Putian's actual controller to require Nanjing Putian and its subsidiaries to give rights superior to those for third parties in the market in business cooperation or engage in any acts that harm the interests of Nanjing Putian and its subsidiaries in transactions.
2. The Company will not leverage its identity as Nanjing Putian's actual controller to seek priority rights to conclude transactions with Nanjing Putian and its subsidiaries.
3. When carrying out related party transactions that are really necessary and unavoidable, it ensures that they are carried out in accordance with the principle of marketization and fair prices, and will strictly comply with the relevant laws, regulations, normative documents and the relevant provisions of the Articles of Association of the listed company, perform the transaction procedures and information disclosure obligations, and ensures that the legitimate rights and interests of the Company and other shareholders will not be damaged through related party transactions.

The above commitment shall remain valid and irrevocable during the period when the Company is the actual controller of Nanjing Putian. In case of violation of the above commitment and thus causing economic losses to Nanjing Putian, the Company will compensate Nanjing Putian.

#### **Commitment 17**

Commitment made by: China Potevio Information Industry Group Corporation

Commitment: In view of the fact that Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as "Nanjing Putian") intends to apply to Shenzhen Stock Exchange for resumption of listing, the Company, as the actual controller of Nanjing Putian, hereby makes the following commitment:

1. The Company and the related enterprises controlled by the Company have not engaged in any production and operation business or activities that directly or indirectly compete against Nanjing Putian, and promise not to engage in any production and operation business or activities that directly or indirectly compete against Nanjing Putian in the future.
2. The Company does not own, manage, control, invest or engage in any other businesses or projects that are the same as or similar to the those of Nanjing Putian.
3. If the Company or its any related enterprise obtains any business opportunity from any third party that constitutes substantial competition or may constitute substantial competition against Nanjing Putian in its business, the Company will immediately notify Nanjing Putian and transfer the business opportunity to Nanjing Putian after obtaining approval from the third party.
4. The Company will supervise and restrain the production and operation activities of itself and its related enterprises. If the products or businesses of the Company and its related enterprises are the same as or similar to those of Nanjing Putian in the future, the Company promises to take the following measures to solve the problem:
  - (1) When Nanjing Putian deems it necessary, the Company and its related enterprises will reduce their holdings until all the relevant assets and businesses held by the Company and its related enterprises are transferred;
  - (2) Nanjing Putian may, when it deems it necessary, give priority to the acquisition of relevant assets and businesses held by the Company and its related enterprises through appropriate means;
  - (3) If the Company and its related enterprises have conflicts of interest with Nanjing Putian due to horizontal competition, the interests of Nanjing Putian shall be given priority;
  - (4) The Company will take other measures conducive to avoiding horizontal competition.

The above commitment shall remain valid and irrevocable during the period when the Company is the actual controller of Nanjing Putian. In case of violation of the above commitment and thus causing economic losses to Nanjing Putian, the Company will compensate Nanjing Putian.

### **Commitment 18**

Commitment made by: China Potevio Information Industry Group Corporation

Commitment: The Group makes the following statements and commitments regarding the operation and future development plan of Nanjing Putian's private network communications business, and the business of the Group and the enterprises controlled by the Group (except Nanjing Putian and its controlled enterprises):

In order to optimize the internal resource allocation of the Group and give full play to Nanjing Putian's business capabilities, from 2016, the Group has entrusted Nanjing Putian to produce the private network communications products that were originally purchased by China Potevio Information Industry Co., Ltd. (hereinafter referred to as "Potevio Co., Ltd."), a wholly-owned subsidiary of the Group. The Group's private network communications business was originally a trade-oriented business where products were purchased and sold by Potevio Co., Ltd. from external suppliers. From 2016, the business has been successfully transformed into an independent processing and production business. The current business model is as follows: Potevio Co., Ltd. will sign entrusted production contracts with Nanjing Putian and its subsidiary Southern Telecom after obtaining orders from customers, and Nanjing Putian will be responsible for production. At present, the customer of Potevio Co., Ltd. is Fortune Industrial Corp., and the total annual order amount of existing model products remains above 500 million yuan. It is expected to have a stable demand period of 3 to 5 years.

The Group undertakes to take Nanjing Putian as the operating entity of private network communications business, including but not limited to:

1. Nanjing Putian is the military-civilian integration industrial base of the Group, and is the only producer of the existing multi-network cloud-based data processing communication devices and related military-civilian integration projects (that is, the private network communications business referred to in this commitment), and it is exclusive;
2. The Group undertakes to gradually integrate the complete business processes and related resources of the private network communications business including sales into Nanjing Putian within 3 years; If the relevant business resources cannot be integrated into Nanjing Putian due to external reasons such as special requirements of downstream customers on the subject qualifications of direct partners (for example, non-foreign-funded enterprises), the Group will cooperate with Nanjing Putian to carry out relevant business under the condition of meeting the requirements of relevant laws and regulations, that is, undertake relevant business in the name of the Group or its subordinate enterprises, and Nanjing Putian will be responsible for actual operation.

The above commitment shall take effect from the date of signing this commitment, and shall remain valid and irrevocable during the existence of Nanjing Putian and the period when the Group is recognized as a related party that is not allowed to engage in business same as or similar to Nanjing Putian's private network communications business in accordance with relevant regulations. If the above commitment is proved to be untrue or not fulfilled, all benefits obtained by the Group due to breach of the commitment shall be owned by Nanjing Putian, and the Group shall compensate for all direct and indirect losses suffered by Nanjing Putian and bear corresponding legal liabilities.

**3. If there is a profit forecast for the Company's assets or projects, and the reporting period is still in the profit forecast period, the Company shall explain whether the assets or projects have achieved the original profit forecast and the reasons therefor.**

Applicable Not applicable

**II. Non-operating occupation of funds by controlling shareholders and other related parties of the Listed Company**

Applicable Not applicable

During the reporting period, there was no non-operating occupation of funds by controlling shareholders and other related parties of the Listed Company.

**III. Illegal external guarantees**

Applicable Not applicable

During the reporting period, the Company had no illegal external guarantees.

**IV. Explanation of the Board of Directors on the relevant information of the latest Non-standard Audit Report**

Applicable Not applicable

**V. Explanations of the Board of Directors, the Board of Supervisors and independent directors (if any) on the Non-standard Audit Report for the reporting period issued by the accounting firm**

Applicable Not applicable

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

Applicable Not applicable

During the reporting period, there was no change in accounting policies, accounting estimates or correction of major accounting errors.

**VII. Explanation of changes in the scope of consolidated statements compared with the financial report of the previous year**

Applicable Not applicable

According to the Decision of Qinhuai District People's Court of Nanjing City, Jiangsu Province (2022) S. 0104 P. No.37, the bankruptcy liquidation procedure of the subsidiary Nanjing Putian Telecommunications Technology Co., Ltd. has been started and handed over to the trustee in bankruptcy. For the reporting period, its profits and losses and cash flow from January to October were included in the consolidated statements.

The subsidiary Putian Telecommunications (H.K.) Co., Ltd. has been liquidated. For the reporting period, its profits and losses and cash flow from January to May during the liquidation period were included in the consolidated statements.

**VIII. Appointment and dismissal of accounting firm**

Accounting firm currently engaged

|   |   |
|---|---|
| Name of domestic accounting firm  | WUYIGE Certified Public Accountants LLP |
| Remuneration of domestic accounting firm (in 10,000 yuan)                 | 80                                      |
| Continuous years of audit service of the domestic accounting firm         | 1                                       |
| Name of CPAs of the domestic accounting firm                              | Wan Fangquan, Guo Zhigang               |
| Continuous years of audit service of CPAs of the domestic accounting firm | 1 year, 1 year                          |

Whether to change the accounting firm in the current period

Yes No

Engagement of internal control audit accounting firm, financial consultants or sponsors

Applicable Not applicable

The Company engaged WUYIGE Certified Public Accountants LLP as the internal control audit institution in 2022, and the internal control audit fee was 200,000 yuan.

**IX. Delisting after the disclosure of the annual report**

Applicable Not applicable

**X. Matters related to bankruptcy reorganization**□Applicable Not applicable

No bankruptcy reorganization related matters occurred during the reporting period.

**XI. Major litigation and arbitration matters**Applicable □Not applicable

| Basic information of litigation (arbitration)   | Amount involved (in 10,000 yuan) | Whether an estimated liability is formed | Progress of litigation (arbitration) | Result and influence of litigation (arbitration)  | Enforcement of litigation (arbitration) judgments | Date of disclosure | Disclosure index  |
|---|----------------------------------|--|--------------------------------------|---|---|--------------------|---|
| Nanjing Shengtian Internet Technology Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Dispute over Sales Contract   | 64.99                            | No                                       | Court-ordered mediation              | It has no significant impact on the profit of the Company in the current period or after the period | Execution completed                               | April 26, 2022     | Announcement on Accumulated Litigation<br><br>(Announcement No. 2022-018) |
| Nanjing Putian Telecommunications Co., Ltd. v. Baotou Branch of China Broadnet Inner Mongolia Network Co., Ltd., China Broadnet Inner Mongolia Network Co., Ltd.: Case of Dispute over Contract | 64.03                            | No                                       | Court-ordered mediation              | It has no significant impact on the profit of the Company in the current period or after the period | In execution                                      | April 26, 2022     | Ibid  |
| Nanjing Putian Telecommunications Co., Ltd. v. Li Qi: Case of Labor Dispute   | 9.52                             | No                                       | The verdict has come into effect     | It has no significant impact on the profit of the Company in the current period or after the period | Execution completed                               | April 26, 2022     | Ibid  |
| Nanjing Gongmei Technology Co., Ltd. and Nanjing Putian Telecommunications Co., Ltd. (the third party) v. General Hospital of the Eastern   | 217                              | No                                       | The verdict has come into effect     | It has no significant impact on the profit of the Company in the current period or after the period | All claims dismissed                              | April 26, 2022     | Ibid  |



|   |        |    |                                  |   |                                 |                |      |
|---|--------|----|----------------------------------|---|---------------------------------|----------------|------|
| Theater Command: Case of Dispute over Contract  |        |    |                                  |   |                                 |                |      |
| Nanjing Qinhuai Maoye Department Store v. Nanjing Putian Telecommunications Co., Ltd.: Case of Dispute over Housing Lease Contract                  | 2      | No | The verdict has come into effect | It has no significant impact on the profit of the Company in the current period or after the period | Claims dismissed by the verdict | April 26, 2022 | Ibid |
| Nanjing Putian Telecommunications Co., Ltd. v. Nanjing Gongmei Technology Co., Ltd. and Luo Maning: Case of Dispute over Sales Contract             | 187.86 | No | Court-ordered mediation          | It has no significant impact on the profit of the Company in the current period or after the period | In execution                    | April 26, 2022 | Ibid |
| Nanjing Putian Telecommunications Co., Ltd. v. Nantong Huarong Construction Group Co., Ltd.: Case of Dispute over Engineering Construction Contract | 19.56  | No | Case withdrawn                   | It has no significant impact on the profit of the Company in the current period or after the period | -                               | April 26, 2022 | Ibid |
| Nanjing Southern Telecom Co., Ltd. v. Beikong Easycode (Beijing) Technology Co., Ltd.: Case of Dispute over Sales Contract                          | 39.89  | No | The verdict has come into effect | It has no significant impact on the profit of the Company in the current period or after the period | In execution                    | April 26, 2022 | Ibid |
| Nanjing Southern Telecom Co., Ltd. v. Damage Messe: Case  | 15.01  | No | Court-ordered mediation          | It has no significant impact on the profit of the Company in the current                            | In execution                    | April 26, 2022 | Ibid |

|   |       |    |                         |   |                     |                   |   |
|---|-------|----|-------------------------|---|---------------------|-------------------|---|
| of Dispute over Sales Contract  |       |    |                         | period or after the period  |                     |                   |   |
| Nanjing Putian Telege Intelligent Building Ltd. v. Yu Yumei, Peng Xiong and Peng Shikui: Case of Dispute over Shareholders' Liability for Harming the Interests of Company Creditors                      | 21.7  | No | Case withdrawn          | It has no significant impact on the profit of the Company in the current period or after the period | -                   | April 26, 2022    | Ibid  |
| Nanjing Hehao Communication Technology Co., Ltd. and Nanjing Putian Telecommunications Technology Co., Ltd. (the third party) v. Nanjing Huamai Technology Co., Ltd.: Case of Dispute over Sales Contract | 93.39 | No | Under trial             | Pending   | -                   | April 26, 2022    | Ibid  |
| Zhang Shuo v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute  | 16.07 | No | Court-ordered mediation | It has no significant impact on the profit of the Company in the current period or after the period | Execution completed | September 2, 2022 | Announcement on Accumulated Litigation<br>(Announcement No. 2022-030) |
| Jiangsu Yanbaifen Trading Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Dispute over Sales Contract   | 2.83  | No | Court-ordered mediation | It has no significant impact on the profit of the Company in the current period or after the period | Execution completed | September 2, 2022 | Ibid  |
| Hefei HTMICRO WAVE Technology Co., Ltd. v. Nanjing  | 28.54 | No | Case withdrawn          | It has no significant impact on the profit of the Company in the current                            | -                   | September 2, 2022 | Ibid  |

|   |       |    |                         |   |              |                   |      |
|---|-------|----|-------------------------|---|--------------|-------------------|------|
| Putian Telecommunications Co., Ltd.: Case of Dispute over Sales Contract  |       |    |                         | period or after the period  |              |                   |      |
| Renqiu Zenghua Communication Equipment Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Dispute over Sales Contract  | 97.06 | No | Case withdrawn          | It has no significant impact on the profit of the Company in the current period or after the period | -            | September 2, 2022 | Ibid |
| Zhu Cuiping and other three people v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute  | 5.96  | No | Under trial             | Pending   | -            | September 2, 2022 | Ibid |
| Nanjing Putian Telecommunications Co., Ltd. v. Nanjing A'erte Photo-Electric Co., Ltd. and Nanjing Hehao Communication Technology Co., Ltd.: Case of Disputes over Sales Contract | 3.65  | No | Case withdrawn          | It has no significant impact on the profit of the Company in the current period or after the period | -            | September 2, 2022 | Ibid |
| Nanjing Putian Telecommunications Co., Ltd. v. Great Wall Broadband Network Service Co., Ltd. Ningbo Branch and Great Wall Broadband Network Service Co., Ltd.: Case of           | 4.14  | No | Court-ordered mediation | It has no significant impact on the profit of the Company in the current period or after the period | In execution | September 2, 2022 | Ibid |

|   |        |    |                                  |   |                         |                   |      |
|---|--------|----|----------------------------------|---|-------------------------|-------------------|------|
| Disputes over Sales Contract  |        |    |                                  |   |                         |                   |      |
| Nanjing Putian Telecommunications Co., Ltd. v. Great Wall Broadband Network Service Co., Ltd. Luoyang Branch and Great Wall Broadband Network Service Co., Ltd.: Case of Disputes over Sales Contract | 28.01  | No | Court-ordered mediation          | It has no significant impact on the profit of the Company in the current period or after the period | In execution            | September 2, 2022 | Ibid |
| Zhu Cuiping v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute   | 11.83  | No | Under trial                      | Pending   | -                       | September 2, 2022 | Ibid |
| Shen Lei v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute  | 0.66   | No | Court-ordered mediation          | It has no significant impact on the profit of the Company in the current period or after the period | Execution completed     | September 2, 2022 | Ibid |
| Tianrui Longyuan (Shanghai) Electrical Equipment Co., Ltd. v. Nanjing Nanman Electrical Co., Ltd.: Case of Dispute over Sales Contract  | 148.48 | No | Court-ordered mediation          | It has no significant impact on the profit of the Company in the current period or after the period | Execution completed     | September 2, 2022 | Ibid |
| Nanjing Nanman Electrical Co., Ltd. v. Nanjing Puyan Electric Co., Ltd.: Case of Dispute over Sales Contract  | 58.43  | No | The verdict has come into effect | It has no significant impact on the profit of the Company in the current period or after the period | Execution not completed | September 2, 2022 | Ibid |
| Nanjing Nanman Electrical   | 424.6  | No | Court-ordered mediation          | It has no significant impact on the   | Execution not completed | September 2, 2022 | Ibid |

|   |        |    |                         |   |                     |                   |      |
|---|--------|----|-------------------------|---|---------------------|-------------------|------|
| Co., Ltd. v. Ningbo Tian'an Group Mutual Inductance Ware Co., Ltd.: Case of Dispute over Sales Contract   |        |    |                         | profit of the Company in the current period or after the period                                     |                     |                   |      |
| Nanjing Nanman Electrical Co., Ltd. v. COOEC-Fluor Heavy Industries Co., Ltd.: Case of Disputes over Sales Contract                               | 7.59   | No | Case withdrawn          | It has no significant impact on the profit of the Company in the current period or after the period | -                   | September 2, 2022 | Ibid |
| Yu Guochao v. Nanjing Nanman Electrical Co., Ltd.: Case of Labor Dispute  | 141.96 | No | Under trial             | Pending   | -                   | September 2, 2022 | Ibid |
| Nanjing Putian Telege Intelligent Building Ltd. v. Itssky Technology Co., Ltd.: Case of Dispute over Sales Contract                               | 22.61  | No | Case withdrawn          | It has no significant impact on the profit of the Company in the current period or after the period | -                   | September 2, 2022 | Ibid |
| Nanjing Putian Telege Intelligent Building Ltd. v. The First Company of China Eighth Engineering Bureau Ltd.: Case of Dispute over Sales Contract | 49.1   | No | Court-ordered mediation | It has no significant impact on the profit of the Company in the current period or after the period | Execution completed | September 2, 2022 | Ibid |
| Nanjing Putian Network Co., Ltd. v. Enjoyor Technology Co., Ltd.: Case of Dispute over Computer Software Development                              | 47.25  | No | Court-ordered mediation | It has no significant impact on the profit of the Company in the current period or after the period | Execution completed | September 2, 2022 | Ibid |

|   |        |    |                                  |   |                     |                   |  |
|---|--------|----|----------------------------------|---|---------------------|-------------------|--|
| Contract  |        |    |                                  |   |                     |                   |  |
| Nanjing Putian Telege Intelligent Building Ltd. v. Jiangsu Runyu Zhaoye Intelligent Technology Co., Ltd.: Case of Dispute over Sales Contract | 35.7   | No | Court-ordered mediation          | It has no significant impact on the profit of the Company in the current period or after the period | Execution completed | September 2, 2022 | Ibid   |
| Nanjing Southern Telecom Co., Ltd. v. Qingdao Huashi Wisdom Technology Co., Ltd.: Case of Dispute over Computer Software Development Contract | 628.54 | No | Under trial                      | Pending   | -                   | October 27, 2022  | Announcement on Accumulated Litigation<br><br>(Announcement No.: 2022-038) |
| Ren Haitao, Hu Jun and Wang Wei v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute   | 15.45  | No | Under trial                      | Pending   | -                   | October 27, 2022  | Ibid   |
| Nanjing Dianchao Electric Technology Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Dispute over Sales Contract            | 3.28   | No | The verdict has come into effect | It has no significant impact on the profit of the Company in the current period or after the period | Execution completed | October 27, 2022  | Ibid   |
| Nanjing Putian Telecommunications Co., Ltd. v. Beijing Guotie Huachen Communication Technology Co., Ltd.: Case of Dispute over                | 40.76  | No | Case withdrawn                   | It has no significant impact on the profit of the Company in the current period or after the period | -                   | October 27, 2022  | Ibid   |

|  |        |    |             |         |   |                  |      |
|--|--------|----|-------------|---------|---|------------------|------|
| Sales Contract   |        |    |             |         |   |                  |      |
| Li Jia v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute   | 1.03   | No | Under trial | Pending | - | October 27, 2022 | Ibid |
| Nanjing Putian Telecommunications Co., Ltd. v. China Broadnet Ningxia Network Co., Ltd.: Case of Dispute over Sales Contract | 10     | No | Under trial | Pending | - | October 27, 2022 | Ibid |
| Hu Dongshuang v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute  | 17.78  | No | Under trial | Pending | - | October 27, 2022 | Ibid |
| Nanjing Nanman Electrical Co., Ltd. v. Jilin Jihua Huaqiang Construction Co., Ltd.: Case of Dispute over Sales Contract      | 9.85   | No | Under trial | Pending | - | October 27, 2022 | Ibid |
| Nanjing Nanman Electrical Co., Ltd. v. Wuhan Putian Hongyan Electric Co., Ltd.: Case of Dispute over Sales Contract          | 129.7  | No | Under trial | Pending | - | October 27, 2022 | Ibid |
| Chen Lu v. Nanjing Nanman Electrical Co., Ltd.: Case of Labor Dispute  | 383.15 | No | Under trial | Pending | - | October 27, 2022 | Ibid |
| Other litigation that did not meet the   | 858.21 | No | -           | -       | - |                  | -    |

|   |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|
| disclosure criteria during the reporting period |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|

## XII. Punishment and rectification

Applicable Not applicable

| Name  | Type   | Reason                             | Type of investigation/punishment | Result (if any)  | Date of disclosure | Disclosure index  |
|---|--------|------------------------------------|----------------------------------|--|--------------------|---|
| Nanjing Putian Telecommunications Co., Ltd. | Others | Non-conforming revenue recognition | Others                           | The Company was ordered to take corrective regulatory measures | January 28, 2022   | CNINFO, the Company's Announcement on Receipt of the Written Decision on Administrative Supervision Measures from Jiangsu Securities Regulatory Bureau (Announcement No.: 2022-004) |

Description of rectification

Applicable Not applicable

According to the requirements of the Written Decision of Jiangsu Securities Regulatory Bureau on Administrative Supervision Measures, the Company corrected and disclosed accounting errors in the relevant data of periodic reports from 2017 to 2019 (see the Company's Announcement on Correction of Previous Accounting Errors issued on April 26, 2022 for details), and submitted a written rectification report to Jiangsu Securities Regulatory Bureau.

## XIII. Credit status of the Company, its controlling shareholders and actual controllers

Applicable Not applicable

## XIV. Major related party transactions

### 1. Related party transactions related to daily operations

Applicable Not applicable

| Related party                                  | Relation  | Type of related party transaction             | Content of related transaction | Pricing principle of related party transaction | Price of related party transaction | Amount of related party transaction (in 10,000 yuan) | Proportion to the amount of similar transactions | Approved transaction quota (in 10,000 yuan) | Whether it exceeded the approved quota | Settlement method of related party transaction | Available market price of similar transactions | Date of disclosure | Disclosure index  |
|--|---|---|--------------------------------|--|------------------------------------|--|--|---|--|--|--|--------------------|---|
| Nanjing Hikvision Digital Technology Co., Ltd. | Controlled by the same ultimate controlling party | Purchasing goods and receiving labor services | Telecommunications products    | Market price                                   | 129.00                             | 129  | 0.20%  | 2,000                                       | No                                     | Bank transfer                                  | 129.00   | March 25, 2022     | Announcement on Expected Routine Related Party Transactions |



|   |   |                                      |                             |              |        |        |       |        |    |               |        |                |                                    |
|---|---|--------------------------------------|-----------------------------|--------------|--------|--------|-------|--------|----|---------------|--------|----------------|------------------------------------|
|   |   |                                      |                             |              |        |        |       |        |    |               |        |                | actions in 2022 released on CNINFO |
| Hangzhou Hikvision Technology Co., Ltd.                                       | Controlled by the same ultimate controlling party |                                      | Telecommunications products | Market price | 63.91  | 63.91  | 0.10% |        | No | Bank transfer | 63.91  | March 25, 2022 | Ibid                               |
| The 23rd Research Institute of China Electronics Technology Group Corporation | Controlled by the same ultimate controlling party |                                      | Testing fee                 | Market price | 0.50   | 0.5    | 0.00% |        | No | Bank transfer | 0.50   | March 25, 2022 | Ibid                               |
| Putian High-tech Industry Co., Ltd.   | Controlled by the same ultimate controlling party |                                      | Labor cost                  | Market price | 25.55  | 25.55  | 0.04% |        | No | Bank transfer | 25.55  | March 25, 2022 | Ibid                               |
| The 28th Research Institute of China Electronics Technology Group Corporation | Controlled by the same ultimate controlling party | Selling goods and providing services | Telecommunications products | Market price | 903.53 | 903.53 | 1.03% | 10,000 | No | Bank transfer | 903.53 | March 25, 2022 | Ibid                               |
| Taiji Computer Corporation Limited  | Controlled by the same ultimate controlling party |                                      | Telecommunications products | Market price | 444.31 | 444.31 | 0.51% |        | No | Bank transfer | 444.31 | March 25, 2022 | Ibid                               |
| CETC Potevio Science &  | Controlled by the same ultimate                   |                                      | Telecommunications products | Market price | 421.31 | 421.31 | 0.48% |        | No | Bank transfer | 421.31 | March 25, 2022 | Ibid                               |

|   |   |  |                             |              |        |        |       |  |    |               |        |                |  |      |
|---|---|--|-----------------------------|--------------|--------|--------|-------|--|----|---------------|--------|----------------|--|------|
| Technology Co., Ltd.  | Controlling party                                 |  | cts                         |              |        |        |       |  |    |               |        |                |  |      |
| Hebei Far-east Communication System Engineering Co., Ltd.       | Controlled by the same ultimate controlling party |  | Telecommunications products | Market price | 214.22 | 214.22 | 0.24% |  | No | Bank transfer | 214.22 | March 25, 2022 |  | Ibid |
| Nanjing Rail Transit System Engineering Co., Ltd.               | Controlled by the same ultimate controlling party |  | Telecommunications products | Market price | 103.87 | 103.87 | 0.12% |  | No | Bank transfer | 103.87 | March 25, 2022 |  | Ibid |
| Nanjing Lopu Co., Ltd.  | Controlled by the same ultimate controlling party |  | Labor cost                  | Market price | 43.42  | 43.42  | 0.05% |  | No | Bank transfer | 43.42  | March 25, 2022 |  | Ibid |
| Beijing Taiji Information System Technology Co., Ltd.           | Controlled by the same ultimate controlling party |  | Telecommunications products | Market price | 38.05  | 38.05  | 0.04% |  | No | Bank transfer | 38.05  | March 25, 2022 |  | Ibid |
| Liyan System Equipment Co., Ltd. of the 28th Research Institute | Controlled by the same ultimate controlling party |  | Telecommunications products | Market price | 35.95  | 35.95  | 0.04% |  | No | Bank transfer | 35.95  | March 25, 2022 |  | Ibid |
| The 55th Research Institute of                                  | Controlled by the same ultimate                   |  | Telecommunications products | Market price | 13.19  | 13.19  | 0.01% |  | No | Bank transfer | 13.19  | March 25, 2022 |  | Ibid |

|   |   |                  |                                   |              |       |       |        |     |    |               |       |                |      |
|---|---|------------------|-----------------------------------|--------------|-------|-------|--------|-----|----|---------------|-------|----------------|------|
| China Electronics Technology Group Corporation          | controlling party                                 |                  |                                   |              |       |       |        |     |    |               |       |                |      |
| Zhongkexin Integrated Circuit Co., Ltd. Nanjing Branch  | Controlled by the same ultimate controlling party |                  | OEM                               | Market price | 10.96 | 10.96 | 0.01%  |     | No | Bank transfer | 10.96 | March 25, 2022 | Ibid |
| CETC Eastern Communications Group Co., Ltd.             | Controlled by the same ultimate controlling party |                  | Telecommunications products       | Market price | 5.25  | 5.25  | 0.01%  |     | No | Bank transfer | 5.25  | March 25, 2022 | Ibid |
| CETC LES Information System Co., Ltd.                   | Controlled by the same ultimate controlling party |                  | Telecommunications products       | Market price | 3.50  | 3.5   | 0.00%  |     | No | Bank transfer | 3.50  | March 25, 2022 | Ibid |
| Nanjing Putian Hongyan Electrical Technology Co., Ltd.  | Controlled by the same ultimate controlling party |                  | Telecommunications products       | Market price | 1.06  | 1.06  | 0.00%  |     | No | Bank transfer | 1.06  | March 25, 2022 | Ibid |
| Beijing Putian Taili Communication Technology Co., Ltd. | Controlled by the same ultimate controlling party |                  | Testing fee                       | Market price | 0.32  | 0.32  | 0.00%  |     | No | Bank transfer | 0.32  | March 25, 2022 | Ibid |
| Putian High-tech Industry Co., Ltd.                     | Controlled by the same ultimate controlling party | Renting property | Rent and property management fees | Market price | 88.24 | 88.24 | 93.80% | 100 | No | Bank transfer | 88.24 | March 25, 2022 | Ibid |

|   |  |  |                         |   |            |              |            |            |    |                      |            |                      |      |
|---|--|--|-------------------------|---|------------|--------------|------------|------------|----|----------------------|------------|----------------------|------|
|   | party  |  |                         |   |            |              |            |            |    |                      |            |                      |      |
| Nanji<br>ng<br>Lopu<br>Co.,<br>Ltd.   | Contr<br>olled<br>by the<br>same<br>ultima<br>te<br>contro<br>lling<br>party | Leasi<br>ng<br>prop<br>erty              | Rent                    | Marke<br>t price  | 39.52      | 39.52        | 9.44%      | 200        | No | Bank<br>transf<br>er | 39.52      | March<br>25,<br>2022 | Ibid |
| China<br>Potevi<br>o<br>Infor<br>matio<br>n<br>Indust<br>ry<br>Co.,<br>Ltd.   | Contr<br>olled<br>by the<br>same<br>ultima<br>te<br>contro<br>lling<br>party | Intere<br>st on<br>entrus<br>ted<br>loan | Intere<br>st on<br>loan | Marke<br>t price  | 774.1<br>5 | 774.1<br>5   | 72.03<br>% | 1,000      | No | Bank<br>transf<br>er | 774.1<br>5 | March<br>25,<br>2022 | Ibid |
| Total   |  |  |                         | --  | --         | 3,359.<br>81 | --         | 13,30<br>0 | -- | --                   | --         | --                   | --   |
| Details of return of large sales  |  |  |                         | Not applicable  |            |              |            |            |    |                      |            |                      |      |
| Actual performance during the reporting period (if any) for expected routine related party transactions during the period with estimated total amount by category |  |  |                         | The Company estimates that the total amount of routine related party transactions in 2022 did not exceed 133 million yuan, including no more than 20 million yuan for the purchase of products and acceptance of labor services from related parties, no more than 100 million yuan for the sale of products and provision of labor services to related parties, no more than 2 million yuan for the rental income from properties leased to related parties, no more than 1 million yuan for the rent and property management services accepted for properties leased from related parties, and no more than 10 million yuan for the interest paid on entrusted loans to related parties. During the reporting period, the actual total amount of routine related party transactions was 33.5981 million yuan, including 2.1896 million yuan for the purchase of goods and acceptance of labor services, 22.3894 million yuan for the sale of goods and provision of labor services, 395.2 thousand yuan of rental income, 882.4 thousand yuan for rent and property management fees, and 7.7415 million yuan for interest paid on entrusted loans. The actual total amount did not exceed the estimated total amount. |            |              |            |            |    |                      |            |                      |      |
| Reasons for the large difference between the transaction price and the market reference price (if applicable)   |  |  |                         | Not applicable  |            |              |            |            |    |                      |            |                      |      |

## 2. Related party transactions arising from the acquisition or sale of assets or equity

Applicable Not applicable

During the reporting period, there were no related party transactions of assets or equity acquisition or sale.

## 3. Related party transactions involving joint external investment

Applicable Not applicable

During the reporting period, there were no related party transactions involving joint external investment

## 4. Related credits and debts

Applicable Not applicable

Whether there were non-operating related party transactions involving creditor's rights and debts

Yes No

During the reporting period, there was no non-operating related party transactions involving creditor's rights and debts

## 5. Transactions with finance companies as related parties of the Company

Applicable Not applicable

Deposit business

| Related parties | Relation | Maximum daily deposit limit (in 10,000 yuan) | Range of Deposit interest rate | Opening balance (in 10,000 yuan) | Amount in the current period                   |  | Closing balance (in 10,000 yuan) |
|-----------------|----------|--|--------------------------------|----------------------------------|--|--|----------------------------------|
|                 |          |  |                                |                                  | Total deposit amount in the current period (in | Total withdrawal amount in the current |                                  |
|                 |          |  |                                |                                  |  |  |                                  |

|                        |   |           |            |        | 10,000 yuan) | period (in 10,000 yuan) |          |
|------------------------|---|-----------|------------|--------|--------------|-------------------------|----------|
| CETC Finance Co., Ltd. | Other enterprises controlled by the actual controller | 69,550.04 | 0.25%-1.1% | 715.16 | 50,073.67    | 48,759.69               | 2,407.44 |

## Loan business

| Related parties | Relation | Loan amount (in 10,000 yuan) | Range of loan interest rate | Opening balance (in 10,000 yuan) | Amount in the current period                             |   | Closing balance (in 10,000 yuan) |
|-----------------|----------|------------------------------|-----------------------------|----------------------------------|--|---|----------------------------------|
|                 |          |                              |                             |                                  | Total loan amount in the current period (in 10,000 yuan) | Total repayment amount in the current period (in 10,000 yuan) |                                  |
|                 |          |                              |                             |                                  |  |   |                                  |

## Credit granting or other financial business

| Related parties        | Relation  | Business type   | Total amount (in 10,000 yuan) | Actual amount incurred (in 10,000 yuan) |
|------------------------|---|-----------------|-------------------------------|---|
| CETC Finance Co., Ltd. | Other enterprises controlled by the actual controller | Credit granting | 20,000                        | 0                                       |

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

Applicable Not applicable

There was no deposit, loan, credit or other financial business between the financial company controlled by the Company and its related parties.

**7. Other major related party transactions**

Applicable Not applicable

There were no other major related party transactions during the reporting period.

**XV. Major contracts and their performance****1. Trusteeship, contracting and leasing****(1) Trusteeship**

Applicable Not applicable

There was no trusteeship during the reporting period.

**(2) Contracting**

Applicable Not applicable

There was no contracting during the reporting period.

**(3) Leasing**

Applicable Not applicable

Description of leasing

During the reporting period, the Company and its subsidiaries incurred rental expenses of 940,700 yuan and rental revenue of 4,187,900 yuan.

Items that brought profit or loss to the Company amounting to more than 10% of the total profit of the Company in the reporting period

Applicable Not applicable

The Company did not have any leasing item that brought profit or loss to the Company amounting to more than 10% of the total profit of the Company in the reporting period.

**2. Material guarantees**

Applicable Not applicable

Unit: RMB 10,000

| External guarantee (excluding the guarantee for subsidiaries) of the Company and its subsidiaries |          |          |        |        |          |           |          |          |         |         |  |
|---|----------|----------|--------|--------|----------|-----------|----------|----------|---------|---------|--|
| Name of   | Disclosu | Guarante | Actual | Actual | Guarante | Collatera | Counter- | Guarante | Whether | Whether |  |
|   |          |          |        |        |          |           |          |          |         |         |  |

| guarantee recipient  | re date of announcement related to guarantee amount         | Guarantee amount | date of occurrence        | guarantee amount  | Guarantee type | Collateral (if any) | guarantee (if any)         | Guarantee period                      | the guarantee has been fulfilled         | it is guaranteed by related parties         |
|--|---|------------------|---------------------------|---|----------------|---------------------|----------------------------|---------------------------------------|--|---|
| The Company's guarantee for its subsidiaries   |   |                  |                           |   |                |                     |                            |                                       |  |   |
| Name of guarantee recipient  | Disclosure date of announcement related to guarantee amount | Guarantee amount | Actual date of occurrence | Actual guarantee amount   | Guarantee type | Collateral (if any) | Counter-guarantee (if any) | Guarantee period                      | Whether the guarantee has been fulfilled | Whether it is guaranteed by related parties |
| Nanjing Southern Telecom Co., Ltd.   | April 20, 2021  | 5,000            | October 28, 2021          | 2,000   |                |                     |                            | November 12, 2021 - July 22, 2022     | Yes                                      | No  |
| Nanjing Southern Telecom Co., Ltd.   | April 20, 2021  | 5,000            | February 15, 2022         | 1,000   |                |                     |                            | February 23, 2022 - November 16, 2022 | Yes                                      | No  |
| Total amount of guarantees approved for subsidiaries during the reporting period (B1)        |   | 0                |                           | Total actual amount of guarantees for subsidiaries during the reporting period (B2)         |                | 1,000               |                            |                                       |  |   |
| Total amount of approved guarantees for subsidiaries at the end of the reporting period (B3) |   | 0                |                           | Total actual balance of guarantees for subsidiaries at the end of the reporting period (B4) |                | 0                   |                            |                                       |  |   |
| Guarantee of subsidiaries to subsidiaries  |   |                  |                           |   |                |                     |                            |                                       |  |   |
| Name of guarantee recipient  | Disclosure date of announcement related to guarantee amount | Guarantee amount | Actual date of occurrence | Actual guarantee amount   | Guarantee type | Collateral (if any) | Counter-guarantee (if any) | Guarantee period                      | Whether the guarantee has been fulfilled | Whether it is guaranteed by related parties |
| Total amount of the Company's guarantees (that is, the total of the first three items)       |   |                  |                           |   |                |                     |                            |                                       |  |   |
| Total amount of approved guarantees during the reporting period (A1+B1+C1)                   |   | 0                |                           | Total actual amount of guarantees during the reporting period (A2+B2+C2)                    |                | 1,000               |                            |                                       |  |   |
| Total amount of approved guarantees at the end of the reporting period (A3+B3+C3)            |   | 0                |                           | Total actual balance of guarantees at the end of the reporting period (A4+B4+C4)            |                | 0                   |                            |                                       |  |   |
| Where:   |   |                  |                           |   |                |                     |                            |                                       |  |   |
| Balance of guarantees provided to shareholders, actual controllers and their                 |   |                  |                           | 0   |                |                     |                            |                                       |  |   |

|  |      |
|--|------|
| related parties (D)  |      |
| Balance of debt guarantees directly or indirectly provided to the guaranteed recipients with asset-liability ratio exceeding 70% (E)   | 0    |
| Explanation of the guarantee liability incurred during the reporting period or evidence of the possibility of joint and several liability (if any) for unexpired guarantee contracts | None |
| Explanation of providing external guarantees in violation of prescribed procedures (if any)  | None |

Details of adopting compound guarantees

-

### 3. Delegation of cash asset management to others

#### (1) Entrusted financial management

Applicable Not applicable

There was no entrusted financial management during the reporting period.

#### (2) Entrusted loans

Applicable Not applicable

There was no entrusted loan during the reporting period.

### 4. Other major contracts

Applicable Not applicable

There was no other major contract during the reporting period.

## XVI. Explanations of other major matters

Applicable Not applicable

| Matter   | Date of disclosure | Related query index of the information disclosure website |
|--|--------------------|---|
| Announcement on the Resignation of the Chairman of the Board of Directors  | January 13, 2022   | CNINFO (www.cninfo.com.cn)                                |
| Announcement of the Resolutions of the 55th Meeting of the 7th Board of Directors  | January 19, 2022   | CNINFO (www.cninfo.com.cn)                                |
| Notice on Convening the 1st Extraordinary General Meeting of Shareholders in 2022  | January 19, 2022   | CNINFO (www.cninfo.com.cn)                                |
| Announcement on Receipt of the Written Decision on Administrative Supervision Measures from Jiangsu Securities Regulatory Bureau | January 28, 2022   | CNINFO (www.cninfo.com.cn)                                |
| Annual Performance Forecast for 2021   | January 29, 2022   | CNINFO (www.cninfo.com.cn)                                |
| Announcement of the Resolutions of the 1st Extraordinary General Meeting of Shareholders in 2022                                 | February 15, 2022  | CNINFO (www.cninfo.com.cn)                                |
| Announcement of the Resolutions of the 56th Meeting of the 7th Board of Directors  | February 15, 2022  | CNINFO (www.cninfo.com.cn)                                |
| Announcement on the Progress of Guarantees for Subsidiaries  | February 24, 2022  | CNINFO (www.cninfo.com.cn)                                |
| Announcement of the Resolutions of the 57th Meeting of the 7th Board of Directors  | March 25, 2022     | CNINFO (www.cninfo.com.cn)                                |

|  |                   |                            |
|--|-------------------|----------------------------|
| Announcement on Expected Routine Related Party Transactions in 2022  | March 25, 2022    | CNINFO (www.cninfo.com.cn) |
| Announcement of the Resolutions of the 58th Meeting of the 7th Board of Directors  | April 26, 2022    | CNINFO (www.cninfo.com.cn) |
| Announcement of the Resolutions of the 24th Meeting of the 7th Board of Supervisors  | April 26, 2022    | CNINFO (www.cninfo.com.cn) |
| Annual Report 2021   | April 26, 2022    | CNINFO (www.cninfo.com.cn) |
| Announcement on Provision for Impairment of Assets in 2021   | April 26, 2022    | CNINFO (www.cninfo.com.cn) |
| Announcement on Correction of Previous Accounting Errors   | April 26, 2022    | CNINFO (www.cninfo.com.cn) |
| Notice on Convening the 2021 Annual General Meeting of Shareholders  | April 26, 2022    | CNINFO (www.cninfo.com.cn) |
| Announcement on Expected Continuous Related Party Transactions with CETC Finance Co., Ltd. in 2022   | April 26, 2022    | CNINFO (www.cninfo.com.cn) |
| Announcement on Accumulated Litigation   | April 26, 2022    | CNINFO (www.cninfo.com.cn) |
| Report for the First Quarter of 2022   | April 29, 2022    | CNINFO (www.cninfo.com.cn) |
| Announcement of Abnormal Fluctuations in Stock Trading   | May 13, 2022      | CNINFO (www.cninfo.com.cn) |
| Announcement of Resolution of 2021 Annual General Meeting of Shareholders  | May 21, 2022      | CNINFO (www.cninfo.com.cn) |
| 2021 Continuous Supervision Report and Continuous Supervision Summary Report of CITIC Securities Co., Ltd. on Major Asset Sale and Related Party Transactions of Nanjing Putian Telecommunications Co., Ltd. | May 21, 2022      | CNINFO (www.cninfo.com.cn) |
| Announcement on Convening the 2021 Online Performance Briefing   | May 26, 2022      | CNINFO (www.cninfo.com.cn) |
| <u>Semi-annual Performance Forecast for 2022</u>   | July 15, 2022     | CNINFO (www.cninfo.com.cn) |
| <u>Announcement on the Change of Accounting Firm</u>   | August 9, 2022    | CNINFO (www.cninfo.com.cn) |
| <u>Announcement of the Resolutions of the 60th Meeting of the 7th Board of Directors</u>   | August 9, 2022    | CNINFO (www.cninfo.com.cn) |
| <u>Announcement of Resolutions of the Board of Directors in Semi-annual Report</u>   | August 23, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Announcement of Resolutions of the Board of Supervisors in Semi-annual Report</u>   | August 23, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Semi-annual Report for 2022</u>   | August 23, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Announcement on Bankruptcy and Liquidation of Subsidiaries</u>  | August 23, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Announcement on Accumulated Litigation</u>  | September 2, 2022 | CNINFO (www.cninfo.com.cn) |



|   |                    |                            |
|---|--------------------|----------------------------|
| <u>Prompt Announcement on Proposed Transfer of State-owned Equity Interests without Compensation and Change in Controlling Shareholders</u> | September 15, 2022 | CNINFO (www.cninfo.com.cn) |
| <u>Announcement of the Resolutions of the 27th Meeting of the 7th Board of Supervisors</u>  | September 29, 2022 | CNINFO (www.cninfo.com.cn) |
| <u>Announcement of the Resolutions of the 62nd Meeting of the 7th Board of Directors</u>  | September 29, 2022 | CNINFO (www.cninfo.com.cn) |
| <u>Notice on Convening the 2nd Extraordinary General Meeting of Shareholders in 2022</u>  | September 29, 2022 | CNINFO (www.cninfo.com.cn) |
| <u>Summary of Acquisition Report of Nanjing Putian Telecommunications Co., Ltd.</u>   | September 30, 2022 | CNINFO (www.cninfo.com.cn) |
| <u>Legal Opinions on Exemption of CETC Glarun Group Co., Ltd. from the Issue of a Tender Offer</u>  | October 13, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Brief Report of Nanjing Putian Telecommunications Co., Ltd. on Changes in Equity</u>   | October 13, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Acquisition Report of Nanjing Putian Telecommunications Co., Ltd.</u>  | October 13, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Legal Opinion on the Acquisition Report of Nanjing Putian Telecommunications Co., Ltd.</u>   | October 13, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Announcement of the Resolutions of the 1st Meeting of the 8th Board of Supervisors</u>   | October 19, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Announcement of the Resolutions of the 2nd Extraordinary General Meeting of Shareholders in 2022</u>                                     | October 19, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Announcement of the Resolutions of the 1st Meeting of the 8th Board of Directors</u>   | October 19, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Announcement on Accumulated Litigation</u>   | October 27, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Report for the Third Quarter of 2022</u>   | October 29, 2022   | CNINFO (www.cninfo.com.cn) |
| <u>Announcement of the Resolutions of the 3rd Meeting of the 8th Board of Directors</u>   | November 17, 2022  | CNINFO (www.cninfo.com.cn) |
| <u>Notice on Convening the 3rd Extraordinary General Meeting of Shareholders in 2022</u>  | November 29, 2022  | CNINFO (www.cninfo.com.cn) |
| <u>Announcement of the Resolutions of the 3rd Extraordinary General Meeting of Shareholders in 2022</u>                                     | December 16, 2022  | CNINFO (www.cninfo.com.cn) |
| <u>Announcement on the Progress of Related Party Transactions for Entrusted Loans Provided by Controlling Shareholders to the Company</u>   | December 28, 2022  | CNINFO (www.cninfo.com.cn) |

**XVII. Major issues of the Company's subsidiaries**

Applicable Not applicable

## Section VII Changes in Shares and Shareholders

### I. Changes in shares

#### 1. Changes in shares

Unit: share

|                                       | Before the change |            | Increase or decrease (+, -) in this change |                |  |        |          | After the change |            |
|---------------------------------------|-------------------|------------|--|----------------|--|--------|----------|------------------|------------|
|                                       | Quantity          | Proportion | Issue of new shares                        | Share offering | Conversion of provident fund into shares | Others | Subtotal | Quantity         | Proportion |
| I. Unlisted tradable shares           | 115,000,000       | 53.49%     |  |                |  |        |          | 115,000,000.00   | 53.49%     |
| 1. Shares of founders                 | 115,000,000       | 53.49%     |  |                |  |        |          | 115,000,000      | 53.49%     |
| Where: Shares held by the state       | 115,000,000       | 53.49%     |  |                |  |        |          | 115,000,000      | 53.49%     |
| Shares held by domestic legal persons |                   |            |  |                |  |        |          |                  |            |
| Shares held by overseas legal persons |                   |            |  |                |  |        |          |                  |            |
| Others                                |                   |            |  |                |  |        |          |                  |            |
| 2. Shares held by legal persons       |                   |            |  |                |  |        |          |                  |            |
| 3. Shares held by employees           |                   |            |  |                |  |        |          |                  |            |
| 4. Preferred shares or other          |                   |            |  |                |  |        |          |                  |            |
| II. Listed tradable shares            | 100,000,000       | 46.51%     |  |                |  |        |          | 100,000,000      | 46.51%     |
| 1. Ordinary shares in Renminbi        |                   |            |  |                |  |        |          |                  |            |
| 2. Foreign shares listed in China     | 100,000,000       | 46.51%     |  |                |  |        |          | 100,000,000      | 46.51%     |
| 3. Foreign shares listed overseas     |                   |            |  |                |  |        |          |                  |            |
| 4. Others                             |                   |            |  |                |  |        |          |                  |            |
| III. Total number of                  | 215,000,000       | 100.00%    |  |                |  |        |          | 215,000,000      | 100.00%    |

|        |  |  |  |  |  |  |  |  |  |
|--------|--|--|--|--|--|--|--|--|--|
| shares |  |  |  |  |  |  |  |  |  |
|--------|--|--|--|--|--|--|--|--|--|

Reasons for changes in shares

Applicable Not applicable

Approval of share changes

Applicable Not applicable

Transfer of shares

Applicable Not applicable

Effect of share changes on financial indicators such as basic and diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company for the most recent year and the most recent period

Applicable Not applicable

Other contents that the Company deems necessary to be disclosed or required to be disclosed by the securities regulatory authority

Applicable Not applicable

## 2. Changes in restricted shares

Applicable Not applicable

## II. Issuance and listing of securities

### 1. Securities issuance (excluding preferred shares) during the reporting period

Applicable Not applicable

### 2. Changes in the total number of shares and shareholder structure of the Company, and changes in the structure of assets and liabilities of the Company

Applicable Not applicable

### 3. Existing shares held by employees

Applicable Not applicable

## III. Shareholders and actual controllers

### 1. Number and shareholding of shareholders of the Company

Unit: share

| Total number of ordinary shareholders at the end of the reporting period                  | 7,879                    | Total number of ordinary shareholders at the end of last month before the disclosure date of the annual report | 7,815  | Total number of preferred shareholders whose voting rights were restored at the end of the reporting period (if any) (see Note 8) | 0                                       | Total number of preferred shareholders whose voting rights were restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8) | 0                           |          |
|---|--------------------------|--|--|---|---|---|-----------------------------|----------|
| Shareholders holding more than 5% of the shares or the top 10 shareholders' shareholdings |                          |  |  |   |   |   |                             |          |
| Name of shareholder   | Type of shareholder      | Shareholding ratio   | Number of shares held at the end of the reporting period | Increase or decrease during the reporting period  | Number of unlisted tradable shares held | Number of listed and tradable shares held   | Pledge, marking or freezing |          |
|   |                          |  |  |   |   |   | Shares status               | Quantity |
| China Potevio Information Industry Co., Ltd.  | State-owned legal person | 53.49%   | 115,000,000  | 0   | 115,000,000                             | 0   |                             |          |
| Shenwan Hongyuan  | Overseas legal           | 2.14%  | 4,602,100.0  | -1,814,720.0  | 0                                       | 4,602,100.0   |                             |          |

| Securities (H.K.) Ltd.  | person   |                        |              | 0           |   |              |  |  |
|---|--|------------------------|--------------|-------------|---|--------------|--|--|
| GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED   | Overseas legal person  | 1.19%                  | 2,552,458.00 | -242,448.00 | 0 | 2,552,458.00 |  |  |
| Zheng Enyue   | Natural person in China  | 1.14%                  | 2,449,739.00 | 0.00        | 0 | 2,449,739.00 |  |  |
| Sun Huiming   | Natural person in China  | 0.97%                  | 2,080,000.00 | 80,000.00   | 0 | 2,080,000.00 |  |  |
| Gu Jinhua   | Natural person in China  | 0.87%                  | 1,871,371.00 | 0.00        | 0 | 1,871,371.00 |  |  |
| BOCI SECURITIES LIMITED   | Overseas legal person  | 0.59%                  | 1,266,945.00 | 0.00        | 0 | 1,266,945.00 |  |  |
| Guosen Securities (Hong Kong) Brokerage Co., Ltd.   | Overseas legal person  | 0.55%                  | 1,180,082.00 | -648,600.00 | 0 | 1,180,082.00 |  |  |
| Zhen Hongquan   | Natural person in China  | 0.47%                  | 1,002,300.00 | 10,400.00   | 0 | 1,002,300.00 |  |  |
| Xiang Yan   | Natural person in China  | 0.42%                  | 905,602.00   | 0.00        | 0 | 905,602.00   |  |  |
| Strategic investors or general legal entities becoming top 10 shareholders as a result of the placement of new shares (if any) (see Note 3) | None   |                        |              |             |   |              |  |  |
| Description of the above-mentioned shareholders' association or concerted actions   | Among the top 10 shareholders, China Potevio Information Industry Co., Ltd. was not related to other shareholders and was not a party acting in concert. The Company did not know whether other shareholders were related to each other or were parties acting in concert. |                        |              |             |   |              |  |  |
| Explanation of the above shareholders' involvement in proxy/entrusted voting rights and abstention from voting rights                       | None   |                        |              |             |   |              |  |  |
| Special note on the existence of repurchase special accounts of the top 10 shareholders (if any) (see Note 10)                              | None   |                        |              |             |   |              |  |  |
| Shareholding of the top 10 tradable shareholders  |  |                        |              |             |   |              |  |  |
| Name of shareholder   | Number of listed and tradable shares held at the end of the reporting period   | Type of shares         |              |             |   |              |  |  |
|   |  | Type of shares         | Quantity     |             |   |              |  |  |
| Shenwan Hongyuan Securities (H.K.) Ltd.   | 4,602,100.00   | Domestic listed shares | 4,602,100.00 |             |   |              |  |  |
| GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED   | 2,552,458.00   | Domestic listed shares | 2,552,458.00 |             |   |              |  |  |

|  |   |                                |              |
|--|---|--------------------------------|--------------|
| Zheng Enyue  | 2,449,739.00  | Domestic listed foreign shares | 2,449,739.00 |
| Sun Huiming  | 2,080,000.00  | Domestic listed foreign shares | 2,080,000.00 |
| Gu Jinhua  | 1,871,371.00  | Domestic listed foreign shares | 1,871,371.00 |
| BOCI SECURITIES LIMITED  | 1,266,945.00  | Domestic listed foreign shares | 1,266,945.00 |
| Guosen Securities (Hong Kong) Brokerage Co., Ltd.  | 1,180,082.00  | Domestic listed foreign shares | 1,180,082.00 |
| Zhen Hongquan  | 1,002,300.00  | Domestic listed foreign shares | 1,002,300.00 |
| Xiang Yan  | 905,602.00  | Domestic listed foreign shares | 905,602.00   |
| Xia Zulin  | 900,000.00  | Domestic listed foreign shares | 900,000.00   |
| Description of the relationship or concerted action among the top 10 shareholders with unlimited tradable shares, and between the top 10 shareholders with unlimited tradable shares and the top 10 shareholders | The Company did not know whether the above shareholders were related to each other or were acting in concert. |                                |              |
| Description of the participation of the top 10 ordinary shareholders in margin financing and securities lending business (if any) (see Note 4)   | None  |                                |              |

Whether the Company's top 10 ordinary shareholders and top 10 shareholders holding ordinary shares with unlimited selling conditions entered into agreed repurchase transactions during the reporting period

Yes No

The top 10 ordinary shareholders of the Company and the top 10 shareholders holding ordinary shares with unlimited selling conditions did not conduct agreed repurchase transactions during the reporting period.

## 2. Controlling shareholder of the Company

Nature of controlling shareholder: central state-owned holding

Type of controlling shareholder: legal person

| Name of controlling shareholder              | Legal representative/person in charge | Date of establishment | Organization code  | Main business   |
|--|---------------------------------------|-----------------------|--------------------|---|
| China Potevio Information Industry Co., Ltd. | Xu Xiaoming                           | July 23, 2003         | 91110000710931555N | The company primarily engages in the manufacturing and trading of information |

|  |   |  |  |  |
|--|---|--|--|--|
|  |   |  |  | and communication products, as well as relevant technology research and services. Its business scope covers various industry sectors, including information and communication, broadcasting and television, industrial informatization, financial electronics, and new energy. |
| Shareholdings in other domestic and foreign listed companies which the controlling shareholder controlled or in which the controlling shareholder held an equity stake during the reporting period | - |  |  |  |

Changes of controlling shareholder during the reporting period

Applicable Not applicable

China Potevio Information Industry Co., Ltd., the former controlling shareholder of the Company, transferred 115 million state-owned legal person shares of the Company to CETC Glarun Group Co., Ltd. for free. As of April 18, 2023, the transfer formalities were completed. CETC Glarun Group Co., Ltd. holds 115 million shares of the Company, accounting for 53.49% of the total share capital of the Company, and it is the controlling shareholder of the Company.

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

Nature of actual controller: central state-owned assets management institution

Type of actual controller: legal person

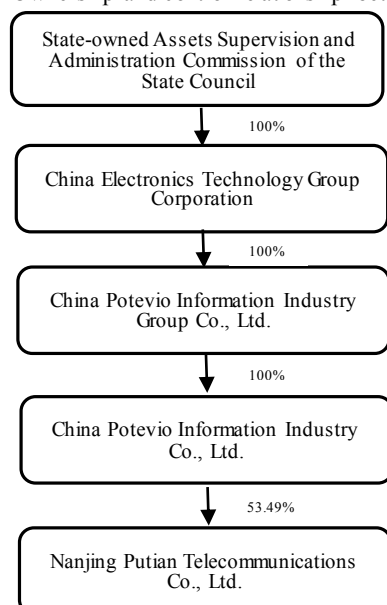
| Name of actual controller   | Legal representative/person in charge   | Date of establishment | Organization code                                | Main business  |
|---|---|-----------------------|--|--|
| China Electronics Technology Group Corporation  | Chen Zhaoxiong  | February 25, 2002     | Unified social credit code<br>91110000710929498G | Mainly engaged in the construction of national important military and civilian large-scale electronic information systems, and the development and production of major equipment, communication and electronic equipment, software and key components. |
| Equity interests in other domestic and foreign listed companies controlled by the actual controller during the reporting period | Other domestic and foreign listed companies controlled by the actual controller: Hangzhou Hikvision Digital Technology Co., Ltd., Taiji Computer Corporation Limited, CETC Digital Technology Co., Ltd., CETC Cyberspace Security Technology Co., Ltd.; Glarun Technology Co., Ltd., Sun Create Electronics Co., Ltd., Chengdu Spaceon Electronics Co., Ltd., CETC Potevio Science & Technology Co., Ltd., Phoenix Optics Co., Ltd., CETC Acousto-optic Technology Co., Ltd., Hebei Sinopack Electronic Technology Co., Ltd., Eastern Communications Co., Ltd., Eastcompeace Technology Co., Ltd., Guobo Electronics Co., Ltd., Hangzhou Ezviz Network Co., Ltd., Chengdu SIWI Science and Technology Co., Ltd. |                       |  |  |

Change of actual controller during the reporting period

Applicable Not applicable

The actual controller of the Company was not changed during the reporting period.

Ownership and control relationship between the Company and the actual controller in the form of a block diagram



Control of the Company by the actual controller through trust or other asset management modes

Applicable Not applicable

**4. The controlling shareholder or the largest shareholder of the Company and the persons acting in concert pledged 80% of the number of shares held by them**

Applicable Not applicable

**5. Other corporate shareholders holding more than 10% of shares**

Applicable Not applicable

**6. Restrictions on shareholding reduction by controlling shareholder, actual controller, restructured parties and other entities making commitments**

Applicable Not applicable

**IV. Implementation of share repurchase during the reporting period**

Implementation progress of share repurchase

Applicable Not applicable

Implementation progress of reducing repurchased shares by centralized bidding transaction

Applicable Not applicable



## **Section VIII Information on Preferred Shares**

Applicable Not applicable

The Company had no preferred shares during the reporting period.

## **Section IX Information on Bonds**

Applicable Not applicable

## Section X. Financial Report

### I. Audit report

|                              |  |
|------------------------------|--|
| Type of audit opinion        | Standard unqualified                     |
| Signing date of audit report | April 18, 2023                           |
| Name of audit institute      | WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP. |
| Serial of Auditing Report    | DAXIN SHEN ZI [2023]No. 1-01215          |
| Name of CPA                  | Wang Fangquan Guo Zhigang                |

## Auditor's Report

DAXIN SHEN ZI [2023]No. 1-01215

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

#### I. Opinion

We have audited the financial statements of Nanjing Putian Telecommunications Co., Ltd (hereafter referred to as "the Company"), which comprise the consolidated and the Company's balance sheets as at December 31, 2022, the consolidated and the Company's statements of income, the consolidated and the Company's statements of cash flows and the consolidated and the Company's statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

#### II. Basis for Opinion

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants and have fulfilled our other ethical responsibilities in accordance with the Code.

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

#### III. Key Audit Matters

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

##### (I) Revenue recognition

###### 1. Event description

As stated in notes III (24) of the financial statements and notes V(34), Operating revenue and operating costs, the sales revenue of the company in 2022 was 879,56.60 ten thousand yuan.

Operating income is one of the company's key performance indicators and an important part of the source of profit. There is an inherent risk that management manipulates revenue recognition for specific purposes, and we therefore identify revenue recognition as a critical audit event.

###### 2. Audit response

(1) Understand and evaluate the revenue process of transaction booking and key internal controls of management.

(2) Select samples of revenue transactions recorded in the reporting period, check sales orders, sales invoices, shipping records, customer receipt documents and other materials, and evaluate whether relevant revenue recognition conforms to your company's accounting policies for revenue recognition.

(3) Perform analytical review procedures for operating revenue and gross profit margin based on product, customer and other dimensions to judge the rationality of changes in operating revenue and gross profit margin.

(4) Confirm the sales revenue generated by major customers and the balance of accounts receivable to evaluate the authenticity and accuracy of your company's revenue recognition.

(5) Perform sample tests on sales revenue recognized around the balance sheet date to assess whether sales revenue is recognized in the appropriate period.

##### (II) Provision for bad debts of accounts receivable

###### Event description

The relevant disclosures are detailed in notes III (11) and V (4) to the financial statements.

As of December 31, 2022, the book balance of accounts receivable of the company is 49,850.52 ten thousand yuan, the balance of bad debt reserve is 19,388.90 ten thousand yuan, and the book value is 30,461.62 ten thousand yuan, accounting for 34.17% of the total assets

The management of your company (hereinafter referred to as the management) measures its loss reserve in accordance with the expected credit loss amount equivalent to the entire duration based on a single account receivable or a combination of accounts receivable based on the credit risk characteristics of each account receivable. For the receivables that measure expected credit losses

on a single item basis, the management estimates the expected cash flow by taking into account reasonable and evidence-based information about past events, current conditions and future economic conditions, and determines the allowance for bad debts accordingly. For accounts receivable that measure expected credit loss on the basis of portfolio, the management divides the portfolio based on aging, refers to historical credit loss experience and makes adjustments according to forward-looking estimates, and prepares a comparison table between aging accounts receivable and expected credit loss rate to determine the allowance for bad debts.

Due to the significant amount of accounts receivable and the significant management judgment involved in the impairment test of accounts receivable, we identified the impairment of accounts receivable as a critical audit matter.

## 2. Audit response

For the impairment of accounts receivable, our audit procedures mainly include:

- (1) Understand and evaluate the design and operational effectiveness of key internal controls related to accounts receivable bad debt reserve;
- (2) For the accounts receivable for which bad debt provision is made according to individual assessment, we have sampled and reviewed the basis for the management to calculate the recoverable amount, including the management's assessment of the customer's credit risk based on the customer's current credit status, repayment willingness and repayment ability;
- (3) For the accounts receivable set aside for bad debts according to the aging combination, we sampled the key information such as aging and overdue days;
- (4) We reviewed management's calculation of allowance for doubtful accounts receivable;
- (5) Implement confirmation of large and important accounts receivable, and evaluate the rationality of the management's provision for bad debts of accounts receivable based on procedures such as post-period collection and long-term reason analysis of accounts receivable.

## IV. Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

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

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

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

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

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- D. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

**WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.**

Certified Public Accountant of China

(Engagement partner)

Certified Public Accountant of China

China . Beijing

Date: April 18, 2023

Nanjing Putian Telecommunications Co., Ltd. Consolidated balance sheet as at December 31, 2022 (Expressed in Renminbi Yuan)

## Consolidated balance sheet

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

2022/12/31

Unit: RMB

| Item                                   | Notes | 2022/12/31            | 2021/12/31            |
|--|-------|-----------------------|-----------------------|
| <b>Current assets :</b>                |       |                       |                       |
| Cash and bank balances                 | V(1)  | 173,863,825.35        | 188,665,530.37        |
| Held-for-trading financial assets      | V(2)  |                       | 20,000,000.00         |
| Derivative financial assets            |       |                       |                       |
| Notes receivable                       | V(3)  | 27,689,906.04         | 13,703,192.38         |
| Accounts receivable                    | V(4)  | 304,616,212.04        | 334,586,551.93        |
| Receivables financing                  | V(5)  | 30,668,999.36         | 40,852,223.88         |
| Advances paid                          | V(6)  | 19,081,824.22         | 22,645,816.66         |
| Other receivable                       | V(7)  | 11,716,301.19         | 16,628,195.17         |
| Including: Interest receivable         |       |                       |                       |
| dividend receivable                    |       |                       |                       |
| Inventories                            | V(8)  | 166,440,238.56        | 186,531,565.70        |
| Contract assets                        |       |                       |                       |
| assets hold available for sale         |       |                       |                       |
| Non-current assets due within one year |       |                       |                       |
| Other current assets                   | V(9)  | 3,432,231.67          | 7,763,000.07          |
| <b>Total current assets</b>            |       | <b>737,509,538.43</b> | <b>831,376,076.16</b> |
| <b>Non-current assets :</b>            |       |                       |                       |
| Debt investment                        |       |                       |                       |
| Other debt investment                  |       |                       |                       |
| Long-term receivable                   |       |                       |                       |
| Long-term equity investments           | V(10) | 10,422,321.80         | 10,422,193.15         |
| Other equity instrument investments    | V(11) | 741,953.00            | 741,953.00            |
| Other non-current financial assets     |       |                       |                       |
| Investment property                    | V(12) | 20,351,240.03         | 6,854,891.51          |
| Fixed assets                           | V(13) | 97,917,714.15         | 117,801,156.71        |
| Construction in progress               | V(14) |                       | 292,996.23            |
| Productive biological assets           |       |                       |                       |
| Oil and gas asset                      |       |                       |                       |
| Right-of-use asset                     |       |                       |                       |
| Intangible assets                      | V(15) | 20,493,463.76         | 21,108,747.48         |
| Development expenditure                |       |                       |                       |
| Goodwill                               |       |                       |                       |
| Long-term prepayments                  | V(16) | 3,953,824.45          | 4,973,968.20          |
| Deferred tax assets                    |       |                       |                       |
| Other non-current assets               |       |                       |                       |
| <b>Total non-current assets</b>        |       | <b>153,880,517.19</b> | <b>162,195,906.28</b> |
| <b>Total assets</b>                    |       | <b>891,390,055.62</b> | <b>993,571,982.44</b> |

Legal Representative:

Accounting Director:

Accounting Manager:

## Consolidated balance sheet (continued)

Preparation unit: Nanjing Putian Telecommunications Co., Ltd. 2022/12/31

Unit: RMB

| Item   | Notes | 2022/12/31            | 2021/12/31            |
|--|-------|-----------------------|-----------------------|
| <b>Current liabilities :</b>   |       |                       |                       |
| Short-term borrowings  | V(18) | 112,836,727.77        | 199,000,000.00        |
| Transactional financial liabilities  |       |                       |                       |
| Derivative financial liabilities   |       |                       |                       |
| Notes payable  | V(19) |                       | 1,251,741.17          |
| Accounts payable   | V(20) | 470,867,283.07        | 538,363,742.94        |
| Advances received  | V(21) | 240,585.08            |                       |
| Contract liabilities   | V(22) | 15,048,811.36         | 18,884,024.60         |
| Employee benefits payable  | V(23) | 17,473,887.86         | 19,445,171.68         |
| Taxes payable  | V(24) | 7,390,521.21          | 2,881,067.35          |
| Other payable  | V(25) | 59,206,281.08         | 64,006,795.08         |
| Including: Interest payable  |       |                       |                       |
| dividend payable   |       | 1,692,213.38          | 2,142,312.38          |
| Liability hold for sale  |       |                       |                       |
| Non-current liabilities due within one year  | V(26) |                       | 2,656,474.95          |
| Other current liabilities  | V(27) | 1,691,302.29          | 2,454,923.31          |
| <b>Total current liability</b>   |       | <b>684,755,399.72</b> | <b>848,943,941.08</b> |
| <b>Non-current liability :</b>   |       |                       |                       |
| Long-term borrowings   | V(28) | 105,800,000.00        |                       |
| Bonds payable  |       |                       |                       |
| Including: preferred shares  |       |                       |                       |
| Perpetual bond   |       |                       |                       |
| Lease liability  |       |                       |                       |
| Long-term payable  |       |                       |                       |
| Long-term employee compensation payable  |       |                       |                       |
| Provisions   |       |                       |                       |
| Deferred income  |       |                       |                       |
| Deferred income tax liabilities  |       |                       |                       |
| Other non-current liability  |       |                       |                       |
| <b>Total non-current liability</b>   |       | <b>105,800,000.00</b> |                       |
| <b>Total liability</b>   |       | <b>790,555,399.72</b> | <b>848,943,941.08</b> |
| <b>Owners' equity (or shareholders' equity):</b>   |       |                       |                       |
| Share capital  | V(29) | 215,000,000.00        | 215,000,000.00        |
| Other equity instrument  |       |                       |                       |
| Including: preferred shares  |       |                       |                       |
| Perpetual bond   |       |                       |                       |
| Capital reserve  | V(30) | 197,097,915.40        | 197,864,174.08        |
| Less: treasury stocks  |       |                       |                       |
| Other comprehensive income (OCI)   | V(31) | -1,854,910.00         | -6,819,637.82         |
| Special reserves   |       |                       |                       |
| Surplus reserve  | V(32) | 589,559.77            | 589,559.77            |
| Undistributed profit   | V(33) | -388,837,228.89       | -341,446,683.34       |
| <b>Total owner's equity (or shareholders' equity) attributable to the parent company</b> |       | <b>21,995,336.28</b>  | <b>65,187,412.69</b>  |
| Minority shareholders' equity  |       | 78,839,319.62         | 79,440,628.67         |
| <b>Total owner's equity (or shareholders' equity)</b>                                    |       | <b>100,834,655.90</b> | <b>144,628,041.36</b> |
| <b>Total liabilities and owners' equity (or shareholders' equity)</b>                    |       | <b>891,390,055.62</b> | <b>993,571,982.44</b> |

Legal Representative:

Accounting Director:

Accounting Manager:



## Parent Company Balance Sheet

Preparation unit: Nanjing Putian Telecommunications Co., Ltd 2022/12/31

Unit: RMB

| Item                                   | Notes  | 2022/12/31            | 2021/12/31            |
|--|--------|-----------------------|-----------------------|
| <b>Current assets :</b>                |        |                       |                       |
| Cash and bank balances                 |        | 29,165,783.14         | 36,485,015.68         |
| Held-for-trading financial assets      |        |                       |                       |
| Derivative financial assets            |        |                       |                       |
| Notes receivable                       |        | 3,639,352.49          | 390,277.10            |
| Accounts receivable                    | XIV(1) | 104,179,575.75        | 124,745,572.67        |
| Receivables financing                  |        | 989,585.40            | 2,756,775.53          |
| Advances paid                          |        | 13,037,464.19         | 15,353,338.77         |
| Other receivable                       | XIV(2) | 25,327,107.09         | 28,544,036.00         |
| Including: Interest receivable         |        |                       |                       |
| dividend receivable                    |        | 600,000.00            | 600,000.00            |
| Inventories                            |        | 48,749,884.92         | 48,126,590.30         |
| Contract assets                        |        |                       |                       |
| assets hold available for sale         |        |                       |                       |
| Non-current assets due within one year |        |                       |                       |
| Other current assets                   |        | 441,828.14            | 379,332.63            |
| <b>Total current assets</b>            |        | <b>225,530,581.12</b> | <b>256,780,938.68</b> |
| <b>Non-current assets :</b>            |        |                       |                       |
| Debt investment                        |        |                       |                       |
| Other debt investment                  |        |                       |                       |
| Long-term receivable                   |        |                       |                       |
| Long-term equity investments           | XIV(3) | 122,536,880.44        | 123,831,261.79        |
| Other equity instrument investment     |        | 741,953.00            | 741,953.00            |
| Other non-current financial assets     |        |                       |                       |
| Investment property                    |        |                       |                       |
| Fixed assets                           |        | 41,067,922.59         | 43,878,403.96         |
| Construction in progress               |        |                       |                       |
| Productive biological assets           |        |                       |                       |
| Oil and gas asset                      |        |                       |                       |
| Right-of-use asset                     |        |                       |                       |
| Intangible assets                      |        | 4,316,226.80          | 4,644,068.97          |
| Development expenditure                |        |                       |                       |
| Goodwill                               |        |                       |                       |
| Long-term prepayments                  |        | 3,057,959.77          | 4,192,313.07          |
| Deferred tax assets                    |        |                       |                       |
| Other non-current assets               |        |                       |                       |
| <b>Total non-current assets</b>        |        | <b>171,720,942.60</b> | <b>177,288,000.79</b> |
| <b>Total assets</b>                    |        | <b>397,251,523.72</b> | <b>434,068,939.47</b> |

Legal Representative:

Accounting Director:

Accounting Manager:

## Parent Company Balance Sheet (Continued)

Preparation unit: Nanjing Putian Telecommunications Co., Lt 2022/12/31

Unit: RMB

| Item  | Notes | 2022/12/31            | 2021/12/31            |
|---|-------|-----------------------|-----------------------|
| <b>Current liabilities :</b>  |       |                       |                       |
| Short-term borrowings   |       | 50,000,000.00         | 145,000,000.00        |
| Transactional financial liabilities                                   |       |                       |                       |
| Derivative financial liabilities                                      |       |                       |                       |
| Notes payable   |       |                       | 1,251,741.17          |
| Accounts payable  |       | 168,830,761.76        | 170,302,775.78        |
| Advances received   |       |                       |                       |
| Contract liabilities  |       | 8,169,030.79          | 7,311,902.06          |
| Employee benefits payable   |       | 7,643,011.88          | 9,250,482.99          |
| Taxes payable   |       | 244,957.88            | 57,506.75             |
| Other payables  |       | 154,192,779.17        | 141,386,167.51        |
| Including: Interest payable   |       |                       |                       |
| dividend payable  |       |                       |                       |
| Liability hold for sale   |       |                       |                       |
| Non-current liabilities due within one year                           |       |                       | 2,656,474.95          |
| Other current liabilities   |       | 782,311.39            | 950,547.38            |
| <b>Total current liability</b>  |       | <b>389,862,852.87</b> | <b>478,167,598.59</b> |
| <b>Non-current liability :</b>  |       |                       |                       |
| Long-term borrowings  |       | 105,800,000.00        |                       |
| Bonds payable   |       |                       |                       |
| Including: preferred shares   |       |                       |                       |
| Perpetual bond  |       |                       |                       |
| Lease liability   |       |                       |                       |
| Long-term payable   |       |                       |                       |
| Long-term employee compensation payable                               |       |                       |                       |
| Provisions  |       |                       |                       |
| Deferred income   |       |                       |                       |
| Deferred income tax liabilities                                       |       |                       |                       |
| Other non-current liability   |       |                       |                       |
| <b>Total non-current liability</b>                                    |       | <b>105,800,000.00</b> |                       |
| <b>Total liability</b>  |       | <b>495,662,852.87</b> | <b>478,167,598.59</b> |
| <b>Owners' equity (or shareholders' equity):</b>                      |       |                       |                       |
| Share capital   |       | 215,000,000.00        | 215,000,000.00        |
| Other equity instrument   |       |                       |                       |
| Including: preferred shares   |       |                       |                       |
| Perpetual bond  |       |                       |                       |
| Capital reserve   |       | 158,864,042.34        | 158,864,042.34        |
| Less: treasury stocks   |       |                       |                       |
| Other comprehensive income (OCI)                                      |       | -1,854,910.00         | -1,854,910.00         |
| Special reserves  |       |                       |                       |
| Surplus reserve   |       | 589,559.76            | 589,559.76            |
| Undistributed profit  |       | -471,010,021.25       | -416,697,351.22       |
| <b>Total owner's equity (or shareholders' equity)</b>                 |       | <b>-98,411,329.15</b> | <b>-44,098,659.12</b> |
| <b>Total liabilities and owners' equity (or shareholders' equity)</b> |       | <b>397,251,523.72</b> | <b>434,068,939.47</b> |

Legal Representative:

Accounting Director:

Accounting Manager:

## Consolidated Income Statement

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2022

Unit: RMB

| Item   | Notes | Current period cumulative | Preceding period comparative |
|--|-------|---------------------------|------------------------------|
| <b>I Operating revenue</b>   | V(34) | 879,566,048.96            | 917,129,674.49               |
| Less: Operating cost   | V(34) | 698,607,630.42            | 722,497,650.68               |
| Taxes and surcharges   | V(35) | 4,900,941.53              | 5,237,496.70                 |
| Selling expenses   | V(36) | 75,331,981.00             | 91,425,098.10                |
| Administrative expenses  | V(37) | 63,190,264.31             | 67,220,016.02                |
| R&D expenses   | V(38) | 42,690,479.34             | 55,472,535.49                |
| Financial expenses   | V(39) | 10,081,432.77             | 7,313,928.56                 |
| Including: Interest expense  |       | 10,747,567.42             | 8,198,913.03                 |
| Interest income  |       | 781,316.52                | 1,231,541.18                 |
| Add: other income  | V(40) | 1,732,297.20              | 2,431,022.05                 |
| Investment income (losses are listed with "-")                                   | V(41) | 817,965.74                | 2,434,520.91                 |
| Including: investment income from associates and joint ventures                  |       | 128.65                    | 136.19                       |
| Derecognition income of financial assets measured at amortized cost              |       |                           | 2,434,384.72                 |
| Net exposure hedging gain (loss are listed with "-")                             |       |                           |                              |
| Gains from changes in fair value (losses are listed with "-")                    |       |                           |                              |
| Credit impairment loss (losses are listed with "-")                              | V(42) | -10,854,068.21            | -46,296,202.37               |
| Assets impairment loss (losses are listed with "-")                              | V(43) | -8,379,473.73             | -61,026,996.13               |
| Gain on assets disposal (loss are listed with "-")                               | V(44) | 555,016.98                | -134,892.35                  |
| <b>II Operating profit (loss show as "-")</b>                                    |       | -31,364,942.43            | -134,629,598.95              |
| Plus: non-operating revenue  | V(45) | 3,201,590.32              | 485,555.18                   |
| Less: non-operating expenditures   | V(46) | 621,804.24                | 160,675.13                   |
| <b>III Total profit (total loss is listed with "-")</b>                          |       | -28,785,156.35            | -134,304,718.90              |
| Deduct: income tax expense   | V(47) | 8,581,183.35              | 5,789,994.37                 |
| <b>IV. Net profit (net loss is listed with "-")</b>                              |       | -37,366,339.70            | -140,094,713.27              |
| (1) Classified by business continuity:   |       |                           |                              |
| 1. Net profits from continuing operations  |       | -37,366,339.70            | -140,094,713.27              |
| 2. Discontinued operating net profit   |       |                           |                              |
| (2) Classified by ownership:   |       |                           |                              |
| 1. Net profits belong to the parent company's owner                              |       | -47,390,545.55            | -138,766,373.70              |
| 2. Minority shareholder gains and losses   |       | 10,024,205.85             | -1,328,339.57                |
| <b>V. Net after-tax of other comprehensive income</b>                            |       | 4,964,727.82              | 34,293.83                    |
| (1) Net after-tax amount of other comprehensive income attributable to owners of |       | 4,964,727.82              | 34,293.83                    |
| 1) Other comprehensive income that cannot be reclassified into profit and loss   |       |                           |                              |
| 1. Re-measurement of changes in defined benefit plans                            |       |                           |                              |
| 2. Other comprehensive income that cannot be transferred to profit or loss       |       |                           |                              |
| 3. Changes in the fair value of other equity instrument investments              |       |                           |                              |
| 4. Changes in fair value of the enterprise's own credit risk                     |       |                           |                              |
| 2) Other comprehensive income that will be reclassified into profit and loss     |       | 4,964,727.82              | 34,293.83                    |
| 1. Other comprehensive income that can be converted to profit or loss under the  |       |                           |                              |
| 2. Changes in the fair value of other debt investments                           |       |                           |                              |
| 3. Amount of financial assets reclassified and included in other comprehensive   |       |                           |                              |
| 4. Other debt investment credit impairment reserves                              |       |                           |                              |
| 5. Cash flow hedge reserve (the effective part of cash flow hedge gains and      |       |                           |                              |
| 6. Translation difference of foreign currency financial statements               |       | 4,964,727.82              | 34,293.83                    |
| 7. Other   |       |                           |                              |
| (2) Net after-tax amount of other comprehensive income attributable to minority  |       |                           |                              |
| <b>VI Total comprehensive income</b>   |       | -32,401,611.88            | -140,060,419.44              |
| (1) Total comprehensive income attributable to owners of the parent              |       | -42,425,817.73            | -138,732,079.87              |
| (2) Total comprehensive income attributable to minority shareholders             |       | 10,024,205.85             | -1,328,339.57                |
| <b>VII Earnings per share</b>  |       |                           |                              |
| (1) Basic earnings per share   |       | -0.22                     | -0.65                        |
| (2) Diluted earnings per share   |       | -0.22                     | -0.65                        |

Legal Representative:

Accounting Director:

Accounting Manager:

## Parent company income statement

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2022

Unit: RMB

| Item   | Notes  | Current period cumulative | Preceding period comparative |
|--|--------|---------------------------|------------------------------|
| <b>I Operating revenue</b>   | XIV(4) | 118,344,437.39            | 121,253,065.68               |
| Less: Operating cost   | XIV(4) | 107,138,085.88            | 108,698,958.12               |
| Taxes and surcharges   |        | 562,186.50                | 887,582.51                   |
| Selling expenses   |        | 15,232,747.90             | 26,650,179.27                |
| Administrative expenses  |        | 34,265,242.28             | 35,111,905.62                |
| R&D expenses   |        | 3,680,886.26              | 6,217,458.99                 |
| Financial expenses   |        | 6,675,493.99              | 4,971,349.45                 |
| Including: Interest expense  |        | 7,592,774.43              | 6,021,877.48                 |
| Interest income  |        | 944,698.81                | 1,102,616.10                 |
| Add: other income  |        |                           | 234,500.00                   |
| Investment income (losses are listed with "-")                                   | XIV(5) | 10,257,879.43             | 12,187,920.91                |
| Including: investment income from associates and joint ventures                  |        | 128.65                    | 136.19                       |
| Derecognition income of financial assets measured at amortized cost              |        |                           | 2,434,384.72                 |
| Net exposure hedging gain (loss are listed with "-")                             |        |                           |                              |
| Gains from changes in fair value (losses are listed with "-")                    |        |                           |                              |
| Credit impairment loss (losses are listed with "-")                              |        | -9,455,482.84             | -33,748,185.70               |
| Assets impairment loss (losses are listed with "-")                              |        | -6,359,339.64             | -43,730,325.27               |
| Gain on assets disposal (loss are listed with "-")                               |        | 476,783.41                | -189,842.76                  |
| <b>II Operating profit (loss show as " - ")</b>                                  |        | -54,290,365.06            | -126,530,301.10              |
| Plus: non-operating revenue  |        | 8,890.51                  |                              |
| Less: non-operating expenditures   |        | 31,195.48                 | 150,894.69                   |
| <b>III Total profit (total loss is listed with "-")</b>                          |        | -54,312,670.03            | -126,681,195.79              |
| Deduct: income tax expense   |        |                           |                              |
| <b>IV Net profit (net loss is listed with "-")</b>                               |        | -54,312,670.03            | -126,681,195.79              |
| (1) Net profits from continuing operations                                       |        | -54,312,670.03            | -126,681,195.79              |
| (2) Discontinued operating net profit  |        |                           |                              |
| <b>V Other comprehensive income net of tax</b>                                   |        |                           |                              |
| (1) Comprehensive income not to be reclassified to profit or loss                |        |                           |                              |
| 1. Changes in remeasurement of defined benefit obligations                       |        |                           |                              |
| 2. Other comprehensive income not to be reclassified to profit or loss in equity |        |                           |                              |
| 3. Fair value changes in other equity instrument investments                     |        |                           |                              |
| 4. Fair value changes in the enterprise's own credit risk                        |        |                           |                              |
| (2) Comprehensive income to be reclassified to profit or loss                    |        |                           |                              |
| 1. Other comprehensive income to be reclassified to profit or loss in equity     |        |                           |                              |
| 2. Gain or loss from fair value changes of other debt instruments                |        |                           |                              |
| 3. Amount of financial assets reclassified and included in other comprehensive   |        |                           |                              |
| 4. Credit impairment provision of other debt investment                          |        |                           |                              |
| 5. Cash flow hedge reserve (the effective part of cash flow hedge gains and      |        |                           |                              |
| 6. Translation difference of foreign currency financial statements               |        |                           |                              |
| 7. Other   |        |                           |                              |
| <b>VI Total comprehensive income</b>   |        | -54,312,670.03            | -126,681,195.79              |
| <b>VII Earnings per share:</b>   |        |                           |                              |
| (1) Basic earnings per share   |        |                           |                              |
| (2) Diluted earnings per share   |        |                           |                              |

Legal Representative:

Accounting Director:

Accounting Manager:

## Consolidated statement of cash flow

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2022

Unit: RMB

| Item  | Notes | Current period<br>cumulative | Preceding period<br>comparative |
|---|-------|------------------------------|---------------------------------|
| <b>I. Cash flow from operating activities:</b>                              |       |                              |                                 |
| Cash received from the sale of goods and the provision of labor services    |       | 862,569,761.52               | 1,012,793,323.59                |
| Tax Refund  |       | 3,041,177.57                 | 7,426,691.80                    |
| Other cash received relating to operating activities                        |       | 42,624,331.79                | 18,978,779.20                   |
| <b>Subtotal of cash inflow from operating activities</b>                    |       | <b>908,235,270.88</b>        | <b>1,039,198,794.59</b>         |
| Cash paid for purchasing goods and receiving labor services                 |       | 643,149,772.17               | 812,607,602.97                  |
| Cash paid to and for employees  |       | 177,969,814.46               | 193,602,468.59                  |
| Various taxes and fees paid   |       | 31,269,667.92                | 41,109,567.34                   |
| Other cash payments related to operating activities                         |       | 86,572,526.72                | 53,596,684.45                   |
| <b>Subtotal of cash outflows from operating activities</b>                  |       | <b>938,961,781.27</b>        | <b>1,100,916,323.35</b>         |
| <b>Net cash flow from operating activities</b>                              |       | <b>-30,726,510.39</b>        | <b>-61,717,528.76</b>           |
| <b>II. Cash flow from investment activities:</b>                            |       |                              |                                 |
| Cash received from investment   |       | 20,000,000.00                |                                 |
| Cash received from investment income  |       | 337,205.48                   |                                 |
| Net cash received from the disposal of fixed assets, intangible assets and  |       | 729,403.00                   | 490,953.92                      |
| Net cash received from disposal of subsidiaries and other business units    |       |                              |                                 |
| Other cash received relating to investing activities                        |       |                              |                                 |
| <b>Subtotal of cash inflows from investing activities</b>                   |       | <b>21,066,608.48</b>         | <b>490,953.92</b>               |
| Cash paid for the purchase and construction of fixed assets, intangible     |       | 2,629,351.27                 | 9,998,642.89                    |
| Cash Investment   |       |                              | 20,000,001.00                   |
| Net cash paid for acquiring subsidiaries and other business units           |       |                              |                                 |
| Other cash paid relating to investing activities                            |       |                              |                                 |
| <b>Subtotal of cash outflows from investing activities</b>                  |       | <b>2,629,351.27</b>          | <b>29,998,643.89</b>            |
| <b>Net cash flows from investing activities</b>                             |       | <b>18,437,257.21</b>         | <b>-29,507,689.97</b>           |
| <b>III. Cash flow from financing activities:</b>                            |       |                              |                                 |
| Absorb cash received from investment  |       |                              |                                 |
| Including: cash received by the subsidiary from absorbing minority          |       |                              |                                 |
| Cash received from borrowing  |       | 198,600,000.00               | 239,500,000.00                  |
| Other cash receipts related to financing activities                         |       |                              |                                 |
| <b>Subtotal of cash inflows from financing activities</b>                   |       | <b>198,600,000.00</b>        | <b>239,500,000.00</b>           |
| Cash paid for debt repayment  |       | 178,998,631.11               | 105,500,000.00                  |
| Cash paid for dividends, profits, or interest payments                      |       | 22,302,138.10                | 21,847,513.03                   |
| Including: dividends and profits paid by subsidiaries to minority           |       | 11,296,600.00                | 13,648,600.00                   |
| Other cash payments related to financing activities                         |       | 1,077,527.58                 | 10,561,405.18                   |
| <b>Subtotal of cash outflows from financing activities</b>                  |       | <b>202,378,296.79</b>        | <b>137,908,918.21</b>           |
| <b>Net cash flow from financing activities</b>                              |       | <b>-3,778,296.79</b>         | <b>101,591,081.79</b>           |
| <b>IV. The impact of exchange rate changes on cash and cash equivalents</b> |       | -6,779.50                    | 30,460.93                       |
| <b>V. Net increase in cash and cash equivalents</b>                         |       | -16,074,329.47               | 10,396,323.99                   |
| Add: the balance of cash and cash equivalents at the beginning of the       |       | 180,459,070.86               | 170,062,746.87                  |
| <b>VI. Balance of cash and cash equivalents at the end of the period</b>    |       | <b>164,384,741.39</b>        | <b>180,459,070.86</b>           |

Legal Representative:

Accounting Director:

Accounting Manager:

## Statement of cash flow of Parent Co.

Preparation unit : Nanjing Putian Telecommunications Co., Ltd.

Year 2022

Unit : RMB

| Item  | Notes | Current period<br>cumulative | Preceding period<br>comparative |
|---|-------|------------------------------|---------------------------------|
| <b>I Cash flow from operating activities:</b>                               |       |                              |                                 |
| Cash received from the sale of goods and the provision of labor             |       | 136,862,620.76               | 201,338,916.81                  |
| Tax Refund  |       | 1,324,942.93                 | 5,677,842.21                    |
| Other cash received relating to operating activities                        |       | 18,791,754.10                | 21,347,210.38                   |
| <b>Subtotal of cash inflow from operating activities</b>                    |       | <b>156,979,317.79</b>        | <b>228,363,969.40</b>           |
| Cash paid for purchasing goods and receiving labor services                 |       | 96,039,557.25                | 213,480,897.14                  |
| Cash paid to and for employees  |       | 59,840,500.41                | 61,786,970.13                   |
| Various taxes and fees paid   |       | 2,744,193.58                 | 1,908,031.65                    |
| Other cash payments related to operating activities                         |       | 19,865,218.33                | 37,275,425.19                   |
| <b>Subtotal of cash outflows from operating activities</b>                  |       | <b>178,489,469.57</b>        | <b>314,451,324.11</b>           |
| <b>Net cash flow from operating activities</b>                              |       | <b>-21,510,151.78</b>        | <b>-86,087,354.71</b>           |
| <b>II Cash flow from investment activities:</b>                             |       |                              |                                 |
| Cash received from investment   |       |                              |                                 |
| Cash received from investment income  |       | 9,153,400.00                 | 9,153,400.00                    |
| Net cash received from the disposal of fixed assets, intangible assets      |       | 570,813.00                   | 489,903.92                      |
| Net cash received from disposal of subsidiaries and other business          |       |                              |                                 |
| Other cash received relating to investing activities                        |       |                              |                                 |
| <b>Subtotal of cash inflows from investing activities</b>                   |       | <b>9,724,213.00</b>          | <b>9,643,303.92</b>             |
| Cash paid for the purchase and construction of fixed assets, intangible     |       | 235,166.00                   | 3,080,531.04                    |
| Cash Investment   |       |                              | 1.00                            |
| Net cash paid for acquiring subsidiaries and other business units           |       |                              |                                 |
| Other cash paid relating to investing activities                            |       |                              |                                 |
| <b>Subtotal of cash outflows from investing activities</b>                  |       | <b>235,166.00</b>            | <b>3,080,532.04</b>             |
| <b>Net cash flows from investing activities</b>                             |       | <b>9,489,047.00</b>          | <b>6,562,771.88</b>             |
| <b>III Cash flow from financing activities:</b>                             |       |                              |                                 |
| Absorb cash received from investment  |       |                              |                                 |
| Cash received from borrowing  |       | 105,800,000.00               | 145,000,000.00                  |
| Other cash receipts related to financing activities                         |       | 1,000,000.00                 | 13,300,000.00                   |
| <b>Subtotal of cash inflows from financing activities</b>                   |       | <b>106,800,000.00</b>        | <b>158,300,000.00</b>           |
| Cash paid for debt repayment  |       | 95,000,000.00                | 30,000,000.00                   |
| Cash paid for dividends, profits, or interest payments                      |       | 7,853,518.07                 | 6,021,877.48                    |
| Other cash payments related to financing activities                         |       | 1,877,527.58                 | 33,561,405.18                   |
| <b>Subtotal of cash outflows from financing activities</b>                  |       | <b>104,531,045.65</b>        | <b>69,583,282.66</b>            |
| <b>Net cash flow from financing activities</b>                              |       | <b>2,268,954.35</b>          | <b>88,716,717.34</b>            |
| <b>IV. The impact of exchange rate changes on cash and cash equivalents</b> |       | -6,594.36                    |                                 |
| <b>V. Net increase in cash and cash equivalents</b>                         |       | <b>-9,758,744.79</b>         | <b>9,192,134.51</b>             |
| Add: the balance of cash and cash equivalents at the beginning of the       |       | 33,541,475.85                | 24,349,341.34                   |
| <b>VI Balance of cash and cash equivalents at the end of the period</b>     |       | <b>23,782,731.06</b>         | <b>33,541,475.85</b>            |

Legal Representative:

Accounting Director:

Accounting Manager:



Nanjing Putian Telecommunications Co., Ltd.  
Notes to Financial Statements  
2022/1/1—2022/12/31

Consolidated statement of change of equity

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2022

Unit: RMB

| Item  | Current period              |                          |                |       |                                       |                       |                            |                  |                 |                      | Minority shareholders' equity | Total owner's equity |                |
|---|-----------------------------|--------------------------|----------------|-------|---------------------------------------|-----------------------|----------------------------|------------------|-----------------|----------------------|-------------------------------|----------------------|----------------|
|   | Paid-in capital (or equity) | Other equity instruments |                |       | Equity attributable to parent company |                       |                            |                  |                 |                      |                               |                      | Subtotal       |
|   |                             | Preferred stock          | Perpetual bond | other | Capital reserve                       | Less: treasury stocks | Other comprehensive income | Special reserves | Surplus reserve | undistributed profit |                               |                      |                |
| <b>I. Balance at the end of the previous year</b>           | 215,000,000.00              |                          |                |       | 197,864,174.08                        |                       | -6,819,637.82              |                  | 589,559.77      | -341,446,683.34      | 65,187,412.69                 | 79,440,628.67        | 144,628,041.36 |
| <b>Add: Accounting policy changes</b>                       |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| Correction of previous errors                               |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| Merger of enterprises under the same control                |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| Others  |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| <b>II. Balance at the beginning of the year</b>             | 215,000,000.00              |                          |                |       | 197,864,174.08                        |                       | -6,819,637.82              |                  | 589,559.77      | -341,446,683.34      | 65,187,412.69                 | 79,440,628.67        | 144,628,041.36 |
| <b>III. The amount of increase or decrease in this year</b> |                             |                          |                |       | -766,258.68                           |                       | 4,964,727.82               |                  |                 | -47,390,545.55       | -43,192,076.41                | -601,309.05          | -43,793,385.46 |
| <b>(1) Total comprehensive income</b>                       |                             |                          |                |       |                                       |                       | 4,964,727.82               |                  |                 | -47,390,545.55       | -42,425,817.73                | 10,024,205.85        | -32,401,611.88 |
| <b>(2) Owner's investment and reduction of capital</b>      |                             |                          |                |       | -766,258.68                           |                       |                            |                  |                 |                      |                               | 221,085.10           | -545,173.58    |
| 1. Ordinary shares invested by the owner                    |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 2. Capital invested by holders of other equity              |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 3. The amount of share-based payment included in            |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 4. Other  |                             |                          |                |       | -766,258.68                           |                       |                            |                  |                 |                      |                               |                      |                |
| <b>(3) Profit distribution</b>                              |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               | -10,846,600.00       | -10,846,600.00 |
| 1. Withdraw surplus reserve                                 |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 2. Distribution to owners (or shareholders)                 |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 3. Others   |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| <b>(4) Internal transfer of owners' equity</b>              |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 1. Conversion of capital reserve into capital (or           |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 2. Conversion of surplus reserves into capital (or          |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 3. Surplus reserves make up for losses                      |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 4. Carryover of retained earnings from changes in           |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 5. Other comprehensive income carried forward to            |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 6. Other  |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| <b>(5) Special reserve</b>                                  |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 1. Withdraw special reserves                                |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| 2. Use special reserves                                     |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| <b>(6) Others</b>   |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                |
| <b>IV. Balance at the end of the period</b>                 | 215,000,000.00              |                          |                |       | 197,097,915.40                        |                       | -1,854,910.00              |                  | 589,559.77      | -388,837,228.89      | 21,995,336.28                 | 78,839,319.62        | 100,834,655.90 |

Legal Representative:

Accounting Director:

Accounting Manager:

Consolidated statement of change of equity(Continued)

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2022

Unit: RMB

| Item  | Preceding period            |                          |                |       |                                       |                       |                            |                  |                 |                      | Minority shareholders' equity | Total owner's equity |                 |
|---|-----------------------------|--------------------------|----------------|-------|---------------------------------------|-----------------------|----------------------------|------------------|-----------------|----------------------|-------------------------------|----------------------|-----------------|
|   | Paid-in capital (or equity) | Other equity instruments |                |       | Equity attributable to parent company |                       |                            |                  |                 |                      |                               |                      | Subtotal        |
|   |                             | Preferred stock          | Perpetual bond | other | Capital reserve                       | Less: treasury stocks | Other comprehensive income | Special reserves | Surplus reserve | undistributed profit |                               |                      |                 |
| <b>I. Balance at the end of the previous year</b>           | 215,000,000.00              |                          |                |       | 183,568,842.44                        |                       | -6,853,931.65              |                  | 589,559.77      | -202,680,309.64      | 189,624,160.92                | 106,810,900.88       | 296,436,061.80  |
| <b>Add: Accounting policy changes</b>                       |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| Correction of previous errors                               |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| Merger of enterprises under the same control                |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| Others  |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| <b>II. Balance at the beginning of the year</b>             | 215,000,000.00              |                          |                |       | 183,568,842.44                        |                       | -6,853,931.65              |                  | 589,559.77      | -202,680,309.64      | 189,624,160.92                | 106,810,900.88       | 296,436,061.80  |
| <b>III. The amount of increase or decrease in this year</b> |                             |                          |                |       | 14,295,331.64                         |                       | 34,293.83                  |                  |                 | -138,766,373.70      | -124,436,748.23               | -27,370,272.21       | -151,807,020.44 |
| <b>(1) Total comprehensive income</b>                       |                             |                          |                |       |                                       |                       | 34,293.83                  |                  |                 | -138,766,373.70      | -138,732,079.87               | -1,328,339.67        | -140,060,419.44 |
| <b>(2) Owner's investment and reduction of capital</b>      |                             |                          |                |       | 14,295,331.64                         |                       |                            |                  |                 |                      |                               | -14,295,332.64       | -1.00           |
| 1. Ordinary shares invested by the owner                    |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 2. Capital invested by holders of other equity              |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 3. The amount of share-based payment included in            |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 4. Other  |                             |                          |                |       | 14,295,331.64                         |                       |                            |                  |                 |                      |                               |                      |                 |
| <b>(3) Profit distribution</b>                              |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               | -11,746,600.00       | -11,746,600.00  |
| 1. Withdraw surplus reserve                                 |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 2. Distribution to owners (or shareholders)                 |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 3. Others   |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| <b>(4) Internal transfer of owners' equity</b>              |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 1. Conversion of capital reserve into capital (or           |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 2. Conversion of surplus reserves into capital (or          |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 3. Surplus reserves make up for losses                      |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 4. Carryover of retained earnings from changes in           |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 5. Other comprehensive income carried forward to            |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 6. Other  |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| <b>(5) Special reserve</b>                                  |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 1. Withdraw special reserves                                |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| 2. Use special reserves                                     |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| <b>(6) Others</b>   |                             |                          |                |       |                                       |                       |                            |                  |                 |                      |                               |                      |                 |
| <b>IV. Balance at the end of the period</b>                 | 215,000,000.00              |                          |                |       | 197,864,174.08                        |                       | -6,819,637.82              |                  | 589,559.77      | -341,446,683.34      | 65,187,412.69                 | 79,440,628.67        | 144,628,041.36  |

Legal Representative:

Accounting Director:

Accounting Manager:

Nanjing Putian Telecommunications Co., Ltd.  
Notes to Financial Statements  
2022/1/1—2022/12/31

Consolidated statement of change of equity of Parent Co.

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2022

Unit: RMB

| Item  | Paid-in capital (or equity) | Other equity instruments |                |       | Capital reserve | Current period        |                            | Special reserves | Surplus reserve | undistributed profit | Total owner's equity |
|---|-----------------------------|--------------------------|----------------|-------|-----------------|-----------------------|----------------------------|------------------|-----------------|----------------------|----------------------|
|   |                             | Preferred stock          | Perpetual bond | other |                 | Less: treasury stocks | Other comprehensive income |                  |                 |                      |                      |
| <b>I. Balance at the end of the previous year</b>           | 215,000,000.00              |                          |                |       | 158,864,042.34  |                       | -1,854,910.00              |                  | 589,559.76      | -416,697,351.22      | -44,098,659.12       |
| Add: Accounting policy changes                              |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| Correction of previous errors                               |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| Others  |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>II. Balance at the beginning of the year</b>             | 215,000,000.00              |                          |                |       | 158,864,042.34  |                       | -1,854,910.00              |                  | 589,559.76      | -416,697,351.22      | -44,098,659.12       |
| <b>III. The amount of increase or decrease in this year</b> |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>(1) Total comprehensive income</b>                       |                             |                          |                |       |                 |                       |                            |                  |                 | -54,312,670.03       | -54,312,670.03       |
| <b>(2) Owner's investment and reduction of capital</b>      |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 1. Ordinary shares invested by the owner                    |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 2. Capital invested by holders of other equity              |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 3. The amount of share-based payment included in            |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 4. Other  |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>(3) Profit distribution</b>                              |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 1. Withdraw surplus reserve                                 |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 2. Distribution to owners (or shareholders)                 |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 3. Others   |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>(4) Internal transfer of owners' equity</b>              |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 1. Conversion of capital reserve into capital (or           |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 2. Conversion of surplus reserves into capital (or          |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 3. Surplus reserves make up for losses                      |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 4. Carryover of retained earnings from changes in           |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 5. Other comprehensive income carried forward to            |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 6. Other  |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>(5) Special reserve</b>                                  |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 1. Withdraw special reserves                                |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 2. Use special reserves                                     |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>(6) Others</b>   |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>IV. Balance at the end of the period</b>                 | 215,000,000.00              |                          |                |       | 158,864,042.34  |                       | -1,854,910.00              |                  | 589,559.76      | -471,010,021.25      | -98,411,329.15       |

Legal Representative:

Accounting Director:

Accounting Manager:

Consolidated statement of change of equity of Parent Co.(Continued)

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2022

Unit: RMB

| Item  | Paid-in capital (or equity) | Other equity instruments |                |       | Capital reserve | Preceding period      |                            | Special reserves | Surplus reserve | undistributed profit | Total owner's equity |
|---|-----------------------------|--------------------------|----------------|-------|-----------------|-----------------------|----------------------------|------------------|-----------------|----------------------|----------------------|
|   |                             | Preferred stock          | Perpetual bond | other |                 | Less: treasury stocks | Other comprehensive income |                  |                 |                      |                      |
| <b>I. Balance at the end of the previous year</b>           | 215,000,000.00              |                          |                |       | 158,864,042.34  |                       | -1,854,910.00              |                  | 589,559.76      | -290,016,155.43      | 82,582,536.67        |
| Add: Accounting policy changes                              |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| Correction of previous errors                               |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| Others  |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>II. Balance at the beginning of the year</b>             | 215,000,000.00              |                          |                |       | 158,864,042.34  |                       | -1,854,910.00              |                  | 589,559.76      | -290,016,155.43      | 82,582,536.67        |
| <b>III. The amount of increase or decrease in this year</b> |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>(1) Total comprehensive income</b>                       |                             |                          |                |       |                 |                       |                            |                  |                 | -126,681,195.79      | -126,681,195.79      |
| <b>(2) Owner's investment and reduction of capital</b>      |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 1. Ordinary shares invested by the owner                    |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 2. Capital invested by holders of other equity              |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 3. The amount of share-based payment included in            |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 4. Other  |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>(3) Profit distribution</b>                              |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 1. Withdraw surplus reserve                                 |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 2. Distribution to owners (or shareholders)                 |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 3. Others   |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>(4) Internal transfer of owners' equity</b>              |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 1. Conversion of capital reserve into capital (or           |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 2. Conversion of surplus reserves into capital (or          |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 3. Surplus reserves make up for losses                      |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 4. Carryover of retained earnings from changes in           |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 5. Other comprehensive income carried forward to            |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 6. Other  |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>(5) Special reserve</b>                                  |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 1. Withdraw special reserves                                |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| 2. Use special reserves                                     |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>(6) Others</b>   |                             |                          |                |       |                 |                       |                            |                  |                 |                      |                      |
| <b>IV. Balance at the end of the period</b>                 | 215,000,000.00              |                          |                |       | 158,864,042.34  |                       | -1,854,910.00              |                  | 589,559.76      | -416,697,351.22      | -44,098,659.12       |

Legal Representative:

Accounting Director:

Accounting Manager:

# Nanjing Putian Telecommunications Co., Ltd.

## Notes to Financial Statements

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. R & D, manufacturing and sales of new energy vehicle charging products and their accessories (including electric vehicle charger charging module, charging station system, split charging cabinet, outdoor integrated pile, various AC and DC charging piles and other accessories); Design and sales of new energy charging and discharging overall solutions; Electric vehicle charging operation and maintenance. R & D and sales of software and intelligent software platform. Smart city, smart elderly care and other industry information services. R & D, manufacturing, sales, installation and service of video equipment and video conference system. Agent sales of communication modified vehicles (excluding wholesale), and provide corresponding after-sales service. Design, system integration and related consulting services of communication information network engineering and computer information system engineering. Design, construction, installation and service of building intelligent system engineering. Lease of self owned assets such as houses and equipment.

The financial statements have been deliberated and approved for issue by the Board of Directors dated April 18, 2023.

The Company includes Nanjing Putian Changle Communication Equipment Co., LTD., Nanjing Putian Tianji Building Intelligence Co., LTD., and other seven subsidiaries in the scope of the current consolidated financial statements, as detailed in Notes VI and VII of the financial statements.

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

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

The financial statements of the Company are prepared on the basis of going concern, based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises-Basic Standards and specific Accounting Standards promulgated by the Ministry of Finance (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises") and based on the important accounting policies and accounting estimates described below.

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

The Company has no events or circumstances that would cause material doubt about its ability to go as a going concern for the 12 months from the end of the reporting period.

The company advocates the concept of big market. On the basis of maintaining the advantages of traditional industrial market, it further enriches military connectors, optical modules and other high gross profit products, expands key industries and key customers, strengthens the collaboration of the upstream and downstream industrial chain of China Electronics, constantly increases the investment in technology research and development, and strives to make the main business more refined and stronger. 12 products of 5 categories were successfully selected into the preferred catalogue of the internal distribution of China Electrical Science and Technology, and became qualified suppliers of many member units of China Electrical Science and Technology. Obtaining the military confidentiality Class II qualification, to actively develop the military business market to lay the foundation.

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

Important note: The Company has formulated specific accounting policies and estimates for transactions or matters such as impairment of financial instruments, depreciation of fixed assets, amortization of intangible assets and revenue recognition according to the actual characteristics of production and operation.

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

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the financial position

of the Company as of December 31, 2022, the operating results and cash flows of the year from January to December 2022 and other relevant information.

(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

Of a long-term equity investment under the same control enterprise merger form combined party to pay in cash, transfers non-cash assets or bear debt, as a merger of consideration, the company owners' equity on the combining date according to the combined party on the final the share of the book value of the control side of the consolidated financial statements as the initial cost of the long-term equity investment. If the merging party issues equity instruments as the merger consideration, the total par value of the issued shares shall be used as the share capital. The difference between the initial investment cost of long-term equity investment and the book value of the combined consideration (or the total face value of the issued shares) shall be adjusted to the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

2. Accounting treatment of business combination not under common control

For business combinations not under the same control, the merger cost is the sum of the fair value of the assets paid by the purchaser, the liabilities incurred or assumed and the equity securities issued by the purchaser on the purchase date in order to gain control over the acquired purchaser. The identifiable assets, liabilities and contingent liabilities of the purchased party that are acquired in a business combination under different control and meet the recognition conditions shall be measured at fair value on the purchase date. The difference between the buyer's cost of the merger and the fair value share of the identifiable net assets of the acquiree obtained in the merger is reflected as the value of goodwill. If the merger cost is less than the fair value share of the identifiable net assets of the acquiree obtained in the merger, the difference between the merger cost and the fair value share of the identifiable net assets of the acquiree obtained in the merger shall be included in the non-operating income of the current period.

(VI) Compilation method of consolidated financial statements

1. Scope of consolidated financial statements

The parent company includes all subsidiaries under its control in the consolidated scope of the consolidated financial statements. The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries and are prepared by the parent Company in accordance with Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements based on other relevant information.

The Company includes all subsidiaries (including the separate entities controlled by the Company) into the scope of consolidated financial statements, including the enterprises controlled by the Company, the divisible parts of the investee units and the structured entities.

2. Unify the accounting policies, balance sheet dates and accounting periods of the parent-subsubsidiary company

If the accounting policies or accounting periods adopted by a subsidiary are not consistent with those adopted by the Company, it shall make necessary adjustments to the financial statements of the subsidiary in accordance with the accounting policies or accounting periods adopted by the Company when preparing the consolidated financial statements.

3. Offset items in consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and subsidiaries and have offset internal transactions that occur between the Company and subsidiaries and among subsidiaries. The shares of the owners' equity of subsidiaries that do not belong to the Company shall, as minority shareholders' equity, be listed under the "minority shareholders' equity" item in the consolidated balance sheet. Long-term equity investments of the Company held by

subsidiaries are considered Treasury shares of the Company and are shown as a deduction of Stockholders' equity in the consolidated balance sheet under the item of Stockholders' equity as "Less: Treasury shares".

#### 4. Merger and acquisition of subsidiary accounting treatment

For the subsidiaries acquired by the merger of enterprises under the same control, the merger shall be deemed to have occurred when the ultimate controlling party began to exercise control, and its assets, liabilities, operating results and cash flows shall be included in the consolidated financial statements from the beginning of the merger period. For subsidiaries acquired by a merger of enterprises not under the same control, the individual financial statements shall be adjusted on the basis of the fair value of identifiable net assets on the purchase date when preparing consolidated financial statements.

#### 5. Accounting for the disposal of subsidiaries

In the case of partial disposal of the long-term equity investment in the subsidiary without loss of control, in the consolidated financial statements, the disposal price and the disposal of the long-term equity investment shall be entitled to the difference between the shares of net assets continuously calculated by the subsidiary since the purchase date or the merger date, and the capital reserve (capital premium or equity premium) shall be adjusted. If the capital reserve is insufficient for write-down, the retained earnings shall be adjusted.

If the investor loses the right of control due to the disposal of part of the equity investment or other reasons, the remaining equity shall be remeasured according to the fair value on the date of the loss of the right of control when preparing the consolidated financial statements. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the shares of the original shareholding proportion which should enjoy the net assets continuously calculated from the purchase date or merger date of the original subsidiary, shall be included in the investment income of the period of loss of control, and the goodwill shall be written down at the same time. Other comprehensive income related to the equity investment of the original subsidiary shall be converted to current investment income when the right of control is lost.

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

#### 1. Classification of joint venture arrangements

Joint venture arrangement is divided into joint venture and joint venture. If the joint venture arrangement is not reached by a single entity, it shall be classified as joint operation. A separate subject refers to a subject with a separate identifiable financial structure, including a separate legal entity and a subject without legal entity qualification but recognized by law. A joint venture arrangement through a separate entity, usually classified as a joint venture. Where the rights and obligations of the party under the joint venture arrangement have changed due to changes in relevant facts and circumstances, the party shall reassess the classification of the joint venture arrangement.

#### 2. Accounting for joint operations

As a participant in the joint operation, the Company shall recognize the following items related to the share of interests in the joint operation and conduct accounting treatment in accordance with the relevant accounting standards for enterprises: recognize the assets or liabilities held separately and recognize the assets or liabilities held jointly according to the share; Recognize the revenue generated from the sale of the share of output enjoyed by the joint operation; To recognize the revenue generated by the sale of the output of the joint operation according to its share; Recognize expenses incurred separately and expenses incurred in joint operations by share.

The Company is a participant without joint control over the joint operation. If the company enjoys the relevant assets of the joint operation and bears the relevant liabilities of the joint operation, it shall conduct accounting treatment according to the provisions of the joint operation participant; Otherwise, according to the provisions of the relevant enterprise accounting standards for accounting treatment.

#### 3. Accounting treatment of joint venture

The company is the joint venture party, in accordance with the "Accounting Standards for Enterprises No. 2 - Long-term Equity investment" for the joint venture investment accounting treatment; The Company is not a joint venture party, according to the extent of the impact on the joint venture accounting treatment.

(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 foreign currency business

The Company shall enter the foreign currency transactions in standard currency at the spot rate equivalent to the date of occurrence of the transaction. The foreign currency monetary items on the balance sheet date shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the current date and the initial recognition rate or the spot exchange rate on the previous balance sheet date shall be included in the current profit and loss, except that the exchange difference of special foreign currency loans conforming to the capitalization conditions shall be capitalized and included into the cost of related assets during the capitalization period. For foreign currency non-monetary items measured at historical cost, the spot exchange rate on the transaction date shall still be adopted and the amount of the accounting standard currency shall not be changed. Foreign currency non-monetary items measured at fair value shall be converted by the spot exchange rate on the date of fair value determination. The difference between the converted amount of accounting standard currency and the original amount of accounting standard currency shall be treated as fair value changes (including exchange rate changes) and recorded into current profit and loss or recognized as other comprehensive income.

2. Translation of financial statements measured in foreign currency

If the subsidiaries, joint ventures and associated enterprises of the Company adopt a different accounting standard currency from the Company, they shall conduct accounting and preparation of consolidated financial statements after converting their foreign currency financial statements. The assets and liabilities in the balance sheet shall be translated at the spot exchange rate at the balance sheet date, and the owners' equity items shall be translated at the spot exchange rate at the time of occurrence except for the "undistributed profit" item. The income and expense items in the income statement shall be converted at the spot exchange rate on the transaction date. The balance of translation in foreign currency financial statements resulting from translation is shown as follows in owners' equity items and other comprehensive income in the balance sheet. Foreign currency cash flows shall adopt the spot rate on the date of occurrence of cash flows. The impact of exchange rate changes on cash is shown separately in the statement of cash flows. When disposing of overseas operations, the balance of translation of foreign currency statements related to the overseas operations shall be transferred into the disposal profit or loss of the current period in full or in proportion to the disposal of the overseas operations.

(X) Financial instruments

1. Classification and reclassification of financial instruments

Financial instruments refer to contracts that form the financial assets of one party and the financial liabilities or equity instruments of another party.

(1) Financial assets

The Company classifies financial assets that meet the following conditions as financial assets measured at amortized cost: ① The Company's business model of managing financial assets is to collect contract cash flow; ② The terms of the contract of the financial asset stipulate that the cash flow generated on a specified date is only the payment of the principal amount and the interest based on the outstanding principal amount.

The Company classifies the financial assets that meet the following conditions as those measured at fair value and whose changes are included in other comprehensive income: ① The Company's business model of managing financial assets aims at both collecting contract cash flow and selling the financial assets; ② The terms of the contract of the financial asset stipulate that the cash flow generated on a specified date is only the payment of the principal amount and the interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may, upon initial recognition, irrevocably designate them as financial assets measured at fair value and whose changes are included in other comprehensive income. The designation is made on an individual investment basis and the

underlying investment meets the definition of an equity instrument from the issuer's point of view.

In addition to financial assets classified as financial assets measured at amortized cost and financial assets measured at fair value and whose changes are booked into other comprehensive income, the Company classifies them as financial assets measured at fair value and whose changes are booked into current profit and loss. In the initial recognition, if accounting mismatch can be eliminated or reduced, the Company may irrevocably designate financial assets as financial assets measured at fair value and whose changes are recorded into current profit and loss.

When the Company changes the business model of managing financial assets, it will reclassify all the affected financial assets on the first day of the first reporting period after the change of the business model, and adopt the future applicable method to conduct relevant accounting treatment from the reclassification date, without retroactive adjustment of previously recognized gains, losses (including impairment losses or gains) or interest.

#### (2) Financial liabilities

Financial liabilities at the initial recognition are classified as: financial liabilities measured at fair value and whose changes are booked into current profit and loss; The financial assets transfer does not meet the conditions for termination of recognition or continues to involve the financial liabilities formed by the transferred financial assets; Financial liabilities measured at amortized cost. All financial liabilities are not reclassified.

#### 2. Measurement of financial instruments

The Company's financial instruments are initially recognized as measured at fair value. For financial assets and financial liabilities measured at fair value and whose changes are booked into current profit and loss, relevant transaction costs are directly booked into current profit and loss; For other types of financial assets or financial liabilities, related transaction costs are included in the initial recognized amount. For accounts receivable or notes receivable arising from the sale of products or the provision of services that do not contain or take into account significant financing components, the amount of consideration to which the Company is entitled to collect as expected shall be the initial recognition amount. Subsequent measurement of financial instruments depends on their classification.

##### (1) Financial assets

① Financial assets measured at amortized cost. After the initial recognition, such financial assets are measured by the amortized cost using the effective interest rate method. The gains or losses generated by financial assets measured at amortized cost and not belonging to any hedging relationship shall be booked into current profit and loss when recognition is terminated, reclassified, amortized according to the effective interest rate method or impairment is recognized.

② Financial assets that are measured at fair value and whose changes are booked into current profit or loss. After the initial recognition, such financial assets (except part of the financial assets belonging to the hedge relationship) shall be measured at the fair value, and the resulting gains or losses (including interest and dividend income) shall be booked into current profit and loss.

③ Investment in debt instruments that are measured at fair value and whose changes are recorded in other comprehensive income. After the initial recognition, the fair value of such financial assets is used for subsequent measurement. Interest, impairment losses or gains and exchange gains and losses calculated using the effective interest rate method are included in current profit and loss, while other gains or losses are included in other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously booked into other comprehensive income shall be transferred out of other comprehensive income and booked into current profit and loss.

##### (2) Financial liabilities

① Financial liabilities measured at fair value and whose changes are booked into current profit and loss. Such financial liabilities include trading financial liabilities (including derivative instruments belonging to financial liabilities) and financial liabilities designated as measured at fair value and whose changes are booked into current profit and loss. After the initial recognition, the fair value of such financial liabilities is used for subsequent measurement. Except for the hedge accounting, the gain or loss (including interest expense) generated by the change in the fair value of trading financial liabilities is booked into current profit and loss. If a financial liability is specified as a financial liability measured at fair value and its change is included in current profit and loss, the

change in the fair value of the financial liability caused by the change of the enterprise's own credit risk shall be included in other comprehensive income, and the change in other fair value shall be included in current profit and loss. If accounting mismatch in profit and loss will be caused or expanded if the impact of the change in credit risk of the financial liability is included in other comprehensive income, the Company shall book all gains or losses of the financial liability into current profit and loss.

② Financial liabilities measured at amortized cost. After the initial recognition, such financial liabilities are measured at amortized cost using the effective interest rate method.

### 3. The Company's method of recognizing the fair value of financial instruments

If there are financial instruments in active markets, their fair value shall be determined by quotation in active markets; If there is no active market for financial instruments, use valuation techniques to determine their fair value. Valuation techniques mainly include market method, income method and cost method. In limited cases, if recent information used to determine fair value is insufficient, or if the distribution of possible estimates of fair value is wide, and cost represents the best estimate of fair value within the range, the cost may represent its appropriate estimate of fair value within the range of distribution. The Company uses all information about the investee's performance and operations available after the initial confirmation date to determine whether the cost represents fair value.

### 4. Recognition basis and measurement method for transfer of financial assets and financial liabilities

#### (1) Financial assets

The financial assets of the Company shall be terminated if they meet one of the following conditions: (1) The contractual right to collect the cash flow of the financial assets shall be terminated; (2) The financial assets have been transferred, and the company has transferred almost all the risks and rewards of the ownership of the financial assets; (3) The financial assets have been transferred. Although the Company has neither transferred nor retained almost all rewards on the ownership of the financial assets, it has not retained control of the financial assets.

Where the Company neither transfers nor retains almost all remuneration on the ownership of the financial assets, and retains control over the financial assets, the relevant financial assets shall be recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

If the transfer of financial assets meets the conditions for termination of recognition as a whole, the difference between the following two amounts shall be recorded into the current profit and loss: (1) the book value of the transferred financial assets on the date of termination of recognition; (2) The sum of the consideration received due to the transfer of financial assets and the amount corresponding to the part of termination of recognition in the accumulative amount of the change in fair value directly included in other comprehensive income (the financial assets involved in the transfer are financial assets classified as measured at fair value and whose change is included in other comprehensive income).

If the partial transfer of financial assets meets the conditions for termination of recognition, the book value of the whole transferred financial assets shall be apportioned between the terminated and unexpired part according to their relative fair value on the transfer date, and then the difference of the following two amounts shall be recorded into current profit and loss: (1) The book value of the terminated recognition part on the termination of recognition date; (2) The sum of the consideration received for the part of termination recognition and the amount corresponding to the part of termination recognition in the accumulative amount of changes in fair value originally included in other comprehensive income (financial assets involved in transfer are financial assets classified as measured at fair value and whose changes are included in other comprehensive income).

#### (2) Financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of the financial liability.

If the recognition of financial liabilities (or part thereof) is terminated, the Company shall book the difference between the book value and the consideration paid into the current profit and loss.

### (XI) Methods for determining expected credit losses and accounting treatment

#### 1. Methods for determining expected credit losses

Based on expected credit losses, the Company conducts impairment accounting treatment and recognizes loss reserves for financial assets (including receivables) measured at amortized cost, financial assets classified as measured at fair value and whose changes are included in other comprehensive income (including receivables financing), lease receivables.

On each balance sheet date, the company evaluates whether the credit risk of relevant financial instruments has significantly increased since the initial recognition. The process of credit impairment of financial instruments is divided into three stages, and different accounting treatment methods are adopted for the impairment of financial instruments at different stages: (1) In the first stage, if the credit risk of the financial instrument does not increase significantly after the initial recognition, the Company shall calculate the loss reserve based on the expected credit loss of the financial instrument in the next 12 months, and calculate the interest income based on its book balance (i.e. without deducting the impairment reserve) and the actual interest rate; (2) In the second stage, if the credit risk of the financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, the Company shall measure the loss reserve according to the expected credit loss during the entire duration of the financial instrument and calculate the interest income according to its book balance and actual interest rate; (3) In the third stage, if credit impairment occurs after the initial recognition, the Company shall measure the loss reserve according to the expected credit loss during the entire duration of the financial instrument, and calculate the interest income according to its amortized cost (book balance minus impairment reserve already drawn) and the actual interest rate.

(1) Lower credit risk financial instruments measure loss reserve method

For financial instruments with lower credit risk at the balance sheet date, the Company may directly assume that the credit risk of such instruments has not increased significantly since the initial recognition, without comparing them with the credit risk at the time of their initial recognition.

If the default risk of the financial instrument is low, the debtor has a strong ability to perform its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and business environment in a longer period of time, it may not necessarily reduce the borrower's ability to perform its contractual cash flow obligations, the financial instrument is regarded as having a low credit risk.

(2) How to measure loss reserve for receivables and lease receivables

① Receivables that do not contain significant financing components. For receivables that are formed from transactions regulated by Accounting Standard for Business Enterprises No. 14 - Revenue and do not have a significant financing component, the Company adopts a simplified approach that always measures the loss reserve against expected credit losses over the entire duration.

Depending on the nature of the financial instrument, the Company assesses whether credit risk is significantly increased on the basis of individual financial assets or a portfolio of financial assets. The Company divides notes receivable and accounts receivable into several combinations according to credit risk characteristics, and calculates expected credit losses on the basis of the combination. The basis for determining the combination is as follows:

Accounts receivable Portfolio 1: combination of related parties within the scope of consolidation

Accounts receivable Portfolio 2: aging portfolio

Notes Receivable Portfolio 1: Banker's Acceptance receivable

Notes Receivable Portfolio 2: Commercial Acceptance receivable

For the accounts receivable divided into portfolios, the company, by referring to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, prepares the comparison table of the expected credit loss rate between the age of accounts receivable and the entire duration of accounts receivable to calculate the expected credit loss. For notes receivable divided into portfolios, the Company calculates expected credit losses based on default risk exposure and expected credit loss rate over the entire duration by referring to historical credit loss experience, combining current situation and forecast of future economic conditions.

Accounts receivable -- a comparison of the aging of an aging portfolio with the expected credit

loss rate over its entire life

| Aging of account  | Expected credit loss rate of accounts receivable (%) |
|-------------------|--|
| Within 1 Year     | 1.00   |
| 1-2 Years         | 5.00   |
| 2-3 Years         | 10.00  |
| 3-4 Years         | 30.00  |
| 4-5 Years         | 50.00  |
| More than 5 Years | 100.00   |

② Receivables and lease receivables with a significant financing component.

For receivables with a significant financing component and for lease receivables regulated by Accounting Standard for Business Enterprises No. 21 - Leases, the Company measures the loss reserve in accordance with the general method known as the "three-stage" model.

(3) Other methods of measuring loss reserves for financial assets

For financial assets other than the above, such as debt investments, other debt investments, other receivables, long-term receivables other than lease receivables, the Company measures the loss reserve in accordance with the general method, namely the "three-stage" model.

The Company takes the following factors into account when assessing whether credit risk is significantly increased in the event of credit impairment of the measurement financial instruments:

The Company divides other receivables into several combinations according to the nature of the amounts, and calculates the expected credit loss on the basis of the combination. The basis for determining the combination is as follows:

Other receivables Portfolio 1: Combination of related parties within the scope of consolidation

Other receivables Portfolio 2: Financing margin portfolio

Other receivables Portfolio 3: Export tax rebates receivable portfolio

2. Accounting for expected credit losses

In order to reflect the changes of the credit risks of financial instruments since the initial recognition, the Company remeasures the expected credit losses on each balance sheet date, and the resulting increase in the loss reserve or reversal amount shall be recorded into the current profit and loss as impairment losses or gains. Write off the carrying value of the financial asset listed in the balance sheet or into the estimated liabilities or into other comprehensive income (debt investment measured at fair value and its changes into other comprehensive income).

(XII) Inventories

1. Classification of inventory

Inventory refers to finished products or commodities held by the Company in daily activities for sale, products in the process of production, materials and materials consumed in the process of production or provision of services, etc. It mainly includes raw materials, turnover materials (packaging, low-value consumable, etc.), commissioned processing materials, products in process, homemade semi-finished products, finished products (stock goods), etc.

2. Valuation method for issuing inventory

When the inventory is dispatched, the monthly weighted average method is adopted to determine the actual cost of delivery.

3. Method of drawing reserve for inventory decline

On the balance sheet date, the inventory shall be measured according to the lower of the cost and net realizable value, and the inventory decline reserve shall be calculated according to the single inventory item. However, for the inventory with a large quantity and a low unit price, the inventory decline reserve shall be calculated according to the inventory category.

On the balance sheet date, the inventory shall be measured by the lower of cost and net realizable value, and the inventory depreciation reserve shall be calculated according to the difference between the cost of inventory class and net realizable value. The net realizable value of the inventory directly used for sale shall be determined by the estimated selling price of the inventory less estimated selling expenses and related taxes in the normal course of production and operation; For inventories that need to be processed, the net realizable value shall be determined by the estimated selling price of finished products produced in the normal course of production and operation after deducting the estimated cost, estimated selling expenses and related taxes to be incurred upon completion; On the balance sheet date, if a part of the same inventory has a contract price, but the other part does not have a contract



price, its net realizable value shall be determined respectively, and the corresponding cost shall be compared with it to determine the amount to be withdrawn or transferred back from the reserve for inventory declines respectively.

#### 4. Inventory system

The company's inventory system is the perpetual inventory system.

#### 5. Amortization method of low-value consumable products and packaging

Low-value consumable goods and packaging are amortized by one-pass method.

### (XIII) Contract assets and contract liabilities

#### 1. Contract assets

The Company presents as a contractual asset the right to receive consideration for goods or services transferred to the Customer, subject to factors other than the passage of time. Provision for impairment of contracted assets shall be made according to the expected credit loss method of financial instruments. For contract assets that do not contain a material financing component, the Company adopts a simplified method to measure loss provisions. For contract assets that contain significant financing components, the Company measures loss provisions in accordance with the general method.

In case of impairment loss on contract assets, "asset impairment loss" shall be debited according to the amount to be written down, and the impairment provision for contract assets shall be credited; The reverse entry is made when the asset impairment provision has been transferred back.

#### 2. Contract liabilities

Obligations of the Company to transfer goods or services to the Customer for consideration received or receivable from the customer shall be listed as contractual liabilities.

The Company presents contractual assets and contractual liabilities under the same contract on a net basis.

### (XIV) Long-term equity investments

#### 1. Initial investment cost determination

For the long-term equity investment obtained from the enterprise merger, if the enterprise merger is under the same control, the initial investment cost of the long-term equity investment shall be taken as the share of the owner's equity of the merged party in the book value of the final controlling party's consolidated financial statements on the merger date; In the case of enterprise merger not under the same control, the initial investment cost of long-term equity investment shall be taken as the merger cost determined on the purchase date; For long-term equity investment obtained by cash payment, the initial investment cost is the actual purchase price paid; For the long-term equity investment obtained by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued; The initial cost of long-term equity investment obtained through debt restructuring shall be determined in accordance with the relevant provisions of Accounting Standards for Enterprises "CASBE 12 – Debt Restructuring"; For long-term equity investment obtained by exchange of non-monetary assets, the initial investment cost shall be determined in accordance with relevant provisions of Accounting Standards for Business Enterprises "CASBE 7 – Non-cash Assets Exchange".

#### 2. 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. The company for equity investment consortium, one part of through risk investment institutions, mutual funds, trust companies or similar subject, including cast the insurance fund, indirect holding, whether the above subject has a significant influence on this part of the investment, the company in accordance with the accounting standards for enterprises "CASBE 22 – Financial Instruments: Recognition and Measurement", and the rest of the equity method accounting.

#### 3. Determine the basis of joint control and significant influence on the invested entity

Of the invested entity has joint control, refers to an arrangement returns have a significant impact

on activity must go through the participants agreed to share control decisions, including the sale and purchase of goods or services, financial assets management, purchase and disposal of the assets, research and development activities, and financing activities, etc.; Having a significant influence on the invested entity refers to having a significant influence when holding more than 20% to 50% of the voting capital of the invested entity. Or, although less than 20%, has a significant impact if one of the following conditions is met: representation on the board of directors or a similar authority of the invested entity; To participate in the policy making process of the investee; Dispatching management personnel to the invested units; The invested entity relies on the technology or technical data of the investment company; Having important transactions with the invested units.

(XV) Investment property

The Company's investment property categories, including leased land use rights, leased buildings, land use rights held and ready to be transferred after appreciation. The initial measurement of investment property is carried out according to the cost, and the subsequent measurement is carried out according to the cost model.

The average life method is adopted for the depreciation of leased buildings in the Company's investment property, and the specific accounting policy is the same as that of fixed assets. The land-use right leased in investment property and the land-use right held and transferred after appreciation shall be amortized by the straight-line method. The specific accounting policies are the same as those for 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

The company's fixed assets are mainly divided into: buildings and structures, machinery, electronic equipment, transport facilities, etc. The depreciation method adopts the average life method. The service life and estimated net salvage value of fixed assets shall be determined according to the nature and usage of various types of fixed assets. At the end of the year, the service life, estimated net salvage value and depreciation method of the fixed assets shall be rechecked. If there is any difference from the original estimate, corresponding adjustment shall be made. In addition to the fixed assets that have been fully depreciated but are still in use and the land that is separately priced and recorded, the Company will calculate and depreciate all the fixed assets.

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

1. Recognition principle of capitalization of borrowing costs

Borrowing costs incurred by the Company that can be directly attributed to the purchase, construction or production of assets eligible for capitalization shall be capitalized and included in the cost of relevant assets; Other borrowing costs shall be recognized as expenses according to the amount incurred when incurred and recorded into current profits and losses. The assets that meet the capitalization conditions refer to the fixed assets, investment real estate, inventory and other assets that need to go through a fairly long period of purchase, construction or production activities to reach the predetermined state of being usable or saleable.

2. Calculation method of capitalization amount

Capitalization period refers to the period from the beginning of capitalization of borrowing costs to the end of capitalization. Periods of suspension of capitalization of borrowing costs are not included. Capitalization of borrowing costs shall be suspended if abnormal interruption occurs in the purchase, construction or production process and the interruption lasts for more than 3 consecutive months.

The borrowing of a special loan shall be determined according to the amount of the interest expense actually incurred in the current period of the special loan, minus the interest income obtained from depositing the unused loan funds in the bank or the investment income obtained from temporary investment; Occupied general borrowings shall be calculated and determined according to the weighted average of the accumulated asset expenditure exceeding the portion of special borrowings multiplied by the capitalization rate of occupied general borrowings, and the capitalization rate shall be the weighted average interest rate of general borrowings; If there is a discount or premium on the loan, the amount of discount or premium to be amortized in each accounting period shall be determined according to the effective interest rate method, and the amount of interest for each period shall be adjusted.

The effective interest rate method is a method to calculate the amortized discount or premium or interest expense of a loan according to the effective interest rate. The effective interest rate is the future cash flow of the loan during its expected life, discounted as the interest rate used in the current book value of the loan.

(XIX) Intangible assets

1. The valuation method of intangible assets

The Company's intangible assets are initially measured at cost. The purchased intangible assets shall be regarded as the actual cost according to the actual price paid and related expenses. The actual cost of intangible assets invested by investors shall be determined according to the value stipulated in the investment contract or agreement, but if the value stipulated in the contract or agreement is unfair, the actual cost shall be determined according to the fair value. For self-developed intangible assets, the cost shall be the total amount of expenses incurred before reaching the intended use.

The Company's subsequent measurement methods for intangible assets are as follows: Intangible assets with limited service life shall be amortized by the straight-line method, and the service life and amortization method of intangible assets shall be rechecked at the end of the year. If there is any difference from the original estimate, corresponding adjustment shall be made; Intangible assets with uncertain service life are not amortized, but at the end of the year, the service life shall be rechecked. When there is conclusive evidence that the service life is limited, the service life shall be estimated and amortized according to the straight-line method.

Intangible assets with limited useful life are amortized as follows:

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

2. The judgment basis of uncertain service life

The Company will not be able to foresee the period of time that the asset will bring economic benefits to the Company, or the intangible assets with uncertain service life are identified as intangible assets with uncertain service life. The judgment basis of uncertain service life is: it comes from

contractual rights or other legal rights, but the contract or legal provisions do not specify the service life; Based on the industry situation or relevant experts' arguments, it is still impossible to judge the period when intangible assets bring economic benefits to the company.

At the end of each year, the service life of intangible assets with uncertain service life is reviewed, mainly in a bottom-up way. The departments related to the use of intangible assets conduct basic review to evaluate whether the judgment basis of uncertain service life has changed.

3. Specific criteria for research and development stages of internal research and development projects, as well as specific criteria for development stage expenditures to meet the capitalization conditions

Expenditure in the research phase of internal research and development projects shall be recorded into current profits and losses when incurred; The expenditure in the development stage shall be transferred to the accounting of intangible assets if it meets the conditions of being recognized as intangible assets.

Specific criteria for dividing the research phase and development phase of an internal research and development project: (1) it is technically feasible to complete the intangible asset so that it can be used or sold; (2) it has the intention to complete the intangible asset and use or sell it; (3) The way in which intangible assets generate economic benefits, including being able to prove that there is a market for the products produced by using the intangible assets or that there is a market for the intangible assets themselves, and that the intangible assets will be used internally, being able to prove their usefulness; (4) it has the support of sufficient technology, financial resources and other resources to complete the development of the intangible asset and has the ability to use or sell the intangible asset; (5) The expenditure attributable to the development stage of the intangible asset can be measured reliably.

(XX) Impairment of part of long-term assets

If long-term equity investment, investment real estate measured by the cost model, fixed assets, intangible assets of construction in progress and other long-term assets show signs of impairment on the balance sheet date, the impairment test shall be conducted. If the result of the impairment test shows that the recoverable amount of the asset is lower than its carrying value, the impairment reserve shall be calculated and booked into the impairment loss according to the difference.

The recoverable amount is the higher between the net fair value of the asset less the disposal charge and the present value of the expected future cash flows of the asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. An asset group is the smallest set of assets that can independently generate cash inflows.

Goodwill shown separately in the financial statements, regardless of whether there is evidence of impairment, shall be tested for impairment at least annually. In the impairment test, the carrying value of goodwill is apportion to the group of assets or combination of asset groups expected to benefit from the synergies of the business combination. If the test results show that the recoverable amount of the asset group or the asset group combination containing the apportion of goodwill is lower than its carrying value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall first offset the book value of goodwill apportion to the asset group or asset group combination, and then offset the book value of other assets in proportion to the proportion of the book value of assets other than goodwill in the asset group or asset group combination.

Once the above-mentioned asset impairment loss is recognized, the part whose value can be recovered shall not be transferred back in the following period.

(XXI) 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.

(XXII) Employee benefits

Employee benefits refers to various forms of remuneration or compensation provided by the Company for obtaining services provided by employees or for terminating labor relations. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term employee benefits

During the accounting period when employees provide services for the company, the actual short-term compensation is recognized as liabilities and booked into the current profits and losses, except for those required or allowed to be booked into the cost of assets by the accounting standards for enterprises. The employee welfare expense incurred by the Company shall be included in the current profit and loss or the cost of relevant assets according to the actual amount when it is actually incurred. If the employee welfare fee is non-monetary welfare, it shall be measured at fair value. The company for the medical treatment insurance premium of worker pay, industrial injury insurance, birth insurance premium of social insurance premiums and housing accumulation fund, and according to the rules extraction of the trade union and employee education funds and provide services in the workers of the accounting period, according to the provisions stipulated in the basic and provision ratio calculate and determine the corresponding compensation amount, and confirm corresponding liabilities, Include current profit or loss or related asset cost.

2. Post-employment benefits

During the accounting period when employees provide services, the payable amount calculated according to the set depository plan shall be recognized as liabilities and recorded into the current profit and loss or the cost of relevant assets. According to the formula determined by the expected cumulative benefit unit method, the welfare obligation arising from the set benefit plan shall be attributed to the period of service provided by the employee, and shall be included in the current profit and loss or the cost of relevant assets.

3. 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.

4. Other long-term employee benefits

Other long-term employee benefits provided by the company to the employees that meet the conditions for setting up an escrow plan shall be dealt with in accordance with the provisions on setting up an escrow plan; In addition, identify and measure other long-term employee benefit net liabilities or net assets according to the relevant provisions of the defined benefit plan.

(XXIII) Provisions

An obligation related to a contingent event is recognized as a projected liability when it is a current obligation undertaken by the Company and the performance of the obligation is likely to result in an outflow of economic benefits and the amount of the obligation can be measured reliably. The Company shall make initial measurement according to the best estimate of the expenditure required to fulfill the relevant current obligations. If there exists a continuous range of expenditure required and various outcomes within the range are equally likely to occur, the best estimate shall be determined as the intermediate value within the range; If more than one project is involved, calculate the best estimate based on the various possible outcomes and the associated probabilities.

On the balance sheet date, the book value of the projected liabilities shall be reviewed. If there is conclusive evidence that the book value does not truly reflect the current best estimate, the book value shall be adjusted according to the current best estimate.

(XXIV) Revenue

The Company has fulfilled its performance obligation under the contract, that is, when the customer obtains control of the relevant commodity or service, it recognizes revenue according to the transaction price apportioned to the performance obligation. To acquire the control right of relevant goods refers to be able to dominate the use of the goods and obtain almost all the

economic benefits from them. Performance obligation refers to the commitment of the company in the contract to transfer clearly distinguishable commodities to the customer. Transaction Price represents the amount of consideration that the Company expects to be entitled to collect as a result of the transfer of goods to the Customer, excluding monies received on behalf of third parties and monies that the Company expects to refund to the Customer.

Whether the performance obligation is to be performed within a certain period of time or at a certain point depends on the terms of the contract and relevant legal provisions. If the performance obligation is performed within a certain period of time, the Company recognizes revenue according to the progress of performance. Otherwise, the Company recognizes revenue at a point at which the customer acquires control of the relevant assets.

If one of the following conditions is met, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain point: (1) The customer obtains and consumes the economic benefits arising from the Company's performance at the same time as the Company's performance; (2) The customer can control the goods under construction during the company's performance; (3) The commodities produced by the Company during the performance of the Contract have irreplaceable uses, and the Company has the right to collect payment for the accumulated performance completed so far throughout the contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance during that period. If the performance progress cannot be reasonably determined and the incurred costs are expected to be compensated, the revenue shall be recognized according to the amount of incurred costs until the performance progress can be reasonably determined. For performance obligations performed at a certain point, revenue is recognized at the point when the customer acquires control of the relevant goods or services. In determining whether the customer has acquired control of the goods, the Company considers the following indications: (1) the Company has a current collection right in respect of the goods, i.e. the customer has a current payment obligation in respect of the goods; (2) the Company has transferred the legal title of the goods to the Customer, that is, the customer has the legal title of the goods; (3) The Company has physically transferred the commodity to the customer, that is, the customer has physically possessed the commodity; (4) The Company has transferred the major risks and rewards in the ownership of the commodities to the Customer, that is, the customer has obtained the major risks and rewards in the ownership of the commodities; (5) The customer has accepted the goods; (6) Other signs indicating that the customer has acquired control of the goods.

#### Specific methods of revenue recognition

The Company mainly sells video conferencing products, integrated cabling products, intelligent electrical products, communication basic products and other products. The above product sales business of the company is a performance obligation performed at a certain point, and the product revenue recognition shall meet the following conditions: The company has delivered the products to the purchaser according to the contract and accepted them by the purchaser, and the amount of sales revenue of the products has been determined, the payment for goods has been recovered or the receipt of payment has been obtained, and the relevant economic benefits are likely to flow in, and the costs related to the products can be measured reliably.

#### (XXV) Contract cost

The contract cost of the Company includes the incremental cost incurred to obtain the contract and the contract performance cost. Incremental costs incurred to acquire a contract ("contract acquisition costs") are costs that would not have been incurred otherwise. If the cost is expected to be recovered, the Company will recognize it as a contract acquisition cost as an asset.

The cost incurred by the Company to perform the contract, which does not fall within the scope of accounting standards for enterprises such as inventory and meets the following conditions at the same time, shall be recognized as an asset as the contract performance cost:

1. The costs are directly related to a current or expected contract and include direct labor, direct materials, manufacturing expenses (or similar expenses), costs expressly borne by the User and other costs incurred solely as a result of the contract;

2. The cost increases the Company's resources for future performance obligations;

3. This cost is expected to be recovered.

The Company will recognize the contract performance costs as assets, the amortization period of the initial recognition does not exceed one year or a normal business cycle, in the balance sheet into the "inventory" item; If the amortization period is more than one year or one normal operating cycle at the time of initial recognition, "other non-current assets" will be included in the balance sheet.

The Company shall record the acquired costs of contracts recognized as assets into the "other current assets" item in the balance sheet if the amortization period at the initial recognition does not exceed one year or one normal operating cycle. If the amortization period is more than one year or one normal operating cycle at the time of initial recognition, "other non-current assets" will be included in the balance sheet.

The Company amortizes the assets recognized for contract acquisition cost and contract performance cost (hereinafter referred to as "assets related to contract cost") on the same basis as the commodity revenue recognized for the assets and records them into the current profit and loss. If the amortization period of the asset formed by the incremental cost of acquiring the contract does not exceed one year, it shall be included in the current profit and loss at the time of occurrence.

If the carrying value of the asset related to the contract cost is higher than the difference between the following two items, the Company will calculate and withdraw the excess part of the impairment reserve and recognize it as the asset impairment loss:

1. The remaining consideration expected to be obtained from the transfer of commodities related to the asset;

2. Estimate the cost to be incurred for the transfer of the related goods.

If the difference between the foregoing two items is higher than the carrying value of the asset due to the change of the factors of impairment in the previous period, it shall revert to the original provision for asset impairment and be included in the current profit and loss, provided that the carrying value of the asset after the reversal shall not exceed the carrying value of the asset on the date of reversal assuming no provision for impairment.

(XXVI) Government grants

1. Types of government subsidies and accounting treatment

Government subsidy refers to the monetary assets or non-monetary assets that the Company obtains free of charge from the government (but does not include the capital invested by the government as the owner). If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. Where government subsidies are non-monetary assets, they shall be measured at fair value; If the fair value cannot be obtained reliably, it shall be measured according to the nominal amount.

Government subsidies related to daily activities shall be included in other income according to the economic business essence. Government subsidies unrelated to daily activities shall be included

in non-operating income.

Government documents clearly stipulate that government subsidies for the purchase and construction of long-term assets or the formation of long-term assets by other means shall be recognized as government subsidies related to assets. If the government documents do not specify the object of subsidy, and long-term assets can be formed, the part of government subsidy corresponding to the value of the asset shall be regarded as the government subsidy related to the asset, and the rest shall be regarded as the government subsidy related to the income. It is difficult to distinguish between government subsidies as a whole as government subsidies related to benefits. Government subsidies related to assets are recognized as deferred income. The amount recognized as deferred income shall be recorded into current profits and losses in a reasonable and systematic manner during the useful life of the relevant asset.

Government subsidies other than those related to assets shall be recognized as government subsidies related to earnings. If the government subsidies related to earnings are used to compensate the relevant expenses or losses of the enterprise in the subsequent period, they shall be recognized as deferred earnings and recorded into the current profit and loss during the period when the relevant expenses are recognized. If it is used to compensate the relevant expenses or losses already incurred by the enterprise, it shall be directly recorded into the current profit and loss.

If the company obtains a policy preferential loan discount interest, and the finance allocates the discount interest funds to the lending bank, and the lending bank provides the loan to the Company at the policy preferential interest rate, the actual amount of the loan is taken as the recorded value of the loan, and the relevant borrowing costs are calculated according to the loan principal and the policy preferential interest rate; If the finance directly appropriates the discount interest funds to the Company, the Company will offset the corresponding discount interest against the relevant borrowing costs.

#### 2. Confirmation of government subsidies

Government grants are recognized when the conditions attached to government grants are met and can be received. The government subsidy measured according to the amount receivable shall be confirmed at the end of the period when there is solid evidence that it can meet the relevant conditions stipulated in the financial support policy and is expected to receive the financial support funds. Government subsidies other than those measured according to the amount receivable shall be recognized when the amount of subsidies is actually received.

#### (XXVII) 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. Recognize deferred tax liabilities for taxable temporary differences related to investments in subsidiaries and associates, unless the Company has control over the timing of the reversal of the temporary differences and it is likely that the reversal will not occur in the foreseeable future. For deductible temporary differences related to investments in subsidiaries and associates, deferred tax assets are recognized when such temporary differences are likely to be reversed in the foreseeable future and the amount of taxable income used to offset the deductible temporary differences is likely to be obtained in the future.

#### (XXVIII) Leases

##### 1. Accounting treatment of leased assets

On the commencement date of the lease term, the Company recognizes the right to use assets and lease liabilities for leases other than short-term leases and leases of low-value assets, and recognizes depreciation expense and interest expense, respectively, during the lease term.

The Company uses the straight-line method for each period of the lease term to charge lease



payments for short-term leases and leases for low-value assets to current expenses.

(1) Right-of-use asset

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

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

In accordance with the Accounting Standards for Enterprises “CASBE 8 - Asset Impairment”, the company determines whether the assets used for use have been impaired and carries out accounting treatment.

(2) Lease liability

The lease liability is initially measured at the present value of the outstanding lease payments on the commencement date of the lease term. The lease payment amount includes: 1) the fixed payment amount (including the substantial fixed payment amount). If there is a lease incentive, the lease incentive related amount shall be deducted; 2) variable lease payments depending on the index or ratio; 3) the amount expected to be paid according to the security residual value provided by the lessee; 4) the exercise price of the purchase option, the premise is that the lessee is reasonable to determine the exercise of the option; 5) Payment for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;

The Company uses the lease embedded interest rate as the discount rate; If it is impossible to reasonably determine the interest rate embedded in the lease, the incremental borrowing rate of the Company shall be used as the discount rate. The Company calculates the interest expense of the lease liability in each period of the lease term at a fixed periodic interest rate and records it as a financial expense. The cyclical rate refers to the discount rate or the revised discount rate adopted by the Company.

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

If the Company changes the evaluation result of the option to renew the lease, terminate the lease or purchase the lease, it will re-measure the lease liability according to the present value calculated by the changed lease payment amount and the revised discount rate, and adjust the book value of the right asset accordingly. In the event of a change in the actual lease payment, the estimated payable amount of the guarantee residual or the variable lease payment depending on the index or ratio, the lease liability shall be re-measured according to the present value calculated by the changed lease payment and the original discount rate, and the carrying value of the right asset shall be adjusted accordingly.

2. Accounting treatment of leased assets

(1) Operating lease accounting treatment

In each period of the lease term, the Company adopts the straight-line method to recognize the lease receipts from the operating leases as rental income. The Company capitalizes the initial direct expenses incurred in connection with the operating lease and stages them into current earnings during the lease term on the same basis of recognition as rental income.

(2) Accounting treatment of finance lease

On the lease commencement date, the Company recognizes the difference between the sum of the financial lease receivable, the unguaranteed residual value and its present value as unrealized

financing income, and recognizes it as lease income in each period in which the rent is received in the future. The initial direct expenses incurred by the Company in connection with the leasing transaction are included in the initial recorded value of the finance lease receivable.

(XXIX) Explanation of changes in major accounting policies and accounting estimates

Since the first implementation of Interpretation of Accounting Standards No. 15 in 2022, the Company has not involved the adjustment of the financial statements at the beginning of the first implementation year.

#### IV. Taxes

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

| Taxes                                  | Tax bases   | Tax rates    |
|--|---|--------------|
| Value-added tax (VAT)                  | The output tax shall be calculated on the basis of the sales of goods and taxable service income calculated in accordance with the provisions of the tax law. After deducting the input tax allowed to be deducted in the current period, the balance shall be the VAT payable. | 13%、6%、5%、3% |
| Housing property tax                   | For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.      | 1.2%、12%     |
| Urban maintenance and construction tax | Turnover tax payable  | 7%           |
| Education surcharge                    | Turnover tax payable  | 3%           |
| Local education surcharge              | Turnover tax payable  | 2%           |
| Enterprise income tax                  | Taxable income  | 15%、25%      |

| Taxpayers  | Income tax rate |
|--|-----------------|
| The Company  | 25%             |
| Nanjing Putian Telege Intelligent Building Co., Ltd    | 15%             |
| Nanjing Putian Datang Information Electronic Co., Ltd. | 15%             |
| Taxpayers other than the above-mentioned               | 25%             |

##### (II) Tax preferential policies

1. Nanjing Putian Telege Intelligent Building Co., Ltd obtained high-tech enterprise certificate in November, 2021, valid for 3 years. From 2021 to 2023, the enterprise income tax shall be paid at the reduced tax rate of 15%.

2. The subsidiary, Nanjing Putian Datang Information Electronic Co., Ltd., obtained high-tech enterprise certificate in November, 2021, valid for 3 years. From 2021 to 2023, the enterprise income tax shall be paid at the reduced tax rate of 15%.

3. The seventh branch of the subsidiary Nanjing communication equipment factory is a social welfare enterprise, which complies with the provisions of Guo Shui Fa [2007] No. 067 and enjoys the preferential tax policies of immediate collection and refund of value-added tax and plus deduction of wages of the disabled.

4. The subsidiaries, Nanjing Putian Datang Information Electronic Co., Ltd. were certified as software enterprises, and some of the software products produced by Nanjing South Telecommunications Company Limited and Nanjing Putian Network Co., Ltd. are entitled to enjoy

the preferential tax policy of VAT refund upon collection in accordance with the provisions of Cai Shui [2011] No.100.

## V. Notes to items of consolidated financial statements

### 1. Cash and bank balances

| Items                                    | Closing balance | Opening balance |
|--|-----------------|-----------------|
| Cash on hand                             | 343.39          | 343.39          |
| Cash in bank                             | 164,384,398.00  | 180,458,727.47  |
| Other cash and bank balances             | 9,479,083.96    | 8,206,459.51    |
| Total                                    | 173,863,825.35  | 188,665,530.37  |
| Including: Total amount deposited abroad |                 |                 |
| Deposit money with finance company       | 24,074,373.95   | 7,151,551.17    |

### Details of other cash and bank balances

| Items           | Closing balance | Opening balance |
|-----------------|-----------------|-----------------|
| Deposit for L/G | 6,779,083.96    | 8,205,628.07    |
| Frozen funds    | 2,700,000.00    |                 |
| Others          |                 | 831.44          |
| Total           | 9,479,083.96    | 8,206,459.51    |

Note: Other cash and bank balances are restricted funds.

### 2. Held-for-trading financial assets

| Items  | Closing balance | Opening balance |
|--|-----------------|-----------------|
| 1. Financial assets classified as financial assets measured at fair value and whose changes are included in current profits and losses |                 | 20,000,000.00   |
| Including: Debt Instrument Investment  |                 |                 |
| Equity instrument investment   |                 |                 |
| Others   |                 | 20,000,000.00   |
| 2. Financial assets designated as measured at fair value and whose changes are booked into current profit or loss                      |                 |                 |
| Including: Debt Instrument Investment  |                 |                 |
| Equity instrument investment   |                 |                 |
| Others   |                 |                 |
| Total  |                 | 20,000,000.00   |

### 3. Notes receivable

#### (1) Categories

| Items                         | Closing balance | Opening balance |
|-------------------------------|-----------------|-----------------|
| Bank acceptance               | 2,222,820.00    |                 |
| Trade acceptance              | 26,807,458.99   | 14,424,413.04   |
| Less: Provision for bad debts | 1,340,372.95    | 721,220.66      |
| Total                         | 27,689,906.04   | 13,703,192.38   |

#### (2) Provision for bad debts of notes receivable

| 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              |                 |            |                         |                          |                 |
| Receivables with provision for bad debts made on a collective basis | 29,030,278.99   | 100.00     | 1,340,372.95            | 4.62                     | 27,689,906.04   |
| Total   | 29,030,278.99   | —          | 1,340,372.95            | 4.62                     | 27,689,906.04   |

| 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              |                 |            |                         |                          |                 |
| Receivables with provision for bad debts made on a collective basis | 14,424,413.04   | 100.00     | 721,220.66              | 5.00                     | 13,703,192.38   |
| Total   | 14,424,413.04   | —          | 721,220.66              | 5.00                     | 13,703,192.38   |

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

| Items            | Closing balance |                         |                          |
|------------------|-----------------|-------------------------|--------------------------|
|                  | Book balance    | Provision for bad debts | Provision proportion (%) |
| Trade acceptance | 26,807,458.99   | 1,340,372.95            | 5.00                     |
| Bank acceptance  | 2,222,820.00    |                         | —                        |
| Total            | 29,030,278.99   | 1,340,372.95            | —                        |

(Continued)

| Items            | Opening balance |                         |                          |
|------------------|-----------------|-------------------------|--------------------------|
|                  | Book balance    | Provision for bad debts | Provision proportion (%) |
| Trade acceptance | 14,424,413.04   | 721,220.66              | 5.00                     |
| Bank acceptance  |                 |                         |                          |
| Total            | 14,424,413.04   | 721,220.66              | —                        |

## (3) Bad debt provisions for notes receivable accrual, recovered or reversed in the current period

| Items   | Opening balance | Changes in the current period |          |           |        | Closing balance |
|---|-----------------|-------------------------------|----------|-----------|--------|-----------------|
|   |                 | Accrual                       | Recovery | Write-off | Others |                 |
| Receivables with provision made on an individual basis              |                 |                               |          |           |        |                 |
| Receivables with provision for bad debts made on a collective basis | 721,220.66      | 619,152.29                    |          |           |        | 1,340,372.95    |
| Trade acceptance  | 721,220.66      | 619,152.29                    |          |           |        | 1,340,372.95    |
| Total   | 721,220.66      | 619,152.29                    |          |           |        | 1,340,372.95    |

(4) Notes receivable that have been endorsed or discounted at the end of the period and are not yet due on the balance sheet date

| Items            | The confirmation amount shall be terminated at the end of the period | The confirmation amount has not been terminated at the end of the period |
|------------------|--|--|
| Bank acceptance  | 16,329,248.60  |  |
| Trade acceptance | 9,410,000.00   |  |
| Total            | 25,739,248.60  |  |

#### 4. Accounts receivable

##### (1) Disclosure according to aging

| Ages                                  | Closing balance | Opening balance |
|---------------------------------------|-----------------|-----------------|
| Within 1 year                         | 185,688,715.74  | 174,417,246.90  |
| 1 to 2 years                          | 58,022,885.76   | 67,930,584.61   |
| 2 to 3 years                          | 30,502,728.20   | 58,467,779.79   |
| 3 to 4 years                          | 34,953,804.10   | 85,170,507.83   |
| 4 to 5 years                          | 60,019,462.10   | 32,639,651.27   |
| Over 5 years                          | 129,317,629.98  | 112,796,028.54  |
| Less: Allowance for doubtful accounts | 193,889,013.84  | 196,835,247.01  |
| Total                                 | 304,616,212.04  | 334,586,551.93  |

##### (2) According to the bad debt calculation and withdrawal method classification disclosure

| Categories   | Closing balance |            |                         |                          |
|--|-----------------|------------|-------------------------|--------------------------|
|  | Book balance    |            | Provision for bad debts |                          |
|  | Amount          | % to total | Amount                  | Provision proportion (%) |
| Receivables with provision made on an individual basis | 75,571,063.55   | 15.16      | 75,571,063.55           | 100.00                   |
| Receivables with provision made on a collective basis  | 422,934,162.33  | 84.84      | 118,317,950.29          | 27.98                    |
| Aging combination                                      | 422,934,162.33  | 100.00     | 118,317,950.29          | 27.98                    |
| Total  | 498,505,225.88  | 100.00     | 193,889,013.84          | 38.89                    |

| Categories   | Opening balance |            |                         |                          |
|--|-----------------|------------|-------------------------|--------------------------|
|  | Book balance    |            | Provision for bad debts |                          |
|  | Amount          | % to total | Amount                  | Provision proportion (%) |
| Receivables with provision made on an individual basis | 78,379,779.60   | 14.75      | 78,379,779.60           | 100.00                   |
| Receivables with provision made on a collective basis  | 453,042,019.34  | 85.25      | 118,455,467.41          | 26.15                    |
| Aging combination                                      | 453,042,019.34  | 100.00     | 118,455,467.41          | 26.15                    |
| Total  | 531,421,798.94  | 100.00     | 196,835,247.01          | 37.04                    |

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

| Debtors | Book balance | Provision for bad debts | Ages | Provision proportion | Reasons |
|---------|--------------|-------------------------|------|----------------------|---------|
|---------|--------------|-------------------------|------|----------------------|---------|

|  |               |               |  | (%) |                   |
|--|---------------|---------------|--|-----|-------------------|
| Dongpo Xi Laos Co., Ltd.   | 19,708,086.54 | 19,708,086.54 | 4-5 years  | 100 | Unable to recover |
| Mr. Xu   | 17,591,683.74 | 17,591,683.74 | Over 5 years   | 100 | Unable to recover |
| China Tower Corporation Ltd.   | 13,819,926.92 | 13,819,926.92 | Over 5 years   | 100 | Unable to recover |
| Jilin Lidi Information Technology Co., Ltd                             | 5,999,750.00  | 5,999,750.00  | Over 3 years   | 100 | Unable to recover |
| China Railway Communication Signal Shanghai Engineering Group Co., Ltd | 5,241,400.50  | 5,241,400.50  | 4-5 year<br>3,114,600.94, over 5<br>years 2,126,799.56 | 100 | Unable to recover |
| Other  | 13,210,215.85 | 13,210,215.85 |  | 100 | Unable to recover |
| Total  | 75,571,063.55 | 75,571,063.55 |  |     |                   |

2) Accounts receivable with provision made on an collective basis

① Aging combination

| Ages          | Closing balance |                          |                         | Opening balance |                          |                         |
|---------------|-----------------|--------------------------|-------------------------|-----------------|--------------------------|-------------------------|
|               | Book balance    | Provision proportion (%) | Provision for bad debts | Book balance    | Provision proportion (%) | Provision for bad debts |
| Within 1 year | 185,668,485.74  | 1.00                     | 1,856,684.85            | 174,417,246.90  | 1.00                     | 1,744,172.48            |
| 1 to 2 years  | 58,022,885.76   | 5.00                     | 2,901,144.29            | 64,013,020.08   | 5.00                     | 3,200,651.00            |
| 2 to 3 years  | 26,585,163.67   | 10.00                    | 2,658,516.37            | 56,234,363.04   | 10.00                    | 5,623,436.30            |
| 3 to 4 years  | 34,953,804.10   | 30.00                    | 10,486,141.24           | 54,651,481.02   | 30.00                    | 16,395,444.32           |
| 4 to 5 years  | 34,576,719.05   | 50.00                    | 17,288,359.53           | 24,468,289.98   | 50.00                    | 12,234,144.99           |
| Over 5 years  | 83,127,104.01   | 100.00                   | 83,127,104.01           | 79,257,618.32   | 100.00                   | 79,257,618.32           |
| Total         | 422,934,162.33  | 27.98                    | 118,317,950.29          | 453,042,019.34  | 26.15                    | 118,455,467.41          |

(3) Bad debt provision

| Categories   | Opening balance | Change in current period |          |           |                   | Closing balance |
|--|-----------------|--------------------------|----------|-----------|-------------------|-----------------|
|  |                 | Accrual                  | Recovery | Write-off | Other changes     |                 |
| Receivables with provision made on an individual basis | 78,379,779.60   | -1,115,039.30            |          |           | -<br>1,693,676.75 | 75,571,063.55   |
| Receivables with provision made on a collective basis  | 118,455,467.41  | 7,898,015.43             |          |           | -<br>8,035,532.55 | 118,317,950.29  |
| Total  | 196,835,247.01  | 6,782,976.13             |          |           | -<br>9,729,209.30 | 193,889,013.84  |

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

| Debtors  | Book balance  | Proportion to the total balance of accounts receivable (%) | Provision for bad debts |
|--|---------------|--|-------------------------|
| Dongpo Xi Laos Co., Ltd.                                     | 19,708,086.54 | 3.95   | 19,708,086.54           |
| Mr. Xu   | 17,591,683.74 | 3.53   | 17,591,683.74           |
| China Tower Corporation Ltd.                                 | 13,819,926.92 | 2.77   | 13,819,926.92           |
| Henan Branch of China United Network Communication Co., Ltd. | 8,828,589.22  | 1.77   | 8,828,589.22            |
| Shanghai Potevio Co., Ltd.                                   | 8,755,534.00  | 1.76   | 8,755,534.00            |

| Debtors | Book balance  | Proportion to the total balance of accounts receivable (%) | Provision for bad debts |
|---------|---------------|--|-------------------------|
| Total   | 68,703,820.42 | 13.78  | 68,703,820.42           |

#### 5. Receivables financing

| Items                              | Closing balance | Opening balance |
|------------------------------------|-----------------|-----------------|
| Notes receivable (Bank acceptance) | 30,668,999.36   | 40,852,223.88   |

#### 6. Advances paid

##### (1) Age analysis

| Ages          | Closing balance |            | Opening balance |            |
|---------------|-----------------|------------|-----------------|------------|
|               | Amount          | % to total | Amount          | % to total |
| Within 1 year | 6,186,930.98    | 32.42      | 18,003,886.43   | 79.50      |
| 1-2 years     | 8,653,927.80    | 45.35      | 804,044.95      | 3.55       |
| 2-3 years     | 746,082.95      | 3.91       | 1,446,243.44    | 6.39       |
| Over 3 years  | 3,494,882.49    | 18.32      | 2,391,641.84    | 10.56      |
| Total         | 19,081,824.22   | 100.00     | 22,645,816.66   | 100.00     |

##### Advances paid with an account age of more than 1 year and significant amount

| Creditor                                    | Debtors                    | Closing balance | Ages      | Reasons                               |
|---|----------------------------|-----------------|-----------|---------------------------------------|
| Nanjing Putian Telecommunications Co., Ltd. | Huawei Technology Co., Ltd | 8,300,290.11    | 1-2 years | The settlement period has not reached |

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

| Debtors   | Closing balance | Proportion to the total balance of advances paid (%) |
|---|-----------------|--|
| Huawei Technology Co., Ltd                          | 8,300,290.11    | 43.50  |
| Nanjing Qixun Electric Co., Ltd.                    | 473,980.00      | 2.48   |
| Tico Digital Science and Technology Limited Company | 359,200.00      | 1.88   |
| Shenzhen Huifung Intelligent System Co., Ltd.       | 324,300.00      | 1.70   |
| Beijing Guozhisheng Technology Co., Ltd.            | 220,008.00      | 1.15   |
| Total   | 9,677,778.11    | 50.71  |

#### 7. Other receivable

| Items                                 | Closing balance | Opening balance |
|---------------------------------------|-----------------|-----------------|
| Interest receivable                   |                 |                 |
| Dividends receivable                  |                 |                 |
| Other receivables                     | 56,070,287.57   | 57,562,392.95   |
| Less: Allowance for doubtful accounts | 44,353,986.38   | 40,934,197.78   |
| Total                                 | 11,716,301.19   | 16,628,195.17   |

##### (1) Other receivables categorized by nature

| Categories                     | Closing balance | Opening balance |
|--------------------------------|-----------------|-----------------|
| Provisional payment receivable | 39,559,820.38   | 40,950,602.33   |
| Deposit                        | 13,816,308.52   | 12,054,412.80   |
| Travel allowance               | 608,332.22      | 905,189.12      |

| Categories                            | Closing balance | Opening balance |
|---------------------------------------|-----------------|-----------------|
| Other                                 | 2,085,826.45    | 3,652,188.70    |
| Less: Allowance for doubtful accounts | 44,353,986.38   | 40,934,197.78   |
| Total                                 | 11,716,301.19   | 16,628,195.17   |

(2) Age analysis

| Ages                                  | Closing balance | Opening balance |
|---------------------------------------|-----------------|-----------------|
| Within 1 year                         | 8,928,722.74    | 7,008,502.69    |
| 1 to 2 years                          | 3,081,096.07    | 2,850,719.97    |
| 2 to 3 years                          | 2,504,630.82    | 5,231,249.14    |
| 3 to 4 years                          | 2,686,896.37    | 4,606,299.15    |
| 4 to 5 years                          | 3,120,558.40    | 3,549,119.02    |
| Over 5 years                          | 35,748,383.17   | 34,316,502.98   |
| Less: Allowance for doubtful accounts | 44,353,986.38   | 40,934,197.78   |
| Total                                 | 11,716,301.19   | 16,628,195.17   |

(3) Changes in provision for bad debts

| Items                                   | Phase I                         | Phase II  | Phase III   | Total         |
|---|---------------------------------|---|---|---------------|
|   | 12-month expected credit losses | Lifetime expected credit losses (credit not impaired) | Lifetime expected credit losses (credit impaired) |               |
| Opening balance                         | 648,426.35                      |   | 40,285,771.43                                     | 40,934,197.78 |
| Opening balance in the current period   | 648,426.35                      |   | 40,285,771.43                                     | 40,934,197.78 |
| --Transferred to phase II               | -616,275.16                     | 616,275.16  |   |               |
| --Transferred to phase III              |                                 |   |   |               |
| --Reversed to phase II                  |                                 | 9,316,982.92  | -9,316,982.92                                     |               |
| --Reversed to phase I                   |                                 | -   | -   |               |
| Provision made in the current period    |                                 | 2,326,419.75  | 1,125,520.04                                      | 3,451,939.79  |
| Provision recovered in current period   |                                 |   |   |               |
| Provision written off in current period |                                 |   |   |               |
| Other changes                           | -32,151.19                      |   |   | -32,151.19    |
| Closing balance                         |                                 | 12,259,677.83   | 32,094,308.55                                     | 44,353,986.38 |

(4) Bad debt provision

| Categories              | Opening balance | Change in current period |                          |                           |               | Closing balance |
|-------------------------|-----------------|--------------------------|--------------------------|---------------------------|---------------|-----------------|
|                         |                 | Accrual                  | To withdraw or turn back | Cancel after verification | Other changes |                 |
| Provision for bad debts | 40,934,197.78   | 3,451,939.79             |                          |                           | -32,151.19    | 44,353,986.38   |

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



| Debtors  | Nature of receivables        | Closing 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   | 51.56  | 28,912,122.71           |
| China Potevio Company Limited                              | Security deposit             | 1,938,000.00    | Over 5 years   | 3.46   | 1,000,000.00            |
| Nanjing Putian Communication Industry Co., Ltd.            | Temporary payment receivable | 805,545.63      | 3-4 years<br>179,184.19;<br>Over 5 years<br>626,361.44 | 1.44   | 805,545.63              |
| Construction headquarters of Shenzhen Metro Group Co., Ltd | Security deposit             | 610,232.60      | 2-3 years  | 1.09   | 30,511.63               |
| Beijing Lekang Real Estate Management Co.,Ltd.             | Deposit and advance payment  | 336,978.03      | Within 1 year<br>41,474.22; 2-3 years<br>295,503.81    | 0.60   | 16,848.90               |
| Total  |                              | 32,602,878.97   | —  | 58.15  | 30,765,028.87           |

## 8. Inventories

## (1) Details

| Items                             | Closing balance |                          |                 | Opening balance |                          |                 |
|-----------------------------------|-----------------|--------------------------|-----------------|-----------------|--------------------------|-----------------|
|                                   | Book balance    | Provision for write-down | Carrying amount | Book balance    | Provision for write-down | Carrying amount |
| Raw materials                     | 27,176,586.65   | 11,431,889.29            | 15,744,697.36   | 31,234,604.53   | 9,134,918.13             | 22,099,686.40   |
| Work in process                   | 6,222,900.12    | 2,797,339.41             | 3,425,560.71    | 13,606,311.30   | 2,797,339.41             | 10,808,971.89   |
| Goods on hand                     | 102,664,462.27  | 41,363,720.25            | 61,300,742.02   | 79,928,818.55   | 40,226,500.64            | 39,702,317.91   |
| Goods dispatched                  | 145,488,617.47  | 59,779,466.22            | 85,709,151.25   | 172,240,715.25  | 58,758,181.09            | 113,482,534.16  |
| Products on consignment for sales | 1,064,779.21    | 804,691.99               | 260,087.22      | 1,242,747.33    | 804,691.99               | 438,055.34      |
| Total                             | 282,617,345.72  | 116,177,107.16           | 166,440,238.56  | 298,253,196.96  | 111,721,631.26           | 186,531,565.70  |

## (2) The increase or decrease of the inventory decline reserve and the impairment reserve of contract performance cost

| Items            | Opening balance | Increase amount in the current period |        | Decrease amount in the current period |        | Closing balance |
|------------------|-----------------|---------------------------------------|--------|---------------------------------------|--------|-----------------|
|                  |                 | Accrual                               | Others | Reversal or write-off                 | Others |                 |
| Raw materials    | 9,134,918.13    | 2,409,624.20                          |        | 112,653.04                            |        | 11,431,889.29   |
| Work in process  | 2,797,339.41    |                                       |        |                                       |        | 2,797,339.41    |
| Goods on hand    | 40,226,500.64   | 1,137,219.61                          |        |                                       |        | 41,363,720.25   |
| Goods dispatched | 58,758,181.09   | 3,538,119.92                          |        | 2,516,834.79                          |        | 59,779,466.22   |

| Items                             | Opening balance | Increase amount in the current period |        | Decrease amount in the current period |        | Closing balance |
|-----------------------------------|-----------------|---------------------------------------|--------|---------------------------------------|--------|-----------------|
|                                   |                 | Accrual                               | Others | Reversal or write-off                 | Others |                 |
| Products on consignment for sales | 804,691.99      |                                       |        |                                       |        | 804,691.99      |
| Total                             | 111,721,631.26  | 7,084,963.73                          |        | 2,629,487.83                          |        | 116,177,107.16  |

The specific basis for determining the net realizable value and the reasons for turning back or selling the inventory depreciation reserve in the current period.

| Item             | Specific basis for determining net realizable value  | Reasons for the reversal of inventory depreciation provisions in the current period  | Reasons for the provision for depreciation of inventory sold in the current period  |
|------------------|--|--|---|
| Raw materials    | Net realizable value is determined by the estimated selling price of the relevant finished products less the estimated costs to be incurred to completion, estimated sales expenses and relevant taxes     | The net realizable value of inventories for which provision was made for inventory depreciation in previous periods increased  | During the current period, the inventory that was set aside for inventory depreciation at the beginning of the period has been sold |
| Goods dispatched | The net realizable value of the inventory is determined by the estimated selling price of the inventory less estimated selling expenses and related taxes in the normal course of production and operation | The net realizable value of inventories, which has been provided for the decline of inventories in previous periods, increased | During the current period, the inventory that was set aside for inventory depreciation at the beginning of the period has been sold |
| Goods on hand    | The net realizable value of the inventory is determined by the estimated selling price minus the estimated selling expenses and relevant taxes in the normal course of production and operation            | The net realizable value of inventories for which provision was made for inventory depreciation in previous periods increased  | During the current period, the inventory that was set aside for inventory depreciation at the beginning of the period has been sold |

#### 9. Other current assets

| Items                         | Closing balance | Opening balance |
|-------------------------------|-----------------|-----------------|
| Input tax to be deducted      | 3,432,231.67    | 5,526,501.01    |
| Advance payment of income tax |                 | 2,236,499.06    |
| Total                         | 3,432,231.67    | 7,763,000.07    |

10. Long-term equity investments

| Investees                                    | Opening balance | Increase/Decrease     |                       |  |  |                         |  |                          |              | Closing balance | Closing balance of provision for impairment |
|--|-----------------|-----------------------|-----------------------|--|--|-------------------------|--|--------------------------|--------------|-----------------|---|
|  |                 | Investments increased | Investments decreased | Investment income recognized under equity method | Adjustment in other comprehensive income | Changes in other equity | Cash dividend/Profit declared for distribution | Provision for impairment | Others       |                 |   |
| I. Subsidiary                                |                 |                       |                       |  |  |                         |  |                          |              |                 |   |
| Nanjing Putian Hotel Co., Ltd.               |                 |                       |                       |  |  |                         |  | 1,294,510.00             | 1,294,510.00 | 1,294,510.00    | 1,294,510.00                                |
| II. Joint ventures                           |                 |                       |                       |  |  |                         |  |                          |              |                 |   |
| SEI-Nanjing Putian Optical Network Co., Ltd. | 10,422,193.15   |                       |                       | 128.65   |  |                         |  |                          |              | 10,422,321.80   |   |
| Total  | 10,422,193.15   |                       |                       | 128.65   |  |                         |  | 1,294,510.00             | 1,294,510.00 | 11,716,831.80   | 1,294,510.00                                |

### 11. Other equity instrument investments

| Items  | Closing balance | Opening balance | Dividend income | The cumulative gains | The cumulative loss | Amount of other comprehensive income transferred to retained earnings | The reason designated as measurement at fair value and its change included in other comprehensive income | Other comprehensive income is transferred to retained earnings |
|--|-----------------|-----------------|-----------------|----------------------|---------------------|---|--|--|
| Nanjing Yuhua Electroplating Factory             | 420,915.00      | 420,915.00      |                 |                      |                     |   |  |  |
| Hangzhou Honyar Electrical Co.,Ltd.              | 321,038.00      | 321,038.00      |                 |                      |                     |   |  |  |
| Beijing Likong Communication Equipment Co., Ltd. |                 |                 |                 |                      | 1,854,910.00        |   |  |  |
| Total  | 741,953.00      | 741,953.00      |                 |                      | 1,854,910.00        |   |  |  |

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.

### 12. Investment property

#### (1) Investment real estate measured at cost

| Items   | Buildings and structures | Total         |
|---|--------------------------|---------------|
| <b>I.Original book value</b>                        |                          |               |
| 1. Opening balance                                  | 18,619,150.97            | 18,619,150.97 |
| 2. Increase   | 21,510,162.44            | 21,510,162.44 |
| (1) External purchase                               |                          |               |
| (2) Transfer of fixed assets                        | 21,510,162.44            | 21,510,162.44 |
| 3. Decrease   |                          |               |
| (1) Disposal  |                          |               |
| (2) Other transfer out                              |                          |               |
| 4. Closing balance                                  | 40,129,313.41            | 40,129,313.41 |
| <b>II.Accumulated depreciation and amortization</b> |                          |               |
| 1. Opening balance                                  | 11,764,259.46            | 11,764,259.46 |
| 2. Increase   | 8,013,813.92             | 8,013,813.92  |
| (1) Accrual or amortization                         | 854,578.64               | 854,578.64    |
| (2) Transfer of fixed assets                        | 7,159,235.28             | 7,159,235.28  |
| 3. Decrease   |                          |               |
| (1) Disposal  |                          |               |
| (2) other transfer out                              |                          |               |

| Items                         | Buildings and structures | Total           |
|-------------------------------|--------------------------|-----------------|
| 4. Closing balance            | 19,778,073.38            | 19,778,073.38   |
| III, Provision for impairment |                          |                 |
| IV. Carrying amount           |                          |                 |
| 1. Closing balance            | 20,351,240.03            | 20,351,240.03   |
| 2. Opening balance            | 6,854,891.51             | 6,854,891.51    |
| <b>13. Fixed assets</b>       |                          |                 |
| Categories                    | Closing balance          | Opening balance |
| Fixed assets                  | 98,643,676.71            | 118,527,119.27  |
| Liquidation of fixed assets   |                          |                 |
| Less: Impairment provision    | 725,962.56               | 725,962.56      |
| Total                         | 97,917,714.15            | 117,801,156.71  |

## (1) Fixed assets

## 1) Details

| Items                                       | Buildings and structures | Machinery equipment | Electronic equipment | Transport facilities | Other equipment | Total          |
|---|--------------------------|---------------------|----------------------|----------------------|-----------------|----------------|
| I. Original book value                      |                          |                     |                      |                      |                 |                |
| 1. Opening balance                          | 152,200,686.89           | 30,115,555.70       | 1,414,872.09         | 5,415,208.27         | 45,611,587.89   | 234,757,910.84 |
| 2. Increase                                 | 1,593,500.94             | 16,267,871.46       | 23,285,536.07        | 61,769.91            | 191,596.37      | 41,400,274.75  |
| (1) Acquisition                             | 704,325.85               | 1,311,380.56        | 177,335.20           | 61,769.91            | 191,596.37      | 2,446,407.89   |
| (2) Transfer of projects under construction | 889,175.09               |                     |                      |                      |                 | 889,175.09     |
| (3) Others                                  |                          | 14,956,490.90       | 23,108,200.87        |                      |                 | 38,064,691.77  |
| 3. Decrease                                 | 31,377,042.90            | 1,066,835.42        | 1,698,399.42         | 1,588,235.28         | 28,260,868.60   | 63,991,381.62  |
| (1) Disposal or scrapping                   | 65,688.07                | 1,066,835.42        | 1,367,566.80         | 1,475,445.01         | 110,159.49      | 4,085,694.79   |
| (2) Transfer into investment real estate    | 21,510,162.44            |                     |                      |                      |                 | 21,510,162.44  |
| (3) Others                                  | 9,801,192.39             |                     |                      | 112,790.27           | 28,150,709.11   | 38,064,691.77  |
| (4) Changes in the scope of consolidation   |                          |                     | 330,832.62           |                      |                 | 330,832.62     |
| 4. Closing balance                          | 122,417,144.93           | 45,316,591.74       | 23,002,008.74        | 3,888,742.90         | 17,542,315.66   | 212,166,803.97 |
| II. Accumulated depreciation                |                          |                     |                      |                      |                 |                |
| 1. Opening balance                          | 50,053,754.10            | 20,331,298.78       | 6,995.65             | 5,007,942.84         | 40,830,800.20   | 116,230,791.57 |
| 2. Increase                                 | 5,709,950.58             | 7,411,878.20        | 20,146,569.44        | 110,442.62           | 106,275.61      | 33,485,116.45  |
| (1) Accrual                                 | 5,709,950.58             | 1,544,614.96        | 1,163,195.66         | 110,442.62           | 106,275.61      | 8,634,479.43   |
| (2) Others                                  |                          | 5,867,263.24        | 18,983,373.78        |                      |                 | 24,850,637.02  |
| 3. Decrease                                 | 7,307,479.54             | 823,102.39          | 1,836,574.67         | 1,553,451.56         | 24,672,172.60   | 36,192,780.76  |
| (1) Disposal/Scrapping                      | 8,849.64                 | 823,102.39          | 1,511,539.87         | 1,417,509.85         | 96,871.91       | 3,857,873.66   |
| (2) Transfer to investment real estate      | 7,159,235.28             |                     |                      |                      |                 | 7,159,235.28   |

| Items                             | Buildings and structures | Machinery equipment | Electronic equipment | Transport facilities | Other equipment | Total          |
|-----------------------------------|--------------------------|---------------------|----------------------|----------------------|-----------------|----------------|
| (3) Others                        | 139,394.62               |                     |                      | 135,941.71           | 24,575,300.69   | 24,850,637.02  |
| (4) Change in consolidation scope |                          |                     | 325,034.80           |                      |                 | 325,034.80     |
| 4. Closing balance                | 48,456,225.13            | 26,920,074.59       | 18,316,990.42        | 3,564,933.91         | 16,264,903.21   | 113,523,127.26 |
| III. Provision for impairment     |                          |                     |                      |                      |                 |                |
| 1. Opening balance                | 539,124.00               |                     | 11,048.35            |                      | 175,790.21      | 725,962.56     |
| 2. Increase                       | -                        | 11,550.65           | -                    | -                    | -               | 11,550.65      |
| (1) Accrual                       |                          |                     |                      |                      |                 |                |
| (2) Others                        |                          | 11,550.65           |                      |                      |                 | 11,550.65      |
| 3. Decrease                       | -                        | -                   | 11,048.35            | -                    | 502.30          | 11,550.65      |
| (1) Disposal/Scrapping            |                          |                     |                      |                      |                 |                |
| (2) Others                        |                          |                     | 11,048.35            |                      | 502.30          | 11,550.65      |
| 4. Closing balance                | 539,124.00               | 11,550.65           |                      |                      | 175,287.91      | 725,962.56     |
| IV. Carrying amount               |                          |                     |                      |                      |                 |                |
| 1. Closing balance                | 73,421,795.80            | 18,384,966.50       | 4,685,018.32         | 323,808.99           | 1,102,124.54    | 97,917,714.15  |
| 2. Opening balance                | 101,607,808.79           | 9,784,256.92        | 1,396,828.09         | 407,265.43           | 4,604,997.48    | 117,801,156.71 |

2) Fixed assets temporarily idle

| Items                | Original book value | Accumulated depreciation | Provision for impairment | Carrying amount | Remarks |
|----------------------|---------------------|--------------------------|--------------------------|-----------------|---------|
| Machinery equipment  | 219,385.00          | 202,981.30               | 11,550.65                | 4,853.05        |         |
| Electronic equipment | 36,000.00           | 34,920.00                |                          | 1,080.00        |         |
| Other equipment      | 342,985.18          | 157,407.73               | 175,287.91               | 10,289.54       |         |
| Total                | 598,370.18          | 395,309.03               | 186,838.56               | 16,222.59       |         |

3) Fixed assets with certificate of titles being unsettled

| Items                    | Carrying amount | Reasons for unsettlement |
|--------------------------|-----------------|--------------------------|
| Buildings and structures | 35,460,964.00   | In process               |

14. Construction in progress

| Categories                       | Closing balance | Opening balance |
|----------------------------------|-----------------|-----------------|
| Construction in progress project |                 | 292,996.23      |
| Engineering materials            |                 |                 |
| Less: Impairment provision       |                 |                 |
| Total                            |                 | 292,996.23      |

1. Projects under construction

(1) Basic information of construction projects in progress

| Items  | Closing balance |                          |                 | Opening balance |                          |                 |
|--|-----------------|--------------------------|-----------------|-----------------|--------------------------|-----------------|
|  | Book balance    | Provision for impairment | Carrying amount | Book balance    | Provision for impairment | Carrying amount |
| Beijing Fen Yang Technology Co., Ltd. CRM system |                 |                          |                 | 292,996.23      |                          | 292,996.23      |

## (2) Changes in major construction projects under construction

| Projects   | Budgets    | Opening balance | Increase   | Transferred to fixed assets | Decrease   | Closing balance |
|--|------------|-----------------|------------|-----------------------------|------------|-----------------|
| Data center exhibition hall project                | 900,000.00 |                 | 889,175.09 | 889,175.09                  |            |                 |
| CRM system of Beijing Fen Yang Technology Co., LTD |            | 292,996.23      |            |                             | 292,996.23 |                 |

(Continued)

| Items  | 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 |
|--|---------------------------------|---------------------------|---|---|--------------------------------|-------------|
| Data center exhibition hall project                |                                 | 100.00                    |   |   |                                |             |
| CRM system of Beijing Fen Yang Technology Co., LTD |                                 | 100.00                    |   |   |                                |             |

## 15. Intangible assets

## (1) Details

| Items                        | Software      | Land use right | Total         |
|------------------------------|---------------|----------------|---------------|
| I. Original book value       |               |                |               |
| 1. Opening balance           | 11,740,157.40 | 26,656,046.83  | 38,396,204.23 |
| 2. Increase                  | 390,996.23    |                | 390,996.23    |
| (1) Acquisition              | 390,996.23    |                | 390,996.23    |
| 3. Decrease                  |               |                |               |
| (1) Disposal                 |               |                |               |
| 4. Closing balance           | 12,131,153.63 | 26,656,046.83  | 38,787,200.46 |
| II. Accumulated depreciation |               |                |               |
| 1. Opening balance           | 10,140,353.52 | 7,147,103.23   | 17,287,456.75 |
| 2. Increase                  | 371,990.34    | 634,289.61     | 1,006,279.95  |
| (1) Acquisition              | 371,990.34    | 634,289.61     | 1,006,279.95  |
| 3. Decrease                  |               |                |               |
| (1) Disposal                 |               |                |               |
| 4. Closing balance           | 10,512,343.86 | 7,781,392.84   | 18,293,736.70 |
| III. Carrying amount         |               |                |               |
| 1. Closing balance           | 1,618,809.77  | 18,874,653.99  | 20,493,463.76 |
| 2. Opening balance           | 1,599,803.88  | 19,508,943.60  | 21,108,747.48 |

## 16. Long-term prepayments

| Items                  | Opening balance | Increase   | Amortization | Other decrease | Closing balance |
|------------------------|-----------------|------------|--------------|----------------|-----------------|
| Renovation expenditure | 4,973,968.20    | 442,028.87 | 1,462,172.62 |                | 3,953,824.45    |

## 17. Deferred tax assets and deferred tax liabilities

## (1) Details of unrecognized deferred tax assets

| Items                           | Closing balance | Opening balance |
|---------------------------------|-----------------|-----------------|
| Deductible temporary difference | 357,780,952.89  | 350,212,296.71  |
| Deductible losses               | 297,743,081.95  | 247,021,502.77  |
| Total                           | 655,524,034.84  | 597,233,799.48  |

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

| Maturity years | Closing balance | Opening balance | Remarks |
|----------------|-----------------|-----------------|---------|
| Year 2021      |                 | 3,321,233.55    |         |
| Year 2022      |                 | 6,340,354.15    |         |
| Year 2023      | 4,729,689.33    | 6,538,713.94    |         |
| Year 2024      | 125,729,965.87  | 110,600,873.27  |         |
| Year 2025      |                 | 5,019,673.59    |         |
| Year 2026      | 93,920,899.53   | 115,200,654.27  |         |
| Year 2027      | 56,541,198.42   |                 |         |
| Year 2029      | 1,622,476.49    |                 |         |
| Year 2030      | 1,188,328.53    |                 |         |
| Year 2031      | 10,250,907.64   |                 |         |
| Year 2032      | 3,759,616.14    |                 |         |
| Total          | 297,743,081.95  | 247,021,502.77  |         |

## 18. Short-term borrowings

## (1) Details

| Borrowing conditions | Closing balance | Opening balance |
|----------------------|-----------------|-----------------|
| Pledged borrowings   | 50,000,000.00   |                 |
| Mortgaged borrowings | 32,800,000.00   | 24,000,000.00   |
| Secured borrowings   | 30,036,727.77   | 175,000,000.00  |
| Total                | 112,836,727.77  | 199,000,000.00  |

## 19. Notes payable

| Items            | Closing balance | Opening balance |
|------------------|-----------------|-----------------|
| Trade acceptance |                 | 1,251,741.17    |

## 20. Accounts payable

## (1) Classified by account age

| Items                            | Closing balance | Opening balance |
|----------------------------------|-----------------|-----------------|
| Within 1 year (including 1 year) | 291,414,050.48  | 368,737,153.57  |
| More than 1 year                 | 179,453,232.59  | 169,626,589.37  |
| Total                            | 470,867,283.07  | 538,363,742.94  |

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



| Name of creditor                             | Closing balance | Reasons for unsettlement   |
|--|-----------------|--|
| SEI-Nanjing Putian Optical Network Co., Ltd. | 20,258,725.66   | Material payment/According to the contract schedule, both parties have not settled |
| Potevio Company Limited                      | 18,016,137.43   | Material payment/According to the contract schedule, both parties have not settled |
| Nanjing Xingping Industry Co., Ltd.          | 10,259,917.14   | Not yet settled  |
| Xi'an Huasheng Communication Co., Ltd.       | 5,924,163.75    | Material payment/According to the contract schedule, both parties have not settled |
| Total  | 54,458,943.98   |  |

### 21. Advances received

| Items                            | Closing balance | Opening balance |
|----------------------------------|-----------------|-----------------|
| Within 1 year (including 1 year) | 240,585.08      |                 |
| More than 1 year                 |                 |                 |
| Total                            | 240,585.08      |                 |

### 22. Contract liabilities

| Items             | Closing balance | Opening balance |
|-------------------|-----------------|-----------------|
| Payment for goods | 15,048,811.36   | 18,884,024.60   |

### 23. Employee benefits payable

#### (1) Details

| Items  | Opening balance | Increase       | Decrease       | Closing balance |
|--|-----------------|----------------|----------------|-----------------|
| Short-term employee benefits                         | 19,445,171.68   | 154,105,025.36 | 156,076,309.18 | 17,473,887.86   |
| Post-employment benefits - defined contribution plan |                 | 21,893,505.28  | 21,893,505.28  |                 |
| Total  | 19,445,171.68   | 175,998,530.64 | 177,969,814.46 | 17,473,887.86   |

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

| Items   | Opening balance | Increase       | Decrease       | Closing balance |
|---|-----------------|----------------|----------------|-----------------|
| Wage, bonus, allowance and subsidy              | 3,625,349.25    | 107,021,305.11 | 107,021,305.11 | 3,625,349.25    |
| Employee welfare fund                           |                 | 8,691,111.11   | 8,691,111.11   |                 |
| Social insurance premium                        |                 | 11,170,555.27  | 11,170,555.27  |                 |
| Including: Medicare premium                     |                 | 9,867,524.53   | 9,867,524.53   |                 |
| Occupational injuries premium                   |                 | 628,235.38     | 628,235.38     |                 |
| Maternity premium                               |                 | 674,795.36     | 674,795.36     |                 |
| Others  |                 |                |                |                 |
| Housing provident fund                          | 3,294,519.74    | 10,180,057.52  | 10,257,712.21  | 3,216,865.05    |
| Trade union fund and employee education fund    | 10,987,355.16   | 1,517,899.62   | 1,888,577.75   | 10,616,677.03   |
| Compensation for termination of labor relations | 1,522,951.00    | 6,760,023.50   | 8,282,974.50   |                 |
| Others  | 14,996.53       | 8,764,073.23   | 8,764,073.23   | 14,996.53       |
| Total   | 19,445,171.68   | 154,105,025.36 | 156,076,309.18 | 17,473,887.86   |

#### (3) Details of defined contribution plan

| Items | Opening balance | Increase | Decrease | Closing balance |
|-------|-----------------|----------|----------|-----------------|
|-------|-----------------|----------|----------|-----------------|

|                                   |  |               |               |  |
|-----------------------------------|--|---------------|---------------|--|
| Basic endowment insurance premium |  | 19,937,983.24 | 19,937,983.24 |  |
| Unemployment insurance premium    |  | 856,693.72    | 856,693.72    |  |
| Company annuity payment           |  | 1,098,828.32  | 1,098,828.32  |  |
| Total                             |  | 21,893,505.28 | 21,893,505.28 |  |

**24. Taxes payable**

| Items   | Closing balance | Opening balance |
|---|-----------------|-----------------|
| VAT   | 3,347,506.52    | 1,007,843.11    |
| Enterprise income tax                         | 2,752,400.75    | 774,605.96      |
| Individual income tax                         | 185,396.12      | 298,962.05      |
| Urban maintenance and construction tax        | 411,899.55      | 166,309.25      |
| Housing property tax                          | 265,078.20      | 409,138.78      |
| Land use tax                                  | 76,065.10       | 83,316.67       |
| Education surcharge&local education surcharge | 292,071.40      | 116,649.03      |
| Other tax                                     | 60,103.57       | 24,242.50       |
| Total   | 7,390,521.21    | 2,881,067.35    |

**25. Other payables**

| Items            | Closing balance | Opening balance |
|------------------|-----------------|-----------------|
| Interest payable |                 |                 |
| Dividend payable | 1,692,213.38    | 2,142,213.38    |
| Other payables   | 57,514,067.70   | 61,864,581.70   |
| Total            | 59,206,281.08   | 64,006,795.08   |

**(1) Dividend payable**

| Items                       | Closing balance | Opening balance |
|-----------------------------|-----------------|-----------------|
| Dividend of ordinary shares | 1,692,213.38    | 2,142,213.38    |

**(2) Other payables****1) Classification by nature of funds**

| Items                       | Closing balance | Opening balance |
|-----------------------------|-----------------|-----------------|
| Temporary receipts payable  | 34,476,014.33   | 42,582,100.22   |
| Unsettled installation cost | 8,160,449.74    | 7,085,494.06    |
| Deposits                    | 6,273,154.05    | 4,797,260.63    |
| Operating expenses          | 7,860,725.92    | 4,643,277.05    |
| Others                      | 743,723.66      | 2,756,449.74    |
| Total                       | 57,514,067.70   | 61,864,581.70   |

**26. Non-current liabilities due within one year**

| Items                                  | Closing balance | Opening balance |
|--|-----------------|-----------------|
| Long-term payables due within one year |                 | 2,656,474.95    |

**27. Other current liabilities**

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

|                          |              |              |
|--------------------------|--------------|--------------|
| VAT collected in advance | 1,691,302.29 | 2,454,923.31 |
|--------------------------|--------------|--------------|

## 28. Long-term borrowings

| Items              | Closing balance | Opening balance | 利率区间 |
|--------------------|-----------------|-----------------|------|
| Pledged borrowings | 105,800,000.00  |                 |      |

## 29. Share capital

| Items        | Opening balance | Movements           |              |  |        |          | Closing balance |
|--------------|-----------------|---------------------|--------------|--|--------|----------|-----------------|
|              |                 | Issue of new shares | Bouns shares | accumulation fund<br>Reserve transferred to shares | Others | Subtotal |                 |
| Total shares | 215,000,000.00  |                     |              |  |        |          | 215,000,000.00  |

## 30. Capital reserve

| Items                 | Opening balance | Increase | Decrease   | Closing balance |
|-----------------------|-----------------|----------|------------|-----------------|
| Share premium         | 137,786,640.63  |          |            | 137,786,640.63  |
| Other capital reserve | 60,077,533.45   |          | 766,258.68 | 59,311,274.77   |
| Total                 | 197,864,174.08  |          | 766,258.68 | 197,097,915.40  |

Note: Disposal of subsidiaries resulted in a decrease of 766,258.68 in capital reserve.

31. Other comprehensive income (OCI)

| Items  | Opening balance | Current period cumulative                   |   |  |                  |                                |  | Closing balance |
|--|-----------------|---|---|--|------------------|--------------------------------|--|-----------------|
|  |                 | Current period cumulative before income tax | Less: Other comprehensive income in the previous period is transferred to profit and loss | Less: Other comprehensive income recorded in the previous period is transferred to retained income in the current period | Less: Income tax | Attributable to parent company | Attributable to non-controlling shareholders |                 |
| Other comprehensive income reclassified into profit and loss                           | -6,819,637.82   | 4,964,727.82                                |   |  |                  | 4,964,727.82                   |  | -1,854,910.00   |
| Including: The amount of financial assets reclassified into other comprehensive income | -1,854,910.00   |   |   |  |                  |                                |  | -1,854,910.00   |
| Differences in translation of foreign currency financial statements                    | -4,964,727.82   | 4,964,727.82                                |   |  |                  | 4,964,727.82                   |  |                 |
| Total  | -6,819,637.82   | 4,964,727.82                                |   |  |                  | 4,964,727.82                   |  | -1,854,910.00   |

32. Surplus reserve

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

33. Undistributed profit

| Items  | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Balance before adjustment at the end of preceding period     | -341,446,683.34           | -202,680,309.64              |
| Add: Increase due to adjustment (or less: decrease)          |                           |                              |
| Opening balance after adjustment                             | -341,446,683.34           | -202,680,309.64              |
| Add: Net profit attributable to owners of the parent company | -47,390,545.55            | -138,766,373.70              |
| Less: Appropriation of statutory surplus reserve             |                           |                              |
| Withdraw arbitrary surplus reserve                           |                           |                              |
| Dividend payable on ordinary shares                          |                           |                              |
| Common stock dividends converted into capital stock          |                           |                              |
| Closing balance  | -388,837,228.89           | -341,446,683.34              |

34. Operating revenue/Operating cost

(1) Details

| Items                | Current period cumulative |                | Preceding period comparative |                |
|----------------------|---------------------------|----------------|------------------------------|----------------|
|                      | Revenue                   | Cost           | Revenue                      | Cost           |
| I. Main operations   | 862,124,004.15            | 686,483,649.52 | 896,485,694.43               | 705,367,055.78 |
| II. Other operations | 17,442,044.81             | 12,123,980.90  | 20,643,980.06                | 17,130,594.90  |
| Total                | 879,566,048.96            | 698,607,630.42 | 917,129,674.49               | 722,497,650.68 |

(2) Statement of operating income deduction

| Items  | Current Year (Ten thousand Yuan) | Specific deduction  | Previous year (ten thousand Yuan) | Specific deduction |
|--|----------------------------------|---|-----------------------------------|--------------------|
| Amount of operating income   | 87,956.60                        |   | 91,712.97                         |                    |
| Total amount of business income deduction items  | 1,086.60                         |   | 1,088.50                          |                    |
| Proportion of the total amount of deductible items in the operating revenue (%)  | 1.24%                            | /   | 1.19%                             | /                  |
| I. Business income unrelated to main business  |                                  |   |                                   |                    |
| 1. Income from other businesses other than normal operations. For example, income from leasing fixed assets, intangible assets and packaging, selling materials, exchanging non-monetary assets with materials, operating entrusted management business, etc., as well as income that is included in the main business income but is outside the normal operation of the listed company. | 1,086.60                         | The income from housing rental and water and electricity of tenants was 3.136,500 yuan. Materials sales revenue 7,443,900 yuan. | 861.50                            |                    |
| 2. Revenue generated from new trading business in the current fiscal year and the previous fiscal year.  |                                  | Material purchasing and software service income   | 227.00                            |                    |
| Subtotal of business income unrelated to main business   | 1,086.60                         |   | 1,088.50                          |                    |
| II. Income without commercial substance  |                                  |   |                                   |                    |
| III. Other income that has nothing to do with the main business or has no commercial substance   |                                  |   |                                   |                    |
| Amount after deduction of operating income   | 86,870.00                        |   | 90,624.47                         |                    |

(3) Operating income for the current period is classified according to the time of revenue recognition

| Revenue recognition time   | Main operations | Other operations |
|----------------------------|-----------------|------------------|
| Confirm at a certain point | 862,124,004.15  | 17,442,044.81    |

### 35. Taxes and surcharges

| Items   | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| Urban maintenance and construction tax        | 1,616,471.39              | 1,646,043.10                 |
| Education surcharge&local education surcharge | 1,154,331.76              | 1,175,291.31                 |
| Housing property tax                          | 1,226,460.58              | 1,515,792.33                 |
| Land use tax                                  | 472,310.06                | 498,237.90                   |
| Other tax                                     | 431,367.74                | 402,132.06                   |
| Total   | 4,900,941.53              | 5,237,496.70                 |

### 36. Selling expenses

| Items                   | Current period cumulative | Preceding period comparative |
|-------------------------|---------------------------|------------------------------|
| Employee benefits       | 51,675,564.01             | 59,605,079.90                |
| Business entertainment  | 8,102,994.12              | 11,019,689.73                |
| Travelling expenses     | 3,495,888.41              | 6,418,642.09                 |
| Office expenses         | 2,327,400.49              | 5,363,559.72                 |
| Sales service charges   | 4,273,777.24              | 2,926,661.81                 |
| Conference expenses     | 420,557.41                | 889,635.62                   |
| Promotion expenses      | 572,798.35                | 804,186.18                   |
| Equipment maintain fees | 12,303.98                 | 57,709.51                    |
| Others                  | 4,450,696.99              | 4,339,933.54                 |
| Total                   | 75,331,981.00             | 91,425,098.10                |

### 37. Administrative expenses

| Items                                   | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| Employee benefits                       | 44,564,523.09             | 48,553,979.21                |
| Depreciation and amortization           | 6,115,801.58              | 6,228,837.26                 |
| Consulting, intermediary and legal fees | 3,040,563.68              | 2,489,981.97                 |
| Office expenses                         | 3,823,473.00              | 2,216,172.51                 |
| Lease expenses                          | 2,210,789.52              | 1,436,824.81                 |
| Business entertainment                  | 939,099.40                | 1,371,565.12                 |
| Travelling expense                      | 1,053,212.45              | 980,357.83                   |
| Funding for Party Building              | 60,551.22                 | 500,644.92                   |
| Others                                  | 1,382,250.37              | 3,441,652.39                 |
| Total                                   | 63,190,264.31             | 67,220,016.02                |

### 38. R&D expenses

| Items                         | Current period cumulative | Preceding period comparative |
|-------------------------------|---------------------------|------------------------------|
| Employee benefits             | 36,089,623.23             | 44,723,969.01                |
| Travelling expenses           | 934,536.37                | 1,741,927.99                 |
| Depreciation and amortization | 1,467,608.27              | 1,597,958.93                 |
| Material use                  | 1,085,053.28              | 2,299,851.88                 |
| Intermediate test fee         | 1,681,442.67              | 131,608.52                   |
| Others                        | 1,432,215.52              | 4,977,219.16                 |
| Total                         | 42,690,479.34             | 55,472,535.49                |

**39. Financial expenses**

| Items                          | Current period cumulative | Preceding period comparative |
|--------------------------------|---------------------------|------------------------------|
| Interest expenditures          | 10,747,567.42             | 8,198,913.03                 |
| Less: Interest income          | 781,316.52                | 1,231,541.18                 |
| Losses on foreign exchange     | 6,594.36                  | 3,832.90                     |
| Less: gain on foreign exchange | 10.20                     |                              |
| Financial institution fees     | 105,949.33                | 184,069.24                   |
| Others                         | 2,648.38                  | 158,654.57                   |
| Total                          | 10,081,432.77             | 7,313,928.56                 |

**40. Other income**

| Items  | Current period cumulative | Preceding period comparative | Related to assets/Related to earnings |
|--|---------------------------|------------------------------|---------------------------------------|
| Government grants related to income                          | 1,702,585.06              | 2,409,577.05                 | Related to earnings                   |
| Withholding and payment of individual tax service fee return | 29,712.14                 | 17,445.00                    |                                       |
| Others   |                           | 4,000.00                     |                                       |
| Total  | 1,732,297.20              | 2,431,022.05                 |                                       |

**41. Investment income**

| Items  | Current period cumulative | Preceding period comparative |
|--|---------------------------|------------------------------|
| Investment income from long-term equity investments under equity method    | 128.65                    | 136.19                       |
| Investment gains from the disposal of trading financial assets             | 337,205.48                |                              |
| Investment income from derecognition of financial assets at amortized cost |                           | 2,434,384.72                 |
| Others   | 480,631.61                |                              |
| Total  | 817,965.74                | 2,434,520.91                 |

**42. Credit impairment loss**

| Items                                | Current period cumulative | Preceding period comparative |
|--------------------------------------|---------------------------|------------------------------|
| Bad debt loss of notes receivable    | -619,152.29               | -35,481.13                   |
| Bad debt loss of accounts receivable | -6,782,976.13             | -44,144,093.60               |
| Bad debt loss of other receivables   | -3,451,939.79             | -2,116,627.64                |



| Items  | Current period cumulative | Preceding period comparative |   |
|--|---------------------------|------------------------------|---|
| Total  | -10,854,068.21            | -46,296,202.37               |   |
| <b>43. Assets impairment loss</b>  |                           |                              |   |
| Items  | Current period cumulative | Preceding period comparative |   |
| Inventory write-down loss  | -7,084,963.73             | -61,026,996.13               |   |
| Impairment losses on long-term equity investments  | -1,294,510.00             |                              |   |
| Total  | -8,379,473.73             | -61,026,996.13               |   |
| <b>44. Gains on asset disposal</b>   |                           |                              |   |
| Items  | Current period cumulative | Preceding period comparative |   |
| Gain on disposal of fixed assets   | 555,016.98                | -134,892.35                  |   |
| <b>45. Non-operating revenue</b>   |                           |                              |   |
| Items  | Current period cumulative | Preceding period comparative | Amount included in non-recurring profit or loss |
| Unpaid payables  | 99,519.59                 |                              | 99,519.59                                       |
| Penalty income   | 8,890.51                  | 6,600.00                     | 8,890.51  |
| Others   | 3,093,180.22              | 478,955.18                   | 3,093,180.22                                    |
| Total  | 3,201,590.32              | 485,555.18                   | 3,201,590.32                                    |
| <b>46. Non-operating revenue</b>   |                           |                              |   |
| Items  | Current period cumulative | Preceding period comparative | Amount included in non-recurring profit or loss |
| Penalty expenditures   | 2,000.00                  | 51,075.65                    | 2,000.00  |
| Donation expenditures  |                           | 2,000.00                     |   |
| Overdue expenditure  | 161,691.92                | 10,353.90                    | 161,691.92                                      |
| Others   | 458,112.32                | 97,245.58                    | 458,112.32                                      |
| Total  | 621,804.24                | 160,675.13                   | 621,804.24                                      |
| <b>47. Income tax expenses</b>   |                           |                              |   |
| <b>(1) Details</b>   |                           |                              |   |
| Items  | Current period cumulative | Preceding period comparative |   |
| Current income tax expense calculated in accordance with the tax law and relevant provisions | 5,392,730.40              | 5,789,994.37                 |   |
| Deferred income tax expense  |                           |                              |   |
| Others   | 3,188,452.95              |                              |   |
| Total  | 8,581,183.35              | 5,789,994.37                 |   |
| <b>(2) Accounting profit and income tax expense adjustment process</b>                       |                           |                              |   |
| Items  | Amount                    |                              |   |
| Profit before tax  | -28,785,156.35            |                              |   |
| Income tax expenses based on tax rate applicable to the parent company                       | -7,196,289.09             |                              |   |
| Effect of different tax rate applicable to subsidiaries                                      | -3,053,754.73             |                              |   |
| Effect of prior income tax reconciliation  | 3,188,452.95              |                              |   |

| Items   | Amount         |
|---|----------------|
| The effect of non-taxable income  |                |
| The impact of non-deductible costs, expenses and losses   | 2 415 974.44   |
| The effect of deductible temporary differences or deductible losses of deferred tax assets not recognized in the previous period    |                |
| The effect of deductible temporary differences or deductible losses on deferred tax assets was not recognized in the current period | 23 899,419.62  |
| Deduction of R&D expenditures   | -10,672,619.84 |
| Income tax expenses   | 8,581,183.35   |

#### 48. Statement of cash flow

##### (1) Other cash receipts related to operating activities

| Items                   | Current period cumulative | Preceding period comparative |
|-------------------------|---------------------------|------------------------------|
| Government grants       | 363,345.72                | 682,172.46                   |
| Interest income         | 1,460,033.50              | 1,231,541.18                 |
| Incomings and outgoings | 33,075,711.39             | 11,457,279.40                |
| Others                  | 7,725,241.18              | 5,607,786.16                 |
| Total                   | 42,624,331.79             | 18,978,779.20                |

##### (2) Other cash payments related to operating activities

| Items                   | Current period cumulative | Preceding period comparative |
|-------------------------|---------------------------|------------------------------|
| Out-of-pocket expenses  | 50,305,591.96             | 52,821,136.05                |
| Incomings and outgoings | 32,253,196.38             |                              |
| Others                  | 4,013,738.38              | 775,548.40                   |
| Total                   | 86,572,526.72             | 53,596,684.45                |

##### (3) Other cash payments related to financing activities

| Items                                | Current period cumulative | Preceding period comparative |
|--------------------------------------|---------------------------|------------------------------|
| Installment financing lease payments |                           | 10,561,405.18                |
| Others                               | 1,077,527.58              |                              |
| Total                                | 1,077,527.58              | 10,561,405.18                |

#### 49. Supplement information to the cash flow statement

##### (1) Supplement information to the cash flow statement

| Items   | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| I. Reconciliation of net profit to cash flow from operating activities:   |                           |                              |
| Net profit  | -37,366,339.70            | -140,094,713.27              |
| Add: Provision for assets impairment loss   | 8,379,473.73              | 57,308,316.79                |
| Provision for credit impairment loss  | 10,854,068.21             | 46,296,202.37                |
| Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, and depreciation of investment real estate | 9,489,058.06              | 9,285,082.58                 |
| Depreciation of right-of-use assets   |                           |                              |
| Amortization of intangible assets   | 1,006,279.95              | 972,371.92                   |
| Amortization of long-term prepayments   | 1,462,172.62              | 1,750,744.95                 |

| Items   | Current period<br>cumulative | Preceding period<br>comparative |
|---|------------------------------|---------------------------------|
| Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)  | -555,016.98                  | 134,892.35                      |
| Fixed assets retirement loss (Less: gains)  | 48,177.46                    |                                 |
| Gains from derecognition of financial assets at amortized cost                                |                              | -2,434,384.72                   |
| Losses on changes in fair value (Less: gains)   |                              |                                 |
| Financial expenses (Less: gains)  | 10,747,567.42                | 8,202,745.93                    |
| Investment losses (Less: gains)   | -817,965.74                  | -136.19                         |
| Decrease of deferred tax assets (Less: increase)  |                              |                                 |
| Increase of deferred tax liabilities (Less: decrease)   |                              |                                 |
| Decrease of inventories (Less: increase)  | 15,635,851.24                | -44,197,910.17                  |
| Decrease of operating receivables (Less: increase)  | 24,164,049.92                | 139,371,979.70                  |
| Increase of operating payables (Less: decrease)   | -73,773,886.58               | -138,312,721.00                 |
| Others  |                              |                                 |
| Net cash flows from operating activities  | -30,726,510.39               | -61,717,528.76                  |
| II. 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   |                              |                                 |
| III. Net changes in cash and cash equivalents:  |                              |                                 |
| Cash at the end of the period   | 164,384,741.39               | 180,459,070.86                  |
| Less: Cash at the beginning of the period   | 180,459,070.86               | 170,062,746.87                  |
| 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   | -16,074,329.47               | 10,396,323.99                   |

**(2) Cash and cash equivalents**

| Items  | Current period<br>cumulative | Preceding period<br>comparative |
|--|------------------------------|---------------------------------|
| I. Cash  | 164,384,741.39               | 180,459,070.86                  |
| Including: Cash on hand  | 343.39                       | 343.39                          |
| Cash in bank on demand for payment                               | 164,384,398.00               | 180,458,727.47                  |
| Other monetary funds readily available for payment               |                              |                                 |
| Money deposited with a central bank that can be used for payment |                              |                                 |
| Deposit of interbank funds                                       |                              |                                 |
| Interbank debits   |                              |                                 |
| II. Cash equivalents   |                              |                                 |
| Including: bond investments maturing within three months         |                              |                                 |
| III. Cash and cash equivalents at the end of the period          | 164,384,741.39               | 180,459,070.86                  |

| Items   | Current period<br>cumulative | Preceding period<br>comparative  |
|---|------------------------------|----------------------------------|
| Including: restricted use of cash and cash equivalents by the parent company or subsidiaries within the Group |                              |                                  |
| <b>50. Assets with title or use right restrictions</b>  |                              |                                  |
| Items   | Closing carrying amount      | Reasons for restrictions         |
| Other cash and bank balances  | 2,700,000.00                 | Involving litigation bank freeze |
| Other cash and bank balances  | 6,779,083.96                 | Guarantee deposit                |
| Fixed assets  | 24,947,499.64                | Property and land mortgage loans |
| Intangible assets   | 1,568,556.10                 | Property and land mortgage loans |
| Total   | 35,995,139.70                | --                               |

Note: We remind users of financial statements that, apart from the above assets with title or use right restrictions, in order to entrust the parent company to apply for loans from Bank of Beijing, Jiangning Sub-branch, the Company pledged its holding equities to the parent company, which include equity of Nanjing South Telecommunications Co Ltd. 33.17 million yuan(96.99% shares of stock equity), equity of Nanjing Putian Telege Intelligent Building Co., Ltd. 4.80 million yuan(40% shares of stock equity), equity of Nanjing Putian Changle Telecommunications Equipment Co., Ltd. 5.07 million yuan(50.7% shares of stock equity), equity of Nanjing Putian Network Co., Ltd. 7.80 million yuan(78% shares of stock equity), equity of Nanjing Mennekes Electric Co., Ltd. 41.14 million yuan (100% shares of stock equity ). The Company has registered the equity pledge at Nanjing Jiangning Market Supervision Administration. Those equities are with use restrictions before released.

#### 51. Monetary items in foreign currencies

##### (1) Monetary items in foreign currencies

| Items                  | Closing balance in<br>foreign currencies | Exchange rate | RMB equivalent at the<br>end of the period |
|------------------------|--|---------------|--|
| Cash and bank balances | 103,322.38                               | 6.9646        | 719,599.05                                 |
| Including: USD         | 103,322.38                               | 6.9646        | 719,599.05                                 |

#### 52. Government grants

##### (1) Details

| Items  | Amounts      | Presented<br>under | The amount recorded in<br>the current profit and<br>loss |
|--|--------------|--------------------|--|
| VAT refund   | 1,253,284.01 | Other income       | 1,253,284.01   |
| Subsidies for high-tech enterprises                        | 260,000.00   | Other income       | 260,000.00   |
| Government subsidies related to income                     | 139,183.65   | Other income       | 139,183.65   |
| Subsidies for vocational training                          | 31,202.84    | Other income       | 31,202.84  |
| Job stabilization subsidy                                  | 8,500.00     | Other income       | 8,500.00   |
| Recruit registered poor employees to reduce taxes on entry | 7,800.00     | Other income       | 7,800.00   |
| Others   | 2,614.56     | Other income       | 2,614.56   |
| Total  | 1,702,585.06 |                    | 1,702,585.06   |

### VI. Changes in the consolidation scope

1. Putian Communication Technology Co., Ltd. has entered into bankruptcy liquidation procedure according to the decision Letter (2022) Su 0104 Breaking 37 of Qinzhun District People's Court of Nanjing, Jiangsu Province, and handed over to the administrator. In the current period, its profit and loss and cash flow from January to October are included in the merger model Park.

2. Putian TELECOMMUNICATIONS (Hong Kong) Co., LTD. : The liquidation has been completed in May 2022, and the profit and loss and cash flow from January to May during the liquidation period are included in the merger scope in the current period.

### VII. Interest in other entities

(I) Interest in subsidiaries  
1. Composition of subsidiaries  
(1) Details

| Subsidiaries   | Place of registration | Main operating place | Business nature | Holding proportion (%) |          | Acquisition Method                            |
|--|-----------------------|----------------------|-----------------|------------------------|----------|---|
|  |                       |                      |                 | Direct                 | Indirect |   |
| Nanjing Putian Change Telecommunications Equipment Co., Ltd. | Nanjing City          | Nanjing City         | Manufacture     | 50.70                  |          | Set up  |
| Nanjing Putian Telege Intelligent Building Ltd.              | Nanjing City          | Nanjing City         | Manufacture     | 45.77                  |          | Set up  |
| Nanjing South Telecommunications Company Limited             | Nanjing City          | Nanjing City         | Manufacture     | 96.99                  | 3.01     | Set up  |
| Nanjing Mennekes Electric Co., Ltd.                          | Nanjing City          | Nanjing City         | Manufacture     | 100.00                 |          | Merger of enterprises under different 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                  |          | Merger of enterprises under different control |
| Chongqing Puhua Information Technology Co., Ltd              | Chongqing City        | Chongqing City       | Manufacture     | 100.00                 |          | Set up  |

(2) Notes

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 Nanjing Putian Datang Information Electronics Co., LTD. 40% equity, the company in Nanjing Putian Datang information electronics Co., LTD. As the number of board members more than half of the company's board of directors, has the power of Nanjing Putian Datang information Electronics Co., LTD., Be able to enjoy variable returns by participating in relevant activities of Nanjing Putian Datang Information Electronics Co., LTD., and have the ability to influence the amount of returns by using the power of Nanjing Putian Datang Information Electronics Co., LTD., and be able to control Nanjing Putian Datang Information Electronics Co., LTD.

2. Significant not wholly-owned subsidiaries

| Subsidiaries                                    | Holding proportion of non-controlling shareholders | Non-controlling shareholders' profit or loss | Dividend declared to non-controlling shareholders | Closing balance of non-controlling interest |
|---|--|--|---|---|
| Nanjing Putian Telege Intelligent Building Ltd. | 54.23%   | 15,289,539.86                                | 10,846,600.00                                     | 57,155,622.81                               |

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

| Subsidiaries                                    | Closing balance |                    |                |                     |                         |                   |
|---|-----------------|--------------------|----------------|---------------------|-------------------------|-------------------|
|   | Current assets  | Non-current assets | Total assets   | Current liabilities | Non-current liabilities | Total liabilities |
| Nanjing Putian Telege Intelligent Building Ltd. | 220,616,216.69  | 35,771,362.31      | 256,387,579.00 | 150,992,737.00      |                         | 150,992,737.00    |

(continued)

| Subsidiaries                                    | Opening balance |                    |                |                     |                         |                   |
|---|-----------------|--------------------|----------------|---------------------|-------------------------|-------------------|
|   | Current assets  | Non-current assets | Total assets   | Current liabilities | Non-current liabilities | Total liabilities |
| Nanjing Putian Telege Intelligent Building Ltd. | 211,702,890.62  | 35,559,085.84      | 247,261,976.46 | 150,061,012.14      |                         | 150,061,012.14    |

| Subsidiaries                                    | Current period cumulative |               |                            |                                       |
|---|---------------------------|---------------|----------------------------|---------------------------------------|
|   | Operating revenue         | Net profit    | Total comprehensive income | Cash inflow from operating activities |
| Nanjing Putian Telege Intelligent Building Ltd. | 368,838,452.07            | 28,193,877.68 | 28,193,877.68              | 14,659,448.46                         |

(continued)

| Subsidiaries                                    | Preceding period comparative |               |                            |                                       |
|---|------------------------------|---------------|----------------------------|---------------------------------------|
|   | Operating revenue            | Net profit    | Total comprehensive income | Cash inflow from operating activities |
| Nanjing Putian Telege Intelligent Building Ltd. | 385,394,574.50               | 28,503,440.24 | 28,503,440.24              | 33,974,403.22                         |

(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         | 10,422,321.80                             | 10,422,193.15                                |
| Proportionate shares in the following items: |   |  |
| Net profit                                   | 128.65                                    | 136.19                                       |
| Total comprehensive income                   | 128.65                                    | 136.19                                       |

**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

The Company defines a financial asset as in default when the financial instrument meets one or more of the following criteria, which are consistent with the definition of credit impairment incurred:

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. The opening balance and closing balance of loss provision for financial instruments are detailed in Notes V(3), V(4) and V(7) to these financial statements.

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's accounts receivable risk points are distributed across multiple partners and multiple customers, 12.50% of the Company's accounts receivable as of June 30, 2022 (June 30, 2021:11.43%) originated from the top five customers with balances, and the Company does not have significant credit concentration 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 Nanjing Putian Telecommunications Co., Ltd. 2021 Annual Report 187 banks to meet working capital requirements and expenditures.

Financial instruments classified based on remaining time period till maturity

| Items                                       | Closing balance |                                    |                |           |              |
|---|-----------------|------------------------------------|----------------|-----------|--------------|
|   | Carrying amount | Contract amount not yet discounted | Within 1 year  | 1-3 years | Over 3 years |
| Short-term borrowings                       | 112,836,727.77  | 112,836,727.77                     | 112,836,727.77 |           |              |
| Notes payable                               |                 |                                    |                |           |              |
| Accounts payable                            | 470,867,283.07  | 470,867,283.07                     | 470,867,283.07 |           |              |
| Other payable                               | 59,206,281.08   | 59,206,281.08                      | 59,206,281.08  |           |              |
| Non-current liabilities due within one year |                 |                                    |                |           |              |
| Subtotal                                    | 642,910,291.92  | 642,910,291.92                     | 642,910,291.92 |           |              |

(Continued)

| Items                 | Opening balance |                                    |                |           |              |
|-----------------------|-----------------|------------------------------------|----------------|-----------|--------------|
|                       | Carrying amount | Contract amount not yet discounted | Within 1 year  | 1-3 years | Over 3 years |
| Short-term borrowings | 199,000,000.00  | 203,055,109.72                     | 203,055,109.72 |           |              |
| Notes payable         | 1,251,741.17    | 1,251,741.17                       | 1,251,741.17   |           |              |



|   |                |                |                |  |  |
|---|----------------|----------------|----------------|--|--|
| Accounts payable                            | 538,363,742.94 | 538,363,742.94 | 538,363,742.94 |  |  |
| Other payable                               | 64,006,795.08  | 64,006,795.08  | 64,006,795.08  |  |  |
| Non-current liabilities due within one year | 2,656,474.95   | 2,717,664.49   | 2,717,664.49   |  |  |
| Subtotal                                    | 805,278,754.14 | 809,395,053.40 | 809,395,053.40 |  |  |

(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 exchange risk refers to the risk that the fair value or future cash flow of a financial instrument may fluctuate due to changes in foreign exchange rates. The Company operates in mainland China and its main activities are denominated in renminbi, so the Company's exposure to foreign exchange movements is not material. The Company's foreign currency monetary assets and liabilities at the end of the period are detailed in the relevant notes to the financial statements.

**IX. Fair value**

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

| Items  | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | Closing balance |
|--|--------------------------------|--------------------------------|--------------------------------|-----------------|
| I. Recurring fair value measurement              |                                |                                |                                |                 |
| 1. Receivables financing                         |                                |                                | 30,668,999.36                  | 30,668,999.36   |
| 2. Other equity instrument investments           |                                |                                | 741,953.00                     | 741,953.00      |
| Total assets at recurring fair value measurement |                                |                                | 31,410,952.36                  | 31,410,952.36   |

(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) Parent company

| Parent company                | Place of registration   | Business nature      | Registered capital (Ten thousand yuan) | Holding proportion over the Company (%) | Voting right proportion over the Company (%) |
|-------------------------------|---|----------------------|--|---|--|
| China Potevio Company Limited | 2 Shangdi 2nd Street, Zhongguancun Science and Technology Park, Haidian District, Beijing | Information industry | 190,305.00                             | 53.49                                   | 53.49  |

The ultimate control party is China Electronics Technology Group Co., LTD.

China Potevio Company Limited, the former controlling shareholder of the company, transfers 1.15 million state-owned legal shares of the company to CETC Guorui Group Co., LTD. As of April 18, 2023, the transfer procedures have been completed, and CETC Guorui Group Co., Ltd. holds 1.15 million state-owned legal shares of the company. Accounting for 53.49% of the total share capital of the Company, it is the controlling shareholder of the Company.

(II) Status of the Company's subsidiaries

See Note "VII. Interests in Other Entities" for details.

(III) Joint ventures and associates of the Company

For the important joint ventures or associates of the enterprise, see Note "VII. Interests in Other Entities", other joint ventures or associates that have related party transactions with the Company in the current period, or have a balance of related party transactions with the Company in the previous period.

| Joint ventures or associates                 | Relationships with the Company |
|--|--------------------------------|
| SEI-Nanjing Putian Optical Network Co., Ltd. | Joint ventures                 |

(IV) Other related parties of the Company

| Related parties   | Relationships with the Company                          |
|---|---|
| Nanjing Putian Hongyan Electrical Technology Co., Ltd.                      | An affiliated company of the ultimate controlling party |
| Nanjing Hikvision Digital Technology Co., Ltd.                              | An affiliated company of the ultimate controlling party |
| Nanjing Putian Communication Technology Industrial Park Co., Ltd.           | An affiliated company of the ultimate controlling party |
| China Electronics Technology Finance Co., Ltd.                              | An affiliated company of the ultimate controlling party |
| The 23rd Research Institute of China Electronics Technology Group Co., Ltd. | An affiliated company of the ultimate controlling party |
| Potevio Information Technology Co., Ltd.                                    | An affiliated company of the ultimate controlling party |
| Beijing Putian Taili Telecommunications Technology Co., Ltd.                | An affiliated company of the ultimate controlling party |
| Hangzhou HONYAR Electrical Co., Ltd.  | An affiliated company of the ultimate controlling party |
| Eastern Communications Co., Ltd.  | An affiliated company of the ultimate controlling party |
| Putian EASTERN Communications Group Co., Ltd.                               | An affiliated company of the ultimate controlling party |
| Potevio Industrial Co., Ltd.  | An affiliated company of the ultimate controlling party |
| Potevio Telecommunications Co., Ltd.  | An affiliated company of the ultimate controlling party |
| Beijing Putian Desheng Technology Incubator Co., Ltd.                       | An affiliated company of the ultimate controlling party |
| Chengdu Westone Information Security Technology Co., Ltd.                   | An affiliated company of the ultimate controlling party |
| Hebei FAR-EAST Communication SYSTEM Engineering Co., Ltd.                   | An affiliated company of the ultimate controlling party |
| Nanjing Rail Transit System Engineering Co., Ltd.                           | An affiliated company of the ultimate controlling party |

| Related parties  | Relationships with the Company                          |
|--|---|
| NANJING LES INFORMATION TECHNOLOGY CO.,LTD                     | An affiliated company of the ultimate controlling party |
| Eccom Network SYSTEM Ltd.                                      | An affiliated company of the ultimate controlling party |
| Nanjing Lopu Co., Ltd.   | An affiliated company of the ultimate controlling party |
| Sun Create Electronics Co., Ltd.                               | An affiliated company of the ultimate controlling party |
| China KEY SYSTEM & Integrated Circuit Co., Ltd. Nanjing Branch | An affiliated company of the ultimate controlling party |
| Wuhan Putian New Energy Co., Ltd.                              | An affiliated company of the ultimate controlling party |
| Shanghai Potevio Network Technologies Limited                  | An affiliated company of the ultimate controlling party |
| Shanghai Potevio Co., Ltd.                                     | An affiliated company of the ultimate controlling party |
| Gemplus (Tianjin) New Technologies Co., Ltd.                   | An affiliated company of the ultimate controlling party |
| Beijing Taiji Information System Technology Co., Ltd.          | An affiliated company of the ultimate controlling party |
| Hangzhou Hikvision Technology Co., Ltd.                        | An affiliated company of the ultimate controlling party |
| China Putian Corporation                                       | An affiliated company of the ultimate controlling party |
| Nanjing Putian Information Technology Co., Ltd.                | An affiliated company of the ultimate controlling party |
| Beijing Likangpu Telecommunications Equipment Co., Ltd.        | A subsidiary of the company                             |

(V) Related party transactions

1. Purchase of goods, receiving of services

| Related parties  | Content of transaction     | Current period cumulative | Preceding period comparative |
|--|----------------------------|---------------------------|------------------------------|
| Nanjing Hikvision Digital Technology Co., Ltd.                             | Telecommunication products | 1,289,950.45              | 14,410.33                    |
| Hangzhou Hikvision Technology Co., Ltd.                                    | Telecommunication products | 639,084.20                |                              |
| Nanjing Putian Hongyan Electrical Technology Co., Ltd.                     | Telecommunication products |                           | 456,378.05                   |
| Potevio Company Limited  | Telecommunication products |                           | 371,681.42                   |
| The 23rd Research Institute of China Electronics Technology Group Co., Ltd | Testing fee                | 5,000.00                  | 23,018.87                    |
| Potevio Information Technology Co., Ltd.                                   | Telecommunication products |                           | 239,336.28                   |
| Nanjing Putian Communication Technology Industrial Park Co., Ltd.          | Labor expense              | 255,471.65                | 258,113.16                   |

2. Sale of goods, rendering of services

| Related parties  | Content of transaction     | Current period cumulative | Preceding period comparative |
|--|----------------------------|---------------------------|------------------------------|
| The 28th Research Institute of China Electronics Technology Group Co., Ltd | Telecommunication products | 9,035,292.74              |                              |
| Taiji Computer Corporation Limited   | Telecommunication products | 4,443,100.78              |                              |
| CETC Potevio SCIENCE&TECHNOLOGY Co., Ltd.                                  | Telecommunication products | 4,213,115.06              |                              |
| Hebei FAR-EAST Communication SYSTEM Engineering Co., Ltd.                  | Telecommunication products | 2,142,224.08              | 4,606,252.16                 |
| Nanjing Rail Transit System Engineering Co., Ltd.                          | Telecommunication products | 1,038,659.29              | 1,328,017.68                 |
| Nanjing Lopu Co., Ltd.   | Labor expense              | 434,176.15                |                              |
| Beijing Taiji Information System Technology Co., Ltd.                      | Telecommunication products | 380,530.98                |                              |

|  |                            |            |              |
|--|----------------------------|------------|--------------|
| System Equipment Co.,LTD of The 28th Research Institute (Liyang)           | Telecommunication products | 359,462.86 |              |
| The 55th Research Institute of China Electronics Technology Group Co., Ltd | Telecommunication products | 131,858.40 |              |
| China KEY SYSTEM & Integrated Circuit Co., Ltd. Nanjing Branch             | Substitute processing      | 109,562.74 | 74,165.34    |
| Putian EASTERN Communications Group Co., Ltd.                              | Telecommunication products | 52,532.81  | 23,588.42    |
| CETC LES Information System Company Limited                                | Telecommunication products | 35,018.40  |              |
| Nanjing Putian Hongyan Electrical Technology Co., Ltd.                     | Telecommunication products | 10,619.47  |              |
| Beijing Putian Taili Telecommunications Technology Co.,Ltd.                | Testing fee                | 3,150.44   | 7,867.42     |
| Potevio Information Technology Co., Ltd.                                   | Telecommunication products |            | 66,796.46    |
| Potevio Company Limited  | Telecommunication products |            | 517,067.86   |
| Eastern Communications Co., Ltd.   | Telecommunication products |            | 1,295,903.33 |
| Chengdu Westone Information Security Technology Co., Ltd.                  | Telecommunication products |            | 3,094,690.26 |
| NANJING LES INFORMATION TECHNOLOGY CO.,LTD                                 | Telecommunication products |            | 162,831.85   |
| Eccom Network SYSTEM Ltd.  | Telecommunication products |            | 59,320.35    |
| Sun Create Electronics Co., Ltd.   | Telecommunication products |            | 88,685.84    |
| Wuhan Putian New Energy Co., Ltd.  | Telecommunication products |            | 16,088.49    |

### 3. Our company acts as the lessor

| Name of lessee         | Status of leased assets            | Lease income \ expenses recognized in the current period | Lease income and expenses confirmed in the previous period |
|------------------------|------------------------------------|--|--|
| Nanjing Lopu Co., Ltd. | Income from rent and property fees | 395,238.10   | 395,238.10   |

### 4. The company acts as the lessee:

| Name of Lessor  | Status of leased assets | Lease income \ expenses recognized in the current period | Lease income and expenses confirmed in the previous period |
|---|-------------------------|--|--|
| Nanjing Putian Communication Technology Industrial Park Co., Ltd. | Rent and management fee | 882,443.64   | 839,675.19   |

### 5. Related party guarantees

| Guarantees  | Guarantors                       | Amount guaranteed | Commencement date | Maturity date | Whether the guarantee is mature |
|-------------|----------------------------------|-------------------|-------------------|---------------|---------------------------------|
| The company | Nanjing Southern Telecom Co.,Ltd | 20,000,000.00     | 2021/11/12        | 2022/7/22     | Yes                             |
| The company | Nanjing Southern Telecom Co.,Ltd | 10,000,000.00     | 2022/02/23        | 2022/11/16    | Yes                             |

### 6. Related party entrusted loan and interest expense

| Name of related party   | Related transaction content | Current period cumulative | Preceding period comparative |
|-------------------------|-----------------------------|---------------------------|------------------------------|
| Potevio Company Limited | Loan interest               | 7,741,475.85              | 4,477,491.67                 |

### 7. Key management's emoluments

| Items                       | Current period cumulative | Preceding period comparative |
|-----------------------------|---------------------------|------------------------------|
| Key management's emoluments | 3,156,438.00              | 3,668,506.00                 |

(VI) 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 |
| Cash and bank balances |  |                 |                         |                 |                         |
|                        | China Electronics Technology Finance Co., Ltd.                             | 24,074,373.95   |                         | 7,151,551.17    |                         |
| Accounts receivable    |  |                 |                         |                 |                         |
|                        | Taiji Computer Corporation Limited   | 888,289.70      | 8,882.90                | 182,680.00      | 18,268.00               |
|                        | China KEY SYSTEM & Integrated Circuit Co., Ltd. Nanjing Branch             | 65,333.00       | -                       | 26,373.10       | 263.73                  |
|                        | CETC LES Information System Company Limited                                | 38,901.80       | 389.02                  |                 |                         |
|                        | Nanjing Rail Transit System Engineering Co., Ltd.                          | 1,455,390.41    | 25,822.12               | 905,040.41      | 9,050.40                |
|                        | The 28th Research Institute of China Electronics Technology Group Co., Ltd | 4,111,020.00    | 41,110.20               |                 |                         |
|                        | Hebei FAR-EAST Communication SYSTEM Engineering Co., Ltd.                  | 8,058,730.63    | 327,755.62              | 7,954,628.78    | 210,528.84              |
|                        | Sun Create Electronics Co., Ltd.   | 183,262.43      | 26,252.98               | 183,262.43      | 8,388.89                |
|                        | Potevio Telecommunications Co., Ltd.                                       | 4,317,924.00    | 1,060,171.20            | 4,317,924.00    | 372,990.90              |
|                        | Potevio Information Technology Co., Ltd.                                   | 6,065,598.36    | 6,065,598.36            | 6,065,598.36    | 1,321,517.31            |
|                        | Potevio Company Limited  | 5,519,204.83    | 4,357,744.25            | 5,519,204.83    | 3,339,327.20            |
|                        | Shanghai Potevio Co., Ltd.   | 8,755,534.00    | 8,755,534.00            | 8,755,534.00    | 8,755,534.00            |
|                        | System Equipment Co.,LTD of The 28th Research Institute (Liyang)           | 190,083.00      | 9,504.15                |                 |                         |
|                        | Putian EASTERN Communications Group Co., Ltd.                              | 29,900.00       | 299.00                  | 19,100.00       | 315.00                  |
|                        | Nanjing Lopu Co., Ltd.   | 44,000.00       | 2,200.00                |                 |                         |
|                        | The 55th Research Institute of China Electronics Technology Group Co., Ltd | 14,900.00       | 149.00                  |                 |                         |
|                        | CETC Potevio SCIENCE&TECHNOLOGY Co., Ltd.                                  | 2,988,000.00    | 29,880.00               |                 |                         |
|                        | Gemplus (Tianjin) New Technologies Co., Ltd.                               |                 |                         | 4,546.26        | 1,363.88                |
| subtotal               |  | 42,726,072.16   | 20,711,292.80           | 33,933,892.17   | 14,037,548.15           |
| Notes receivable       |  |                 |                         |                 |                         |
|                        | CETC Potevio SCIENCE&TECHNOLOGY Co., Ltd.                                  | 1,772,820.00    | 88,641.00               |                 |                         |

| Items            | Related parties  | Closing balance |                         | Opening balance |                         |
|------------------|--|-----------------|-------------------------|-----------------|-------------------------|
|                  |  | Book balance    | Provision for bad debts | Book balance    | Provision for bad debts |
| Other receivable |  |                 |                         |                 |                         |
|                  | Potevio Company Limited  | 2,245,100.00    | 1,954,305.00            | 2,245,100.00    | 1,953,355.00            |
|                  | Potevio Information Technology Co., Ltd.                                   | 367,800.00      | 367,800.00              | 367,800.00      | 367,800.00              |
|                  | Nanjing Hikvision Digital Technology Co., Ltd.                             | 80,000.00       | 4,000.00                | 80,000.00       | 4,000.00                |
|                  | CETC Potevio SCIENCE&TECHNOLOGY Co., Ltd.                                  | 91,100.00       | 4,555.00                |                 |                         |
|                  | Tianbo Electronic Information Technology Co., Ltd.                         | 141,000.00      | 7,050.00                |                 |                         |
|                  | Hangzhou HONYAR Electrical Co., Ltd.                                       | 20,200.00       | 1,010.00                |                 |                         |
|                  | The 23rd Research Institute of China Electronics Technology Group Co., Ltd | 1,500.00        | 15.00                   | 67,400.00       | 3,370.00                |
|                  | Beijing Likangpu Telecommunications Equipment Co., Ltd.                    | 28,912,122.71   | 28,912,122.71           | 28,912,122.71   | 28,912,122.71           |
| subtotal         |  | 31,858,822.71   | 31,250,857.71           | 31,672,422.71   | 31,240,647.71           |
| Advances paid    |  |                 |                         |                 |                         |
|                  | Beijing Likangpu Telecommunications Equipment Co., Ltd.                    |                 |                         | 6,850.00        |                         |

## 2. Balance due to related parties

| Items                | Related parties   | Closing balance | Opening balance |
|----------------------|---|-----------------|-----------------|
| Accounts payable     |   |                 |                 |
|                      | Potevio Company Limited   | 18,016,137.43   | 18,016,137.43   |
|                      | Hangzhou Hikvision Technology Co., Ltd.                           | 504,393.96      |                 |
|                      | Nanjing Putian Communication Technology Industrial Park Co., Ltd. | 25,000.00       |                 |
| Subtotal             |   | 18,545,531.39   | 18,016,137.43   |
| Contract liabilities |   |                 |                 |
|                      | Potevio Company Limited   | 4,690,537.30    | 4,703,127.30    |
| Other payables       |   |                 |                 |
|                      | China Putian Corporation  | 9,580,000.00    | 9,580,000.00    |
|                      | Potevio Telecommunications Co., Ltd.                              | 200,000.00      | 200,000.00      |
|                      | Potevio Company Limited   | 118,973.06      | 231,015.28      |
|                      | Nanjing Putian Communication Technology Industrial Park Co., Ltd. | 3,981,366.18    | 3,805,596.06    |
|                      | Nanjing Putian Information Technology Co., Ltd.                   | 2,525,332.52    | 3,042,825.53    |
|                      | Potevio Information Technology Co., Ltd.                          | 400,000.00      | 400,000.00      |
| Subtotal             |   | 16,805,671.76   | 17,259,436.87   |

## **XI. Commitments and contingencies**

### (I) Commitments

As of December 31st, 2022, the Company has no material commitments to disclose.

### (II) Contingencies

As of December 31st, 2022, the Company had no material contingencies to disclose.

## **XII. Events after the balance sheet date**

As of April 18th, 2023, except as disclosed in this note X (1), the Company has no post-balance sheet events that need to be disclosed.

## **XIII. Other significant events**

### Segment reports

#### 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, integrated wiring product, 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

| Items                        | Video conferencing products | Generic cable products | Intelligent electrical products | Communications infrastructure products and others | Inter-segment offsetting | Total          |
|------------------------------|-----------------------------|------------------------|---------------------------------|---|--------------------------|----------------|
| Revenue from main operations | 304,872,384.83              | 363,986,691.29         | 88,207,032.72                   | 145,879,508.57                                    | -40,821,613.26           | 862,124,004.15 |
| Cost of main operations      | 240,566,689.70              | 284,913,207.39         | 67,419,638.33                   | 134,205,498.72                                    | -40,621,384.62           | 686,483,649.52 |
| Total assets                 | 246,673,514.58              | 256,387,579.00         | 162,567,836.07                  | 474,938,756.96                                    | -249,177,630.99          | 891,390,055.62 |
| Total liabilities            | 142,970,179.55              | 150,992,737.00         | 109,984,790.16                  | 532,204,911.92                                    | -145,597,218.91          | 790,555,399.73 |

## **XIV. Notes to items of parent company financial statements**

### (I) Accounts receivable

#### 1. Disclosure according to aging

| Ages                                  | Closing balance | Opening balance |
|---------------------------------------|-----------------|-----------------|
| Within 1 year                         | 43,483,236.49   | 52,993,552.29   |
| 1 to 2 years                          | 25,242,696.25   | 23,708,195.98   |
| 2 to 3 years                          | 15,354,863.60   | 22,670,878.34   |
| 3 to 4 years                          | 17,339,579.38   | 64,972,433.60   |
| 4 to 5 years                          | 54,845,034.31   | 17,956,808.59   |
| Over 5 years                          | 103,377,145.03  | 91,555,641.94   |
| Less: Allowance for doubtful accounts | 155,462,979.31  | 149,111,938.07  |
| Total                                 | 104,179,575.75  | 124,745,572.67  |

2. According to the bad debt calculation and withdrawal method classification disclosure

| Categories   | Closing balance |            |                         |                          |
|--|-----------------|------------|-------------------------|--------------------------|
|  | Book balance    |            | Provision for bad debts |                          |
|  | Amount          | % to total | Amount                  | Provision proportion (%) |
| Receivables with provision made on an individual basis | 68,961,269.79   | 26.56      | 68,961,269.79           | 100.00                   |
| Receivables with provision made on a collective basis  | 190,681,285.27  | 73.44      | 86,501,709.52           | 45.36                    |
| Among them: Combination 1: aging method                | 188,947,762.27  | 99.09      | 86,501,709.52           | 45.78                    |
| Combination 2: related parties                         | 1,733,523.00    | 0.91       |                         |                          |
| Total  | 259,642,555.06  | 100.00     | 155,462,979.31          | 59.88                    |

| Categories   | Opening balance |            |                         |                          |
|--|-----------------|------------|-------------------------|--------------------------|
|  | Book balance    |            | Provision for bad debts |                          |
|  | Amount          | % to total | Amount                  | Provision proportion (%) |
| Receivables with provision made on an individual basis | 70,076,309.09   | 25.59      | 70,076,309.09           | 100.00                   |
| Receivables with provision made on a collective basis  | 203,781,201.65  | 74.41      | 79,035,628.98           | 38.78                    |
| Among them: Combination 1: aging method                | 202,113,852.99  | 99.18      | 79,035,628.98           | 38.78                    |
| Combination 2: related parties                         | 1,667,348.66    | 0.82       |                         |                          |
| Total  | 273,857,510.74  | 100.00     | 149,111,938.07          | 54.45                    |

(1) Receivables 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 |
| China Tower Corporation Limited   | 13,819,926.92 | 13,819,926.92           | 100.00                   | Unable to recover |
| Mr. Xu  | 17,591,683.74 | 17,591,683.74           | 100.00                   | Unable to recover |
| China Railway Signal&Communication Shanghai Engineering Bureau Group Co.,Ltd. | 5,241,400.50  | 5,241,400.50            | 100.00                   | Unable to recover |
| Others  | 12,600,172.09 | 12,600,172.09           | 100.00                   | Unable to recover |
| Total   | 68,961,269.79 | 68,961,269.79           | 100.00                   |                   |

(2) Receivables with provision made on a collective basis

Combination 1: Aging combination

| Ages          | Closing balance |                          |                         | Opening balance |                          |                         |
|---------------|-----------------|--------------------------|-------------------------|-----------------|--------------------------|-------------------------|
|               | Book balance    | Provision proportion (%) | Provision for bad debts | Book balance    | Provision proportion (%) | Provision for bad debts |
| Within 1 year | 42,251,540.94   | 1.00                     | 422,515.41              | 51,326,203.63   | 1.00                     | 513,262.04              |
| 1 to 2 years  | 24,720,638.80   | 5.00                     | 1,236,031.94            | 19,790,631.45   | 5.00                     | 989,531.57              |
| 2 to 3 years  | 11,437,299.07   | 10.00                    | 1,143,729.91            | 22,670,878.34   | 10.00                    | 2,267,087.83            |
| 3 to 4 years  | 17,339,579.38   | 30.00                    | 5,201,873.81            | 39,529,690.55   | 30.00                    | 11,858,907.17           |



| Ages         | Closing balance |                          |                         | Opening balance |                          |                         |
|--------------|-----------------|--------------------------|-------------------------|-----------------|--------------------------|-------------------------|
|              | Book balance    | Provision proportion (%) | Provision for bad debts | Book balance    | Provision proportion (%) | Provision for bad debts |
| 4 to 5 years | 29,402,291.26   | 50.00                    | 14,701,145.63           | 10,779,217.30   | 50.00                    | 5,389,608.65            |
| Over 5 years | 63,796,412.82   | 100.00                   | 63,796,412.82           | 58,017,231.72   | 100.00                   | 58,017,231.72           |
| Total        | 188,947,762.27  | 45.78                    | 86,501,709.52           | 202,113,852.99  | 39.10                    | 79,035,628.98           |

**Combination 2: related parties**

| Ages          | Closing balance |                          |                         | Opening balance |                          |                         |
|---------------|-----------------|--------------------------|-------------------------|-----------------|--------------------------|-------------------------|
|               | Book balance    | Provision proportion (%) | Provision for bad debts | Book balance    | Provision proportion (%) | Provision for bad debts |
| Within 1 year | 1,211,465.55    |                          |                         | 1,667,348.66    |                          |                         |
| 1 to 2 years  | 522,057.45      |                          |                         |                 |                          |                         |
| Total         | 1,733,523.00    |                          |                         | 1,667,348.66    |                          |                         |

**3. Bad debt provision**

| Categories              | Opening balance | Change in current period |                          |                           |               | Closing balance |
|-------------------------|-----------------|--------------------------|--------------------------|---------------------------|---------------|-----------------|
|                         |                 | Accrual                  | To withdraw or turn back | Cancel after verification | Other changes |                 |
| Provision for bad debts | 149,111,938.07  | 6,351,041.24             |                          |                           |               | 155,462,979.31  |

**4. Details of the top 5 debtors with largest balances**

| Debtors                         | Book balance  | Proportion to the total balance of accounts receivable (%) | Provision for bad debts |
|---------------------------------|---------------|--|-------------------------|
| Dongpo Xi Laos Co., Ltd.        | 19,708,086.54 | 7.59%  | 19,708,086.54           |
| Mr. Xu                          | 17,591,683.74 | 6.78%  | 17,591,683.74           |
| China Tower Corporation Limited | 13,819,926.92 | 5.32%  | 13,819,926.92           |
| Liantong Henan Branch           | 8,828,589.22  | 3.40%  | 5,794,725.99            |
| Shanghai Potevio Co.,Ltd.       | 8,755,534.00  | 3.37%  | 8,755,534.00            |
| Total                           | 68,703,820.42 | 26.46%   | 65,669,957.19           |

**(II) Other receivable**

| Items                                 | Closing balance | Opening balance |
|---------------------------------------|-----------------|-----------------|
| Interest receivable                   |                 |                 |
| Dividends receivable                  | 600,000.00      | 600,000.00      |
| Other receivables                     | 65,902,582.81   | 68,372,223.81   |
| Less: Allowance for doubtful accounts | 41,175,475.72   | 40,428,187.81   |
| Total                                 | 25,327,107.09   | 28,544,036.00   |

**1. Dividends receivable**

**(1) Details**

| Items   | Closing balance | Opening balance |
|---|-----------------|-----------------|
| Nanjing Putian Datang Information Electronics Co., Ltd. | 600,000.00      | 600,000.00      |

**2. Other receivable**

(1) Other receivable categorized by nature

| Items                                 | Closing balance | Opening balance |
|---------------------------------------|-----------------|-----------------|
| Temporary payment receivable          | 55,986,690.26   | 57,565,967.09   |
| Deposit                               | 7,751,311.73    | 9,401,005.10    |
| Travel allowance                      | 442,731.30      | 349,937.77      |
| Others                                | 1,721,849.52    | 1,055,313.85    |
| Less: Allowance for doubtful accounts | 41,175,475.72   | 40,428,187.81   |
| Total                                 | 24,727,107.09   | 27,944,036.00   |

(2) Age analysis

| Ages                                  | Closing balance | Opening balance |
|---------------------------------------|-----------------|-----------------|
| Within 1 year                         | 23,014,515.42   | 21,361,891.68   |
| 1 to 2 years                          | 1,563,414.00    | 2,137,122.78    |
| 2 to 3 years                          | 1,647,443.32    | 4,335,634.46    |
| 3 to 4 years                          | 2,415,479.37    | 3,821,379.29    |
| 4 to 5 years                          | 2,991,891.40    | 1,493,262.87    |
| Over 5 years                          | 34,269,839.30   | 35,222,932.73   |
| Less: Allowance for doubtful accounts | 41,175,475.72   | 40,428,187.81   |
| Total                                 | 24,727,107.09   | 27,944,036.00   |

(3) Changes in provision for bad debts

| Items                                   | Phase I                         | Phase II  | Phase III   | Total         |
|---|---------------------------------|---|---|---------------|
|   | 12-month expected credit losses | Lifetime expected credit losses (credit not impaired) | Lifetime expected credit losses (credit impaired) |               |
| Opening balance                         | 250,754.64                      |   | 40,177,433.17                                     | 40,428,187.81 |
| Opening balance in the current period   | 250,754.64                      |   | 40,177,433.17                                     | 40,428,187.81 |
| --Transferred to phase II               | -250,754.64                     | 250,754.64  |   |               |
| --Transferred to phase III              |                                 |   |   |               |
| --Reversed to phase II                  |                                 | 9,220,644.66  | -9,220,644.66                                     |               |
| --Reversed to phase I                   |                                 |   |   |               |
| Provision made in the current period    |                                 | 2,933,437.63  |   | 2,933,437.63  |
| Provision recovered in current period   |                                 |   |   |               |
| Provision written off in current period |                                 | 2,186,149.72  |   | 2,186,149.72  |
| Other changes                           |                                 |   |   |               |
| Closing balance                         | -                               | 10,218,687.21   | 30,956,788.51                                     | 41,175,475.72 |

(4) Provision for bad debts

| Categories | Opening balance | Change in current period |                          |                           |               | Closing balance |
|------------|-----------------|--------------------------|--------------------------|---------------------------|---------------|-----------------|
|            |                 | Accrual                  | To withdraw or turn back | Cancel after verification | Other changes |                 |

|                     |               |              |  |              |  |               |
|---------------------|---------------|--------------|--|--------------|--|---------------|
| Losses on bad debts | 40,428,187.81 | 2,933,437.63 |  | 2,186,149.72 |  | 41,175,475.72 |
|---------------------|---------------|--------------|--|--------------|--|---------------|

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

| Debtors   | Nature of receivables        | Closing balance | Ages   | Proportion to the total balance of other receivables (%) | Provision for bad debts |
|---|------------------------------|-----------------|--|--|-------------------------|
| Beijing Likangpu Telecommunications Equipment Co., Ltd. | Temporary payment receivable | 28,912,122.71   | Over 5 years   | 43.87%   | 28,912,122.71           |
| China Potevio Company Limited                           | Security deposit             | 1,938,000.00    | 4-5 years<br>938,000.00;<br>Over 5 years<br>1,000,000.00 | 2.94%  | 1,938,000.00            |
| Nanjing Putian Communication Industry Co., Ltd.         | Temporary payment receivable | 805,545.63      | Over 3 years   | 1.22%  | 805,545.63              |
| Total   |                              | 31,655,668.34   |  | 48.03%   | 31,655,668.34           |

## (III) Long-term equity investments

| Items  | Closing balance |                          |                 | Opening balance |                          |                 |
|--|-----------------|--------------------------|-----------------|-----------------|--------------------------|-----------------|
|  | Book balance    | Provision for impairment | Carrying amount | Book balance    | Provision for impairment | Carrying amount |
| Investments in subsidiaries                  | 113,409,068.64  | 1,294,510.00             | 112,114,558.64  | 115,319,588.64  | 1,910,520.00             | 113,409,068.64  |
| Investments in associates and joint ventures | 10,422,321.80   |                          | 10,422,321.80   | 10,422,193.15   |                          | 10,422,193.15   |
| Total  | 123,831,390.44  | 1,294,510.00             | 122,536,880.44  | 125,741,781.79  | 1,910,520.00             | 123,831,261.79  |

## 1. 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 Communication 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 Mennekes Electric Co., Ltd.                      | 57,831,012.71   |          |          | 57,831,012.71   |   |   |
| Nanjing Putian Network Co., Ltd.                         | 7,741,140.41    |          |          | 7,741,140.41    |   |   |
| Nanjing Putian Datang Information Electronics Co., Ltd.  | 5,436,797.07    |          |          | 5,436,797.07    |   |   |
| Nanjing Putian Hotel Co., Ltd.                           | 1,294,510.00    |          |          | 1,294,510.00    | 1,294,510.00                                    | 1,294,510.00                                |

|  |                |  |              |                |              |              |
|--|----------------|--|--------------|----------------|--------------|--------------|
| PUTIAN TELECOMMUNICATIONS (H.K.) CO. LIMITED     | 1,910,520.00   |  | 1,910,520.00 | -              |              |              |
| Chongqing Puhua Information Technology Co., Ltd. | 2,000,000.00   |  |              | 2,000,000.00   |              |              |
| Total  | 115,319,588.64 |  | 1,910,520.00 | 113,409,068.64 | 1,294,510.00 | 1,294,510.00 |

**2. Investments in associates and joint ventures**

| Investees                                    | Opening balance | Increase/Decrease     |                       |  |  |                         |  |                          |        | Closing balance | Closing balance of provision for impairment |
|--|-----------------|-----------------------|-----------------------|--|--|-------------------------|--|--------------------------|--------|-----------------|---|
|  |                 | Investments increased | Investments decreased | Investment income recognized under equity method | Adjustment in other comprehensive income | Changes in other equity | Cash dividend/Profit declared for distribution | Provision for impairment | Others |                 |   |
| I. Joint ventures                            |                 |                       |                       |  |  |                         |  |                          |        |                 |   |
| SEI-Nanjing Putian Optical Network Co., Ltd. | 10,422,193.15   |                       |                       | 128.65   |  |                         |  |                          |        | 10,422,321.80   |   |
| Total  | 10,422,193.15   |                       |                       | 128.65   |  |                         |  |                          |        | 10,422,321.80   |   |

(IV) Operating revenue/Operating cost

1. Operating income and operating costs are classified by major categories

| Items               | Current period cumulative |                | Preceding period comparative |                |
|---------------------|---------------------------|----------------|------------------------------|----------------|
|                     | Revenue                   | Cost           | Revenue                      | Cost           |
| I.Main operations   | 114,398,871.87            | 103,317,341.26 | 109,762,989.18               | 98,939,817.40  |
| II.Other operations | 3,945,565.52              | 3,820,744.62   | 11,490,076.50                | 9,759,140.72   |
| Total               | 118,344,437.39            | 107,138,085.88 | 121,253,065.68               | 108,698,958.12 |

2. Operating income in the current period is classified according to the time of revenue recognition

| Revenue recognition time   | Income from main business | Other business income |
|----------------------------|---------------------------|-----------------------|
| Confirm at a certain point | 114,398,871.87            | 3,945,565.52          |

(V) Investment income

| Items   | Current period cumulative | Preceding period comparative |
|---|---------------------------|------------------------------|
| Investment income from long-term equity investments under cost method   | 9,153,400.00              | 9,753,400.00                 |
| Investment income from long-term equity investments under equity method | 128.65                    | 136.19                       |
| Debt restructuring gains  |                           | 2,434,384.72                 |
| Others  | 1,104,350.78              |                              |
| Total   | 10,257,879.43             | 12,187,920.91                |

**XIV. Other supplementary information**

(I) Schedule of non-recurring profit or loss

| Items  | Amount     | Remarks |
|--|------------|---------|
| 1. Profit and loss on disposal of non-current assets, including the write-off part of the asset impairment provision   | 506,839.52 |         |
| 2. Approval beyond authority, or without formal approval documents, or incidental tax refund, reduction and exemption  |            |         |
| 3. Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except those enjoyed in accordance with the national unified standard quota or quantitative government subsidies)  | 210,513.19 |         |
| 4. Capital occupancy fee charged to a non-financial enterprise that is included in the current profit and loss   |            |         |
| 5. When the investment cost of a subsidiary, joint venture or associates is less than that of the investment, an enterprise shall enjoy the income generated from the fair value of the identifiable net assets of the invested entity |            |         |
| 6. Non - monetary assets exchange gains and losses   |            |         |
| 7. Gains or losses from investing or managing assets on behalf of others   |            |         |
| 8. Provisions for impairment of assets due to force majeure factors, such as natural disasters   |            |         |
| 9. Debt restructuring gains and losses   |            |         |
| 10. Enterprise restructuring expenses, such as placement of staff expenses, integration costs, etc   |            |         |
| 11. A gain or loss in excess of fair value resulting from a transaction at an appreciably unfair price   |            |         |
| 12. The net profit and loss of the subsidiary from the beginning of the period to the merger date arising from the merger of enterprises under the same control  |            |         |
| 13. Gains and losses arising from contingencies unrelated to the normal operation of the company's business  |            |         |
| 14. In addition to the normal business of the company effective hedging related business, tradable financial assets, and other illiquid financial assets, derivative   |            |         |

| Items   | Amount       | Remarks |
|---|--------------|---------|
| financial assets, changes in the fair value of the tradable financial liabilities have profit and loss, as well as the disposal of tradable financial assets, other illiquid financial assets, creditor's rights investment, transactional financial liabilities and other derivative financial liabilities of investment returns |              |         |
| 15. The receivables and contract assets for which impairment tests are carried out separately will be transferred back  |              |         |
| 16. Gains and losses from entrusted loans   |              |         |
| 17. Profits and losses arising from changes in the fair value of investment real estate that are measured using the fair value model  |              |         |
| 18. The impact of one-time adjustment on current profit and loss according to taxation, accounting and other laws and regulations   |              |         |
| 19. Custodial fee income obtained from entrusted operation  |              |         |
| 20. Other non-operating income and expenses other than those described above  | 2,896,463.54 |         |
| 21. Other profit and loss items that meet the definition of non-recurring profit and loss   | 817,837.09   |         |
| 22. Minus: Impact of income tax   | 160,760.51   |         |
| 23. Amount of influence of minority shareholders  | 426,894.09   |         |
| Total   | 3,843,998.74 |         |

**(II) Return on net assets(RONA) and earnings per share(EPS)**

| Profit of the reporting period  | Weighted average RONA (%) |                  | EPS (yuan/share) |                  |                |                  |
|---|---------------------------|------------------|------------------|------------------|----------------|------------------|
|   | Current period            | Preceding period | Basic EPS        |                  | Diluted EPS    |                  |
|   |                           |                  | Current period   | Preceding period | Current period | Preceding period |
| Net profit attributable to shareholders of ordinary shares  | -114.39                   | -105.00          | -0.22            | -0.65            | -0.22          | -0.65            |
| Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss | -123.67                   | -107.15          | -0.24            | -0.66            | -0.24          | -0.66            |

Board of Directors  
of Nanjing Putian Telecommunications Co., Ltd.  
20 April 2022