

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

## **Annual Report 2023**

**[April 2024]**

# Annual Report 2023

## 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 Zhang Jingxia, 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, 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)
Nanman Electrical	means	Nanjing Nanman Electrical Co., Ltd. (a wholly-owned subsidiary of the Company)
Putian 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	NTX 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 Technology Pioneer Park, 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 Technology Pioneer Park, No.8 Fenghui Avenue, Yuhuatai District, Nanjing City, Jiangsu Province	Putian Technology Pioneer Park, 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 Post 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 (Special General Partnership)
Office address of the accounting firm	Room 2206, Floor 22, No.1 Zhichun Road, Haidian District, Beijing
Names of the signing accountants	Xu Zongliang, 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

	2023	2022	Increase or decrease in the current year over the previous year	2021
Operating revenue (yuan)	818,334,374.30	879,566,048.96	-6.96%	917,129,674.49
Net profit attributable to shareholders of the listed company (yuan)	-16,884,077.62	-47,390,545.55	64.37%	-138,766,373.70
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and	-23,157,886.24	-51,234,544.29	54.80%	-141,603,716.82



losses (yuan)				
Net cash flow from operating activities (yuan)	-6,017,650.03	-30,726,510.39	80.42%	-61,717,528.76
Basic earnings per share (yuan/share)	-0.080	-0.220	63.64%	-0.650
Diluted earnings per share (yuan/share)	-0.080	-0.220	63.64%	-0.650
Weighted average return on net assets	-124.58%	-114.39%	-10.19%	-105.00%
	By the end of 2023	By the end of 2022	Increase or decrease at the end of the current year compared with the end of the previous year	By the end of 2021
Total assets (yuan)	826,241,412.27	891,390,055.62	-7.31%	993,571,982.44
Net assets attributable to shareholders of the listed company (yuan)	5,111,258.66	21,995,336.28	-76.76%	65,187,412.69

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	2023	2022	Remarks
Operating revenue (yuan)	818,334,374.30	879,566,048.96	-
Deducted amount of operating revenue (yuan)	14,689,596.38	10,866,001.57	-
Amount after deduction of operating revenue (yuan)	803,644,777.92	868,700,047.39	-

## 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	178,539,354.70	214,000,522.99	188,206,576.44	237,587,920.17
Net profit attributable to shareholders of the listed company	-9,934,009.57	-1,027,887.35	-5,783,929.78	-138,250.92
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses	-9,495,883.88	-3,027,854.09	-5,657,847.85	-4,976,300.42
Net cash flow from operating activities	-104,103,173.88	18,020,690.41	-30,038,788.44	110,103,621.88

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 2023	Amount in 2022	Amount in 2021	Description
Profits and losses on disposal of non-current assets (including the write-off part of the provision for impairment of assets)	-134,939.44	506,839.52	-134,892.35	
Government subsidies included in the current profits and losses (except those closely related to the Company's normal business operations, and those conforming to national policies, enjoyed according to certain standards, and having a continuous impact on the Company's profits and losses)	1,441,162.29	210,513.19	660,727.46	
Reversal of impairment provision for receivables separately tested for impairment	3,413,067.60			

Profit and loss of debt restructuring	588,868.84		2,456,389.38	
Other non-operating revenue and expenses other than the above items	1,049,278.58	2,896,463.54	328,880.05	
Other profit and loss items that comply with the definition of non-recurring profit and loss	717,457.47	817,837.09		
Less: Affected amount of revenue tax	224,119.31	160,760.51	108,335.97	
Affected amount of minority shareholders' equity (after tax)	576,967.41	426,894.09	365,425.45	
Total	6,273,808.62	3,843,998.74	2,837,343.12	--

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

Applicable Not applicable

Other profits and losses that meet the definition of non-recurring profits and losses are mainly investment income generated from the liquidation of subsidiaries.

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 2023, China made every effort to promote the construction of a network powerhouse and a digital nation, and drive the in-depth integration of the digital economy and the real economy. The main operating indicators of the communication industry grew steadily, the network infrastructures such as 5G and gigabit optical networks continued to improve, and the popularization of applications was accelerated in an all-round way. All of these contributed to steady progression of the industry.

The communication equipment manufacturing industry is an important foundation of the communication 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.

From the standpoint of the Company's primary products in specific sub-sectors, the swift advancement in technologies such as cloud computing, artificial intelligence, the Internet of Things, 5G, and ultra-high-definition audio/video (4K/8K), coupled with an increased focus on replacing imports with domestic alternatives, has significantly expanded the developmental prospects for the Company's video conferencing products, and also facilitated a rapid transition of these products towards more intelligent, ultra-high-definition, and IoT-based upgrades. In terms of smart cabling products, the ongoing construction of new infrastructures like 5G networks and data centers is generating fresh opportunities and expanding market demands for the Company's integrated cabling and data center support products. Concerning smart power distribution products, the adoption of smart manufacturing practices in downstream industries is driving industrial upgrades and imposing new requirements for monitoring, control, and cloud computing capabilities in low-voltage electrical products. Additionally, the digitization of these products is progressing swiftly and becoming increasingly pervasive, which supports the Company's intelligent electrical products in their gradual shift towards customization, digitization, and intelligentization. In regard to smart lighting products, following the national implementation of the "carbon emissions peak and carbon neutrality" strategy and the promotion of smart city construction, the deployment of smart streetlights is increasing by approximately one million units annually. The Company's IoT-based grid-connected and solar energy streetlight controllers, along with comprehensive solutions, are seeing expansive growth potential.

### 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 has adhered to the strategy of "products + solutions + services" and constantly accelerated product innovation, industrial restructuring, and transformation and upgrading. The Company and its subsidiaries mainly operate in sectors such as smart conferencing, smart cabling, smart power distribution, and smart lighting. Their key products include multimedia communication and application solutions, integrated smart building

solutions, industrial smart power distribution systems, IoT-based grid-connected and solar energy streetlight control systems, etc. These products primarily serve large central enterprises, government bodies, and customers from industries such as finance, electric power, and healthcare. The subsidiary Southern Telecom mainly offers multimedia communication and application solutions to central enterprises and large and medium industry customers in the fields of government, finance, and medical care; Its subsidiary Telege mainly provides customers with mid-to-high-end integrated cabling and building intelligent system solutions; the subsidiary Nanman Electrical provides intelligent power distribution solutions for various scenarios such as rail transit, airports, ports and parks; the subsidiary Putian Datang mainly provides customers with solutions of grid-connected and solar energy streetlight controllers, and IoT-based intelligent streetlight 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 central enterprises, government agencies, financial institutions, customers from the rail traffic industry and other industries, as well as fluctuations in raw material prices and changes in other costs.

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

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

The Company consistently adopts a market-oriented approach, has established a robust marketing network, and has extensive experience serving sectors including central enterprises, government bodies, and customers from industries such as finance, rail transit, electric power, healthcare, and internet. Moreover, the Company has set up offices in major cities including Beijing, Xi'an, Shanghai, Chengdu, Wuhan, and Shenzhen, assembling localized marketing teams, and offering customers comprehensive and professional services through its dedicated sales, technical, and business teams.

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

The Company staunchly adheres to an innovation-driven strategy, systematically intensifying the R&D of novel products to elevate its core competencies. The Company has more than 20 years of rich professional and technical service experience in the field of smart conferencing; By virtue of independent innovation, its self-developed products have been widely recognized by customers such as central enterprises, government bodies, and customers from industries such as finance, and healthcare. Additionally, through a strategic partnership with Huawei in the smart collaboration domain and the establishment of the Southern Telecom Smart Collaboration Experience Center, the Company continuously capitalizes on the synergistic technical strengths of its self-developed smart management platforms and Huawei's products, thereby creating greater values for customers. Its intelligent cabling products are positioned in the high-end market. It provides premium-quality solutions for integrated cabling and intelligent building systems. Exhibiting robust competitive advantages in market sales and product technical standards, these products have emerged as reputable substitutes for international brands. Its intelligent power distribution products find extensive application in rail transit, airports, terminals, and other

industries, consistently maintaining a prominent position in the rail transportation sub-sector. Its market standing is attributed to the high professionalism and strong competitiveness of its products. In the field of smart lighting, the Company has been deeply engaged in developing energy-efficient controller systems, primarily offering customers advanced smart streetlight solutions integrating IoT-based solar energy and grid-connected streetlight controllers. It has established a complete system that encompasses R&D, manufacturing, and large-scale sales.

During the reporting period, the Company filed for 26 new patents, including 9 invention patents, and submitted 16 new software copyrights. It received approval for 9 new patents and secured 17 new software copyrights, participated in drafting 2 national and 2 industry standards, and passed certification for 18 products.

### 3. Brand influence

The Company, a subsidiary of a state-owned enterprise, operates within the information and communications sector. Southern Telecom offers a series of video conferencing products such as Ruijing and Ruizhi, and enjoys a high reputation in China; Putian Telege has earned the prestigious distinction of being recognized as a famous brand of integrated cabling products in Jiangsu Province, as well as a renowned provincial trademark. Securing the "Top Ten Integrated Cabling Brands" award for 19 consecutive years and ranking third, Telege underscores its leadership in substituting imports within the industry; Nanman Electrical is a prominent brand within the rail transportation industry; Putian Datang holds significant brand influence in the energy-saving control domain.

## IV. Analysis of main business

### 1. Overview

The year 2023 marks the beginning of the comprehensive implement of the guiding principles of the 20th CPC National Congress. 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 the Company to fully integrate into CETC Glarun. In response to emerging historical opportunities and challenges, the Company optimized its industrial layout, concentrated on its core businesses and responsibilities, and integrated research and development, production, and sales processes. By strengthening centralized control at its headquarters, it has fostered a synergy effect. Building on its existing industrial strengths, and under the premise of consolidating its current market, the Company continues to drive the business towards upgrades and transformations in smart conferencing, smart cabling, smart power distribution, and smart lighting. It is expanding into quality markets, including central enterprises, finance, energy, airports, ports, and military sectors, enhancing innovation, and research and development capabilities. These efforts aim to develop core and differentiated competitive advantages, thereby elevating the Company's overall competitiveness. Moreover, the Company is intensifying internal management, ramping up efforts to streamline loss-making subsidiaries, recovering accounts receivable and clearing inventory debts, strengthening cost control, revitalizing inefficient and idle assets, and fostering its stable and sustainable growth. During the reporting period, the Company realized operating revenue of 818.33 million yuan, and the net profit attributable to shareholders of the listed company was -16.88 million yuan, a decrease of 30.51 million yuan compared with the same period of the previous year.

Development of main business during the reporting period:

The company remains committed to reinforcing its traditional businesses, deeply exploring niche areas, focusing on industries where it already holds advantages, and attaching great importance to key industries and customers. It is enhancing synergies across the upstream and downstream supply chains of CETC, centering on the "information communication and electrical products". This focus includes boosting the capacity for

providing product and services related to network and information systems, and further improving the Company's overarching capability to provide solutions integrating "products + technology + services."

In terms of smart conferencing products, the Company is leveraging its video conferencing and conference room integration businesses to boost sales of its independently controlled Ruijing software and hardware products, thereby developing differentiated solutions. The Company has strengthened the construction of industry qualifications, and has successively obtained a number of certifications such as Grade II Contractor for Electronic and Intelligentization Projects, Grade II Contractor for Building Decoration and Finishing Projects, and the Level III Certificate for Compliance with Information Technology Service Standards. The Company is also enhancing the execution of major ongoing projects such as the Capital Airport Project; it has secured projects of the Agricultural Development Bank of China and the CNNC Beijing Science Park, offering tailored services to key customers including PipeChina, Kweichow Moutai, Jining Medical University, and Harbin Metro. As a distinguished agent for Huawei's video conferencing products, the Company is deepening its strategic collaboration with Huawei and increasing its investments in the smart collaboration market.

In terms of intelligent cabling products, the Company is working to elevate its brand influence and penetrate high-end markets like finance and military sectors. It is refining its market mechanisms, motivating its distributor network, and expanding its market share. It has successfully won bids for key industry projects including a municipal government machine room transformation, the machine room of Chengdu Huaizhou Hospital, and the machine room of a public security bureau. It has completed the development of prototype systems for industrial internet and integrated cabling in industry applications, as well as prototype trial-manufacturing of military optical fiber connectors, optical modules, and essential components and parts. For the 19th consecutive year, it maintained its third-place ranking among the "Top Ten Integrated Cabling Brands" and was recognized during the reporting period as a "specialized, refined, characteristic, and innovative" enterprise in Jiangsu Province.

In terms of smart power distribution products, the Company is deepening its engagement in the rail transit and broader social markets, consistently enhancing project quality. It has secured projects for Beijing Metro Line 17, Shanghai Airport Link Line, and Jinan Urban Rail, and completed emergency product deliveries for Beijing Metro Line 12, Beijing Metro Line 14, Beijing Yushuzhuang Vehicle Section, and Nanjing Metro Line 5, earning high praise from customers. It has obtained the Weapon Equipment Quality Management System Certification and the "Leading Brand of China Electrical Industry" honor. During the reporting period, it passed the re-evaluation as a "Technology-based SME" and "Innovative SME" in Jiangsu Province.

In terms of smart lighting products, the Company is actively developing new products and pushing forward market transformation. As a high-tech enterprise and a certified software enterprise with registered software products, the Company continues to ramp up its technological investments, further developing products like grid-connected complementary energy-saving controllers, a smart city comprehensive management platform, and smart streetlights, with new products accounting for nearly 20% of sales.

## 2. Revenue and costs

### (1) Composition of operating revenue

Unit: yuan

	2023		2022		Year-on-year increase or decrease
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	

Total operating revenue	818,334,374.30	100%	879,566,048.96	100%	-6.96%
<b>Industry</b>					
Communication industry	717,049,035.96	87.62%	788,478,840.69	89.64%	-9.06%
Electrical industry	101,285,338.34	12.38%	91,087,208.27	10.36%	11.20%
<b>Product</b>					
Revenue from main business - integrated cabling products	364,038,981.16	44.49%	363,986,691.29	41.38%	0.01%
Revenue from main business - video conferencing products	252,616,129.46	30.87%	304,872,384.83	34.66%	-17.14%
Revenue from main business - smart electrical products	92,543,747.61	11.31%	88,207,032.72	10.03%	4.92%
Revenue from main business - communication infrastructure products and others	121,072,076.61	14.79%	145,879,508.57	16.59%	-17.01%
Internal offset	-29,294,980.98	-3.58%	-40,821,613.26	-4.64%	-28.24%
Revenue from other business	17,358,420.44	2.12%	17,442,044.81	1.98%	-0.48%
<b>Region</b>					
China	818,334,374.30	100.00%	879,566,048.96	100.00%	-6.96%
<b>Sales mode</b>					
Direct selling	477,217,979.91	58.32%	464,411,292.37	52.80%	2.76%
Distribution	341,116,394.39	41.68%	415,154,756.59	47.20%	-17.83%

**(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
<b>Industry</b>						
Communication industry	717,049,035.96	544,180,224.01	24.11%	-9.06%	-13.58%	3.97%
Electrical industry	101,285,338.34	75,504,884.66	25.45%	11.20%	9.52%	1.14%
<b>Product</b>						



Revenue from main business - integrated cabling products	364,038,981.16	285,962,797.49	21.45%	0.01%	0.37%	-0.27%
Revenue from main business - video conferencing products	252,616,129.46	182,394,755.44	27.80%	-17.14%	-24.18%	6.71%
Revenue from main business - smart electrical products	92,543,747.61	71,735,451.78	22.48%	4.92%	6.40%	-1.09%
Revenue from main business - communication infrastructure products and others	121,072,076.61	98,711,820.95	18.47%	-17.01%	-26.45%	10.47%
Internal offset	-29,294,980.98	-28,570,843.39	2.47%	-28.24%	29.67%	1.98%
Revenue from other business	17,358,420.44	9,451,126.40	45.55%	-0.48%	-22.05%	15.06%
<b>Region</b>						
China	818,334,374.30	619,685,108.67	24.27%	-6.96%	-11.30%	3.70%
<b>Sales mode</b>						
Direct selling	477,217,979.91	356,641,883.01	25.27%	2.76%	-5.75%	6.75%
Distribution	341,116,394.39	263,043,225.66	22.89%	-17.83%	-17.85%	0.02%

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	2023	2022	Year-on-year increase or decrease
Communication industry	Sales	Yuan	717,049,035.96	788,478,840.69	-9.06%
	Production	Yuan	682,850,852.71	785,475,356.70	-13.07%
	Inventory	Yuan	91,908,637.52	126,106,820.77	-27.12%
Electrical industry	Sales	Yuan	101,285,338.34	91,087,208.27	11.20%
	Production	Yuan	91,742,061.29	73,999,365.12	23.98%
	Inventory	Yuan	30,790,140.74	40,333,417.79	-23.66%

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

Applicable Not applicable

**(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

Unit: yuan

Industry	Item	2023		2022		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)	487,513,256.43	78.67%	579,046,304.70	82.89%	-15.81%
Communication industry	Cost of main business - other	47,878,388.54	7.73%	38,718,063.87	5.54%	23.66%
Communication industry	Cost of other business	8,788,579.04	1.42%	11,903,131.78	1.70%	-26.17%
Electrical industry	Cost of main business - raw material cost (procurement cost)	64,837,890.33	10.46%	56,741,067.50	8.12%	14.27%
Electrical industry	Cost of main business - other	10,004,446.97	1.61%	11,978,213.45	1.71%	-16.48%
Electrical industry	Cost of other business	662,547.36	0.11%	220,849.12	0.03%	200.00%
Total	Operating cost	619,685,108.67	100.00%	698,607,630.42	100.00%	-11.30%

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)	95,320,957.91
Proportion of total sales amount of the top five customers to total annual sales amount	11.65%
Proportion of related party sales of the top five customers' sales to the total annual sales	5.09%

### Information of the Company's top 5 customers

S/N	Customer name	Sales (yuan)	Proportion to total annual sales
1	China Electronics Technology Group Corporation	41,637,485.74	5.09%
2	Nanjing Yongrui Technology Co., Ltd.	15,198,245.90	1.86%
3	China Railway Electrification Engineering Group Co., Ltd.	14,023,662.44	1.71%
4	China Railway 19th Bureau Group Corporation Limited	12,419,784.34	1.52%
5	Beijing Shengshi Shunyuan Technology Co., Ltd.	12,041,779.49	1.47%
Total	--	95,320,957.91	11.65%

### Other information of major customers

Applicable Not applicable

Nanjing Yongrui Technology Co., Ltd., China Railway Electrification Engineering Group Co., Ltd., China Railway 19th Bureau Group Corporation Limited, and Beijing Shengshi Shunyuan Technology Co., Ltd. are top five new customers.

### Major suppliers of the Company

Total purchase amount of the top 5 suppliers (yuan)	179,567,443.38
Proportion of total purchase amount of the top five suppliers to total annual purchase amount	32.98%
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	Supplier 1	59,245,898.21	10.88%
2	Jiangsu DongQiang Cables Co., Ltd.	40,088,463.68	7.36%
3	Supplier 3	36,792,980.52	6.76%
4	Supplier 4	27,431,721.97	5.04%
5	Supplier 5	16,008,379.00	2.94%
Total	--	179,567,443.38	32.98%

### Other information of major suppliers

Applicable Not applicable

Jiangsu DongQiang Cables Co., Ltd. is one of the top 5 new suppliers

### 3. Expenses

Unit: yuan

	2023	2022	Year-on-year increase or decrease	Description of major changes
Sales expenses	76,487,601.27	75,331,981.00	1.53%	
Management expenses	61,842,896.59	63,190,264.31	-2.13%	
Financial expenses	9,397,594.51	10,081,432.77	-6.78%	
Research and development expenses	38,022,112.34	42,690,479.34	-10.94%	

### 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
Photoelectric hybrid cabling systems	Develop new products according to customer and market needs	Project acceptance has been completed	Meet customer needs, and adhere to the essential characteristics of integrated cabling systems: compatibility, openness, flexibility, reliability, and advancement.	Expand the Company's product types and enhance product diversity.
New-generation intelligent cabling system and integrated cabling management platform 2023	Continually iterate offerings based on demands of customers and the market	Project acceptance has been completed	Enrich product portfolios and improve technical parameters of products	Enhance product performance, improve product competitiveness and promote business growth.
Economical cabling systems	Enhance product competitiveness and independently develop new products	Project acceptance has been completed	Optimize product technology, improve production efficiency, and greatly reduce production and manufacturing costs.	Enhance product competitiveness, expand market share, and promote business growth.
Industrial Internet and industrial application integrated cabling systems (YW circular network connectors)	Continually iterate offerings based on demands of customers and the market	Prototype R&D has been completed	Meet customer needs and enrich the Company's product categories.	Expand the Company's product types, enhance the Company's product diversity, and promote business growth.
Prototype trial-manufacturing of military optical fiber connectors, optical modules, and essential components and parts	Continually iterate offerings based on demands of customers and the market	Prototype trial-manufacturing has been completed	Meet customer needs and enrich the Company's product categories.	Expand the Company's product types, enhance the Company's product diversity, and promote business growth.
Ruijing conference management systems	Enhance the advantages of video conferencing solutions and independently develop new products	Project acceptance has been completed	Provide customers with overall management systems, increase customer stickiness, and achieve continuous	Improve the market competitiveness of video conferencing projects, and help the Company develop new

			cooperation.	markets and customers.
Military electrical connectors	Develop new products according to customer and market needs	Project acceptance has been completed	Meet customer needs and enrich the Company's product categories.	Expand the Company's product types, enter new markets, and promote business growth.
Smart power distribution systems (components + software + DC power distribution)	Develop new products according to customer and market needs	Project acceptance has been completed	Meet customer needs and enrich the Company's product categories.	Enhance product performance, improve product competitiveness and promote business growth.
Smart application of integration of smart ODN system and optical cable monitoring system	Improve the reliability and stability of optical fiber networks, and ensure the safety and smoothness of data transmission	Project acceptance has been completed	Optimize network resource allocation, improve resource utilization, and reduce costs for customers.	Continually iterate offerings based on customer demands and market development
Centralized IoT-based smart circuit breakers	Develop new products according to customer and market needs	Project acceptance has been completed	Meet customer needs and enrich the Company's product categories.	Enhance product performance, improve product competitiveness and promote business growth.
Smart gateways for smart lighting management	Develop new products according to customer and market needs	Project acceptance has been completed	Meet customer needs and enrich the Company's product categories.	Enhance product performance, improve product competitiveness and promote business growth.

**R&D personnel of the Company**

	2023	2022	Proportion of change
Number of R&D personnel (unit: person)	292	274	6.57%
Proportion of R&D personnel	37.24%	30.27%	6.97%
<b>Educational levels of R&amp;D personnel</b>			
Bachelor's degree	178	173	2.89%
Master's degree	5	5	0.00%
<b>Age of R&amp;D personnel</b>			
Under 30	66	67	-1.49%
30 ~ 40	141	128	10.16%
40 ~ 50	65	61	6.60%
Over 50	20	18	11.11%

**R&D investment of the Company**

	2023	2022	Proportion of change
R&D investment amount (yuan)	38,022,112.34	42,690,479.34	-10.94%
Proportion of R&D investment to operating revenue	4.65%	4.85%	-0.20%
Amount of capitalized R&D	0.00	0.00	0.00%

investment (yuan)			
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	2023	2022	Year-on-year increase or decrease
Subtotal of cash inflow from operating activities	875,872,365.97	908,235,270.88	-3.56%
Subtotal of cash outflow from operating activities	881,890,016.00	938,961,781.27	-6.08%
Net cash flow from operating activities	-6,017,650.03	-30,726,510.39	80.42%
Subtotal of cash inflow from investing activities	238,830.00	21,066,608.48	-98.87%
Subtotal of cash outflow from investing activities	4,226,647.07	2,629,351.27	60.75%
Net cash flow from investing activities	-3,987,817.07	18,437,257.21	-121.63%
Subtotal of cash inflow from financing activities	170,538,933.34	198,600,000.00	-14.13%
Subtotal of cash outflow from financing activities	160,740,527.52	202,378,296.79	-20.57%
Net cash flow from financing activities	9,798,405.82	-3,778,296.79	359.33%
Net increase in cash and cash equivalents	-207,061.28	-16,074,329.47	98.71%

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 because the Company continues to increase the pressure drop of the two gold, strive to do the letter to the letter, respond to the lawsuit, the effect is obvious.

The year-on-year decrease in cash inflow from investment activities was mainly due to the recovery of subsidiaries' trading financial asset when they matured in the previous year.

The year-on-year increase in cash outflow from investment activities was mainly due to the increase in the Company's fixed asset investment during the reporting period.

The year-on-year decrease in net cash flow from investment activities was mainly due to the recovery of subsidiaries' trading financial assets when they matured in the previous year.

The year-on-year decrease in net cash flow from financing activities was mainly due to the decrease in dividends paid by subsidiaries to minority shareholders compared with the same period of the previous year.

The year-on-year increase in net increase in cash and cash equivalents was mainly due to the combined effect of cash flows from operating activities, investment activities and financing activities.

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
Return on investment	1,277,927.08	150.10%	Mainly the reversal of debt restructuring	No
Non-operating revenue	2,158,806.41	253.56%	Mainly the reversal of long-standing unpaid accounts payable	No
Non-operating expenses	1,109,527.83	130.32%	Mainly the unrecoverable assets due to subsidiary dissolution, as well as fines forfeits and penalty expenditure	No
Credit impairment loss	-9,012,120.28	-1,058.00%	Provision of expected credit losses for accounts receivable, other receivables and bills receivable according to the new financial instrument standards	No
Asset impairment loss	-4,935,911.69	-579.74%	Loss of inventory depreciation	No

## VI. Analysis of assets and liabilities

### 1. Significant changes in asset composition

Unit: yuan

	By the end of 2023		Early 2023		Increase or decrease in proportion	Description of major changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Monetary funds	178,290,844.21	21.58%	173,863,825.35	19.50%	2.08%	
Accounts receivable	301,618,359.27	36.50%	304,616,212.04	34.17%	2.33%	
Contract assets		0.00%		0.00%	0.00%	
Inventories	122,698,778.26	14.85%	166,440,238.56	18.67%	-3.82%	
Investment real	19,127,078.75	2.31%	20,351,240.03	2.28%	0.03%	





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	Closing book value	Reasons for restriction
Monetary funds	14,113,164.10	Freezes due to security deposits and litigation
Fixed assets	23,546,470.68	Real estate and Land mortgage loans
Intangible assets	3,344,930.14	Real estate and Land mortgage loans
Total	41,004,564.92	

(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 96.99% equity interest in Nanjing Southern Telecom Co., Ltd. (with a corresponding capital contribution of 33.17 million yuan), 100% equity interest in Nanjing Nanman Electrical Co., Ltd. (with a corresponding capital contribution of 41.14 million yuan), to China Potevio Information Industry Co., Ltd. for a loan granted by the bank entrusted by the company. The Company registered the pledges of its equity interests with the Qinhuai and Jiangning Administrations for Market Regulation of Nanjing respectively; The parent company, CETC Glarun Group Co., Ltd., provided a guarantee for the Company's loan from CETC Finance Co., Ltd., and the Company pledged the 40% equity interest in its subsidiary Nanjing Putian Telege Intelligent Building Ltd. (with a corresponding capital contribution of 8 million yuan) to the parent company. The Company registered the pledge of its equity interest with the Jiangning Administrations for Market Regulation of Nanjing. 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
3,508,094.97	3,726,579.21	-5.86%

**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	Subsidiary	Development,	20 million yuan	280,655,124.41	112,893,378.16	368,898,076.14	30,644,056.69	27,498,536.16

Telege Intelligent Building Ltd.		production and sales of integrated cabling and intelligent building products						
Nanjing Southern Telecom Co., Ltd.	Subsidiary	Multimedia communication and application solutions	34.2 million yuan	241,492,240.02	99,166,241.59	253,011,367.56	16,088,558.34	15,462,906.56
Nanjing Nanman Electrical Co., Ltd.	Subsidiary	Manufacturing and sales of industrial intelligent power distribution products	41.14 million yuan	149,539,569.27	54,694,670.21	101,285,338.34	2,144,270.55	2,111,624.30
Nanjing Putian Datang Information Electronics Co., Ltd.	Subsidiary	Research and development, production and sales of grid-connected and solar energy streetlight controllers, and production and processing of electronic products	10 million yuan	46,432,917.63	25,945,721.55	27,436,881.67	1,545,653.91	1,810,236.25
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, communica	10 million yuan	7,671,339.54	4,017,518.37	2,820,111.96	3,398,526.49	3,075,614.44

		tion electronic products						
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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
Nanjing Putian Network Co., Ltd.	Liquidation and closure	No significant impact
Chongqing Puhua Information Technology Co., Ltd.	Liquidation and closure	No significant impact
Seventh Branch of Nanjing Communication Equipment Factory	Liquidation and closure	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

In 2024, the Company will steadfastly adhere to the principles embodied in Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. It will wholeheartedly embrace the tenets of the 20th CPC National Congress, ensuring unwavering alignment with the strategic decisions and deployments delineated by CETC's leading Party group and the Party Committee of CETC Glarun. Prioritizing stability and seeking progress while maintaining stability, the Company will resolve legacy challenges while fostering innovation and breakthroughs amid transformative endeavors. It will concentrate on core responsibilities and businesses, leverage the strengths of leading sectors, expand market development within the CETC framework, identify new economic growth areas, strive to comprehensively enhance its operational management and ability to prevent and mitigate significant risks, and try to chart a trajectory toward the robust, sustained, and resilient growth.

(I) Key work of the Company in the year:

1. Consolidate foundations and enhance leading sectors. By concentrating on key sectors and customers, the Company is vigorously expanding business beyond the CETC framework as a new driver of economic growth. The Company gives full play of its proprietary strengths in smart cabling, audio-video integration, smart power distribution, smart ODN systems and energy-saving control to strengthen and enlarge its existing industry markets while actively seeking new customers in the Group and military sectors.
2. Optimize the business structure and strengthen implementation management. The Company strategically adjusts its industrial structure, phases out unprofitable operations, and supports the expansion of its leading sectors. It is intensifying its focus on industry concentration and R&D investments, nurturing new economic growth points, gradually enhancing its high value-added and soft power capabilities, and significantly bolstering its core competitiveness. The Company is optimizing resource allocation, aggressively pursuing cost reductions and efficiency improvements, enhancing process control, and strengthening performance evaluations to ensure it meets its annual operational objectives.
3. Reinforce foundation and revitalize stock assets. The Company lays a strong emphasis on recovering accounts receivable and clearing inventory debts, and optimizing asset structures; liquidating inefficient and

ineffective assets; revitalizing stock assets; enhancing talent acquisition and gradually aligning the necessary resources to fortify its developmental foundation and continually augment its core competitiveness.

4. Remain committed to technological innovation and continuously enhance product competitiveness. The Company's management team and the Strategy and Investment Committee play a pivotal role in guiding planning efforts, ensuring well-coordinated operational strategies. The Company is meticulous in planning and deliberating on product positioning and R&D, focusing on its competitive technologies and sectors, and key customers. It is deepening its core business in information and communications, achieving technological innovations in key applications, and continually advancing the core competitiveness of its products.

(II) Risks that the Company may face during its development:

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

Given the rapid pace of technological advancement and product evolution in the communications industry, failing to upgrade or transform its existing products and technology platforms in line with market demands, or if its R&D outputs do not align with these demands, could adversely affect its 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.

#### 2. Risks of market competition

The industry where the Company operates is intensely competitive, with numerous companies competing, particularly as national economic growth has slowed, further intensifying competition. 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 traditional markets and actively develop premium customers such as central enterprises, government bodies, and customers from the finance, energy, airports, and military industries. It aims to strengthen and expand its social industry market, accelerates industrial transformation and upgrading, and cultivates business in strategic emerging sectors. 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.

#### 3. Risks associated with the supply and price fluctuations of raw materials

The main raw materials used in the Company's daily production include iron, copper, steel plates, etc. The stability of the supply and price trends of these materials will significantly influence its future production stability and profitability. Although the Company has smooth and sufficient raw material supply channels, changes in the supply-demand structure for these materials could still potentially lead to supply shortages or fluctuations in price and quality, which may negatively impact its product quality, cost efficiency, and profitability.

Countermeasures: The Company intends to transfer or mitigate the impact of rising raw material costs through innovations in technological processes, optimization of product structures, and deepening collaborations with its customers.

#### 4. Risks of cash flow shortage

The Company's products primarily cater to customers such as central enterprises, government bodies, and customers from rail transit and other industries. Due to lengthy approval processes and extended project completion cycles, the Company's sales repayment cycle is elongated, exerting considerable pressure on its cash flow.

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.

## **XIII. Implementation of the "Dual Enhancement of Quality and Returns" action plan**

Has the Company disclosed the "Dual Enhancement of Quality and Returns" action plan.

Yes No

## 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
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The first extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	55.40%	March 6, 2023	March 7, 2023	The following proposals were reviewed and approved at the meeting: 1. Proposal on by-election of Mr. Jiang Yi as a director of the 8th Board of Directors of the Company; 2. Proposal on amending the Articles of Association of the Company; 3. Proposal on amending the Company's Rules of Procedure of the Board of Directors;
2022 annual general meeting of shareholders	Annual general meeting of shareholders	55.24%	May 26, 2023	May 27, 2023	The following proposals were reviewed and approved at the meeting: 1. Work Report of the Company's Board of Directors for 2022; 2. Work Report of the Company's Board of Supervisors for 2022; 3. The Company's annual final financial accounts report for 2022; 4. The Company's profit distribution plan for 2022; 5. Annual report of the Company for 2022; 6. Proposal on expected routine related party transactions in 2023 7. Proposal on engaging an accounting firm; 8. Proposal on applying for credit line from financial

					company
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## 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	Sex	Age	Post	Service status	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	Male	59	Director and Chairman	In service	October 18, 2022		0	0	0	0	0	
Shen Xiaobing	Male	45	Director	In service	October 18, 2022		0	0	0	0	0	
Jiang Yi	Male	43	Director	In service	March 6, 2023		0	0	0	0	0	
Shi Jiandong	Male	50	Director	In service	October 18, 2022		0	0	0	0	0	
Wang Xingyu	Male	45	Director	In service	October 18, 2022		0	0	0	0	0	
Song Tiecheng	Male	56	Independent director	In service	October 18, 2022		0	0	0	0	0	
Gao Jing	Female	55	Independent director	In service	October 18, 2022		0	0	0	0	0	
Huang Linkui	Male	43	Independent director	In service	October 18, 2022		0	0	0	0	0	
Mei Lin	Male	41	Supervisor, Chair	In service	October 18, 2022		0	0	0	0	0	

			man of the Board of Supervisors									
He Hui	Male	38	Supervisor	In service	October 18, 2022		0	0	0	0	0	
Qiu Huizhen	Female	50	Supervisor	In service	August 23, 2017		0	0	0	0	0	
Jiang Yi	Male	43	General Manager	In service	February 16, 2023		0	0	0	0	0	
Jia Haowen	Female	43	Executive Deputy General Manager	In service	October 18, 2022		0	0	0	0	0	
Liao Rongchao	Male	49	Deputy General Manager, Chief Accountant	In service	October 18, 2022		0	0	0	0	0	
Li Jing	Female	48	Deputy General Manager	In service	October 18, 2022		0	0	0	0	0	
Li Jing	Female	48	Secretary of the Board of Directors	In service	August 23, 2017		0	0	0	0	0	
Fu Guokai	Male	33	General Counsel	In service	October 18, 2022		0	0	0	0	0	
Sun Xigang	Male	51	Director	Not in service	February 14, 2022	February 13, 2023	0	0	0	0	0	
Sun Xigang	Male	51	Vice Chairman	Not in service	October 18, 2022	February 13, 2023	0	0	0	0	0	

Total	--	--	--	--	--	--	0	0	0	0	0	--
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Was there resignation of any directors and supervisors or dismissal of any senior executives during the reporting period?

Yes No

During the reporting period, Vice Chairman Sun Xigang resigned.

Changes of directors, supervisors and senior executives of the Company

Applicable Not applicable

Name	Position	Type	Date	Reason
Sun Xigang	Vice Chairman	Not in service	February 13, 2023	Resignation

## 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 a 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 and Secretary of the Party Committee 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.

Jiang Yi, male, born in 1980, holds a master's degree in engineering and is a senior engineer. He started his career in 2002, and served successively as a probationer in Department VI, assistant engineer and engineer in Office 602 of Department VI at the 14th Research Institute of CETC, and Director of the General Office of the Technical Foundation Department at the 14th Research Institute of CETC. He is currently serving as a director, General Manager and Deputy Secretary of the Party Committee at 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 Secretary of the General Party Branch of Structural Technology Research 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 Deputy Secretary of the United Party Branch in the logistics company under the Materials and Equipment Department of the 14th Research Institute of CETC and Vice Director of the Materials and Equipment Department of the 14th Research Institute of CETC, 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 at 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 of Shenzhen Hymson Laser Intelligent Equipment Co., Ltd., a director of Changzhou Hymson Jinyu New Energy Technology Co., 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 of CETC Glarun Group Co., Ltd., Director of Legal Affairs Office under the Office of the 14th Research Institute of CETC, 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 a representative of woman's congress and Secretary of the CCYL Committee of Shaokou Township Government, Wan'an County, Jiangxi Province, cost accountant of the Finance Department and CFO 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:**

General Manager Mr. Jiang Yi's main work experience has previously been outlined in the section on directors.

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., and Chair of Nanjing Southern Telecom 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 of the Finance Office 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., and Chairman of Nanjing Putian Telege Intelligent Building 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, and Director of the Strategic Investment 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 Telecommunications Co., Ltd., Chairman of Nanjing Putian Datang Information Electronics Co., Ltd., and Chair 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 probationer in the Discipline Inspection, Supervision and Audit Department of the 14th Research Institute of CETC, and is currently serving as General Counsel, Deputy Secretary of the Party Committee and Chairman of the Labor Union at 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
Shen Xiaobing	Nanjing Lopu Technology 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	Secretary of the General Party Branch of the Structural Technology Research Department	April 6, 2023		Yes
Wang Xingyu	Logistics Company under the Materials and Equipment Department of the 14th Research Institute of CETC	Deputy Secretary of the United Party Branch	January 5, 2022		No
Wang Xingyu	The 14th Research Institute of CETC	Vice Director of the Materials and Equipment	November 2, 2020		Yes



		Department			
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	Changzhou Hymson Jinyu New Energy Technology Co., Ltd.	Director	May 6, 2019		Yes
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	Sex	Age	Post	Service status	Total pre-tax remuneration received from the Company	Did he/she receive remuneration from related parties of the Company
Li Langping	Male	59	Chairman of the Board of Directors	In service	0	Yes
Shen Xiaobing	Male	45	Director	In service	0	Yes
Jiang Yi	Male	43	Director and	In service	40.35	No

			General Manager			
Shi Jiandong	Male	50	Director	In service	0	Yes
Wang Xingyu	Male	45	Director	In service	0	Yes
Song Tiecheng	Male	56	Independent director	In service	9	No
Gao Jing	Female	55	Independent director	In service	9	No
Huang Linkui	Male	43	Independent director	In service	9	No
Mei Lin	Male	41	Chairman of the Board of Supervisors	In service	0	Yes
He Hui	Male	38	Supervisor	In service	0	Yes
Qiu Huizhen	Female	50	Supervisor	In service	24.33	No
Jia Haowen	Female	43	Executive Deputy General Manager	In service	63.15	No
Liao Rongchao	Male	49	Deputy General Manager, Chief Accountant	In service	43.94	No
Li Jing	Female	48	Deputy General Manager and Secretary of the Board of Directors	In service	47.42	No
Fu Guokai	Male	33	General Counsel	In service	36.72	No
Sun Xigang	Male	51	Vice Chairman	Not in service	0	Yes
Total	--	--	--	--	282.91	--

Other information

Applicable Not applicable

## 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
The 4th Meeting of the 8th Board of Directors	February 16, 2023	February 17, 2023	The following proposals were reviewed and approved at the meeting: 1. Proposal on by-election of Mr. Jiang Yi as a director of the 8th Board of Directors of the Company; 2. Proposal on amending the Articles of Association of the Company; 3. Proposal on amending the Company's Rules of Procedure of the Board of Directors; 4. The proposal on the appointment of the Company's general manager; 5. The proposal on convening the first extraordinary general meeting of shareholders in 2023.
The 5th Meeting of the 8th Board of Directors	April 6, 2023	April 7, 2023	The following proposals were reviewed and approved at the meeting:

			<ol style="list-style-type: none"> <li>1. Proposal on expected routine related party transactions in 2023;</li> <li>2. The proposal on the adjustment of members of the Strategic Committee and the Remuneration and Evaluation Committee of the 8th Board of Directors;</li> <li>3. The proposal on the formulation of the Company's Detailed Working Rules of the Nomination Committee of the Board of Directors;</li> <li>4. The staffing plan of the Nomination Committee of the Company's 8th Board of Directors;</li> <li>5. The proposal on the adjustment of the Company's securities affairs representative;</li> <li>6. The proposal on amending the Annual Work Procedures of the Audit Committee.</li> </ol>
The 6th Meeting of the 8th Board of Directors	April 18, 2023	April 20, 2023	<p>The following proposals were reviewed and approved at the meeting:</p> <ol style="list-style-type: none"> <li>1. Work Report of the Company's Board of Directors for 2022;</li> <li>2. Work Report of the Company's General Manager for 2022;</li> <li>3. The Company's annual final financial accounts report for 2022;</li> <li>4. The Company's Annual Financial Budget Report for 2023;</li> <li>5. The Company's Profit Distribution Plan for 2022;</li> <li>6. The Company's Annual Report for 2022 and its summary;</li> <li>7. Proposal on Provision for Asset Impairment in 2022;</li> <li>8. The Company's Internal Control Evaluation Report for 2022;</li> <li>9. Proposal on applying for credit line from financial company;</li> <li>10. Proposal on applying for credit line from banks;</li> <li>11. Risk continuous assessment report for CETC Finance Co., Ltd.;</li> <li>12. Proposal on engaging an accounting firm;</li> <li>13. Proposal on the remuneration plan of the Company's senior executives in 2023;</li> <li>14. The proposal on formulating the Company's Financing and Guarantee Management Measures;</li> <li>15. Proposal on convening the annual general meeting of shareholders in 2022.</li> </ol>
The 7th Meeting of the 8th Board of Directors	April 28, 2023	April 29, 2023	<p>The following proposals were reviewed and approved at the meeting:</p> <ol style="list-style-type: none"> <li>1. The Company's report for the first quarter of 2023;</li> <li>2. The proposal for revising the Company's Internal Control Deficiency Identification Standards.</li> </ol>
The 8th Meeting of the 8th	July 26, 2023	July 27, 2023	The following proposals were reviewed and



						times	
Li Langping	9	1	8	0	0	No	1
Shen Xiaobing	9	0	9	0	0	No	0
Jiang Yi	8	1	7	0	0	No	1
Shi Jiandong	9	1	8	0	0	No	0
Wang Xingyu	9	1	8	0	0	No	0
Song Tiecheng	9	1	8	0	0	No	0
Gao Jing	9	1	8	0	0	No	0
Huang Linkui	9	1	8	0	0	No	0

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 and Risk Control Committee of the Board of Directors	Gao Jing, Shi Jiandong, Wang Xingyu, Song Tiecheng,	1	April 13, 2023	1. Review of the Company's annual report and summary for 2022;	1. The Company's annual report and summary for 2022 were reviewed and approved; 2. The proposal		

	Huang Linkui			2. Review of the proposal on engaging an accounting firm;	on engaging an audit firm for the Company in 2023 was reviewed and approved, and it was agreed to propose to the Board of Directors to engage WUYIGE Certified Public Accountants LLP (Special General Partnership) as the financial and internal control audit institution of the Company in 2023.		
Audit and Risk Control Committee of the Board of Directors	Gao Jing, Shi Jiandong, Wang Xingyu, Song Tiecheng, Huang Linkui	1	April 26, 2023	Review of the Company's report for the first quarter of 2023	The Company's report for the first quarter of 2023 was reviewed and approved		
Audit and Risk Control Committee of the Board of Directors	Gao Jing, Shi Jiandong, Wang Xingyu, Song Tiecheng, Huang Linkui	1	August 21, 2023	Review of the Company's semi-annual report and summary for 2023	The Company's semi-annual report and summary for 2023 were reviewed and approved		
Audit and Risk Control Committee of the Board of Directors	Gao Jing, Shi Jiandong, Wang Xingyu, Song Tiecheng, Huang Linkui	1	October 25, 2023	Review of the Company's report for the third quarter of 2023	The report for the third quarter of 2023 was reviewed and approved		
Remuneration and Evaluation Committee of the Board of Directors	Song Tiecheng, Jiang Yi, Wang Xingyu, Gao Jing, Huang Linkui	1	April 13, 2023	Review of the proposal on the remuneration plan of the Company's senior executives in 2023	The proposal on the remuneration plan of the Company's senior executives in 2023 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)	134
Number of employees in major subsidiaries at the end of the reporting period (unit: person)	646
Total number of employees at the end of the reporting period (unit: person)	784
Total number of paid employees in the current period (unit: person)	956
Number of retired employees who receive payments from the parent company and major subsidiaries (unit: person)	338
<b>Areas of expertise</b>	
<b>Area of expertise</b>	<b>Number of employees with the expertise (unit: person)</b>
Production personnel	156
Sales personnel	233
Technical personnel	292
Financial personnel	25
Administrative personnel	78
Total	784
<b>Education attainment</b>	
<b>Education attainment</b>	<b>Number of persons</b>
Master degree or above	22
Bachelor's degree	352
Junior college diploma	267
Senior high school and below	143
Total	784

### 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 consistently improves its rules and regulations to ensure compliance with legal and regulatory requirements and orderly execution of operations. In 2023, the Company developed or revised a total of 44 rules: 3 at the upper level, 18 at the mid-level, and 23 at the lower level. In reinforcing Party leadership, the Company added and updated several systems, including the Working Rules of the CCP Committee at Nanjing Putian Telecommunications Co., Ltd., the Detailed Rules for the Implementation of the Party Ideology Work Accountability System under New Circumstances, the Work Report Evaluation and Assessment Measures for Primary Party Organization Secretaries in Party Building, the Party Building Work Assessment and Evaluation





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

### 1. Internal control evaluation report

Date of disclosing full-text internal control evaluation report	April 27, 2024	
Index of the disclosed full-text internal control evaluation report	CNINFO (www.cninfo.com.cn), "Internal Control Evaluation Report 2023 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> <p>(1) Senior executives abuse their powers and commit major fraud;</p> <p>(2) Any reported or disclosed financial reports are corrected due to the discovery of significant accounting errors in previous years;</p> <p>(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;</p> <p>(4) The supervision of internal control by internal audit institutions is not effective;</p> <p>(5) 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 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</p>

		<p>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>
Quantitative criteria	<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</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>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 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 27, 2024
Disclosure index of the full-text internal control audit report	CNINFO (www.cninfo.com.cn), "Internal Control Audit Report 2023 of Nanjing Putian Telecommunications Co., Ltd."
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**

The self-examination of the company's "Special action on Listed Company Governance" in April 2021 has been rectified in October 2022.

## 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

For details, please refer to the 2023 Environmental, Social and Corporate Governance Report released by the Company on the same day.

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

The Company is committed to supporting special groups, offering aid and regular visits to employees facing difficulties. It aims to handle concrete affairs, give support and solve problems for employees in difficulty, ensuring that these employees genuinely feel the support and warmth of the Labor Union and the Company. This has been a foundational practice of the Company for many years.

## 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
	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
	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
	CETC Glarun Group Co., Ltd.	Commitment on maintaining the independence of Nanjing Putian Telecommunications Co., Ltd.	See "Commitment 4"	October 12, 2022	Long-term	Being fulfilled normally
	CETC Glarun Group Co., Ltd.	Commitment on avoiding horizontal competition with Nanjing Putian Telecommunications Co., Ltd.	See "Commitment 5"	October 12, 2022	Long-term	Being fulfilled normally
	CETC Glarun Group Co., Ltd.	Commitment on standardization and reduction of related party	See "Commitment 6"	October 12, 2022	Long-term	Being fulfilled normally

		transactions				
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	April 18, 2023	Fulfilled
	China Potevio Information Industry Co., Ltd.; China Potevio Information Industry Group Co., Ltd.	Commitments on horizontal competition, related party transactions and capital occupation	See “Commitment 8”	October 13, 2020	April 18, 2023	Fulfilled
	China Potevio Information Industry Co., Ltd.; China Potevio Information Industry Group Co., Ltd.	Other commitments	See “Commitment 9”	October 13, 2020	April 18, 2023	Fulfilled
	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
	China Potevio Information Industry Co., Ltd.; China Potevio Information Industry Group Co., Ltd.	Other commitments	See “Commitment 11”	November 25, 2020	April 18, 2023	Fulfilled
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	April 18, 2023	Fulfilled
	China Potevio Information Industry Co., Ltd.	Commitments on horizontal competition, related party transactions	See “Commitment 13”	April 8, 2018	April 18, 2023	Fulfilled



		and capital occupation				
	China Potevio Information Industry Co., Ltd.	Commitments on horizontal competition, related party transactions and capital occupation	See “Commitment 14”	April 8, 2018	April 18, 2023	Fulfilled
	China Potevio Information Industry Group Corporation	Commitments on horizontal competition, related party transactions and capital occupation	See “Commitment 15”	April 8, 2018	April 18, 2023	Fulfilled
	China Potevio Information Industry Group Corporation	Commitments on horizontal competition, related party transactions and capital occupation	See “Commitment 16”	April 8, 2018	April 18, 2023	Fulfilled
	China Potevio Information Industry Group Corporation	Commitments on horizontal competition, related party transactions and capital occupation	See “Commitment 17”	April 8, 2018	April 18, 2023	Fulfilled
	China Potevio Information Industry Group Corporation	Other commitments	See “Commitment 18”	June 19, 2018	April 18, 2023	Fulfilled
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 NXT 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;

(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: 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. 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 then 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 Nanjing Putian 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: 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 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 then 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 Nanjing Putian 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

The subsidiary Chongqing Puhua Information Technology Co., Ltd. has been liquidated. For the reporting period, its profits and losses and cash flow from January to September during the liquidation period were included in the consolidated statements.

The subsidiary Nanjing Putian Network Co., Ltd. has been liquidated. For the reporting period, its profits and losses and cash flow from January to November during the liquidation period were included in the consolidated statements.

Its subsidiary Seventh Branch of Nanjing Communication Equipment Factory has been liquidated. For the reporting period, its profits and losses and cash flow from January to December 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 (Special General Partnership)
Remuneration of domestic accounting firm (in 10,000 yuan)	80
Continuous years of audit service of the domestic accounting firm	2
Name of CPAs of the domestic accounting firm	Xu Zongliang, Guo Zhigang
Continuous years of audit service of CPAs of the domestic accounting firm	1 years, 2 years

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 (Special General Partnership) as the internal control audit institution in 2023, 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

Serial number	Basic situation of litigation (arbitration)	Amount involved (in 10,000 yuan)	Whether an estimated liability is formed	Progress of litigation (arbitration)	The result and influence of litigation (Arbitration)	Enforcement of litigation (arbitration) judgments	Date of disclosure	Disclosure index
1	Nanjing Sierte Technology Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Dispute over Project Construction Contract	47.65	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 7, 2023	Announcement on Accumulated Litigation (Announcement No.: 2023-010)
2	Nanjing Southern Telecom Co., Ltd. v. Nanjing Leqiu Trading Co., Ltd.: Case of Disputes over Sales Contract	14.67	No	Under trial	Pending	-	April 7, 2023	Ibid
3	Nanjing Nanman Electrical Co., Ltd. v. COOEC-	8.59	No	Case withdrawn	It has no significant impact on the profit of the Company in	-	April 7, 2023	Ibid

	Fluor Heavy Industries Co., Ltd.: Case of Disputes over Sales Contract				the current period or after the period			
4	Nanjing Sierte Technology Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Dispute over Project Construction Contract	31.89	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	Execution completed	April 7, 2023	Ibid
5	Nanjing Sierte Technology Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Dispute over Project Construction Contract	7.87	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 7, 2023	Ibid
6	Danyang Jinyang Hengguang Communication Equipment Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract	5.12	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 7, 2023	Ibid
7	Nanjing Bowden Intelligent Technology Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.	13.07	No	Case withdrawn	It has no significant impact on the profit of the Company in the current period or after the period	-	April 7, 2023	Ibid

	Ltd.: Case of Disputes over Sales Contract							
8	Nanjing Putian Telecommunications Co., Ltd. v. Morin Dawa Branch of China Broadnet Inner Mongolia Network Co., Ltd., China Broadnet Inner Mongolia Network Co., Ltd.: Case of Disputes over Sales Contract	8.19	No	Case withdrawn	It has no significant impact on the profit of the Company in the current period or after the period	-	April 7, 2023	Ibid
9	Nanjing Putian Telecommunications Co., Ltd. v. Alxa Branch of China Broadnet Inner Mongolia Network Co., Ltd., China Broadnet Inner Mongolia Network Co., Ltd.: Case of Disputes over Sales Contract	9.22	No	Case withdrawn	It has no significant impact on the profit of the Company in the current period or after the period	-	April 7, 2023	Ibid
10	Nanjing Putian Telecommunications Co., Ltd. v. Beijing Luck Building Decoration Engineering Co., Ltd.: Case of Disputes over Sales	11.72	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 7, 2023	Ibid

	Contract							
11	Jiangning Xindong Printing Factory v. Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract	6.2	No	Under trial	Pending	-	June 8, 2023	Announcement on Accumulated Litigation (Announcement No.: 2023-026)
12	Nanjing Sierte Technology Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract	57.92	No	Under trial	Pending	-	June 8, 2023	Ibid
13	Nanjing Southern Telecom Co., Ltd. v. SENYINT Digital Medical System (Dalian) Co., Ltd.: Case of Disputes over Sales Contract	9.9	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	June 8, 2023	Ibid
14	Nanjing Nanman Electrical Co., Ltd. v. Qingdao Yingxuan Technology Co., Ltd.: Case of Disputes over Sales Contract	24.51	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	June 8, 2023	Ibid
15	Nanjing Putian Telecommunications Technology Co., Ltd. v. Nanjing	364.77	No	Under trial	Pending	-	June 8, 2023	Ibid

	Putian Information Technology Co., Ltd. and Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over the Recovery of Unpaid Capital Contributions							
16	Nanjing Putian Datang Information Electronics Co., Ltd. v. Yangzhou Dingxu New Energy Technology Co., Ltd.: Case of Disputes over Sales Contract	7.35	No	In the Judgment Announcement	It has no significant impact on the profit of the Company in the current period or after the period	-	June 8, 2023	Ibid
17	Nanjing Keyuesi System Integration Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract	80.43	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	June 8, 2023	Ibid
18	Cixi Dongdi Electric Appliance Factory v. Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract	16.25	No	Case withdrawn	It has no significant impact on the profit of the Company in the current period or after the period	-	June 8, 2023	Ibid
19	Dewei	57.68	No	Under trial	Pending	-	June 8, 2023	Ibid

	Communication Equipment (Jiangsu) Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract							
20	Zhu Zhiyang v. Nanjing Putian Telecommunications Technology Co., Ltd. and Nanjing Putian Telecommunications Co., Ltd. (the third party): Case of Dispute over Requesting Change of Company Registration	0	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	June 8, 2023	Ibid
21	Shen Lei v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	2.5	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	June 8, 2023	Ibid
22	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	Execution completed	June 8, 2023	Ibid
23	Anhui Hairi Electronic	400.44	No	Court-ordered	It has no significant	In execution	June 8, 2023	Ibid



	Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract			mediation	impact on the profit of the Company in the current period or after the period			
24	Nanjing Huaheng Electric Control Equipment Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract	225.88	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	July 27, 2023	Announcement on Accumulated Litigation (Announcement No.: 2023-028)
25	Yangzhou Sancheng Machinery Manufacturing Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract	15.82	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	July 27, 2023	Ibid
26	Wu Zhifu v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	21.34	No	Under trial	Pending	-	July 27, 2023	Ibid
27	Wang Xi v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	19.29	No	Under trial	Pending	-	July 27, 2023	Ibid
28	Xia Haicheng v. Nanjing Putian Telecommun	22.38	No	Under trial	Pending	-	July 27, 2023	Ibid

	ications Co., Ltd.: Case of Labor Dispute							
29	Pei Tingrong v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	8.8	No	Under trial	Pending	-	July 27, 2023	Ibid
30	Li Yan v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	20.12	No	Under trial	Pending	-	July 27, 2023	Ibid
31	Ruan Rui v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	5.04	No	Under trial	Pending	-	July 27, 2023	Ibid
32	Ren Minfu v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	9.21	No	Under trial	Pending	-	July 27, 2023	Ibid
33	Gao Wen v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	59.18	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	July 27, 2023	Ibid
34	Shen Lei v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	19.57	No	Under trial	Pending	-	July 27, 2023	Ibid
35	Lv Ming v. Nanjing Putian Telecommun	132.18	No	Under trial	Pending	-	July 27, 2023	Ibid

	ications Co., Ltd.: Case of Labor Dispute							
36	Zhao Jing v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	12.83	No	Under trial	Pending	-	July 27, 2023	Ibid
37	Zhu Jinming v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	21.2	No	Under trial	Pending	-	July 27, 2023	Ibid
38	Che Leiting v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	14.71	No	Under trial	Pending	-	July 27, 2023	Ibid
39	Wei Jun v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	9.86	No	Under trial	Pending	-	July 27, 2023	Ibid
40	Sun Yuanwei v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	16.13	No	Under trial	Pending	-	July 27, 2023	Ibid
41	Xue Haining v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	15.31	No	Under trial	Pending	-	July 27, 2023	Ibid
42	Yu Yang v. Nanjing Putian Telecommunications Co.,	7.38	No	Under trial	Pending	-	July 27, 2023	Ibid

	Ltd.: Case of Labor Dispute							
43	Zhou Faxiang v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	8.97	No	Under trial	Pending	-	July 27, 2023	Ibid
44	Bao Gencheng v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	18.41	No	Under trial	Pending	-	July 27, 2023	Ibid
45	Zhu Houping v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	10.81	No	Under trial	Pending	-	July 27, 2023	Ibid
46	Li Jia v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	7.07	No	Under trial	Pending	-	July 27, 2023	Ibid
47	Ge Suqing v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	17.54	No	Under trial	Pending	-	July 27, 2023	Ibid
48	Fan Ningsheng v. Nanjing Putian Telecommunications Co., Ltd.: Case of Labor Dispute	16.98	No	Under trial	Pending	-	July 27, 2023	Ibid
49	Nanjing Putian Telege	13.83	No	The verdict has come into effect	It has no significant impact on the	Execution completed	July 27, 2023	Ibid

	Intelligent Building Ltd. v. The Second Construction Limited Company of China Construction Eighth Engineering Division Corp., Ltd.: Case of Disputes over Sales Contract				profit of the Company in the current period or after the period			
50	Nanjing Putian Telege Intelligent Building Ltd. v. The Second Construction Limited Company of China Construction Eighth Engineering Division Corp., Ltd.: Case of Disputes over Sales Contract	51.83	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	July 27, 2023	Ibid
51	Hebei Wonder Cabinets Manufacturing Co., Ltd. v. Nanjing Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract	163.86	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	July 27, 2023	Ibid
52	Hebei Donghe Communication Equipment Co., Ltd. v. Nanjing	216.25	No	The verdict has come into effect	It has no significant impact on the profit of the Company in the current period or	In execution	July 25, 2023	Ibid

	Putian Telecommunications Co., Ltd.: Case of Disputes over Sales Contract				after the period			
53	Other litigation that did not meet the disclosure criteria during the reporting period	862.06	No	-	-	-		-

## XII. Punishment and rectification

Applicable Not applicable

During the reporting period, the Company was not subject to any punishment or rectification.

## 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 party 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
CIE (Nanjing) Electronic Information Development	Controlled by the same ultimate controlling party	Purchasing goods and receiving labor services	Telecommunications products	Market price	183.31	183.31	0.30%	6,000	No	Bank transfer	183.31	April 7, 2023	Announcement on Expected Routine Related Party



Institute of China Electronics Technology Group Corporation	ultimate controlling party	providing labor services	products										
Nanjing Glarun Defense System Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	371.74	371.74	0.45%		No	Bank transfer	371.74	April 7, 2023	
Nanjing Glaway Software Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	330.19	330.19	0.40%		No	Bank transfer	330.19	April 7, 2023	
Nanjing Rail Transit System Engineering Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	175.63	175.63	0.21%		No	Bank transfer	175.63	April 7, 2023	
Tianbo Electronic Information Technology Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	169.35	169.35	0.21%		No	Bank transfer	169.35	April 7, 2023	
Nanjing Lopu Co., Ltd.	Controlled by the same ultimate	Selling goods and providing	Labor service cost	Market price	107.50	107.50	0.13%		No	Bank transfer	107.50	April 7, 2023	



	controlling party	labor services											
CETC Potevio Science & Technology Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	124.27	124.27	0.15%		No	Bank transfer	124.27	April 7, 2023	
Hebei Far-east Communication System Engineering Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	123.44	123.44	0.15%		No	Bank transfer	123.44	April 7, 2023	
CETC Taili Telecommunications Technology Co., Ltd. (CETC)	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	39.68	39.68	0.05%		No	Bank transfer	39.68	April 7, 2023	
Taiji Computer Corporation Limited	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	29.25	29.25	0.04%		No	Bank transfer	29.25	April 7, 2023	
Putian Rail Transit Technology (Shanghai) Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	27.04	27.04	0.03%		No	Bank transfer	27.04	April 7, 2023	
The 7th	Controlled	Selling	Telecommunications	Market price	25.23	25.23	0.03%		No	Bank transfer	25.23	April 7,	

Research Institute of CETC	by the same ultimate controlling party	goods and providing labor services	communications products							er		2023
Nanjing Lopu Technology Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	17.59	17.59	0.02%		No	Bank transfer	17.59	April 7, 2023
Magnichip Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	17.35	17.35	0.02%		No	Bank transfer	17.35	April 7, 2023
CETC Eastcom Group Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	8.10	8.1	0.01%		No	Bank transfer	8.10	April 7, 2023
Eastern Communications Co., Ltd. (Headquarter)	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	7.46	7.46	0.01%		No	Bank transfer	7.46	April 7, 2023
Liyan System Equipment Co., Ltd. of the 28th Research Institute	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	6.86	6.86	0.01%		No	Bank transfer	6.86	April 7, 2023

te													
Zhongkexin Integrated Circuit Co., Ltd. Nanjing Branch	Controlled by the same ultimate controlling party	Selling goods and providing labor services	OEM	Market price	1.34	1.34	0.00%		No	Bank transfer	1.34	April 7, 2023	
CIE (Nanjing) Electronic Information Development Co., Ltd.	Controlled by the same ultimate controlling party	Selling goods and providing labor services	Telecommunications products	Market price	1.06	1.06	0.00%		No	Bank transfer	1.06	April 7, 2023	
Potevio Hi-tech Industry Co., Ltd.	Controlled by the same ultimate controlling party	Renting property	Rent and property management fees	Market price	64.09	64.09	100.00%	100	No	Bank transfer	64.09	April 7, 2023	Ibid
Nanjing Lopu Co., Ltd.	Controlled by the same ultimate controlling party	Leasing property	Rent	Market price	39.52	39.52	4.70%		No	Bank transfer	39.52	April 7, 2023	
The 14th Research Institute of CETC	Controlled by the same ultimate controlling party	Leasing property	Rent	Market price	118.12	118.12	14.05%	300	No	Bank transfer	118.12	April 7, 2023	Ibid
China Potevio Information	Controlled by the same ultimate	Interest on entrusted loan	Interest on loan	Market price	453.59	453.59	46.38%	650	No	Bank transfer	453.59	April 7, 2023	Ibid

n Indust ry Co., Ltd.	te contro lling party												
CETC Glaru n Group Co., Ltd.	Contr olled by the same ultima te contro lling party	Intere st on guara nteed loan	Intere st on loan	Marke t price	188.1 8	188.1 8	19.24 %	350	No	Bank transf er	188.1 8	April 7, 2023	Ibid
Total				--	--	5,257 .23	--	17,40 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 estimated that the total amount of routine related party transactions in 2023 did not exceed 174 million yuan. The total amount of routine related party transactions actually occurred during the reporting period was 52.5723million yuan, including 2.2997 million yuan for products and labor services purchased from related parties, 41.6376million yuan for products and services provided to related parties, rental income of 1.5764 million yuan, rent and property management fee payments of 0.6409 million yuan, 4.5359 million yuan for interest payments on entrusted loans, and 1.8818 million yuan for interest payments on guaranteed loans, staying within 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 10,000 yuan)	Total withdrawal amount in the current period (in 10,000 yuan)	
CETC Finance Co., Ltd.	Other enterprises controlled by the actual controller	62,397.3	0.2%	2407.44	107,075.93	110,266.73	5,309.89

**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)	
CETC Finance Co., Ltd.	Other enterprises controlled by the actual controller	5,500	3.8%	0	5,500		5,500
CETC Finance Co., Ltd.	CETC Finance Co., Ltd.	1,500	3.75%	0	1,500		1,500

**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	7,000	7,000

**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 640,900 yuan and rental revenue of 8,954,500 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

Name of lessor	Name of lessee	Leased assets	Amount involved in leased assets (in 10,000 yuan)	Lease start date	Lease end date	Lease income (in 10,000 yuan)	Basis for lease income determination	Impact of lease income on the Company	Related party transaction or not	Relation
Nanjing Putian Telecommunications Co., Ltd.	Individual customer	Real estate leasing	13.58	June 1, 2022	August 31, 2027	17.96	Contract signing	Increase profits	No	-
Nanjing Putian Telecommunications Co., Ltd.	Nanjing TOPPE AK Culture Communication Co., Ltd.	Real estate leasing	7.82	January 1, 2023	December 31, 2027	23.81	Contract signing	Increase profits	No	-
Nanjing Putian Telecommunications Co., Ltd.	The 14th Research Institute of CETC	Real estate leasing	264.86	March 1, 2023	December 31, 2027	34.55	Contract signing	Increase profits	Yes	Under the control of the actual controller

Nanjing Putian Telecommunications Co., Ltd.	The 14th Research Institute of CETC	Real estate leasing	601.20	May 1, 2023	December 31, 2027	72.97	Contract signing	Increase profits	Yes	Under the control of the actual controller
Nanjing Putian Telecommunications Co., Ltd.	The 14th Research Institute of CETC	Real estate leasing	116.40	November 10, 2023	November 9, 2024	10.60	Contract signing	Increase profits	Yes	Under the control of the actual controller
Nanjing Putian Tele Intelligent Building Ltd.	Nanjing Innoflow Industry and Trade Co., Ltd.	Real estate leasing	54.52	January 20, 2020	January 19, 2025	73.35	Contract signing	Increase profits	No	-
Nanjing Putian Tele Intelligent Building Ltd.	Nanjing Huahao Building Technology Co., Ltd.	Real estate leasing	25.29	November 16, 2021	November 15, 2024	32.41	Contract signing	Increase profits	No	-
Nanjing Southern Telecom Co., Ltd.	Nanjing Lopu Co., Ltd.	Real estate leasing	15.06	January 1, 2021	December 31, 2023	39.52	Contract signing	Increase profits	Yes	Under the control of the actual controller
Nanjing Nanman Electrical Co., Ltd.	Nanjing Infy Power Technology Co., Ltd.	Real estate leasing	1,285.21	September 1, 2022	August 31, 2025	304.76	Contract signing	Increase profits	No	-
Nanjing Putian Changle Communication Equipment Co., Ltd.	Individual customer	Real estate leasing	2.90	December 1, 2022	November 30, 2023	18.35	Contract signing	Increase profits	No	-
Nanjing Putian Changle Communication Equipment Co., Ltd.	Nanjing Puloume Intelligent Technology Co., Ltd.	Real estate leasing	1.97	November 1, 2021	October 30, 2024	12.69	Contract signing	Increase profits	No	-

Nanjing Putian Changle Communication Equipment Co., Ltd.	Nanjing Pianfeng Screen Culture Communication Co., Ltd.	Real estate leasing	3.02	May 18, 2023	May 17, 2025	27.76	Contract signing	Increase profits	No	-
Nanjing Putian Changle Communication Equipment Co., Ltd.	Nanjing Zhongni ngda Logistics Co., Ltd.	Real estate leasing	3.45	May 20, 2023	July 20, 2026	36.70	Contract signing	Increase profits	No	-
Nanjing Putian Changle Communication Equipment Co., Ltd.	Nanjing Jinhong Huijian Decoration Engineering Co., Ltd.	Real estate leasing	2.89	September 1, 2023	August 31, 2029	9.17	Contract signing	Increase profits	No	-
Nanjing Putian Datang Information Electronics Co., Ltd.	Nanjing Lerun Instrument Co., Ltd.	Real estate leasing	42.44	October 8, 2019	October 7, 2029	25.92	Contract signing	Increase profits	No	-
Nanjing Putian Datang Information Electronics Co., Ltd.	Nanjing Aideng Electronic Technology Co., Ltd.	Real estate leasing	42.44	May 18, 2017	May 17, 2023	23.08	Contract signing	Increase profits	No	-
Nanjing Putian Datang Information Electronics Co., Ltd.	Nanjing Yihe Electronic Technology Co., Ltd.	Real estate leasing	32.33	March 1, 2021	February 28, 2026	31.77	Contract signing	Increase profits	No	-
Nanjing Putian Datang Information Electronics Co., Ltd.	Nanjing Yihe Software Technology Co., Ltd.	Real estate leasing	64.67	March 1, 2021	February 28, 2026	31.77	Contract signing	Increase profits	No	-
Nanjing	Nanjing	Real	27.79	April 1,	March	15.43	Contract	Increase	No	-



Putian Datang Information Electronics Co., Ltd.	Nanda Digital Technology Co., Ltd.	estate leasing		2023	30, 2028		signing	profits		
Nanjing Putian Datang Information Electronics Co., Ltd.	Nanjing Dunhua Electronic Technology Co., Ltd.	Real estate leasing	42.44	June 1, 2021	May 31, 2023	10.08	Contract signing	Increase profits	No	-
Potevio Hi-tech Industry Co., Ltd.	Nanjing Putian Changle Communication Equipment Co., Ltd.	Land rent and property management fees	/	January 1, 2023	December 31, 2023	64.09	Contract signing	Costs expenses	Yes	Under the control of the actual controller

## 2. Material guarantees

Applicable Not applicable

There was no material guarantee during the reporting period.

-

## 3. Delegation of cash asset management to others

### (1) Entrusted wealth management

Applicable Not applicable

There was no entrusted wealth 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 Changing the Designated Information Disclosure Media	January 17, 2023	CNINFO (www.cninfo.com.cn)
Annual Performance Forecast for 2022	January 20, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Independent Directors Obtaining Independent Director Qualification Certificates	February 4, 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Resignation of the Vice Chairman of the Board of Directors	February 15, 2023	CNINFO (www.cninfo.com.cn)
Announcement of the Resolutions of the 4th Meeting of the 8th Board of Directors	February 17, 2023	CNINFO (www.cninfo.com.cn)
Notice on Convening the 1st Extraordinary General Meeting of Shareholders in 2023	February 17, 2023	CNINFO (www.cninfo.com.cn)
Announcement of the Resolutions of the 1st Extraordinary General Meeting of Shareholders in 2023	March 7, 2023	CNINFO (www.cninfo.com.cn)
Announcement of the Resolutions of the 5th Meeting of the 8th Board of Directors	April 7, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Expected Routine Related Party Transactions in 2023	April 7, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Accumulated Litigation	April 7, 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Completion of the Transfer of the Company's State-Owned Legal Person Shares	April 19, 2023	CNINFO (www.cninfo.com.cn)
Announcement of the Resolutions of the 6th Meeting of the 8th Board of Directors	April 20, 2023	CNINFO (www.cninfo.com.cn)
Announcement of the Resolutions of the 3rd Meeting of the 8th Board of Supervisors	April 20, 2023	CNINFO (www.cninfo.com.cn)
Summary of the Annual Report 2022	April 20, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Provision for Impairment of Assets in 2022	April 20, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Expected Continuous Related Party Transactions with CETC Finance Co., Ltd. in 2023	April 20, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Engaging an Accounting Firm	April 20, 2023	CNINFO (www.cninfo.com.cn)
Notice on Convening the 2022 Annual General Meeting of Shareholders	April 20, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Completing Transfer Registration for Free Transfer of State-owned Shares and Changing Controlling Shareholder	April 20, 2023	CNINFO (www.cninfo.com.cn)
Report for the First Quarter of 2023	April 29, 2023	CNINFO (www.cninfo.com.cn)
Announcement of the Resolutions of the 7th Meeting of the 8th Board of Directors	April 29, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Response to Shenzhen Stock Exchange Annual Report Inquiry Letter	May 26, 2023	CNINFO (www.cninfo.com.cn)
Announcement of Resolution of 2022 Annual General Meeting of Shareholders	May 27, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Convening the 2022 Online Performance Briefing	May 30, 2023	CNINFO (www.cninfo.com.cn)
Record Form of Investor Relations Activities	June 7, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Accumulated Litigation	June 8, 2023	CNINFO (www.cninfo.com.cn)
Semi-annual Performance Forecast for 2023	July 15, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Accumulated Litigation	July 27, 2023	CNINFO (www.cninfo.com.cn)

Announcement of the Resolutions of the 8th Meeting of the 8th Board of Directors	July 27, 2023	CNINFO (www.cninfo.com.cn)
Summary of the Semi-annual Report for 2023	August 29, 2023	CNINFO (www.cninfo.com.cn)
Announcement of the Resolutions of the 9th Meeting of the 8th Board of Directors	August 29, 2023	CNINFO (www.cninfo.com.cn)
Announcement of the Resolutions of the 5th Meeting of the 8th Board of Supervisors	August 29, 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Liquidation and Closure of a Subsidiary	August 29, 2023	CNINFO (www.cninfo.com.cn)
Announcement of the Resolutions of the 10th Meeting of the 8th Board of Directors	September 21, 2023	CNINFO (www.cninfo.com.cn)
Announcement on the Liquidation and Dissolution of a Subsidiary	September 21, 2023	CNINFO (www.cninfo.com.cn)
Progress Announcement on the Liquidation and Dissolution of a Subsidiary	September 27, 2023	CNINFO (www.cninfo.com.cn)
Report for the third quarter of 2023	October 31, 2023	CNINFO (www.cninfo.com.cn)
Progress Announcement on the Liquidation and Dissolution of a Subsidiary	November 30, 2023	CNINFO (www.cninfo.com.cn)
Announcement of the Resolutions of the 12th Meeting of the 8th Board of Directors	December 7, 2023	CNINFO (www.cninfo.com.cn)
Announcement on Liquidation and Dissolution of a Tertiary Subsidiary	December 7, 2023	CNINFO (www.cninfo.com.cn)
Progress Announcement on the Liquidation and Dissolution of a Tertiary Subsidiary	December 28, 2023	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	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	100,000,000	46.51%						100,000,000	46.51%

shares									
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 shares	215,000,000	100.00%						215,000,000	100.00%

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 common shareholders at the end of the reporting period	7,650	Total number of ordinary shareholders at the end of last month before the disclosure date of the annual report	7,657	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 (excluding shares lent through refinancing)								
Shareholder name	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
CETC Glarun Group Co., Ltd.	State-owned legal person	53.49%	115,000.00 0	0	115,000.00 0	0	Not applicable	0
Shenwan Hongyuan Securities (H.K.) Ltd.	Overseas legal person	2.55%	5,476,788.0 0	874,688.00	0	5,476,788.0 0	Not applicable	0
He Wei	Natural person in China	1.44%	3,104,600.0 0	2,319,200.0 0	0	3,104,600.0 0	Not applicable	0
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	Overseas legal person	1.28%	2,747,797.0 0	195,339.00	0	2,747,797.0 0	Not applicable	0
Zheng Enyue	Natural person in China	1.14%	2,449,739.0 0	0.00	0	2,449,739.0 0	Not applicable	0
Sun Huiming	Natural person in China	0.94%	2,022,200.0 0	-57,800.00	0	2,022,200.0 0	Not applicable	0
Gu Jinhua	Natural person in China	0.87%	1,871,371.0 0	0.00	0	1,871,371.0 0	Not applicable	0
Li	Natural	0.54%	1,168,820.0	848,520.00	0	1,168,820.0	Not applicable	0

Mingling	person in China		0			0	applicable	
Zhen Hongquan	Natural person in China	0.47%	1,010,900.00	8,600.00	0	1,010,900.00	Not applicable	0
Xiang Yan	Natural person in China	0.42%	905,602.00	0.00	0	905,602.00	Not applicable	0
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, CETC Glarun Group 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								
Shareholder name	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.	5,476,788.00	Domestic listed shares	5,476,788.00					
He Wei	3,104,600.00	Domestic listed shares	3,104,600.00					
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	2,747,797.00	Domestic listed shares	2,747,797.00					
Zheng Enyue	2,449,739.00	Domestic listed shares	2,449,739.00					
Sun Huiming	2,022,200.00	Domestic listed shares	2,022,200.00					
Gu Jinhua	1,871,371.00	Domestic	1,871,371.00					

		listed foreign shares	0
Li Mingling	1,168,820.00	Domestic listed foreign shares	1,168,820.00
Zhen Hongquan	1,010,900.00	Domestic listed foreign shares	1,010,900.00
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		

Details of the Top Ten Shareholders' Participation in Share Lending Through Refinancing Business

Applicable Not applicable

Changes in the Composition of the Top Ten Shareholders

Applicable Not applicable

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	Date of establishment	Organization code	Main business
---------------------------------	-----------------------------	-----------------------	-------------------	---------------



	in charge			
CETC Glarun Group Co., Ltd.	Wang Jianming	December 17, 2007	91320000670120685E	Research and development of electronic products, communication equipment, instruments and meters, research and development of railway special equipment and accessories, research and development of computer software and hardware, technical services, import and export business of self-operated and agent commodities and technologies, domestic trade, design and construction of intelligent building system engineering, electronic system engineering, highway communication, monitoring and toll collection integrated system engineering, consulting services related to aviation systems, research and development of agricultural machinery and accessories, technical services, construction and maintenance of agricultural production information systems
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	Shares of other domestic and overseas listed company holding and participating shares include: Glarun Technology Co., Ltd., CETC Digital Technology Co., Ltd.			

Changes of controlling shareholder during the reporting period

 Applicable  Not applicable

Name of new controlling shareholder	CETC Glarun Group Co., Ltd.
Date of change	April 17, 2023

Query index on the designated website	Announcement on Completing Transfer Registration and Changing Controlling Shareholder for Free Transfer of State-owned Shares (Announcement No.: 2023-011) released on CNINFO
Date of disclosure on the designated website	April 18, 2023

### 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

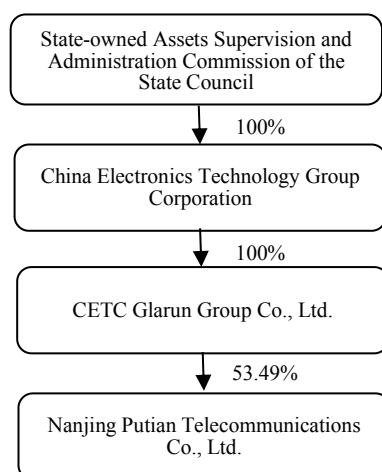
Name of actual controller	Legal representative/person in charge	Date of establishment	Organization code	Main business
China Electronics Technology Group Corporation	Wang Haibo	February 25, 2002	Unified social credit code 91110000710929498G	Mainly engaged in the construction of national important military 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., CETC Chip Technology Co., Ltd., Sun Create Electronics Co., Ltd., Chengdu Spaceon Electronics Co., Ltd., CETC Potevio Science & Technology Co., Ltd., Phoenix Optics Co., Ltd., Hebei Sinopack Electronic Technology Co., Ltd., Eastern Communications Co., Ltd., Eastcompeace Technology Co., Ltd., Guobo Electronics Co., Ltd., and 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

# Auditor's Report

DAXIN SHEN ZI [2024]No. 1-00663

**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, 2023, 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 (25) of the financial statements and notes V(34), Operating revenue and operating costs, the sales revenue of the company in 2023 was 81,833.44 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 (12) and V (3) to the financial statements.

As of December 31, 2023, the book balance of accounts receivable of the company is 49,973.00 ten thousand yuan, the balance of bad debt reserve is 19,811.17 ten thousand yuan, and the book value is 30,161.83 ten thousand yuan, accounting for 36.50% 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 26, 2024

## Consolidated balance sheet

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

2023-12-31

Unit: RMB

Item	Notes	2023-12-31	2022-12-31
<b>Current assets:</b>			
Cash and bank balances	V (1)	178,290,844.21	173,863,825.35
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	V (2)	23,492,416.53	27,689,906.04
Accounts receivable	V (3)	301,618,359.27	304,616,212.04
Receivables financing	V (4)	32,347,277.62	30,668,999.36
Advances paid	V (5)	10,184,683.74	19,081,824.22
Other receivable	V (6)	8,103,021.44	11,716,301.19
Including: Interest receivable			
dividend receivable			
Inventories	V (7)	122,698,778.26	166,440,238.56
Contract assets			
assets hold available for sale			
Non-current assets due within one year			
Other current assets	V (8)	3,490,759.90	3,432,231.67
<b>Total current assets</b>		<b>680,226,140.97</b>	<b>737,509,538.43</b>
<b>Non-current assets:</b>			
Debt investment			
Other debt investment			
Long-term receivable			
Long-term equity investments	V (9)	10,412,689.14	10,422,321.80
Other equity instrument investments	V (10)	741,953.00	741,953.00
Other non-current financial assets			
Investment property	V (11)	19,127,078.75	20,351,240.03
Fixed assets	V (12)	93,754,100.19	97,917,714.15
Construction in progress	V (13)	5,906.53	
Productive biological assets			
Oil and gas asset			
Right-of-use asset			
Intangible assets	V (14)	19,632,871.51	20,493,463.76
Development expenditure			
Goodwill			
Long-term prepayments	V (15)	2,299,773.18	3,953,824.45
Deferred tax assets			
Other non-current assets	V (16)	40,899.00	
<b>Total non-current assets</b>		<b>146,015,271.30</b>	<b>153,880,517.19</b>
<b>Total assets</b>		<b>826,241,412.27</b>	<b>891,390,055.62</b>

Legal Representative:

Accounting Director:

Accounting Manager:

## Consolidated balance sheet (continued)

Preparation unit: Nanjing Putian Telecommunications Co., Ltd. 2023-12-31

Unit: RMB

Item	Notes	2023-12-31	2022-12-31
<b>Current liabilities:</b>			
Short-term borrowings	V (19)	69,863,323.93	112,836,727.77
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable	V (20)	9,662,303.80	
Accounts payable	V (21)	397,593,766.27	470,867,283.07
Advances received	V (22)	452,216.54	240,585.08
Contract liabilities	V (23)	16,720,781.30	15,048,811.36
Employee benefits payable	V (24)	17,771,367.37	17,473,887.86
Taxes payable	V (25)	5,630,992.31	7,390,521.21
Other payable	V (26)	47,119,742.53	59,206,281.08
Including: Interest payable			
dividend payable		5,692,213.38	1,692,213.38
Liability hold for sale			
Non-current liabilities due within one year			
Other current liabilities	V (27)	1,595,107.01	1,691,302.29
<b>Total current liability</b>		<b>566,409,601.06</b>	<b>684,755,399.72</b>
<b>Non-current liability:</b>			
Long-term borrowings	V (28)	176,011,976.11	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>176,011,976.11</b>	<b>105,800,000.00</b>
<b>Total liability</b>		<b>742,421,577.17</b>	<b>790,555,399.72</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	197,097,915.40
Less: treasury stocks			
Other comprehensive income (OCI)	V (31)	-1,854,910.00	-1,854,910.00
Special reserves			
Surplus reserve	V (32)	589,559.77	589,559.77
Undistributed profit	V (33)	-405,721,306.51	-388,837,228.89
<b>Total owner's equity (or shareholders' equity) attributable to the parent company</b>		<b>5,111,258.66</b>	<b>21,995,336.28</b>
Minority shareholders' equity		78,708,576.44	78,839,319.62
<b>Total owner's equity (or shareholders' equity)</b>		<b>83819835.10</b>	<b>100,834,655.90</b>
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<b>826,241,412.27</b>	<b>891,390,055.62</b>

Legal Representative:

Accounting Director:

Accounting Manager:

## Parent Company Balance Sheet

Preparation unit: Nanjing Putian Telecommunications Co., Ltd. 2023-12-31

Unit: RMB

Item	Notes	2023-12-31	2022-12-31
<b>Current assets:</b>			
Cash and bank balances		15,685,815.50	29,165,783.14
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			3,639,352.49
Accounts receivable	XV(1)	80,514,189.85	104,179,575.75
Receivables financing			989,585.40
Advances paid		4,718,011.44	13,037,464.19
Other receivable	XV(2)	40,140,274.42	25,327,107.09
Including: Interest receivable			
dividend receivable		19,400,000.00	600,000.00
Inventories		27,685,200.60	48,749,884.92
Contract assets			
assets hold available for sale			
Non-current assets due within one year			
Other current assets		141,091.78	441,828.14
<b>Total current assets</b>		<b>168,884,583.59</b>	<b>225,530,581.12</b>
<b>Non-current assets:</b>			
Debt investment			
Other debt investment			
Long-term receivable			
Long-term equity investments	XV(3)	112,786,107.37	122,536,880.44
Other equity instrument investment		741,953.00	741,953.00
Other non-current financial assets			
Investment property			
Fixed assets		38,937,536.51	41,067,922.59
Construction in progress			
Productive biological assets			
Oil and gas asset			
Right-of-use asset			
Intangible assets		4,149,201.22	4,316,226.80
Development expenditure			
Goodwill			
Long-term prepayments		1,570,049.02	3,057,959.77
Deferred tax assets			
Other non-current assets			
<b>Total non-current assets</b>		<b>158,184,847.12</b>	<b>171,720,942.60</b>
<b>Total assets</b>		<b>327,069,430.71</b>	<b>397,251,523.72</b>

Legal Representative:

Accounting Director:

Accounting Manager:

## Parent Company Balance Sheet (Continued)

Preparation unit: Nanjing Putian Telecommunications Co., Ltd. 2023-12-31

Unit: RMB

Item	Notes	2023-12-31	2022-12-31
<b>Current liabilities:</b>			
Short-term borrowings			50,000,000.00
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable		10,576,746.00	
Accounts payable		116,563,709.64	168,830,761.76
Advances received			
Contract liabilities		7,634,483.45	8,169,030.79
Employee benefits payable		7,930,452.05	7,643,011.88
Taxes payable		661,283.29	244,957.88
Other payables		116,985,431.73	154,192,779.17
Including: Interest payable			
dividend payable			
Liability hold for sale			
Non-current liabilities due within one year			
Other current liabilities		992,482.85	782,311.39
<b>Total current liability</b>		261,344,589.01	389,862,852.87
<b>Non-current liability:</b>			
Long-term borrowings		176,011,976.11	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>		176,011,976.11	105,800,000.00
<b>Total liability</b>		437,356,565.12	495,662,852.87
<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		-482,885,826.51	-471,010,021.25
<b>Total owner's equity (or shareholders' equity)</b>		-110,287,134.41	-98,411,329.15
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		327,069,430.71	397,251,523.72

Legal Representative:

Accounting Director:

Accounting Manager:

## Consolidated Income Statement

Preparation unit: Nanjing Putian Telecommunications Co., Ltd

Year 2023

Unit: RMB

Item	Notes	Current period cumulative	Preceding period comparative
<b>I. Operating revenue</b>	Y (34)	818,334,374.30	879,566,048.96
Less: Operating cost	Y (34)	619,685,108.67	698,607,630.42
Taxes and surcharges	Y (35)	5,550,542.56	4,900,941.53
Selling expenses	Y (36)	76,487,601.27	75,331,981.00
Administrative expenses	Y (37)	61,842,896.59	63,190,264.31
R&D expenses	Y (38)	38,022,112.34	42,690,479.34
Financial expenses	Y (39)	9,397,594.51	10,081,432.77
Including Interest expense		9,780,203.87	10,747,567.42
Interest income		550,442.21	781,316.52
Add: other income	Y (40)	5,258,655.45	1,732,297.20
Investment income (losses are listed with "-")	Y (41)	1,277,927.08	817,965.74
Including: investment income from associates and joint ventures		-9,632.66	128.65
Derecognition income of financial assets measured at amortized cost			
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 "-")	Y (42)	-9,012,120.28	-10,854,068.21
Assets impairment loss(losses are listed with "-")	Y (43)	-4,935,911.69	-8,379,473.73
Gain on assets disposal (loss are listed with "-")	Y (44)	-134,939.44	555,016.98
<b>II. Operating profit (Loss show as "--")</b>		-197,870.52	-31,364,942.43
Plus: non-operating revenue	Y (45)	2,158,806.41	3,201,590.32
Less: non-operating expenditures	Y (46)	1,109,527.83	621,804.24
<b>III. Total profit (total loss is listed with "-")</b>		851,408.06	-28,785,156.35
Deduct: income tax expense	Y (47)	3,577,904.73	8,581,183.35
<b>IV. Net profit (net loss is listed with "-")</b>		-2,726,496.67	-37,366,339.70
(1) Classified by business continuity:			
1. Net profits from continuing operations		-2,726,496.67	-37,366,339.70
2. Discontinued operating net profit			
(2) Classified by ownership:			
1. Net profits belong to the parent company's owner		-16,884,077.62	-47,390,545.55
2. Minority shareholder gains and losses		14,157,580.95	10,024,205.85
<b>V. Net after-tax of other comprehensive income</b>			4,964,727.82
(1) Net after-tax amount of other comprehensive income attributable to owners of the parent company			4,964,727.82
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 under the equity method			
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
1. Other comprehensive income that can be converted to profit or loss under the equity method			
2. Changes in the fair value of other debt investments			
3. Amount of financial assets reclassified and included in other comprehensive income			
4. Other debt investment credit impairment reserves			
5. Cash flow hedge reserve (the effective part of cash flow hedge gains and losses)			
6. Translation difference of foreign currency financial statements			4,964,727.82
7. Other			
(2) Net after-tax amount of other comprehensive income attributable to minority shareholders			
<b>VI. Total comprehensive income</b>		-2,726,496.67	-32,401,611.88
(1) Total comprehensive income attributable to owners of the parent		-16,884,077.62	-42,425,817.73
(2) Total comprehensive income attributable to minority shareholders		14,157,580.95	10,024,205.85
<b>VII. Earnings per share</b>			
(1) Basic earnings per share		-0.080	-0.220
(2) Diluted earnings per share		-0.080	-0.220

Legal Representative:

Accounting Director:

Accounting Manager:



## Parent company income statement

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2023

Unit: RMB

Item	Notes	Current period cumulative	Preceding period comparative
<b>I. Operating revenue</b>	XV (4)	91,388,924.10	118,344,437.39
Less: Operating cost	XV (4)	75,989,185.89	107,138,085.88
Taxes and surcharges		830,956.67	562,186.50
Selling expenses		9,832,506.17	15,232,747.90
Administrative expenses		33,717,668.43	34,265,242.28
R&D expenses		1,144,400.03	3,680,886.26
Financial expenses		6,127,761.48	6,675,493.99
Including: Interest expense		6,834,805.55	7,592,774.43
Interest income		778,489.78	944,698.81
Add: other income		64,343.42	
Investment income (losses are listed with "-")	XV (5)	34,208,958.99	10,257,879.43
Including: investment income from associates and joint ventures		-9,632.66	128.65
Derecognition income of financial assets measured at amortized cost			
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 "-")		-7,116,991.73	-9,455,482.84
Assets impairment loss(losses are listed with "-")		-3,279,939.64	-6,359,339.64
Gain on assets disposal (loss are listed with "-")		-7,263.84	476,783.41
<b>II. Operating profit (loss show as "-")</b>		-12,384,447.37	-54,290,365.06
Plus: non-operating revenue		1,386,722.68	8,890.51
Less: non-operating expenditures		878,080.57	31,195.48
<b>III. Total profit (total loss is listed with "-")</b>		-11,875,805.26	-54,312,670.03
Deduct: income tax expense			
<b>IV. Net profit (net loss is listed with "-")</b>		-11,875,805.26	-54,312,670.03
(1) Net profits from continuing operations		-11,875,805.26	-54,312,670.03
(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 method			
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 method			
2. Gain or loss from fair value changes of other debt instruments			
3. Amount of financial assets reclassified and included in other comprehensive income			
4. Credit impairment provision of other debt investment			
5. Cash flow hedge reserve (the effective part of cash flow hedge gains and losses)			
6. Translation difference of foreign currency financial statements			
7. Other			
<b>VI. Total comprehensive income</b>		-11,875,805.26	-54,312,670.03
<b>VII. Earnings per share:</b>			

Legal Representative:

Accounting Director:

Accounting Manager:



## Consolidated statement of cash flow

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2023

Unit: RMB

Item	Notes	Current period cumulative	Preceding period comparative
<b>I. Cash flow from operating activities:</b>			
Cash received from the sale of goods and the provision of labor services		820,502,156.34	862,569,761.52
Tax Refund		2,757,648.57	3,041,177.57
Other cash received relating to operating activities		52,612,561.06	42,624,331.79
<b>Subtotal of cash inflow from operating activities</b>		<b>875,872,365.97</b>	<b>908,235,270.88</b>
Cash paid for purchasing goods and receiving labor services		580,574,508.46	643,149,772.17
Cash paid to and for employees		166,242,239.03	177,969,814.46
Various taxes and fees paid		40,051,135.29	31,269,667.92
Other cash payments related to operating activities		95,022,133.22	86,572,526.72
<b>Subtotal of cash outflows from operating activities</b>		<b>881,890,016.00</b>	<b>938,961,781.27</b>
<b>Net cash flow from operating activities</b>		<b>-6,017,650.03</b>	<b>-30,726,510.39</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 other long-term assets		238,830.00	729,403.00
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>238,830.00</b>	<b>21,066,608.48</b>
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		4,226,647.07	2,629,351.27
Cash Investment			
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>4,226,647.07</b>	<b>2,629,351.27</b>
<b>Net cash flows from investing activities</b>		<b>-3,987,817.07</b>	<b>18,437,257.21</b>
<b>III. Cash flow from financing activities:</b>			
Absorb cash received from investment			
Including: cash received by the subsidiary from absorbing minority shareholders' investment			
Cash received from borrowing		170,538,933.34	198,600,000.00
Other cash receipts related to financing activities			
<b>Subtotal of cash inflows from financing activities</b>		<b>170,538,933.34</b>	<b>198,600,000.00</b>
Cash paid for debt repayment		143,800,000.00	178,998,631.11
Cash paid for dividends, profits, or interest payments		16,325,086.06	22,302,138.10
Including: dividends and profits paid by subsidiaries to minority shareholders		6,846,600.00	11,296,600.00
Other cash payments related to financing activities		615,441.46	1,077,527.58
<b>Subtotal of cash outflows from financing activities</b>		<b>160,740,527.52</b>	<b>202,378,296.79</b>
<b>Net cash flow from financing activities</b>		<b>9,798,405.82</b>	<b>-3,778,296.79</b>
<b>IV. The impact of exchange rate changes on cash and cash equivalents</b>			-6,779.50
<b>V. Net increase in cash and cash equivalents</b>		-207,061.28	-16,074,329.47
Add: the balance of cash and cash equivalents at the beginning of the period		164,384,741.39	180,459,070.86
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		<b>164,177,680.11</b>	<b>164,384,741.39</b>

Legal Representative:

Accounting Director:

Accounting Manager:

## Statement of cash flow of Parent Co.

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2023

Unit: RMB

Item	Notes	Current period cumulative	Preceding period comparative
<b>I. Cash flow from operating activities:</b>			
Cash received from the sale of goods and the provision of labor services		103,501,028.52	136,862,620.76
Tax Refund			1,324,942.93
Other cash received relating to operating activities		15,817,459.94	18,791,754.10
<b>Subtotal of cash inflow from operating activities</b>		119,318,488.46	156,979,317.79
Cash paid for purchasing goods and receiving labor services		88,351,668.05	96,039,557.25
Cash paid to and for employees		43,504,732.77	59,840,500.41
Various taxes and fees paid		3,334,779.40	2,744,193.58
Other cash payments related to operating activities		18,257,047.94	19,865,218.33
<b>Subtotal of cash outflows from operating activities</b>		153,448,228.16	178,489,469.57
<b>Net cash flow from operating activities</b>		-34,129,739.70	-21,510,151.78
<b>II. Cash flow from investment activities:</b>			
Cash received from investment		1,372,874.12	
Cash received from investment income		9,753,400.00	9,153,400.00
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		2,800.00	570,813.00
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>		11,129,074.12	9,724,213.00
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		1,179,140.00	235,166.00
Cash Investment			
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>		1,179,140.00	235,166.00
<b>Net cash flows from investing activities</b>		9,949,934.12	9,489,047.00
<b>III. Cash flow from financing activities:</b>			
Absorb cash received from investment			
Cash received from borrowing		110,000,000.00	105,800,000.00
Other cash receipts related to financing activities			1,000,000.00
<b>Subtotal of cash inflows from financing activities</b>		110,000,000.00	106,800,000.00
Cash paid for debt repayment		90,000,000.00	95,000,000.00
Cash paid for dividends, profits, or interest payments		6,243,645.56	7,853,518.07
Other cash payments related to financing activities			1,677,527.58
<b>Subtotal of cash outflows from financing activities</b>		96,243,645.56	104,531,045.65
<b>Net cash flow from financing activities</b>		13,756,354.44	2,268,954.35
<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>		-10,423,451.14	-9,758,744.79
Add: the balance of cash and cash equivalents at the beginning of the period		23,782,731.06	33,541,475.85
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		13,359,279.92	23,782,731.06

Legal Representative:

Accounting Director:

Accounting Manager:

## Consolidated statement of change of equity

Unit: RMB

Year 2023

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Item	Current period										Total owner's equity		
	Equity attributable to parent company					Minority shareholders' equity							
	Paid-in capital (or equity)	Preferred stock	Perpetual bond	Other	Capital reserve	Loss treasury stocks	Other comprehensive income	Special reserves	Surplus reserve	undistributed profit		Subtotal	
<b>II. Balance at the end of the previous year</b>	215,000,000.00				197,097,915.40	-1,854,910.00			589,539.77	-388,837,228.89	21,995,336.28	78,839,319.62	100,834,655.50
Add: Accounting policy changes													
Correction of previous errors													
Merger of enterprises under the same control													
Others													
<b>III. Balance at the beginning of the year</b>	215,000,000.00				197,097,915.40	-1,854,910.00			589,539.77	-388,837,228.89	21,995,336.28	78,839,319.62	100,834,655.50
<b>III. The amount of increase or decrease in this year (decrease is listed with "-")</b>													
<b>(I) Total comprehensive income</b>													
<b>(2) Owner's investment and reduction of capital</b>													
1. Ordinary shares issued by the owner													
2. Capital invested by holders of other equity instruments													
3. The amount of share-based payment included in owner's equity													
4. Other													
<b>(3) Profit distribution</b>													
1. Withdraw surplus reserve													
2. Distribution to owners (or shareholders)													
3. Others													
<b>(4) Internal transfer of owner's equity</b>													
1. Conversion of capital reserve into capital (or share capital)													
2. Conversion of surplus reserves into capital (or equity)													
3. Surplus reserves make up for losses													
4. Carryover of retained earnings from changes in the defined benefit plan													
5. Other comprehensive income carried forward to retained earnings													
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			589,539.77	-405,721,306.51	5,111,256.65	78,706,576.44	83,819,835.10

Accounting Director:

Accounting Manager:

Legal Representative:

## Consolidated statement of change of equity(Continued)

Preparation unit: Nanjing Patan Telecommunications Co., Ltd.

Year 2023

Unit: RMB

Item	Preceding period											
	Equity attributable to parent company					Minority shareholders' equity						
	Paid-in capital (or equity)	Other equity instruments		Capital reserve	Less treasury stocks	Other comprehensive income	Special reserves	Surplus reserve	undistributed profit	Subtotal	Total owner's equity	
	Preferred stock	Perpetual bond	other									
<b>I. Balance at the end of the previous year</b>	215,000,000.00			197,864,174.08		-6,819,837.82		589,559.77	-941,446,883.34	65,187,412.69	79,440,628.67	144,628,041.36
Add: Accounting policy changes												
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		-6,819,837.82		589,559.77	-941,446,883.34	65,187,412.69	79,440,628.67	144,628,041.36
<b>III. The amount of increase or decrease in this year (decrease is listed with "-")</b>				-766,258.68		4,964,727.82		-47,390,345.55	-43,192,076.41	-601,309.05	-43,793,385.46	
<b>(1) Total comprehensive income</b>				-766,258.68		4,964,727.82		-47,390,345.55	-43,192,076.41	-601,309.05	-43,793,385.46	
<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 instruments												
3. The amount of share-based payment included in owner's equity												
4. Other				-766,258.68							221,085.10	-545,173.58
<b>(3) Profit distribution</b>				-766,258.68						-766,258.68	221,085.10	-545,173.58
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 share capital)												
2. Conversion of surplus reserves into capital (or equity)												
3. Surplus reserves make up for losses												
4. Carryover of retained earnings from changes in the defined benefit plan												
5. Other comprehensive income carried forward to retained earnings												
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	-988,857,228.89	21,995,396.28	78,889,319.62	100,834,655.30

Legal Representative:

Accounting Director:

Accounting Manager:

## Consolidated statement of change of equity of Parent Co.

Preparation unit: Nanjing Putian Telecommunications Co., Ltd.

Year 2022

Unit: RMB

Item	Current period						Total owner's equity
	Paid-in capital (or equity)	Other equity instruments		Capital reserve	Less treasury stocks	Other comprehensive income	
		Preferred stock	Perpetual bond				
<b>I. Balance at the end of the previous year</b>	215,000,000.00			158,864,042.34		-1,854,910.00	-98,411,329.15
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	-98,411,329.15
<b>III. The amount of increase or decrease in this year (decrease is listed with "-")</b>							
<b>(1) Total comprehensive income</b>							
<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 instruments							
3. The amount of share-based payment included in owner's equity							
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 share capital)							
2. Conversion of surplus reserves into capital (or equity)							
3. Surplus reserves make up for losses							
4. Carryover of retained earnings from changes in the defined benefit plan							
5. Other comprehensive income carried forward to retained earnings							
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	-110,287,134.41

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	Preceding period							Total owner's equity			
	Paid-in capital (or equity)	Other equity instruments			Capital reserve	Less treasury stocks	Other comprehensive income		Special reserves	Surplus reserve	undistributed profit
		Preferred stock	Perpetual bond	other							
<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 (decrease is listed with "-")</b>											
<b>(1) Total comprehensive income</b>											
<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 instruments											
3. The amount of share-based payment included in owner's equity											
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 share capital)											
2. Conversion of surplus reserves into capital (or equity)											
3. Surplus reserves make up for losses											
4. Carryover of retained earnings from changes in the defined benefit plan											
5. Other comprehensive income carried forward to retained earnings											
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	-48,411,329.15

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 26, 2024.

The Company includes Nanjing Putian Changle Communication Equipment Co., LTD., Nanjing Putian Tianji Building Intelligence Co., LTD., and other five subsidiaries in the scope of the current consolidated financial statements, as detailed in Notes VII and VIII 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 optimizes the industrial layout, focuses on the main business, continues to promote the upgrading and transformation of the business to intelligent conference, intelligent wiring, intelligent power distribution, intelligent lighting, expand the high-quality market direction of central enterprises, finance, energy, airports, ports, military industry, promote innovation and research and development capabilities, and strive to form core and differentiated competitive advantages to improve the company's core competitiveness. In 2024, the company won the bid or signed the "National Oil and Gas Pipeline Network Group Co., LTD. Video Conference Project", with the project amount of about 85 million yuan; "Ningbo Rail Transit Line 6 Phase I distribution box (cabinet)", the project amount is about 37.33 million yuan; "Hubei Provincial Center for Disease Control and Prevention comprehensive capacity improvement (Phase I) project, the project amount of about 7.48 million yuan and other projects. The company continues to consolidate the advantages of the industry, while actively expanding the upstream and downstream industry chain of China Electronics Group synergy, 2023 sales to member units increased by 88% over the previous year.

## **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) Method for determining importance criteria and selection criteria

Importance of itemized items in the notes to the financial statements

The Company determines the importance of the detailed items in the notes to the financial statements, and on the basis of the importance of the items in the financial statements, the specific items account for a certain proportion of the project, or the combined amount, while taking into account the nature of the specific items. Some items are not material to the financial statements but may be material to the notes and still need to be disclosed separately in the notes. The relevant materiality criteria for the notes to the financial statements are:

item	Materiality criteria
Material item receivables for provision for bad debts	Accounting for more than 5% of the amount of the corresponding receivables, and the amount exceeds 4 million yuan, or the provision for bad debts in the current period affects the change in profit and loss
Recovery or reversal of provisions for bad debts of significant receivables	The impact of the reversal of bad debt reserves accounts for more than 5% of the current period's bad debt reserves, and the amount exceeds 1 million yuan, or affect the change in profit and loss of the current period

item	Materiality criteria
Significant debt investments	Accounts for more than 5% of the debt investment, and the amount exceeds 1 million yuan
Important accounts payable and other payables with an account age of more than 1 year	Account for more than 5% of the balance of accounts payable or other payables, and the amount exceeds 1 million yuan
Significant joint ventures or associates	Book value of a long-term equity investment of more than 10%, or investment gains (losses in absolute terms) from a joint venture or associate of more than 10% of the net profit of the consolidated statement

## (VI) 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.

## (VII) 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-subsidiary 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 unterminated 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

Categories	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
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

Items	Amortization period (years)
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 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
Cash in bank	111,078,777.09	140,310,024.05
Deposit money with finance company	53,098,903.02	24,074,373.95
Other cash and bank balances	14,113,164.10	9,479,083.96
Total	178,290,844.21	173,863,825.35

#### Details of other cash and bank balances

Items	Closing balance	Opening balance
Deposit for L/G	9,744,312.73	6,779,083.96
Frozen funds	4,368,851.37	2,700,000.00
Total	14,113,164.10	9,479,083.96

Note: Other cash and bank balances are restricted funds.

### 2. Notes receivable

#### (1) Categories

Items	Closing balance	Opening balance
Bank acceptance		2,222,820.00
Trade acceptance	24,728,859.51	26,807,458.99
Less: Provision for bad debts	24,728,859.51	29,030,278.99
Total	23,492,416.53	27,689,906.04

(2) 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	28,234,158.30	
Trade acceptance	17,640,802.92	
Total	45,874,961.22	



(3) Provision for bad debts of notes receivable

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Note receivable with bad debt provision accrued on portfolio	24,728,859.51	100.00	1,236,442.98	5.00	23,492,416.53
Portfolio 1: trade acceptance bill	24,728,859.51	100.00	1,236,442.98	5.00	23,492,416.53
Total	24,728,859.51	—	1,236,442.98	5.00	23,492,416.53

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Note receivable with bad debt provision accrued on portfolio	29,030,278.99	100.00	1,340,372.95	4.62	27,689,906.04
Portfolio 1: bank acceptance bill	26,807,458.99	92.34	1,340,372.95	5.00	25,467,086.04
Portfolio 2: trade acceptance bill	2,222,820.00	7.66			2,222,820.00
Total	29,030,278.99	—	1,340,372.95	4.62	27,689,906.04

1) Notes receivable with bad debt provision in combination

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Trade acceptance	24,728,859.51	1,236,442.98	5.00
Bank acceptance			—
Total	24,728,859.51	1,236,442.98	—

(Continued)

Items	Opening 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	—

(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	

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	1,340,372.95	-103,929.97				1,236,442.98
Trade acceptance	1,340,372.95	-103,929.97				1,236,442.98
Total	1,340,372.95	-103,929.97				1,236,442.98

### 3. Accounts receivable

#### (1) Disclosure according to aging

Ages	Closing balance	Opening balance
Within 1 year	203,810,673.21	185,688,715.74
1 to 2 years	55,260,839.75	58,022,885.76
2 to 3 years	29,870,212.97	30,502,728.20
3 to 4 years	20,763,649.56	34,953,804.10
4 to 5 years	23,809,632.03	60,019,462.10
Over 5 years	166,215,013.08	129,317,629.98
Less: Allowance for doubtful accounts	198,111,661.33	193,889,013.84
Total	301,618,359.27	304,616,212.04

#### (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	76,074,296.15	15.22	76,074,296.15	100.00
Receivables with provision made on a collective basis	423,655,724.45	84.78	122,037,365.18	28.81
Aging combination	423,655,724.45	84.78	122,037,365.18	28.81
Total	499,730,020.60	100.00	198,111,661.33	39.64

Categories	Opening 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

Categories	Opening balance			
	Book balance		Provision for bad debts	
	Amount	% to total	Amount	Provision proportion (%)
Aging combination	422,934,162.33	84.84	118,317,950.29	27.98
Total	498,505,225.88	100.00	193,889,013.84	38.89

1) Accounts receivable with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Dongpo Xi Laos Co., Ltd.	19,708,086.54	19,708,086.54	100.00	Unable to recover
Mr. Xu	17,591,683.74	17,591,683.74	100.00	Unable to recover
China Tower Corporation Ltd.	13,819,926.92	13,819,926.92	100	Unable to recover
Putian Information Technology Co. LTD	6,065,598.36	6,065,598.36	100	Unable to recover
Ningbo Tianan Group switch Co., LTD	4,419,126.70	4,419,126.70	100	Unable to recover
Other	14,469,873.89	14,469,873.89	100	Unable to recover
Total	76,074,296.15	76,074,296.15		

2) Accounts receivable with provision made on an collective basis

① Aging combination

Ages	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Provision proportion (%)	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	203,810,673.21	2,038,106.74	1.00	185,668,485.74	1,856,684.86	1.00
1 to 2 years	55,217,219.25	2,760,860.96	5.00	58,022,885.76	2,901,144.29	5.00
2 to 3 years	29,835,462.97	2,983,546.30	10.00	26,585,163.67	2,658,516.37	10.00
3 to 4 years	14,229,702.18	4,268,910.65	30.00	34,953,804.10	10,486,141.24	30.00
4 to 5 years	21,153,452.63	10,576,726.32	50.00	34,576,719.05	17,288,359.53	50.00
Over 5 years	99,409,214.21	99,409,214.21	100.00	83,127,104.01	83,127,104.01	100.00
Total	423,655,724.45	122,037,365.18	28.81	422,934,162.33	118,317,950.29	27.98

(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	75,571,063.55	8,975,296.51	3,413,067.60		-5,058,996.31	76,074,296.15
Receivables with provision made on a	118,317,950.29	5,271,612.34			-1,552,197.45	122,037,365.18

Categories	Opening balance	Change in current period				Closing balance
		Accrual	Recovery	Write-off	Other changes	
collective basis						
Total	193,889,013.84	14,246,908.85	3,413,067.60	-	-6,611,193.76	198,111,661.33

Current significant accounts receivable bad debt reserve transfer or recovery situation

Debtors	Book balance	Turn back cause	Recovery mode	The basis and rationality of determining the ratio of the original bad debt reserve
China Railway Communication Signal Shanghai Engineering Group Co., LTD	1,748,190.05	Proceeds from sales of previous years are recovered in this period	collect payment	The account age is long, and it is difficult to collect and reconcile the account
China Telecom Group Limited Henan branch	1,664,877.55	Proceeds from sales of previous years are recovered in this period	collect payment	The account age is long, and it is difficult to collect and reconcile the account
Total	3,413,067.60			

(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	3.94	19,708,086.54
Mr. Xu	17,591,683.74	3.52	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
Total	68,703,820.42	13.78	68,703,820.42

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Dongpo Xi Laos Co., Ltd.	19,708,086.54	3.94	19,708,086.54
Mr. Xu	17,591,683.74	3.52	17,591,683.74
China Tower Corporation Ltd.	13,819,926.92	2.77	13,819,926.92
CHINA RAILWAY 11TH BUREAU GROUP CORPORATION LIMITED	10,768,588.51	2.15	272,240.49
NANJING LES INFORMATION TECHNOLOGY CO., LTD	8,865,266.00	1.77	88,652.66
合计	70,753,551.71	14.15	51,480,590.35

4. Receivables financing

Items	Closing balance	Opening balance
Notes receivable (Bank acceptance)	32,347,277.62	30,668,999.36

## 5. Advances paid

### (1) Age analysis

Ages	Closing balance		Opening balance	
	Amount	% to total	Amount	% to total
Within 1 year	5,870,068.98	57.64	6,186,930.98	32.42
1-2 years	409,519.84	4.02	8,653,927.80	45.35
2-3 years	794,780.12	7.80	746,082.95	3.91
Over 3 years	3,110,314.80	30.54	3,494,882.49	18.32
Total	10,184,683.74	100.00	19,081,824.22	100.00

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

Debtors	Closing balance	Proportion to the total balance of advances paid (%)
Zhengzhou Hounuo Information Technology Co., LTD	1,928,391.40	18.93
Shenzhen Chuangxian photoelectric Co., LTD	1,120,000.00	11.00
Rizhao Star Information Technology Co., LTD	313,987.81	3.08
Ningbo Gete electronic Technology Co., LTD	207,964.60	2.04
Nanjing Wenhui film and television equipment Co., LTD	196,387.93	1.93
Total	3,766,731.74	36.98

## 6. Other receivable

Items	Closing balance	Opening balance
Other receivables	50,680,676.82	56,070,287.57
Less: Allowance for doubtful accounts	42,577,655.38	44,353,986.38
Total	8,103,021.44	11,716,301.19

### (1) Other receivables categorized by nature

Categories	Closing balance	Opening balance
Provisional payment receivable	38,355,242.94	39,559,820.38
Deposit	10,413,472.88	13,816,308.52
Travel allowance	444,303.97	608,332.22
Other	1,467,657.03	2,085,826.45
Less: Allowance for doubtful accounts	50,680,676.82	44,353,986.38
Total	42,577,655.38	11,716,301.19

### (2) Age analysis

Ages	Closing balance	Opening balance
------	-----------------	-----------------

Within 1 year	4,826,760.69	8,928,722.74
1 to 2 years	3,553,362.18	3,081,096.07
2 to 3 years	1,800,397.30	2,504,630.82
3 to 4 years	1,735,195.43	2,686,896.37
4 to 5 years	2,500,896.37	3,120,558.40
Over 5 years	36,264,064.85	35,748,383.17
Less: Allowance for doubtful accounts	42,577,655.38	44,353,986.38
Total	8,103,021.44	11,716,301.19

(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		12,259,677.83	32,094,308.55	44,353,986.38
Opening balance in the current period		12,259,677.83	32,094,308.55	44,353,986.38
--Transferred to phase II				
--Transferred to phase III				
--Reversed to phase II				
--Reversed to phase I				
Provision made in the current period		-1,739,097.39	21,306.39	-1,717,791.00
Provision recovered in current period				
Provision written off in current period		46,540.00		46,540.00
Other changes			-12,000.00	-12,000.00
Closing balance		10,474,040.44	32,103,614.94	42,577,655.38

(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	44,353,986.38	-1,717,791.00		46,540.00	-12,000.00	42,577,655.38

(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	57.05	28,912,122.71
Nanjing Putian Communication Technology Co., LTD	Security deposit	1,125,520.04	Within 1 year 650,000.00, 1-2 year 475,520.04	2.22	1,125,520.04
Nanjing Putian Communication Industry Co., Ltd.	Temporary payment receivable	805,545.63	4-5 year 179,184.19, Over 5 years 626,361.44	1.59	805,545.63
Beijing Lekang Property Management Co., LTD	Security deposit	295,503.81	Within 1 year	0.58	14,775.19
China International Tendering Co., LTD	Deposit and advance payment	287,905.44	Within 1 year	0.57	14,395.27
Total		31,426,597.63	—	62.01	30,872,358.84

## 7. Inventories

### (1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Raw materials	24,355,064.85	10,860,838.19	13,494,226.66	27,176,586.65	11,431,889.29	15,744,697.36
Work in process	5,436,730.59	2,660,490.69	2,776,239.90	6,222,900.12	2,797,339.41	3,425,560.71
Goods on hand	84,241,370.76	44,673,371.62	39,567,999.14	102,664,462.27	41,363,720.25	61,300,742.02
Goods dispatched	124,160,523.31	58,109,826.28	66,050,697.03	145,488,617.47	59,779,466.22	85,709,151.25
Products on consignment for sales	1,614,307.52	804,691.99	809,615.53	1,064,779.21	804,691.99	260,087.22
Total	239,807,997.03	117,109,218.77	122,698,778.26	282,617,345.72	116,177,107.16	166,440,238.56

### (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	11,431,889.29	578,431.26		1,149,482.36		10,860,838.19
Work in process	2,797,339.41	-136,848.72				2,660,490.69

Items	Opening balance	Increase amount in the current period		Decrease amount in the current period		Closing balance
		Accrual	Others	Reversal or write-off	Others	
Goods on hand	41,363,720.25	3,955,848.33		114,375.20	531,821.76	44,673,371.62
Goods dispatched	59,779,466.22	538,480.82		905,299.32	1,302,821.44	58,109,826.28
Products on consignment for sales	804,691.99					804,691.99
Total	116,177,107.16	4,935,911.69		2,169,156.88	1,834,643.20	117,109,218.77

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

#### 8. Other current assets

Items	Closing balance	Opening balance
Input tax to be deducted	3,349,668.12	3,432,231.67
Advance payment of income tax	141,091.78	
Total	3,490,759.90	3,432,231.67



9. 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	1,294,510.00									1,294,510.00	1,294,510.00
Nanjing Putian Hotel Co., Ltd.	1,294,510.00									1,294,510.00	1,294,510.00
II. Joint ventures				-9,632.66							
SEI-Nanjing Putian Optical Network Co., Ltd.	10,422,321.80			-9,632.66						10,422,321.80	
Total	10,422,193.15			-9,632.66				1,294,510.00	1,294,510.00	11,716,831.80	1,294,510.00

## 10. 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.								
Total	741,953.00	741,953.00						

Note: The investment in Nanjing Yuhua Electroplating Factory, Hangzhou Honyar Electrical Co.,Ltd. and Beijing Likong Communication Equipment Co., Ltd. are classified as other equity instrument investments, the Company measured it at fair value through other comprehensive income.

## 11. Investment property

### (1) Investment real estate measured at cost

Items	Buildings and structures	Total
I.Original book value		
1. Opening balance	40,129,313.41	40,129,313.41
2. Increase		
(1) External purchase		
(2) Transfer of fixed assets		
3. Decrease		
(1) Disposal		
(2) Other transfer out		
4. Closing balance	40,129,313.41	40,129,313.41
II.Accumulated depreciation and amortization		
1. Opening balance	19,778,073.38	19,778,073.38
2. Increase	1,224,161.28	1,224,161.28
(1) Accrual or amortization	1,224,161.28	1,224,161.28
(2) Transfer of fixed assets		

Items	Buildings and structures	Total
3. Decrease		
(1) Disposal		
(2) other transfer out		
4. Closing balance	21,002,234.66	21,002,234.66
III, Provision for impairment		
IV. Carrying amount		
1. Closing balance	19,127,078.75	19,127,078.75
2. Opening balance	20,351,240.03	20,351,240.03

## 12. Fixed assets

Categories	Closing balance	Opening balance
Fixed assets	94,480,062.75	98,643,676.71
Liquidation of fixed assets		
Less: Impairment provision	725,962.56	725,962.56
Total	93,754,100.19	97,917,714.15

### (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	122,417,144.93	45,316,591.74	23,002,008.74	3,888,742.90	17,542,315.66	212,166,803.97
2. Increase		2,806,727.42	258,054.41	277,048.68	160,357.93	3,502,188.44
(1) Acquisition		2,806,727.42	258,054.41	277,048.68	160,357.93	3,502,188.44
(2) Transfer of projects under construction						
(3) Others						
3. Decrease	586,802.28	156,807.22	1,509,989.94	800,331.30	179,046.24	3,232,976.98
(1) Disposal or scrapping	586,802.28	156,807.22	1,509,989.94	800,331.30	179,046.24	3,232,976.98
(2) Transfer into investment real estate						
(3) Others						
(4) Changes in the scope of consolidation						
4. Closing balance	121,830,342.65	47,966,511.94	21,750,073.21	3,365,460.28	17,523,627.35	212,436,015.43
II. Accumulated depreciation						
1. Opening 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
2. Increase	4,288,224.90	1,569,590.92	1,042,033.01	97,592.41	234,600.19	7,232,041.43

Items	Buildings and structures	Machinery equipment	Electronic equipment	Transport facilities	Other equipment	Total
(1) Accrual	4,288,224.90	1,569,590.92	1,042,033.01	97,592.41	234,600.19	7,232,041.43
(2) Others						
3. Decrease	484,263.91	149,012.85	1,467,066.34	532,511.43	166,361.48	2,799,216.01
(1) Disposal/Scrapping	484,263.91	149,012.85	1,467,066.34	532,511.43	166,361.48	2,799,216.01
(2) Transfer to investment real estate						
(3) Others						
(4) Change in consolidation scope						
4. Closing balance	52,260,186.12	28,340,652.66	17,891,957.09	3,130,014.89	16,333,141.92	117,955,952.68
III.Provision for impairment						
1. Opening balance	539,124.00	11,550.65			175,287.91	725,962.56
2. Increase						
(1) Accrual						
(2) Others						
3. Decrease						
(1) Disposal/Scrapping						
(2) Others						
4. Closing balance	539,124.00	11,550.65			175,287.91	725,962.56
IV. Carrying amount						
1. Closing balance	69,031,032.53	19,614,308.63	3,858,116.12	235,445.39	1,015,197.52	93,754,100.19
2. Opening 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) 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 leased under operating leases as of December 31, 2023

Items	Carrying amount
Buildings and structures	12,414,346.21

## 4) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	33,937,794.59	In process

### 13. Construction in progress

Categories	Closing balance	Opening balance
Construction in progress project	5,906.53	
Engineering materials		
Less: Impairment provision		
Total	5,906.53	

#### 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
Renewal and transformation	5,906.53		5,906.53			

### 14. Intangible assets

#### (1) Details

Items	Software	Land use right	Total
I. Original book value			
1. Opening balance	12,131,153.63	26,656,046.83	38,787,200.46
2. Increase	51,262.44		51,262.44
(1) Acquisition	51,262.44		51,262.44
3. Decrease	588,965.52		588,965.52
(1) Disposal	588,965.52		588,965.52
4. Closing balance	11,593,450.55	26,656,046.83	38,249,497.38
II. Accumulated depreciation			
1. Opening balance	10,512,343.86	7,781,392.84	18,293,736.70
2. Increase	277,565.07	634,289.62	911,854.69
(1) Acquisition	226,302.63	634,289.62	860,592.25
(2) other	51,262.44		51,262.44
3. Decrease	588,965.52		588,965.52
(1) Disposal	588,965.52		588,965.52
4. Closing balance	10,200,943.41	8,415,682.46	18,616,625.87
III. Carrying amount			
1. Closing balance	1,392,507.14	18,240,364.37	19,632,871.51
2. Opening balance	1,618,809.77	18,874,653.99	20,493,463.76

15. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decrease	Closing balance
Renovation expenditure	3,953,824.45	220,616.00	1,874,667.27		2,299,773.18

16. Deferred tax assets and deferred tax liabilities

(1) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Deductible temporary difference	361,055,451.02	357,780,952.89
Deductible losses	250,920,070.63	297,743,081.95
Total	611,975,521.65	655,524,034.84

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

Maturity years	Closing balance	Opening balance	Remarks
Year 2023		4,729,689.33	
Year 2024	105,985,653.23	125,729,965.87	
Year 2025	3,031,582.45		
Year 2026	67,207,331.67	93,920,899.53	
Year 2027	55,359,032.59	56,365,467.02	
Year 2029	10,349,408.51	197,690.62	
Year 2030	1,622,476.49	1,622,476.49	
Year 2031	1,188,328.53	1,188,328.53	
Year 2032	9,791,047.64	10,250,907.64	
Year 2033	3,128,208.76	3,737,656.92	
Total	258,001,091.82	297,743,081.95	

17. Other non-current assets

Items	Closing balance	Opening balance
Long-term asset purchase	40,899.00	

18. Assets with limited ownership or use rights

Items	Closing balance				Opening balance			
	Book balance	Book value	Restricted type	Restricted case	Book balance	Book value	Restricted type	Restricted case
Other cash and bank balances	14,113,164.10	14,113,164.10	Involving litigation bank freeze、Guarantee deposit	Involving litigation bank freeze 4,368,851.37, Guarantee deposit 9,744,312.73	9,479,083.96	9,479,083.96	Involving litigation bank freeze、Guarantee deposit	Involving litigation bank freeze 2,700,000.00, Guarantee deposit 6,779,083.96
Fixed assets	37,958,367.23	23,546,470.68	Property and land mortgage loans	Property and land mortgage loans	37,958,367.23	24,947,499.64	Property and land mortgage loans	Property and land mortgage loans
Intangible assets	5,033,207.40	3,344,930.14	Property and land mortgage loans	Property and land mortgage loans	5,033,207.40	1,568,556.10	Property and land mortgage loans	Property and land mortgage loans
Total	57,104,738.73	41,004,564.92			52,470,658.59	35,995,139.70		--

Other instructions: 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.

## 19. Short-term borrowings

### (1) Details

Borrowing conditions	Closing balance	Opening balance
Pledged borrowings		50,000,000.00
Mortgaged borrowings	16,015,446.08	32,800,000.00
Secured borrowings		30,036,727.77
credit borrowings	53,847,877.85	
Total	69,863,323.93	112,836,727.77

## 20. Notes payable

Items	Closing balance	Opening balance
Banker's acceptance	7,885,557.80	
Total	7,885,557.80	

## 21. Accounts payable

### (1) Classified by account age

Items	Closing balance	Opening balance
Within 1 year (including 1 year)	261,624,545.57	291,414,050.48
More than 1 year	135,969,220.70	179,453,232.59
Total	397,593,766.27	470,867,283.07

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

Name of creditor	Closing balance	Reasons for unsettlement
SEI-Nanjing Putian Optical Network Co., Ltd.	20,568,725.66	Material payment/According to the contract schedule, both parties have not settled
Potevio Company Limited	14,918,045.42	Material payment/According to the contract schedule, both parties have not settled
Nanjing Xingping Industry Co., Ltd.	8,927,226.06	Not yet settled
Xi'an Huasheng Communication Co., Ltd.	3,397,858.77	Material payment/According to the contract schedule, both parties have not settled
Total	47,811,855.91	

## 22. Advances received

Items	Closing balance	Opening balance
Within 1 year (including 1 year)	452,216.54	240,585.08
More than 1 year		
Total	452,216.54	240,585.08

## 23. Contract liabilities



Items	Closing balance	Opening balance
Payment for goods	16,720,781.30	15,048,811.36

#### 1. Significant contract liabilities older than 1 year

Name of creditor	Opening balance	Reasons for unsettlement
China Putian Information Industry Co. LTD	3,672,363.25	Not yet settled

#### 24. Employee benefits payable

##### (1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	17,473,887.86	135,281,538.08	134,984,058.57	17,771,367.37
Post-employment benefits - defined contribution plan		20,667,231.63	20,667,231.63	
Dismissal welfare		8,672,717.62	8,672,717.62	
Total	17,473,887.86	164,621,487.33	164,324,007.82	17,771,367.37

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

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	3,625,349.25	101,177,180.70	101,177,180.70	3,625,349.25
Employee welfare fund		7,719,342.21	7,719,342.21	
Social insurance premium		8,577,558.72	8,577,558.72	
Including: Medicare premium		7,468,350.59	7,468,350.59	
Occupational injuries premium		506,380.33	506,380.33	
Maternity premium		602,827.80	602,827.80	
Others				
Housing provident fund	3,216,865.05	9,543,902.39	9,543,902.39	3,216,865.05
Trade union fund and employee education fund	10,616,677.03	836,398.69	538,919.18	10,914,156.54
Others	14,996.53	7,427,155.37	7,427,155.37	14,996.53
Total	17,473,887.86	135,281,538.08	134,984,058.57	17,771,367.37

##### (3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium		19,490,529.41	19,490,529.41	
Unemployment insurance premium		785,947.72	785,947.72	
Company annuity payment		390,754.50	390,754.50	
Total		20,667,231.63	20,667,231.63	

#### 25. Taxes payable

Items	Closing balance	Opening balance
VAT	2,627,413.82	3,347,506.52
Enterprise income tax	2,064,588.36	2,752,400.75
Individual income tax	155,936.50	185,396.12
Urban maintenance and construction tax	212,899.11	411,899.55
Housing property tax	278,347.94	265,078.20
Land use tax	76,065.10	76,065.10
Education surcharge&local education surcharge	149,928.29	292,071.40
Other tax	65,813.19	60,103.57
Total	5,630,992.31	7,390,521.21

## 26. Other payables

Items	Closing balance	Opening balance
Dividend payable	5,692,213.38	1,692,213.38
Other payables	41,427,529.15	57,514,067.70
Total	47,119,742.53	59,206,281.08

### (1) Dividend payable

Items	Closing balance	Opening balance
Dividend of ordinary shares	5,692,213.38	1,692,213.38

### (2) Other payables

#### 1) Classification by nature of funds

Items	Closing balance	Opening balance
Temporary receipts payable	32,498,657.42	34,476,014.33
Unsettled installation cost	231,627.19	8,160,449.74
Deposits	2,904,038.29	6,273,154.05
Operating expenses	4,891,257.87	7,860,725.92
Others	901,948.38	743,723.66
Total	41,427,529.15	57,514,067.70

## 27. Other current liabilities

Items	Closing balance	Opening balance
VAT collected in advance	1,595,107.01	1,691,302.29

## 28. Long-term borrowings

Items	Closing balance	Opening balance	Interest rate range
Pledged borrowings	176,011,976.11	105,800,000.00	3.75%-4.05%

### 29. Share capital

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bouns shares	accumulation fund 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	59,311,274.77			59,311,274.77
Total	197,097,915.40			197,097,915.40

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	
Other comprehensive income reclassified into profit and loss	-1,854,910.00						-1,854,910.00
Including: The amount of financial assets reclassified into other comprehensive income	-1,854,910.00						-1,854,910.00
Total	-1,854,910.00						-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	-388,837,228.89	-341,446,683.34
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	-388,837,228.89	-341,446,683.34
Add: Net profit attributable to owners of the parent company	-16,884,077.62	-47,390,545.55
Less: Appropriation of statutory surplus reserve		
Withdraw arbitrary surplus reserve		
Dividend payable on ordinary shares		
Common stock dividends converted into capital stock		
Closing balance	-405,721,306.51	-388,837,228.89

### 34. Operating revenue/Operating cost

#### (1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
I. Main operations	800,975,953.86	610,233,982.27	862,124,004.15	686,483,649.52
II. Other operations	17,358,420.44	9,451,126.40	17,442,044.81	12,123,980.90
Total	818,334,374.30	619,685,108.67	879,566,048.96	698,607,630.42

#### (2) Statement of operating income deduction

Items	Current Year	Specific deduction	Previous year	Specific deduction
Amount of operating income	818,334,374.30		879,566,048.96	
Total amount of business income deduction items	14,689,596.38		10,866,001.57	
Proportion of the total amount of deductible items in the operating revenue (%)	1.80%	/	1.24%	/
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.	14,689,596.38	The income from housing rental and water and electricity of 9,149,896.78 yuan. Materials sales revenue 5,408,004.19 yuan., Software service revenue 19,892.93 yuan, Scrap revenue 47,820.18 yuan, Non-rental income 63,982.30 yuan.	10,866,001.57	
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	803,644,777.92		868,700,047.39	

### (3) Operating income, operating cost breakdown information

Income classification	Revenue	Cost
By business type	818,334,374.30	879,566,048.96
Communication industry	717,049,035.96	788,478,840.69
Electrical industry	101,285,338.34	91,087,208.27
By sales channel	818,334,374.30	879,566,048.96
Direct selling	477,217,979.91	464,411,292.37
distribution	341,116,394.39	415,154,756.59
Total	818,334,374.30	879,566,048.96

### (4) Description of performance obligations

Projects	Meet performance obligations	Important payment terms	The nature of the goods the company promises to transfer	Whether it is the principal responsible person	The amount that the company is responsible for is expected to be refunded to the customer	The type of quality assurance provided by the company and related obligations
Selling video conferencing products	Customers accept items or sign for merchandise	Pay in installments according to the time node agreed in the contract	Video conferencing Products	is	There is no	Warranty Period Warranty
Sales of integrated wiring products	Customers sign for merchandise	Pay in installments according to the time node agreed in the contract	Integrated cabling products	is	There is no	Warranty Period Warranty
Sales of smart electrical products	Customers sign for merchandise	Pay in installments according to the time node agreed in the contract	Smart Electrical Products	is	There is no	Warranty Period Warranty
Engineering construction provided	Follow the performance schedule	Pay in installments according to the time node agreed in the contract	Integrated cabling products	is	There is no	Warranty Period Warranty
Provide maintenance services	Follow the performance schedule	Pay in installments according to the time node agreed in the contract	Maintenance and other services	is	There is no	There is no

### (4) Description of apportionment to remaining performance obligations

The amount of income corresponding to the performance obligations that have been signed but not yet performed or completed at the end of this report is 20,400.57 million yuan, of which 16,974.48 million yuan is expected to be recognized in 2024; 34,260,900 yuan is expected to be recognized in 2025.

### 35. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	1,634,769.84	1,616,471.39
Education surcharge&local education surcharge	1,167,392.69	1,154,331.76

Items	Current period cumulative	Preceding period comparative
Housing property tax	1,708,445.30	1,226,460.58
Land use tax	458,287.96	472,310.06
Other tax	581,646.77	431,367.74
Total	5,550,542.56	4,900,941.53

### 36. Selling expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	51,975,577.69	51,675,564.01
Business entertainment	9,234,928.54	8,102,994.12
Travelling expenses	5,145,939.14	3,495,888.41
Office expenses	3,496,071.29	2,327,400.49
Sales service charges	1,779,263.54	4,273,777.24
Conference expenses	564,035.42	420,557.41
Promotion expenses	522,574.60	572,798.35
Equipment maintain fees	7,461.95	12,303.98
Others	3,761,749.10	4,450,696.99
Total	76,487,601.27	75,331,981.00

### 37. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	45,533,495.59	44,564,523.09
Depreciation and amortization	5,655,087.34	6,115,801.58
Consulting, intermediary and legal fees	3,076,826.85	3,040,563.68
Office expenses	3,610,998.40	3,823,473.00
Lease expenses	1,760,994.92	2,210,789.52
Business entertainment	657,307.68	939,099.40
Travelling expense	508,195.35	1,053,212.45
Funding for Party Building	1,039,990.46	60,551.22
Others	61,842,896.59	1,382,250.37
Total	45,533,495.59	63,190,264.31

### 38. R&D expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	29,939,792.60	36,089,623.23
Travelling expenses	1,441,242.03	934,536.37
Depreciation and amortization	977,381.41	1,467,608.27



Items	Current period cumulative	Preceding period comparative
Material use	758,826.36	1,085,053.28
Intermediate test fee	1,456,770.43	1,681,442.67
Design fee	1,439,245.25	10,188.68
Others	2,008,854.26	1,422,026.84
Total	38,022,112.34	42,690,479.34

#### 39. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenditures	9,780,203.87	10,747,567.42
Less: Interest income	550,442.21	781,316.52
Losses on foreign exchange	-9,497.49	6,594.36
Less: gain on foreign exchange		10.20
Financial institution fees	177,315.62	105,949.33
Others	14.72	2,648.38
Total	9,397,594.51	10,081,432.77

#### 40. Other income

Items	Current period cumulative	Preceding period comparative	Related to assets/Related to earnings
Government grants related to income	5,197,105.02	1,702,585.06	Related to earnings
Withholding and payment of individual tax service fee return	61,550.43	29,712.14	
Total	5,258,655.45	1,732,297.20	

#### 41. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	-9,632.66	128.65
Investment gains from the disposal of trading financial assets		337,205.48
Debt restructuring	588,868.84	82,093.23
Others	698,690.90	398,538.38
Total	1,277,927.08	817,965.74

#### 42. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debt loss of notes receivable	103,929.97	-619,152.29

Items	Current period cumulative	Preceding period comparative
Bad debt loss of accounts receivable	-10,833,841.25	-6,782,976.13
Bad debt loss of other receivables	1,717,791.00	-3,451,939.79
Total	-9,012,120.28	-10,854,068.21

#### 43. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-4,935,911.69	-7,084,963.73
Impairment losses on long-term equity investments		-1,294,510.00
Total	-4,935,911.69	-8,379,473.73

#### 44. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative
Gain on disposal of fixed assets	-134,939.44	555,016.98

#### 45. Non-operating revenue

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Unpaid payables	1,817,075.37	99,519.59	1,817,075.37
Penalty income	123,145.40	8,890.51	123,145.40
Others	218,585.64	3,093,180.22	218,585.64
Total	2,158,806.41	3,201,590.32	2,158,806.41

#### 46. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Penalty expenditures	626,900.00	2,000.00	626,900.00
Overdue expenditure	8,365.01	161,691.92	8,365.01
Others	474,262.82	458,112.32	474,262.82
Total	1,109,527.83	621,804.24	1,109,527.83

#### 47. Income tax expenses

##### (1) Details

Items	Current period cumulative	Preceding period comparative
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Items	Current period cumulative	Preceding period comparative
Current income tax expense calculated in accordance with the tax law and relevant provisions	4,164,603.65	5,392,730.40
Others	-586,698.92	3,188,452.95
Total	3,577,904.73	8,581,183.35

(2) Accounting profit and income tax expense adjustment process

Items	Amount
Profit before tax	851,408.06
Income tax expenses based on tax rate applicable to the parent company	212,852.02
Effect of different tax rate applicable to subsidiaries	-3,226,220.13
Effect of prior income tax reconciliation	-356,216.58
The effect of non-taxable income	
The impact of non-deductible costs, expenses and losses	1,228,840.84
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	13,377,004.91
Deduction of R&D expenditures	-7,658,356.33
Income tax expenses	3,577,904.73

48. Statement of cash flow

(1) Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Government grants	1,371,811.57	363,345.72
Interest income	676,743.53	1,460,033.50
Incomings and outgoings	46,691,196.33	33,075,711.39
Others	3,872,809.63	7,725,241.18
Total	52,612,561.06	42,624,331.79

(2) Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Out-of-pocket expenses	60,579,555.09	50,305,591.96
Incomings and outgoings	27,973,575.62	32,253,196.38
Others	6,469,002.51	4,013,738.38
Total	95,022,133.22	86,572,526.72

(3) Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Others	615,441.46	1,077,527.58
Total	615,441.46	1,077,527.58

(5) Other cash payments related to financing activities

Items	Opening balance	Current increase		Current decrease		Ending balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Short-term borrowings	112,836,727.77	110,800,000.00	26,596.16	153,800,000.00		69,863,323.93
Long-term borrowings	105,800,000.00	70,000,000.00	211,976.11			176,011,976.11
Total	218,636,727.77	180,800,000.00	238,572.27	153,800,000.00		245,875,300.04

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	-2,726,496.67	-37,366,339.70
Add: Provision for assets impairment loss	4,935,911.69	8,379,473.73
Provision for credit impairment loss	9,012,120.28	10,854,068.21
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, and depreciation of investment real estate	8,456,202.71	9,489,058.06
Depreciation of right-of-use assets		
Amortization of intangible assets	911,854.69	1,006,279.95
Amortization of long-term prepayments	1,874,667.27	1,462,172.62
Loss on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	134,939.44	-555,016.98
Fixed assets retirement loss (Less: gains)		48,177.46
Gains from derecognition of financial assets at amortized cost		
Losses on changes in fair value (Less: gains)		
Financial expenses (Less: gains)	9,780,203.87	10,747,567.42
Investment losses (Less: gains)	-1,277,927.08	-817,965.74
Decrease of deferred tax assets (Less: increase)		
Increase of deferred tax liabilities (Less: decrease)		
Decrease of inventories (Less: increase)	42,809,348.69	15,635,851.24
Decrease of operating receivables (Less: increase)	-4,652,275.38	24,164,049.92
Increase of operating payables (Less: decrease)	-75,276,199.54	-73,773,886.58
Others		
Net cash flows from operating activities	-6,017,650.03	-30,726,510.39
II. Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		

Items	Current period cumulative	Preceding period comparative
Fixed assets leased in under finance leases		
III. Net changes in cash and cash equivalents:		
Cash at the end of the period	164,177,680.11	164,384,741.39
Less: Cash at the beginning of the period	164,384,741.39	180,459,070.86
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	-207,061.28	-16,074,329.47

(2) Cash and cash equivalents

Items	Current period cumulative	Preceding period comparative
I. Cash	-207,061.28	-16,074,329.47
Including: Cash on hand		343.39
Cash in bank on demand for payment	164,177,680.11	164,384,398.00
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	164,177,680.11	164,384,741.39
Including: restricted use of cash and cash equivalents by the parent company or subsidiaries within the Group		

50. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances			
Including: USD	33,665.08	7.0827	238,439.66

51. lease

1. As lessor

(1) Operating lease

Items	Lease income	Among them: Income related to variable lease payments not included in lease collections

Items	Lease income	Among them: Income related to variable lease payments not included in lease collections
Lease income	8,954,511.16	

## VI. R&D expenses

### (一) List by nature of cost

Items	Current period cumulative	Preceding period comparative
Employee benefits	29,939,792.60	36,089,623.23
Travelling expenses	1,441,242.03	934,536.37
Depreciation and amortization	977,381.41	1,467,608.27
Material use	758,826.36	1,085,053.28
Intermediate test fee	1,456,770.43	1,681,442.67
Design fee	1,439,245.25	10,188.68
Others	2,008,854.26	1,422,026.84
Total	38,022,112.34	42,690,479.34
Among them: expensed research and development expenditure	38,022,112.34	42,690,479.34

## VII. Changes in the consolidation scope

### (I) Subsidiaries liquidated this year:

The seventh branch of Nanjing Communication Equipment Factory: It has been liquidated in December 2023, and the profit and loss and cash flow from January to December during the liquidation period are included in the scope of consolidation.

Nanjing Putian Network Co., LTD. : The liquidation was completed in November 2023, and the profit and loss and cash flow from January to November during the liquidation period were included in the scope of consolidation

Chongqing Puhua Information Technology Co., LTD. : The liquidation has been completed in September 2023, and the profit and loss and cash flow from January to September during the liquidation period are included in the scope of consolidation

## VIII. 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 Changle Telecommunications Equipment Co., Ltd.	Nanjing City	Nanjing City	Manufacture	50.70		Set up
Nanjing Putian Telege Intelligent Building Ltd.	Nanjing City	Nanjing City	Manufacture	45.77		Set up
Nanjing South Telecommunications Company Limited	Nanjing City	Nanjing City	Manufacture	96.99	3.01	Set up
Nanjing Mennekes Electric Co., Ltd.	Nanjing City	Nanjing City	Manufacture	100.00		Merger of enterprises under different control
Nanjing Putian Datang Information Electronic Co., Ltd.	Nanjing City	Nanjing City	Manufacture	40.00		Merger of enterprises under different control

(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	54.23%	14,587,076.16	10,846,600.00	61,222,078.98

Telege Intelligent Building Ltd.				
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### 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.	246,175,267.24	34,479,857.17	280,655,124.41	167,761,746.25		167,761,746.25

(continued)

Subsidiaries	Opening 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

Subsidiaries	Current period cumulative			
	Operating revenue	Net profit	Total comprehensive income	Cash inflow from operating activities
Nanjing Putian Telege Intelligent Building Ltd.	368,898,076.14	27,498,536.16	27,498,536.16	21,821,020.40

(continued)

Subsidiaries	Preceding period comparative			
	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

### (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	10,412,689.14	10,422,321.80
Proportionate shares in the following items:		
Net profit	-19,265.32	128.65
Total comprehensive income	-19,265.32	128.65



## VIV. Government subsidy

### (一) Government grants recognised in profit or loss for the current period

Items	Current period cumulative	Preceding period comparative
VAT is collected and refunded	1,963,542.97	1,253,284.01
Subsidies for high-tech enterprises		260,000.00
Government grants related to earnings	898,251.01	139,183.65
Vocational training subsidy costs	30,382.40	31,202.84
Job stabilization subsidy	504,705.14	8,500.00
Tax relief for hiring poor employees who have established a file	7,800.00	7,800.00
other	30,406.14	2,614.56
Total	3,435,087.66	1,702,585.06

## X. 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, 14.16% of the Company's accounts receivable as of June 30, 2023 (June 30, 2022: 13.78%) 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	69,863,323.93	69,863,323.93	69,863,323.93		
Notes payable					
Accounts payable	397,593,766.27	397,593,766.27	397,593,766.27		

Other payable	47,119,742.53	47,119,742.53	47,119,742.53		
Non-current liabilities due within one year					
Subtotal	514,576,832.73	514,576,832.73	514,576,832.73		

(Continued)

Items	Opening 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		

### (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.

## XI. 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			32,347,277.62	32,347,277.62
2. Other equity instrument investments			741,953.00	741,953.00
Total assets at recurring fair value measurement			32,347,277.62	32,347,277.62

Items	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Closing balance
I. Recurring fair value measurement				
(一) Other equity instrument investments			741,953.00	741,953.00
Total assets at recurring fair value measurement			741,953.00	741,953.00
二、 Non-continuous fair value measurement				
(一) Financing of receivables			32,347,277.62	32,347,277.62
Total assets that are not consistently measured at fair value			32,347,277.62	32,347,277.62

### (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.

## XII. 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 Electric Power Rui Group Co., LTD	No.359 Jiangdong Middle Road, Jianye District, Nanjing	Electronic equipment manufacturing	1,000,000,000.00	53.49	53.49

The ultimate control party is China Electronics Technology Group Co., LTD.

(II) Status of the Company's subsidiaries

See Note "VIII. 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 "VIII. 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 Hikvision Digital Technology Co., LTD	An affiliated company of the ultimate controlling party
Hangzhou Hikvision Technology Co., LTD	An affiliated company of the ultimate controlling party
Nanjing Putian Hongyan Electric Technology Co., LTD	An affiliated company of the ultimate controlling party
China Electronics Technology Group Corporation 23rd Research Institute	An affiliated company of the ultimate controlling party
Putian Hi-Tech Industry Co., LTD	An affiliated company of the ultimate controlling party
Nanjing Rice Information Technology Co., LTD	An affiliated company of the ultimate controlling party
The 14th Research Institute of China Electronics Technology Group Corporation	An affiliated company of the ultimate controlling party
The 28th Research Institute of China Electronics Technology Group Corporation	An affiliated company of the ultimate controlling party
Nanjing Guorui Defense System Co., LTD	An affiliated company of the ultimate controlling party
Nanjing Guorui Xinwei Software 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
Tianbo Electronic Information Technology Co., LTD	An affiliated company of the ultimate controlling party
Nanjing Lop Co., LTD	An affiliated company of the ultimate controlling party
CLP Science and Technology Co., LTD	An affiliated company of the ultimate controlling party

Related parties	Relationships with the Company
Hebei Far East Communication System Engineering Co., LTD	An affiliated company of the ultimate controlling party
CLP Keteli Communication Technology Co., LTD	An affiliated company of the ultimate controlling party
Taiji Computer Corporation Limited	An affiliated company of the ultimate controlling party
Putian Rail Transit Technology (Shanghai) Co., LTD	An affiliated company of the ultimate controlling party
The Seventh Research Institute of China Electronics Technology Group Corporation	An affiliated company of the ultimate controlling party
Nanjing Lop Technology Co., LTD	An affiliated company of the ultimate controlling party
Nanjing Meichen Microelectronics Co., LTD	An affiliated company of the ultimate controlling party
CLP Oriental Communication Group Co., LTD	An affiliated company of the ultimate controlling party
Orient Communications Co., LTD	An affiliated company of the ultimate controlling party
Liyang Twenty-eight System Equipment Co., LTD	An affiliated company of the ultimate controlling party
Zhongkexin Integrated Circuit Co., LTD. Nanjing Branch	An affiliated company of the ultimate controlling party
Sun Create Electronics 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
55th Research Institute of China Electronics Technology Group Corporation	An affiliated company of the ultimate controlling party
CLP Rice Information System Co., LTD	An affiliated company of the ultimate controlling party
China Putian Information Industry Co. LTD	An affiliated company of the ultimate controlling party
China Electronics Technology Finance Co., LTD	An affiliated company of the ultimate controlling party
Shanghai Putian Postcom Technology Co., LTD	An affiliated company of the ultimate controlling party
Putian Information Technology Co., LTD	An affiliated company of the ultimate controlling party
Putian Communications Co., LTD	An affiliated company of the ultimate controlling party
CLP Technology (Nanjing) Electronic Information Development Co., LTD	An affiliated company of the ultimate controlling party
Hangzhou Hikvision Digital Technology Co., LTD. Nanjing branch	An affiliated company of the ultimate controlling party
Hangzhou Hongyan Electric Appliance Co., LTD	An affiliated company of the ultimate controlling party
Beijing Likang general letter equipment Co., LTD	A subsidiary of the company
Nanjing Putian Information Technology Co., LTD	An affiliated company of the ultimate controlling party

#### (V) Related party transactions

##### 1. Purchase of goods, receiving of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
CLP Technology (Nanjing) Electronic Information Development Co., LTD	Telecommunication products	1,833,079.7	
Nanjing Hikvision Digital Technology Co., LTD	Telecommunication products	84,168.12	1,289,950.45

Hangzhou Hikvision Technology Co., LTD	Telecommunication products	61,862.75	639,084.20
Nanjing Putian Hongyan Electric Technology Co., LTD	Telecommunication products	320,518.58	
China Electronics Technology Group Corporation 23rd Research Institute	Testing fee		5,000.00
Putian Hi-Tech Industry Co., LTD	Service charge		255,471.65

## 2. Sale of goods, rendering of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Nanjing Rice Information Technology Co., LTD	Telecommunication products	11,250,659.92	
The 14th Research Institute of China Electronics Technology Group Corporation	Telecommunication products	9,571,757.06	
The 28th Research Institute of China Electronics Technology Group Corporation	Telecommunication products	4,984,277.88	9,035,292.74
Nanjing Guorui Defense System Co., LTD	Telecommunication products	3,717,405.39	
Nanjing Guorui Xinwei Software Co., LTD	Telecommunication products	3,301,886.78	
Nanjing Rail Transit System Engineering Co., LTD	Telecommunication products	1,756,286.72	1,038,659.29
Tianbo Electronic Information Technology Co., LTD	Telecommunication products	1,693,466.88	
Nanjing Lop Co., LTD	Service charge	1,470,258.45	434,176.15
CLP Science and Technology Co., LTD	Telecommunication products	1,242,704.44	4,213,115.06
Hebei Far East Communication System Engineering Co., LTD	Telecommunication products	1,234,440.72	2,142,224.08
CLP Keteli Communication Technology Co., LTD	Telecommunication products	396,800.90	3,150.44
Taiji Computer Corporation Limited	Telecommunication products	292,513.71	4,443,100.78
Putian Rail Transit Technology (Shanghai) Co., LTD	Telecommunication products	270,357.52	
The Seventh Research Institute of China Electronics Technology Group Corporation	Telecommunication products	252,293.57	
Nanjing Lop Technology Co., LTD	Telecommunication products	175,932.31	
Nanjing Meichen Microelectronics Co., LTD	Telecommunication products	173,451.35	
CLP Oriental Communication Group Co., LTD	Telecommunication products	80,998.50	52,532.81
Orient Communications Co., LTD	Telecommunication products	74,600.15	
Liyang Twenty-eight System Equipment Co., LTD	Telecommunication products	68,620.52	359,462.86
Zhongkexin Integrated Circuit Co., LTD. Nanjing Branch	Contract processing	13,391.60	109,562.74
CLP Technology (Nanjing) Electronic Information Development Co., LTD	Telecommunication products	10,619.47	
Beijing Taiji Information System Technology Co., LTD	Telecommunication products		380,530.98
55th Research Institute of China Electronics Technology Group Corporation	Telecommunication products		131,858.40
CLP Rice Information System Co., LTD	Telecommunication products		35,018.40
Nanjing Putian Hongyan Electric Technology Co., LTD	Telecommunication products		10,619.47



### 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 Lop Co., LTD	Income from rent and property fees	395,238.10	395,238.10
China Electronics Technology Group Corporation 14th Research Institut	Income from rent and property fees	1,181,215.56	

### 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	275,229.36	839,675.19

### 5. Related party loans and interest expenses

Name of related party	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
China Electric Power Rui Group Co., LTD	55,000,000.00	2023-04-03	2026-04-02	NO
China Electric Power Rui Group Co., LTD	15,000,000.00	2023-06-25	2026-06-24	NO

### 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	4,454,856.94	7,741,475.85
China Electronic Technology Finance Company Limited	Interest on long-term loans	1,881,791.67	
CLP Financial Leasing Co., LTD	Other interest	62,917.43	

### 7. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	2,829,012.00	3,156,438.00

## (VI) Balance due to or from related parties

### 1. Balance due from related parties

Items	Name of related party	Ending balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
Bank deposits:					
	China Electronics Technology Finance Co., LTD	53,098,903.02		24,074,373.95	
Accounts receivable:					
	Nanjing Rice Information Technology Co., LTD	10,898,694.00	108,986.94		
	Shanghai Putian Postcom	8,755,534.00	8,755,534.00	8,755,534.00	8,755,534.00

Items	Name of related party	Ending balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
	Technology Co., LTD				
	The 14th Research Institute of China Electronics Technology Group Corporation	8,130,279.06	83,102.79		
	Hebei Far East Communication System Engineering Co., LTD	7,076,527.70	452,584.61	8,058,730.63	327,755.62
	The 28th Research Institute of China Electronics Technology Group Corporation	5,106,770.00	187,793.30	4,111,020.00	41,110.20
	Putian Information Technology Co., LTD	6,065,598.36	6,065,598.36	6,065,598.36	3,617,195.20
	Putian Communications Co., LTD	4,317,924.00	1,060,171.20	4,317,924.00	1,060,171.20
	Nanjing Guorui Xinwei Software Co., LTD	3,500,000.00	35,000.00		
	China Putian Information Industry Co. LTD	3,222,253.45	2,926,570.09	5,519,204.83	4,357,744.25
	Nanjing Guorui Defense System Co., LTD	2,722,285.85	27,222.86		
	CLP Technology Co., LTD	2,085,679.20	100,536.79	2,988,000.00	29,880.00
	Nanjing Rail Transit System Engineering Co., LTD	1,735,507.81	39,802.46	1,455,390.41	25,822.12
	Nanjing Lop Co., LTD	926,320.00	9,263.20	44,000.00	2,200.00
	Putian Rail Transit Technology (Shanghai) Co., LTD	395,458.66	6,454.16	430,422.40	4,304.22
	Taiji Computer Corporation Limited	261,274.32	10,416.12	888,289.70	8,882.90
	Nanjing Meichen Microelectronics Co., LTD	196,000.00	1,960.00		
	Sun Create Electronics Co., LTD	135,557.43	22,896.17	183,262.43	26,252.98
	CLP Ketele Communication Technology Co., LTD. (CLP)	44,838.50	448.39		
	Tianbo Electronic Information Technology Co., LTD	31,160.00	311.6	416,834.00	4,168.34
	Liyang 28 Suo System Equipment Co., LTD	54,065.80	540.66	190,083.00	9,504.15
	Orient Communications Co., LTD. (Headquarters)	20,599.99	206		
	CLP Technology (Nanjing) Electronic Information Development Co., LTD	12,000.00	120		
	Nanjing Lop Technology Co., LTD	7,500.00	75		
	Zhongke Chip Integrated Circuit Co., LTD. Nanjing branch			65,333.00	653.33
	CLP Rice Information System Co., LTD			38,901.80	389.02
	CLP East Communication Group Co., LTD			29,900.00	299
	55th Research Institute of China Electronics Technology Group Corporation			14,900.00	149
	Subtotal	65,701,828.13	19,895,594.70	43,573,328.56	18,272,015.53
	Notes Receivable:				

Items	Name of related party	Ending balance		Opening balance	
		Book balance	Bad debt reserve	Book balance	Bad debt reserve
	Tianbo Electronic Information Technology Co., LTD	1,709,812.62	85,490.63		
	CLP Technology Co., LTD			1,772,820.00	88,641.00
	Taiji Computer Corporation Limited			980,897.36	49,044.87
Subtotal		1,709,812.62	85,490.63	2,753,717.36	137,685.87
Prepayments:					
	Hangzhou Hikvision Technology Co., LTD	57,505.00		57,505.00	
	Hangzhou Hikvision Digital Technology Co., LTD. Nanjing Branch	2,766.00		2,766.00	
Subtotal		60,271.00		60,271.00	
Other receivables:					
	Putian Information Technology Co., LTD	367,800.00	367,800.00	367,800.00	367,800.00
	China Putian Information Industry Co. LTD	1,000.00	1,000.00	2,245,100.00	1,954,305.00
	Nanjing Hikvision Digital Technology Co., LTD	80,000.00	4,000.00	80,000.00	4,000.00
	CLP Technology Co., LTD	31,100.00	1,555.00	91,100.00	4,555.00
	Tianbo Electronic Information Technology Co., LTD			141,000.00	7,050.00
	Hangzhou Hongyan Electric Appliance Co., LTD			20,200.00	1,010.00
	The 23rd Research Institute of China Electronics Technology Group Corporation			1,500.00	15.00
	Beijing Likang General Letter Equipment Co., LTD	28,912,122.71	28,912,122.71	28,912,122.71	28,912,122.71
Subtotal		29,392,022.71	29,286,477.71	31,858,822.71	31,250,857.71
Total		149,962,837.48	49,267,563.04	102,320,513.58	49,660,559.11

## 2. Balance due to related parties

Project name	Related Parties	Closing balance	Opening balance
Accounts payable::			
	China Putian Information Industry Co. LTD	14,918,045.42	18,016,137.43
	Hangzhou Hikvision Technology Co., LTD		504,393.96
	Putian High-tech Industry Co., LTD	25,000.00	25,000.00
Subtotal		14,943,045.42	18,545,531.39
Contract liabilities:			
	China Putian Information Industry Co. LTD	3,727,418.22	4,690,537.30
	The 14th Research Institute of China Electronics Technology Group Corporation	272,253.45	
	Nanjing Lop Technology Co., LTD	46,017.70	
Subtotal		4,045,689.37	4,690,537.30

Project name	Related Parties	Closing balance	Opening balance
Other payables:			
	Putian High-tech Industry Co., LTD	2,993,604.93	3,981,366.18
	Nanjing Putian Information Technology Co., LTD	2,467,412.69	2,525,332.52
	Putian Information Technology Co. LTD	400,000.00	400,000.00
	Putian Communications Co., LTD	200,000.00	200,000.00
	China Putian Information Industry Co. LTD	130,927.50	118,973.06
	China Putian Information Industry Group Co. LTD	9,580,000.00	9,580,000.00
Subtotal		15,771,945.12	16,805,671.76

## **XI. Commitments and contingencies**

### **(I) Commitments**

As of December 31st, 2023, the Company has no material commitments to disclose.

### **(II) Contingencies**

As of December 31st, 2023, the Company had no material contingencies to disclose.

## **XIII. Events after the balance sheet date**

In 2024, the Company expects to dispose of the equity of its subsidiary Nanjing Putian Changle Communication Equipment Co., LTD. As of the date of the audit report, the transfer has not been completed.

## **XIV. 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	253,011,367.56	368,898,076.14	101,285,338.34	121,645,917.73	-26,506,325.47	253,011,367.56
Cost of main operations	182,394,755.44	289,278,557.77	75,504,884.66	96,738,570.26	-24,231,659.46	182,394,755.44
Total assets	241,492,240.02	280,655,124.41	149,539,569.27	381,173,687.88	-226,619,209.31	241,492,240.02
Total liabilities	142,325,998.43	167,761,746.25	94,844,899.06	469,532,619.11	132,043,685.68	142,325,998.43

## XV. Notes to items of parent company financial statements

### (I) Accounts receivable

#### 1. Disclosure according to aging

Ages	Closing balance	Opening balance
Within 1 year	37,402,082.05	43,483,236.49
1 to 2 years	20,967,585.95	25,242,696.25
2 to 3 years	13,476,502.08	15,354,863.60
3 to 4 years	11,129,447.83	17,339,579.38
4 to 5 years	13,713,915.65	54,845,034.31
Over 5 years	148,465,760.33	103,377,145.03
Less: Allowance for doubtful accounts	164,641,104.04	155,462,979.31
Total	80,514,189.85	104,179,575.75

#### 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	70,104,372.00	28.60	70,104,372.00	100.00
Receivables with provision made on a collective basis	175,050,921.89	71.40	94,536,732.04	54.01
Among them: Combination 1: aging method	173,611,186.43	99.18	94,536,732.04	54.45
Combination 2: related parties	1,439,735.46	0.82		
Total	245,155,293.89	100.00	164,641,104.04	67.16

Categories	Opening 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

(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	17,591,683.74	17,591,683.74	100.00	Unable to recover
Mr. Xu	13,819,926.92	13,819,926.92	100.00	Unable to recover
Putian Information Technology Co. LTD	4,413,141.91	4,413,141.91	100.00	Unable to recover
China Railway Communication Signal Shanghai Engineering Group Co., LTD	3,534,579.35	3,534,579.35	100.00	Unable to recover
Others	11,036,953.54	11,036,953.54	100.00	Unable to recover
Total	70,104,372.00	70,104,372.00	100.00	

(2) Receivables with provision made on a collective basis

Combination 1: Aging combination

Ages	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Provision proportion (%)	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	36,144,924.85	361,449.25	1.00	42,251,540.94	422,515.41	1.00
1 to 2 years	20,764,777.69	1,038,238.88	5.00	24,720,638.80	1,236,031.94	5.00
2 to 3 years	13,441,752.08	1,344,175.21	10.00	11,437,299.07	1,143,729.91	10.00
3 to 4 years	7,211,883.30	2,163,564.99	30.00	17,339,579.38	5,201,873.81	30.00
4 to 5 years	12,837,089.60	6,418,544.80	50.00	29,402,291.26	14,701,145.63	50.00
Over 5 years	83,210,758.91	83,210,758.91	100.00	63,796,412.82	63,796,412.82	100.00
Total	173,611,186.43	94,536,732.04	54.45	188,947,762.27	86,501,709.52	45.78

Combination 2: related parties

Ages	Closing balance	Opening balance
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	Book balance	Provision for bad debts	Provision proportion (%)	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	1,257,157.20			1,211,465.55		
1 to 2 years	182,578.26			522,057.45		
Total	1,439,735.46			1,733,523.00		

### 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	155,462,979.31	12,591,192.33	3,413,067.60			164,641,104.04

### 4. Current significant accounts receivable bad debt reserve transfer or recovery situation

Debtors	Book balance	Turn back cause	Recovery mode	The basis and rationality of determining the ratio of the original bad debt reserve
China Railway Communication Signal Shanghai Engineering Group Co., LTD	1,748,190.05	Proceeds from sales of previous years are recovered in this period	collect payment	The account age is long, and it is difficult to collect and reconcile the account
China Telecom Group Limited Henan branch	1,664,877.55	Proceeds from sales of previous years are recovered in this period	collect payment	The account age is long, and it is difficult to collect and reconcile the account
Total	3,413,067.60			

### 5. 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	8.04	19,708,086.54
Mr. Xu	17,591,683.74	7.18	17,591,683.74
China Tower Corporation Limited	13,819,926.92	5.64	13,819,926.92
China United Network Communications Co., LTD. Henan branc	8,799,400.34	3.59	7,353,303.31
Nanjing Rice Information Technology Co., LTD	8,865,266.00	3.62	88,652.66
Total	68,784,363.54	28.07	58,561,653.17

### (II)Other receivable

Items	Closing balance	Opening balance
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Items	Closing balance	Opening balance
Dividends receivable	19,400,000.00	600,000.00
Other receivables	20,740,274.42	24,727,107.09
Total	40,140,274.42	25,327,107.09

### 1. Dividends receivable

#### (1) Details

Items	Closing balance	Opening balance
Nanjing Putian Datang Information Electronics Co., Ltd.	19,400,000.00	600,000.00

### 2. Other receivable

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

Items	Closing balance	Opening balance
Temporary payment receivable	54,281,249.32	55,986,690.26
Deposit	4,229,786.49	7,751,311.73
Travel allowance	401,203.05	442,731.30
Others	1,133,923.15	1,721,849.52
Less: Allowance for doubtful accounts	39,305,887.59	41,175,475.72
Total	20,740,274.42	24,727,107.09

#### (2) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	859,803.13	23,014,515.42
1 to 2 years	19,546,598.16	1,563,414.00
2 to 3 years	1,052,514.00	1,647,443.32
3 to 4 years	1,522,193.51	2,415,479.37
4 to 5 years	2,399,479.37	2,991,891.40
Over 5 years	34,665,573.84	34,269,839.30
Less: Allowance for doubtful accounts	39,305,887.59	41,175,475.72
Total	20,740,274.42	24,727,107.09

#### (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		10,218,687.21	30,956,788.51	41,175,475.72
Opening balance in the current period		10,218,687.21	30,956,788.51	41,175,475.72



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)	
--Transferred to phase II				
--Transferred to phase III				
--Reversed to phase II				
--Reversed to phase I				
Provision made in the current period		-1,890,894.52	21,306.39	-1,869,588.13
Provision recovered in current period				
Provision written off in current period				
Other changes				
Closing balance	-	8,327,792.69	30,978,094.90	39,305,887.59

(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	41,175,475.72	-1,869,588.13				39,305,887.59

(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	48.15	28,912,122.71
Nanjing Putian Communication Industry Co., Ltd.	Temporary payment receivable	805,545.63	4-5year179,184.19, Over 5 years 626,361.44	1.34	805,545.63
Total		29,717,668.34		49.49	29,717,668.34

(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	103,667,928.23	1,294,510.00	102,373,418.23	113,409,068.64	1,294,510.00	112,114,558.64
Investments in associates and joint ventures	10,412,689.14		10,412,689.14	10,422,321.80		10,422,321.80
Total	114,080,617.37	1,294,510.00	112,786,107.37	123,831,390.44	1,294,510.00	122,536,880.44

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 Datang Information Electronics Co., Ltd.	5,436,797.07			5,436,797.07		
Nanjing Putian Communication Technology Co., LTD	1,294,510.00			1,294,510.00	1,294,510.00	1,294,510.00
Chongqing Puhua Information Technology Co., Ltd.	2,000,000.00			2,000,000.00		
Nanjing Putian Network Co. LTD	7,741,140.41		7,741,140.41			
Total	113,409,068.64		9,741,140.41	113,409,068.64		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.	10,422,321.80			-9,632.66						10,412,689.14	
Total	10,422,321.80			-9,632.66						10,412,689.14	

#### (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	86,997,690.84	75,517,253.16	114,398,871.87	103,317,341.26
II.Other operations	4,391,233.26	471,932.73	3,945,565.52	3,820,744.62
Total	91,388,924.10	75,989,185.89	118,344,437.39	107,138,085.88

##### 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	86,997,690.84	4,391,233.26

##### 3.Description of performance obligations

Projects	Meet performance obligations	Important payment terms	The nature of the goods the company promises to transfer	Whether it is the principal responsible person	The company accepts the money expected to be returned to the customer	The company accepts the money expected to be returned to the customer
Selling video conferencing products	Customers accept items or sign for merchandise	Pay in installments according to the time node agreed in the contract	Video conferencing Products	is	There is no	Warranty Period Warranty

##### 4.Description of apportionment to remaining performance obligations

The amount of revenue corresponding to the performance obligations that have been contracted but not yet performed or completed at the end of this report is 17,844,800 yuan, of which: 17,844,800 yuan is expected to be recognized in 2024.

#### (V) Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	28,553,400.00	9,153,400.00
Investment income from long-term equity investments under equity method	-9,632.66	128.65
Investment income from disposal of long-term equity investments	4,735,386.18	
Debt restructuring gains	588,868.84	
Others	340,936.63	1,104,350.78
Total	34,208,958.99	10,257,879.43

#### XVI. Other supplementary information

(I) Schedule of non-recurring profit or loss

Items	Amount	Previous period amount	
		Before the adjustment	After the adjustment
Profit and loss on disposal of non-current assets, including the write-off part of the asset impairment provision	-134,939.44	506,839.52	506,839.52
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)	1,441,162.29	210,513.19	210,513.19
Allowance for impairment reversal of receivables tested separately for impairment	3,413,067.60		
Gains and losses on debt restructuring	588,868.84		
Other non-operating income and expenses other than those described above	1,049,278.58	2,896,463.54	2,896,463.54
Other profit and loss items that meet the definition of non-recurring profit and loss	717,457.47	817,837.09	817,837.09
Minus: Impact of income tax	224,119.31	160,760.51	160,760.51
Amount of influence of minority shareholders	576,967.41	426,894.09	426,894.09
Total	6,273,808.62	3,843,998.74	3,843,998.74

"Other items of profit or loss that meet the definition of non-recurring profit or loss" :

Items	Amount involved
Liquidate investment income generated by subsidiaries	717,457.47

(II) Return on net assets(RONA) and earnings per share(EPS)

Profit of the reporting period	Weighted average RONA (%)		EPS (yuan/share)			
			Basic EPS		Diluted EPS	
	Current period	Preceding period	Current period	Preceding period	Current period	Preceding period
Net profit attributable to shareholders of ordinary shares	-124.58	-114.39	-0.08	-0.22	-0.08	-0.22
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-170.87	-123.67	-0.11	-0.24	-0.11	-0.24

Board of Directors of

Nanjing Putian Telecommunications Co., Ltd.

April 26, 2024