

Annex F8.B.
(Non - Confidential version)

Shenzhen Tefa Information Co., Ltd. Annual Report 2020 (EN)

Annex to OFC Application Form



Shenzhen Tefa Information Co.

Annual Report 2020

(after update)

April 2021

Section I. Important notes, table of contents and interpretations

The Board of Directors, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that the contents of the annual report are true, accurate and complete and that there are no false statements, misleading statements or material omissions, and that they assume individual and joint legal responsibility.

Mr. Jiang Qinjian, the legal representative of the Company, Mr. Li Zengmin, the person in charge of accounting work, and Mr. Xiao Jianfeng, the person in charge of accounting organization (accounting officer), declare that they guarantee the truthfulness, accuracy and completeness of the financial report in this annual report.

The Board meeting at which this Annual Report was considered was attended in person by all the Directors except the following

Name of director not present in person	Failure to attend directorships in person	Reason for not attending the meeting in person	Name of delegate
Wang Yuxin	independent director	Work reasons	Wegang

This annual report involves forward-looking statements such as future plans and development strategies and does not constitute a

material commitment by the Company to investors, so investors are advised to be aware of the investment risks.

In Section IV of this report, "Discussion and Analysis of Operations", the Company has described in detail the possible risks and countermeasures in the Company's operation in the section of "IX.

The Company plans to pay no cash dividends, send no bonus shares and not to increase its share capital by transferring its provident fund.

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an explanation of the meaning of words or phrases

Interpretation on items	point at or to	Interpretation of the content
Ad hoc information, the Company, the Company	point at or to	Shenzhen Tefa Information Co.
China Securities Regulatory Commission, SEC	point at or to	China Securities Regulatory Commission (CSRC)
Exchange, SZSE	point at or to	Shenzhen Stock Exchange (SZSE)
registration company	point at or to	China Securities Depository and Clearing Corporation Shenzhen Branch
board of directors	point at or to	Board of Directors of Special Delivery Information
supervisory committee	point at or to	Supervisory Board of Tefa Information
general shareholders' meeting	point at or to	Annual or Extraordinary General Meeting of Tefa Information
Tefa Group, controlling shareholder	point at or to	Shenzhen Tefa Group Co.
Tefatec	point at or to	Shenzhen Tefatec Communication Technology Co.
IPTV	point at or to	interactive web TV
ODM	point at or to	Original Design Manufacturer
CNAS	point at or to	China National Accreditation Service for Conformity Assessment (CNAS)
ODN	point at or to	optical distribution network
optical network technology	point at or to	Shenzhen Tefa Information Optical Network Technology Co.

Specially issued Huabin	point at or to	Changzhou Tefa Huayin Wire & Cable Co.
Optoelectronics Corporation	point at or to	Shenzhen Tefa Information Optoelectronics Technology Co.
fiber optic company	point at or to	Shenzhen Tefa Information Fiber Co.
Tefa Dongzhi	point at or to	Shenzhen Tefa Dongzhi Technology Company Limited (which has changed its business registration information on 16 January 2017 and its name was "Shenzhen Dongzhi Technology Company Limited" before the change)
Chengdu Fourier	point at or to	Chengdu Fourier Electronic Technology Co.
Shenzhou Airlines	point at or to	Beijing Shenzhou Feiyang Technology Co.
data technology	point at or to	Shenzhen Tefa Information Data Technology Co.
Technical Services	point at or to	Shenzhen Tefa Information Technology Service Co.
Sichuan Huatuo	point at or to	Sichuan Huatuo Optical Communication Co.
special edition of the Three Wonders	point at or to	Shenzhen Tefa Sanqi Defense Technology Co.
report period	point at or to	1 January 2020 to 31 December 2020
\$, \$10,000	point at or to	RMB Yuan, RMB Wan

Section II. Company profile and key financial indicators

I. Company information

Stock Abbreviation	special message	stock code	000070
Stock Listings Stock Exchange	Shenzhen Stock Exchange (SZSE)		
Chinese name of the company	Shenzhen Tefa Information Co.		
Chinese abbreviation of the company	special message		
Foreign name of the company (if any)	Shenzhen SDG Information Co., Ltd		
Abbreviation of the company's foreign name (if any)	SDGI		
Legal representative of the company	Jiang Qinjian (1929-), leading PRC politician		
Registration Address	18th Floor, Building B, Tefa Information Port Building, No. 2 Ke Feng Road, Hi-Tech Zone Central, Nanshan District, Shenzhen		
Postal Code of Registered Address	518057		
business address	18th Floor, Building B, Tefa Information Port Building, No. 2 Ke Feng Road, Hi-Tech Zone Central, Nanshan District, Shenzhen		
Postal code of office address	518057		
Company Website	www.sdgi.com.cn		
electronic mailbox	zhangdj@sdgi.com.cn		

II. Contact person and contact details

	Secretary of the Board	Securities Representative
name and surname	Zhang Dajun	Yang Wen
Contact address	18th Floor, Building B, Tefa Information Port Building, No. 2 Ke Feng Road, Hi-tech Zone Central, Nanshan District, Shenzhen	18th Floor, Building B, Tefa Information Port Building, No. 2 Ke Feng Road, Hi-tech Zone Central, Nanshan District, Shenzhen
phone number	0755-26506648	0755-26506649
telex	0755-26506800	0755-26506800
electronic mailbox	zhangdj@sdgi.com.cn	zhangdj@sdgi.com.cn

III. Disclosure of information and place of availability

Name of the media selected by the company for disclosure of information	The Securities Times
URL of the designated website of the CSRC where the annual report is posted	www.cninfo.com.cn
Where the company's annual report is filed	Secretariat of the Board of Directors of the Company, 18th Floor, Building B, Tefa Information Port Building, No. 2 Ke Feng Road, Hi-tech Zone Central, Nanshan District, Shenzhen

IV. Changes in registration

Organization code	71522163-2
Changes in the Company's main business since its listing	<p>The main business of the company was the manufacture and sale of optical fiber and optical cable when it was listed in 2000. In 2009, the company established Optical Network Technology to produce and sell indoor optical cable and started to enter the field of intelligent access. In 2015, the company purchased 100% shares of Tefa Dongzhi and 100% shares of Chengdu Fuliye by issuing shares, and the two companies were included in the scope of Tefa Information's consolidated statement. In 2019, the company acquired Sichuan Huatuo shares and increased its capital to 70%, so that the intelligent access industry can be extended in the production and sales of optical modules. 2020, the company publicly issued convertible bonds to raise funds to invest in "Tefa Information Data Technology Co. In 2020, the company issued public convertible bonds to raise funds to invest in the "Tefa Information Data Technology Co.</p>
Status of the chemical (if any)	<p>The company's main business expands into fiber optic cable industry, intelligent access industry, military information industry and intelligent service industry. During the reporting period, the main business added "the production and sale of online monitoring systems, fiber optic sensing systems and equipment, intelligent terminal products; the design, production and sale of fire-fighting electronic products, security products and systems; electrical equipment, instruments and meters, mechanical equipment, and other products.</p> <p>Design, production and sales of communication terminal products; research and development, sales, installation and maintenance of data center series products; intelligent weak</p> <p>Technical consulting, design, construction and maintenance of electrical and data center projects; production of conductors, aluminum-clad stranded wire and fiber-optic composite cables</p> <p>production; information technology field photoelectric device technology and product development, production, sales and technical services; energy-saving technology services (not</p> <p>(including restricted items); general contracting of power transmission, distribution and communication projects; equipment leasing"; and "leasing of own properties, property management"</p> <p>Revised to "Owned property rental operations".</p>
Successive changes in controlling shareholders (if any)	No change

v. other relevant information

Accounting firm engaged by the company

Name of accounting firm	Baker Tilly International LLP (Special General Partnership)
Office address of the accountant's office	Area A-1 and A-5, Building 68, No. 19 Chegongzhuang West Road, Haidian District, Beijing
Name of signatory accountant	Han Yanguang, Yang Yong

The sponsor engaged by the Company to perform ongoing supervision duties during the reporting period

☒ Applicable ☐ Not applicable

Name of Sponsor	Office address of the sponsor	Name of Sponsor's Representative	During ongoing supervision
Great Wall Securities Co.	2026 Jintian Road, Futian Street, Futian District, Shenzhen 10-19th Floor, South Tower, Energy Building	Zhang Tao, Chia Chuanjin	4 September 2020 to 12 December 2021 31 March

Financial advisers engaged by the Company to perform ongoing supervision duties during the reporting period

☐ Applicable ☒ Not applicable

VI. Key accounting data and financial indicators

Whether the company is required to retroactively adjust or restate prior years' accounting data

☐ Yes ☒ No

	2020	2019	Current year increase/decrease over previous year	2018
Operating income (\$)	4,722,428,257.52	4,655,911,057.79	1.43%	5,706,001,088.58
Net profit attributable to shareholders of listed companies (yuan)	11,445,456.46	323,176,298.40	-96.46%	275,650,494.21
Net profit after non-recurring gains and losses attributable to shareholders of the listed company (yuan)	-55,764,181.49	78,321,501.26	-171.20%	248,510,007.68
Net cash flows from operating activities (\$)	64,751,953.26	-254,983,835.20	125.39%	-81,135,219.37
Basic earnings per share (yuan/share)	0.0140	0.4123	-96.60%	0.3664
Diluted earnings per share (yuan/share)	0.0140	0.4096	-96.58%	0.3661
Weighted average return on net assets	0.39%	12.37%	-11.98%	13.04%
	End of 2020	End of 2019	Increase/decrease at the end of the year over the end of the previous year	End of 2018
Total assets (\$)	10,619,606,224.59	7,623,760,794.35	39.30%	7,553,084,393.04
Net assets attributable to shareholders of listed companies (yuan)	2,969,191,086.82	2,913,835,019.93	1.90%	2,316,861,102.84

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

☐ Yes ☒ No

The lower of net profit before or after extraordinary gain or loss is negative

☒ Yes ☐ No

sports event	2020	2019	note
Operating income (\$)	4,722,428,257.52	4,655,911,057.79	not
Operating income deduction amount (\$)	143,206,964.67	153,181,876.02	Income from operations not related to the main business
Amount of operating income after deductions (\$)	4,579,221,292.85	4,502,729,181.77	not

VII. Differences in accounting data under domestic and foreign accounting standards**1. Differences in net profit and net assets in financial reports disclosed simultaneously in accordance with IAS and in accordance with PRC GAAP**

☐ Applicable ☒ Not applicable

There were no differences in net profit and net assets between the Company's financial reports disclosed in accordance with IAS and those disclosed in accordance with PRC GAAP for the reporting period.

2. Differences in net profit and net assets in financial reports disclosed simultaneously in accordance with foreign accounting standards and in accordance with PRC accounting standards

☐ Applicable ☒ Not applicable

There were no differences in net profit and net assets between the Company's financial reports disclosed in accordance with overseas accounting standards and those disclosed in accordance with PRC accounting standards during the reporting period.

VIII. Key financial indicators by quarter

Unit: \$

	first quarter (of financial year)	second quarter (of financial year)	third quarter	fourth quarter (of financial year)
revenues	642,380,349.51	1,022,048,531.34	784,519,888.24	2,273,479,488.43
Net profit attributable to shareholders of listed companies	-66,474,093.97	25,608,588.83	24,993,139.77	27,317,821.84
Net profit after non- recurring profit or loss attributable to shareholders of the listed company	-70,797,709.82	9,021,488.62	22,810,251.85	-16,798,212.13
Net cash flows from operating activities	-273,496,195.18	-224,610,089.90	-1,679,705,605.47	2,242,563,843.81

Whether the above financial indicators or their aggregate totals are materially different from the relevant financial indicators in the disclosed quarterly and half-yearly reports of the company

☐ Yes ☒ No

IX. Items and amounts of non-recurring gains and losses

☒ Applicable ☐
Not applicable

Unit: \$

sports event	Amount in 2020	2019 Amount	Amount for 2018	inst ruct ions
Gains and losses on disposal of non- current assets (including the write- off portion of the provision for asset impairment)	-335,904.69	210,804,324.03	-32,215.20	
Government grants recognized in profit or loss (except those closely related to the business of the enterprise and enjoyed in a fixed or quantitative amount in accordance with the national uniform standards)	51,303,547.89	38,661,924.12	33,503,654.97	
Gains or losses from entrusting others with the investment or management of assets	493,401.49	802,792.67	1,204,697.09	
Reversal of provision for impairment of receivables, contract assets tested	16,800,000.00			

separately for impairment	Shenzhen Tefa Information Company Limited			
	Full Annual Report 2020			
Non-operating income and expenses other than those mentioned above	-46,370,631.17	-14,498,206.62	-2,016,507.72	
Other items of profit or loss that meet the definition of non-recurring profit or loss	43,638,574.26	60,111,501.92	2,431,840.28	
Less: Income tax effect	9,601,478.17	48,828,976.45	3,738,574.66	
Amount of minority interest impact (after tax)	-11,282,128.34	2,198,562.53	4,212,408.23	
add up the total	67,209,637.95	244,854,797.14	27,140,486.53	--

For the Company as defined in "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Gains and Losses

Non-recurring items of profit or loss as defined, and items that define non-recurring items of profit or loss as listed in "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss" as recurring items of profit or loss, with reasons

☐ Applicable ☒ Not applicable

The Company did not have any non-recurring items of profit or loss defined and listed as recurring items of profit or loss in accordance with the "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss" for the reporting period.

Section III. Summary of the Company's Business

I. Major businesses engaged by the Company during the reporting period

In 2020, the last year of the 13th Five-Year Plan, based on the leading optical communication industry, the Company will actively develop the three existing business segments of optical fiber and cable, intelligent access and military information technology, while keeping in mind the new positioning of the 14th Five-Year Plan of "products + services", develop the "new infrastructure" and smart city business, and expand into the smart service industry. In the year of 2011, based on the leading optical communication industry, the company actively developed the three business segments of fiber optic cable, intelligent access and military information technology, while keeping in mind the new positioning of the "14th Five-Year Plan" of "products + services", explored the "new infrastructure" and smart city business, expanded into the smart service industry, and provided customers with 5G forwarding solutions, smart grid solutions and online monitoring solutions around the application of new generation information technology such as 5G, big data, cloud computing, Internet of Things and artificial intelligence. We provide customers with professional solutions in multiple fields, including 5G forward transmission solutions, smart grid solutions, online monitoring solutions, all-optical network transmission and access solutions, smart home solutions, data center solutions, smart park solutions, smart building solutions, high-performance computing solutions, and professional measurement and control hardware solutions. The company has several industrial bases in South China, Southwest China, East China and North China, and more than ten wholly-owned and holding subsidiaries, and has built a complete sales and service system in many countries and regions around the world.

1、Fiber optic cable industry

The company's fiber optic cable industry has production bases in Shenzhen, Dongguan, Chongqing, Changzhou and Zaozhuang, with more than 270,000 square meters of modern plants, has introduced a series of advanced fiber cable production and testing equipment from abroad, and set up the largest fiber optic cable

development and testing base in South China. The production capacity of fiber optic cable covers: optical fiber, common fiber optic cable, special fiber optic cable, indoor flexible fiber optic cable, butterfly introduction fiber optic cable, power fiber optic cable, aluminum clad steel products, fiber optic cable fixtures and accessories, and other products. During the reporting period, the production and sales of online monitoring system, fiber optic sensing system and equipment have formed a certain scale.

Fiber optic cable industry customers include China Mobile, China Telecom, China Unicom and other telecom operators, radio and television, electric power, transportation, government, national defense and other private network users, products are widely used in the national and provincial operators of the primary trunk network, national power grid companies, integrators and key construction projects of overseas customers, business throughout the country and many overseas countries and regions. Industry chain enterprises include: optical fiber company, optical cable manufacturing center, optical network technology, photoelectric technology, Tefa Huayin, Chongqing optical cable, Tefa light source, etc.

2、Smart access industry

The company's smart access industry provides customers with home smart terminals, as well as comprehensive product and system service solutions for subscriber-side optical and electrical components and equipment. During the reporting period, the industry chain companies include: Optical Network Technology, Tefa Teco, Tefa Dongzhi and Sichuan Huatuo. Optical Network Technology provides passive access equipment and is mainly engaged in the research and development, production and service of optical communication devices, providing customers with equipment, access cables, optical devices, engineering solutions consulting, construction and "one-stop" optical network wiring total solutions. Tefa Dongzhi provides active access equipment, mainly engaged in the research and development, production and sales of passive fiber optic network terminals, wireless routers, IPTV set-top boxes, splitters and intelligent routers, etc., mainly using the ODM model, for a number of domestic leading communications equipment field

The company provides product design and production outsourcing services. Tefatec is committed to the construction and service of power optical communication system and power information network and informationization, and actively expands the market of TD-LTE wireless, smart grid monitoring, etc., in order to become a power information communication system integration and service provider. Sichuan Huatuo is an optical module manufacturer integrating R&D, production, sales and service. Its business covers the R&D, production and sales of optical components, modular products and subsystems, with a full range of optical communication modules, high-speed interconnect products production capacity, products are widely used in wireless, transmission and data centers, and provide efficient and convenient optical communication solutions for global users.

3、Military information industry

The company's military informatization industry is engaged in the research, development and production of various types of military intelligent terminals, software, big data platforms and other businesses, providing advanced equipment informatization products for various military services and serving the national defense cause. The industry segment includes: Chengdu Fuliye, Shenzhou Feiyang and Tefa Sanqi. Chengdu Fourier is a military information technology equipment research and development and manufacturing of high-tech enterprises, mainly engaged in military aviation communication equipment, measurement and control integration and satellite communication technology, data logger and bullet computer research and development, production and sales, products are mainly embedded high-speed digital signal processing technology as the core, the application scope covers military wireless communications, flight control navigation, radar signal processing and electronic countermeasures and other fields, has formed The products are mainly based on embedded high-speed digital signal processing technology. ShenZhouFeiHang is a high-tech enterprise specializing in the development, sales and service of military computers, military bus test and simulation equipment, signal processing and navigation, industrial automation data acquisition and test platform, and has a rich product line in the field of industrial computers and platforms, communication interfaces, data acquisition,

embedded systems, signal processing, flight control, hardened computers, etc.

Chengdu Fourier and ShenZhou FeiHang have high consistency and complementarity in product form, function realization and R&D implementation, etc., and can share scientific research results and advantageous resources in many aspects through the mutual support of products and services. Ltd. to jointly promote the implementation of military information technology research and development projects, explore new markets, develop new businesses and enhance the supply chain support and technical synergy of the company's existing military information technology industry.

4、Smart service industry

In 2020, the company publicly issued convertible bonds to raise funds to invest in the "Smart City Creation and Exhibition Base Construction Project", gradually forming a smart service industry segment. In the field of cloud services and big data business, the company has the ability to provide integrated and customized planning, design, construction, operation and maintenance of new infrastructure construction and related products and services; it can provide customers with integrated solutions from single product business to multiple communication products, from product manufacturing to construction delivery, from planning and design to operation services. The implementation body of the industry chain includes two subsidiaries: Data Technology and Technology Services. Data Technology is responsible for data center-related projects such as the "Smart City Creation Base Construction Project", providing customers with customized solutions including module customization, area closure, transmission networking, and operation and maintenance outsourcing, etc. The data centers built can serve various types of large corporate customers, providing flexible customized products and services on the basis of ensuring reliability. And joint operators and third-party service providers, to provide customers with a full range of services, including network, transmission, public cloud connectivity. Technical services based on independent innovation of intelligent control platform and terminal products of the Internet of Things superior

The company provides intelligent IOT total solutions with the core of big data service platform products, focusing on smart park, smart building, smart lighting, data center and other fields, and provides one-stop service for end customers together with industry chain enterprises.

II. Significant changes in major assets

1. Significant changes in major assets

Major assets	Explanation of significant changes
Equity assets	The decrease of 23.17% from the beginning of the period was mainly due to the withdrawal of the Flanders project of the equity participation company, Yuanzhi Fuhai, to recover the investment.
fixed assets	The decrease of 3.33% from the beginning of the period is mainly due to depreciation in the current period.
intangible asset	The decrease of 6.41% from the beginning of the period is mainly due to amortization in the current period.
Construction in progress	The 99.86% increase from the beginning of the period was mainly due to the investment in the construction of the smart city creation base project during the period.
monetary funds	The increase of 260.08% as compared with the beginning of the period was mainly due to the return of RMB201,977,000 from the Pengcheng Cloud Brain Project.
Financial assets held for trading	The 86.36% increase from the beginning of the period was mainly due to the increase in performance-based compensation receivable from the indemnity obligors during the period.
Receivables financing	The increase of 115.05% over the beginning of the period was mainly due to discounting of bills at the beginning of the year.
inventory	The 42.81% increase from the beginning of the period was mainly due to the increase in the provision of goods for the Pengcheng Cloud Brain Project during the period.
Other current assets	The increase of 80.40% from the beginning of the period was mainly due to the increase in input VAT credits in the current period.
Development expenditure	The addition in the current period is mainly due to the capitalization of a portion of the current period's research and development expenses to development expenses.

2. Major foreign assets

☐ Applicable ☒ Not applicable

Not applicable

Analysis of core

competencies

1. Competitiveness of the industry

The overall development of the company is stable, around the "1+4" strategy, based on the field of optical communications, on the basis of maintaining the market position of the optical fiber and cable industry, actively build the company's new growth points, seeking new opportunities in the expansion of the industrial chain and the "new infrastructure" field, and developed In 2020, the company was awarded "Top 10 Most Competitive Enterprises in China Optical Communication", "Top 10 Most Competitive Enterprises in China Optical Fiber and Cable", "Top 10 Most Competitive Enterprises in China Optical Fiber and Cable" and "Top 10 Most Competitive Enterprises in China Optical Fiber and Cable". In 2020, the company was honored as one of the "Top 10 Most Competitive Enterprises in China Optical Communication", "Top 10 Most Competitive Enterprises in China Fiber Optic Cable" and "Top 10 Most Competitive Enterprises in China Optical Transmission and Network Access Equipment". During the reporting period, the company continued to promote and optimize the process of intelligent manufacturing, promote the transfer of scientific research results to industrialization, and enhance the competitiveness of the industry through various channels by leveraging the strength of all parties; Sichuan Huatuo, with its rich experience and technical capabilities accumulated in the research and development and production of optical components, combined with the advantages of the company's sales platform, enhanced the supply capacity of the company's key optical component products and further enhanced the company's intelligent access industry chain. further enhance the core competitiveness of the company's intelligent access industry chain. Chengdu Fourier's traditional military industry with

Chengdu Fuliye actively expand the military mobile communication terminal business, deep into the field of satellite communications, in addition to providing the Tiantong-1 satellite mobile communication terminal, but also launched a multi-channel Satellite communication signal demodulator, both to support a variety of customized signal formats, but also to achieve very high speed satellite signal reception. China Aerospace continues to invest in new product development, and has a rich product line in the fields of X86 computer and system platform, localized computer, avionics communication interface, data acquisition and recording, embedded system, high-speed signal processing, ruggedized computer and power supply, etc. China Aerospace has participated in the development of several key models, and the products involve UAV flight control system, airborne fire control computer, integrated guidance and control computer, bullet computer, bullet carrier computer and bullet carrier computer. The products involve UAV flight control system, airborne fire control computer, integrated guidance and control computer, bullet computer, bullet data acquisition and recording equipment, equipment test system and other fields of many models.

During the reporting period, the Company integrated industrial resources and focused on information construction fields such as communication engineering, smart city, integrated cabling for server rooms and building intelligence, and undertook the construction and integration of Atlas900 AI computing cluster and general computing and storage system for Pengcheng Cloud Brain Phase II project; participated in the planning and design of the whole business scenario in the wisdom transformation of Xiaomesha Area, and realized the overall solution for the wisdom planning of the area. The company also designed a highly reliable, green and energy-saving modular containerized data center room for the SEG data center project, providing an integrated solution of design, procurement and construction for the project. In the process of implementing a series of projects, the company's wisdom service industry has greatly enhanced its ability to provide professional solutions in multiple fields, top-level project design, coordination and implementation, and follow-up operation and maintenance.

2. Production and management capacity

The Company's fiber optic cable industry has large production bases in Guangdong, Sichuan, Jiangsu, Shandong and Chongqing to better serve the domestic market, strengthen the ability to respond quickly to the market, reduce material transportation costs and enhance product competitiveness. The Company has coordinated the production capacity of the fiber and cable industry chain by expanding and upgrading production, continuously expanding and improving the upstream and downstream business of the industry chain, forming an integrated fiber and cable industry pattern with a certain scale, and maintaining the industry level of the fiber and cable industry in research and development, production, sales, testing and equipment.

The company's intelligent access industry chain insists on carrying out intelligent transformation and actively developing new products, with faster business development, and is the supplier of many domestic leading enterprises in the field of communication equipment. At present, the company extends the industry chain to the field of optical modules, with the help of Sichuan Huatuo's rich experience and technology accumulated in the development and production of optical components, to further promote the perfection and expansion of the company's optical communication product series, to strongly protect the supply of the company's key optical components, and continue to enhance the competitiveness of the company's access equipment industry.

The Company uses the Military Industry Division as a platform to integrate the technology and resources of the military information technology industry line and effectively integrate the technology, product and channel advantages of various parties through custom development, etc. to realize the synergy and flow of resources on the Company's military product platform and promote the development of the Company's military information technology industry in a systematic direction.

The Company promoted business-oriented organizational restructuring, improved organizational operational efficiency, continued to deepen lean management, and further rationalized resource allocation and improved production and operational efficiency with the help of information-based management tools.

Continuing to increase investment in research and development, the

Actively developing new products and exploring new fields, focusing on the mutual integration and outward extension of the resources of the industrial chain, the scale of the industry continues to expand and the product range continues to broaden, showing the holistic effect of the production and management system.

3. Technology research and development capabilities

The company is one of the first batch of national high-tech enterprises in Shenzhen, is one of the few enterprises in the industry to master the development technology of the whole series of communication fiber optic cable, multi-species special fiber optic cable, is one of the formulators of many national standards, industry standards or national military standards in the fiber cable industry. With the continuous development of the company, the technology coverage of the intelligent access industry chain and military information industry chain is also rapidly expanding, at present, the company's main technical advantages cover two major directions: First, the full range of fiber optic communication, power communication, FTTx and other cables, active/passive optical network products, 155M-400G optical modules and active optical cable products, high-speed intelligent multimedia terminal gateway, fiber optic sensing technology The second is the R&D direction of embedded high-speed signal acquisition, processing and storage technology, multi-target measurement and control technology, video image processing, high-performance computing, measurement and control integration technology, satellite mobile communication, satellite ground inspection automation test system, industrial computer, UAV flight control system and other equipment information technology. We can provide one-stop professional solutions in multiple fields such as optical transmission solutions, power communication solutions, transmission line intelligent inspection system solutions, data center solutions, high performance computing solutions, and professional measurement and control hardware overall solutions.

The company has a first-class technical innovation team led by industry-renowned technical experts and technical consultants, and has joined hands with external advanced teams in related scientific and technological fields to

continuously enhance the company's technical research and development strength. The company has **one** national enterprise technology center, **two** provincial enterprise technology centers, **two** provincial engineering technology research centers (fiber optic cable, big data transmission network) **five** municipal enterprise technology centers, **one** municipal academician workstation (image transmission and processing) **one** joint laboratory (optical chip and laser technology) and a CNAS-certified testing center, forming a three-dimensional scientific and technological innovation carrier. It creates a good environment for the company to implement R&D activities, gather and cultivate scientific talents, and carry out technical exchanges. The complete series of "incubation + R&D + acceleration + industrialization" technology center innovation platform has been further strengthened.

As a national technology innovation demonstration enterprise, by the end of 2020, the company had obtained a total of **445** patents, including invention patents **75** items. The company and its subsidiaries Fiber Optic Company, Optical Network Technology, Photoelectric Company, Tefa Tyco, Tefa Dongzhi, Chengdu Fourier, Shenzhou Feiyang, Tefa Huayin and Sichuan Huatuo are all national high-tech enterprises.

4、Market share and market development ability

The company plays the advantage of sales platform, integrates market resources, optimizes product sales and business market structure, maintains mainstream supplier status in the three major operators of China Mobile, China Telecom and China Unicom, as well as the State Grid and Southern Power Grid, continues to explore the private network markets of radio and television, military, petroleum, coal and railway, maintains good cooperation with many domestic leading enterprises in the field of communication equipment, maintains good brand advantages and reputation in the industry. We have maintained good cooperation with many domestic leading enterprises in the field of communication equipment, and have a good brand advantage and reputation in the industry, vigorously promoting the provision of systematic solution services, deeply tapping the potential of industrial lines, integrating industrial resources, and leading new industrial integration.

During the reporting period, the company has developed a series of **5G products** with high density, wide coverage and a wide range of application scenarios to meet the characteristics of

The characteristic optical communication industry chain products and services, with the continuous in-depth cooperation with Alibaba, Tencent, Byte Jump and other Internet enterprises in the data business, gradually realize the transformation to a comprehensive solution provider of integrated cabling engineering projects and expand its influence in the intelligent service business market. Through business integration with strategic investors and acquired enterprises, the company fully explores and uses the elemental endowments and relative advantages of both sides to quickly open up technical and market channels, achieve customer and product upgrades, and continuously enhance the market competitiveness and profitability of the company's industry. Chengdu Fuliye military supporting business to maintain the original market advantage at the same time, expand the cooperation with the Chinese aviation, shipping and other large research institutes, won the tender for a place airborne telemetry products, open a new situation of direct supply of measurement and control products. The outstanding military industrial computer and embedded computer, military bus R & D design capabilities, by many military users highly recognized, the product in a number of military equipment was adopted and installed, the formation of a variety of bulk procurement of the first product. The combination of products and services of SHINZHOU FEIANG and Chengdu Fourier can be used in the same military product platform, and can collaborate to respond to the system needs of customers and form a mutual market support.

The company has been actively laying out overseas markets, orderly promoting the deployment of factories in Vietnam, India and other countries, and steadily implementing the localization of overseas sales on the ground.

Section IV. Discussion and analysis of operating conditions

I. Overview

In 2020, due to the impact of the epidemic, the bidding of domestic customers was delayed, the implementation process of various projects was delayed, and the release of market demand was delayed. The fiber optic cable industry is still in a state of oversupply, the price of fiber and cable products continues to decline, and the market competition is extremely tough; the national power grid cable collection volume has dropped significantly, the bidding and procurement of ultra-high voltage projects has been delayed, and the implementation of the approved projects on the ground is less than expected. Influenced by many uncertainties in the external environment, the supply of important raw materials such as imported optical chips/electric chips is tight, prices are rising and the supply cycle is extremely unstable. The overseas epidemic continued to ferment, market development and sales activities were severely disrupted, difficulties in overseas transportation and customs clearance occurred, and overseas logistics costs increased significantly. The Company encountered unprecedented difficulties in the supply of raw materials, product delivery and marketing and sales.

In the face of the complex domestic and international situation, the company stabilized its market share of traditional optical fiber and cable, vigorously expanded its market of access network, optical module and military industry, and made its best efforts to eliminate the adverse impact brought by the epidemic and industry cycle fluctuations. We are committed to transforming from a single "product provider" to a "comprehensive product, solution and solution implementation service provider", opening up new development space in the data center business and smart campus construction, and ensuring that the company's strategic development moves forward steadily.

During the reporting period, the Company achieved operating revenue of RMB 4,722 million, an increase of RMB 0.67 billion or 1.43% over the same period of the previous

year.

Total profit was RMB 124 million, a decrease of RMB 272 million or 68.75% compared with the same period last year; net profit was RMB 58 million

Net income attributable to the parent company was RMB11 million, a decrease of RMB312 million or 83.16% compared with the same period of the previous year. Net profit attributable to the parent company was RMB11 million, a decrease of RMB312 million, or 96.46%, compared with the same period of the previous year. The year-on-year change in profit was mainly due to the recognition of a gain of RMB210 million on disposal of assets of Tyco Tower in the same period last year.

The main work carried out by the company during the reporting period.

1. Respond fully to the challenges of the epidemic, resume work and production in an orderly manner, and maintain smooth and orderly production and operation

In the face of the sudden epidemic, the company quickly reacted, took multiple measures and grasped all aspects strictly to ensure the stability of the epidemic prevention and control; overcame the difficulties in personnel employment and cargo transportation caused by the epidemic, standardized the resumption of work and production, and resumed normal operation of production and operation in a timely manner, not only to meet the production requirements of Huawei, Alibaba, Tencent and other key customers during the epidemic, but also to win the orders of peers. The company not only met the production requirements of key customers such as Huawei, Alibaba and Tencent during the epidemic, but also won orders that could not be undertaken by peers due to the epidemic. In addition, the Company thoroughly studied the economic situation and policy guidance in various aspects, took the initiative to find favorable conditions and made full use of various tax and fee reduction preferential policies of governments at all levels, and made efforts to mitigate the adverse impact of the epidemic on the Company's operation.

2. Adhere to strategic orientation, seize market opportunities and promote transformation and upgrading

The company actively followed up on the implementation of the operators' 5G development and construction plans, did its best in the collection and bidding work, and successfully won the bidding for China Mobile's general cable and China Telecom's outdoor optical cable, etc., with a steady increase in market share and maintained its position as a mainstream supplier; at the same time, the company scientifically planned the execution of the stock orders, and ranked top in the execution rate of China Mobile's and China Telecom's collection and bidding. 2020, fiber optic cable industry won the bid volume growth, the market share increased significantly compared to last year, but by the impact of the collection price significantly lower, there is an increase in volume not revenue.

In the power market, the company paid close attention to the changes in demand for power grid construction, and did a good job in the framework bidding and agreement inventory of State Grid and South China Network, and won the annual framework bidding for the whole region in South China Network, ranking first in the industry in the total number of bids won, in addition to 4 bids and agreement inventory bidding projects of State Grid, and the first and second bids of framework bidding for the main network of South China Network for guide wire products.

We deepened exchanges and cooperation with equipment vendors such as Huawei and ZTE, and internet companies such as Tencent and Alibaba, and ploughed deeper into 5G access, data center and other related industry chain products and services. We won the tender for Alibaba's data center materials and construction projects, and won the tender for Byte Jump and Tencent's integrated cabling product projects; the performance of access network-related businesses increased significantly, with year-on-year growth of over 30%, a record high. Completed the import of qualified suppliers from ZTE and passed the qualification examination of Meituan, Jingdong and Jinshan Cloud; passed the full performance verification of Huawei's core carrier indoor optical cable project for the first time, laying the foundation for participation in Huawei's European market.

The broadcasting market won the first place in the bidding of TianweiVision

optical cable and the first place in the butterfly optical cable of Fujian Radio and Television; joint TianweiVision won the first international project of China Cable: Mongolia cable TV digital transformation project; won the bidding of Hubei Radio and Television optical modules, cabinets, wiring frames and many other projects; the highway market won the bidding of Zhejiang optical cable project.

In overseas market, sales to Google continued to grow; leather cables, wires and ADSS won bids for many projects in Hong Kong, Thailand and Laos; smoothly entered the supplier list of Israel Telecom, UAE Telecom and Australian Power Company.

In FY2020, the Company achieved winning bids and sales of passive wavelength division equipment, optical modules, fiber composite MV cables and other products and online monitoring systems; new products such as automatic optical switching systems and micro data centers entered the market promotion stage; online monitoring solutions won the ICT China Innovation Award and the Golden Purple Bamboo Award of the communications industry.

Tefa Dongzhi continued to expand the mobile market in various provinces and strive for more order shares. Meanwhile, we actively expanded new products and won the tender for China Mobile WiFi5 project; we won the tender for China Mobile NB Secure Access Gateway OEM framework procurement project, ranking second.

Sichuan Huatuo seized the development opportunity of accelerated deployment of 5G and the great increase in demand for optical modules in data center construction, and explored the domestic mainstream optical module market by leveraging the synergy effect with the company's sales system. The company has made significant progress in the markets of ZTE, Huawei and other domestic first-class equipment vendors, Alibaba, Tencent and other Internet enterprises and traditional three major carriers, with a record contract signing volume and a significant increase in annual revenue and profit.

Chengdu Fuliye continue to track and implement key customer project needs, the steady development of the business, has won the Chengdu war support a certain institute, the army a university project, in a number of research institutes continue to open new markets; the development of the measurement and

control ground station data chain system, after two years of team research has completed the prototype trial and design identification, all war technology indicators are to meet the requirements; following the provision of Antenna one

After the No. 1 satellite mobile communication terminal, during the reporting period, Chengdu Fourier also launched multi-channel satellite communication signal demodulator, in addition to supporting a variety of customized signal formats, but also to achieve very high speed rate of satellite signal reception, has been internal finalized to achieve sales. Chengdu Fourier's military big data business has developed steadily and continued to receive orders from customers, with significant revenue growth and profit doubling this year.

Shenzhou Feiyang continues to explore new customers, digging deeper into the potential project needs of key customers, the contract signing amount hit a new record high.

Performance indicators continue to grow. At the same time, we continue to increase investment in the research and development of new products, and obtained the development task of a key model signal acquisition board of a research institute, achieving another breakthrough of data acquisition products in major models, further establishing the advantageous position of Shenzhou Feihang's data acquisition products in the field of weapons and equipment support; released a number of new products such as high-performance VPX special computer and a new generation of high-performance CPCI controller for future market development. The release of a number of new products, such as high-performance VPX special computer and a new generation of high-performance CPCI controller, for the future market development of product technology reserves.

During the year, the Company established a joint venture company, Shenzhen Tefa Sanqi Defense Technology Co., Ltd. to promote market synergy and resource sharing of R&D projects in the Company's military industry.

In 2020, the Company grasped the new opportunities brought by the "new infrastructure" and, focusing on its strategic positioning as a "comprehensive provider of new-generation information technology products and services", issued the "Incentive Measures for Encouraging the Expansion of New Infrastructure Projects" to mobilize the collective efforts of all employees of the Company to actively participate in the "new infrastructure" projects. The company will mobilize the collective strength of all employees to actively participate in new infrastructure

projects. Data Technology has been pushing forward the construction project of the Smart City Innovation Base in an orderly manner and has obtained two operating qualifications of **ISP** (value-added telecommunications business license) and **IDC** (Internet Data Center). During the reporting period, the Company established Shenzhen Tefa Information Technology Service Company Limited, which, together with Data Technology, was fully responsible for the development and operation of the Company's "new infrastructure" projects.

During the reporting period, the Company formed a consortium with Shenzhen Smart City Technology Development Group Co., Ltd. and successfully won the bid for the Pengcheng Cloud Brain II expansion project, which enhanced the Company's operating performance and further improved the Company's social awareness and branding; the Company formed a consortium with Huawei and successfully won the bid for the Smart Xiaomesha top-level design service project, entering the field of smart park construction integration; the Company also reached cooperation intentions with Shenzhen Mobile, Shenji Investment and other. The company also reached cooperation intention to jointly carry out wisdom service business.

3. Vigorously promote the progress of key projects and enhance the competitiveness of the industrial chain

The Company successfully issued convertible bonds to raise RMB550 million, providing strong financial support for the implementation of the Smart City Creation Base construction project and daily operations.

During the reporting period, the company's application for issuing corporate bonds was approved by the Securities Regulatory Commission, and on 8 April 2021, "Shenzhen Tefa Information Company Limited 2021 Public Issue of Corporate Bonds for Professional Investors (Phase I)" (issue size of RMB 100 million) started to be listed on the Shenzhen Stock Exchange.

During the reporting period, the Smart City Creation and Exhibition Base construction project completed equipment installation and high voltage energization, obtained two major operating qualifications, including **ISP** and **IDC**, and signed contracts for five major systems, including quality management and information security. At present, the project has been completed, and intention agreements have been signed with major customers, with the conditions for the first batch of equipment on the shelves of customers.

The company transferred its 20.4% equity interest in Tefatec and introduced a strategic investor, Beijing Hongshan Information Technology Research Institute Co.

New resources in terms of products and markets to jointly expand the development space.

Dongguan Liaobu Industrial Park fiber optic capacity expansion project plant has completed planning and acceptance, the main equipment has been installed in place, the project is being perfected and finalized.

The Vietnam investment project has completed the installation and commissioning of equipment, and has reached the conditions for formal production after small batch trial production.

The Indian project has completed land purchase, geological survey report, plant construction design, and preparation for construction bidding.

4. Multi-point evolution of innovation carriers to enhance technological innovation capabilities

The company's innovation carrier has strengthened the execution of innovation work at all levels within the carrier, the analysis of industrial development dynamics and the ability to expand the cross-field of the industrial chain from the perspectives of system construction, industry sharing and product chain layout.

During the reporting period, the six resident projects of the Central Research Institute were in progress, and the "Performance Evaluation of Target Detection Algorithm Based on Image Quality" was in progress.

In 2020, the company successfully passed the national high-tech enterprise re-examination; Sichuan Huatuo passed the Sichuan provincial-level enterprise technology center certification; Chongqing optical cable passed the Chongqing provincial-level enterprise technology center certification. "In 2020, the company successfully passed the national high-tech enterprise re-examination; Sichuan Huatuo passed the Sichuan provincial enterprise technology center certification; Chongqing optical cable passed the Chongqing enterprise technology center certification. 2020, the company added 77 patents, including 12 invention patents; the total number of patents obtained is 445. In 2020, the company added 77 patents, including 12 invention patents, and obtained a total of 445 patents, including 75 invention patents, and received a number of R&D grants and innovation awards.

5. Multi-pronged cost reduction and efficiency improvement, solidifying the cornerstone of enterprise development

The company controlled the procurement cost by optimizing the tender procurement and price negotiation mechanism, and the procurement prices of many major raw materials were reduced to different degrees; at the same time, it made timely market trend research and judgment, and made advance material preparation for key imported devices and key projects of military products. The Company optimized its production structure and reduced manufacturing costs through peer-to-peer benchmarking. During the reporting period, the Company strived to promote lean production projects, carried out 6S, TPM and other work in depth, continuously strengthened lean thinking, achieved cost reduction and efficiency increase, and introduced a quality prevention and guarantee system built around the production plan in the manufacturing center.

6. Strengthen party building, culture and brand building

Strengthen the construction of party organizations around the strategic development of the company. Study and implement the "Regulations on the Work of Grass-roots Organizations of State-owned Enterprises of the Communist Party of China (for Trial Implementation)", strengthen the political construction of state-owned enterprises, and carry out the implementation of the work of party organizations in accordance with each item. Strictly implement the "first issue" study system. The "Party Vanguard Team for Epidemic Prevention and Control" was established, with the Party leadership team and Party branch secretaries playing a pioneering role to fully meet the challenges of the epidemic and Party members playing an exemplary role. The company set up a league committee and strengthened the standardization of trade union organizations.

This year, the company took the 40th anniversary of the founding of the Special Administrative Region as an opportunity to organize the "I love Shenzhen" activity to strengthen staff interaction and promote the construction of spiritual civilization; to carry out the "pick up the light and shadow of ink and ink, write special development information" corporate culture works collection activity to enrich the path and carrier of corporate culture. The company also launched a collection of corporate culture works, enriching the path and carrier of corporate culture construction.

The company has passed the review of famous brand for three times in a row, and

was once again awarded as "Shenzhen Famous Brand".

In 2020, the company fulfilled the social responsibility of state-owned enterprises to benefit the people and actively responded to the call of the Shenzhen Municipal Party Committee and the SASAC to implement

The company implemented a rent-free and fee-reducing policy and waived the rent of its own private enterprise tenants for the months of February, March and August this year, totalling RMB22.69 million. Report

During the period, the Company donated RMB 150,000 to the Wuhan Charity Federation, making a total donation of RMB 270,000 for the year.

The medical staff and medical workers donated medical supplies, and donated epidemic prevention materials to Hubei Mobile, including 17,000 medical masks, medical guards and medical masks.

13,000 goggles and 100 pieces of protective clothing, with letters of appreciation from the relevant units.

7. Security work

The company strictly prevented the spread of the epidemic, further strengthened the awareness of "red line" and responsibility in production safety, decomposed the indicators of "Production Safety Responsibility", compacted the responsibility of production safety, improved the rules and regulations of production safety management, and strengthened the work of double prevention mechanism (safety risk grading control and hidden danger investigation). The situation of epidemic prevention and control and safe production was stable throughout the year.

II. Analysis of main business

1. Overview

See "I. Overview" in the "Discussion and Analysis of Operations".

2. Revenue and costs

(1) Composition of operating income

Unit: \$

	2020		2019		Year-on-year increase or decrease
	sum of money	Share of operating income	sum of money	Share of operating income	
	y		y		

Total operating income	4,722,428,257.52	100%	Full Annual Report 4,655,911,057.79	100%	1.43%
subsector					
Communications and related equipment manufacturing	4,628,353,896.47	98.01%	4,540,495,289.34	97.52%	1.94%
Property leasing	94,074,361.05	1.99%	115,415,768.45	2.48%	-18.49%
sub-product					
Fiber optic cable sales	1,372,346,303.06	29.06%	1,541,714,901.26	33.11%	-10.99%
Sales of communications equipment	1,524,898,793.08	32.29%	2,677,613,649.89	57.51%	-43.05%
Sales of electronic equipment	406,013,416.18	8.60%	283,400,630.62	6.09%	43.26%
Smart Services	1,275,962,780.53	27.02%	--	--	--
Property leasing	94,074,361.05	1.99%	115,415,768.45	2.48%	-18.49%
Sales of materials and others	49,132,603.62	1.04%	37,766,107.57	0.81%	30.10%

sub-region					
Mainland	4,201,768,540.84	88.97%	4,124,424,660.09	88.58%	1.88%
overseas	520,659,716.68	11.03%	531,486,397.70	11.42%	-2.04%

(2) Industries, products or regions that account for more than 10% of the company's operating revenues or operating profits

√ Applicable □

Not applicable

Unit: \$

	revenues	operating costs	gross margin	Increase or decrease in operating income over the same period of the previous year	Increase or decrease in operating costs over the same period of the previous year	Increase or decrease in gross margin over the same period of the previous year
subsector						
Communications and related equipment manufacturing	4,579,221,292.85	3,755,458,009.42	17.99%	1.70%	0.74%	0.78%
Property leasing	94,074,361.05	45,495,487.41	51.64%	-18.49%	4.81%	-10.75%
sub-product						
Fiber optic cable sales	1,372,346,303.06	1,068,320,045.25	22.15%	-10.99%	-10.93%	-0.05%
Sales of communications equipment	1,524,898,793.08	1,358,357,122.27	10.92%	-43.05%	-42.69%	-0.56%
Sales of electronic equipment	406,013,416.18	180,472,265.41	55.55%	43.26%	13.97%	11.43%
Smart Services	1,275,962,780.53	1,148,308,576.49	10.00%	--	--	--
Property leasing	94,074,361.05	45,495,487.41	51.64%	-18.49%	4.81%	-10.75%
sub-region						
Mainland	4,152,635,937.22	3,427,109,240.38	17.47%	1.61%	2.74%	-0.90%
overseas	520,659,716.68	373,844,256.45	28.20%	-2.04%	-14.14%	10.13%

In the event that the statistical caliber of the Company's main business data is adjusted during the reporting period, the Company's main business data for the most recent year, as adjusted by the caliber at the end of the reporting period

(3) Whether the company's revenue from physical sales is greater than its revenue from labor

☒ Yes ☐ No

Industry Classification	sports event	unit	2020	2019	Year-on-year increase or decrease
fiber optic cable	sales volume	Core kilometers	16,455,204	13,667,721	20.39%
	production volume	Core kilometers	17,739,147	12,695,052	39.73%
	stockpile	Core kilometers	4,326,119	3,042,176	42.20%
communications equipment	sales volume	sheath	31,919,774	46,004,695	-30.62%
	production volume	sheath	34,405,823	45,533,005	-24.44%

	stockpile	sheath	8,510,251	6,024,201	41.27%
Electronic equipment	sales volume	sheath	33,833	48,208	-29.82%
	production volume	sheath	26,997	53,046	-49.11%
	stockpile	sheath	3,299	10,135	-67.45%

Reasons for changes of more than 30 per cent year-on-year in relevant data

√ Applicable □ Not applicable

The year-over-year change in production and inventory of fiber optic cables was mainly due to the significant increase in the volume of bids won by China Mobile for the 2020 general cable collection, which in turn boosted production, sales and inventory of spare parts.

The year-on-year change in sales and inventory of communications equipment was mainly due to the shortage of chips in the market as a result of the trade friction between China and the United States and the epidemic, the decrease in orders from major customers, the decrease in sales and the increase in inventory of Tefa Dongzhi.

The main reason for the year-over-year change in production and inventory of electronic equipment: It is because the electronic equipment segment is all customized military products, which are not comparable to the current year's products in terms of specifications, performance and price.

(4) Performance of significant sales contracts entered into by the Company up to the reporting period

√ Applicable □ Not applicable

In October 2020, the consortium formed by the Company and Shenzhen Smart City Technology Development Group Co., Ltd. won the tender for the first phase of the information technology project of Pengcheng Cloud Brain II Extension Project, and the consortium signed the "Pengcheng Laboratory Pengcheng Cloud Brain II Extension Project Information Technology Project Phase I Project Contract of Pengcheng Laboratory" with the project purchaser, and the total amount of the contract signed by the consortium including tax was not higher than RMB281,7.5 million. Subsequently, the Company and Shenzhen Smart City Technology Development Group Co., Ltd. signed the Supplemental Agreement on Supply Share of Pengcheng Cloud Brain II Extended Project

Information Technology Project Phase I Project, and the Company obtained a total amount of RMB2,497.07 million from the consortium project contract. During the reporting period, Pengcheng Laboratory Pengcheng Cloud Brain II Extended Project Informatization Project Phase I Project

The project has been implemented and the Company has received RMB201,977,000 (For details and progress of the project, please refer to the separate publication in the

The Securities Times and Juchao Information Website (<http://www.cninfo.com.cn>) of December 5, 2020 on the signing of a major contract

Announcement on the signing of material contracts”, “Announcement on the progress of the signing of material contracts” on 4 January 2021 and “Announcement on the progress of material contracts and receipt of project payments” on 5 January 2021) During the reporting period, the Company has performed normally in accordance with the contracts.

(5) Operating cost components

Industry
Classifi
cation

Unit: \$

Industry Classification	sports event	2020		2019		Year-on- year increase or decrease
		sum of mone y	Share of operating costs	sum of mone y	Share of operating costs	

Communications and related equipment manufacturing	raw materials	3,261,180,227.88	84.92%	3,154,264,926.26	82.54%	3.39%
Communications and related equipment manufacturing	labor compensation	157,775,930.67	4.11%	212,862,805.72	5.57%	-25.88%
Communications and related equipment manufacturing	depreciabl e	53,286,715.41	1.39%	51,438,852.41	1.35%	3.59%
Communications and related equipment manufacturing	energy	28,404,965.32	0.74%	33,638,936.99	0.88%	-15.56%
Communications and related equipment manufacturing	other	294,366,553.33	7.66%	325,765,137.59	8.52%	-9.64%
Property leasing	Cost of utilities	6,626,026.72	0.17%	7,102,959.72	0.19%	-6.71%
Property leasing	labor compensation	3,321,804.74	0.09%	3,101,218.49	0.08%	7.11%
Property leasing	depreciati on and amortizati on	24,459,705.46	0.64%	21,874,450.62	0.57%	11.82%
Property leasing	other	11,087,950.49	0.29%	11,330,867.84	0.30%	-2.14%

Note: Not applicable.

(6) Whether there was a change in the scope of consolidation during the reporting period

☒ Yes ☐ No

1. In 2020, Tefa Information acquired 100% equity interest in Shenzhen Shangshi Construction Engineering Company Limited, a qualified company, and later changed its name to Shenzhen Tefa Information Technology Service Company Limited.

2. Chengdu Fourier Electronic Technology Co., Ltd, a subsidiary of the Company, cancelled its subsidiary, Hong Kong Fourier Trading Co.

Ltd. on September 01, 2020, the Company held 51.00% equity interest in Shenzhen Tefa Sanqi Defense Technology Co.

(7) Information about significant changes or adjustments in the company's business, products or services during the reporting period

☐ Applicable ☒ Not applicable

(8) Major Sales Customers and Major Suppliers Full Annual Report 2020

The company's main sales customers

Top five customers combined sales amount (\$)	1,922,068,253.53
Top five customers' combined sales as a percentage of total annual sales	40.70%
Related party sales of top five customer sales as a percentage of total annual sales	0.00%

Information on the company's top 5 customers

Serial number	Client Name	Sales (\$)	Percentage of total annual sales
1	Customer One	1,275,962,780.53	27.02%
2	Client Two	206,030,715.69	4.36%

3	Client Three	189,901,765.60	4.02%
4	Client IV	169,084,039.13	3.58%
5	Client V	81,088,952.58	1.72%
add up the total	--	1,922,068,253.53	40.70%

Other description of major clients

☐ Applicable ☒ Not applicable

Not applicable

Top five suppliers combined procurement amount (\$)	2,331,545,971.30
Top five suppliers combined as a percentage of total annual purchases	52.36%
Proportion of related party purchases to total annual purchases from top five suppliers	0.00%

Information on the top 5 suppliers of the company

Serial number	Name of supplier	Procurement amount (\$)	Percentage of total annual procurement
1	Supplier I	1,935,755,831.21	43.47%
2	Supplier II	199,428,484.39	4.48%
3	Supplier III	82,863,957.89	1.86%
4	Supplier IV	59,161,414.62	1.33%
5	Supplier V	54,336,283.19	1.22%
add up the total	--	2,331,545,971.30	52.36%

Other information on major suppliers

☐ Applicable ☒ Not applicable

3. Costs

Unit: \$

	2020	2019	Year-on-year increase or decrease	Explanation of significant changes
Cost of sales	156,787,923.17	155,672,858.38	0.72%	
Overheads	140,990,955.81	128,739,371.12	9.52%	

financial cost	133,526,966.91	80,444,209.56	65.99%	Full Annual Report 2020 This was mainly due to the increase in interest expenses as a result of the issuance of RMB550 million of new convertible bonds and the increase in financing for the Pengcheng Cloud Brain project during the period.
Research and development costs	224,230,685.07	250,827,590.41	-10.60%	

4. R&D input

☒ Applicable ☐ Not applicable

The company focuses on the reserve and development of fiber optic cable, intelligent access and military informatization board industry development projects, orderly advance the process of innovation carrier research and development projects, and continuous increase in research and development investment. Focus on the project development of new materials, new technologies and new products to improve the output quality of technology, products, services and construction for domestic and international markets; through process optimization and upgrading, equipment automation transformation, the development of the integration of the two, and other improvement measures to continuously reduce production costs, improve production efficiency and achieve the optimization of production efficiency.

Company R&D investment

	2020	2019	Percentage change
Number of R&D staff (persons)	628	664	-5.42%
Number of R&D staff as a percentage	18.36%	15.45%	2.91%
Amount of R&D investment (yuan)	262,276,483.64	250,827,590.41	4.56%
R&D investment as a percentage of operating revenue	5.55%	5.39%	0.16%
Amount of R&D inputs capitalized (\$)	38,045,798.57	0.00	
Capitalized R&D investment as a percentage of R&D investment	14.51%	0.00%	14.51%

Reasons for the significant change in total R&D investment as a percentage of operating revenue compared to the previous year

☐ Applicable ☒ Not applicable

Reasons for the significant change in the capitalization rate of R&D investments and its justification

☐ Applicable ☒ Not applicable

5. Cash flow

Unit: \$

sports event	2020	2019	Year-on-year increase or decrease
Subtotal cash inflow from operating activities	6,325,204,341.10	5,265,963,565.44	20.11%

Subtotal cash outflow from operating activities	6,260,452,387.84	Full Annual Report 2020 5,520,947,400.64	13.39%
Net cash flows from operating activities	64,751,953.26	-254,983,835.20	125.39%
Subtotal cash inflows from investing activities	802,293,911.51	553,554,840.64	44.93%
Subtotal cash outflows from investing activities	925,657,552.14	584,152,837.42	58.46%
Net cash flows from investing activities	-123,363,640.63	-30,597,996.78	-303.18%
Subtotal cash inflow from financing activities	4,697,015,451.37	1,756,087,736.60	167.47%
Subtotal cash outflows from financing activities	2,451,059,895.07	1,605,743,814.91	52.64%
Net cash flows from financing activities	2,245,955,556.30	150,343,921.69	1,393.88%
Net increase in cash and cash equivalents	2,181,792,753.29	-138,426,213.23	1,676.14%

Explanation of the main factors affecting significant year-on-year changes in relevant data

√ Applicable ☐ Not applicable

The year-on-year increase in net cash flow from operating activities was mainly due to the net inflow from operating activities of RMB204.6 million from the repayment of the Pengcheng Cloud Brain Project; the year-on-year decrease in net cash flow from investing activities was mainly due to the increase in expenditure for the Smart City Innovation Base Construction Project; the year-on-year increase in net cash flow from financing activities was mainly due to the increase in financing for the Pengcheng Cloud Brain Project and the impact of the issuance of RMB550 million convertible bonds to raise funds during the period. The year-on-year increase in net cash flow from financing activities was mainly due to the increase in financing for the Pengcheng Cloud Brain project and the issuance of RMB550 million convertible bonds to raise funds.

Explanation of the reasons for the significant difference between the net cash flow from operating activities of the company and the net profit for the year during the reporting period

☐ Applicable ☒

Not applicable III.

Analysis of non-

main business

☒ Applicable ☐

Not applicable

Unit: \$

	sum of money	Percentage of total profit	Description of the causes of formation	Sustainability or otherwise
Investment income	10,726,855.72	8.68%		deny
Gains and losses from changes in fair value	151,912,781.40	122.88%	Performance compensation receivable from indemnity obligors	deny
impairment of assets	-191,055,872.56	-154.55%	Provision for decline in value of inventories	deny
Non-operating income	14,688,878.27	11.88%		deny
non-operating expenses	61,393,067.37	49.66%	Mainly due to the loss of work stoppage during the period	deny
Other gains	51,303,547.89	41.50%	Mainly government grants	deny
credit impairment	-56,339,852.45	-45.57%	Provision for bad debts	deny

IV. Analysis of the status of assets and liabilities

1. Significant changes in the composition of assets

The Company implements the new revenue standard or the new lease standard for the first time from 2020 and adjusts the relevant items in the financial statements at the beginning of the year of implementation

table of contents

apply

Unit: \$

	End of 2020		Early 2020		Increase or decrease in specific gravity	Explanation of significant changes
	sum of money	Percentage of total assets	sum of money	Percentage of total assets		
monetary funds	3,005,503,023.74	28.30%	834,673,995.35	10.95%	17.35%	Mainly due to the return of the Pengcheng Cloud Brain project this year This is due to \$20.1977 million.
Accounts receivable	2,189,682,948.43	20.62%	2,507,191,198.91	32.89%	-12.27%	This is mainly due to the increase in the company's total assets.
inventory	2,221,192,984.10	20.92%	1,555,399,511.03	20.40%	0.52%	This was mainly due to the increased provision for the Pengcheng Cloud Brain project during the period.

Investment property	353,451,515.06	3.33%	373,424,830.03	4.90%	-1.57%	
Long-term equity investments	62,670,833.05	0.59%	81,571,583.10	1.07%	-0.48%	
fixed assets	563,351,115.48	5.30%	582,749,081.46	7.64%	-2.34%	
Construction in progress	348,491,672.17	3.28%	174,365,568.17	2.29%	0.99%	This was mainly due to the increase in investment in the construction of the Smart City Creation and Exhibition Base project during the period.
short term loan	2,841,225,092.90	26.75%	1,369,135,031.50	17.96%	8.79%	This was mainly due to the increase in financing for the Pengcheng Cloud Brain project during the period.
Long-term loans	511,565,532.94	4.82%	103,101,061.03	1.35%	3.47%	This is mainly due to an increase in borrowings for the company's day-to-day operating activities.
Development expenditure	38,045,798.57	0.36%	0.00	0.00%	0.36%	The addition in the current period is mainly due to the capitalization of a portion of the current period's research and development expenses to development expenses.
Receivables in advance	5,429,259.44	0.05%	118,686,477.45	1.56%	-1.51%	This is mainly due to the company's implementation of the new revenue standard, which will be in line with Prepayments relating to the sale of goods and rendering of services are classified and accounted for as "contract liabilities".
Contractual liabilities	631,232,797.67	5.94%			5.94%	This is mainly due to the company's implementation of the new revenue standard, which will be in line with Advances relating to the sale of goods and rendering of services are classified and accounted for under this account.
Bonds payable	511,573,883.68	4.82%	57,518,121.97	0.75%	4.07%	This was mainly due to the issuance of new convertible bonds of RMB550 million in the current period.

2. Assets and liabilities measured at fair value

☐ Applicable ☒ Not applicable

3. Restricted rights to assets as at the end of the reporting period

spor ts even t	Carrying value at the end of the period	Reason for restrict ion
monetary funds	96,571,767.76	Silver Underwriting Deposit, Performance Bond, Funds Freeze, etc.
intangible asset	37,600,146.90	Collateral for borrowing
add up the total	134,171,914.66	--

V. Status of investments

1. General information

☒ Applicable ☐ Not applicable

Amount invested in the reporting period (\$)	Amount invested in the same period of the previous year (\$)	Range of change
192,186,183.60	92,400,000.00	107.99%

2. Significant equity investments acquired during the reporting period

☐ Applicable ☒ Not applicable

3. Significant non-equity investments in progress during the reporting period

☒ Applicable ☐ Not applicable

Not applicable

Unit: \$

Project name	Investment approach	whether it is Fixed asset investment	investment item Industry covered by the project	this report Amount invested in the period	As of reporting Cumulative actual at the end of the reporting period international input sum of money	Source of funding	Project Progress	Projected benefits	Deadline for reporting Cumulative actual at the end of the reporting period current income benefit	Not achieved Planned progress and forecasts count earnings the reasons for the	disclosure date Period (if any)	disclosure Citation (if any)
Using pre Reserve land for industrial development construction fiber optic plant room	self-built	be	Manufacturing of communications and related equipment engagement in		61,635,851.92	Self-financing plus corporate bonds	98.00%			The outbreak affected the commissioning of equipment into put into effect	2020 31 December sun	The "On Partial investment of proceeds project extension of the Public Notice

Shenzhen Tefa Information Company Limited												
							Full	Annual	Report 2020	Progress		Delay
Fiber Optic Company Fiber Optic Capacity Expansion	self-built	be	Communications and related equipment manufacturing	680,604.61	109,840,963.15	Self-financing plus corporate bonds	95.00%			in commissioning equipment, technical training affected by the epidemic	2020 31 December sun	of part of the fund raising investment project of the Public Notice
Tefadong Smart expansion and production line intelligence upgrade item table of contents	self-built	be	Manufacturing of communications and related equipment engagement	3,582,315.60	46,563,500.60	Self-financing plus corporate bonds	31.72%			Changes in the external environment, technological upgrading level	2020 31 December sun	The "On Partial investment of proceeds project extension of the Public Notice
Chengdu Fu Liba measurement and control ground	self-built	deny	Communications and related equipment	8,201,693.00	36,210,129.11	Self-financing plus corporate	50.33%			not applicable	7 July 2018 23rd of July	Shenzhen urban special delivery Information Unit limited Public offering of A-share convertible

statio			manufa			bonds	Shenzhen Tefa Information Company Limited					bonds
n data			cturin				Full	Annual	Report 2020			by the
chain			g									Compan
system												y
projec												
t												fundrai
												sing
												gold
												applica
												tion

												Feasibility Study Report (Second Revision) (Draft)
Tefa Information and Data Technology Co., Ltd. Smart City Creation and Exhibition Base Construction Project	self-built	be	Software and information technology services	179,720,751.92	186,371,224.48	Self-financing plus corporate bonds	80.00%			The epidemic has affected labour, logistics, procurement and installation.	2020 31 December sun	Announcement on the Postponement of Part of the Fund Raising Investment Project
add up the total	--	--	--	192,185,365.13	440,621,669.26	--	--	0.00	0.00	--	--	--

4. Investment in financial assets

(1) Portfolio investments

☐ Applicable ☒ Not applicable

The Company had no investments in securities during the reporting period.

(2) Investments in derivatives

☒ Applicable ☐ Not applicable

Not applicable

Unit: million

Name of the derivative investment operator	relatedness	Whether related transactions	Types of Derivatives Investments	Initial investment amount for derivative investments	Start date	Expiry date	Amount invested at the beginning of the period	Amount purchased during the reporting period	Amount sold during the reporting period	Amount of provision for impairment (if any)	Amount invested at end of period	Amount of investments at the end of the period as a percentage of the company's net assets at the end of the reporting period	Actual amount of gain or loss for the reporting period
Changzhou Tefa Huayin Wire & Cable Co.	deny	deny	Aluminum Futures	620.47	2020 01 Month 01 sun	2020 31 December sun	0	620.47	620.47	0	0	0.00%	-222.67
add up the total				620.47	--	--	0	620.47	620.47		0	0.00%	-222.67
Sources of funding for derivative investments				Own funds									

Involvement in litigation (if applicable)	not
Date of disclosure of board announcement for approval of derivative investments (if any)	
Date of disclosure of announcement of shareholders' meeting for approval of derivative investment (if any)	
<p>Risk analysis and control of derivative positions in the reporting period</p> <p>Description of control measures (including but not limited to market wind risk, liquidity risk, credit risk, operational risks, legal risks, etc.)</p>	<p>January-December wire order hedging futures market loss of \$2,226,700, spot market profit of \$2,546,200, two markets</p> <p>The total profit after offsetting was \$319,500,000, which hedged against the significant fluctuations in gross profit of the order brought about by the fluctuation of aluminum price.</p> <p>the impact of the epidemic, the greater uncertainty facing the domestic and international economies, and the risk of large fluctuations in commodity prices.</p> <p>In order to hedge the cost risk of raw material procurement brought about by large fluctuations in the price of raw material aluminum rods, the company hedged its hedging phase</p> <p>Under the principle of strict compliance with the hedging management system, the relevant personnel keep abreast of the spot market information and the international trade situation.</p> <p>Hedging positions are strictly controlled in accordance with the actual production and operation of the company and the margin scale, and orders for wires are carried out</p> <p>hedging business to reduce the adverse impact of significant fluctuations in aluminum prices on the Company's operations.</p>
Changes in market prices or product fair values of invested derivatives during the reporting period, and the analysis of the fair value of derivatives should disclose the specific methods used and the setting of relevant assumptions and parameters	not
Statement of whether the accounting policy and specific principles of accounting for derivatives of the company in the reporting period have changed significantly from the previous reporting period	not
Independent Directors' Special Opinion on the Company's Derivatives Investment and	not

Risk Control	
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5. Use of proceeds

√ Applicable ☐ Not applicable

(1) Overall use of proceeds

√ Applicable ☐ Not applicable

Unit: million

Year of collection	Collection method	Total funds raised	Total funds raised utilized during the period	Total accumulated proceeds used	Total amount of proceeds changed in use during the reporting period	Total cumulative change in use of proceeds	Proportion of total cumulative change in use of proceeds	Total unused proceeds	Use and destination of unused proceeds	Amount of funds raised that have been idle for more than two years
2018	Issuance of convertible corporate bonds	41,940	1,553.96	24,135.53	0	0	0.00%	17,804.47	Use of proceeds according to the investment plan	0
2020	Issue of convertible corporate bonds	55,000	28,637.12	28,637.12	0	0	0.00%	26,362.88	By investment of proceeds	0

	deed (i. e. title deeds)								planning use	
add up the total	--	96,940	30,191.08	52,772.65	0	0	0.00%	44,167.35	--	0
Description of the overall use of proceeds										
<p>I. As approved by the China Securities Regulatory Commission's Approval of the Approval of the Public Issue of Convertible Corporate Bonds by Shenzhen Tefa Information Company Limited (SFC License [2018] No. 1627), the Company publicly issued 4,194,000.00 convertible bonds with a face value of RMB100 each to the registered original shareholders and the public on the Shenzhen Stock Exchange, raising total funds of The total proceeds raised were RMB419,400,000.00, net of underwriting expenses (including tax) of RMB1,250,800.00, resulting in a balance of RMB1,250,800.00.</p> <p>The actual proceeds raised, after deduction of sponsor's fees, audit fees, attorney's fees and other issue expenses (excluding tax) of RMB2,605,603.78, will be RMB418,149,200.00.</p> <p>The net amount was RMB415,543,596.22.</p> <p>As of December 31, 2020, the Company has used cumulative proceeds of RMB 241,355,280.26, of which RMB 225,815,649.33 was used in previous years and RMB 1,815,649.33 in the current year.</p> <p>The balance of the special account for fund raising amounted to RMB180,281,828.61. The cumulative amount of fund raising and the balance of the special account for fund raising amounted to RMB15,539,630.93. The total amount of the accumulated use of proceeds and the balance of the special account for proceeds</p> <p>The amount of difference between RMB421,637,108.87 and the actual net proceeds of RMB415,543,596.22 was RMB6,093,512.65 due to the following reasons: 1. Net amount of the accumulated interest income from the proceeds in 2018 after deducting bank charges expenses was RMB136,694.79.</p> <p>2. , 2019 accumulated interest income on the proceeds net of bank charges expenses of \$3,752,717.24.</p> <p>3 The net amount of accumulated interest income from the proceeds in 2020, net of bank charges expenses, is \$2,204,100.62.</p> <p>2. Approved by the "Approval of the Approval of the Public Issue of Convertible Corporate Bonds by Shenzhen Tefa Information Company Limited" issued by the China Securities Regulatory Commission (SEC License [2020] No. 1078), Tefa Information has publicly issued to the public 5,500,000 convertible corporate bonds with a face value of RMB100 each, totaling</p> <p>The total proceeds of RMB550,000,000.00, net of underwriting expenses (including tax) of RMB1,450,000.00, leaving a balance of RMB548,550,000.00. In addition, after deducting</p> <p>After the sponsorship fee, audit fee, attorney's fee and other issue expenses (excluding tax) of RMB3,570,754.72, the net proceeds were RMB544,979,245.28</p> <p>Yuan.</p> <p>As of December 31, 2020, the Company has used the accumulated proceeds of RMB 286,371,224.48, of which RMB 190,074,224.48 was used in the current year to replace the pre</p> <p>The Company first invested RMB96,297,000.00 in the fund-raising project; the balance of the special account for fund-raising amounted to RMB260,341,082.98. Cumulative amount of proceeds used and proceeds raised</p> <p>The total balance of the special account was RMB546,712,307.46, and the amount of difference from the actual net proceeds of RMB544,979,245.28 was RMB1,733,062.18</p> <p>The reason for this is that the accumulated interest income from the proceeds, net of bank charges expenses, amounted to \$1,733,062.18.</p>										

(2) Status of committed projects for fund raising

√ Applicable □

Not applicable

Unit: million

Commitment of investment projects and investment of excess funds	Whether the item has been changed (including partial changes)	Total committed investment of proceeds	Adjusted total investment (1)	Amount of inputs for the reporting period	Cumulative amount invested as at end of period(2)	Progress on investments as at end of period (3) = (2)/(1)	Date the project reached its intended useable state	Benefits realized during the reporting period	Whether project benefits are met	Whether there has been a significant change in the viability of the project
Committed investment projects										
Tefa Information Plant Construction and Tefa Fiber Expansion Project	deny	20,065	20,065	375.56	15,858.17	79.03%	2021 31 December sun	0	not applicable	deny
Tefa Dongzhi Expansion and Production Line Intelligent Upgrade Project	deny	14,680	14,680	358.23	4,656.35	31.72%	2021 31 December sun	0	not applicable	deny
Chengdu Fourier Measurement and Control Ground	deny	7,195	7,195	820.17	3,621.01	50.33%	2021	0	not applicable	deny

Station data chain system project							31 December sun			
"Tefa Information and Data Technology Co., Ltd. Smart City Creation and Development Base Construction Setting up projects"	deny	45,000	45,000	18,637.12	18,637.12	41.42%	2021 31 December sun	0	not applicable	deny
Supplementary working capital projects	deny	10,000	10,000	10,000	10,000	100.00%	2020 31 December sun	0	not applicable	deny
Subtotal committed investment projects	--	96,940	96,940	30,191.08	52,772.65	--	--	0	--	--
Investment of superfunds										
not applicable										
add up the total	--	96,940	96,940	30,191.08	52,772.65	--	--	0	--	--
Non-achievement of planned progress or projected benefits and reasons (subdivided into specific items)	<p>On 29 December 2020, the Seventh Thirty-seventh Meeting of the Board of Directors of the Company considered and passed the "Proposal on the Extension of Part of the Fund Raising Investment Projects", agreeing that the "Tefa Information Plant Construction and Tefa Optical Fiber Expansion Project", "Tefa Dongzhi Expansion and Production Line Intelligent Upgrade Project" and "Tefa Information Data Technology Co. The meeting agreed that the total investment amount, implementation subject and content of the project remain unchanged, the "Tefa Information Factory Construction and Tefa Optical Fiber Expansion Project", "Tefa Dongzhi Expansion and Production Line Intelligent Upgrade Project" and "Tefa Information Data Technology Co.</p> <p>The time to reach the intended useable status of the three investment projects with proceeds from the "Land Construction Project" was extended to 31 December 2021.</p>									
Explanation of significant changes in project feasibility	There have been no significant changes during the reporting period.									
Amount, purpose and progress of use of the excess funds	not applicable									
Change of location for the implementation of the fund-raising investment project	not applicable									

Adjustment of the implementation mode of the investment project of the fund-raising capital	not applicable
Prior investment and replacement of funds raised for investment projects	apply
	<p>I. Tefa Information Company held the fourth meeting of the seventh session of the Board of Directors on December 13, 2018, and considered and approved the "On the use of fund-raising</p> <p>Proposal for the Replacement of Self-financing Funds Pre-committed to the Fund Raising Project", agreeing that the Company shall use the fund raising funds of RMB 136,870,900 to replace the self-financing funds pre-committed to the fund raising project.</p> <p>The self-financing funds were first invested in the investment project; among them, RMB107,773,600 was used to replace the self-financing funds that had been invested in the construction of the plant of Tefa Information and</p> <p>The self-financing funds of the expansion project of Tefa Optical Fiber, using RMB29,097,300 to replace the self-financing funds already pre-invested in the expansion and production line intellectualization upgrade project of Tefa Dongzhi. Ruihua Certified Public Accountants (Special General Partnership) conducted a special audit on the situation of the Company's pre-investment of self-financing funds into the investment project of the fund-raising capital and issued the "Assurance Report on the Report on the Situation of Shenzhen Tefa Information Company Limited's Pre-investment of Self-financing Funds into the Investment Project of the Fund-raising Capital with Self-financing Funds" (Ruihua Certification No. [2018] 48330015) on 13 December 2018.</p> <p>2. Tefa Information Company held the seventh thirty-second meeting of the Board of Directors on August 24, 2020, and considered and adopted the</p> <p>Proposal on the Use of Proceeds to Replace Self-financing Funds Pre-invested in the Fund Raising Project", agreeing that the Company shall use the proceeds of RMB96,290,700,000 to replace the self-financing funds pre-invested in the fund raising project. Baker Tilly International Certified Public Accountants (Special General Partner) conducted a special audit of the Company's use of self-financing funds pre-invested in the issue proceeds investment project and issued a report on 17 August 2020 on the Shenzhen</p>

	Assurance Report of Tefa Information Co., Ltd. on the Pre-commitment of Self-financing Funds to the Investment Project with Raised Funds(Tianzhengzhi [2020]4429) (No.)
Temporary replenishment of working capital with idle proceeds	not applicable
The amount of and reasons for the balance of proceeds from project implementation	not applicable
Use and destination of unused proceeds	The Company's unused proceeds and interest are deposited in the Company's special account for proceeds and will continue to be used in accordance with the proceeds plan.
Problems or other circumstances in the use and disclosure of proceeds	not

(3) Change of project of fund raising

☐ Applicable ☒ Not applicable

The Company did not have any change in the project of fund raising during the

reporting period. **VI. Material assets and**

equity disposals

1. Sale of significant assets

☐ Applicable ☒ Not applicable

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

2. Sale of significant equity interests

☐ Applicable ☒ Not applicable

VII. Analysis of major holding and equity participation companies

√ Applicable ☐ Not applicable

Major subsidiaries and participating companies with an impact of 10% or more on the Company's net profit

Unit: \$

company identification	Type of company	Main business	Registered Capital	total assets	net assets	revenues	operating profit	net profit
Shenzhen Tefa Information Optical Network Technology Co.	subsidiary company	industrial production	164,090,800.00	878,739,730.16	370,093,980.30	860,235,343.36	29,064,466.00	27,130,387.95
Shenzhen Tefaxin	subsidiary company	industrial production	37,600,000.00	121,202,501.16	59,626,618.60	100,205,765.36	17,883,519.80	15,404,935.60

Information optoelectronic technology has limited company			0	21	9	40	5	7
Shenzhen Tefatec Communication Technology Co.	subsidiary company	industrial production	50,500,000.00	431,270,134.57	84,107,390.53	256,929,527.18	43,134,152.45	36,986,673.59
Sichuan Huatuo Optical Communication Co.	subsidiary company	industrial production	31,467,857.00	248,575,068.62	76,693,830.53	257,636,087.37	18,227,182.15	18,399,361.38
Shenzhen Tefa Dongzhi Technology Co.	subsidiary company	industrial production	220,000,000.00	1,947,578,470.31	318,540,689.54	517,940,786.65	-332,550,722.08	-389,436,376.71
Chengdu Fourier Electronic Technology Co.	subsidiary company	industrial production	53,800,000.00	506,009,008.66	238,578,376.93	241,775,403.08	62,142,049.37	52,843,098.78
Beijing Shenzhou Feiyang Technology Co.	subsidiary company	industrial production	4,285,714.00	351,748,492.74	183,419,812.93	209,987,481.73	64,031,544.97	56,334,183.47

Acquisition and disposal of subsidiaries during the reporting period

√ Applicable □ Not applicable

company identification	Mode of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production operations and performance
Shenzhen Tefa Information Technology Service Co.	acquire (a company)	No significant impact

Description of major holding and equity participation companies

Ltd. was established on April 15, 2004 with a registered capital of RMB22,000.00 million and the Company holds 100.00% equity interest in it. The decrease in net profit of Tefa Dongzhi for the period was mainly due to the shortage of chips in the market and the decrease in orders from major customers as a result of the epidemic and the trade friction between the United States and China, and the

decrease in sales volume of Tefa Dongzhi.

VIII. Information on structured subjects controlled by the company

☐ Applicable ☒ Not applicable

IX.

Prospects for the

future development of

the Company

(i) Industry patterns and trends

In 2021, the epidemic will continue to rage around the world for a certain period of time, and the world economy will still be seriously affected by the epidemic, with downward pressure on the economy.

At present, the domestic fiber optic cable industry is in a historical low period, the price of fiber optic cable market has fallen sharply, and the price level of fiber cable for mobile general cable collection in 2020 will have a sustained impact on the market. Although the demand for 5G is beginning to emerge, but 5G construction is a long-cycle process, the fiber optic cable industry is still maintaining the state of oversupply, the industrial situation is becoming increasingly severe, the industry enterprises a

On the one hand, we need to continue to reduce costs and increase efficiency to survive, and on the other hand, we need to increase scientific and technological innovation to seek new directions of development. The next two years, the national grid is expected to increase investment in construction, to OPGW, ADSS and other traditional power fiber optic cable may usher in a period of rising demand, but there is still uncertainty about the progress of project implementation. Most of the power communication companies have already appeared in the situation of unsatisfied production capacity, coupled with the entry of new entrants, the market presents a state of vicious competition.

With the acceleration of 5G construction and the increase in demand for data centers, products such as cables, optical devices and optical modules supporting optical networks and data centers will usher in a boom cycle, and the market demand for optical modules, whether in terms of quantity or since in the grid, will be elevated. With the expansion of IoT applications, it will also give rise to more opportunities for electronic products, such as 5G indoor coverage terminal equipment, terminal sensing equipment, etc.

Affected by the uncertain international situation, the country's military equipment construction expenditure is growing steadily, national defense information technology is the key area of equipment construction, aircraft, ships, vehicles and other weapons and equipment are accelerating the process of information technology and electronic, the demand for aviation industry chain, missile industry chain, unmanned aircraft industry chain, satellite industry chain is rising rapidly. In the context of geopolitical uncertainty, intensify military training and preparation for war has become the norm, the actual combat practice for equipment requirements and consumption has increased, weapons and equipment is expected to release construction. Military industry is currently in the order demand release phase, the future performance growth certainty is high.

Operators continue to cloud and smart upgrade, is expected to bring more IDC and server procurement, construction demand. At the same time, driven by the business needs of Internet companies, the domestic IDC industry chain is expected to maintain a stable growth trend in 2021.

(ii) Corporate development strategy

The company will focus on the strategic positioning of "comprehensive provider of new-generation information technology products and services", set up the development goal of becoming "a typical example of civil-military integration, a benchmark of advanced manufacturing, and an explorer of comprehensive solutions", based on its own advantageous resources and capabilities. Under the promotion of the dual engines of business restructuring and capital operation, we will carry on and develop the achievements of the "1+3" strategy and build a new industrial layout and business development pattern of "one body and two wings" and four business sectors (fiber optic cable, intelligent access, military information technology and intelligent services). New business development pattern.

(iii) Business Plan 2021

The year 2021 is the opening year of the 14th Five-Year Plan, and the company is determined to implement the strategic plan of the 14th Five-Year Plan. Traditional industries will remain stable; we will seize the opportunity of "new infrastructure", implement major projects and contracts, strive to achieve rolling development of data centers and large new infrastructure projects, and enhance the ability of comprehensive solutions in multiple fields; the military information industry will take advantage of the momentum of the rebound of purchasers to enhance the contribution of performance, and lay out new product series for the advantage of installation. to strive for listing advantages.

1, fiber optic cable industry to comprehensively sort out and evaluate the existing business structure and order situation, coordinate the order management strategy, improve the industry's operational efficiency; deepen the grid market, develop the industry network market, and expand the business scale of the niche market by optimizing the incentive system, close partner relationships, and setting up a dedicated network business team and other strategies. Follow closely the development of head equipment vendors, government and enterprise markets, and Internet enterprises, improve the overall solution of all-optical network through continuous innovation, and realize the scale development of intelligent network business in multiple scenarios

Develop; take advantage of the Vietnam factory to expand business with high-value overseas customers. Closely follow up the needs of Internet customers such as Alibaba, Tencent and Byte Jump, and play the ability of the whole industry chain to stabilize and expand the market share of domestic brands of integrated wiring. Input technical strength and marketing talents to new businesses such as forward transmission wavelength division equipment, online monitoring system and integrated wiring, strengthen external cooperation, accelerate the scale development of new businesses and enhance comprehensive competitiveness.

2. Intelligent access industry will develop new markets based on consolidating existing high-quality customers, attacking large customers, adjusting marketing product structure and expanding sales scale; continue to increase investment in R&D, set up high-end R&D teams, promote the development of new products and processes, and enhance R&D capabilities; give full play to existing production capacity, promote refined management, focus on improving production efficiency and quality, and ensure delivery. 2021 plan Build 100G/400G high-speed optical device packaging production line to enhance the production capacity of high-end optical devices.

3, Chengdu Fourier to maintain the steady growth of traditional supporting business, and actively expand the application of measurement and control ground station data chain system, multiple ways to seek customer orders; in the field of satellite communications to play a technical advantage, through deepening cooperation with the Institute, to promote business growth and product breakthroughs. Within the scope allowed, start the domestic replacement program for key components and gradually realize localization. Shenzhou Feiyang focuses on the development of general products such as embedded systems for domestically produced intelligent equipment; military products are mainly bullet-loaded computers, bullet-loaded data acquisition and recording equipment, unmanned aircraft flight control systems, VPX high-performance military computers and other products, mainly targeting relevant research institutes and military industry groups, and continues to conduct research and development for the specific needs of key customers to expand product application space and dig

deeper into market opportunities. In terms of raw material procurement, we will continue to develop procurement channels for key materials such as chips, improve procurement cost control and stocking plans, implement strategic stocking when necessary, and lock in supply resources in advance.

4. Data Technology is responsible for the implementation of the Smart City Creation Base project to complete the completion and delivery as soon as possible and put it into use smoothly, assist the intended customer cabinets on the shelves as soon as possible, make every effort to enhance the cabinet shelving rate and do a good job in the operation and maintenance protection work after it is put into operation; quickly put into implementation the Xi'an Data Center project, lock the cabinet demand, control the key nodes, do a good job in project engineering control, strive to complete the completion and delivery within the year. Technical services strive to expand the engineering construction projects of data centers in parks and enterprises; continue to implement the Pengcheng Cloud Brain Phase II project, maintain customer resources and pay close attention to the follow-up progress of the project; actively participate in the Group's endogenous projects such as Smart Xiaomesha, accumulate project experience and capabilities in the field of smart parks, and gradually expand the external market; strengthen cooperation with operators, head equipment vendors and Internet enterprises, and leverage the industry leader's market channels and influence of industry leaders to enhance the market capability of the Company's wisdom service industry.

(iv) Possible risks and countermeasures

1. Risks in the macroeconomic environment

At present, the momentum of the spread of the epidemic in China is basically under control and domestic production and life has fully recovered, but the momentum of the spread of the epidemic on a global scale continues, the international economy is under obvious downward pressure and developed countries are waging a trade war against China economically and restricting technology and product exports technologically, which brings greater uncertainty to the market expectations of the communications industry and the Company's future production and operation.

On the one hand, the company gives full play to its own advantages, stabilizes the traditional market, and actively expands new markets with new products and new businesses; on the other hand

We will seize the development opportunities brought by the "new infrastructure", find the right market breakthrough, combine the advantageous resources of all parties, and quickly make strategic layout in the new infrastructure construction field, while steadily promoting the work of operation and management to minimize the negative impact of external factors on the company.

2, the risk of falling prices of fiber optic cable products

As the country accelerates the pace of 5G construction, it is expected to inject new momentum into the fiber optic cable industry and market demand may be released, but the overcapacity situation in the fiber optic cable industry remains unchanged and market competition is still very intense. China Mobile to carry out 2020

-2021 common fiber optic cable collection, although the scale of this collection has increased compared to the previous year, but due to the collection price has dropped significantly compared to the previous year, and ultimately still lead to a significant decline in the overall profit level, this volume increase price slip situation, so that the fiber optic cable industry continues to be in a weak state of development, the profit margin of manufacturers in the industry is facing a harsh challenge.

The company will grasp the effectiveness of the supply chain management system, promote the lean production project to the internal depth, play the role of information system management, effectively reduce operating costs, improve production management efficiency, maintain product quality, and tighten the execution rate of collective procurement. Externally, we will increase the development of overseas markets, expand market outreach, adjust market strategies, optimize the order structure and enhance the effectiveness of the sales system by virtue of differentiated competitiveness; explore emerging markets, cultivate system service advantages, take system integration and intelligent services as a breakthrough, accelerate the integration of industrial capabilities, enlarge the scale of emerging industries and enhance the overall competitiveness of the enterprise.

3. Risk of unstable supply and price increase of raw materials

Although the epidemic situation is still spreading internationally, the global economy has started to recover, the demand for commodities has increased, the global central banks represented by the Federal Reserve have generally adopted an easy monetary policy, which has given rise to an increase in asset bubbles, and the prices of commodities have continued to rise high, and the prices of a few materials (such as PBT) have even doubled, resulting in a significant increase in the production costs of the Company in line with the rise in raw materials, which has had a negative impact on the Company's capacity utilization and product cost control. This had a negative impact on the Company's production capacity and product cost control.

The Company will continue to maintain good communication with its major raw material suppliers, seek strong support from its partners, and actively seek new raw material procurement channels to enhance the support of its supply chain system; at the same time, the Company will actively carry out technological and process innovation, accelerate the process of localized substitution of imported raw materials, and introduce intelligent production methods to enhance the level of automated production and labor production efficiency. In addition, the Company will also continue to optimize its industrial chain, rely on its rich industry operation experience and supply chain advantages, transform into a system provider and service provider, focus on information technology construction fields such as communication engineering, smart cities, integrated cabling for server rooms and building intelligence, and expand market space in providing information technology solutions, organizing and coordinating information technology project construction, and operation and maintenance services after project completion.

X. Reception of research, communication, interviews and other activities

1. Registration form for receiving research, communication, interviews and other activities during the reporting period

☒ Applicable ☐ Not applicable

Reception time	Reception location	Reception	Type of reception	Reception	Main points talked about and information provided	Basic index of research
04 February 2020	Company	telephone communication	individuals	investors	Learn about the delay in the company's fundraising project.	not applicable
March 05, 2020	Company	telephone communication	individuals	investors	Find out how the company's operations have been affected by the outbreak.	not applicable
18 March 2020	Company	telephone communication	individuals	investors	Learn about the company's return to work.	not applicable
16 April 2020	Company	telephone communication	individuals	investors	Learn about the company's first quarter earnings forecast.	not applicable
11 May 2020	Company	telephone communication	individuals	investors	Learn about the progress of the Company's 2019 convertible debentures.	not applicable
June 08, 2020	Company	telephone communication	individuals	investors	Find out when the company's 2019 convertible debentures will be issued and when both convertible debentures will exist at the same time.	not applicable
16 July 2020	Company	telephone communication	individuals	investors	Learn about the progress of the Company's 2020 convertible bond offering and ask about the Company's half-year operations.	not applicable
24 July 2020	Company	telephone communication	individuals	investors	Ask about the progress of the company's convertible bond offering.	not applicable
05/08/2020	Company	telephone communication	individuals	investors	Ask about the company's convertible bond roadshow schedule and share registration date.	not applicable
06 August 2020	Company	telephone communication	individuals	investors	Ask about the method of subscribing/subscribing to the company's convertible bonds. Find out how the conversion price is determined.	not applicable
11 August 2020	Company	telephone communication	individuals	investors	Ask about the number of shareholders and operations of the company.	not applicable
19 August 2020	Company	telephone communication	individuals	investors	Confirmation of public information about the company's involvement in the Pengrowth Cloud Brain project.	not applicable
01 September 2020	Company	telephone communication	individuals	investors	Learn about the progress of the listing of convertible bonds and	not applicable

		ion			Full Annual Report 2020 subsequent arrangements	
16 September 2020	Company	telephone communication	individuals	investors	Learn about the company's mobile winning bid.	not applicable
23 September 2020	Company	telephone communication	individuals	investors	Learn about the framework agreement signed between the company and Shenzhen Mobile.	not applicable
25 September 2020	Company	telephone communication	individuals	investors	Discussion of the Company's listing to transfer a 20.4% interest in Tefatec.	not applicable
12 October 2020	Company	telephone communication	individuals	investors	Consulting business operations.	not applicable
29 October 2020	Company	telephone communication	individuals	investors	Consulting firm Pangborn Cloud Brain project winning bid.	not applicable
30 November 2020	Company	telephone communication	individuals	investors	The signing of the contract for the consulting company's Pengrowth Cloud Brain project.	not applicable
08 December 2020	Company	other	other	investors	Participating in the online collective reception day for investors of listed companies in Shenzhen 2020 "Be a respected listed company with integrity and trustworthiness"	December 2020 4 The Securities Times and Juchao Information Website On Participating in the 2020 Shenzhen Jurisdiction "Honest and Trustworthy, Be a Respected Listed Company" Online Investor Gathering for Listed Companies The reception day of the body

						of the Public Notice
17 December 2020	Company	telephone communication	individuals	investors	The exercise of redemption rights on the advisory company's convertible bonds.	not applicable
18 December 2020	Company	telephone communication	individuals	investors	Consulting firm special issue of the Sanchi contract.	not applicable
22 December 2020	Company	telephone communication	individuals	investors	Accounting for the consulting firm's Pengrowth Cloud Brain project.	not applicable
Number of receptions			0			
Number of host institutions			0			
Number of individuals received			0			
Number of other persons received			0			
Whether to disclose, reveal or divulge material undisclosed information			deny			

Section V. Important matters

I. Distribution of profits from ordinary shares and capitalisation of capital reserves of the Company

The establishment, implementation or adjustment of the profit distribution policy for ordinary shares, in particular the cash dividend policy, during the reporting period

☒ Applicable ☐ Not applicable

According to the Notice of the China Securities Regulatory Commission on Further Implementation of Matters Relating to Cash Dividends for Listed Companies (CSRC [2012]) (No. 37) and "Guideline for the Supervision of Listed Companies No. 3 - Cash Dividends for Listed Companies" and the relevant provisions of the Company's Articles of Association.

In line with the actual situation of the Company, and as approved by the Second Extraordinary General Meeting of 2018, the Company has formulated the "Next Three Years (2018-2020) (Year) Shareholder Return Plan" (the full text of which was published on Juchao Information Website on 24 October 2018) During the year, the Company did not make any adjustment to the profit distribution policy, in particular the cash dividend policy.

During the reporting period, the Board of Directors, based on the development of the Company, formulated and submitted to the 2019 Annual General Meeting of Shareholders for consideration and approval the Company

The profit distribution plan for 2019. The profit distribution plan complies with the provisions of the CSRC and the Articles of Association of the Company and strictly follows the

The relevant decision-making procedures and mechanisms set out in the Articles of Association, the independent directors performed their duties and responsibilities in respect of the formulation and implementation of the profit distribution plan, and the Supervisory Committee considered and approved the profit distribution plan and agreed to submit it to the shareholders' meeting for approval. Small and medium shareholders can adopt various channels to express their opinions and demands on the profit distribution plan, which fully safeguard the legitimate rights and interests of small and medium shareholders. The 2019 annual equity

distribution plan of the Company has been

Implementation was completed on 30 June 2020.

Special Note on Cash Dividend Policy	
Compliance with the provisions of the articles of association or the resolution of the general meeting of shareholders.	be
Are the criteria and percentage of dividends clear and unambiguous.	be
The adequacy of relevant decision-making procedures and mechanisms.	be
Whether the independent directors are fulfilling their duties and playing their role.	be
Whether small and medium-sized shareholders have adequate opportunities to express their views and demands and whether their legitimate rights and interests are adequately protected.	be
If the cash dividend policy is adjusted or changed, are the conditions and procedures compliant and transparent.	be

The Company's dividend distribution plan (proposal) ordinary shares and capitalisation of capital reserves for the past **three** years (including the current reporting period) (pre-programmed) situation

(1) Proposal for profit distribution and dividend distribution for 2020

As audited by Baker Tilly International (Special General Partner), the net profit attributable to the shareholders of the parent company in the consolidated statement of Tefa Information for the year 2020 was RMB11,445,456.46, and the net profit in the parent company statement for the year was RMB326,053,480.90.

In accordance with the relevant provisions of the Company Law and the Articles of Incorporation, the legal reserve for surplus was withdrawn in the amount of \$32,605,348.09, plus the amount of \$32,605,348.09 at the beginning of the year.

Undistributed earnings of \$433,991,465.31, less cash dividends distributed to shareholders of \$56,338,278.72, as of 2020

As of December 31, the accumulated profits of the Parent Company available for distribution to shareholders amounted to \$671,101,319.40.

Taking into account the external environmental factors, the actual situation of the Company's current business development and the demand for expanding the business of "new infrastructure", in order to improve the Company's financial soundness, secure the funding arrangements for the Company's future development and better safeguard the long-term interests of all shareholders, we propose the following profit distribution plan for 2020 in accordance with the profit distribution policy and relevant provisions of the Articles of Association of the Company. In order to improve the financial stability of the Company, to ensure the capital arrangement for the future development of the Company, and to better protect the long-term interests of all shareholders, we propose the following profit distribution plan for 2020: the Company intends not to distribute cash dividends, not to send bonus shares, not to increase capital by capital reserve in 2020, and to carry forward undistributed profits to the next year.

The profit distribution proposal has yet to be submitted to the general meeting of the Company for consideration.

(2) The Company's profit distribution and dividend payment plan for 2019

In 2019, audited by Baker Tilly International (Special General Partner), the parent company of Tefa Information achieved net profit

In accordance with the relevant provisions of the Company Law and the Articles of Incorporation, the legal reserve for surplus was withdrawn and amounted to \$280,745,824.98. 28,074,582.50, plus undistributed earnings at the beginning of the year of \$209,534,986.40, less cash dividends distributed to shareholders

28,214,763.57, and as of December 31, 2019, the Parent Company's accumulated profit available for distribution to shareholders was \$433,991,465.31

Yuan.

In accordance with the provisions of the profit distribution policy in the Articles of Association, and taking into account the interests of shareholders and the long-term development of the Company, the Company proposes the following profit distribution plan for the year 2019: the Company will distribute the profit to all shareholders on the basis of the total share capital of 816,496,793 shares. A cash dividend of NT\$0.69 (including tax) was paid to shareholders for every 10 shares,

totaling NT\$56,338,278.72. The undistributed profits after the cash dividend were carried forward to the next year.

This profit distribution plan has been considered and approved at the 2019 Annual General Meeting of the Company.

(3) The Company's profit distribution and dividend payment plan for 2018

In 2018, audited by Baker Tilly International (Special General Partner), the parent company of Tefa Information achieved net profit

In accordance with the relevant provisions of the Company Law and the Articles of Incorporation, the legal reserve for surplus was withdrawn and amounted to \$102,598,223.18. 10,259,822.32, plus unappropriated earnings at the beginning of the year of \$139,768,396.40, less cash dividends distributed to shareholders 22,571,810.86 and as of December 31, 2018, the Parent Company's accumulated profit available for distribution to shareholders was \$209,534,986.40

Yuan.

In accordance with the provisions of the profit distribution policy in the Articles of Association, the Company has proposed the following profit distribution plan for the year 2018, taking into account the interests of all shareholders and the long-term development of the Company: the Company will distribute the profit to all shareholders on the basis of the total share capital of 626,994,746 shares.

The Company paid a cash dividend of NT\$0.45 (including tax) per 10 shares to the shareholders, totaling NT\$28,214,763.57 in cash dividends, after which no distribution was made.

The Company also transferred 2 shares for every 10 shares from capital surplus to all shareholders. After the completion of this distribution and transfer of shares, the total share capital of the Company was changed from 626,994,746 shares to 752,393,696 shares.

This profit distribution plan has been considered and approved at the 2018 annual general meeting of the Company. Table of cash dividends on ordinary shares of the Company for the last three years (including the current reporting period)

Unit: \$

Dividend year	Amount of cash dividends (tax included)	Net profit attributable to ordinary shareholders of listed companies in the consolidated statement of income for the year of dividend distribution	Ratio of cash dividends to net profit attributable to ordinary shareholders of listed companies in the consolidated statements of income	otherwise (Amount of cash dividends (if shares are repurchased)	Amount of cash dividends by other means as a percentage of net profit attributable to ordinary shareholders of the listed company in the consolidated statements	Total cash dividends (including other means)	Total cash dividends (including other means) to net profit attributable to ordinary shareholders of the listed company in the consolidated statements of income
2020	0.00	11,445,456.46	0.00%	0.00	0.00%	0.00	0.00%
2019	56,338,278.72	323,176,298.40	17.43%	0.00	0.00%	56,338,278.72	17.43%
2018	28,214,763.57	275,650,494.21	10.24%	0.00	0.00%	28,214,763.57	10.24%

The company is profitable during the reporting period and the parent company has positive profit available for distribution to ordinary shareholders but has not proposed a cash dividend distribution for ordinary shares

☒ Applicable ☐ Not applicable

Reasons for profit for the reporting period and positive profit available for distribution to ordinary shareholders of the parent company but no proposed cash dividend distribution for ordinary shares	Use of the Company's undistributed profits and plans for their use
Taking into account the external environmental factors, the actual situation of the company's current business development and the need to expand the "new infrastructure" business, in order to improve the company's financial soundness, to protect the company's future development of capital arrangements, and to better protect the long-term interests of all shareholders.	It is used for daily operations and the expansion of the "new infrastructure" business.

II. Distribution of profits and capitalisation of capital reserves for the reporting period

☐ Applicable ☒ Not applicable

The Company plans to pay no cash dividends, send no bonus

shares and increase its share capital by way of transfer of

provident fund for the year. **III. Fulfilment of commitments**

1. Commitments fulfilled by the actual controller, shareholders, related parties, acquirers and the Company during the reporting period and outstanding as at the end of the reporting period

√ Applicable □ Not applicable

Reasons for commitment	committer	Type of commitment	Content of the commitment	Commitment time	Duration of commitment	Implementation
Share Reform Commitment	not applicable	not applicable	not applicable		not applicable	not applicable
Undertakings made in the acquisition report or the report on changes in interests	Wang Yuchen; Li Jianguo; Fan Yimin; Gu Chunjiang	Performance commitments and compensation arrangements	The Company and the counterparty, Wang Yuchen, Li Jianguo, Fan Yimin, and Guchunjiang discussed and agreed that the period from 2018 to 2020 shall be the performance commitment period of Beijing Shenzhou Feiyang Technology Co., Ltd. and the counterparty undertakes that the net profits of Shenzhou Feiyang for 2018, 2019 and 2020 shall not be less than RMB30 million, RMB40 million and RMB50 million, respectively, and the total cumulative committed net profits for three years Not less than RMB120 million; if three years during the performance commitment period	November 2018 08 August	2021 04 30 June	Normal fulfillment in progress. Shenzhou Fly Airline's audited 2018 net income after deduction of net income attributable to the parent was \$34,684,978.49, completing Achievement of 2018 performance commitments. Audited 2019 net income before non-attributable income was

		<p>The total cumulative actual net profit achieved is not less than \$120 million Yuan, the counterparty is deemed to have completed the promised performance. Both parties agreed that each year following the completion of this transaction, the Company will engage auditors with qualifications in securities and futures-related business (also the company's annual financial report auditor) out</p> <p>The special audit report of Shenzhou Flight (with the company's annual audit</p> <p>(the accounting report was issued at the same time), respectively, for the performance commitment of Shenzhou Feiyang Audit of the actual net profit amount corresponding to each year of the period</p> <p>Confirmation that the accounting on which the financial report of Godfrey was prepared</p> <p>Policy will maintain continuity and consistency of corporate accounting policies</p> <p>The Company's financial statements are not subject to any statutory or regulatory requirements and are in compliance with statutory accounting standards and regulatory requirements for listed companies.</p> <p>Request. During the performance commitment period, if Shenzhou Feiyang's 2018 to 2020 The cumulative actual net profit for the three years of the year is lower than the cumulative committed net profit number of profits, then the counterparty shall pay the public in cash</p> <p>The company will be compensated by the performance compensation amount = (cumulative over the performance commitment period)</p> <p>(Total committed net profit - cumulative actual net profit for the performance commitment period)*</p> <p>Transaction price of the acquisition / cumulative committed net profit for the performance commitment period</p> <p>Run.</p>		<p>42,667,831.63, complete into 2019 performance commitments.</p> <p>Audited 2020 net of non-</p> <p>Net income attributable to the parent was 56,088,453.54, complete</p> <p>The company will meet its performance commitments for 2020.</p>
		The parties agreed that the performance		

			of Sichuan Huatuo from 2019 to 2021 annual Report 2020 committed Commitment period, the counterparty commits to Sichuan Huatuo in 2019, 2020 Net profit of not less than RMB12 million in 2010 and 2021, respectively 14.4 million, \$17.28 million, the Company based on performance indicators Completion payment of the deferred portion of the transaction consideration --13.2 million. 2019 and 2020, if Sichuan Hua If Taku achieves the performance commitment in that year, the Company will pay the transaction counterparty The Company will make a progress payment of \$4.4 million in consideration for the transaction, and if any of the foregoing If the performance commitment is not achieved in a year, the company pays for the transaction The progress payment for the consideration was calculated according to the following formula: progress payment for the transaction consideration payable in the current year = RMB4.4 million - amount deducted from the payment in the current year. Where, the amount deducted from the payment in the current year = (the number of committed net profits in the current year - the number of net profits achieved in the current year) / cumulative committed net profits for the three-year commitment period x the total transaction consideration for the subject assets. If when The calculation of the progress payment for the transaction consideration payable for the year is negative. then the company is not required to pay the transaction consideration to the counterparty for the year In 2021, if the cumulative net profit of Sichuan Huatuo for three years is greater than or equal to the cumulative net profit for three years, the Company shall pay Sichuan Huatuo the progress payment for the transaction consideration. The amount is calculated according to	10 2019 25 January	2022 04 30 June	Normal performance in progress. Sichuan Hua TOP's audited 2019 net income before attribution is \$9,071,319.48, outstanding The company is not required to pay the current year's transaction consideration for the performance commitment. Price progress payments. Audited 2020 net profit after attribution The profit was 17,514,346.36 The Company has a commitment to complete its performance in 2020 at a cost of \$0.5 million.
	Fan Wei; Liu Hui; Mianyang Huatuo Lihe Enterprise Management Co. partnership (Limited partnership (partner))	Performance commitments and compensation arrangements				

			<p>the following formula: transaction consideration payable for the year</p> <p>Progress payment = \$13.2 million - paid in the first two performance commitment years</p> <p>The progress payment of the transaction consideration paid; if Sichuan Huatuo three years cumulative If the net profit achieved is less than the cumulative net profit committed for three years, the delivery</p> <p>The counterparty shall compensate the company in cash and shall compensate</p> <p>The amount of compensation is calculated according to the following formula: performance compensation</p> <p>Amount = (cumulative committed net profit for the three-year commitment period - three-year commitment)</p>	Full Annual Report 2020		
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			<p>(the cumulative net profit achieved in the three-year commitment period)/the cumulative committed net profit in the three-year commitment period x the total transaction consideration of the Subject Assets + the progress payment paid in the first two performance commitment years - RMB13.2 million. If the calculation result of the performance compensation amount is negative, its absolute</p> <p>The value is the amount to be paid by the company to the counterparty.</p>			
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Full Annual Report 2020					
Commitments made at the time of the asset reorganization	Chen Chuanrong	Share Restriction Undertaking	<p>The non-public issue shares of Tefa Information subscribed by Chen Chuanrong in this transaction shall not be transferred within 36 months from the date of listing of the new shares, and the restriction shall be lifted in four batches after the expiry of the 36-month period as follows: 1. The first tranche of shares shall be released after 36 months from the date of listing of the new shares and after the listed company has disclosed the shares in the designated media.</p> <p>The specific number of shares to be unlocked will be calculated according to the following formula: the number of shares to be unlocked in the first phase = the total number of shares of the listed company subscribed by Chen Chuanrong in this transaction *50% - the cumulative number of shares subscribed by Chen Chuanrong from 2015 to 2017, whichever is later.</p> <p>Number of shares to be compensated (if the number of unlockable shares is less than 0)</p> <p>(calculated at 0). 2. The second tranche of shares was issued by the listed company in the designated</p> <p>Media Reveals Special Audit Report for TEFRA East Intelligence for 2018</p> <p>If the net profit of Tefa Dongzhi for the year 2018 as confirmed in the special audit report of Tefa Dongzhi for the year is not less than RMB58.6 million, the Phase II Shares shall be released from the date of announcement of the special audit report of Tefa Dongzhi for the year 2018 immediately; if the audited net profit of Tefa Dongzhi for the year 2018 is less than RMB58.6 million, the Phase II Shares held by Chen Chuanrong shall not be transferred until Chen Chuanrong has made up the difference in net profit in cash to the listed company If the audited net profit of Tefa Dongzhi for 2018 is less than</p>	12 December 2015	2021 05 18 January
			16 June		<p>Fulfillment in progress. Full listing of shares 36 months. Tefadonji</p> <p>The first tranche of shares will meet the conditions for release from sale if the promised performance is achieved in 2015-2017 and there is no impairment. Tefa Dongzhi has achieved the promised performance in 2018, and the second tranche of shares has satisfied the conditions for release of the restricted sale. Tefa Dongzhi has not achieved the promised performance in 2019, and Chen Chuanrong has not yet made up the difference in cash, so the third phase of shares has not been unlocked. Tefa Dongzhi has not achieved the</p>

			<p>RMB58.6 million, the Phase Full Annual Report 2020</p> <p>held by Chen Chuanrong shall not be transferred until Chen Chuanrong has made up the difference in net profit in cash to the listed company. The number of unlockable shares in the second phase = the total number of shares of the listed company subscribed by Chen Chuanrong in the transaction</p> <p>*50%*1/3. 3. The third tranche of shares is available until the disclosure of the special auditor's report of Tefa Dongzhi for 2019 by the listed company in the designated media</p> <p>No transfer; if the special audit report of Tefa Dongzhi for 2019</p> <p>The net profit of Tefa Dongzhi for the year recognized in the report shall not be less than 5,860</p> <p>million, then the Phase III shares shall be released from the restriction immediately from the announcement date of the special audit report of Tefa Dongzhi for 2019; if the audited net profit of Tefa Dongzhi for 2019 is less than RMB58.6 million, the Phase III shares held by Chen Chuanrong shall not be transferred until Chen Chuanrong makes up the difference in net profit to the listed company in cash. The number of unlockable shares in the third tranche = the total number of shares of the listed company subscribed by Chen Chuanrong in the transaction</p> <p>*50%*1/3. 4. The fourth tranche shares were disclosed in the designated media by the listed company in the special audit report of Tefa Dongzhi for 2020</p> <p>If the net profit of Tefa Dongzhi for the year 2020 as confirmed by the special audit report of Tefa Dongzhi for the year 2020 is not less than RMB 58.6 million, the fourth tranche shares shall be transferred from Tefa Dongzhi for the year 2020.</p> <p>The restriction will be lifted</p>		<p>promised performance in 2020, Chen Chuanrong has not yet made up the difference in cash, and the shares of the fourth phase have not been unlocked.</p>
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			immediately from the date of Full Annual Report 2020 announcement of the special audit report; if the special			
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			<p>If the audited net profit of Fatung Chi in 2020 is less than RMB58.6 million, the Phase IV shares held by Chen Chuanrong shall not be transferred until Chen Chuanrong makes up the difference in net profit in cash to the listed company. The number of unlockable shares in the fourth phase = the total number of shares of the listed company subscribed by Chen Chuanrong in this transaction</p> <p>*50%*1/3. 5. In calculating the number of shares that can be unlocked in the second, third and fourth periods, if the first period of shares is not sufficient to compensate for the failure of Tefa Dongzhi to complete the promised cumulative net profit within the performance commitment period, the portion of shares that is insufficient to compensate for the shortfall shall be deducted accordingly in calculating the number of shares that can be unlocked in the second, third and fourth periods.</p> <p>Score.</p>			
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Full Annual Report 2020						
			<p>The management shareholders (i.e. Dai Rong, Yin Tao and Lin Feng) subscribed to the non-public offering of shares of Tefa Information in the transaction shall not be transferred within 36 months from the date of listing of the additional shares, and shall be released from the restriction of sale in four tranches upon the expiry of the 36-month period in the following manner:</p> <p>1. The first tranche of shares shall be released from the restriction of sale upon the expiry of 36 months from the date of listing of the additional shares.</p> <p>The specific number of shares to be unlocked shall be calculated according to the following formula: the number of shares to be unlocked by any one management shareholder in the first phase = the total number of shares of the listed company subscribed by such management shareholder in this transaction *50% - the Management shareholder's accumulated compensable shares from 2014 to 2017</p> <p>The number of shares to be unlocked (calculated as 0 if the number of shares available for unlocking is less than 0).</p> <p>2. The second phase shares shall not be transferred before the disclosure of the Chengdu Fuliye 2018 annual special audit report by the listed company in the designated media; and</p> <p>If the 2018 special audit report of Chengdu Fuliye confirms the Chengdu Fuliye's net profit for the year is not less than RMB35 million, then The Phase II shares shall be released from the restriction immediately from the date of announcement of Chengdu Fuliye's 2018 annual special audit report; if Chengdu Fuliye's 2018 audited net profit is less than RMB35 million, the Phase II shares held by the management shareholder shall not be</p>	12 December 2015 16 June	2021 05 18 January	<p>Fulfillment in progress. Full listing of shares 36 months. Chengdu Fourier</p> <p>If the promised performance is achieved in 2015-2017 and there is no impairment, the first phase of shares will meet the conditions for release from sale. Chengdu Fuliye did not meet the promised performance in 2018, and the second tranche of shares met the conditions for release of the restricted sale after the promisor made up the difference in cash in one go. Chengdu Fuliye did not achieve the promised performance in 2019, and the promisor has not yet made up the difference in cash, so the third phase of shares are not unlocked. Chengdu Fuliye will meet the promised</p>
Dai, R.; Yin, Tao; Lin, Feng	Share Restriction Undertaking					

Dai,
R.;
Yin,
Tao;
Lin,
FengShare
Restrict
ion
Undertak
ing

			<p>transferred until the management shareholder makes up the difference in net profit in cash to the listed company. The number of shares that can be unlocked in the second phase by any one management shareholder = the total number of shares of the listed company subscribed by that management shareholder in this transaction * 50% * 1/3. 3. The shares in the third phase shall not be transferred until the listed company discloses the special audit report of Chengdu Fuliye for 2019 in the designated media; if Chengdu Fuliye 2019 Special Audit Report Confirmed by the Cheng</p> <p>If Fourier's net profit for the year is not less than \$35 million, the first The Phase III Shares shall be released from the restriction of sale immediately from the date of announcement of the special audit report of Chengdu Fuliye for 2019; if the audited net profit of Chengdu Fuliye for 2019 is less than RMB35 million, the net profit shall be released after the management shareholders make up the net profit in cash to the listed company</p>	Full Annual Report 2020		<p>performance in 2020, and the shares of the fourth phase will meet the conditions for release from lock-up.</p>
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			<p>The Phase III shares held by the management shareholders are not transferable until the profit difference. The number of shares of any one management shareholder that can be unlocked in the third tranche = the total number of shares of the listed company subscribed by such management shareholder in the transaction * 50% * 1/3. 4. The shares of the fourth tranche shall not be transferred until the listed company discloses the special audit report of Chengdu Fuliye for 2020 in the designated media; if the Chengdu Fuliye</p> <p>Chengdu confirmed in the special audit report for 2020</p> <p>FT's net profit for the year is not less than \$35 million, then the fourth</p> <p>The Phase IV shares shall be unlocked immediately from the announcement date of Chengdu Fuliye's special audit report for 2020; if Chengdu Fuliye's audited net profit for 2020 is less than RMB35 million, the Phase IV shares held by the management shareholders shall not be transferred until the management shareholders make up the difference in net profit in cash to the listed company. The number of unlockable shares of any one management shareholder in the fourth period = the total number of shares of the listed company subscribed by the management shareholder in the transaction * 50% * 1/3. 5. In calculating the number of unlockable shares in the second, third and fourth periods, if the shares in the first period are not sufficient to compensate for the failure of Chengdu) Fuliye to complete the promised cumulative net profit within the performance commitment period, the number of unlockable shares in the second, third and fourth periods shall</p>			
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			<p>be deducted accordingly when calculating the number of unlockable shares in the second, third and fourth periods. In calculating the number of shares available for unlocking in the second, third and fourth periods, the portion of the insufficient compensation shall be deducted accordingly.</p>			
	Chen Chuanrong	Performance commitments and compensation arrangements	<p>Chen Chuanrong has separately made a supplemental commitment in respect of the performance of Tefa Dongzhi for the period from 2018 to 2020 (the "Supplemental Performance Commitment Period") as follows: i.e. Chen Chuanrong further supplementally commits that the net profits of Tefa Dongzhi for 2018, 2019 and 2020 will not be less than the promised net profits for 2017, i.e. not less than RMB58.6 million in each case. million. In each year of the Supplemental Performance Commitment Period, an auditing institution with securities and futures-related business qualifications (which is also the auditing institution of the annual financial report of Tefa Information) engaged by Tefa Information shall issue a special audit report of Tefa Dongzhi (issued at the same time as the annual audit report of Tefa Information) to audit and confirm the actual net profit amount corresponding</p>	2015 04 30 June	2021 05 18 January	<p>Fulfillment. Tefa Dongzhi's audited net profit after deduction of parental income for 2018 was \$70,273,707.58, which was completed Achievement of 2018 performance commitments. Tefa Dongzhi's 2019 audited net income after deduction of net income attributable to the parent is \$20,512,781.40. The promised performance for 2019 has not been completed and the difference has not been made up in</p>

			to each year of the Supplemental Annual Report 2020 Performance Commitment Period of Tefa Dongzhi respectively; if the audit confirms If the actual net profit of Tefa Dongzhi for the year within the supplemental performance commitment period is less than RMB58.6 million, Chen Chuanrong shall be liable for the payment of the actual net profit of Tefa Dongzhi from the year in question. The difference will be paid in cash to the listed company in a lump sum within 30 days after the date of the special audit report of Dongzhi.			cash. Tefa Dongzhi's audited net profit attributable to the parent for 2020 is -36,081,296.86, and the completion of the 2020 committed performance has not been covered by the difference in cash.
	Dai, R.; Yin, Tao; Lin, Feng	Performance commitments and compensation arrangements	3 management shareholders, namely Dai Rong, Yin Tao and Lin Feng, in respect of the Chengdu Fuliye 2018 to 2020 (the "Supplemental Performance Commitment Period") The performance of the Company has been separately supplemented by the following commitments: i.e., for 2018, Net income in 2019 and 2020 will be no less than in 2017 The Company has committed to make a net profit of not less than RMB35 million in each of the years of the Supplemental Performance Pledge Period. In each year of the Supplemental Performance Commitment Period, the company engaged by Tefa Information with	2015 04 30 June	2021 05 18 January	Fulfillment in progress. Chengdu Fuliye's audited net profit attributable to the parent for 2018 was \$32,568,159.72, which was not completion of 2018 performance commitments The agreement has been signed by Dai Rong.

		<p>An auditing institution qualified in securities and futures-related business (which is also the auditing institution of the annual financial report of Tefa Information) shall issue a special audit report of Chengdu Fuliye (issued at the same time as the annual audit report of Tefa Information) to audit and confirm the actual net profit amount corresponding to each year of the supplementary performance commitment period of Chengdu Fuliye respectively; if it is confirmed by the audit that the actual net profit amount achieved by Chengdu Fuliye in the year of the supplementary performance commitment period is less than RMB35 million, then the management shareholders shall, from the date of such supplementary performance commitment ,</p> <p>If the actual net profit of Chengdu Fuliye for the year within the supplementary performance commitment period is confirmed by audit to be less than RMB35 million, the management shareholder shall, from the date of such</p> <p>The Company will make up the difference in cash to the listed company in a lump sum within 30 days after the date of the special audit report of Chengdu Fuliye for the year.</p>			<p>For the year 2019, Chengdu Fuliye's audited net profit after deduction of non-pareil attributable profit was RMB12,975,716.68, which was not</p> <p>For the year 2020, Chengdu Fuliye's audited net profit after deduction of non-pareil attributable profit was RMB49,312,176.49, which was completed</p> <p>The company will be able to meet its 2020 performance commitments.</p>
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	Chen Chuanrong	Commitments on interbank competition, connected transactions and appropriation of funds	<p>Commitment to reduce and regulate connected transactions: 1. Before this transaction, there is no concerted action and connected relationship including relatives, investment, agreement or other arrangement between me and my associates and Tefa Information and Tefa Information's associates. 2. After the completion of this transaction, during the period when I am a shareholder of Tefa Information, or during the period when I am a director, supervisor or senior management of Tefa Information or Tefa Dongzhi, I and other companies, enterprises or other economic organizations under my control will reduce and regulate the connected transactions with Tefa Information, Tefa Dongzhi and other companies, enterprises or other economic organizations under their control. For connected transactions that cannot be avoided or occur for reasonable reasons, I and other companies, enterprises or other economic organizations under my control will follow the market principles and conduct them at fair and reasonable market prices, perform the decision-making procedures for connected transactions in accordance with the provisions of relevant laws, regulations and regulatory documents, fulfill the obligations of information disclosure and relevant reporting and approval procedures in accordance with the law, and not harm the legitimate rights and interests of Tefa Information and other shareholders. 3. If I violate the above undertaking, I will bear all the losses caused to Tefa Information, Tefa Dongzhi and other companies, enterprises or other economic organizations under their control as a result. 2. After the</p>	12 December 2015	2021 05 18 January	The commitment is being fulfilled normally and no breach of commitment by the promisor has been observed.
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			completion of this transaction, during the period of holding the shares of Tefa Information, or during the period of serving as directors, supervisors and senior management of Tefa Information and Tefa Dongzhi and within two years after leaving the office, I and other companies, enterprises or other economic organizations controlled by me will avoid any competition with Tefa Information, Tefa Dongzhi and other companies, enterprises or other economic organizations controlled by me.			
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			<p>I shall not engage in any business that is the same or similar to Tefa Information, Tefa Dongzhi and other companies, enterprises or other economic organizations under their control and constitutes or may , constitute a competitive relationship, nor shall I engage in any activity that may harm the interests of Tefa Information, Tefa Dongzhi and other companies, enterprises or other economic organizations under their control. If I and other companies, enterprises or other economic organizations under my control encounter business opportunities within the scope of the main business of Tefa Information, Tefa Dongzhi and other companies, enterprises or economic organizations under their control, I and other companies, enterprises or other economic organizations under my control will give up such cooperation opportunities to Tefa Information, Tefa Dongzhi and other companies, enterprises or other economic organizations under their control. Commitment on avoiding the appropriation of funds: 1. Except for normal business transactions, I and other enterprises under my control are not illegally appropriating the funds of Tefa Dongzhi, or illegally appropriating the funds of Tefa Dongzhi in the form of pre-receivables and payables. 2. After the completion of this transaction, I and other enterprises under my control will strictly comply with relevant national laws, regulations, regulatory documents and relevant rules and regulations of Tefa Information and Tefa Dongzhi. I will not use the funds or other assets or resources of Tefa Dongzhi in any way in violation of the</p>			
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			<p>law, and will not engage in any direct or indirect acts that harm or may harm the interests of Tefa Dongzhi, Tefa Information and other shareholders. 3. I will use my control over other enterprises under my control to cause such enterprises to operate in accordance with the same</p> <p>The same standards of compliance with the above commitments.</p>	Full Annual Report 2020		
	TAI WING	Undertakings in respect of interbank competition, connected transactions and appropriate	<p>Undertaking to reduce and regulate connected transactions: 1. Before this transaction, there is no concerted action and connected relationship including relatives, investment, agreement or other arrangement between me and my associates and Tefa Information and Tefa Information's associates. 2. After the completion of this transaction, during my period as a shareholder of Tefa Information or as a director, supervisor or senior manager of Tefa Information or Chengdu Fuliye I and other companies, enterprises or other economic organizations under my control will reduce and regulate the connected transactions with Tefa Information, Chengdu Fourier and other</p>	12 December 2015 16 June	2021 05 18 January	The commitment is being fulfilled normally and no breach of commitment by the promisor has been observed.

		ation of funds	companies, enterprises or other economic organizations under their control. For connected transactions that cannot be avoided or occur for reasonable reasons, I and other companies, enterprises or other economic organizations under my control will follow market principles and conduct them at fair and reasonable market prices, and perform connected transactions in accordance with the provisions of relevant laws, regulations and regulatory documents decision making procedures, fulfilling the information disclosure obligations and handling all	Full Annual Report 2020		
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			<p>If I violate the above undertaking, I will bear all the losses caused to Tefa Information, Chengdu Fuliye and other companies, enterprises or other economic organizations under their control. Commitment on avoiding competition in the same industry: 1.As of the date of signing this commitment letter, I and other companies, enterprises or other economic organizations under my control are not engaged in the business of competition in the same industry with Tefa Information, Chengdu Fuliye and other companies, enterprises or other economic organizations under their control. 2.I and other companies, enterprises or other economic organizations under my control will refrain from engaging in any business which is the same or similar to that of Tefa Information, Chengdu Fuliye and other companies, enterprises or other economic organizations under their control and which constitutes or may constitute a competitive relationship with Tefa Information, Chengdu Fuliye and other companies, enterprises or other economic organizations under their control, and will not engage in any business which may harm the interests of Tefa Information, Chengdu Fuliye and other companies, enterprises or other economic organizations under their control. I will not engage in any activities that may harm the interests of Tefa Information, Chengdu Fuliye and other companies, enterprises or other economic organizations under its control. If I and other companies, enterprises or other economic organizations under my control encounter business opportunities within the scope of the main business</p>			
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			<p>of Tefa Information, Chengdu Fuliye and other companies, enterprises or economic organizations under their control, I and other companies, enterprises or other economic organizations under my control will give up such cooperation opportunities to Tefa Information, Chengdu Fuliye and other companies, enterprises or other economic organizations under their control. Commitment on the avoidance of capital occupation: 1. Except for normal business transactions, I and other enterprises under my control are not illegally occupying the funds of Chengdu Fuliye, or illegally occupying the funds of Chengdu Fuliye in disguise in the form of advance receipts and accounts payable, etc. 2. After the completion of this transaction, I and other enterprises under my control will strictly comply with the relevant national laws, regulations, regulatory documents and After the completion of this transaction, I and other enterprises controlled by me will strictly comply with the relevant national laws, regulations, regulatory documents and the relevant rules and regulations of Tefa Information and Chengdu Fuliye, and resolutely prevent and eliminate the non-operational appropriation of funds by me and other enterprises controlled by me to Chengdu Fuliye, and will not illegally occupy or use the funds or other assets or resources of Chengdu Fuliye in any way, and will not engage in any direct or indirect way to harm or possibly harm the interests of Chengdu Fuliye, Tefa Information and other shareholders. 3. I will use my control over other enterprises under my control to cause such enterprises to comply with the above undertaking in</p>		
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			accordance with the same standards	Full Annual Report 2020		
Initial public offering or refinancing	not applicable	not applicable	not applicable		not applicable	not applicable
Commitments made at the time of funding						

Equity Incentive Commitment	not applicable	not applicable	not applicable		not applicable	not applicable
Other commitments to small and medium-sized shareholders of the company	not applicable	not applicable	not applicable		not applicable	not applicable
Timely implementation of commitments	deny					
If the commitment is overdue, details of the specific reasons for the incomplete implementation and the next work plan should be provided	<p>As at the date of this report, Chen Chuanrong, the former management shareholder of Chengdu Fuliye and the former shareholder of Tefa Dongzhi, has not yet fulfilled the cash compensation obligation for the difference in the promised performance for 2019. The third-expected unrestricted shares of Tefa Information held by the former shareholders of Chengdu Fuliye and Tefa Dongzhi are still under restricted sale.</p> <p>In view of the impact of the sudden epidemic on external economic factors and individual's ability to pay, and considering that the strategic main business of the Company requires the cooperation parties to overcome the difficulties together to create and maintain the sustainable and stable development situation of the Company in the future. The Company is in close consultation with the relevant committed parties and plans to make appropriate adjustments to the implementation method and time limit of the supplemental performance commitment in the original Profit Compensation Agreement to ensure that the Company will be able to obtain the promised performance or cash compensation for the difference in performance of the target company upon the expiry of the supplemental performance commitment period, and to maintain the sustainable and healthy development of the Company's main business in accordance with the strategic plan and safeguard the long-term interests of the Company.</p>					

2. If the company's assets or projects have profitability forecasts and the reporting period is still in the profitability forecast period, the company will explain why the assets or projects have met the original profitability forecast and why

√ Applicable □ Not applicable

Name of profit forecast asset or project	Predicted start time	Predicted termination time	Projected performance for the current period (\$ million)	Actual performance for the period (\$ million)	Reasons for not meeting projections (if applicable)	Original forecast disclosure date	Original forecast disclosure index
					The company performs state-owned enterprises Social responsibility for the benefit		

Information Port Phase I	2011 09 01 January	August 2021 31 March	2,050	1,959	Full Annual Report 2020 of the people, active Responding to the Shenzhen Municipal Committee Government and SASAC's No. Call for implementation of rent-free and fee reduction policy Policy to exempt owned parks Private sector tenants for the year II Month, March, August Rental, reporting period lease Year-on-year decrease in revenue.	2007 08 18 January	Change of proceeds Investment Announcement
Tefa Information Technology Building	2016 01 01 January	December 2033 31 March	1,366	910	The company performs state- owned enterprise Social responsibility for the benefit of the people, active In response to the call of Shenzhen Municipal Government and SASAC to implement the policy of rent free and fee reduction, the tenants of private enterprises in their own parks are exempted from the second year of the year. Month, March,	2013 08 27th of July	Feasibility Study Report on Tefa Information Technology Building (Tefa Infoport II)

					Rental, reporting period lease Year-on-year decrease in revenue.		
Increase capital in fiber optic company and invest in fiber optic expansion project	2014 02 15 January	February 2024 14 June	3,446	59	Due to increased competition in the industry market, rapid price declines in the fiber optic market and epidemic during this period This is due to the influence of emotions.	2013 09 12 December	Adjustment to the Non- public Issue Proceeds Investment Project of the motion

Chongqing Special Optical Cable Project	12 December 2013 18 January	December 2023 17 Jan	1,106	-739.88	This was due to increased competition in the industry market, lower product prices and the impact of the epidemic.	2013 09 12 December	Adjustment to the Non- public Issue Proceeds Investment Project of the motion
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Commitments made by the Company's shareholders and counterparties to the transaction in respect of operating results for the reporting year

√ Applicable □ Not applicable

As of December 31, 2020, the net profit attributable to shareholders of the parent company for Tefa Dongzhi for the year 2020, after deducting non-recurring gains and losses, was -361,081,296.86 yuan, and the performance promise for the current period was not achieved, and the Company included the performance compensation amount of \$151,912,781.40 receivable from the above-mentioned indemnifiers in the amount of \$151,912,781.40, which was measured at fair value through profit or loss. The Company recorded the performance compensation amount of \$151,912,781.40 due from the above-mentioned indemnifiers in

Financial assets. Chengdu Fuliye's net profit attributable to shareholders of the parent company after non-recurring gains and losses for 2020 (net of increase)

The performance commitment amount (after the cost of capital) was RMB49,312,176.49. After deduction of non-recurring gains and losses for 2020

The net profit attributable to shareholders of the parent company was RMB56,088,453.54, achieving the performance commitment for the period. Sichuan Huatuo's net profit for the year 2020 was RMB56,088,453.54.

The net profit attributable to shareholders of the parent after extraordinary gain or loss was RMB17,514,346.36, achieving the performance commitment for the period. Completion of performance commitments and its impact on goodwill impairment test

1. According to the "Goodwill Impairment Test Report of Shenzhen Tefa Information Co. Ltd.

2. According to the "Goodwill Impairment Test of Shenzhen Tefa Information Co. There is no impact on the impairment test.

3. According to the "Goodwill impairment test of Shenzhen Tefa Information Company Limited, including the goodwill asset group including the recoverable amount of goodwill asset group, asset assessment report of Beijing Shenzhou Feiyang Technology Co. There is no impact on the goodwill impairment test.

IV. Non-operating appropriation of funds by controlling shareholders and their related parties to listed companies

☐ Applicable ☒ Not applicable

There was no non-operating appropriation of funds by the controlling shareholder and its related parties to the listed company during the reporting period.

V. Explanation by the Board of Directors, the Supervisory Committee and the independent directors (if any) on the "non-standard audit report" of the accounting firm for the current reporting period

☐ Applicable ☒ Not applicable

VI. Explanation of changes in accounting policies, accounting estimates and accounting methods as compared to the previous year's financial report

☒ Applicable ☐ Not applicable

(1) The Company adopted ASU No. 14 - Revenue (FAS [2017]) on January 1, 2020

The amount of retained earnings and other related items in the financial statements at the beginning of the year are adjusted based on the cumulative effect of the relevant provisions of (No. 22), without adjusting the information for the comparable periods.

(2) Implementation of EAS 13

The Ministry of Finance issued Interpretation No. 13 of Accounting Standards for Business Enterprises (Caihui [2019] No. 21, on 10 December 2019.

Hereinafter referred to as "Interpretation No. 13") effective as of 1 January 2020, without any requirement for retroactive adjustment.

① Identification of related parties

Interpretation No. 13 clarifies that the following constitute related parties: joint ventures or associates of an enterprise with other members of the enterprise group of which it is a member (including parent and subsidiary companies); and joint ventures of an enterprise with other joint ventures or associates of the enterprise. In addition, Interpretation No. 13 also clarifies that two or more enterprises that are merely under the significant influence of one party do not constitute related parties, and adds that associates include associates and their subsidiaries, and joint ventures include joint ventures and their subsidiaries.

② Definition of business

Interpretation No. 13 improves the three elements of what constitutes a business, refines the conditions for determining what constitutes a business, and introduces the "concentration test" option to simplify, to some extent, the determination of whether a combination of acquisitions under non-identical

control constitutes a business.

The Company implemented Interpretation No. 13 effective January 1, 2020, with no adjustment to the comparative financial statements, and implemented Interpretation No. 13

No. did not have a material impact on the Company's financial position and results of operations.

(3) Implementation of the Interim Provisions on Accounting Treatment in relation to Carbon Emission Trading

The Ministry of Finance issued the Interim Provisions on Accounting Treatment Relating to Carbon Emissions Trading (Caihui [2019] No. 22) on December 16, 2019, which apply to relevant enterprises among key emission units that conduct carbon emissions trading business in accordance with the Interim Measures for the Administration of Carbon Emissions Trading and other relevant provisions (hereinafter referred to as key emission enterprises). This provision shall come into effect from January 1, 2020, and the key emitting enterprises shall apply the provision using the future application method.

The Company implemented this provision effective January 1, 2020, without adjustment to the comparative financial statements, and its implementation did not have a material impact on the Company's financial position and results of operations.

(4) Implementation of the Accounting for Rent Concessions Related to the New Crown Pneumonia Outbreak

On June 19, 2020, the Ministry of Finance issued the "Accounting for Rent Concessions Related to the New Crown Pneumonia Epidemic" (Fiscal

No. [2020] 10) effective June 19, 2020, allows enterprises to adjust for relevant rent concessions that occurred between January 1, 2020 and the effective date of the regulation. In accordance with the regulation, enterprises may choose to adopt the simplified method of accounting for rent concessions such as rent reductions and deferred rent payments that meet the conditions and are directly triggered by the pneumonia outbreak.

The Company implemented this provision effective January 1, 2020, without adjustment to the comparative financial statements, and its implementation did not have a material impact on the Company's financial position and results of operations.

VII. Explanation of significant accounting error corrections requiring retrospective restatement during the reporting period

☐ Applicable ☒ Not applicable

There were no material accounting error corrections requiring retrospective restatement in the Company's reporting period.

VIII. Description of changes in the scope of the consolidated statements compared with the previous year's financial report

☒ Applicable ☐ Not applicable

1. In 2020, Tefa Information acquired 100% equity interest in Shenzhen Shangshi Construction Engineering Company Limited, a qualified company, and later changed its name to Shenzhen Tefa Information Technology Service Company Limited.

2. Chengdu Fourier Electronic Technology Co., Ltd, a subsidiary of the Company, cancelled its subsidiary, Hong Kong Fourier Trading Co.

Ltd. on September 01, 2020, the Company held 51.00% equity interest in Shenzhen Tefa Sanqi Defense Technology Co.

IX. Appointment and dismissal of accounting firms

Accounting firm currently engaged

Name of domestic accounting firm	Baker Tilly International LLP (Special General
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	Partnership) Annual Report 2020
Compensation of domestic accounting firms (\$ million)	105
Number of consecutive years of audit services by domestic accounting firms	3
Name of Certified Public Accountant of the domestic accounting firm	Han Yanguang, Yang Yong
Number of consecutive years of audit services by certified public accountants of domestic accounting firms	Han Yanguang 1 year, Yang Yong 1 year

Whether to change the accounting firm in the current period

☐ Yes ☒ No

Engagement of an internal control audit accounting firm, financial advisor or sponsor

☒ Applicable ☐ Not applicable

During the year, the Company engaged Baker Tilly International (Special General Partner) to audit the Company's financial report for 2020.

The remuneration for the financial reporting audit for 2020 was \$0.73 million and the remuneration for the internal control audit was \$0.32 million.

During the year, the Company engaged Great Wall Securities Company Limited as the sponsor for the public offering of convertible bonds and paid a sponsorship service fee of RMB1 million during the reporting period.

X. Exposure to delisting after annual report disclosure

☐ Applicable ☒ Not applicable

Not applicable XI.

Matters relating to

bankruptcy

reorganization

☐ Applicable ☒ Not applicable

There were no matters related to

bankruptcy reorganization during the

reporting period. XII. Significant

litigation and arbitration matters

☒ Applicable ☐ Not applicable

Basic information on litigation (arbitration)	(b) The amount involved (\$ million)	Whether a projected liability has been created	Progress in litigation (arbitration)	Outcome and impact of litigation (arbitration) hearings	Enforcement of litigation (arbitration) awards	Date of disclosure	Disclosure Index

Judgment against the Radio and Television Bureau of Zhongmou County, Henan Province	1,710	be	Judgement closed. 5 May 2014 On 15 June 2011, the Company signed a contract of entrusted agency for the disposal of Zhongmou's claims with Guangdong Shenjinniu Law Firm, entrusting it with the disposal and settlement of the said claims. As at the end of the reporting period, no material progress had been made in the collection of the claims in this case.	Zhongmou pays its debts and the company is jointly and severally liable.	Full Annual Report 2020 The Company has assigned the Zhongmu claims and real estate, which was signed on December 23, 2020 Asset Transfer Contract, 2021 2 Full payment for the contract was received on 4 April.	April 2021 27th	Company's 2020 Annual Report
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There were no significant litigation or arbitration matters in the Company during the reporting period.

The Company's more significant litigation matters that occurred in prior years and were in the current reporting period in the collection of claims.

In 2005, the Shenzhen Intermediate People's Court accepted a loan dispute in which the Shenzhen office of China Great Wall Asset Management Company sued River

The case of Zhongmou County Radio and Television Bureau of South Province and the Company. The Company was named as the second defendant as a guarantor and received a copy of the Civil Complaint from the Shenzhen Intermediate People's Court in December 2005.

On 22 November 2001, Zhongmou County Radio and Television Bureau entered into a contract with Bank of China Shenzhen Branch (hereinafter referred to as "Shenzhen Bank of China")

The Company entered into a Loan Contract for a loan of RMB17.1 million from Shenzhen Bank of China for a term of 36 months at an interest rate of 0.5445% per month, with interest compounded quarterly at 2.01% per day for overdue periods in accordance with the regulations of the People's Bank of China. The loan was fully used to pay for the purchase of cable TV scrambling system and equipment from the Company by Zhongmou County Radio and Television Bureau, i.e. buyer's credit. The Zhongmou County Radio and Television Bureau provided a mortgage to Shenzhen Bank of China on its broadcasting office building and land located in Zhongmou County, and the Company, as the seller, provided a joint and several guarantee, i.e. if the collateral property of the Zhongmou County Radio and Television Bureau is insufficient to satisfy the entire principal and interest, the Company is jointly and severally liable to satisfy the shortfall. The Zhongmou County Radio and Television Bureau has not fulfilled its obligations to repay the principal and interest in accordance with the contract. The Company has disclosed the guarantee in its previous annual reports.

In June 2004, Shenzhen Bank of China assigned the claims on the above loan contract to the Shenzhen office of China Cinda Asset Management Company.

In August 2005, the Shenzhen office of China Cinda Asset Management Company further assigned the claim to the Shenzhen office of China Great Wall Asset Management Company, the plaintiff in this case. In November 2005, the Shenzhen office of China Great Wall Asset Management Company filed a lawsuit to recover the claim, bringing a lawsuit for the principal amount of RMB 17.1 million and interest of RMB 3,377,667.57 (as of November 20, 2005)

On 27 February 2006, the Shenzhen Intermediate People's Court made a judgment: the first defendant repaid the plaintiff the principal amount of RMB17.1 million and interest (calculated in accordance with the People's Bank interest rate standard), and the Company was jointly and severally liable for the shortfall after the first defendant's mortgaged property was repaid against the debt or realised. After the judgment came into effect, the Shenzhen Office of China Great Wall Asset Management Company applied to the court for enforcement. As there may be a difference between the realisation of the first defendant's mortgaged properties and the amount of debt repayment, as well as factors such as the first

defendant's asset status and performance capability, which may result in losses to the Company, in order to guard against risks, the Company made a provision for the guarantee and litigation in 2005.

The projected liability was RMB 16 million. The Shenzhen Central Court sold the first defendant's mortgaged property in 2006 to pay off the debt, and after two auctions, the

All were aborted. According to the effective judgment, the total amount of principal and interest involved in the case had exceeded RMB 26 million by the end of 2007. In order to reduce the amount of our ultimate guarantee liability, obtain the initiative to recover from the first defendant, and avoid wasting time and money by suing the first defendant in another case, the Company, by resolution of the Board of Directors, acquired its claim against the first defendant, Zhongmou Radio and Television Bureau, from the Shenzhen Office of China Great Wall Asset Management Company at a price of RMB20 million in November 2007 (equivalent to our fulfillment of the guarantee obligation in the execution stage of the litigation). (equivalent to our fulfillment of the guarantee obligation during the enforcement stage of the lawsuit) In early 2008, we seized the land use right of the collateral property, Henan Zhongmou Radio and Television Building, and put the seized Radio and Television Building and the land use right to auction at the same time through Shenzhen Central Court.

On February 24, 2012, the property deed of the Broadcasting Building was transferred to our company's name, but the transfer of the Land Use Certificate has not yet been completed.

On November 18, 2020, the Board of Directors of the Company held a meeting to consider and approve the "Proposed Listing and Transfer of Zhongmu Debentures and Zhongmu Radio and Television

Proposal on the Real Estate of the Building"; on November 23, 2020, the Zhongmu Debenture and the real estate of Zhongmu Radio and Television Building were listed on the Shenzhen United Property Rights

The listing will be made on the Shenzhen Stock Exchange and one intended transferee will be generated during the listing period. According to the procedures of the Shenzhen United Property Rights Exchange, in December 2020

On February 23, 2010, the Company and the transferee entered into the Asset Transfer Contract for a transaction price of RMB 20.5 million. 4 February 2021

The Company has received the full transaction consideration of \$20.5 million as of December 31, 2012.

XIII. Penalties and corrections

☐ Applicable ☒ Not applicable

There were no penalties and corrections for the company during the reporting period.

XIV. Integrity of the Company and its controlling shareholders and de facto controllers

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

The Company has no share incentive plan, employee stock ownership plan or other employee incentive measures and their implementation during the reporting period.

16. Material connected transactions

1. Connected transactions related to daily operations

☐ Applicable ☒ Not applicable

The Company did not have any connected transactions related to its daily operations during the reporting period.

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

☐ Applicable ☒ Not applicable

The Company had no connected transactions for the acquisition or sale of assets or equity interests during the reporting period.

3. Connected transactions for joint foreign investments

☐ Applicable ☒ Not applicable

The Company did not have any connected transactions for joint foreign investments

during the reporting period.

4. Related debt transactions

☐ Applicable ☒ Not applicable

The Company had no related debt transactions during the reporting period.

5. Other significant connected transactions

☐ Applicable ☒ Not
applicable

The Company had no other
material connected transactions
during the reporting period. xvii.

material contracts and their
performance

1. Status of trusteeship, contracting and leasing matters

(1) Custody status

☐ Applicable ☒ Not
applicable

The company did not have a trustee situation during the reporting period.

(2) Contracting status

☐ Applicable ☒ Not applicable

There was no contracting by the company during the reporting period.

(3) Lease status

☒ Applicable ☐

Not applicable

Description of
the lease

Property rental income for January-December 2020 was \$90,074,400,
or 1.99% of operating income. Items that generated gains or
losses for the Company amounting to more than 10% of the

Company's total profit for the reporting period

☐ Applicable ☒ Not applicable

There were no leasing projects that generated gains or losses for the Company amounting to more than 10% of the Company's total profit for the reporting period.

2. Significant guarantees

☒ Applicable ☐ Not applicable

(1) Status of guarantees

Unit: million

External guarantees of the Company and its subsidiaries (excluding guarantees to subsidiaries)								
Name of the person to whom the guarantee is issued	Announcement relating to the guarantee line	Guarantee amount	Actual date of occurrence	Actual amount guaranteed	Type of guarantee	guarantee period	Completion of compliance	Whether guarantee for related parties

	Date of disclosure							
Company's guarantees to subsidiaries								
Name of the person to whom the guarantee is issued	Date of disclosure of the announcement relating to the guarantee amount	Guarantee amount	Actual date of occurrence	Actual amount guaranteed	Type of guarantee	guarantee period	Completion of compliance	Whether guarantee for related parties
Beijing Shenzhou Feiyang Technology Co.	2020 06 16 June	5,000	June 2020 19 sun	723.79	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny	be
Chengdu Fourier Electronic Technology Co.	10 2019 25 January	3,000	November 27, 2019 sun	3,000	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny	be
Sichuan Huatuo Optical Communication Co.	2020 04 30 June	5,000	28 April 2020 sun	5,000	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific	deny	be

				Full Annual Report 2020	Operational contract		
Sichuan Huatuo Optical Communication Co.	2020 06 16 June	8,000		0	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny be
Changzhou Tefa Huayin Wire & Cable Co.	2020 04 21 January	5,000	May 2020 25 sun	1,906.82	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny be
Changzhou Tefa Huayin Wire & Cable Co.	2020 04 21 January	875	February 25, 2020 sun	581.35	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny be
Chengdu Fourier Electronic Technology Co.	2020 04 21 January	5,000	15 May 2020 sun	1,000	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the	deny be

				Full Annual Report 2020	Specific operational contract		
Beijing Shenzhou Feiyang Technology Co.	2020 04	6,000	May 2020 22	3,800	bear joint responsibility for sth	Since the debtor's decision to enter into an agreement with the debtor under	deny be

limited liability company	21 January		sun		assurances	The date of expiry of the period for performance of the obligation under the contract for physical operations Two years from now		
Chengdu Fourier Electronic Technology Co.	2020 06 16 June	5,000	June 2020 19 sun	0	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny	be
Beijing Shenzhou Feiyang Technology Co.	2020 06 16 June	3,000	July 2020 08 sun	766.9	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny	be
Changzhou Tefa Huayin Wire & Cable Co.	2020 04 21 January	700	July 2020 21 sun	219	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational	deny	be

				Full Annual Report 2020	Contract		
Chengdu Fourier Electronic Technology Co.	2020 08 12 December	1,500	18 August 2020 sun	1,330.25	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny be
Chengdu Fourier Electronic Technology Co.	11 2019 26 June	5,000	November 26, 2019 sun	2,000	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny be
Chengdu Fourier Electronic Technology Co.	12 December 2019 26 June	5,000	November 15, 2019 sun	3,500	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny be
Beijing Shenzhou Feiyang Technology Co.	10 2019 25 January	3,000	October 25, 2019 sun	2,440	Joint and several liability guarantee	Two years from the date of expiry of the debtor's period of performance under the	deny be

				Full Annual Report 2020	Specific operational contract		
Total amount of guarantees to subsidiaries approved during the reporting period (B1)		45,075	Total actual amount incurred for guarantees to subsidiaries during the reporting period (B2)		40,075		

Total amount of guarantees to subsidiaries approved at the end of the reporting period (B3)		61,075		Total actual guarantee balances to subsidiaries at the end of the reporting period (B4)		26,268.11		
Guarantees by subsidiaries to subsidiaries								
Name of the person to whom the guarantee is issued	Guarantee amount Date of disclosure of relevant announcement	Guarantee amount	Actual date of occurrence	Actual amount guaranteed	Type of guarantee	guarantee period	Completion of compliance	Whether guarantee for related parties
Total corporate guarantees (i.e., total of the first three major items)								
Total amount of guarantees approved during the reporting period (A1+B1+C1)		45,075		Total actual amount of guarantees incurred during the reporting period (A2+B2+C2)		40,075		
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)		61,075		Total actual guarantee balance at the end of the reporting period (A4+B4+C4)		26,268.11		
Total actual guarantees (i.e., A4+B4+C4) as a percentage of the company's net assets				8.85%				
Of which.								

Specific notes on the use of composite guarantees

(2) Non-compliance with external guarantees

☐ Applicable ☒ Not applicable

There were no irregularities in the Company's external guarantees during the reporting period.

3. Delegation of cash asset management

(1) Delegation of financial resources

√ Applicable □ Not applicable

Overview of entrusted financial management during the reporting period

Unit: million

Specific types	Sources of funds entrusted to finance	Commissioning of wealth management	Outstanding balance	Amount overdue for recovery
Bank Wealth Management Products	Own funds	65,200	0	0
add up the total		65,200	0	0

Specific cases of high-risk entrusted finance with significant individual amounts or with low security, low liquidity and no capital protection

Unit: million

√ Applicable □ Not applicable

Name of the trustee (or institution (or	Product Type	sum of money	Source of funding	Start date	Expiry date	Investment of funds	Method of determining remuneration	Reference annualized rate of return	Expected return (as in have	Actual gain and loss for the reporting period	Actual receipts in profit or loss for the reporting period	Amount of provision for impairment	Whether statutory procedures were followed	Are there any future plans to delegate financial management	Overview of the matter and related investigations
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Trustee's last name (first name)	(person) Type									foreign	return to the situation	(if any)			The query index (e.g. (Yes))
Qingdao Bank Zaozhuang Xuecheng Sub-branch	banks	capital protected floating income	500	Own funds	2020 Year 01 Month 03 sun	2020 Year 02 Month 24 February sun	Bond - base product	repay principal and interest on maturity	3.40%		1.53	Full recovery	be	Bank financing will be planned for temporarily idle funds based on the actual use of funds	
Qingdao Bank Zaozhuang Xuecheng Sub-branch	banks	capital protected floating income	600	Own funds	2020 Year 03 Month 02 sun	2020 Year 03 Month 31 March sun	Bond - base product	repay principal and interest on maturity	3.00%		1.43	Full recovery	be	Bank financing will be planned for temporarily idle funds based on the actual use of funds	
Qingdao Bank Zaozhuang Xuecheng	banks	capital protected floating income	900	Own funds	2020 Year 04 Month 03 sun	2020 Year 05 Month 07 sun	Bond - base product	repay principal and interest	3.05%		2.56	Full recovery	be	Bank financing will be planned for temporarily idle funds	

Sub-branch								rest on maturity	Full Annual Report 2020						based on the actual use of funds	
Qingdao Bank Zaozhuang Xuecheng Sub-branch	banks	capital protected floating income	1,100	Own funds	2020 Year 05 Month 08 sun	2020 Year 05 February 29 sun	Bond - base products	repayment principal and interest on maturity	3.70%		2.34	Full recovery		be	Bank financing will be planned for temporarily idle funds based on the actual use of funds	
Qingdao Bank Zaozhuang Xuecheng Sub-branch	banks	capital protected floating income	450	Own funds	2020 Year 06 Month 04 sun	2020 Year 06 February 18 sun	Bond - base products	repayment principal and interest on maturity	3.20%		0.55	Full recovery		be	Bank financing will be planned for temporarily idle funds based on the actual use of funds	
Qingdao Bank Zaozhuang Xuecheng	banks	capital protected floating income	750	Own funds	2020 Year 06 18 February sun	2020 Year 06 29 February sun	Bond - base products	repayment principal and interest on maturity	3.10%		0.7	Full recovery		be	Provisional funding will be planned based on the actual use of funds.	

								rity	Full Annual Report 2020							
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sub-branch of a bank														The funds inactive. at the time of implementation, the bank's finance	
Qingdao Bank Zaozhuang Xuecheng Sub-branch	banks	capital protected floating income	700	Own funds	2020 Year 07 Month 02 sun	2020 Year 07 30 June sun	Bond - base products	repay principal and interest on maturity	3.20%		1.72y	Full recovered	be	Bank financing will be planned, for temporary idle funds based on the actual use of funds	
Qingdao Bank Zaozhuang Xuecheng Sub-branch	banks	capital protected floating income	1,100	Own funds	2020 Year 08 Month 04 sun	2020 Year 08 31 March sun	Bond - base products	repay principal and interest on maturity	3.00%		2.12y	Full recovered	be	Bank financing will be planned, for temporary idle funds based on the actual use of funds	
Qingdao Bank Zaozhuang Xuecheng	banks	capital protected floati	900	Own funds	2020 Year 09 Month 02 sun	2020 Year 09 30 June sun	Bond - base products	repay principal and	2.60%		1.8y	Full recovered	be	Bank financing will be planned, for temporary idle	

heng Sub- bran ch		ng income						inte rest on matu rity	Full Annual Report 2020					funds based on the actual use of funds	
Qing dao Bank Zaoz huan g Xuec heng Sub- bran ch	banks	capita l protec ted floati ng income	1,000	Own fund s	2020 10 years Decem ber sun	2020 10 years 30 June sun	Bond - base d prod ucts	repa y prin cipa l and inte rest on matu rity	2.30%		1.13	Full y reco vere d	be	Bank financin g will be planned for temporar ily idle funds based on the actual use of funds	
Qing dao Bank Zaoz huan g Xuec heng Sub- bran ch	banks	capita l protec ted floati ng income	1,200	Own fund s	2020 11 Novem ber 2009 Month 04 sun	2020 11 Novem ber 2009 30 June sun	Bond - base d prod ucts	repa y prin cipa l and inte rest on matu rity	2.60%		2.22	Full y reco vere d	be	Bank financin g will be planned for temporar ily idle funds based on the actual use of funds	
Qing dao Bank Zaoz huan g Xuec heng	banks	capita l protec ted floati ng income	1,400	Own fund s	2020 The followi ng table shows the numbe r of cases in which the Gover nment	2020 The followi ng table shows the numbe r of cases in which the Gover nment	Bond - base d prod ucts	repa y prin cipa l and inte rest on matu	3.00%		2.94	Full y reco vere d	be	Provisio nal funding will be planned based on the actual use of funds.	

					of the United States of America has been able to obtain the necessary information for the implementation of the Convention	of the United States of America has been able to obtain the necessary information for the implementation of the Convention		rity		Shenzhen Ford Information Company Limited Full Annual Report 2020								
					Month 02 sun	30 June sun												

sub-branch of a bank														The funds inactive. at the time of implementation, the bank has no finance	
Bank of Nanjing Changzhou Branch	banks	principal-protected and revenue-protected	1,500	Own funds	2020 Year 06 Month 09 sun	2020 Year 09 25 June sun	Deposit-based products	matured interest payment	3.10%		13.5	Full recovery	be	Bank financing will be planned, for temporary idle funds based on the actual use of the funds	
Bank of Ningbo Shenzhen Branch	banks	principal-protected and revenue-protected	1,500	Own funds	2020 Year 06 Month 09 sun	2020 Year 08 October sun	Deposit-based products	matured interest payment	3.30%		8.52	Full recovery	be	Bank financing will be planned, for temporary idle funds based on the actual use of the funds	
China Merchants Bank	banks	capital protected float	2,000	Own funds	2020 Year 06 Month 09 sun	2020 Year 06 30 June sun	Bond-based products	matured interest payment	3.00%		3.18	Full recovery	be	Bank financing will be planned, for temporary idle	

Changzhou Branch		floating income						ent	Full Annual Report 2020						funds based on the actual use of funds	
China Merchants Bank Changzhou Branch	banks	capital protected floating income	1,000	Own funds	2020 Year 06 October sun	2020 Year 06 June sun	Bond – based products	matured interest payment	3.00%		1.73	Fully recovered		be	Bank financing will be planned for temporarily idle funds based on the actual use of funds	
China Merchants Bank Changzhou Branch	banks	capital protected floating income	600	Own funds	2020 Year 07 Month 08 sun	2020 Year 08 26 February sun	Bond – based products	matured interest payment	2.30%		1.3	Fully recovered		be	Bank financing will be planned for temporarily idle funds based on the actual use of funds	
China Merchants Bank Changzhou Branch	banks	capital protected floating income	2,000	Own funds	2020 Year 07 Month 07 sun	2020 The following table shows the number of cases in which the Government	Bond – based products	matured interest payment	3.35%		17.96	Fully recovered		be	Provisional funding will be planned based on the actual use of funds.	

						of the United States of Ameri ca has been able to obtain the necess ary inform ation for the imple mentat ion of the Conve ntion 31 March sun										
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															The funds inactive. at the time of implemen , tation h e bank finance	
Bank of Nanjing Changzhou Branch	banks	capital protected floating income	1,500	Own funds	2020 Year 08 18 February sun	2020 Year 09 21 February sun	Deposit-based products	matured interest payment	3.10%		4.4	Fully recovered		be	Bank financing will be planned , t h e temporarily idle funds based on the actual , use of t h e funds	
Bank of Nanjing Changzhou Branch	banks	capital protected floating income	1,500	Own funds	2020 Year 09 22 January sun	2020 10 years 22 January sun	Deposit-based products	matured interest payment	3.10%		3.88	Fully recovered		be	Bank financing will be planned , t h e temporarily idle funds based on the actual use of t h e funds	
China Merchants Bank Shenzhen	banks	capital protected floati	5,000	Own funds	2020 Year 03 Month 03 sun	2020 Year 03 October sun	Bond – base d prod ucts	repay prin cipal and	2.50%		2.4	Fully recovered		be	Bank financing will be planned , t h e temporarily idle	

Provisional funding will be planned based on the actual use of funds.

								matu rity	Full Annual Report 2020							
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office															The funds inactive. at the time of implementation, the bank finance	
Bank of Communications Shenzhen Binhe Sub-branch	banks	capital protected floating income	3,000	Own funds	2020 11 November 2009 Month 02 sun	2020 11 November 2009 Month 09 sun	Bond - base product	repay principal and interest on maturity	2.34%		1.35y	Full recovered	be	Bank financing will be planned, for temporarily idle funds based on the actual use of the funds		
Industrial Bank Shenzhen Tianan Sub-branch	banks	capital protected floating income	3,000	Own funds	2020 11 November 2009 Month 03 sun	2020 11 November 2009 February 18 sun	Bond - base product	repay principal and interest on maturity	2.65%		3.05y	Full recovered	be	Bank financing will be planned, for temporarily idle funds based on the actual use of the funds		
Business Department, CITIC	banks	capital protected floati	3,000	Own funds	2020 11 November 2009 Month 06 sun	2020 11 November 2009 June 13 sun	Bond - base product	repay principal	2.03%		1.18y	Full recovered	be	Bank financing will be planned, for temporarily idle		

Bank Shen zhen Bran ch		ng income					ucts	and inte rest on matu rity		Full Annual Report 2020					funds based on the actual use of funds	
Bank of Comm unic atio ns Shen zhen Binh e Sub- bran ch	banks	capita l protec ted floati ng income	3,000	Own fund s	2020 11 Novem ber 2009 Month 09 sun	2020 11 Novem ber 2009 16 June sun	Bond - base d prod ucts	repa y prin cipa l and inte rest on matu rity	1.10%		0.64	y reco vere d		be	Bank financin g will be planned for temporar ily idle funds based on the actual use of funds	
Busi ness Depa rtme nt, CITI C Bank Shen zhen Bran ch	banks	capita l protec ted floati ng income	3,000	Own fund s	2020 11 Novem ber 2009 13 June sun	2020 11 Novem ber 2009 20 months sun	Bond - base d prod ucts	repa y prin cipa l and inte rest on matu rity	2.03%		1.18	y reco vere d		be	Bank financin g will be planned for temporar ily idle funds based on the actual use of funds	
Soci ete Gene rale Shen zhen Tian an	banks	capita l protec ted floati ng income	3,000	Own fund s	The followi ng table shows the numbe r of cases in which the Gover nment	The followi ng table shows the numbe r of cases in which the Gover nment	Bond - base d prod ucts	repa y prin cipa l and inte rest on	2.73%		3.14	y reco vere d		be	Provisio nal funding will be planned based on the actual use of funds.	

					of the United States of America has been able to obtain the necessary information for the implementation of the Convention	of the United States of America has been able to obtain the necessary information for the implementation of the Convention		matu rity		Shenzhen Ford Information Company Limited Full Annual Report 2020							
					Month 01 sun	16 June sun											

sub-branch of a bank															The funds inactive. at the time of implementation, the bank has the finance	
Business Department, CITIC Bank Shenzhen Branch	banks	capital protected floating income	3,000	Own funds	2020 The following table shows the number of cases in which the Government of the United States of America has been able to obtain the necessary information for the implementation of the Convention Month 01 sun	2020 The following table shows the number of cases in which the Government of the United States of America has been able to obtain the necessary information for the implementation of the Convention 15 June sun	Bond - base product	repay principal and interest on maturity	2.03%		2.36	Full year recovered	be	Bank financing will be planned for temporarily idle funds based on the actual use of funds		
Bank of Communications	banks	capital protected floati	3,000	Own funds	2020 The following table shows the number of	2020 The following table shows the number of	Bond - base product	repay principal	2.03%		2.36	Full year recovered	be	Bank financing will be planned for temporarily idle		

Shen zhen Bin h e Sub- bran ch		ng income			cases in which the Gover nment of the United States of Ameri ca has been able to obtain the necess ary inform ation for the imple mentat ion of the Conve ntion Month 02 sun	cases in which the Gover nment of the United States of Ameri ca has been able to obtain the necess ary inform ation for the imple mentat ion of the Conve ntion 16 June sun	ucts	and inte rest on matu rity		Full Annual Report 2020					funds based on the actual use of funds	
add up the total		65,200	--	--	--	--	--	--	--	0	126.97	--		--	--	--

There is an expectation that the principal will not be recovered or there are other circumstances that may lead to impairment of the entrusted property

☐ Applicable ☒ Not applicable

(2) Status of entrusted loans

☐ Applicable ☒ Not applicable

The company did not have entrusted loans during the reporting period.

4. Major contracts for day-to-day operations

☐ Applicable ☒ Not applicable

5. Other major contracts

☒ Applicable ☐ Not applicable

Name of the company party to the contract	Name of contracting party	Subject matter of the contract	Date of contract	Carrying value of assets covered by the contract (million) (\$Xif any)	Appraised value of assets involved in the contract (million) (\$Xif any)	Name of assessment body (if any)	Assessment base date (if any)	Pricing principle	Transaction price (\$ million)	Whether related transactions	Status of implementation as at the end of the reporting period	Date of disclosure	Disclosure Index
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Shenzhen Tefa Information Co.	Beijing Red Mountain Information Technology Research Institute Co.	Shenzhen Tefatec Communication Technology Co. 20.4% shareholdings	2020 December 18th	1,954.02	2,109.04	China Union Asset Appraisal Group Limited	2020 03 months 31 March	Consultations between the parties	2,109.04	deny	not	Under implementation	2020 09 Month 25th	Announcement on the Proposed Transfer of Part of the Equity Interests in a Controlling Subsidiary Notice
Pengcheng Laboratory	Shenzhen Tefa Information Co., Ltd. and Shenzhen Smart City Technology Development Group Co. manage	Pengcheng Cloud Brain II Extension Project Information Technology Project Phase I	2020 17 November sun			not		Consultations between the parties	281,750	deny	not	Under implementation	2020 December 05 Day	Announcement of Signing of Major Contracts

XVIII. Situation of social responsibility

1. Implementation of social responsibility

The Company actively fulfills its corporate obligations, undertakes social responsibilities, attaches importance to protecting the interests of

shareholders, especially small and medium-sized shareholders, and pays attention to reasonable returns to investors; is honest to its suppliers, customers and consumers; continuously supports social welfare, helps disadvantaged groups, and earnestly fulfills its responsibilities and obligations to society, shareholders, employees and other stakeholders.

1. Protection of the rights and interests of shareholders and creditors. The Company has established a relatively sound governance structure, which ensures that all shareholders enjoy all rights and interests openly, fairly and equitably in terms of mechanism, and has formed a decision-making and operation system with the main structure of shareholders' meeting, board of directors, supervisory committee and management to effectively protect the rights and interests of all shareholders (especially small and medium shareholders). The Company strictly complies with the requirements of relevant laws, regulations, Articles of Association and other laws and regulations, conscientiously fulfills its information disclosure obligations, focuses on investor relations management, ensures timely, truthful, accurate, complete and fair information disclosure, and there is no selective information disclosure or early disclosure of non-public information. The Company has sound financial policies, safe assets and funds, always fulfills its debts in strict accordance with the contracts signed with creditors, does a good job in communicating with creditors, maintains a good communication and collaborative relationship to reduce its own operational and financial risks, and takes into account the interests of creditors while safeguarding the interests of shareholders.

2. Protection of employees' legitimate rights and interests. The company insists on the concept of people-oriented, and fully implements the Labor Law and the Labor Contract Law. We attach importance to the protection of employees' rights and interests, the spiritual encouragement of employees, the strengthening of production safety management, the focus on employees' occupational health, and the purchase of five insurance and one gold for employees. We organize regular occupational health check-ups for employees, elect employee representatives, hold employee representative meetings, and focus on

Discuss the relevant management system. Establish good communication channels throughout the process of employee management and care, build a reserve of reserve talents and excellent managers, pay attention to the growth of employees, improve the overall quality of employees, and make every effort to provide employees with various life-related benefits. 3. Protection of the rights and interests of suppliers, customers and consumers. The company takes "responsibility, efficiency, tenacity and openness" as its core values

With the corporate mission of "producing excellent information products and creating a better modern life", and with the spirit of "building Tefa Information into a We serve consumers with the corporate vision of "to be an enviable and respected enterprise". The company always insists on quality above all and safety above all, and has established a quality responsibility management system with full staff, all-round and all-process, and implemented a series of quality management activities by establishing systems, processes and programs related to quality culture. We actively organize quality technology exchange activities, regularly carry out quality month and QC group activities to continuously improve quality management, produce quality products for consumers and protect consumers' interests; the company adheres to morality and integrity, strictly implements product standards and resolutely resists selling counterfeit and shoddy products, fraudulent consumers and other untrustworthy and illegal acts; actively builds and develops strategic cooperative relationships with suppliers and customers to provide quality products and services.

4. Actively fulfill the responsibility of energy saving and emission reduction, and protect the environment. The company practices the concept of green development, actively builds a green production environment, and leads and drives the efficient and clean and sustainable development of the manufacturing industry.

5. Actively fulfilling corporate social responsibility. The company actively undertakes social responsibility, creates value in the process of operating according to the law and paying taxes, actively supports national and local public welfare undertakings, responds to policies such as targeting

poverty alleviation by higher-level units, and promotes the harmonious development of the company and society.

In 2020, the company fulfilled the social responsibility of state-owned enterprises to benefit the people and actively responded to the call of Shenzhen municipal government and SASAC to implement the rent-free and fee-reducing policy, exempting private enterprise tenants in its own park from rent for February, March and August of this year, totaling RMB 22.69 million. During the reporting period, the Company donated RMB150,000 to Wuhan Charity Federation, donated medical supplies to government staff and medical workers on the front line of epidemic fighting, and donated epidemic prevention supplies to Hubei Mobile, including 17,000 medical masks, 13,000 medical goggles and 100 pieces of protective clothing, and received letters of appreciation from relevant units.

2. Fulfillment of social responsibility for precise poverty alleviation

(1) Precise poverty alleviation planning

As a helping unit of Li Bai Village in Shangguan Town, Dongyuan County, Heyuan City, the company has been deeply promoting the work of grasping poverty alleviation, assisting the local population to get rid of poverty, improving infrastructure construction and raising people's living standard.

(2) Annual summary of precision poverty alleviation

1. During the reporting period, a poverty alleviation cadre appointed by the Company continued to be stationed in Libai Village to carry out poverty alleviation work, and continued to support the work of Libai Village in poverty alleviation of its population, construction of poverty alleviation projects and development of agricultural products industry; the Company undertook the project management of the construction of the party group service center, and the project management personnel regularly supervised the site.

2. The Company actively participated in the "Guangdong Poverty Alleviation and Relief Day", and subscribed 400 kg of self-produced pumpkins to Li Bai Village in Dongyuan County, Heyuan City to promote the villagers' income increase; the Company actively responded to the call of Guangdong Province and Shenzhen Federation of Trade Unions to carry out "purchase instead of donation, consumption to help the poor". The company actively responded to the call of Guangdong Province and Shenzhen Federation of Trade Unions to carry out "purchase in lieu of donation and consumption to help the poor", and spent a total of RMB 195,000 on consumption to help the poor in 2020.

(3) Effectiveness of precise poverty alleviation

targets	unit of measure	Number/conduct
I. General information	--	--
Of which: 1.Funds	ten thousand dollars	10.7
II. Sub-component inputs	--	--
1. Industrial development for poverty eradication	--	--
2. Transferring employment out of poverty	--	--
3. Relocation out of poverty	--	--
4. Education for poverty alleviation	--	--
5. Health for the poor	--	--
6. Ecological protection to alleviate poverty	--	--
7. Underwriting protection	--	--
8. Social poverty alleviation	--	--
9. Other items	--	--
9.2. Amount of inputs	ten thousand dollars	10.7
III. Awards received (content, level)	--	--

(4) Follow-up Precision Poverty Alleviation Plan

The company will carry out poverty alleviation work in accordance with the overall requirements of the state on poverty alleviation and the unified

deployment of the higher level, taking into account the actual situation of the company and practicing social responsibility.

3. Situation related to environmental protection

Whether the listed company and its subsidiaries are among the key emission units announced by the environmental protection authorities

☐ Yes ☒ No

No

The Company and its subsidiaries are not among the key emission units announced by the environmental protection authorities.

XIX. Notes on other significant matters

☒ Applicable ☐ Not applicable

1. Approved by the China Securities Regulatory Commission (CSRC) under the document "Securities Regulatory License [2020] No. 1078", the Company issued 550 public shares on August 7, 2020

The total issue amount is RMB 550 million, and the proceeds will be invested in Tefa Information Data Technology Co.

(For details, please refer to the "Announcement of Public Issue of Convertible Bonds" and "Prospectus for Public Issue of A-share Convertible Bonds" published on Securities Times and Juchao Information Website on 5 August 2020) The convertible bonds to be issued will be listed and traded on the Shenzhen Stock Exchange from 4 September 2020 and will be referred to as "Tefa to 2".

The bond code is "127021". The "Tefa Conversion 2" is convertible into shares of the Company with effect from 18 February 2021.

2. As considered and approved at the Seventh Twenty-fifth Meeting of the Board of Directors of the Company and the Second Extraordinary General Meeting of 2020, the same

The Company intends to apply for the issuance of corporate bonds with a total face value not exceeding RMB1.5 billion (including RMB1.5 billion) for the Company's expansion of new bases.

(For details, please refer to the "Announcement of Resolutions of the Seventh Twenty-Fifth Meeting of the Board of Directors" and "Announcement on Public Issuance of Corporate Bonds" published on Securities Times and Juchao Information Website on 1 June 2020. (For details, please refer to "Announcement of Resolutions of the Seventy-Fifth Meeting of the Board of Directors" and "Announcement on Public Issue of Corporate Bonds" published on Securities Times and Juchao Information Website on 1 June 2020) According to the registration permit issued by the China Securities Regulatory Commission, the Company successfully issued "Shenzhen Tefa Information Company Limited 2021 Public Issue of Corporate Bonds to Professional Investors (First Issue)" on March 24, 2021. Corporate Bonds (First)

The issue size is 100 million yuan. The bonds were listed for trading bilaterally on the centralized bidding system and the integrated agreement trading platform of the Shenzhen Stock Exchange and for institutional investors among professional

investors from 8 April 2021, with the abbreviation of 21 Teshi 01 and the code of 149427.

In July and August 2020, Shenzhen Yuanzhi Fuhai Information Industry Merger and Acquisition Investment Enterprise (Limited Partnership), which was established by the Company, transferred its 11.4052% equity interest in Flanders (Shenzhen) Technology Company Limited, and the equity transfer proceeds were distributed to the investors, completely withdrawing from the Flanders project.

4. In 2020, the consortium formed by the Company and Shenzhen Smart City Technology Development Group Co., Ltd. won the tender for the first phase of the information technology project of Pengcheng Cloud Brain II Extension Project, and the amount of the tender won by the consortium was RMB2,817.5 million (for details, please refer to the Announcement on Signing of Significant Contracts in the Securities Times and Juchao Information Website on December 5, 2020)

xx. Significant matters of the Company's subsidiaries

☒ Applicable ☐ Not applicable

1. As considered and approved at the Seventh Thirty-fourth Meeting of the Board of Directors of the Company, the Company agreed to relinquish its controlling interest and major shareholder status in its holding subsidiary, Tefa Teco, and adopt the method of public listing on Shenzhen United Property Rights Exchange to transfer 20.4% equity interest in Tefa Teco to the outside world and introduce strategic investors. After the expiration of the listing period, the final confirmation of Beijing Hongshan Information Technology Research Institute Co.

The transferee, the transaction amount is RMB 2109.04 million. After the completion of this equity transfer, the Company's shareholding in Tefatec will be reduced from 51.0% to 30.6%, and Tefatec will no longer be included in the scope of the consolidated statements of the Company. For details, please refer to the "Announcement of Resolutions of the Seventh Thirty-fourth Meeting of the Board of Directors", "Announcement on the Proposed Transfer of Part of the Equity Interests in a Controlling Subsidiary" and "Announcement on the Progress of the Transfer of Part of the Equity Interests in a Controlling Subsidiary" published by the Company on the Securities Times and Juchao Information Website on 25 September 2020 and 9 January 2021 respectively. At present, Tefatec has completed the corresponding change of business registration.

2. As considered and approved at the Seventh Thirty-second Meeting of the Board of Directors of the Company, the Company established Shenzhen Tefa Information Technology Service Co. It mainly engages in the construction and integration of communication engineering, data center and smart city, smart park and other projects. During the reporting period, Shenzhen Tefa Information Technology Service Company Limited has completed business registration.

In September 2020, the Company and Shenzhen Sanqi Technology Co., Ltd. established a joint venture company, Shenzhen Tefa Sanqi Defense Technology Co. The establishment of the joint venture company will help enhance the level of the company's military industry chain support and improve the military market development capability.

Section VI. Changes in shares and shareholders

I. Changes in shares

1. Changes in shares

Unit: Unit

	Before this change		Increase or decrease in this change (+, -)					After this change	
	quantities	proportion	issue new shares	a share grant	Conversion of provident funds to shares	other	Subtotal	quantities	proportion
I. Shares subject to limited sale	21,334,350	2.62%				1	1	21,334,351	2.61%
1. State ownership									
2. State-owned legal person shareholding									
3. Other domestic holdings	21,334,350	2.62%				1	1	21,334,351	2.61%
Of which: shares held by domestic legal persons									
Domestic natural person shareholding	21,334,350	2.62%				1	1	21,334,351	2.61%
4. Foreign shareholding									
Of which: shares held by foreign legal persons									
Foreign natural person shareholding									
II. Shares with unlimited sale conditions	793,667,949	97.38%				1,575,866	1,575,866	795,243,815	97.39%
1. RMB ordinary shares	793,667,949	97.38%				1,575,866	1,575,866	795,243,815	97.39%
2. Domestically listed foreign shares									
3. Foreign shares listed abroad									

4. Other					Full Annual Report 2020				
III. Total number of shares	815,002,299	100.00%				1,575,867	1,575,867	816,578,166	100.00%

Reasons for change in shares

☒ Applicable ☐ Not applicable

The convertible bonds publicly issued by the Company in 2018 entered into the conversion period from May 22, 2019, and the initial conversion price of Tefa convertible bonds was RMB6.78 per share, which was adjusted to RMB5.54 per share after the implementation of the Company's 2018 and 2019 equity distribution plan. In 2020, Tefa convertible bonds were reduced by 88,354 shares due to the conversion, and the number of shares converted was 1,575,866.

Approval of changes in shares

☐ Applicable ☒ Not applicable

Not applicable

Transfer of share

movements

☐ Applicable ☒ Not applicable

Progress in the implementation of the share buyback

☐ Applicable ☒ Not applicable

Progress in the implementation of the share buyback reduction by means of centralized competitive bidding

☐ 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 latest year and the latest period

☒ Applicable ☐ Not applicable

During the reporting period, the total share capital of the Company increased from 815,002,299 shares to 816,578,166 shares as a result of the conversion of convertible bonds.

The Company calculated earnings per share and diluted earnings per share in accordance with the provisions of the "Rules Governing the Preparation of Information Disclosure by Companies Issuing Public Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share" (revised in 2010), details of which are set out in "Section II - Company Profile and Key Financial Indicators - Key Accounting Data and Financial Indicators".

Other disclosures deemed necessary by the company or required by the securities regulator

☐ Applicable ☒ Not applicable

2. Changes in restricted shares

☒ Applicable ☐ Not applicable

Not applicable

Unit: Unit

Name of shareholder	Number of restricted shares at the beginning of the period	Increase in the number of restricted shares during the period	Number of shares released from restricted sale during the period	Number of restricted shares at the end of the period	Reason for restriction of sale	date of unrestricted sale

		period	period			
Chen Chuanrong	11,665,908	0	0	11,665,908	non-public offering with restrictions on sale	Proposed release of restricted sales upon completion of compensation for 2019 performance commitments 5832954 shares; to be released on 18 May 2021 5,832,954 shares are restricted.
TAI WING	7,282,267	0	0	7,282,267	non-public offering with restrictions on sale	Proposed release of restricted sales upon completion of compensation for 2019 performance commitments 3641134 shares; to be released on 18 May 2021 3,641,133 shares are restricted.
dark and blue	1,888,774	0	0	1,888,774	non-public offering with restrictions on sale	Proposed release of restricted sales upon completion of compensation for 2019 performance commitments 944387 shares; to be released on 18 May 2021 944,387 shares are restricted.
Lin Feng	314,796	0	0	314,796	non-public offering with restrictions on sale	Proposed release of restricted sales upon completion of compensation for 2019 performance commitments 157398 shares; to be released on 18 May 2021 Restricted shares: 157,398 shares.
Jiang Qinjian (1929-), leading PRC politician	45,221	0	0	45,221	Executive shareholding lock-up	Unlocked according to the relevant rules
Liu Yang	13,500	0	0	13,500	Executive shareholding lock-up	Unlocked according to the relevant rules

Luo Tao (1969-), Chinese landscape architect	20,250	0	0	20,250	Executive shareholding lock-up	Unlocked according to the relevant rules
Zhang Dajun	13,634	1	0	13,635	Executive shareholding lock-up	Unlocked according to the relevant rules
Yang Hongyu	90,000	0	0	90,000	Executive shareholding lock-up	Unlocked according to the relevant rules
add up the total	21,334,350	1	0	21,334,351	--	--

II. Issuance and listing of securities

1. Issue of securities (excluding preference shares) during the reporting period

☐ Applicable ☒ Not applicable

2. Description of changes in the total number of shares and the structure of shareholders, and changes in the structure of the company's assets and liabilities

☒ Applicable ☐ Not applicable

The Company's 2018 public offering of convertible bonds entered into a conversion period beginning May 22, 2019, and in 2020, a total of 88,354

The number of shares converted from convertible bonds to shares of the Company was 1,575,866 shares. The total share capital of the Company increased from 815,002,299 shares to

816,578,166 shares, resulting in a change in the percentage of shareholders' shareholding but not a change in the controlling shareholder.

3. Status of existing internal staff shares

☐ Applicable ☒ Not applicable

III. Shareholders and actual controllers

1. Number of shareholders and shareholdings of the Company

Unit: Unit

Total number of ordinary shareholders at the end of the reporting period	62,730	Total number of ordinary shareholders at the end of the previous month prior to the date of disclosure of the annual report	61,327	Total number of preference shareholders, if any, voting rights were restored at the end of the reporting period (see Note 8)	0	Total number of preference shareholders, if any, voting rights were restored at the end of the previous month prior to the date of disclosure of the annual report (see Note 8)	0	
Shareholders holding more than 5% or the top 10 shareholders' shareholdings								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the reporting period	Increases or decreases during the reporting period	Number of shares held with limited selling conditions	Number of shares held under unlimited sale conditions	Pledges or freezes	
							Share Status	quantities
Shenzhen Tefa Group Co.	State-owned legal persons	36.10%	294,818,846	0	0	294,818,846		
Minmetals Enterprise Wing Limited	Offshore legal persons	2.46%	20,112,000	0	0	20,112,000		

Great Wall Securities – Societe Generale – Chang City Special Development Wisdom 1 Asset Management Plan	other	1.71%	13,959,297	0	0	13,959,297		
Chen Chuanrong	Domestic natural persons	1.54%	12,574,908	-2607000	11,665,908	909,000	pledges	12,574,908
TAI WING	Domestic natural persons	1.40%	11,422,671	-3000913	7,282,267	4,140,404		
Han Guo Sanwa Co.	Offshore legal persons	1.21%	9,903,504	0	0	9,903,504		
NSSF 103 portfolio	other	0.61%	4,999,945	4999945	0	4,999,945		
dark and blue	Domestic) natural persons	0.61%	4,981,036	-135280	1,888,774	3,092,262		
Huaxia Fund Management Limited – Social Security Fund 422 Portfolio	other	0.54%	4,443,356	4443356	0	4,443,356		
Hong Kong Securities Clearing Company Limited	Offshore legal persons	0.40%	3,256,474	726911	0	3,256,474		
Strategic investors or general legal entities becoming top 10 shareholders as a result of the placement of new shares (if any) (see Note 3)		not						
Description of the relationship or concerted action of the above shareholders		Among the top ten shareholders of the Company, Han Guo Sanhe Co., Ltd. is a controlling subsidiary of Shenzhen Tefa Group Co. To the action person.						
Description of the above-mentioned shareholders involved in proxy/trustee voting rights, abstention of voting rights		not						
Shareholdings of the top 10 shareholders with unlimited selling conditions								
Name of shareholder	Number of shares held under unlimited sale conditions at the end of the reporting period						Type of shares	
							Type of shares	quantities

Shenzhen Tefa Group Co.	Full Annual Report 2020 294,818,846	RMB ordina ry shares	294,818,846
Minmetals Enterprise Wing Limited	20,112,000	RMB ordina ry shares	20,112,000
Great Wall Securities – Societe Generale – Great Wall Tefa Smart 1 The Asset Management Plan	13,959,297	RMB ordina ry shares	13,959,297
Han Guo Sanwa Co.	9,903,504	RMB ordina ry shares	9,903,504
NSSF 103 portfolio	4,999,945	RMB ordina ry shares	4,999,945
Huaxia Fund Management Limited – Social Security Fund 422 Portfolio	44,433,564	RMB ordina ry shares	4,443,356
TAI WING	4,140,404	RMB ordina ry shares	4,140,404
Hong Kong Securities Clearing Company Limited	3,256,474	Renminb i (RMB)	3,256,474

		ordinary share	
dark and blue	3,092,262	RMB ordinary shares	3,092,262
Industrial and Commercial Bank of China Limited - Guotai CSI All-Share Communication Equipment Trading Open-ended Index Fund	3,092,200	RMB ordinary shares	3,092,200
among the top 10 shareholders with unlimited shares outstanding, and the top 10 shareholders with unlimited shares outstanding and the top 10 shareholders	Ltd. is a controlling subsidiary of Shenzhen Tefa Group Co., Ltd. and Shenzhen Tefa Group Co., Ltd. and Han Guo Sanhe Co., Ltd. are parties acting in concert; it is not known whether the other shareholders are related and whether they are parties acting in concert as stipulated in the Measures for the Administration of Disclosure of Changes in Shareholdings of Listed Companies.		
Description of the participation of the top 10 common shareholders in the financing and financing business, if any (see Note 4)	not		

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

☐ Yes ☒ No

The Company's top 10 common shareholders and the top 10 shareholders of common shares with unlimited selling conditions did not enter into any agreed repurchase transactions during the reporting period.

2、Company's controlling shareholders

Nature of controlling shareholder: Local state-

Name of controlling shareholder	Legal representative/head of unit	Date of Establishment	Organization code	Main Businesses
Legal person Shenzhen Tefa Group Co.	Zhang Junlin	20 June 1982	19219419-5	Investment in the establishment of industries (specific projects to be declared separately) investment in the establishment of tourism industry; real estate development and operation; domestic commerce,

Change in controlling shareholder during the reporting period

□ Applicable √ Not applicable

There was no change in the controlling shareholder of the Company during the reporting period.

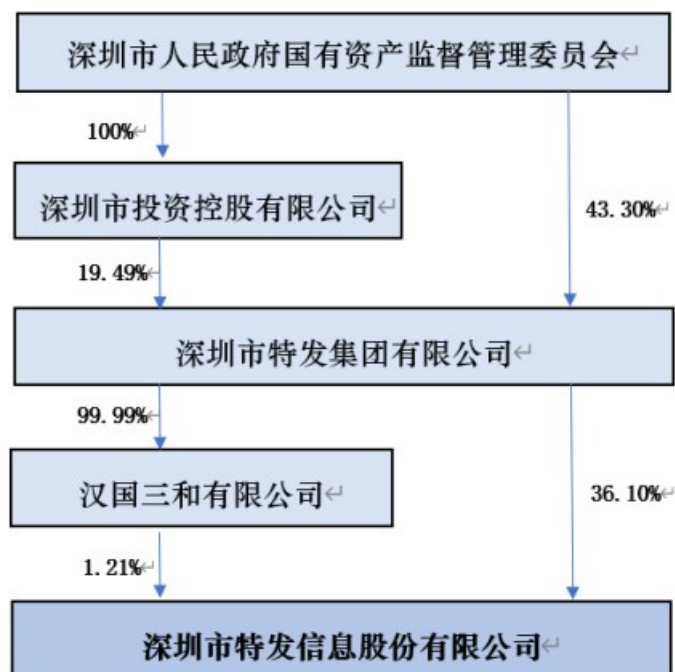
3. The actual controller of the company and his concerted action

Nature of actual controller:

Local state-owned management

Name of beneficial owner	Legal representative/head of unit	Date of Establishment	Organization code	Main Businesses
Supervision of State-owned Assets of Shenzhen Municipal People's Government regulatory commission (e.g. regulating employment, financial services etc)	Yu Steel	01 August 2004	K31728067	As an ad hoc body directly under the Shenzhen Municipal People's Government, under To perform contribution in accordance with laws and regulations as authorized by the municipal government The rights and interests of the people, the authorized supervision of state-owned assets in accordance with the law Supervision and management.
Shareholdings in other domestic and foreign listed companies controlled by the de facto controller during the reporting period	Other domestic and foreign listed companies controlled by the Shenzhen State-owned Assets Supervision and Administration Commission, the actual controller of the Company, during the reporting period were Shenzhen Zhenye A (000006.SZ) Shen Saige (000058.SZ) Shahe (000014.SZ) Shenzhen Airport (000089.SZ) Yantian Port (000088.SZ) Shenzhen Energy (000027.SZ) Shenzhen Gas (601139.SH) Lindechuang (002243.SZ) Tetra A (SZ), Agricultural Products (000061.SZ) Tianjian Group (000090.SZ) Shenzhen Grai Holdings (000019.SZ) Shenzhen Airport (000029.SZ) Shenzhen Expressway (600548.SH) Shenzhen Holdings (00604.HK) Shenzhen Property A (000011.SZ) Guoxin Securities (SZ) Shenzhen International (00152.SZ) Tefa Services (300917.SZ) Magtech (300319.SZ) Infinito (002528.SZ) not applicable age in the effective control of the Company during the reporting			

Block diagram of the ownership and control relationship between the company and the beneficial owner



Control of the company by the beneficial owner through trust or other asset management

☐ Applicable ☒ Not applicable

4. Other corporate shareholders holding more than 10% of the shares

☐ Applicable ☒ Not applicable

5. Restrictions on shareholding reductions by controlling shareholders, actual controllers, restructuring parties and other committed entities

☐ Applicable ☒ Not applicable

Section VII. Information on preferred shares

☐ Applicable ☒ Not applicable

There were no preferred shares in the company during the reporting period.

Section VIII. Information on convertible corporate bonds

√ Applicable ☐ Not
applicable

I. Successive adjustments of the conversion price

1. "Tefa Convertible Bond"

The Company's 2018 publicly issued convertible bond "Tefa Convertible Bond" (bond code: 127008) was listed on 25 December 2018.

The initial conversion price is \$6.78 per share.

As approved by the Company's 2018 Annual General Meeting, the Company implemented the 2018 profit distribution and capital surplus transfer

Share capital proposal: Cash dividend of RMB0.45 per 10 shares (tax included), and the conversion of 2 shares per 10 shares by capital surplus to all shareholders. In accordance with the Prospectus of the Convertible Bonds and the relevant regulations of the CSRC on the issuance of convertible bonds, the conversion price of the "Tefa Convertible Bonds" was adjusted from RMB6.78 per share to RMB5.61 per share.

As approved at the 2019 annual general meeting of the Company, the Company implemented the 2019 annual equity distribution plan: dividend per 10 shares

Cash dividends of RMB0.69 (including tax) According to the Prospectus of the convertible bonds and the CSRC's regulations on convertible corporate bonds

The conversion price of the "Tefa Convertible Bonds" was adjusted from RMB5.61 per share to RMB5.54 per share in accordance with the relevant regulations on the issuance of securities. For details, please refer to the announcement

Announcement on the Adjustment of the Conversion Price of the Tefa Conversion Bonds in accordance with the 2019 Annual Equity Distribution Plan" disclosed by the Company on the Securities Times and Juchao Information Website on 22 June 2020.

The closing price of the Company's A shares for fifteen consecutive trading days from 4 January 2021 to 22 January 2021 was not less than 130% of the current conversion price of RMB5.54 per share of the "Tefa Convertible Bonds", which triggered the conditional redemption provision as agreed in the Prospectus. After consideration at the 40th Meeting of the 7th Session of the Board of Directors

and the 16th Meeting of the 7th Session of the Supervisory Committee, the Company agreed to redeem the "Tefa Convertible Bonds" in advance and on 5 March 2021, the Company fully redeemed the "Tefa Convertible Bonds" registered after the close of business on the redemption registration date.

The "Tefa Convertible Bonds". The "Tefa Convertible Bonds" issued by the Company have been delisted from the Shenzhen Stock Exchange since 15 March 2021.

2. "Special Delivery to 2"

The Company's 2020 convertible bond "Tefa to 2" (bond code: 127021), which was publicly issued on 4 September 2020, was listed.

The initial conversion price is \$12.33 per share. II.

Cumulative conversion status

☒ Applicable ☐ Not applicable

Short name of the bond	From and to date of conversion	Total number of issues (sheet)	total issue amount	Cumulative amount transferred (\$)	Cumulative number of shares transferred (Unit)	The number of conversions represents the number of shares issued by the company before the commencement date of the conversion	Amount not yet transferred (\$)	Amount of unconverted shares as a percentage of total issue amount

						Total number of shares in the line Percentage of		
special issue of convertible bonds	May 2019 22nd	4,194,000	419,400,000. 00	360,078,900. 00	64,184,470	10.24%	59,321,100.0 0	14.14%
Carried forward 2	February 2021 18th	5,500,000	550,000,000. 00	0.00	0	0.00%	550,000,000. 00	100.00%

III. Top ten convertible bondholders

1. "Tefa Convertible Bond"

Serial number	Name of convertible bondholder	Nature of convertible bondholders	Number of convertible bonds held at the end of the reporting period (in sheets)	Amount of convertible bonds held at the end of the reporting period (\$)	Percentage of convertible bonds held at the end of the reporting period
1	Wang Hongxi	Domestic natural persons	8,140	814,000.00	1.37%
2	appointment and righteousness	Domestic natural persons	7,000	700,000.00	1.18%
3	Li Wenchao	Domestic natural persons	7,000	700,000.00	1.18%
4	Liu Lei	Domestic natural persons	6,000	600,000.00	1.01%
5	Li Chao (1977-), Chinese dissident human rights activist	Domestic natural persons	5,560	556,000.00	0.94%
6	Wang Bin'an, capital of the People's Republic of China (PRC)	Domestic natural persons	5,340	534,000.00	0.90%
7	Chen Shoufang (old name)	Domestic natural persons	5,010	501,000.00	0.84%
8	Tian Qing	Domestic natural persons	4,100	410,000.00	0.69%
9	seep	Domestic natural persons	3,990	399,000.00	0.67%
10	Pang Yudong	Domestic natural persons	3,950	395,000.00	0.67%

2. "Special Delivery to 2"

Serial number	Name of convertible bondholder	Nature of convertible bondholders	Number of convertible bonds held at the end of the reporting period (in sheets)	Amount of convertible bonds held at the end of the reporting period (\$)	Percentage of convertible bonds held at the end of the reporting period
1	Shenzhen Tefa Group Co.	State-owned legal persons	1,985,605	198,560,500.00	36.10%
2	Fortune Fortune Aggressive Fixed Income Pension Product - Industrial and Commercial Bank of China Limited	other	242,619	24,261,900.00	4.41%
3	Guoshou Pension Stable 5 Fixed Income Pension Product - Industrial and Commercial Bank of China Limited	other	221,299	22,129,900.00	4.02%
4	Chinatrust Securities Co.	State-owned legal persons	209,040	20,904,000.00	3.80%
5	Industrial and Commercial Bank of China Limited - Xingquan Hengyi Bond Investment Fund	other	120,354	12,035,400.00	2.19%
6	Ping An Bank Company Limited - Changxin Convertible Bond Investment Fund	other	102,958	10,295,800.00	1.87%

7	Guoshou Pension Red Trust Fixed Income Pension Product – Industrial and Commercial Bank of China Limited	other	80,000	8,000,000.00	1.45%
8	China Construction Bank Corporation – Fortune Optimized Enhanced Bond Fund	other	69,187	6,918,700.00	1.26%
9	China Life Pension Stable 9 Fixed Income Pension Product – China Merchants Bank Co.	other	67,779	6,777,900.00	1.23%
10	NSSF 104 portfolio	other	66,874	6,687,400.00	1.22%

IV. Significant changes in the profitability, asset position and creditworthiness of the guarantor

☐ Applicable ☒ Not applicable

V. Indebtedness of the company at the end of the reporting period, changes in creditworthiness and cash arrangements for debt repayment in future years

1. Bank credit obtained, use and repayment of bank loans during the reporting period

The Company's management monitors bank loans and also negotiates financing with financial institutions in order to maintain certain credit lines and reduce liquidity risk. As of December 31, 2020, the Company had obtained bank credit facilities of 101.69

The actual amount of bank credit facilities utilized was \$4,249 million. All bank loans due were repaid as scheduled.

2. Key accounting data and financial indicators of the Company as at the end of the reporting period and the end of the previous year (or the same period in the reporting period and the previous year)

spor ts even t	2020	2019	Increase or decrease at the end of the reporting period compared to the end of the previous year
current ratio	139.40%	139.71%	-0.31%
gearing	66.93%	55.11%	11.81%
quick ratio	98.22%	94.87%	3.35%
	current reporting	same period in the	Increase or decrease in the current

	period	previous year	reporting period over the same period of the previous year
Earnings before interest, tax, depreciation and amortization	37,016.84	61,330.70	-39.64%
EBITDA All Debt Ratio	5.21%	14.60%	-9.39%
Interest cover multiplier	2.01	5.37	-62.57%
Cash interest coverage multiple	2.09	-1.92	208.85%
EBITDA interest cover multiplier	3.09	6.81	-54.63%
Loan repayment rate	100%	100%	0.00%
Interest repayment rate	100%	100%	0.00%

Note 1: The year-on-year decrease in EBITDA was mainly due to the recognition of gain on disposal of assets of Tyco Tower in the same period last year 2.1

This is the result of the \$ billion.

Note 2: The year-on-year decrease in interest coverage multiple was mainly due to the year-on-year decrease in EBITDA for the period.

Note 3: The year-on-year increase in the cash interest coverage multiple was mainly due to the year-on-year increase in net cash flow from operating activities for the period.

Note 4: The year-on-year decrease in EBITDA interest coverage multiple was mainly due to the year-on-year decrease in EBITDA for the period.

On July 15, 2020, CSI Peng Yuan Credit Appraisal Co., Ltd. issued A"Credit Rating Report on 2020 Public Issue of Convertible Bonds of Shenzhen Tefa Information Co. The credit rating report of 2020 Public Issue of Convertible Bonds of Shenzhen Tefa Information Company Limited is disclosed on Juchao Information Website (August 5, 2020.

4. In the future, the funds for repayment of principal and interest on the convertible bonds will mainly come from the cash flow generated from the Company's operating activities, and the Company will arrange and use the funds reasonably in advance to ensure timely payment of interest and repayment of principal.

Section 9 Directors, Supervisors, Senior Management and Employees

I. Changes in shareholdings of directors, supervisors and senior management

name and surname	position	Status of appointment	sex	age	Date of commencement of term of office	Date of expiry of term of office	Number of shares held at the beginning of the period (shares)	Number of additional shares held during the period (Unit)	Number of shares reduced during the period (Unit)	Other increases and decreases (Unit)	Number of shares held at the end of the period (shares)
Jiang Qinjian (1929-), leading PRC politician	chairman	hold an office	male	58	September 2017 14 June	November 2021 08 Day	60,295				60,295
Li Mingjun	board member	hold an office	women	56	June 2012 08 Day	November 2021 08 Day	0				0
Chang Qi	board member	leave office	male	47	April 2009 29th	March 2020 20 June	0				0
Yang Hongyu	Director, General Manager	hold an office	male	42	January 2018 15 days	November 2021 08 Day	120,000				120,000
Deng Shu'e	board member	hold an office	women	45	January 2018 23rd	November 2021 08 Day	0				0
Li Zengmin (1959-), a senior member of the PRC government	Director, Chief Financial Officer	hold an office	male	42	November 2018 08 Day	November 2021 08 Day	0				0

nt (old)							Full Annual Report 2020				
Wegang	independent director	hold an office	male	58	June 2015 18th	November 2021 08 Day	0				0
Wang Yuxin	independent director	hold an office	male	55	June 2015 18th	November 2021 08 Day	0				0
Tang Guoping	independent director	hold an office	male	56	November 2018 08 Day	November 2021 08 Day	0				0
Robertson (name)	Chairman of the Supervisory Board	hold an office	male	58	June 2015 18th	November 2021 08 Day	0				0
Wu Rui Kai	supervisor	hold an office	male	49	January 2018 23rd	November 2021 08 Day	0				0
although	supervisor	hold an office	women	35	November 2018 08 Day	November 2021 08 Day	0				0
Luo Tao (1969-), Chinese landscape architect	Deputy Secretary of the Party Committee	hold an office	male	60	November 2018 08 Day	November 2021 08 Day	27,000				27,000
Liu Yang	Deputy General Manager	hold an office	male	58	May 2003 06 Day	November 2021 08 Day	18,000				18,000
yellowish red	Deputy General Manager	hold an office	women	54	April 2013 07 Day	November 2021 08 Day	0				0

Liu Tao (1978-), Chinese landscap e architec t	Deputy General Manager	hold an offi ce	male	53	January 2017 06 Day	November 2021 08 Day	0				0
Zhang Dajun	deputy director Manager, Secretar y of the Board	hold an offi ce	male	55	May 2003 06 Day	November 2021 08 Day	18,180				18,180
add up the total	--	--	--	--	--	--	243,475	0	0	0	243,475

II. Changes in directors, supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

name and surn ame	Positions held	type s	date	reas on
Chang Qi	board member	leave office	20 March 2020	Personal reasons

iii. incumbency

The professional background and major work experience of the current directors, supervisors and senior management of the Company and their current major positions in the Company

reproach

Jiang Qinjian B.S., Auditor, Director and Chairman of the Board of Directors of the Company. Previously, he served as Planning and Finance of Shenzhen Tefa Group Co. Ltd. and is the deputy manager and manager of the department, the chief financial officer and general manager of Shenzhen Tefa Information Co. Ltd., a wholly-owned subsidiary of the company; director of Shenzhen Tefa Information Fiber Optics Co.

Li Mingjun Master, Senior Accountant, Director of the Company. He has been the manager of the Planning and Finance Department of Shenzhen Teli Group, the financial director of Tefa Xiaomesha Tourism Center, the director of the Planning and Finance Department and the secretary of the Board of Directors of

Shenzhen Tefa Group Co. Now he is the vice president of Shenzhen Tefa Group Co.

Yang Hongyu has a master's degree in economics, a CFA chartered financial analyst and an intermediate economist, and is a director and general manager of the Company. He has served as a staff member and deputy director of the investment department of Shenzhen Yuanzhi Investment Co., Ltd, deputy director of the enterprise department of Shenzhen Tefa Group Co. Ltd., a wholly-owned subsidiary of the company, chairman of Chengdu Fuliye Electronic Technology Co. Ltd. and Chairman of Sichuan Huatuo Optical Communication Co.

Deng Shu'e Master, Intermediate Economist, Senior Enterprise Human Resource Manager, Director of the Company. She has served as deputy secretary of the Youth League Committee, securities representative and employee supervisor of Shenzhen Special Force (Group) Company Limited, deputy business manager, business manager and deputy director of the Human Resources Department of Shenzhen Special Force Group Company Limited. Now he is the general manager of the Human Resources Department of Shenzhen Tefa Group Co.

Li Zengmin, Master, Senior Accountant, Director and Chief Financial Officer of the Company. Ltd., Head of Finance Department of PetroChina Fuel Oil Company Limited, Finance Director of Shenzhen Youputai Garment Technology Co. Ltd, a wholly-owned subsidiary of the company, director and financial controller, director of Chengdu Fuliye Electronic Technology Co. Ltd., a subsidiary of the Company, a director of Shenzhen Tefa Information Optical Network Technology Co.

Dr. Wei Gang, Professor, Doctoral Supervisor, Independent Director of the Company. He has been an associate professor, professor, doctoral supervisor and dean of the School of Electronics and Information of South China University of Technology, and a first-class professor of the University of Nantes, France. He was an independent director of TCL Communication Technology Company Limited, a senior technical advisor of Huawei Technologies Company Limited, a member of the technical committee of Huawei National Broadband Mobile Core Network Engineering Technology Research Center, the technical director of Guangzhou Fengpu Information Technology Company Limited, and an independent director of Guangdong Xinli Optoelectronics Co. He is currently the director of the National Mobile Ultrasonic Detection Engineering Technology Research Center of South China University of Technology, the director of the Engineering Center of Near Field Wireless Communication and Network of the Ministry of Education, the director of the Key Laboratory of Short Range Wireless Detection and Communication of Guangdong Province, and enjoys the special allowance of the State Council Government. He is also a director (non-independent director) of the third session of the Board of Directors of Shenzhen Hailianxun Technology Co.

Wang Yuxin has a master's degree, is a lawyer and an independent director of the Company. He was a lawyer and partner of Shenzhen branch of Jilin Jida Law Firm and a lawyer, partner and director of Guangdong Wentian Law Firm. Now he is a lawyer and partner of Beijing Kyoto (Shenzhen) Law Firm, and an arbitrator of Shenzhen International Arbitration Court (Shenzhen Arbitration Commission).

Dr. Tang Guoping is a certified public accountant, professor and doctoral supervisor, and an independent director of the Company. He has been the vice dean of School of Accounting of Zhongnan University of Economics and Law and the deputy

director of MBA Education Center, director of Master of Accounting Education Center, executive vice dean of Graduate School and dean of MBA College. He is also a director and senior member of the China Accounting Association, a deputy director of the Environmental Resources Accounting Committee of the China Accounting Association, a deputy chairman of the Hubei Chief Accountants Association, an independent director of Jiabiyu (Wuhan) Bioengineering Company Limited, an independent director of Wonderful Property Company Limited, an independent director of Lanxis Technology Company Limited, and an independent director of Shenyang Securities Company Limited.

Luo Bojun Accountant, Chairman of the Supervisory Board of the Company. He was the general manager and deputy secretary of the party branch of Shenzhen Zhongtian Industrial Co., Ltd, deputy general manager of Shenzhen Automobile Industry Trade General Company, deputy director of the audit department, deputy manager of the personnel department, director of the human resources exchange and training center, deputy general manager, deputy secretary of the party committee, secretary of the discipline inspection committee and general manager of Shenzhen Special Force Group Co.

Wu Rui Kai Master, Intermediate Economist, Senior Enterprise Human Resource Manager, Supervisor of the Company. He has served as deputy director of the administrative office, director of the board secretariat and manager of the party and personnel department of Shenzhen Teli (Group) Company Limited, and deputy general manager of the operation and management department of Shenzhen Tefa Group Company Limited. Now he is the general manager of the Corporate Management and Legal Department of Shenzhen Tefa Group Co. **Zhang has a** Bachelor's degree and is an employee representative supervisor of the Company. He has served as Human Resources Manager of the Optical Cable Branch of Shenzhen Tefa Information Co.

Administrative Assistant, currently Corporate Culture Specialist in the office of Shenzhen Tefa Information Co.

Dr. Luo Tao, Associate Professor, is the Deputy Secretary of the full-time Party Committee of the Company. Ltd., director of Shenzhen Tefa Information Co. Ltd., a wholly-owned subsidiary of the company; chairman of Changzhou Tefa Huayin Wire and Cable Co., Ltd., a holding subsidiary of the company; director of Shandong Tefa Light Source Optical Communication Co.

Liu Yang, Master, Senior Engineer, Deputy General Manager of the Company. He has served as an engineer in the Microwave Communication Division of Institute 54 of the Ministry of Electronics, deputy director, director and senior engineer in the Communication Division of Institute 36 of the Ministry of Electronics, manager and chief engineer of the Technical Development Department of Shenzhen Communication Industry Co. Ltd., a wholly-owned subsidiary of the Company, and a director of Guangdong Tefa Information Optical Cable Company Limited; chairman of Shenzhen Tefa Teco Communication Technology Co.

Huang Hong, Vice General Manager of the Company. He has served as Secretary of the Youth League Committee of Shenzhen Tourism (Group) Company, Secretary of the Party Branch and General Manager of Shenzhen Global Travel Agency, Director of the Property Department of Shenzhen Tourism (Group) Company, Chairman of Shenzhen Ovilang Trading Company, Deputy Secretary General of the Brand Promotion Association of Shenzhen Trade Promotion Association, Deputy General Manager of Shenzhen Tefa Xiaomesha Tourism Center. During the year, he was also the chairman of Shenzhen Tefa Information Optoelectronic Technology Co.

Liu Tao, Master, Engineer, Deputy General Manager of the Company. He has served as assistant engineer in the research laboratory of the Physical and Chemical Research Institute of Luzhou Chemical Plant Center, inspection supervisor, sales sales salesman, sales region manager, deputy sales manager, deputy general manager of the optical cable division and general manager of the optical cable division of Shenzhen Tefa Information Co. Ltd., a wholly-owned subsidiary of the company, director of Tefa Information India Optical Cable Company, general manager of Shenzhen Tefa Dongzhi Technology Company Limited;

director of Sichuan Huatuo Optical Communication Company Limited, a subsidiary of the company.

Zhang Dajun has a master's degree and is the deputy general manager and secretary of the board of directors of the Company. He has been an employee of Shenzhen Tefa Group Co. Ltd., a wholly-owned subsidiary of the Company, and a supervisor of Chengdu Fuliye Electronic Technology Co. Ltd. and a supervisor of Shenzhen Tefa Sanqi Defense Technology Co.

Employment with shareholder entities

☒ Applicable ☐ Not applicable

Name of incumbent	Name of shareholder unit	Positions held in shareholder units	Date of commencement of term of office	Date of expiry of term of office	Whether remuneration allowance is received in the shareholder unit
Li Mingjun	Shenzhen Tefa Group Co.	vice president	June 08, 2012		be
Deng Shu'e	Shenzhen Tefa Group Co.	General Manager, Human Resources	23 January 2018		be
Wu Rui Kai	Shenzhen Tefa Group Co.	General Manager, Corporate Management and Legal Affairs	23 January 2018		be
Description of employment with shareholder entities	Except as set out in the table above, none of the remaining directors, supervisors and senior management are employed by shareholders.				

Service in other units

√ Applicable □ Not applicable

Name of incumbent	Name of other units	Positions held in other units	Date of commencement of term of office	Date of expiry of term of office	Whether remuneration allowance is received in other units
Jiang Qinqian (1929-), leading PRC politician	Shenzhen Tefa Information Fiber Co.	board member	06 November 2015		deny
Jiang Qinqian (1929-), leading PRC politician	Shenzhen Tefa Dongzhi Technology Co.	board member	30 January 2016		deny
Jiang Qinqian (1929-), leading PRC politician	Shenzhen Tefa Dongzhi Technology Co.	chairman	February 06, 2018	31 December 2020	deny
Jiang Qinqian	Beijing Shenzhou Feiyang Technology Co.	chairman	05 November 2018		deny

(1929-), leading PRC politicia n					
Jiang Qinjian (1929-), leading PRC politicia n	Shenzhen Tefa Information Data Technology Co.	chairman	December 06, 2018		deny
Yang Hongyu	Shenzhen Tefa Dongzhi Technology Co.	board member	February 06, 2018		deny
Yang Hongyu	Chengdu Fourier Electronic Technology Co.	chairman	June 11, 2019		deny
Yang Hongyu	Shenzhen Tefatec Communication Technology Co.	board member	February 06, 2018		deny
Yang Hongyu	Shenzhen Tefa Information Optical Network Technology Co.	chairman	24 April 2018		deny
Yang Hongyu	Beijing Shenzhou Feiyang Technology Co.	board member	05 November 2018		deny
Yang Hongyu	Shenzhen Tefa Information Data Technology Co.	board member	December 06, 2018		deny
Yang Hongyu	Tefa Information India Optical Cable Company	chairman	February 26, 2019		deny
Yang Hongyu	Sichuan Huatuo Optical Communication Co.	chairman	November 08, 2019		deny
Li Zengmin (1959-), a senior member of the PRC governmen t (old)	Shenzhen Tefa Dongzhi Technology Co.	board member	December 06, 2018		deny
Li Zengmin (1959-), a senior member of the PRC governmen t (old)	Shenzhen Tefa Dongzhi Technology Co.	Chief Financial Officer	26 September 2020		deny
Li Zengmin (1959-), a senior member of the PRC governmen t (old)	Chengdu Fourier Electronic Technology Co.	board member	June 11, 2019		deny
Li Zengmin (1959-), a senior member of	Guangdong Tefa Information Optical Cable Co.	supervisor	December 06, 2018		deny

the PRC government (old)					
Li Zengmin (1959-), a senior member of the PRC government (old)	Shenzhen Tefa Information Optical Network Technology Co.	board member	December 06, 2018		deny
Li Zengmin (1959-), a senior member of the PRC government (old)	Shenzhen Tefa Information Fiber Co.	supervisor	December 06, 2018		deny
Li Zengmin (1959-), a senior member of the PRC government (old)	Chongqing Tefa Information Optical Cable Co.	board member	April 05, 2017		deny
Li Zengmin (1959-), a senior member of the PRC government (old)	Changzhou Tefa Huayin Wire & Cable Co.	board member	April 05, 2017		deny
Li Zengmin (1959-), a senior member of the PRC government (old)	Shandong Tefa Light Source Optical Communication Co.	supervisor	April 05, 2017		deny
Li Zengmin (1959-), a senior member of the PRC government (old)	Sichuan Huatuo Optical Communication Co.	board member	November 08, 2019		deny

Li Zengmin (1959-), a senior member of the PRC government (old)	Shenzhen Tefa Information Technology Service Co.	board member	31 July 2020		deny
Liu Yang	Chengdu Fourier Electronic Technology Co.	board member	27 January 2016		deny
Liu Yang	Guangdong Tefa Information Optical Cable Co.	board member	14 April 2015		deny
Liu Yang	Shenzhen Tefatec Communication Technology Co.	chairman	14 April 2015	February 07, 2021	deny
Liu Yang	Shenzhen Tefatec Communication Technology Co.	board member	15 March 2021		deny
Liu Yang	Shenzhen Tefa Information Optoelectronics Technology Co.	board member	21 May 2014		deny
Liu Yang	Beijing Shenzhou Feiyang Technology Co.	board member	05 November 2018		deny
Liu Yang	Shenzhen Tefa Sanqi Defense Technology Co.	chairman	10 August 2020		deny
Luo Tao (1969-), Chinese landscape architect	Chongqing Tefa Information Optical Cable Co.	board member	12 April 2013		deny
Luo Tao (1969-), Chinese landscape architect	Changzhou Tefa Huayin Wire & Cable Co.	chairman	08 July 2015		deny
Luo Tao (1969-), Chinese landscape architect	Shandong Tefa Light Source Optical Communication Co.	board member	27 October 2015		deny
Luo Tao (1969-), Chinese landscape architect	Changfete Luminous Rods Qianjiang Co.	Vice Chairman	April 08, 2019		deny
yellowish red	Shenzhen Tefa Information Optoelectronics Technology Co.	chairman	25 June 2015		deny
Liu Tao (1978-), Chinese landscape architect	Tefa Information India Optical Cable Company	board member	February 26, 2019		deny
Liu Tao (1978-), Chinese landscape architect	Sichuan Huatuo Optical Communication Co.	board member	November 08, 2019		deny

Liu Tao (1978-), Chinese landscape architect	Shenzhen Tefa Information Technology Service Co.	chairman	31 July 2020	Full Annual Report 2020	deny
Liu Tao (1978-), Chinese landscape architect	Shenzhen Tefa Dongzhi Technology Co.	general manager	31 December 2020		deny
Zhang Dajun	Shenzhen Tefa Dongzhi Technology Co.	supervisor	30 January 2016		deny
Zhang Dajun	Chengdu Fourier Electronic Technology Co.	supervisor	27 January 2016		deny
Zhang Dajun	Shenzhen Tefa Information Optical Network Technology Co.	board member	17 November 2011		deny
Zhang Dajun	Shenzhen Tefatec Communication Technology Co.	supervisor	14 April 2015		deny
Zhang Dajun	Beijing Shenzhou Feiyang Technology Co.	supervisor	05 November 2018		deny
Zhang Dajun	Shenzhen Tefa Information Data Technology Co.	Director, General Manager	December 06, 2018		deny
Zhang Dajun	Sichuan Huatuo Optical Communication Co.	supervisor	November 08, 2019		deny
Zhang Dajun	Shenzhen Tefa Sanqi Defense Technology Co.	supervisor	10 August 2020		deny
In other single Note on the incumben cy status of the	Except for those listed in the table above, none of the remaining directors, supervisors and senior management have held positions in other entities.				

Current and outgoing directors, supervisors and senior management of the Company in the last three years penalized by securities regulatory authorities

☐ Applicable ☒ Not applicable

IV. Remuneration of Directors, Supervisors and Senior Management

Decision-making process, basis for determining and actual payment of compensation to directors, supervisors and senior management

The company strictly follows the "Tefa Information Remuneration Management System", "Performance Management Measures for Middle and Basic Level Employees of Tefa Information Headquarters", "Shenzhen

Ltd. and the Regulations on the Work of the Remuneration and Evaluation Committee of the Board of Directors of Shenzhen Tefa Information Co., Ltd. and the Management Measures for the Performance of Senior Management of Shenzhen Tefa Information Co. The Company regularly reports to the Remuneration and Evaluation Committee of the Board of Directors on the operating performance of the directors, supervisors and senior management, and the Remuneration and Evaluation Committee of the Board of Directors is responsible for considering the remuneration and evaluation management methods of the directors, supervisors and senior management of the Company and reviewing the remuneration of the directors, supervisors and senior management of the Company. The Human Resources Department and the Financial Management Department of the Company are responsible for the specific implementation of the remuneration scheme for the directors, supervisors and senior management of the Company.

The remuneration levels of the directors, supervisors and senior management of the Company are in line with the principles of the Company's remuneration management system, the remuneration plan and the procedures for the payment of remuneration are legal. During the reporting period, the Company paid remuneration normally in strict accordance with the relevant regulations.

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

Unit: million

name and surname	position	sex	age	Status of appointment	Total pre-tax compensation received from the company	Whether remuneration is received at a related party of the company
Jiang Qinjian (1929-), leading PRC politician	chairman	male	58	hold an office	100.17	deny
Li Mingjun	board member	women	56	hold an office	0	be
Deng Shu'e	board member	women	45	hold an office	0	be
Yang Hongyu	Director, General Manager	male	42	hold an office	96.73	deny
Li Zengmin (1959-), a	Director, Chief Financial Officer	male	42	hold an office	77.79	deny

senior member of the PRC government (old)						
Chang Qi	board member	male	47	leave office	0	deny
Wegang	independent director	male	58	hold an office	10	deny
Wang Yuxin	independent director	male	55	hold an office	10	deny
Tang Guoping	independent director	male	56	hold an office	10	deny
Robertson (name)	Chairman of the Supervisory Board	male	58	hold an office	74.88	deny
Wu Rui Kai	supervisor	male	49	hold an office	0	be
although	Staff Supervisor Representative	women	35	hold an office	14.82	deny
Luo Tao (1969-), Chinese landscape architect	Deputy Secretary of the Party Committee	male	59	hold an office	83.74	deny
Liu Yang	Deputy General Manager	male	58	hold an office	84.38	deny
yellowish red	Deputy General Manager	women	54	hold an office	80.49	deny
Liu Tao (1978-), Chinese landscape architect	Deputy General Manager	male	53	hold an office	80.84	deny
Zhang Dajun	Deputy General Manager, Secretary of the Board of Directors	male	55	hold an office	88.49	deny
add up the total	--	--	--	--	812.33	--

Equity incentives granted to directors and senior management of the Company during the reporting period

☐ Applicable ☒ Not applicable

V. Staff of the company

1. Number of employees, professional composition and educational level

Number of active employees of the parent company (persons)	696
Number of active employees of major subsidiaries (persons)	2,181
Total number of employees in service (persons)	2,877
Total number of employees receiving remuneration in the current period (persons)	3,322
Number of retired employees of the parent company and major subsidiaries required to bear costs (persons)	0
Professi onal composit ion	
Professional composition category	Number of professional composition (persons)
production personnel	1,017
salesperson	222
technical staff	601
treasurer	665
administrative staff	372
add up the total	2,877
Educatio n level	
Educational attainment category	Number (persons)
PhD	5
bachelor's degree	96
undergraduate (adjecive)	999
post-secondary	562
Secondary school and below	1,215
add up the total	2,877

2. Remuneration policy

The remuneration policy adheres to value and market orientation, and continues to tilt towards the struggling in terms of salary design and performance incentives, so as to stimulate the work enthusiasm of talents. A

fair and impartial appraisal mechanism has been established to link the results of appraisals with appointments and income, so as to ensure that talents enjoy reasonable treatment on the one hand, and to realize the elimination of the best and the worst on the other, so as to truly enable the upward and downward mobility of talents and promote the reasonable flow of talents. The following distribution principles are reflected.

(a) Market benchmarking principle: Combining the strategic objectives and development stage of the enterprise, benchmarking the market, reasonably and fairly determining the remuneration level of employees, ensuring that the remuneration level matches the enterprise's performance and is effectively aligned with the external market, in order to attract, motivate and retain key talents.

The principle of broadbanded remuneration: adopting a broadbanded remuneration range, establishing a dual career path for business and management, providing employees with room for salary development and achieving dynamic management of remuneration.

The principle of performance linkage: linking employee income to performance results, widening the gap between the pay levels of different positions, and fully reflecting the linkage between the payment of performance pay and individual performance assessment results and overall effectiveness.

(a) The principle of sustainable development: insisting that efficiency determines income distribution, establishing a remuneration distribution system that is compatible with the strategic development of the enterprise and the requirements of competition in the talent market, combined with a standardized corporate governance structure and scientific internal management, and promoting the sustainable scientific development of the enterprise.

Dynamic principle: the company's overall salary structure and salary level should be adjusted according to the business efficiency, salary market situation, changes in macroeconomic factors and other factors in a timely manner, so as to dynamically adapt to the needs of the company's development and enterprise human resources development.

3. Training programmes

The company is committed to the creation of a learning organization, around the company's development strategy and business development needs, staff training needs, the theme of professionalism, professionalization, promote the construction of the training system, the development of effective and appropriate annual training plan, specifically including new employee orientation training, fresh graduates orientation training, various types of staff skills training, reserve talent training and middle and senior management professional ability training, etc., to enhance The company will improve the professional skills of employees to meet the needs of the company's development.

4. Outsourcing of labour services

√ Applicable ☐ Not applicable

Total number of hours worked by outsourced labour (hours)	2,487,603.64
Total remuneration paid for outsourced labour services (\$)	56,593,240.45

Section X. Corporate governance

I. Basic status of corporate governance

During the reporting period, the Company continued to improve its corporate governance structure and internal control system in strict compliance with the Company Law, the Securities Law, the Code of Governance for Listed Companies, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and other laws and regulations, as well as the requirements of the China Securities Regulatory Commission, the Shenzhen Stock Exchange and other regulatory authorities, and revised the Articles of Association, the Investment Management System, the Insider Information Management System and the Registration System for Informants of Insider Information. The Company's General Meeting, Board of Directors, Supervisory Committee and management have clearly defined responsibilities and powers, coordinated operations and made scientific decisions; actively carried out investor relations management, strengthened contact with investors and continuously improved investor relations management; further standardized the Company's operation and operation, strengthened information disclosure, continuously improved the level of corporate governance through institutionalization and standardization, and promoted the healthy development of the Company.

As at the end of the reporting period, the actual state of corporate governance was in compliance with the requirements of the relevant regulatory documents on the governance of listed companies issued by the CSRC, with a complete corporate governance structure and standardized operations.

1. About shareholders and general meetings

During the reporting period, the Company held five general meetings of shareholders, all of which were held by a combination of on-site and online voting. The convening and holding procedures of the meetings, the qualifications of the attendees and the voting procedures of the meetings were in compliance with the provisions of the Company Law, the Rules for General Meetings of Listed Companies and the Articles of Association of the Company, and all the motions were passed

and the voting results were legal and valid. The meeting invited witness lawyers to witness the meeting on site in accordance with the regulations. During the voting on the motions involving connected transactions, the connected shareholders recused themselves from voting, which ensured the legality of the decision-making procedures of connected transactions and that they were conducted in an open, fair and impartial manner. The Company ensured through various means that all shareholders, especially the small and medium-sized shareholders, fully exercised their rights such as the right to information and the right to participate.

2. About the controlling shareholder and the listed company

During the reporting period, the Company maintained independence from the controlling shareholder and its connected persons in respect of business, assets, finance, personnel and institutions, in compliance with the relevant provisions of the CSRC on the independence of listed companies. The controlling shareholder strictly regulated its own conduct, exercised its powers and performed its obligations in accordance with the law, and all major decisions of the Company were made by the general meeting of shareholders in accordance with the law, and the controlling shareholder of the Company did not interfere directly or indirectly with the decision-making and operation activities of the Company beyond the general meeting of shareholders of the Company, and there was no case of appropriation of funds of the listed company. The Company has independent business and operational autonomy, and the Company's Board of Directors, Supervisory Committee and internal operating agencies are able to operate independently.

3. With respect to directors and the Board of Directors

The Board of Directors of the Company elected its directors in strict accordance with the provisions and requirements of the Articles of Association and the Rules of Procedure of the Board of Directors, and the number and composition of the Board of Directors of the Company during the reporting period complied with the requirements of laws, regulations and the Articles of Association of the Company, and there were three independent directors.

Reaching one-third of all directors. All directors of the Company are able to act in accordance with the laws and regulations as well as the Rules of Procedure of the Board of Directors of the Company, the

The provisions of the Independent Directors' System carry out their work, attend board meetings and general meetings seriously, actively participate in training, study relevant laws and regulations, and conscientiously perform their duties as directors with integrity, diligence and responsibility. The three special committees under the Board of Directors, namely the Strategy Committee, the Remuneration and Evaluation Committee and the Audit Committee, have played an important role in promoting the standardized operation and healthy and sustainable development of the Company.

4. On the Supervisors and the Supervisory Board

The Supervisory Committee of the Company conscientiously performed its corresponding duties in strict accordance with the provisions of the Articles of Association and the Rules of Procedure of the Supervisory Committee. The number and composition of the Supervisory Committee of the Company during the reporting period were in compliance with the requirements of laws, regulations and the Articles of Association, and there were three Supervisors on the Supervisory Committee, including one employee representative Supervisor. All the supervisors of the Company were able to perform their duties conscientiously in accordance with the laws, regulations and the requirements of the Rules of Procedure of the Supervisory Committee of the Company, from the perspective of protecting the interests of shareholders, to supervise the financial situation of the Company as well as the legality and compliance of the directors and senior management of the Company in performing their duties, and to safeguard the legitimate rights and interests of the Company and its shareholders faithfully and diligently.

5. On relevant stakeholders

The Company fully respects and safeguards the legitimate rights and interests of stakeholders, actively cooperates and communicates with stakeholders, achieves a coordinated balance with the interests of society, shareholders, suppliers, customers and employees, safeguards the rights and interests of employees, promotes environmental protection, actively fulfills its

corporate social responsibility and jointly promotes the sustainable and healthy development of the Company.

6. On information disclosure and transparency

The Company has designated the secretary of the Board of Directors and relevant professionals to be responsible for information disclosure, receiving visits from shareholders and share certificate consultation, and designated the Securities Times and Juchao Information Website as the newspapers and websites for information disclosure of the Company. The Company carefully receives visits and inquiries from investors and research institutions, promptly replies to questions on the interactive exchange platform for investors, upholds the principles of fairness, impartiality and openness in dealing with the reception of visitors, and protects the right to information and other legitimate rights and interests of all investors on an equal basis. The Company disclosed relevant information in a true, accurate, complete and timely manner in accordance with the requirements of the Rules Governing the Listing of Companies on the Shenzhen Stock Exchange, the Guidelines for the Standardized Operation of Companies Listed on the Main Board of the Shenzhen Stock Exchange, as well as the Articles of Association and the Measures for the Administration of Information Disclosure, so as to ensure that all investors have fair access to relevant information of the Company. During the reporting period, there was no violation of corporate governance norms such as the provision of undisclosed information to controlling shareholders and actual controllers.

7. On performance evaluation and incentive and restraint mechanisms

The performance appraisal and evaluation methods implemented by the Company are more comprehensive. The appointment of personnel is in compliance with the relevant laws, regulations and internal rules and regulations of the Company; the performance of senior management of operating units is linked to the completion of the annual operating targets of the operating units and a comprehensive evaluation is made in conjunction with their duties, authority and specific performance. The Company and the Remuneration and Evaluation Committee of the Board of Directors of the Company will still continue to explore a fair and efficient performance evaluation system and incentive and restraint mechanism for personnel at all levels that is more in line with the actual

situation of the Company, and establish a system that is consistent with the public

A long-term incentive mechanism closely linked to the company's performance and long-term strategy to stimulate the vitality of employees and lay a competitive advantage of human resources for the sustainable and healthy development of the company's performance.

Whether there are material differences between the actual state of corporate governance and the regulatory documents issued by the CSRC on the governance of listed companies

☐ Yes ☒ No

The actual state of corporate governance does not differ materially from the regulatory documents issued by the CSRC in relation to the governance of listed companies.

II. Independence of the Company vis-à-vis the controlling shareholder in terms of business, personnel, assets, institutions and finance

The controlling shareholder of the Company is Shenzhen Tefa Group Company Limited, which directly held 294,818,846 shares of the Company as at 31 December 2020, accounting for 36.10% of the total share capital; the controlling shareholder and its concert party, Han Guo Sanhe Company Limited, held a total of 304,722,350 shares of the Company, accounting for 37.31% of the total share capital.

Since its establishment, the Company has been operating in strict accordance with the requirements of the Company Law, the Securities Law and other relevant laws and regulations and the Articles of Association, and is completely separate from its controlling shareholder, Shenzhen Tefa Group Company Limited, in terms of business, personnel, assets, institutions and finance, and has independent and complete business and independent operation capabilities.

1. In terms of main business, the Company is mainly engaged in the research and development, production and sales of the four industries of "fiber optic cable + intelligent access + military information technology + intelligent services", which is independent from the controlling shareholder and other enterprises under its control. It is independent of the controlling shareholder and other enterprises under its control, and has the assets, personnel,

qualifications and capabilities to carry out independent business activities, and has the ability to operate independently and continuously in the market.

2. In respect of personnel relations, employees are employed in strict compliance with the Labour Law and other relevant requirements and labour contracts are signed; the Company has formulated independent labour, personnel and payroll management systems and has an independent human resources department and management team. None of the senior and middle-level management personnel of the Company have part-time jobs in shareholder units and all of them receive salary in the Company; the directors, supervisors and senior management personnel of the Company are elected and appointed in strict accordance with the relevant provisions of the Company Law and the Articles of Association of the Company.

3. In terms of asset relationship, the Company has independent and complete assets with clear ownership, independent production system, auxiliary production system and supporting facilities, and independent and complete business system related to operation; it has full control and domination over all assets of the Company except for normal operating transactions, and there is no irregular occupation of funds, assets and other resources of the Company by the controlling shareholder in any way.

4. In terms of institutional setting, the Company has an independent and complete organizational structure and has constructed a sound corporate governance structure. The establishment and operation of the corporate governance structure of the Company are strictly in accordance with the Articles of Association, and the office structure and production and operation premises are completely independent of the controlling shareholder, and there is no co-location of offices with the controlling shareholder.

5. In respect of financial relationships, the Company has an independent financial department and an independent financial accounting system, has established a sound and independent financial accounting system and financial management system, makes financial decisions independently, opens bank accounts independently and does not share bank accounts with controlling shareholders, affiliated enterprises, other units or individuals. The Company is independent in making tax returns and fulfilling its tax obligations in accordance with the law. The financial personnel do not work part-time in the controlling shareholder's unit, and there is no situation where the financial and accounting activities of the Company are interfered by the controlling shareholder.

III. Competition among peers

☐ Applicable ☒ Not applicable

IV. Information on the annual general meeting and extraordinary general meeting held during the reporting period

1. General meeting of shareholders during the reporting period

Session of the Conference	Type of meeting	Percentage of investor participation	Date of meeting	Date of disclosure	Disclosure Index
First Extraordinary General Meeting 2020	Extraordinary Shareholders' Meeting	37.61%	13 January 2020	14 January 2020	Juchao Information Website and Securities Times: Announcement of Resolutions of the First Extraordinary General Meeting of 2020 (Announcement No. 2020-06)
2019 Annual General Meeting of Shareholders	annual shareholders' meeting	37.56%	19 May 2020	20 May 2020	Juchao Information Website and Securities Times: Announcement of

					Resolutions of the 2019 Annual General Meeting (Announcement No. 2020-30)
Second Extraordinary General Meeting 2020	Extraordinary Shareholders' Meeting	37.56%	16 June 2020	17 June 2020	Juchao Information Website and Securities Times: Announcement of Resolutions of the Second Extraordinary General Meeting of 2020 (Announcement No. 2020-37)
Third Extraordinary General Meeting 2020	Extraordinary Shareholders' Meeting	40.18%	09 July 2020	10 July 2020	Juchao Information Website and Securities Times: Announcement of Resolutions of the Third Extraordinary General Meeting of 2020 (Announcement No. 2020-46)
Fourth Extraordinary General Meeting 2020	Extraordinary Shareholders' Meeting	43.01%	28 August 2020	29 August 2020	Juchao Information Website and Securities Times: Announcement of Resolutions of the Fourth Extraordinary General Meeting of 2020 (Announcement No. 2020-71)

2. Preferred shareholders whose voting rights have been restored request an Extraordinary General Meeting of Shareholders

☐ Applicable ☒ Not applicable

V. Performance of duties by independent directors during the reporting period

1. Attendance of independent directors at the board of directors' meetings and shareholders' meetings

Attendance of Independent Directors at Board of Directors and General Meetings							
Name of Independent Director	Number of board meetings to be attended during the reporting period	Number of board meetings attended on-site	Number of board meetings attended by correspondence	Number of board meetings attended by proxy	Number of board meetings missed	Whether failure to attend two consecutive board meetings in person	Number of shareholders' meetings attended
Wegang	20	0	20	0	0	deny	1
Wang Yuxin	20	0	20	0	0	deny	3
Tang Guoping	20	0	20	0	0	deny	0

Explanation of failure to attend two consecutive board meetings in person None

2. Dissent by independent directors on matters relating to the Company

Whether the independent directors object to the company's matters

☐ Yes ☒ No

The Independent Directors did not raise any objection to the relevant matters of the Company during the reporting period.

3. Other descriptions of the performance of duties by independent directors

Whether the recommendations of the independent directors on the company were adopted

☒ Yes ☐ No

Statement by the independent directors on the relevant recommendations of the company adopted or not adopted

During the reporting period, the independent directors of the Company strictly followed the provisions of the Code on Governance of Listed Companies, the Articles of Association of the Company and relevant laws, regulations and systems, carefully

considered motions and performed their duties independently in a responsible manner for all shareholders, reviewed the renewal of the appointment of the accounting firm of the Company, external guarantees, fund raising, acquisition of assets, war attraction of subsidiaries, issuance of convertible bonds, amendment of the Articles of Association and other regulatory matters, and In the process of preparation, review and disclosure of periodic reports, the independent directors listened carefully to the management's report on the operation, communicated with the annual audit certified public accountant, and went into the field to understand the operation of various projects, and with their rich professional knowledge and industry experience, put forward many reference opinions and valuable suggestions in the development strategy, system improvement, financial management and standardized operation of the company, which helped to improve the The company's supervision mechanism plays a positive role in the scientific decision-making of the board of directors, promoting standardized operation and safeguarding the rights and interests of small and medium shareholders.

Details of the performance of the independent directors are set out in the 2020 Annual Report of the Independent Directors disclosed by the Company on Juchao Information Website.

VI. Performance of duties of special committees under the Board of Directors during the reporting period

The Board of Directors of the Company has established three professional committees, namely the Audit Committee, the Remuneration and Evaluation Committee and the Strategy Committee, which, in accordance with the terms of reference of each professional committee formulated by the Board of Directors of the Company, conduct research on major matters in the operation of the Company and matters affecting the rights and interests of shareholders, carefully discuss and analyze the specific contents of the matters, put forward corresponding opinions and recommendations for the Board of Directors' decision-making reference and comply with the relevant The approval procedures of the relevant matters were complied with. During the reporting period, the special committees of the Board performed their duties as follows.

(i) Performance of the Audit Committee of the Board of Directors

The Audit Committee of the Board of Directors of the Company consists of five directors, three of whom are independent directors, and the chairman is an independent director and accounting professional. six meetings of the Audit Committee of the Board of Directors were held in 2020.

During the reporting period, members of the Audit Committee paid attention to the construction of the Company's internal control system, regularly reviewed the Company's internal audit reports and financial reports and performed the following duties in accordance with the requirements of the regulatory authorities and the provisions of the Regulations on the Work of Audit Members of the Board of Directors of the Company and in a diligent and responsible manner.

1. Consider and issue an opinion on the company's financial report

During the reporting period, in accordance with the relevant requirements of the SEC, the Audit Committee issued two review opinions on the 2019 annual financial accounting report. Prior to the entry of the annual audit certified public accountants, the Audit Committee issued its initial written opinion on the unaudited financial statements and considered that they objectively reflected,

in all material respects, the financial position of the Company as well as the results of operations; after the annual audit certified public accountants issued their initial audit opinion, the Audit Committee reviewed the financial accounting statements of the Company again and issued a written opinion that the basis, foundation, principles and methods of preparation of the accounting statements comply with the relevant provisions of national laws and regulations, and that they fairly reflect, in all material respects, the financial position of the Company as at **December 31, 2019** and the results of its operations for 2019.

2. Supervising the audit work of accounting firms

Through communication with the CPA firm, the Audit Committee understood the work arrangement and focus of attention of the CPA firm on the audit of the annual report and the audit of the internal control report, negotiated with the CPA firm on the overall arrangement and deployment of the audit work, and made clear requirements for the audit work. After the entry of the CPA, members of the Audit Committee communicated with the key project personnel in charge for a number of times to understand the progress of the implementation of the audit work and the issues of concern to the CPA, and provided timely feedback to the relevant departments of the Company to ensure that the annual audit and information disclosure work was completed in accordance with the scheduled progress.

3. Assessment of the previous year's audit work of the accounting firm

During the audit of the 2019 annual financial report of the Company, Baker Tilly International CPA (Special General Partnership) practiced in strict accordance with PRC auditing standards, worked diligently and conscientiously, and demonstrated a strong level of professional knowledge, good professional ethics and risk awareness, and the firm successfully completed the audit of the 2019 annual financial statements of the Company and the audit results were recognized.

4. Opinion on the renewal of the appointment of the accounting firm

Based on the 2019 annual audit of the Company by Baker Tilly International LLP (Special General Partner), it is agreed that

Continue to engage Baker Tilly International (Special General Partner) as the Company's auditor for 2020.

(ii) Performance of the Remuneration and Evaluation Committee of the Board of Directors

The Remuneration and Evaluation Committee of the Board of Directors of the Company consists of **five** directors, **three of whom are** independent directors and the chairman is an independent director. four meetings of the Remuneration and Evaluation Committee of the Board of Directors were held in 2020.

1. Comment on the current status of the company's salary appraisal system

In accordance with the provisions of the Regulations of the Remuneration and Evaluation Committee of the Board of Directors of the Company, the Remuneration and Evaluation Committee understood the operation, performance and development trend of the Company in 2019, reviewed the remuneration and the main components of the remuneration of the directors, supervisors and senior management who were remunerated in the Company during the reporting period, and also listened to the content of the KPI commitment letter of the members of the team of the Company in 2020, and considered that it comply with the relevant regulations and the provisions of the remuneration assessment system of the Company.

2. Comments on the revision of the Executive Performance Management Scheme and the Executive Compensation Management System

In accordance with the Regulations of the Remuneration and Evaluation Committee of the Board of Directors of the Company, the Remuneration and Evaluation Committee has reviewed the amendments to the Executive Performance Management Measures and the Executive Compensation Management System.

3. Comments on the probationary appraisal of the post of Chief Financial Officer

In accordance with the Company's Executive Performance Management Measures, the Remuneration and Evaluation Committee considered the results of the probationary period appraisal for the position of the Company's market-based selected CFO and, after consolidating the scores of the probationary period appraisal for the position of the selected CFO, the democratic conversation and the integrity review, concluded that the results of the probationary period appraisal for the position of the selected CFO were satisfactory.

(iii) Performance of the Board Strategy Committee

The Strategy Committee of the Board of Directors of the Company is composed of five directors, one of whom is an independent director. During the reporting period, Mr. Chang Qi, a director, resigned from the position of director and member of the Board Strategy Committee of the Company due to personal reasons. A total of one meeting of the Board Strategy Committee was held in 2020.

1. Opinions on the extension of some of the investment projects of the proceeds

After prudent research and demonstration, the Strategy Committee, taking into account the macroeconomic environment and the development trend of the industry, in order to ensure the smooth and sustainable promotion of the fund-raising projects, better improve the construction quality of the fund-raising projects and reasonably and effectively allocate resources, and to match the current operating conditions of the Company, agreed that the Company should adjust the construction period of some of the fund-raising investment projects, and adjust the construction period of "Tefa Information Factory Construction and Tefa Optical Fiber Expansion Project", "Tefa Dongzhi Expansion and Production Line Intelligent Upgrade Project" and "Tefa Information Data Technology Co. The time to reach the intended useable status was extended to 31 December 2021.

VII. Work of the Supervisory Board

Whether the Supervisory Board identified any risks to the company in its supervisory activities during the reporting period

☐ Yes ☒ No

The Supervisory Board has no

objection to the supervision matters

during the reporting period. VIII.

Appraisal and incentive of senior management

All senior management personnel of the Company are employed by the Board of Directors. The performance appraisal of senior management is determined on the basis of the achievement of the annual objectives of the Company's medium and long-term development strategy, which includes the assessment of the Company's current performance as well as the Company's sustainable development capability. Based on the actual achievement of the objectives and tasks, the annual performance appraisal results of senior management are evaluated in accordance with the remuneration and performance appraisal system, and moral and material performance incentives are provided. At the end of the reporting period, the Remuneration and Appraisal Committee assessed the achievement of the Company's overall operating performance and applied the results of the appraisal to the annual appraisal remuneration of senior management.

IX. Status of internal controls

1. Details of significant deficiencies in internal control identified during the reporting period

☐ Yes ☒ No

2. Internal control self-evaluation reports

Date of disclosure of the full internal control evaluation report	27 April 2021
Index of full disclosure of internal control evaluation reports	The Company's 2020 Annual Internal Control Evaluation Report on Juchao Information Network
Total assets of the units included in the evaluation as a percentage	100.00%

of the total assets of the company's consolidated financial statements		
Operating revenues of the units included in the evaluation as a percentage of the operating revenues of the company's consolidated financial statements		100.00%
Deficiency determination criteria		
categories	Financial reports	Non-financial reporting
qualitative criteria	Significant deficiencies: Significant design deficiencies in key control points of major business processes, significant deviation of personnel from job requirements, inaction or ineffective implementation. Significant deficiencies: Design deficiencies in major business process general control points or general business process critical control points, low personnel job matching, inaction or ineffective implementation. General deficiencies: General business process non-critical control points have design deficiencies, low personnel position matching, inaction or ineffective implementation.	Significant deficiencies: Significant design deficiencies in key control points of major business processes, significant deviation of personnel from job requirements, inaction or ineffective implementation. Significant deficiencies: Design deficiencies in major business process general control points or general business process critical control points, low personnel job matching, inaction or ineffective implementation. General deficiencies: General business process non-critical control points have design deficiencies, low personnel position matching, inaction or ineffective implementation.
quantitative criteria	Material weakness: potential misstatement of the income statement by an amount greater than or equal to	Significant defects(1) The defect caused direct economic damage

	10% of the prior year's consolidated statement of net income; potential misstatement of the balance sheet greater than or equal to 1% of the prior year's consolidated statement of net assets. Significant deficiency: potential misstatement of income statement greater than or equal to 5% and less than 10% of net profit in the prior year's consolidated statements of income; potential misstatement of balance sheet greater than or equal to 0.5% and less than 1% of net assets in the prior year's consolidated statements of income. General deficiency: The amount of potential misstatement in the income statement is less than 5% of the prior year's consolidated net income; the amount of potential misstatement in the balance sheet is less than 0.5% of the prior year's consolidated net assets.	In case of loss, the amount of direct economic damage is 500,000 yuan. (2) If the defect causes the result to deviate from the target, the deviation from the target value is greater than or equal to 50%. Important defects: (1) If the defect causes direct economic loss, the amount of direct economic loss is 100,000 yuan (inclusive) (2) if the defect causes the result to deviate from the target, the deviation value is between 15% (inclusive) and 50%. General defects: (1) if the defect causes direct economic loss, the amount of direct economic loss is less than RMB 100,000; (2) if the defect causes the result to deviate from the target, the deviation is between 15% and 50%. Deviations from the target are below 15 per cent.
Number of significant deficiencies in financial reporting (number)		0
Number of significant non-financial reporting deficiencies (in number)		0
Number of significant deficiencies in financial reporting (number)		0
Number of significant non-financial reporting deficiencies (number)		0

X. Internal control audit reports

√ Applicable ☐ Not applicable

Consideration paragraph in the internal control audit report	
In our opinion, Shenzhen Tefa Information Co., Ltd. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, in accordance with the Basic Standard for Enterprise Internal Control and related regulations.	
Disclosure of internal control audit reports	disclosure
Date of disclosure of full internal control audit report	27 April 2021

Index to full disclosure of internal control audit reports	Internal Control Audit Report on Full Annual Report 2020 Juchao.com
Type of opinion on internal control audit report	Standard unqualified opinion
Whether there are material weaknesses in non-financial reporting	deny

Whether the accounting firm issued a non-standard opinion on the internal control audit report

☐ Yes ☒ No

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

☒ Yes ☐ No

Section XI. Information on corporate bonds

Whether the company has corporate bonds that are publicly issued and listed on a stock exchange and are not due or not fully redeemed at maturity as of the date of approval of the annual report

deny

Section XII. Financial report

I. Audit reports

Type of audit opinion	Standard unqualified opinion
Date of signature of audit report	23 April 2021
Name of audit institution	Baker Tilly International LLP (Special General Partnership)
Audit report symbol	天职业字[2021]23796号
Name of Certified Public Accountant	Han YanguangYang Yong

Body of the audit report

All shareholders of Shenzhen Tefa Information Co.

I. Audit opinion

We have audited the financial statements of Shenzhen Tefa Information Company Limited ("Tefa Information"), which comprise the consolidated and parent company balance sheets as of December 31, 2020, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, the consolidated and parent company statements of changes in shareholders' equity for the year 2020, and Notes to the Financial Statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position of Tefa Information as of December 31, 2020, and the consolidated and parent company results of operations and cash flows for the year 2020, prepared in accordance with the provisions of ASBEs.

II. Basis for forming an audit opinion

We conducted our audit in accordance with China Auditing Standards for Certified Public Accountants. Our responsibilities under these standards are further described in the section of our audit report entitled "The CPA's Responsibility for the Audit of the Financial Statements". We conducted our audit in accordance with PRC CPA Code of Ethics, which provides that we are independent of the Special Information and have fulfilled our other responsibilities in the area of professional ethics. 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, are considered most significant to the audit of the financial statements for the period. These matters are addressed in the context of the audit of the financial statements as a whole and the formation of an audit opinion, and we do not express an opinion on these matters individually.

Key audit matters	How the matter was responded to in the audit
<i>(i) Revenue recognition</i>	
<p>In FY2020, Tefa Information achieved operating revenue of RMB4,722,428,257.52, of which revenue from main business was RMB4,579,221,292.85, accounting for 96.97% of the operating revenue. Tefa Information mainly provides communication equipment manufacturers, telecommunication operators and power grid enterprises with sales of communication equipment, communication fiber optic cables and power cables. As revenue is one of the key performance indicators of SDIC, the accuracy of revenue recognition has a significant impact on SDIC's profit. Therefore, we consider revenue recognition as a key audit matter for SDIC.</p> <p>The relevant disclosures are detailed in notes III, (xxx) and VI, (iv) to the financial statements</p>	<p>The principal audit procedures we performed for the recognition of operating income included.</p> <p>① Understood and assessed the design and operating effectiveness of management's key internal controls related to revenue recognition.</p> <p>② Examine the relevant terms of major customer contracts and analyse and evaluate the appropriateness of the revenue recognition policies actually implemented and review whether specific revenue recognition accounting policies are consistently applied.</p> <p>③ Perform analytical procedures on revenues and their gross margins to determine the reasonableness of sales revenues and gross margins.</p> <p>④ Perform detail tests on a selected sample of transactions recorded during the year, examining contracts, issuances</p>

(x).	<p>Supporting documentation, such as bills of lading, statements or reconciliations, combined with revenue and accounts receivable correspondence, to evaluate the accuracy of revenue recognition.</p> <p>(5) Perform cut-off tests on a selected sample of revenue transactions recorded before and after the balance sheet date, and examine all sales returns recorded after the balance sheet date to evaluate the completeness of revenue recognition and whether they are accounted for in the appropriate accounting period.</p>
Key audit matters	How the matter was responded to in the audit
(ii) Impairment of goodwill	
<p>As at 31 December 2020, the carrying amount of goodwill of Tefa Information was RMB511,969,240.77 and the amount of provision for impairment of goodwill was RMB10,035,404.26, with the closing carrying amount of goodwill accounting for 4.73% of the total assets at the end of the period.</p> <p>Goodwill is tested for impairment by management at the end of each year and the results of the goodwill impairment test are determined by management using a valuation report prepared by an external valuer engaged by management. The goodwill impairment test is an estimate of the recoverable amount of the asset group based on future discounted cash flow projections prepared by Tefa Information and the preparation of discounted cash flow projections involves the use of significant judgement and estimates, in particular, forecasting revenue growth rates, perpetual growth rates, cost escalation, etc. in conjunction with the realization of existing business and reasonable judgement of future markets, as well as determining the risk-adjusted discount rate applied are inherently uncertainty and possible influence of management's preferences. We have therefore identified the impairment of goodwill as a key audit matter.</p> <p>The relevant disclosures are detailed in notes III, (xxiv) and VI to the financial statements.</p> <p>(xvi).</p>	<p>The principal audit procedures we performed in relation to the goodwill impairment matter included.</p> <p>(1) We obtained an understanding and assessment of the design and operating effectiveness of management's key internal controls related to the preparation of discounted cash flow projections (the basis for estimating the recoverable amount of the asset group).</p> <p>(2) We evaluated the independence, objectivity, experience and qualifications of the external evaluators engaged by management.</p> <p>(3) We evaluated the assumptions and methods used by management in estimating the recoverable value of each asset group.</p> <p>(4) Evaluate the key assumptions and judgments used by management in preparing discounted cash flow projections by comparing key values such as revenue growth, perpetuity growth and cost escalation with past performance, management budgets and forecasts and industry reports.</p> <p>(5) Evaluate the risk-adjusted discount rate used in the discounted cash flow projections used by management by comparing the discount rate with those of similar firms in the same industry.</p> <p>(6) Obtain a sensitivity analysis of management's key assumptions, including the income growth rate and risk-adjusted discount rate applied to the discounted cash flow projections, and evaluate the impact of changes in key assumptions on management's conclusions in its impairment assessment, and whether there is any indication of management's preference.</p> <p>(7) retrospective review by comparing the previous year's forecast with the current year's results.</p> <p>Assess the reliability and historical accuracy of</p>

IV. Additional information

The management of Tefa Information (hereinafter referred to as management) is responsible for other information. Other information includes the information covered in the Tefa Information 2020 Annual Report, but excludes the financial statements and our audit report.

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

In conjunction 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, or appears to be materially misstated in, the financial statements or what we have learned in the course of our audit.

Based on the work we have performed, if we determine that other information is materially misstated, we should report that fact. In this regard, we have no matters to report.

V. Management and governance responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a fair view in accordance with the provisions of the Enterprise Accounting Standards and for designing, implementing and maintaining such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the going concern of Teflon, disclosing matters related to going concern, as applicable, and applying the going concern assumptions, unless management plans to liquidate, discontinue operations or has no other realistic alternative.

Governance is responsible for overseeing the financial reporting process for ad hoc information.

vi. responsibilities of certified public accountants for the audit of financial statements

Our objective is to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards will always detect a material misstatement when one exists. Misstatements may result from fraud or error and are generally considered to be material if there is a reasonable expectation that, individually or in the aggregate, the misstatement could have affected the economic decisions made by users of the financial statements based on the financial statements.

In performing our audit in accordance with auditing standards, we use professional judgment and maintain professional skepticism. At the same time, we perform the following.

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to address those risks, and obtain sufficient appropriate audit evidence as a basis for an audit opinion. The risk of failure to detect a material misstatement due to fraud is higher than the risk of failure to detect a material misstatement due to error because fraud may involve collusion, forgery, intentional omissions, misrepresentation or override of internal control.

(2) Understand the internal controls relevant to the audit in order to design appropriate audit procedures.

(3) Evaluate the appropriateness of management's choice of accounting policies and the reasonableness of the accounting estimates and related disclosures made.

(4) Draw conclusions about the appropriateness of management's use of the going concern assumption. Also, based on the audit evidence obtained, we reach a conclusion as to whether there is a material uncertainty about the existence of matters or circumstances that may cast significant doubt about the going concern of Terra Firma. If we conclude that a material uncertainty exists, auditing standards require that we draw the attention of users of the financial statements to the relevant disclosures in the audit report; if the disclosures are not adequate, we should express a non-unqualified opinion. Our conclusion is based on information available as of the date of the audit report. However, future events or circumstances may cause Tefa Information to fail to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements and whether the financial statements present fairly the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence about the financial information

of the entities or business activities in TEFL to express an audit opinion on the financial statements. We are responsible for directing, supervising and performing the group audit and accept full responsibility for the audit opinion.

We communicate with governance on matters such as planned audit scope, timing, and significant audit findings, including communication of internal control deficiencies of concern identified during our audit.

We also provide a statement to governance regarding our compliance with ethical requirements related to independence and communicate with governance about all relationships and other matters that could reasonably be perceived to affect our independence, as well as related precautions, if applicable.

From the matters communicated to governance, we determined which matters were most significant to the audit of the financial statements for the period and therefore constitute key audit matters. We describe these matters in our audit report, except in those instances where public disclosure of such matters is prohibited by law or regulation, or in those rare instances where we determine that a matter should not be communicated in the audit report if there is a reasonable expectation that the negative consequences of communicating the matter in the audit report would outweigh the benefits in the public interest.

Baker Tilly International LLP
(Special General Partnership)

Beijing, China
April 23, 2021

Chinese Han Yanguang
Certified Public
Accountants.

(Project
partner)

Chinese Certified Public
Accountant: Yang Yong

ii. financial statements

The statement in the financial notes is presented in dollars

1. Consolidated balance sheet

Prepared by: Shenzhen Tefa
Information Co.

31 December 2020

Unit: \$

sports event	31 December 2020	31 December 2019
Current assets.		
monetary funds	3,005,503,023.74	834,673,995.35
Settlement provision		
Unbundled funds		
Financial assets held for trading	112,024,283.32	60,111,501.92
Derivative financial assets		
note receivable		
Accounts receivable	2,189,682,948.43	2,507,191,198.91
Receivables financing	248,030,138.14	115,338,664.60
Prepayments	228,401,562.29	195,362,885.35
premium receivable		
Sub-insurance receivables		
Reserve for reinsurance contracts receivable		
Other receivables	158,923,422.41	115,837,546.18
Of which: interest receivable		
dividend receivable		
Buy-back financial assets		
inventory	2,221,192,984.10	1,555,399,511.03
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	127,781,167.62	70,833,262.91
Total current assets	8,291,539,530.05	5,454,748,566.25
Non-current assets.		
Disbursement of loans and advances		
debt investment		

Other debt investments		
Long-term receivables	318,381.33	318,381.33
Long-term equity investments	62,670,833.05	81,571,583.10
Investments in other equity instruments		
Other non-current financial assets		
Investment property	353,451,515.06	373,424,830.03
fixed assets	563,351,115.48	582,749,081.46
Construction in progress	348,491,672.17	174,365,568.17
Productive biological assets		
Oil and gas assets		
Right-to-use assets		
intangible asset	145,121,133.40	155,062,209.59
Development expenditure	38,045,798.57	
reputation of a firm's product	501,933,836.51	501,684,751.67
Long-term amortization	27,626,004.81	25,132,486.84
Deferred income tax assets	58,377,061.25	51,316,560.49
Other non-current assets	228,679,342.91	223,386,775.42
Total non-current assets	2,328,066,694.54	2,169,012,228.10
Total assets	10,619,606,224.59	7,623,760,794.35
Current liabilities.		
short term loan	2,841,225,092.90	1,369,135,031.50
Borrowing from the Central Bank		
funds on loan		
Trading financial liabilities		
Derivative financial liabilities		
note payable	774,453,444.83	947,944,052.76
accounts payable	1,139,731,711.83	941,520,522.66
Receipts in advance	5,429,259.44	118,686,477.45
Contractual liabilities	631,232,797.67	
Sale of repurchased financial assets		
Deposit-taking and interbank deposits		
Securities agency payments		
Underwriting of securities		
Employee compensation payable	118,258,683.05	144,512,963.87

taxes payable	77,399,624.69	63,863,346.35
Other accounts payable	283,086,841.60	281,759,712.44
Of which: interest payable	4,082,267.46	2,135,247.75
dividend payable	1,533,830.67	1,297,224.01
Fees and commissions payable		
Sub-insurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	18,218,665.13	34,991,701.84
Other current liabilities	58,904,050.31	1,806,792.88
Total current liabilities	5,947,940,171.45	3,904,220,601.75
Non-current liabilities.		
Reserve for insurance contracts		
Long-term loans	511,565,532.94	103,101,061.03
Bonds payable	511,573,883.68	57,518,121.97
Of which: Preference shares		
perpetual bond		
Lease liabilities		
Long-term accounts payable		
Long-term employee compensation payable		
Projected liabilities	25,412,385.67	35,378,187.84
Deferred revenue	42,650,250.67	54,747,116.45
Deferred income tax liabilities	68,451,814.78	46,842,903.71
Other non-current liabilities		
Total non-current liabilities	1,159,653,867.74	297,587,391.00
Total liabilities	7,107,594,039.19	4,201,807,992.75
Ownership interests.		
share capital	816,578,166.00	815,002,299.00
Other equity instruments	106,445,097.88	13,349,748.83
Of which: Preference shares		
perpetual bond		
capital surplus	929,668,957.59	921,896,631.42
Less: Treasury shares		
Other comprehensive income	-2,391,702.13	-197,049.06
Dedicated reserves		

surplus surplus	124,016,938.15	91,411,590.06
General risk allowance		
undistributed profit	994,873,629.33	1,072,371,799.68
Total equity attributable to owners of the parent company	2,969,191,086.82	2,913,835,019.93
Minority interests	542,821,098.58	508,117,781.67
Total owners' equity	3,512,012,185.40	3,421,952,801.60
Total liabilities and owner's equity	10,619,606,224.59	7,623,760,794.35

Legal representative: Jiang
QinjianAccounting: Li ZengminHead of Accounting Institution: Xiao Jianfeng

2. Parent company balance sheet

Unit: \$

sports event	31 December 2020	31 December 2019
Current assets.		
monetary funds	2,451,674,036.80	341,288,626.61
Financial assets held for trading	112,024,283.32	60,111,501.92
Derivative financial assets		
note receivable		
Accounts receivable	584,864,155.64	680,281,845.42
Receivables financing	82,283,484.01	23,949,810.47
Prepayments	12,183,127.36	20,170,142.02
Other receivables	958,811,212.14	644,088,350.65
Of which: interest receivable		
dividend receivable	5,195,567.07	
inventory	1,014,311,422.50	246,063,536.20
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	52,762,048.11	4,592,278.30
Total current assets	5,268,913,769.88	2,020,546,091.59
Non-current assets.		
debt investment		
Other debt investments		
Long-term receivables	44,587,691.57	44,587,691.57

Long-term equity investments	Full Annual Report 1,885,137,290.43	2020 1,790,163,384.85
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Investments in other equity instruments		
Other non-current financial assets		
Investment property	341,395,101.69	362,833,377.26
fixed assets	99,521,975.01	111,789,661.60
Construction in progress	55,811,618.84	57,436,818.04
Productive biological assets		
Oil and gas assets		
Right-to-use assets		
intangible asset	35,615,331.38	32,337,953.92
Development expenditure	38,045,798.57	
reputation of a firm's product		
Long-term amortization	3,309,817.82	6,169,521.65
Deferred income tax assets	8,973,487.33	10,054,637.64
Other non-current assets	212,733,646.18	212,361,644.17
Total non-current assets	2,725,131,758.82	2,627,734,690.70
Total assets	7,994,045,528.70	4,648,280,782.29
Current liabilities.		
short term loan	1,993,000,000.00	705,000,000.00
Trading financial liabilities		
Derivative financial liabilities		
note payable	308,691,227.02	324,329,513.70
accounts payable	664,847,298.74	450,867,888.93
Receipts in advance	3,893,612.97	68,431,227.81
Contractual liabilities	505,661,256.63	
Employee compensation payable	35,363,581.18	35,933,795.32
taxes payable	28,489,067.08	7,087,026.18
Other accounts payable	709,241,997.58	605,885,915.97
Of which: interest payable	2,761,850.00	905,231.73
dividend payable	1,533,830.67	1,297,224.01
Liabilities held for sale		
Non-current liabilities due within one year	1,620,271.13	23,521,450.84
Other current liabilities	50,910,344.23	
Total current liabilities	4,301,718,656.56	2,221,056,818.75
Non-current liabilities.		

Long-term loans	469,626,283.58	44,563,417.67
Bonds payable	511,573,883.68	57,518,121.97
Of which: Preference shares		
perpetual bond		
Lease liabilities		
Long-term accounts payable		
Long-term employee compensation payable		
Projected liabilities		
Deferred revenue	11,812,134.60	20,773,515.23
Deferred income tax liabilities	63,437,079.90	40,650,162.69
Other non-current liabilities		
Total non-current liabilities	1,056,449,381.76	163,505,217.56
Total liabilities	5,358,168,038.32	2,384,562,036.31
Ownership interests.		
share capital	816,578,166.00	815,002,299.00
Other equity instruments	106,445,097.88	13,349,748.83
Of which: Preference shares		
perpetual bond		
capital surplus	917,735,968.95	909,963,642.78
Less: Treasury shares		
Other comprehensive income		
Dedicated reserves		
surplus surplus	124,016,938.15	91,411,590.06
undistributed profit	671,101,319.40	433,991,465.31
Total owners' equity	2,635,877,490.38	2,263,718,745.98
Total liabilities and owner's equity	7,994,045,528.70	4,648,280,782.29

3. Consolidated income statement

Unit: \$

sports event	2020	2019 Annual
I. Total operating income	4,722,428,257.52	4,655,911,057.79
Of which: operating income	4,722,428,257.52	4,655,911,057.79
Interest income		
Premiums earned		

Handling fee and commission income		
II. Total operating costs	4,518,644,936.73	4,462,661,071.36
Of which: operating costs	3,840,509,880.02	3,821,380,155.63
Interest expenses		
Handling fee and commission expenses		
surrender fund		
Net benefit expenses		
Net withdrawals from contractual reserves for insurance liabilities		
Policy Dividend Payments		
Sub-insurance costs		
Taxes and surcharges	22,598,525.75	25,596,886.26
Cost of sales	156,787,923.17	155,672,858.38
Overheads	140,990,955.81	128,739,371.12
Research and development costs	224,230,685.07	250,827,590.41
financial cost	133,526,966.91	80,444,209.56
Of which: interest costs	116,930,807.92	88,696,163.19
Interest income	10,986,958.44	9,396,409.92
Add: other gains	51,303,547.89	38,933,622.74
Investment income (losses are shown with a "-" sign)	10,726,855.72	1,603,929.14
Of which: gains on investments in associates and joint ventures	10,233,454.23	801,136.47
Gain on derecognition of financial assets measured at amortized cost		
Gain on exchange (loss shown with a "-" sign)		
Gain on net exposure hedge (loss is shown with a "-" sign)		
Gain on changes in fair value (loss is shown with a "-" sign)	151,912,781.40	60,111,501.92
Credit impairment losses (losses are shown with a "-" sign)	-56,339,852.45	-8,450,616.29
Impairment losses on assets (losses are shown with a "-" sign)	-191,055,872.56	-86,202,609.25
Gain on disposal of assets (loss shown by "-")	-2,346.76	210,854,225.60
III. Operating profit (loss is shown with a "-" sign)	170,328,434.03	410,100,040.29
Add: Non-operating income	14,688,878.27	28,635,306.53
Less: Non-operating expenses	61,393,067.37	43,183,414.72
IV. Total profit (total loss is shown with a "-")	123,624,244.93	395,551,932.10

sign)	Full Annual Report	2020
Less: Income tax expense	65,314,188.99	49,312,531.05
V. Net profit (net loss is shown with a "-" sign)	58,310,055.94	346,239,401.05
(i) Classification by continuity of operations		

1. Net profit from continuing operations (net loss is shown with a "-" sign)	58,310,055.94	346,239,401.05
2. Net profit from discontinued operations (net loss is shown with a "-" sign)		
(ii) Classification by ownership		
1. Net profit attributable to shareholders of the parent company	11,445,456.46	323,176,298.40
2. Minority interests in profit or loss	46,864,599.48	23,063,102.65
VI. Other comprehensive income, net of tax	-2,370,275.63	-284,316.59
Other comprehensive income attributable to owners of the parent company, net of tax	-2,194,653.07	-247,006.41
(i) Other comprehensive income that cannot be reclassified to profit or loss		
1. Remeasurement of defined benefit plan changes		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of investments in other equity instruments		
4. Changes in fair value of the enterprise's own credit risk		
5. Other		
(ii) Other comprehensive income to be reclassified to profit or loss	-2,194,653.07	-247,006.41
1. Other comprehensive income available for transfer to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Reclassification of financial assets to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedge reserve		
6. Translation differences on foreign currency financial statements	-2,194,653.07	-247,006.41
7. Other		
Other comprehensive income attributable to minority shareholders, net of tax	-175,622.56	-37,310.18
VII. Total comprehensive income	55,939,780.31	345,955,084.46
Total comprehensive income attributable to owners of the parent company	9,250,803.39	322,929,291.99
Total comprehensive income attributable to minority shareholders	46,688,976.92	23,025,792.47
VIII. Earnings per share.		
(i) Basic earnings per share	0.0140	0.4123

(ii) Diluted earnings per share	Full Annual Report 2020 0.0140	0.4096
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In the event of business combination under the same control in the current period, the net profit achieved by the party being consolidated before the combination was: \$0.00 and the net profit achieved by the party being consolidated in the previous period was: \$0.00.

Legal representative: Jiang Qinjian accounting work: Li Zengmin Head

of accounting institution: Xiao Jianfeng

4. Income statement of the parent company

Unit: \$

sports event	2020	2019 Annual
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I. Operating income	2,873,318,399.16	1,600,637,593.01
Less: Operating costs	2,454,505,844.50	1,338,948,525.68
Taxes and surcharges	10,401,829.14	11,466,900.99
Cost of sales	85,316,668.31	90,207,314.89
Overheads	49,770,313.47	38,477,271.77
Research and development costs	65,151,912.11	67,587,836.26
financial cost	71,194,032.36	29,468,474.78
Of which: interest costs	83,036,903.36	58,268,961.80
Interest income	22,799,267.54	33,622,060.23
Add: other gains	24,214,359.90	13,437,637.30
Investment income (losses are shown with a "-" sign)	42,983,728.63	33,825,371.89
Of which: gains on investments in associates and joint ventures	7,380,634.49	109,811.32
Gain on derecognition of financial assets measured at amortized cost (Losses are shown with a "-" sign)		
Gain on net exposure hedge (loss is shown with a "-" sign)		
Gain on changes in fair value (loss is shown with a "-" sign)	151,912,781.40	60,111,501.92
Credit impairment losses (losses are shown with a "-" sign)	14,538,898.74	632,133.55
Impairment losses on assets (losses are shown with a "-" sign)	-8,640,377.97	-18,231,245.09
Gain on disposal of assets (loss shown by "-")		210,954,076.91
II. Operating profit (loss is shown by a "-" sign)	361,987,189.97	325,210,745.12
Add: Non-operating income	13,541,611.89	3,302,021.82
Less: Non-operating expenses	1,921,219.63	4,288,675.13
III. Total profit (total loss is shown with a "-" sign)	373,607,582.23	324,224,091.81
Less: Income tax expense	47,554,101.33	43,478,266.83
IV. Net profit (net loss is shown with a "-" sign)	326,053,480.90	280,745,824.98
(i) Net profit from continuing operations (net loss is shown with a "-" sign)	326,053,480.90	280,745,824.98
(ii) Net profit from discontinued operations (net loss is shown with a "-" sign)		
V. Other comprehensive income, net of tax		
(i) Other comprehensive income that cannot be reclassified to profit or loss		
1. Remeasurement of defined benefit plan changes		

2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of investments in other equity instruments		
4. Changes in fair value of the enterprise's own credit risk		
5. Other		

(ii) Other comprehensive income to be reclassified to profit or loss		
1. Other comprehensive income available for transfer to profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Reclassification of financial assets to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedge reserve		
6. Translation differences on foreign currency financial statements		
7. Other		
VI. Total comprehensive income	326,053,480.90	280,745,824.98
VII. Earnings per share.		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: \$

spor ts even t	2020	2019 Annual
i. Cash flows from operating activities.		
Cash received from the sale of goods and provision of services	6,027,140,057.71	4,900,545,795.93
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premiums on original insurance contracts		
Net cash received from reinsurance operations		
Net increase in policyholders' savings and investment funds		
Cash received for interest, fees and commissions		
Net increase in funds on hand		
Net increase in funding for repo operations		

Net cash received from agency purchases and sales of securities	Full Annual Report 2020	
Tax refunds received	66,011,389.89	27,979,943.85
Other cash received in connection with operating activities	232,052,893.50	337,437,825.66
Subtotal cash inflow from operating activities	6,325,204,341.10	5,265,963,565.44
Cash paid for goods and services	5,337,751,084.02	4,575,292,520.83
Net increase in loans and advances to customers		

Net increase in deposits with central banks and interbank		
Cash payments for benefits under original insurance contracts		
Net increase in funds transferred out		
Cash paid for interest, fees and commissions		
Cash paid as policy dividends		
Cash paid to and on behalf of employees	497,528,855.59	531,104,479.44
Taxes and fees paid	141,542,608.29	156,827,065.60
Other cash paid in connection with operating activities	283,629,839.94	257,723,334.77
Subtotal cash outflow from operating activities	6,260,452,387.84	5,520,947,400.64
Net cash flows from operating activities	64,751,953.26	-254,983,835.20
II. Cash flows from investing activities.		
Cash received from the recovery of investments	28,413,038.33	1,737,278.68
Cash received for investment income	493,401.49	802,792.67
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	297,071.69	6,132,929.01
Net cash received on disposal of subsidiaries and other operating units		
Other cash received in connection with investing activities	773,090,400.00	544,881,840.28
Subtotal cash inflows from investing activities	802,293,911.51	553,554,840.64
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	271,563,004.08	137,324,232.01
Cash paid for investments		
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other operating units	1,980,000.00	58,422,605.41
Other cash payments related to investing activities	652,114,548.06	388,406,000.00
Subtotal cash outflows from investing activities	925,657,552.14	584,152,837.42
Net cash flows from investing activities	-123,363,640.63	-30,597,996.78
III. Cash flows from financing activities.		
Cash received from absorption of investments	12,700,000.00	65,000,000.00
Of which: cash received from absorption of investment by minority shareholders in subsidiaries	12,700,000.00	65,000,000.00
Cash received for borrowings	4,666,413,408.21	1,673,587,736.60
Other cash received in connection with financing activities	17,902,043.16	17,500,000.00
Subtotal cash inflow from financing activities	4,697,015,451.37	1,756,087,736.60
Cash paid for debt service	2,254,081,911.61	1,465,248,310.69

Cash paid for distribution of dividends, profits or repayment of interest	Full Annual Report 2020 173,322,983.46	129,983,376.48
Of which: dividends and profits paid by subsidiaries to minority shareholders	24,685,660.01	33,555,611.65
Other cash paid in connection with financing activities	23,655,000.00	10,512,127.74

Subtotal cash outflows from financing activities	2,451,059,895.07	1,605,743,814.91
Net cash flows from financing activities	2,245,955,556.30	150,343,921.69
IV. Impact of changes in exchange rates on cash and cash equivalents	-5,551,115.64	-3,188,302.94
V. Net increase in cash and cash equivalents	2,181,792,753.29	-138,426,213.23
Add: Opening balance of cash and cash equivalents	727,138,502.69	865,564,715.92
VI. Cash and cash equivalents balances at the end of the period	2,908,931,255.98	727,138,502.69

6. Parent company cash flow statement

Unit: \$

spor ts even t	2020	2019 Annual
i. Cash flows from operating activities.		
Cash received from the sale of goods and provision of services	3,406,557,815.40	1,500,893,636.72
Tax refunds received	6,696,723.60	11,143,218.95
Other cash received in connection with operating activities	1,291,749,329.34	349,348,660.95
Subtotal cash inflow from operating activities	4,705,003,868.34	1,861,385,516.62
Cash paid for goods and services	3,018,935,368.46	1,378,189,134.25
Cash paid to and on behalf of employees	115,650,559.76	118,199,485.99
Taxes and fees paid	42,629,186.10	54,131,641.43
Other cash paid in connection with operating activities	1,567,533,740.67	498,551,836.54
Subtotal cash outflow from operating activities	4,744,748,854.99	2,049,072,098.21
Net cash flows from operating activities	-39,744,986.65	-187,686,581.59
II. Cash flows from investing activities.		
Cash received from the recovery of investments	28,413,038.33	
Cash received for investment income	30,407,527.07	58,458,941.77
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		5,791,302.89
Net cash received on disposal of subsidiaries and other operating units		0.00
Other cash received in connection with investing activities	551,090,400.00	372,431,840.28
Subtotal cash inflows from investing activities	609,910,965.40	436,682,084.94
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	8,160,537.44	25,879,983.52
Cash paid for investments	116,006,309.42	143,383,301.82

Net cash paid for acquisition of subsidiaries and other operating units	Full Annual Report 2020	0.00
Other cash payments related to investing activities	430,126,000.00	220,956,000.00
Subtotal cash outflows from investing activities	554,292,846.86	390,219,285.34
Net cash flows from investing activities	55,618,118.54	46,462,799.60

III. Cash flows from financing activities.		
Cash received from absorption of investments		
Cash received for borrowings	3,641,550,000.00	898,000,000.00
Other cash received in connection with financing activities	28,517,271.55	
Subtotal cash inflow from financing activities	3,670,067,271.55	898,000,000.00
Cash paid for debt service	1,400,014,827.69	876,322,101.69
Cash paid for distribution of dividends, profits or repayment of interest	127,234,664.17	65,140,127.05
Other cash paid in connection with financing activities	43,233,120.90	2,266,113.42
Subtotal cash outflows from financing activities	1,570,482,612.76	943,728,342.16
Net cash flows from financing activities	2,099,584,658.79	-45,728,342.16
IV. Impact of changes in exchange rates on cash and cash equivalents	-5,386,015.61	-2,770,034.59
V. Net increase in cash and cash equivalents	2,110,071,775.07	-189,722,158.74
Add: Opening balance of cash and cash equivalents	332,556,326.61	522,278,485.35
VI. Cash and cash equivalents balances at the end of the period	2,442,628,101.68	332,556,326.61

7. Consolidated statement of changes in owners' equity

Amount for the period

Unit: \$

sports event	2020														
	Equity attributable to owners of the parent company												Minority interests	Total owners' equity	
	share capital	Other equity instruments			capital surplus	Less: Treasury shares	Other comprehensive income	Dedicated reserves	surplus surplus	General risk allowance	undistributed profit	other			Subtotal
		preferred stock	perpetual bond	other											
I. Prior year closing balance	815,002,299.00			13,349,748.83	921,896,631.42		-197,049.06		91,411,590.06		1,072,371,799.68		2,913,835,019.93	508,117,781.67	3,421,952,801.60
Add: change in accounting policy															

Correction of prior-period errors									Full Annual Report 2020						
same Controlled business combinations															
other															
II. Opening balance for the year	815,002,29			13,349,748	921,896,631.		-197,049.06		91,411,590.0		1,072,371,79		2,913,835,01	508,117,781.	3,421,952,80

	9.00			.83	42				6		9.68		9.93	67	1.60
III. Amount of increase/decrease in the current period (decrease is shown by "-")	1,575,867.00			93,095,349.05	7,772,326.17		-2,194,653.07		32,605,348.09		-77,498,170.35		55,356,066.89	34,703,316.91	90,059,383.80
(i)Total comprehensive income							-2,194,653.07				11,445,456.46		9,250,803.39	46,688,976.92	55,939,780.31
(ii)Owner input and reduction of capital	1,575,867.00			93,095,349.05	7,772,326.17								102,443,542.22	12,700,000.00	115,143,542.22
1. Ordinary shares invested by owners														12,700,000.00	12,700,000.00
2. Capital contributions from holders of other equity instruments	1,575,867.00			93,095,349.05	7,772,326.17								102,443,542.22		102,443,542.22
3. Amounts charged to owners' equity for share-based payments															
4. Other															
(iii) Distribution of profits									32,605,348.09		-88,943,626.81		-56,338,272.72	-24,685,660.01	-81,023,938.73
1. Withdrawal of surplus reserves									32,605,348.09		-32,605,348.09				
2. Drawdown of general risk provisions															

[illegible]

3. Surplus reserves to cover deficits															
4. Defined benefit calculations Transfer of retained earnings															
5. Other comprehensive income Retained earnings															
6. Other															
(v) Special reserve															
1. Drawdown for the current period															
2. Use of the current period															
(vi) Other															
IV. Closing balance for the period	816,578,166.00			106,445,097.88	929,668,957.59		-2,391,702.13		124,016,938.15		994,873,629.33		2,969,191,086.82	542,821,098.58	3,512,012,185.40

Prior period amount

Unit: \$

sports event	Annual 2019														
	Equity attributable to owners of the parent company											Minori ty intere sts	Total owners , equity		
	share capital	Other equity instruments			capi tal surp lus	Less: Trea sury shares	Othe r comp rehe nsiv e inco me	Dedi cate d rese rves	surp lus surp lus	Gene ral risk allo wanc e	undi stri bute d prof it			other	Subto tal
		pref err ed sto ck	perp etu al bon d	othe r											

Shenzhen Top Information Company Limited															
								Full Annual Report 2020							
I. Prior year closing balance	626,994,746.00			82,147,478.95	738,847,065.63		49,957.35		63,337,007.56		805,484,847.35		2,316,861,102.84	444,099,624.07	2,760,960,726.91
Add: change in accounting policy															
Correction of prior-period errors															
business combination under common control															
other															
II. Opening balance for the year	626,994,746.00			82,147,478.95	738,847,065.63		49,957.35		63,337,007.56		805,484,847.35		2,316,861,102.84	444,099,624.07	2,760,960,726.91
III. Additions and deletions for the current period	188,0			-68,7	183,04		-247,0		28,074		266,88		596,97	64,018,	660,992

Amount of change (decrease by "-") (columns)	07,553.00			97,730.12	9,565.79		06.41		,582.50		6,952.33		3,917.09	157.60	,074.69
(i) Total comprehensive income							-247,006.41				323,176,298.40		322,929,291.99	23,025,792.47	345,955,084.46
(ii) Owner input and reduction of capital	62,608,604.00			-68,797,730.12	308,448,514.79								302,259,388.67	69,197,536.78	371,456,925.45
1. Ordinary shares invested by owners					12,669,555.81								12,669,555.81	52,330,441.49	64,999,997.30
2. Capital contributions from holders of other equity instruments	62,608,604.00			-68,797,730.12	295,778,958.98								289,589,832.86		289,589,832.86
3. Amounts charged to owners' equity for share-based payments															
4. Other														16,867,095.29	16,867,095.29
(iii) Distribution of profits									28,074,582.50		-56,289,346.07		-28,214,763.57	-28,205,171.65	-56,419,935.22
1. Withdrawal of surplus reserves									28,074,582.50		-28,074,582.50				
2. Drawdown of general risk provisions															

3. To owners (Distribution (or shareholders)									Full	Annual	Report -28,21 4,763. 57	2020	-28,21 4,763. 57	-28,205 ,171.65	-56,419 ,935.22
4. Other															
(iv) Internal carry- forward of owners' equity	125,3 98,94 9.00				-125,3 98,949 .00										
1. Capitalisati on of capital (or share capital) from capital surplus	125,3 98,94 9.00				-125,3 98,949 .00										
2. Transfer of surplus to capital (or shares)															

(this)															
3. Surplus reserves to cover deficits															
4. Transfer of retained earnings from changes in defined benefit plans															
5. Transfer from other comprehensive income to retained earnings															
6. Other															
(v) Special reserve															
1. Drawdown for the current period															
2. Use of the current period															
(vi) Other															
IV. Closing balance for the period	815,002,299.00			13,349,748.83	921,896,631.42		-197,049.06		91,411,590.06		1,072,371,799.68		2,913,835,019.93	508,117,781.67	3,421,952,801.60

8. Parent company statement of changes in owners' equity

Amount for the period

Unit: \$

sports event	2020											
	share capital	Other equity instruments			capital surplus	Less:	Other	Dedicated	surplus	undistributed	other	Total owners' equity
		preferred stock	perpetual bond	other		Treasury shares	comprehensive income	reserves	surplus	profit		

Full Annual Report 2020												
I. Prior year closing balance	815,002,299.00			13,349,748.83	909,963,642.78				91,411,590.06	433,991,465.31		2,263,718,745.98
Add: change in accounting policy												
Correction of prior-period errors												
other												
II. Opening balance for the year	815,002,299.00			13,349,748.83	909,963,642.78				91,411,590.06	433,991,465.31		2,263,718,745.98
III. Amount of increase/decrease for the period (decrease by	1,575,867.00			93,095,349.05	7,772,326.17				32,605,348.09	237,109,854.0		372,158,744.40

"-" is filled in)										9		
(i) Total comprehensive income										326,053,480.90		326,053,480.90
(ii) Owner input and reduction of capital	1,575,867.00			93,095,349.05	7,772,326.17							102,443,542.22
1. Ordinary shares invested by owners												
2. Capital contributions from holders of other equity instruments	1,575,867.00			93,095,349.05	7,772,326.17							102,443,542.22
3. Amounts charged to owners' equity for share-based payments												
4. Other												
(iii) Distribution of profits									32,605,348.09	-88,943,626.81		-56,338,278.72
1. Withdrawal of surplus reserves									32,605,348.09	-32,605,348.09		
2. Distribution to owners (or shareholders)										-56,338,278.72		-56,338,278.72
3. Other												
(iv) Internal carry-forward of owners' equity												
1. Capitalisation of capital												

(or share capital) from capital surplus												
2. Transfer of surplus to capital (or share capital)												
3. Surplus reserves to cover deficits												
4. Transfer of retained earnings from changes in defined benefit plans												
5. Transfer from other comprehensive income to retained earnings												
6. Other												

(v) Special reserve												
1. Drawdown for the current period												
2. Use of the current period												
(vi) Other												
IV. Closing balance for the period	816,578,166.00			106,445,097.88	917,735,968.95				124,016,938.15	671,101,319.40		2,635,877,490.38

Prior period amount

Unit: \$

sports event	Annual 2019											
	share capital	Other equity instruments			capital surplus	Less: Treasury shares	Other comprehensive income	Dedicated reserves	surplus	undistributed profit	other	Total owners' equity
		preferred stock	perpetual bond	other								
I. Prior year closing balance	626,994,746.00			82,147,478.95	739,583,632.80				63,337,007.56	209,534,986.40		1,721,597,851.71
Add: change in accounting policy												
Correction of prior-period errors												
other												
II. Opening balance for the year	626,994,746.00			82,147,478.95	739,583,632.80				63,337,007.56	209,534,986.40		1,721,597,851.71
III. Amount of increase/decrease in the current period (decrease is shown by "-")	188,007,553.00			-68,797,730.12	170,380,009.98				28,074,582.50	224,456,478.91		542,120,894.27

(i) Total comprehensive income								Full Annual Report 2020	280,745,824.98		280,745,824.98
(ii) Owner input and reduction of capital	62,608,604.00			-68,797,730.12	295,778,958.98						289,589,832.86
1. Ordinary shares invested by owners											
2. Capital contributions from holders of other equity instruments	62,608,604.00			-68,797,730.12	295,778,958.98						289,589,832.86
3. Share-based payment scheme											

Into owners' equity specified amount												
4. Other												
(iii) Distribution of profits									28,074,582.50	-56,289,346.07		-28,214,763.57
1. Withdrawal of surplus reserves									28,074,582.50	-28,074,582.50		
2. Distribution to owners (or shareholders)										-28,214,763.57		-28,214,763.57
3. Other												
(iv) Internal carry-forward of owners' equity	125,398,949.00				-125,398,949.00							
1. Capitalisation of capital (or share capital) from capital surplus	125,398,949.00				-125,398,949.00							
2. Transfer of surplus to capital (or share capital)												
3. Surplus reserves to cover deficits												
4. Transfer of retained earnings from changes in defined benefit plans												

5. Transfer from other comprehensive income to retained earnings								Full Annual Report 2020				
6. Other												
(v) Special reserve												
1. Drawdown for the current period												
2. Use of the current period												
(vi) Other												
IV. Closing balance for the period	815,002,299.00			13,349,748.83	909,963,642.78				91,411,590.06	433,991,465.31		2,263,718,745.98

III. Basic information about the company

(i) Company overview

(hereinafter referred to as "Tefa Information", "the Company", "the Company")

Registered office: 18/F, Building B, Tefa Information Port Building, No. 2

Ke Feng Road, Hi-Tech Zone, Nanshan District, Shenzhen 18/F, Building B,

Tefa Information Port Building, No. 2 Ke Feng Road, Central District, Shenzhen

Legal representative: Jiang Qinjian

Registered Capital: \$626,994,746.00

Uniform Social Credit Code:

914403007152216326 Date of

Establishment: July 29, 1999

Business scope: optical fiber, fiber optic cable, fiber optic prefabricated bar, electronic components, communication equipment, optical components, wiring products, broadband multimedia equipment, optical network units, high and low voltage distribution products, switching power supplies, intelligent monitoring products, online monitoring systems, fiber optic sensing systems and equipment, intelligent terminal products production and sales; design, production and sales of fire protection electronic products, security products and systems; electrical equipment instrumentation, mechanical equipment, communication terminal products design, production and sales; data center series products research and development, sales, installation and maintenance; intelligent weak power and data center engineering technology consulting, design, construction and maintenance; comprehensive wiring products, power cable, power communication fiber optic cable, gold and accessories, wire, aluminum clad steel strand, fiber composite cable production (production project separate license); communication equipment system engineering (including IoT intelligent products) Equipment system engineering (including Internet of Things intelligent management system) design, installation, maintenance, commissioning, consulting, computer software and hardware technology and software engineering development, sales, services; information technology field photoelectric device technology and product development, production, sales and technical services; computer network system integration, communication information services (excluding restricted items); energy-saving technology services (excluding restricted items); power transmission, power distribution, communications engineering general contracting; power transmission, power distribution, communications engineering; power distribution and communications engineering general contracting. distribution, communications engineering general contracting; equipment leasing; domestic trade (excluding exclusive, proprietary, controlled, proprietary goods); engaging in online business activities (excluding restricted items); electronic product technology development and sales; operating import and export business (except for items prohibited by laws, administrative regulations and decisions of the State Council, restricted items must obtain permission before operating); development of automation equipment application technology; own property Leasing operation. Motor vehicle parking service.

The Company's main products or labor provided: optical fiber, fiber optic cable, power cable, indoor cable, communication equipment and communication system integration and technical services; military aviation communication equipment, data loggers, bullet-loaded computers; passive

fiber optic network terminals, wireless routers, IPTV set-top boxes, splitters and smart routers and other products.

(ii) History

Shenzhen Tefa Information Co., Ltd. was established by Shenzhen Special Economic Zone Development (Group) Company (now renamed "Shenzhen Tefa Group Co., Ltd.", hereinafter referred to as "Tefa Group") as the main sponsor, together with Shenzhen Communication Industry Co. (now renamed as "Shenzhen Tefa Group", hereinafter referred to as "Tefa Group") as the main sponsor, together with Shenzhen Communication Industry Company Limited, China National Metals & Minerals Import & Export Corporation (now renamed as "China Minmetals Corporation"), China Tongguang Telecom Co., Ltd. and Han Guo San He Co., Ltd. jointly initiated to transfer all the assets and liabilities of the promoters' subordinate telecommunications enterprises Shenzhen Tefa Teco Communications Co. Ltd. and 80% equity interest in Shenzhen Longfei Industrial Co. The assets invested in the Company by each of the above-mentioned promoters were appraised by Shenzhen Weiming Asset Appraisal Firm on the basis date of 31 October 1998, and the appraisal results were confirmed by the Ministry of Finance in Cai Shui Zi [1999] No. 326. The net assets of \$209,501,000 confirmed by the appraisal were converted by each promoter into 18,000,000 common shares (A shares) at a ratio of 1.1641672:1, with a registered capital of \$180,000,000. The Company was incorporated on July 29, 1999.

Approved by the China Securities Regulatory Commission on March 21, 2000 under SFC Issue No. [2000] 25, the Company made an initial public offering of 70,000.00 million RMB ordinary shares at an issue price of RMB7.90 per share, which was listed on the Shenzhen Stock Exchange on May 11, 2000. The shares were listed for trading on the Shenzhen Stock Exchange on 11 May 2000. After the issuance, the share capital and registered capital of the Company increased from RMB18,000.00 million to RMB25,000.00 million.

As approved by China Securities Regulatory Commission (CSRC) under the document "Approval of Approval of Non-public Issuance of Shares by Shenzhen Tefa Information Company Limited" No. 1025, the Company issued 21,100.00 million RMB ordinary shares (A shares) with a par value of RMB1 per share to specific investors who met the conditions of relevant regulations of CSRC in January 2013, at an The issue price was RMB6.64 per share. After the issuance, the share capital and registered capital of the Company increased to RMB271.0 million.

As approved by the China Securities Regulatory Commission SEC License [2015] No. 2268 on the approval of Shenzhen Tefa Information Co. to Chen Chuan

Ltd. (formerly known as Shenzhen Dongzhi Technology Co., Ltd., the name of which was changed to Shenzhen Tefa Dongzhi Technology Co. (hereinafter referred to as "Chengdu Fuliye") by eight natural persons, including Chen Chuanrong, the former shareholder of the Company, to issue 30,954,876.00 RMB ordinary shares (A shares) to the Great Wall Tefa The non-public offering of 11,542,497.00 RMB ordinary shares (A shares) to the Wisdom No. 1 Pooled Asset Management Plan, which was subscribed by all of the Company's 9 directors, supervisors and senior management and 48 middle management and technical personnel, to raise matching funds, the total number of new shares was 42,497,373.00 shares with a par value of RMB1 each and an issue price of RMB9.53 per share. The Company purchased 100.00% equity interest in Tefa Dongzhi and 100.00% equity interest in Chengdu Fuliye by way of issuing shares and paying cash for a transaction price of RMB19,000.00 million and RMB25,000.00 million, respectively, and the equity transfer registration procedures were completed on 4 and 5 November 2015, respectively. The aforesaid additional shares were registered as shares with limited selling conditions in circulation at Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on 27 November 2015 and the listing date was 18 December 2015. After the issue, the share capital and registered capital of the Company increased to RMB313,497,373.00.

On May 5, 2017, the 2016 annual profit distribution plan was approved by the Company's 2016 Annual General Meeting of Shareholders, with the total share capital of the Company

At the same time, 7 shares were transferred to all shareholders from the capital reserve for every 10 shares, increasing the total share capital to 626,994,746.00 shares after the dividend.

On 7 May 2019, as approved at the Company's 2018 annual general meeting, the Company implemented the 2018 profit distribution and capitalisation of capital reserves proposal: a cash dividend of RMB0.45 (including tax) for every 10 shares, together with the transfer of 2 shares for every 10 shares to all shareholders from capital reserves. The total share capital increased to 752,393,695.00 shares after the dividend.

On May 22, 2019, the Company's convertible bonds entered into the conversion period. From the second quarter to the fourth quarter of 2019, the Company's bonds were reduced by \$351,243,500.00 (3,512,435 shares) due to the conversion, and the number of shares converted was 62,608,604.00. After the conversion, the Company's share capital changed to 815,002,299.00 shares.

During the first through fourth quarters of 2020, the Company's bonds were reduced by \$8,835,400.00 (88,354) due to conversions of 1,575,867.00

Shares. After the conversion, the share capital of the Company changed to 816,578,166.00 shares.

(iii) The Company's parent company and controlling shareholder

The parent company of the Company is Tefa Group, which directly and indirectly holds 304,722,350 ordinary shares of the Company, representing a 37.31% shareholding. The controlling shareholder of Tefa Group is Shenzhen State-owned Assets Supervision and Administration Commission ("SASAC"), which directly and indirectly holds 62.69% equity interest in Tefa Group.

(iv) The financial statements were approved for

filing by the financial reporting authority and

the financial reporting authority on April 23,

2021 by the Company's Board of Directors.

The scope of consolidation of the Company's consolidated financial statements is determined on a control basis and includes the financial statements of the Company and all of its subsidiaries. A subsidiary is an enterprise or entity controlled by the Company.

For details of the scope of the consolidated financial statements and changes in the scope of the consolidated financial statements for the reporting period, please refer to "VIII. Changes in the scope of consolidation" and "IX. Interests in other entities" in this note.

iv. basis of preparation of financial statements

1. Basis of preparation

These financial statements have been prepared on the basis of the company's going concern assumptions, based on actual transactions that occurred, in accordance with the relevant provisions of the Accounting Standards for Business Enterprises, and based on the significant accounting policies and estimates described below.

2. Going concern

The Company has had the ability to continue as a going concern for at least 12 months since the end of the period under review and has no material events affecting its ability to continue as a going concern.

V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimate tips.

The Company and its subsidiaries determine specific accounting policies and accounting estimates based on actual production and operating characteristics and in accordance with the provisions of relevant corporate accounting standards. For a description of the significant accounting judgments and estimates made by management, please refer to V.44 "Significant Accounting Policies and Changes in Accounting Estimates".

1. Statement of compliance with corporate accounting standards

The financial statements of the Company prepared on the above basis comply with the requirements of the latest accounting standards for enterprises, their application guidelines, interpretations and other relevant regulations (collectively referred to as "ASBEs") issued by the Ministry of Finance and give a true and complete view of the financial position, results of operations and cash flows of the Company.

In addition, this financial report has been prepared with reference to the "Rules for the Preparation of Information Disclosure by Companies Issuing Public Securities No. 15 - General Provisions on Financial Reporting" (revised in 2014) issued by the Securities and Futures Commission and the "Notice on Matters Relating to the Implementation of New Enterprise Accounting Standards by Listed Companies" (Letter from the Ministry of Accounting (No. [2018] 453) presentation and disclosure requirements.

2. Accounting period

The Company's fiscal year runs from January 1 to December 31 of the calendar year.

3. Business cycle

The normal operating cycle is the period from the time the Company purchases assets for processing until cash and cash equivalents are realized. The Company uses a 12-month period as an operating cycle and uses it as the liquidity classification for assets and liabilities.

4. Local currency of accounts

The local currency of the Company's accounts and the currency used in the preparation of these financial statements is RMB.

The Company's subsidiaries, joint ventures and associates determine their own record-keeping currency and prepare financial statements translated into RMB in accordance with the primary economic environment in which they operate.

5. Accounting for business combinations under common control and non-common control

1.Accounting for business combinations under common control

When the Company acquires a business combination under the same control in one transaction or through multiple transactions in stages, the assets and liabilities acquired in the business combination are measured at the carrying amount of the party being combined in the consolidated financial statements of the ultimate controlling party at the date of the combination. The difference between the carrying value of the net assets acquired by the Company and the carrying value of the merger consideration paid (or the aggregate nominal value of shares issued) is adjusted to capital surplus; if capital surplus is not sufficient to cover the reduction, retained earnings are adjusted.

2.Accounting for business combinations not under common control

The Company recognizes the difference between the cost of the merger and the share of the fair value of the acquiree's identifiable net assets acquired in the merger at the date of purchase as a commercial

If the cost of consolidation is less than the share of the fair value of the identifiable net assets of the acquiree acquired in the consolidation, the fair value of each identifiable asset, liability and contingent liability of the acquiree acquired and the measurement of the cost of consolidation are first reviewed, and if, after the review, the cost of consolidation is still less than the share of the fair value of the identifiable net assets of the acquiree acquired in the consolidation, the difference is recognized in profit or loss for the current period.

A step-by-step realization of a non-same control business combination through multiple transactions shall be treated in the following order.

(1) The initial investment cost of long-term equity investments is adjusted. If the equity interest held prior to the date of purchase is accounted for under the equity method, the equity interest is remeasured at its fair value at the date of purchase, and the difference between the fair value and its carrying amount is recognized as investment income for the current period; if the equity interest in the investee held prior to the date of purchase involves other comprehensive income or changes in other owners' equity under the equity method of accounting, it is transferred to income for the current period attributable to the date of purchase, except for other comprehensive income resulting from the remeasurement of the investee's defined benefit Other comprehensive income arising from changes in the net liabilities or net assets of the plan and changes in the fair value of investments in other equity instruments held by the investee are excluded.

(2) Recognition of goodwill (or amount recognized in profit or loss for the period). The difference between the initial investment cost of the long-term equity investment adjusted in the first step and the share of the fair value of the subsidiary's identifiable net assets at the date of purchase is recognized as goodwill if the former is greater than the latter; if the former is less than the latter, the difference is recognized in profit or loss for the period.

Disposal of equity interests in steps through multiple transactions to loss of control over subsidiaries

(1) Principles for determining whether transactions in the course of a step-by-step disposal of an equity interest to loss of control of a subsidiary are a "package transaction"

The terms, conditions and economic effects of the various transactions for the disposal of an equity investment in a subsidiary are such that one or more of the following circumstances would normally indicate that multiple transactions should be accounted for as a package.

- 1) The transactions were entered into simultaneously or with consideration of their mutual effects.
- 2) The transactions as a whole to achieve a complete commercial result.
- 3) The occurrence of a transaction is dependent on the occurrence of at least one other transaction.
- 4) A transaction is uneconomic when viewed on its own, but is economic when considered together with other transactions.

(2) Accounting for transactions in the process of phased disposal of equity interests to loss of control of subsidiaries as a "package deal"

If the transactions for the disposal of an equity investment in a subsidiary until the loss of control are a package transaction, the transactions should be accounted for as one disposal of a subsidiary and loss of control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment for each disposal prior to the loss of control should be recognized as other comprehensive income in the consolidated financial statements and transferred to profit or loss in the period in which control is lost. The difference between the disposal price and the share of the subsidiary's net assets before the loss of control should be recognized as other comprehensive income in the consolidated financial statements and transferred to profit or loss in the period when control is lost.

In the consolidated financial statements, the remaining equity interest should be remeasured to its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the share of Atomic's net assets calculated on a continuing basis from the date of purchase in proportion to the original shareholding, is included in investment income in the period in which control is lost. Other comprehensive income related to the equity investment in Atomic shall be transferred to investment income or retained earnings in the period in which control is lost.

(3) Accounting for transactions in the process of phased disposal of equity interests to loss of control of subsidiaries is not a "package deal"

If an investment in a subsidiary is disposed of without loss of control, the difference between the disposal price and the share in the net assets of the subsidiary corresponding to the disposal of the investment in the consolidated financial statements is credited to capital surplus (capital premium or equity premium), and retained earnings should be adjusted if the capital premium is not sufficient for elimination.

If an investment in a subsidiary is disposed of and control is lost, the remaining equity interest should be remeasured in the consolidated financial statements at its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the net assets of the original subsidiary calculated on a continuing basis from the date of purchase in proportion to the original shareholding, is recognized as investment income in the period in which control is lost. Other comprehensive income related to the equity investment in the original subsidiary should be transferred to current investment income or retained earnings when control is lost.

6. Methodology for the preparation of consolidated financial statements

The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries, which have been prepared by the Company in accordance with AS 33 -Consolidated Financial Statements, based on other relevant information.

7. Classification of joint venture arrangements and accounting for joint operations

1. Identification and classification of joint venture arrangements

A joint venture arrangement is an arrangement under the joint control of two or more participants. A joint venture arrangement has the following characteristics: (1) each participant is bound by the arrangement; and (2) two or more participants exercise joint control over the arrangement. No one participant is able to control the arrangement alone, and any one participant having joint control over the arrangement is able to prevent the other participants or a combination of participants from controlling the arrangement alone.

Joint control, which is control shared over an arrangement in accordance with the relevant agreement and where the relevant activities of the arrangement are subject to the unanimous consent of the participants sharing control before decisions can be made.

Joint venture arrangements are classified as joint operations and joint ventures. A joint venture is a joint arrangement in which the joint venturers have rights to the assets and liabilities associated with the arrangement. A joint venture is a joint arrangement in which the joint venturers have rights only to the net assets of the arrangement.

2. Accounting for joint venture arrangements

A participant in a joint operation shall recognize the following items related to its share of interest in the joint operation and account for them in accordance with the relevant ASBEs: (1) recognition of assets held separately, and of assets held jointly in proportion to its share; (2) recognition of liabilities assumed separately, and of liabilities assumed jointly in proportion to its share; (3) recognition of revenue from the sale of its share of the output of the joint operation income arising from the sale of its share of common operating output.

(4) recognize revenue from joint operations arising from the sale of output in their share; and (5) recognize expenses incurred separately, as well as expenses incurred in joint operations in their share.

The participants in a joint venture should account for their investment in the joint venture in accordance with the provisions of ASBE No. 2 -Long-term equity investments.

8. Criteria for determining cash and cash equivalents

Cash in the statement of cash flows represents cash on hand and deposits readily available for payment by the enterprise. Cash equivalents represent investments that are held for a short period (generally maturing within three months from the date of purchase), are highly liquid, are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

9. Foreign currency operations and translation of foreign currency statements

1. Translation of foreign currency operations

On initial recognition, foreign currency transactions are translated into RMB amounts using the spot exchange rate at the date of the transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated using the spot exchange rate at the balance sheet date, and exchange differences arising from differences in exchange rates are recognized in profit or loss for the current period, except for exchange differences on the principal and interest on special borrowings in foreign currencies relating to the acquisition of assets eligible for capitalization; non-monetary items denominated in foreign currencies measured at historical cost are still translated using the spot exchange rate at the date of the transaction without changing their RMB amounts; non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate at the date when the fair value was determined, with the difference charged to current profit or loss or other comprehensive income.

2. Translation of foreign currency financial statements

For balance sheet items, assets and liabilities are translated using the spot exchange rate at the balance sheet date; for owner's equity items, except for "undistributed earnings", the spot exchange rate at the date of the transaction is used; for income statement items, income and expenses are translated using the spot exchange rate at the date of the transaction.

The spot rate/an approximation of the spot rate at the date of the transaction is translated. Translation differences arising from the foreign currency financial statements in accordance with the above translation are recognized in other comprehensive income.

10. Financial instruments

1. Recognition and derecognition of financial instruments

The Company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

Regular way purchases and sales of financial assets are recognized and derecognized on a trade date accounting basis. A regular way purchase or sale of financial assets is defined as the receipt or delivery of financial assets within the period specified by regulations or common practice, as agreed in the terms of the contract. The transaction date is the date on which the Company commits to buy or sell a financial asset.

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognized, i.e. reversed from its accounts and balance sheet, when the following conditions are met.

(1) Expiry of the right to receive cash flows from financial assets.

(2) (a) transfers the right to receive cash flows from the financial asset or assumes an obligation under a "pass-through agreement" to pay promptly and in full the cash flows received to a third party; and (a) transfers substantially all the risks and rewards of ownership of the financial asset, or (b) relinquishes control of the financial asset although substantially all the risks and rewards of ownership of the financial asset are neither transferred nor retained. substantially all the risks and rewards of ownership, but relinquishes control of the financial asset.

2. Classification and measurement of financial assets

The Company's financial assets are classified at initial recognition according to the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. The subsequent measurement of financial assets depends on their classification.

The Company classifies its financial assets based on the Company's business model for managing financial assets and the cash flow characteristics of the financial assets.

(1) Financial assets measured at amortized cost

Financial assets are classified as financial assets carried at amortized cost if both of the following conditions are met: the Company's business model for managing the financial asset is to collect the contractual cash flows; the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding. For such financial assets, the effective interest rate method is used for subsequent measurement at amortized cost, and any gain or

loss arising from amortization or impairment is recognized in profit or loss for the period.

(2) Investments in debt instruments measured at fair value through other comprehensive income

A financial asset is classified as a financial asset at fair value through other comprehensive income if both the following conditions are met: the Company's business model for managing the financial asset is to both collect the contractual cash flows and sell the financial asset; the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding payments. For such financial assets, fair value is used for subsequent measurement. The discount or premium is amortized using the effective interest method and recognized as interest income or expense. Changes in the fair value of such financial assets are recognized as other comprehensive income until the financial assets are derecognized, and the cumulative gain or loss is transferred to current profit or loss, except for impairment losses and exchange differences on foreign-currency monetary financial assets, which are recognized as current profit or loss. Interest income related to such financial assets is recognized in profit or loss for the current period.

(3) Investments in equity instruments measured at fair value through other comprehensive income

The Company irrevocably elects to designate certain investments in non-trading equity instruments as financial assets at fair value through other comprehensive income, with only the related dividend income recognized in profit or loss and changes in fair value recognized as other comprehensive income until the financial assets are derecognized, with the accumulated gains or losses transferred to retained earnings.

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

Financial assets other than financial assets at amortized cost and financial assets at fair value through other comprehensive income as described above are classified as financial assets at fair value through profit or loss. On initial recognition, financial assets may be designated as financial assets at fair value through profit or loss in order to be able to eliminate or significantly reduce accounting mismatches. For such financial assets, fair value is used for subsequent measurement and all changes in fair value are recognized in current profit or loss.

All relevant financial assets affected are reclassified when, and only when, the Company changes its business model for managing financial assets.

For financial assets at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss, and for other categories of financial assets, the related transaction costs are recognized in their initial recognition amounts.

3. Classification and measurement of financial liabilities

The Company's financial liabilities are classified at initial recognition as financial liabilities at amortized cost and financial liabilities at fair value through profit or loss.

A financial liability may be designated at initial measurement as a financial liability at fair value through profit or loss if: (1) the designation eliminates or significantly reduces an accounting mismatch; (2) the management and performance of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities is evaluated on a fair value basis in accordance with the company's risk management or investment strategy as set out in formal written documentation and reported to key management personnel on this basis within the company; and reported to key management personnel on this basis within the company; and (3) the financial liability contains an embedded derivative that is subject to a separate spin-off.

The Company determines the classification of financial liabilities at initial recognition. For financial liabilities at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss, while for other financial liabilities, the related transaction costs are recognized in their initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification.

(1) Financial liabilities measured at amortized cost

For such financial liabilities, the effective interest rate method is used for subsequent measurement at amortized cost.

(2) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss on initial recognition.

4. Offsetting financial instruments

Financial assets and financial liabilities are presented in the balance sheet as net amounts after offsetting each other if the following conditions are met: there is a legal right to offset the recognized amounts and such legal right is currently enforceable; the financial asset is scheduled to be settled on a net basis, or the financial asset is realized and the financial liability is settled at the same time.

5. Impairment of financial assets

The Company recognizes an allowance for losses on financial assets measured at amortized cost, investments in debt instruments measured at fair value through other comprehensive income and financial guarantee contracts on the basis of expected credit losses. A credit loss is the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected, discounted at the Company's original effective interest rate, which is the present value of the entire cash shortfall.

The Company estimates expected credit losses on financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income (debt instruments), either individually or in combination, considering all reasonable and substantiated information, including forward-looking information.

(1) General model of expected credit losses

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures its loss allowance at an amount equal to the expected credit loss over the entire life of the financial instrument; if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures its loss allowance at an amount equal to the expected credit loss over the next 12 months of the financial instrument. The resulting increase or reversal of the provision for losses

The amount of the impairment loss or gain is recognized in profit or loss for the current period. For details of the Company's assessment of credit risk, see Note "IX. Risks associated with financial instruments".

A financial instrument is generally considered by the Company to be significantly increased in credit risk if it is more than 30 days past due, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

Specifically, the Company divides the process of credit impairment of financial instruments that are not credit impaired at the time of purchase or origin into three stages, and has different accounting treatment for impairment of financial instruments at different stages.

Phase I: Credit risk has not increased significantly since initial recognition

For financial instruments at that stage, the enterprise should measure the provision for losses based on expected credit losses over the next 12 months and calculate interest income based on its carrying amount (i.e. before impairment allowances) and the effective interest rate (if the instrument is a financial asset, the same below).

Stage 2: Credit risk has increased significantly since initial recognition but no credit impairment has occurred

For financial instruments at that stage, the enterprise should measure the provision for losses based on the expected credit losses over the entire life of the instrument and calculate interest income based on its carrying amount and the effective interest rate.

Phase 3: Credit impairment after initial recognition

For financial instruments at that stage, an enterprise should measure the loss allowance based on the expected credit loss over the entire life of the instrument, but the calculation of interest income is different from that for financial assets at the first two stages. For financial assets that are credit impaired, an enterprise should measure the amortized cost of the

(Interest income is calculated on the basis of the carrying amount (book balance less provision for impairment, i.e., book value) and the effective interest rate.

For financial assets that are credit impaired at the time of purchase or origin, an enterprise should recognize a loss allowance only for changes in expected credit losses throughout their lives after initial recognition and calculate interest income based on their amortized cost and the effective interest rate adjusted for credit.

(2) The Company has chosen not to compare financial instruments with lower credit risk at the balance sheet date with their credit risk at initial recognition and instead has made a direct assumption that the credit risk of the instrument has not increased significantly since initial recognition.

A financial instrument may be considered to have low credit risk if the enterprise determines that the risk of default on the instrument is low, that the borrower's ability to meet its contractual cash flow obligations is strong in the short term, and that even adverse changes in economic conditions and the business environment over a longer period of

time would not necessarily reduce the borrower's ability to meet its contractual cash flow obligations.

(3) Accounts receivable and lease receivables

The Company uses a simplified model of expected credit losses for receivables that do not have a significant financing component as defined in ASU No. 14, Revenue (including situations in which the financing component of contracts that do not exceed one year is not considered under this standard), and always measures its losses at the amount of expected credit losses throughout the life of the Provision.

For receivables with significant financing components and lease receivables governed by AS 21 - Leases, the Company made an accounting policy election to use a simplified model of expected credit losses, whereby the allowance for losses is measured at an amount equal to the expected credit loss over the entire life of the receivable.

6. Transfer of financial assets

A financial asset is derecognized when the Company has transferred substantially all the risks and rewards of ownership of the financial asset to the transferor; a financial asset is not derecognized when substantially all the risks and rewards of ownership of the financial asset have been retained.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it is treated as follows: if it has relinquished control over the financial asset, it derecognizes the financial asset and recognizes the resulting assets and liabilities; if it has not relinquished control over the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the related liability accordingly.

The continued involvement by way of a financial guarantee for the transferred financial asset is based on both the carrying amount of the financial asset and the amount of the financial guarantee.

The lower of which is recognized as a continuing involvement in the formation of the asset. The amount of the financial guarantee is the maximum amount of the consideration received that will be required to be repaid.

11. Notes receivable

The Company uses a simplified model of expected credit losses for receivables that do not have a significant financing component as defined in ASU 14 - Revenue (including situations where the financing component of a contract that does not exceed one year is not considered under this standard), whereby the amount of expected credit losses is always measured for the entire duration of the The resulting increase or reversal in the provision for losses is recorded as an impairment loss or gain in profit or loss for the period.

For receivables with significant financing components, the Company has elected to use a simplified model of expected credit losses, whereby the allowance for losses is always measured at the amount of expected credit losses throughout the life of the receivable.

Simplified model for expected credit losses: the provision for losses is always measured at the amount of expected credit losses over the entire life of the loss.

The Company considers all reasonable and substantiated information, including forward-looking information, in estimating expected credit losses on notes receivable, either individually or in combination.

Receivables for which there is objective evidence of impairment are individually tested for impairment at the end of the period and an impairment loss is recognized and a bad debt provision is made based on the difference between their present value of expected future cash flows and their carrying amount.

12. Accounts receivable

The Company uses a simplified model of expected credit losses for receivables that do not have a significant financing component as defined in ASU 14 - Revenue (including situations where the financing component of a contract that does not exceed one year is not considered under this standard), whereby the amount of expected credit losses is always measured for the entire duration of the The resulting increase or reversal in the provision for losses is recorded as an impairment loss or gain in profit or loss for the period.

For receivables with significant financing components, the Company has elected to use a simplified model of expected credit losses, whereby the allowance for losses is always measured at the amount of expected credit losses throughout the life of the receivable.

Simplified model for expected credit losses: the provision for losses is always measured at the amount of expected credit losses over the entire life of the loss.

The Company estimates expected credit losses on accounts receivable, either individually or in combination, considering all reasonable and substantiated information, including forward-looking information. The accrual method is as follows.

1.Provision for bad debts is made on an individual basis

(1) Receivables with a significant individual amount and a single bad debt provision

Basis for determining materiality of individual amounts or criteria for amounts	The Company recognizes receivables with an amount of RMB3 million or more as receivables of significant individual amount.
The calculation of a single significant amount and a single provision for bad debts lifting method	A separate impairment test is performed and a bad debt provision is made based on the difference between the present value of its future cash flows and its carrying amount.

(2) Receivables for which the individual amounts are not material but for which a separate provision for bad debts has been made

Justification for a single bad debt provision, although not material, for a single item	If the recoverability of a receivable that is individually insignificant differs significantly from that of other receivables, resulting in To the extent that the provision for bad debts under the same method as for other receivables would not truly reflect its recoverable amount, the receivable is provided for using the individual determination method.
Bad debt provision for a single item, although not material accrual method	Accrual is based on a single determination.

2.Receivables for which provision for bad debts is made on the basis of a combination of credit risk characteristics

Basis for determining the portfolio	
Combination of ageing analysis methods	The Company groups financial assets by similarity and correlation of credit risk characteristics for receivables that are individually insignificant and for receivables that are significant but not individually tested for impairment. These credit risks generally reflect the debtor's ability to repay all amounts due in accordance with the contractual terms of those assets and are correlated with the future cash flows of the asset under examination Volume measurement is relevant.
Provisioning for bad debts by portfolio	
Combination of ageing analysis methods	Ageing analysis method

Combined provision for bad debts using the ageing analysis method in the portfolio

age of accounts	For mobile, telecom, Unicom, and Expected credit loss ratio of receivables for electricity %	For indoor cable customers Collections projected credit loss ratio %	Estimated credit loss on receivables from fibre optic customers % loss	Estimated credit loss rate for receivables from military customers %	Estimated credit loss rate for receivables from other customers %
Up to 3 months (including 3 months) (month, below)			3.00		
3 months - 1 year		5.00	3.00		
1-2 years	1.00	15.00	15.00	5.00	5.00
2-3 years	3.00	30.00	30.00	10.00	15.00
3-4 years	5.00	50.00	50.00	30.00	30.00
4-5 years	5.00	80.00	80.00	30.00	30.00
More than 5 years	10.00	100.00	100.00	100.00	100.00

13. Receivables financing

A financial asset is classified as a financial asset at fair value through other comprehensive income if both the following conditions are met: the Company's business model for managing the financial asset is to both collect the contractual cash flows and sell the financial asset; the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding Payments.

Receivables held by the Company that are transferred in the form of discount or endorsement, and where such operations are more frequent and involve larger amounts, are managed in a business model that is essentially to both receive contractual cash flows and

sell them, and are classified as financial assets at fair value through other comprehensive income in accordance with the relevant provisions of the Financial Instruments Standard.

14. Other receivables

Method of determining expected credit losses on other receivables and accounting for them

The Company estimates expected credit losses on other receivables, either individually or in combination, considering all reasonable and substantiated information, including forward-looking information. The accrual method is as follows.

1.Provision for bad debts is made on an individual basis

(1) Other receivables with individually significant amounts and a separate provision for bad debts

Basis for determining materiality of individual amounts or criteria for amounts	The Company recognizes receivables with an amount of RMB1 million or more as other receivables with a single significant amount.
The calculation of a single significant amount and a single provision for bad debts lifting method	A separate impairment test is performed and a bad debt provision is made based on the difference between the present value of its future cash flows and its carrying amount.

- (2) Other receivables for which the individual amounts are not material but for which a separate provision for bad debts has been made

Justification for a single bad debt provision, although not material, for a single item	If the recoverability of a receivable with an individually insignificant amount is significantly different from that of other receivables, resulting in a bad debt provision for that receivable based on the same method as other receivables, it will not truly reflect its Where the amount is recoverable, the receivable is provided for as a bad debt using the individual determination method.
Individual amounts that are not material but for which a single bad debt provision has been made	Accrual is based on a single determination.
Method of accrual	

2. Other receivables for which provision for bad debts is made on the basis of a combination of credit risk characteristics

Basis for determining the portfolio	
Combination of ageing analysis methods	The Company groups financial assets by similarity and correlation of credit risk characteristics for other receivables that are individually insignificant and for other receivables that are significant but not individually tested for impairment. These credit risks generally reflect the debtor's ability to repay all amounts due in accordance with the contractual terms of those assets and are correlated with the examined asset's un Come cash flow measurement related.
Provisioning for bad debts by portfolio	
Combination of ageing analysis methods	Ageing analysis method

Combined provision for bad debts using the ageing analysis method in the portfolio

age of accounts	Projected credit for receivables from mobile, telecommunications, interconnections and electricity Loss rate %	Estimated credit losses on receivables from indoor cable customers % rate	Estimated credit loss on receivables from fibre optic customers % loss	Estimated credit losses on receivables from military customers % rate	Estimated credit loss rate for receivables from other customers %
Up to 3 months (including 3 months) (month, below)			3.00		
3 months - 1 year		5.00	3.00		
1-2 years	1.00	15.00	15.00	5.00	5.00
2-3 years	3.00	30.00	30.00	10.00	15.00
3-4 years	5.00	50.00	50.00	30.00	30.00
4-5 years	5.00	80.00	80.00	30.00	30.00
More than 5 years	10.00	100.00	100.00	100.00	100.00

15. Inventory

1. Classification of inventories

Inventories include finished goods or merchandise held for sale in the ordinary course of activities, work in progress in the production process, materials and supplies used in the production process or in the provision of services, etc.

2. Method of valuation of inventories issued

The weighted-average method is used for issuing inventories.

3. Basis for determining the net realizable value of inventories and the method of providing for a decrease in the value of inventories

Net realizable value is the estimated selling price of inventory in the ordinary course of activities, less costs estimated to be incurred to completion, estimated selling expenses and related taxes. The determination of the net realizable value of inventories is based on conclusive evidence obtained, taking into account the purpose for which the inventories are held and the effect of post-balance sheet events.

At the balance sheet date, inventories are measured at the lower of cost or net realizable value, and a provision for decline in value of inventories is made when their net realizable value is lower than their cost. Provision for decline in value of inventories is normally made for the difference between the cost of an individual inventory item and its net realizable value. For inventories with a large quantity and a low unit price, a provision for decline in value of inventories is made by category of inventory; for inventories that are related to a family of products manufactured and sold in the same region, have the same or similar end use or purpose and are difficult to measure separately from other items, a provision for decline in value of inventories may be made on a consolidated basis.

After the provision for inventory decline, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its carrying value, the provision for inventory decline is reversed within the amount originally provided for, and the reversal is charged to current profit or loss.

4.Inventory system for inventories

The inventory system for inventories is a perpetual inventory system.

5.Amortization method for low-value consumables and packaging

(1) low-value consumables

Amortization is carried out in accordance with the lump sum method of amortization.

(2) packaging

Amortization is carried out in accordance with the lump sum method of amortization.

16. Contractual assets

1.Methodology and criteria for recognition of contract assets

The Company presents contractual assets or contractual liabilities in the balance sheet based on the relationship between the performance of the obligation and payment by the customer. Consideration (other than receivables) to which the Company has a right to receive for goods transferred or services rendered to the customer is shown as a contract asset.

2.Methodology for determining expected credit losses on contract assets and accounting treatment

For contract assets that do not contain a significant financing component, the Company uses a simplified model of expected credit losses, whereby it always measures its loss allowance at an amount equal to the expected credit loss over its entire life, and the resulting increase or reversal of the loss allowance is recorded as an impairment loss or gain in profit or loss for the period.

For contract assets with a significant financing component, the Company has elected to use a simplified model of expected credit losses, whereby it always measures its loss allowance at an amount equal to the expected credit loss over its entire life, with the

resulting increase or reversal of the loss allowance recorded as an impairment loss or gain in profit or loss for the period.

17. Contract costs

Contract costs are divided into contract performance costs and contract acquisition costs.

Costs incurred by the Company's enterprises to perform a contract are recognized as a contract performance cost as an asset if both of the following conditions are met.

1.The cost is directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs explicitly borne by the customer, and other costs incurred solely as a result of that contract.

2.The cost increases the future resources available to the enterprise to meet its performance obligations.

3.This cost is expected to be recovered.

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as a contract acquisition cost as an asset; however, amortization of the asset not exceeding one year may be charged to current profit or loss as incurred.

Assets related to contract costs are amortized using the same basis as revenue recognition for the goods or services to which the asset relates.

If the carrying value of an asset relating to contract costs is greater than the difference between the following two amounts, the Company makes a provision for impairment and recognizes an impairment loss for the excess.

- 1.The residual consideration expected to be received for the transfer of the goods or services associated with the asset.
- 2.The estimated costs to be incurred for the transfer of the relevant goods or services.

In the event of a subsequent reversal of the above-mentioned asset impairment provision, the carrying amount of the reversed asset does not exceed the carrying amount of the asset at the date of reversal assuming no impairment provision had been made.

18. Assets held for sale

The Company classifies components of the Company (or non-current assets) as held for sale if they also meet the following conditions: (1) they are ready for immediate sale in their current condition based on the practice of selling such assets or disposal groups in similar transactions; (2) it is highly probable that a sale will occur, a resolution has been made regarding a plan of sale and a firm purchase commitment has been obtained (a firm purchase commitment, which is a legally binding purchase agreement that contains material terms such as the transaction price, timing and sufficiently severe penalties for breach of contract to make significant adjustments to the agreement or revocation highly unlikely. The sale is expected to be completed within one year. Approval from the relevant authorities or regulatory authorities has been obtained in accordance with the relevant regulations.

The Company adjusts the estimated net residual value of assets held for sale to reflect their fair value less costs to sell (but not to exceed the original carrying amount of the holding for sale), and the difference between the original carrying amount and the adjusted estimated net residual value is recognized as an asset impairment loss in profit or loss, together with a provision for impairment of assets held for sale. The amount of impairment loss recognized for assets held for sale should be offset against the carrying amount of goodwill in the disposal group and then against the carrying amount of each non-current asset in the disposal group in proportion to its share of the carrying amount of the asset to which the measurement provisions of this Standard apply.

If the net increase in the fair value of non-current assets held for sale, less costs to sell, at a subsequent balance sheet date, the amount previously written down should be restored and reversed within the amount of the impairment loss on assets recognized after classification as held for sale, with the reversal charged to current profit or loss. Impairment losses recognized before classification as held for sale are not reversed. If the net increase in the fair value less costs to sell of disposal groups held for sale at a subsequent balance sheet date, the amount previously written down shall be restored and reversed within the amount of impairment loss recognized for non-current assets after classification as held for sale category applying the measurement provisions of this Standard, and the reversal amount is recognized in profit or loss for the current period.

The carrying amount of goodwill that has been offset and the impairment loss recognized on non-current assets to which the measurement provisions of this Standard apply before classification as held for sale are not reversed. The amount of subsequent reversal of asset impairment losses recognized for disposal groups held for sale shall be increased proportionately to the carrying value of each non-current asset in the disposal group other than goodwill to which the measurement provisions of this Standard apply.

If an enterprise loses control over a subsidiary due to, for example, the sale of its investment in the subsidiary, regardless of whether the enterprise retains part of its equity investment after the sale, it should classify the investment in the subsidiary as a whole as held for sale in the parent company's individual financial statements and all assets and liabilities of the subsidiary as held for sale in the consolidated financial statements when the investment in the subsidiary to be sold meets the conditions for classification as held for sale. All assets and liabilities of the subsidiary are classified as held for sale in the consolidated financial statements.

19. Debt investments

20. Other debt investments

21. Long-term receivables

22. Long-term equity investments

1. Determination of investment costs

(1) Where a business combination under the same control is formed and the consolidating party pays cash, transfers non-cash assets, assumes debt or issues equity securities as consideration for the combination, the share of the ownership interest of the consolidated party in the book value of the consolidated financial statements of the ultimate controlling party is taken as the initial cost of its investment at the date of combination. The difference between the initial investment cost of a long-term equity investment and the carrying amount of the consideration paid for the combination or the aggregate nominal value of the shares issued is adjusted against capital surplus (capital premium or equity premium); if capital surplus is not sufficient to cover the reduction, retained earnings are adjusted.

If a business combination under the same control is achieved in stages, the initial investment cost of the investment shall be the share of the book ownership interest in the consolidated party at the date of the combination calculated in proportion to the shareholding. The difference between the initial investment cost and the sum of the book value of its original long-term equity investment plus the book value of the consideration paid for the acquisition of further shares at the date of consolidation is adjusted against capital surplus (capital premium or equity premium), or against retained earnings if capital surplus is not sufficient for the purpose.

(2) A business combination formed under non-same control is measured at the fair value of the merger consideration paid as the initial cost of its investment at the date of purchase.

(3) Except for those formed by business combination: if acquired by paying cash, the initial investment cost is based on the actual purchase price paid; if acquired by issuing equity securities, the initial investment cost is based on the fair value of the equity securities issued; if invested by investors, the initial investment cost is based on the value agreed in the investment contract or agreement (except if the value agreed in the contract or agreement is not fair).

2.Subsequent measurement and profit or loss recognition method

Long-term equity investments over which the Company is able to exercise control are accounted for in the Company's individual financial statements using the cost method; long-term equity investments over which the Company has joint control or significant influence are accounted for using the equity method.

Under the cost method, long-term equity investments are carried at initial investment cost, and are recognized as investment income for the current period on the basis of entitlement to cash dividends or profits declared by the investee, except for cash dividends or profits declared but not yet paid, which are included in the price or consideration paid for the investment, and are also considered to be impaired in accordance with the relevant asset impairment policy.

Under the equity method, if the initial investment cost of a long-term equity investment is greater than the share of the fair value of the identifiable net assets of the investee at the time of investment, it is recognized as the initial investment cost of the long-term equity investment; if the initial investment cost of a long-term equity investment is less than the

share of the fair value of the identifiable net assets of the investee at the time of investment, the difference is recognized in profit or loss for the current period and the cost of the long-term equity investment is adjusted.

Under the equity method, long-term equity investments are recognized in accordance with the Company's share of the net income or loss of the investee and the carrying amount of the long-term equity investments is adjusted. In recognizing the share of net profit or loss of the investee, the fair value of the identifiable assets of the investee at the time of acquisition is used as the basis for calculating the share of profit or loss of the investee in accordance with the Company's accounting policies and accounting periods, and the portion of the gain or loss on internal transactions with associates and joint ventures that is attributable to the investee in proportion to the Company's shareholding (except that the loss on internal transactions is recognized in full if it is an impairment loss on an asset). Adjustments to the net profit of the investee are recognized. The portion attributable to the investee based on its declared profits or cash dividends is calculated and the carrying value of the long-term equity investment is reduced accordingly. The Company recognizes a net loss incurred by an investee to the extent that the carrying value of the long-term equity investment and other long-term interests that substantially constitute the net investment in the investee are written down to zero, except where the Company has an obligation to assume additional losses. The carrying value of long-term equity investments is adjusted and recognized in owners' equity for changes in the ownership interest of the investee other than net profit or loss.

3. Basis for determining control, significant influence over an investee

Control means having power over the investee, enjoying variable returns through participation in the investee's related activities and having the ability to use its power over the investee to influence the amount of returns; significant influence means that the investor has the power to participate in decision-making over the investee's financial and operating policies, but does not control or join with others in controlling the formulation of those policies.

4. Disposal of long-term equity investments

(1) Partial disposal of long-term equity investments in subsidiaries without loss of control

When a long-term equity investment in a subsidiary is partially disposed of without loss of control, the difference between the disposal price and the corresponding carrying amount of the disposed investment should be recognized as investment income in the current period.

(2) Partial disposal of equity investments or other reasons for loss of control over subsidiaries

If an equity investment is partially disposed of or control over a subsidiary is lost for other reasons, the carrying value of the long-term equity investment corresponding to the equity interest disposed of shall be carried forward and the difference between the sale proceeds and the carrying value of the long-term equity investment disposed of shall be recognized as investment income (loss); at the same time, the remaining equity interest shall be recognized as long-term equity investment or other related financial assets at its carrying value. If the remaining equity interest after disposal is capable of exercising joint control or significant influence over a subsidiary, it should be accounted for in accordance with the relevant provisions on the conversion of the cost method to the equity method.

5.Impairment testing methodology and provision for impairment

Investments in subsidiaries, associates and joint ventures for which there is objective evidence of impairment at the balance sheet date are provided for at the difference between the carrying amount and the recoverable amount.

23. Investment properties

Investment property

measurement model

Cost method of

measurement

Depreciation or amortization method

1.Investment properties comprise land use rights that have been leased, land use rights that are held and intended to be transferred upon appreciation, and buildings that have been leased.

2.Investment properties are initially measured at cost, subsequently measured using the cost model, and depreciated or amortized using the same methods as those used for fixed assets and intangible assets. If, at the balance sheet date, there is an indication that an investment property is impaired, a provision for impairment is made for the difference between the carrying amount and the recoverable amount.

24. Fixed assets

(1) Confirmation of conditions

Fixed assets are tangible assets that are held for the production of goods, provision of services, rental or management of operations and have a useful life of more than one accounting year.

(2) Depreciation methods

categories	Depreciation methods	depreciable life	salvage value	annual depreciation rate
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Houses and buildings	annual averaging	20-35	5.00%	2.71% - 4.75%
Housing renovation	annual averaging	5-10	5.00%	9.50% - 19.00%
Machinery and equipment	annual averaging	5-11	5.00%	8.64% - 19.00%
carrier	annual averaging	5-10	5.00%	9.50% - 19.00%
Electronic equipment and others	annual averaging	5-6	5.00%	15.83% - 19.00%

(3) Basis of recognition, valuation and depreciation of fixed assets under finance leases

符合下列一项或数项标准的，认定为融资租赁：（1）在租赁期届满时，租赁资产的所有权转移给承租人；（2）承租人有购买租赁资产的选择权，所订立的购买价款预计将远低于行使选择权时租赁资产的公允价值，因而在租赁开始日就可以合理确定承租人将会行使这种选择权；（3）即使资产 ownership of the asset does not pass, the lease term represents a substantial portion of the useful life of the leased asset [typically more than 75% (inclusive) of the useful life of the leased asset];(4) the present value of the lessee's minimum lease payments at the lease inception date is almost equal to [more than 90% (inclusive)] of the fair value of the leased asset at the lease inception date; the present value of the lessor's minimum lease payments at the lease inception date is almost equivalent to the fair value of the leased asset at the lease commencement date [more than (and including) 90 per cent

90%)](5) The leased assets are special in nature and can only be used by the lessee if no major alterations are made. Fixed assets leased under finance leases are recorded at the lower of the fair value of the leased assets and the present value of the minimum lease payments at the commencement date of the lease and are depreciated in accordance with the depreciation policy for owned fixed assets.

25. Work in progress

1. Construction in progress is transferred to fixed assets at the actual cost of the construction when it reaches its intended useable state. If the construction has reached its intended useable state but has not yet been completed, it is first transferred to fixed assets at its estimated value and then adjusted to the original provisional value at actual cost after completion of the final account, but without adjusting the depreciation originally charged.

2. At the balance sheet date, if there is an indication that construction in progress is impaired, a corresponding provision for impairment is made for the difference between the carrying amount and the recoverable amount.

26. Borrowing costs

1. Principles for recognition of capitalized borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition or production of assets eligible for capitalization are capitalized and charged to the cost of the related assets; other borrowing costs are recognized as expenses when incurred and charged to current profit or loss.

2. Period of capitalization of borrowing costs

(1) Capitalization of borrowing costs begins when both of the following conditions are met: 1) the asset expenditure has been incurred; and 2) the borrowing costs have been incurred.
(3) The acquisition or production activities necessary to bring the asset to its intended use or saleable condition have commenced.

(2) If an unusual interruption occurs during the acquisition or production of an asset eligible for capitalization and the interruption lasts for more than **three** consecutive months, capitalization of borrowing costs is suspended; borrowing costs incurred during the interruption are recognized as current expenses until the acquisition or production activities of the asset recommence.

(3) Borrowing costs cease to be capitalized when the assets acquired or produced that are eligible for capitalization reach their intended use or saleable condition.

3. Amount of borrowing costs capitalized

If special borrowings are borrowed for the purpose of acquiring or producing assets eligible for capitalization, the amount of interest to be capitalized is determined by deducting the interest income earned by depositing the unused borrowed funds in banks or the investment income earned by making temporary investments from the interest expenses actually incurred in the period of the special borrowings (including the amortization of the discount

or premium determined in accordance with the effective interest rate method); if general borrowings are used for the purpose of acquiring or producing assets eligible for capitalization If general borrowings are used for the acquisition or production of assets eligible for capitalization, the amount of interest to be capitalized on general borrowings is determined by multiplying the weighted-average amount of accumulated asset expenditures in excess of those on special borrowings by the capitalization rate of the general borrowings used.

27. Biological assets

28. Oil and gas assets

29. Right-to-use assets

30. Intangible assets

(1) Valuation methods, useful life, impairment testing

1. Intangible assets, including land use rights, patents and non-proprietary technology, are initially measured at cost.

2. Intangible assets with finite useful lives are amortized systematically and reasonably over their useful lives in accordance with the expected realization of the economic benefits associated with the intangible asset, or, if the expected realization cannot be reliably determined, using the straight-line method.

3. Intangible assets with a definite useful life and for which there is an indication of impairment at the balance sheet date are provided for at the difference between the carrying amount and the recoverable amount; intangible assets with an indefinite useful life and intangible assets that have not yet reached a useable condition are tested annually for impairment, regardless of whether there is an indication of impairment.

(2) Accounting policy for internal research and development expenditure

Expenditure on the research phase of internal research and development projects is recognized in profit or loss as incurred. Expenditure on the development phase of an internal research and development project is recognized as an intangible asset if both of the following conditions are met: (1) it is technically feasible to complete the intangible asset so that it can be used or sold; (2) there is an intention to complete the intangible asset and use or sell it; (3) the intangible asset generates economic benefits in a manner that includes the ability to demonstrate that a market exists for the product produced using the intangible asset or that the intangible asset the existence of a market for itself and, where the intangible asset will be used internally, the ability to demonstrate its usefulness; and (4) the availability of sufficient technical, financial and other resources to support the completion of the intangible asset and the ability to use or sell the intangible asset. (5) The expenditure attributable to the development phase of the intangible asset can be measured reliably.

31. Impairment of long-lived assets

An enterprise should determine at the balance sheet date whether there is an indication that an asset may be impaired.

Goodwill and intangible assets with indefinite useful lives arising from business combinations should be tested annually for impairment, regardless of whether there is an indication of impairment.

An indication that an asset may be impaired exists if.

(1) the market value of the asset has fallen significantly in the current period, by a rate significantly higher than the decline expected due to the passage of time or normal use; (2) the economic, technological or legal environment in which the business operates and the market in which the asset is located have changed significantly in the current period or will change in the near future, thereby adversely affecting the business; (3) market interest rates or other market rates of return on investment have increased in the current period, thereby affects the discount rate at which the enterprise calculates the present value of the asset's expected future cash flows, resulting in a significant reduction in the asset's recoverable amount; (4) there is evidence that the asset is obsolete or its physical substance has been damaged; (5) the asset has been or will be idle, discontinued or scheduled

for early disposal; (6) evidence reported within the Enterprise indicates that the economic performance of the asset has been or will be less than expected, such as the asset's generation of net cash flows or realized operating profit (or loss) is significantly lower (or higher) than the estimated amount; (7) other indications that the asset may have been impaired.

Where there is an indication of impairment of an asset, its recoverable amount should be estimated.

The recoverable amount should be determined on the basis of the higher of the net of the fair value of the asset less costs of disposal and the present value of the expected future cash flows from the asset.

Disposal costs include legal costs associated with the disposal of assets, related taxes, removal costs and direct costs incurred to bring the assets to a saleable condition.

The present value of the expected future cash flows of an asset shall be determined by discounting the asset at an appropriate discount rate based on the expected future cash flows arising from its continuing use and eventual disposal. The present value of the expected future cash flows of an asset should take into account the expected future cash flows of the asset, its useful life and the discount rate.

If the recoverable amount measurement indicates that the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be written down to its recoverable amount, and the amount of the write-down should be recognized as an impairment loss on the asset and charged to current profit or loss, with a corresponding provision for asset impairment.

32. Long-term amortization

Long-term amortization is recorded on the basis of actual costs incurred and is amortized evenly over the period of benefit or over a specified period. If an item of long-term amortization does not benefit subsequent accounting periods, the full amortized value of the item that has not been amortized is transferred to profit or loss in the current period.

33. Contractual liabilities

The Company presents contractual assets or contractual liabilities in the balance sheet based on the relationship between the performance obligation and the payment by the customer. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable is shown as a contractual liability.

34. Employee remuneration

(1) Accounting for short-term remuneration

The Company recognizes the actual short-term compensation incurred as a liability in the accounting period in which the employee provides services and recognizes it in current profit or loss or in the cost of the related assets. Of this amount, non-monetary benefits are measured at fair value.

(2) Accounting for post-employment benefits

(3) Accounting for Termination Benefits

If the Company terminates the employment relationship with an employee prior to the expiration of the employee's employment contract or offers to compensate the employee to encourage voluntary redundancy, the Company recognizes a liability arising from the termination of the employment relationship with the employee to compensate the employee at the earlier of the time when the Company cannot unilaterally withdraw the termination plan or the proposed redundancy and the time when it recognizes the costs associated with the restructuring involving the payment of termination benefits, and also recognizes the liability in the current period (b) Profit and loss.

(4) Accounting for other long-term employee benefits

The Company's employees participate in the basic social pension insurance organized and implemented by the local labor and social security department. The Company pays monthly pension insurance premiums to the local basic social pension insurance agency at the base and ratio of the local basic social pension insurance contributions. Upon the retirement of employees, the local labor and social security authorities are responsible for paying basic social pensions to retired employees. In the accounting period in which the employees

provide services, the Company recognizes the amount payable based on the above social insurance regulations as a liability and includes it in the current profit or loss or the cost of related assets.

35. Lease liabilities

36. Projected liabilities

1.The Company recognizes a contingent obligation arising from external guarantees, litigation matters, product quality guarantees, loss-making contracts, etc. as a present obligation to be assumed by the Company, when it is probable that the performance of the obligation will result in an outflow of economic benefits to the Company and the amount of the obligation can be measured reliably, as a projected liability.

2.The Company initially measures the projected liability based on the best estimate of the expenditure required to settle the related present obligation and reviews the carrying amount of the projected liability at the balance sheet date.

37. Share-based payments

1.Types of share-based payments

Includes equity-settled share-based payments and cash-settled share-based payments.

2.Methodology for determining the fair value of equity instruments

(1) Where an active market exists, it is determined on the basis of quotations in the active market.

(2) Where no active market exists, valuation techniques are used to determine this, including reference to prices used in recent market transactions between familiar and voluntarily trading parties, reference to current fair values of other financial instruments that are substantially the same, discounted cash flow methods and option pricing models.

3.Basis for recognizing the best estimate of a viable equity instrument

Estimates are based on subsequent information such as the latest available changes in the number of viable employees.

4.Accounting treatment related to the implementation, modification and termination of share-based payment plans

(1) Equity-settled share-based payments

Equity-settled share-based payments in exchange for employee services that become exercisable immediately after the grant are recorded at the fair value of the equity instrument at the date of grant at the relevant cost or expense, with a corresponding adjustment to capital surplus. Equity-settled share-based payments in exchange for employee services that are exercisable only upon completion of the waiting period or upon satisfaction of specified performance conditions are recorded at the best estimate of the number of exercisable equity instruments at each balance sheet date during the waiting period at the fair value of the equity instrument at the date of grant, with a corresponding adjustment to capital surplus.

Share-based payments settled in exchange for equity in the services of other parties are measured at the fair value of the services of other parties at the date of acquisition if the fair value of the services of other parties can be measured reliably; if the fair value of the services of other parties cannot be measured reliably but the fair value of the equity instruments can be measured reliably, they are measured at the fair value of the equity instruments at the date of acquisition of the services and are included in the related costs or expenses, with a corresponding increase in Owner's equity.

(2) Cash-settled share-based payments

Cash-settled share-based payments in exchange for employee services that become exercisable immediately after the grant are recorded at the grant date at the fair value of the liability assumed by the Company at the relevant cost or expense, with a corresponding increase in the liability. Cash-settled share-based payments in exchange for employee services that are exercisable upon completion of the waiting period or upon achievement of specified performance conditions are recorded at the fair value of the liability assumed by the Company at each balance sheet date during the waiting period at the relevant cost or

expense and a corresponding liability based on the best estimate of the circumstances under which they will become exercisable.

(3) Modification, termination of share-based payment plans

If the modification increases the fair value of the equity instruments granted, the Company recognizes a corresponding increase in the acquisition of services in accordance with the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the Company recognizes a corresponding increase in the fair value of the increased equity instruments as an increase in the acquisition of services; if the Company modifies the conditions of viability in a manner that benefits employees, the Company treats the viability conditions, the modified conditions of exercisability are considered.

If the modification reduces the fair value of the equity instruments granted, the Company continues to recognize the amount of services acquired based on the fair value of the equity instruments at the date of grant without considering the reduction in the fair value of the equity instruments; if the modification reduces the number of equity instruments granted, the Company treats the reduction as a cancellation of the equity instruments granted; if the viability condition is modified in a manner unfavorable to employees the conditions of viability, the modified conditions of viability are disregarded in the treatment of the conditions of viability.

If the Company cancels a granted equity instrument or settles a granted equity instrument during the waiting period (except when the cancellation is due to failure to satisfy the conditions for exercisability), the cancellation or settlement is treated as an accelerated exercisability and the amount otherwise recognized over the remaining waiting period is recognized immediately.

38. Other financial instruments such as preference shares and perpetual debt

39. Income

Accounting policies used for revenue recognition and measurement

1. Revenue recognition

The Company recognizes revenue when it has fulfilled its performance obligations under the contract, which is when the customer obtains control of the relevant commodity. The acquisition of control of the relevant commodity is defined as the ability to dominate the use of the commodity and derive substantially all of the economic benefits therefrom.

2. The Company determines whether the performance obligation is "performance obligation to be performed within a certain period of time" or "performance obligation to be performed at a certain point in time" in accordance with the relevant provisions of the revenue standards, and recognizes revenue based on the following principles, respectively.

(1) The Company is in compliance with its performance obligations for a period of time if it meets one of the following conditions.

(i) The Customer acquires and consumes the economic benefits of the Company's performance at the same time as the Company's performance.

(ii) The customer is able to control the assets under construction in the course of the Company's performance.

(iii) The assets produced in the course of the Company's performance are of irreplaceable use and the Company is entitled to receive payments for the portion of performance completed to date in the aggregate throughout the term of the contract.

For performance obligations performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance over that period of time, except where the progress of performance cannot be reasonably determined. The Company uses either the output method or the input method to determine the appropriate schedule of performance, taking into account the nature of the commodity.

(2) For performance obligations that are not performed at a point in time and are performed at a point in time, the Company recognizes revenue at the point in time when the customer obtains control of the relevant goods.

In determining whether a customer has acquired control of a commodity, the Company considers the following indications.

(i) The Company has a present right to receive payment in respect of the goods, i.e. the customer has a present obligation to pay for the goods.

(ii) The Company has transferred legal title to the merchandise to the Customer, i.e., the Customer has legal title to the merchandise.

(iii) The Company has physically transferred the merchandise to the customer, i.e., the customer has taken physical possession of the merchandise.

(iv) The Company has transferred the principal risks and rewards of ownership of the good to the customer, i.e., the customer has acquired the principal risks and rewards of

ownership of the good.

⑤ The customer has accepted the item.

(vi) Other indications that the customer has acquired control of the goods. The Company's specific policy for revenue recognition.

(1) Domestic sales model (non-military business): The Company recognizes revenue after the goods are dispatched, signed for by the other party, and the settlement reconciliation is confirmed by both parties and a VAT invoice is issued.

(2) Domestic sales model (military business): The Company sends out the goods and recognizes revenue after the other party has accepted the goods.

(3) Foreign sales model: After the Company's goods are declared for export, the export information is checked in the electronic port and invoices are issued in the same month to recognize revenue.

3.Measurement of income

The Company should measure revenue based on the transaction price apportioned to each individual performance obligation. In determining the transaction price, the Company considers the impact of variable consideration, the existence of significant financing elements in the contract, non-cash consideration, and consideration payable to the customer.

(1) variable consideration

The Company determines the best estimate of variable consideration on the basis of expectations or the most likely amount, provided that the transaction price including variable consideration does not exceed the amount for which it is highly probable that there will be no material reversal of the cumulative revenue recognized when the relevant uncertainty is removed. In assessing whether it is highly probable that a material reversal of cumulative recognized revenue will not occur, an enterprise should consider both the likelihood of revenue reversal and its weighting.

(2) Significant financing component

Where there is a significant financing component in the contract, the Company shall determine the transaction price on the basis of the amount payable in cash assuming that the customer acquires control of the commodity immediately upon acquisition. The difference between this transaction price and the contractual consideration shall be amortized over the term of the contract using the effective interest method.

(3) non-cash consideration

Where a customer pays non-cash consideration, the Company determines the transaction price based on the fair value of the non-cash consideration. If the fair value of the non-cash consideration cannot be reasonably estimated, the Company indirectly determines the transaction price by reference to the separate selling price of the goods it undertakes to transfer to the customer.

(4) Consideration payable to customers

Where consideration is payable to a customer, such consideration payable shall be reduced against the transaction price and against current income at the later of the recognition of the related revenue and the payment (or promise to pay) of the consideration to the customer, except where the consideration payable to the customer is for the purpose of obtaining other clearly distinguishable goods from the customer.

Where the consideration payable by an enterprise to a customer is for the acquisition of other clearly distinguishable goods from the customer, the goods purchased should be recognized in a manner consistent with other purchases by the enterprise. If the consideration payable by an enterprise to a customer exceeds the fair value of clearly distinguishable goods obtained from the customer, the excess amount is reduced by the transaction price. If the fair value of clearly distinguishable goods acquired from the customer cannot be reasonably estimated, the enterprise shall reduce the consideration payable to the customer by the full amount of the transaction price.

40. Government grants

1. Government grants include asset-related government grants and revenue-related government grants.

2. Government grants are measured at the amount received or receivable if they are monetary assets; government grants are measured at fair value if they are non-monetary

assets, or at nominal amounts if the fair value cannot be reliably obtained.

3. Government grants using the gross method.

(1) Government grants related to assets are recognized as deferred income and are recognized in profit or loss over the useful life of the related assets in accordance with a reasonable and systematic method. If the relevant asset is sold, transferred, scrapped or destroyed before the end of its useful life, the unallocated balance of the relevant deferred gain is transferred to profit or loss in the period in which the asset is disposed of.

(2) Government grants related to revenue, which are used to compensate for related costs or losses in subsequent periods, are recognized as deferred revenue and charged to current profit or loss in the period in which the related costs are recognized; those used to compensate for related costs or losses already incurred are charged directly to current profit or loss.

4. Government grants using the net method.

(1) (a) Government grants related to assets, reduced by the carrying amount of the related assets.

(2) Government grants related to revenue that are used to compensate for related costs or losses in subsequent periods are recognized as deferred revenue and are reduced by the related costs in the period in which the related costs are recognized; if they are used to compensate for related costs or losses already incurred, they are directly reduced by the related costs.

5. For government grants that contain both asset-related and revenue-related components, separate accounting treatment is applied to the different components; if it is difficult to distinguish them, they are classified as revenue-related government grants as a whole.

6. Government grants that are related to the Company's ordinary activities are charged to other income or reduced to related costs and expenses in accordance with the substance of the economic operations; government grants that are not related to the Company's ordinary activities should be charged to non-operating income and expenses.

7.The Company treats the discount on policy-based concessional loans obtained on the basis of the allocation of the discounted funds by the Treasury to the lending bank and the allocation of the discounted funds by the Treasury directly to the Company in two cases.

(1) If the Finance allocates the discounted interest rate funds to the lending bank, and the lending bank provides loans to the Company at a policy preferential interest rate, the Company uses the actual amount received as the recorded value of the borrowings and calculates the related borrowing costs based on the principal amount of the borrowings and such policy preferential interest rate.

(2) If the finance department allocates the discounted interest funds directly to the Company, the Company will offset the corresponding discounted interest against the related borrowing costs.

41. Deferred income tax assets/deferred income tax liabilities

1.Deferred tax assets or deferred tax liabilities are recognized on the basis of the difference between the carrying amount of the asset or liability and its tax basis (or, if the tax basis of an item not recognized as an asset or liability can be determined in accordance with the provisions of the tax law, the difference between that tax basis and its carrying amount), calculated at the tax rate applicable to the period when the asset is expected to be recovered or the liability settled.

2.Deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Deferred income tax assets not recognized in prior accounting periods are recognized to the extent that it is probable that sufficient taxable income will be available against which deductible temporary differences can be utilized in future periods at the balance sheet date.

3.The carrying amount of deferred tax assets is reviewed at the balance sheet date and the carrying amount of deferred tax assets is written down if it is more likely than not that sufficient taxable income will not be available in future periods to allow for the benefit of the deferred tax assets. To the extent that it is probable that sufficient taxable income will be available, the written down amount is reversed.

4.The Company's current income taxes and deferred income taxes are recorded as income tax expense or benefit in profit or loss, excluding income taxes arising from (1) business combinations and (2) transactions or events recognized directly in owners' equity.

42. Leasing

(1) Accounting for operating leases

When the Company is the lessee, rentals are charged to the cost of the related assets or recognized in profit or loss on a straight-line basis over the respective periods of the lease term, and the initial direct costs incurred are charged directly to profit or loss for the current period. Contingent rentals are charged to current profit or loss as they are actually incurred.

When the Company is the lessor, rentals are recognized in profit or loss on a straight-line basis over the lease term, and initial direct costs incurred are recognized directly in profit or loss, except for significant amounts which are capitalized and amortized to profit or loss. Contingent rentals are recognized in profit or loss as they are incurred.

(2) Accounting for finance leases

When the Company is the lessee, at the lease commencement date, the Company uses the lower of the fair value of the leased asset and the present value of the minimum lease payments at the lease commencement date as the recorded value of the leased asset and the minimum lease payments as the recorded value of the long-term payable, with the difference being unrecognized financing costs and the initial direct costs incurred, which are included in the value of the leased asset. Financing costs are recognized in the current period using the effective interest method over the respective periods of the lease term.

When the Company is the lessor, at the lease commencement date, the Company records the sum of the minimum lease payments and the initial direct costs as the recorded value of the finance lease receivable at the lease commencement date, together with the unguaranteed residual value; the difference between the sum of the minimum lease payments, the initial direct costs and the unguaranteed residual value and the sum of their present values is recognized as an unrealized financing gain. During each period of the lease term, the effective interest rate method is used to calculate the financing income to be recognized in the current period.

43. Other significant accounting policies and accounting estimates

44. Changes in significant accounting policies and accounting estimates

(1) Significant accounting policy changes

✓ Applicable ☐ Not applicable

(1) The Company adopted the relevant provisions of ASBE No. 14 – Revenue (SFAS [2017] No. 22) on January 1, 2020, and adjusted the amounts of beginning retained earnings and other related items in the financial statements based on the cumulative effect number, without adjusting the information for the comparable periods. The change in accounting policy resulted in the following impacts.

What and why accounting policies change	Name and amount of statement line affected
Key elements of the revision of the new revenue standard: the existing revenue and construction contracts will be revised. The same two standards are included in the harmonized revenue recognition model; with the transfer of control	Consolidated Balance Sheet: "Accounts Received in Advance" as of December 31, 2020 amounted to \$5,429,259.44.
Transfer of alternative risk reward transfer as a judgment indicator for the point of revenue recognition	"Contractual liabilities" are shown in the amount of \$631,232,797.67 and "Other current liabilities" are shown in the amount of 58,904,050.31; the amount shown as "Receivables in advance" at January 01, 2020 was \$7,007,963.35.
(a) The contract is approved; the individual performance obligations contained in the contract are identified and, at the time of performance	"Contractual liabilities" are shown in the amount of \$99,189,192.81 and "Other current liabilities" are shown in the amount of 14,296,114.17.
Separate revenue recognition; for contracts containing multiple transaction arrangements would	Parent company balance sheet: "Receivables in advance" as at 31 December 2020 amounted to 3,893,612.97
provide clearer guidance on the accounting treatment; for certain specific transactions (or	The amount shown in "Contract liabilities" is \$505,661,256.63 and the amount shown in "Other current liabilities" is was \$50,910,344.23; the amount shown as "Receivables in advance" as of January 01, 2020 was \$5,330,676.58
The revenue recognition and measurement of (matter) is given explicitly.	The amount shown in "Contract liabilities" is \$55,988,298.31 and the amount shown in "Other current liabilities" is 7,112,252.92.

(2) Implementation of EAS 13

The Ministry of Finance issued Interpretation No. 13 of Accounting Standards for Business Enterprises (Caihui [2019] No. 21, hereinafter referred to as "Interpretation No. 13") on December 10, 2019, effective January 1, 2020, which does not require retrospective adjustments.

① Identification of related parties

Interpretation No. 13 clarifies that the following constitute related parties: joint ventures or associates of an enterprise with other members of the enterprise group of which it is a member (including parent and subsidiary companies); and joint ventures of an

enterprise with other joint ventures or associates of the enterprise. In addition, Interpretation No. 13 also clarifies that two or more enterprises that are merely under the significant influence of one party do not constitute related parties, and adds that associates include associates and their subsidiaries, and joint ventures include joint ventures and their subsidiaries.

② Definition of business

Interpretation No. 13 improves the three elements of what constitutes a business, refines the conditions for determining what constitutes a business, and introduces the "concentration test" option to simplify to a certain extent the determination of whether a combination of acquisitions under non-identical control constitutes a business.

The Company implemented Interpretation No. 13 effective January 1, 2020, with no adjustment to the comparative financial statements, and the implementation of Interpretation No. 13 did not have a material impact on the Company's financial position and results of operations.

(3) Implementation of the Interim Provisions on Accounting Treatment in relation to Carbon Emission Trading

The Ministry of Finance issued the Interim Provisions on Accounting Treatment Relating to Carbon Emissions Trading (Caihui [2019] No. 22) on 16 December 2019, which apply to relevant enterprises among key emission units that conduct carbon emissions trading business in accordance with the Interim Measures for the Administration of Carbon Emissions Trading and other relevant provisions (hereinafter referred to as key emission enterprises). The provisions shall come into effect from 1 January 2020, and the key emitting enterprises shall apply the provisions using the future application method.

The Company implemented this provision effective January 1, 2020, without adjustment to the comparative financial statements, and the implementation of this provision did not have a material impact on the Company's financial position and results of operations.

(4) Implementation of the Accounting for Rent Concessions Related to the New Crown Pneumonia Outbreak

On 19 June 2020, the Ministry of Finance issued the "Regulations on Accounting for Rent Concessions Related to the New Crown Pneumonia Epidemic" (Caihui [2020] No. 10), which came into effect on 19 June 2020, allowing enterprises to adjust for rent concessions related to pneumonia epidemics that occurred between 1 January 2020 and the effective date of the regulations. According to the regulation, enterprises may choose to adopt the simplified method of accounting for rent concessions such as rent reductions and deferred rent payments that meet the conditions directly triggered by the pneumonia outbreak.

The Company implemented this provision effective January 1, 2020, without adjustment to the comparative financial statements, and the implementation of this provision did not have a material impact on the Company's financial position and results of operations.

(2) Changes in significant accounting estimates

☐ Applicable ☒ Not applicable

(3) Adjustments to items in the financial statements at the beginning of the year of first-time implementation of the new revenue standard and the new lease standard from 2020

apply

Need to adjust opening balance sheet accounts

☒ Yes ☐ No

Consolidated balance sheet

Unit: \$

sports event	31 December 2019	01 January 2020	Adjustments
Current assets.			
monetary funds	834,673,995.35	834,673,995.35	
Settlement provision			
Unbundled funds			
Financial assets held for trading	60,111,501.92	60,111,501.92	
Derivative financial assets			
note receivable			
Accounts receivable	2,507,191,198.91	2,507,191,198.91	
Receivables financing	115,338,664.60	115,338,664.60	
Prepayments	195,362,885.35	195,362,885.35	
premium receivable			
Sub-insurance receivables			
Reserve for reinsurance contracts receivable			

	Full Annual Report 2020		
Other receivables	115,837,546.18	115,837,546.18	
Of which: interest receivable			
dividend receivable			
Buy-back financial assets			

inventory	1,555,399,511.03	1,555,399,511.03	
Contractual assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	70,833,262.91	70,833,262.91	
Total current assets	5,454,748,566.25	5,454,748,566.25	
Non-current assets.			
Disbursement of loans and advances			
debt investment			
Other debt investments			
Long-term receivables	318,381.33	318,381.33	
Long-term equity investments	81,571,583.10	81,571,583.10	
Investments in other equity instruments			
Other non-current financial assets			
Investment property	373,424,830.03	373,424,830.03	
fixed assets	582,749,081.46	582,749,081.46	
Construction in progress	174,365,568.17	174,365,568.17	
Productive biological assets			
Oil and gas assets			
Right-to-use assets			
intangible asset	155,062,209.59	155,062,209.59	
Development expenditure			
reputation of a firm's product	501,684,751.67	501,684,751.67	
Long-term amortization	25,132,486.84	25,132,486.84	
Deferred income tax assets	51,316,560.49	51,316,560.49	
Other non-current assets	223,386,775.42	223,386,775.42	
Total non-current assets	2,169,012,228.10	2,169,012,228.10	
Total assets	7,623,760,794.35	7,623,760,794.35	
Current liabilities.			
short term loan	1,369,135,031.50	1,369,135,031.50	
Borrowing from the Central Bank			
funds on loan			
Trading financial liabilities			
Derivative financial liabilities			

note payable	947,944,052.76	947,944,052.76	
accounts payable	941,520,522.66	941,520,522.66	
Receipts in advance	118,686,477.45	7,007,963.35	-111,678,514.10
Contractual liabilities		99,189,192.81	99,189,192.81
Sale of repurchased financial assets			
Deposit-taking and interbank deposits			
Securities agency payments			
Underwriting of securities			
Employee compensation payable	144,512,963.87	144,512,963.87	
taxes payable	63,863,346.35	63,863,346.35	
Other accounts payable	281,759,712.44	281,759,712.44	
Of which: interest payable	2,135,247.75	2,135,247.75	
dividend payable	1,297,224.01	1,297,224.01	
Fees and commissions payable			
Sub-insurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	34,991,701.84	34,991,701.84	
Other current liabilities	1,806,792.88	14,296,114.17	12,489,321.29
Total current liabilities	3,904,220,601.75	3,904,220,601.75	
Non-current liabilities.			
Reserve for insurance contracts			
Long-term loans	103,101,061.03	103,101,061.03	
Bonds payable	57,518,121.97	57,518,121.97	
Of which: Preference shares			
perpetual bond			
Lease liabilities			
Long-term accounts payable			
Long-term employee compensation payable			
Projected liabilities	35,378,187.84	35,378,187.84	
Deferred revenue	54,747,116.45	54,747,116.45	
Deferred income tax liabilities	46,842,903.71	46,842,903.71	
Other non-current liabilities			
Total non-current liabilities	297,587,391.00	297,587,391.00	
Total liabilities	4,201,807,992.75	4,201,807,992.75	

Ownership interests.			
share capital	815,002,299.00	815,002,299.00	
Other equity instruments	13,349,748.83	13,349,748.83	
Of which: Preference shares			
perpetual bond			
capital surplus	921,896,631.42	921,896,631.42	
Less: Treasury shares			
Other comprehensive income	-197,049.06	-197,049.06	
Dedicated reserves			
surplus surplus	91,411,590.06	91,411,590.06	
General risk allowance			
undistributed profit	1,072,371,799.68	1,072,371,799.68	
Total equity attributable to owners of the parent company	2,913,835,019.93	2,913,835,019.93	
Minority interests	508,117,781.67	508,117,781.67	
Total owners' equity	3,421,952,801.60	3,421,952,801.60	
Total liabilities and owner's equity	7,623,760,794.35	7,623,760,794.35	

Description of adjustments

Note: As a result of the implementation of the new revenue standard, the Company reclassified the advance receipts related to the sale of goods or provision of services to contractual liabilities.

Parent company balance sheet

Unit: \$

sports event	31 December 2019	01 January 2020	Adjustments
Current assets.			
monetary funds	341,288,626.61	341,288,626.61	
Financial assets held for trading	60,111,501.92	60,111,501.92	
Derivative financial assets			
note receivable			
Accounts receivable	680,281,845.42	680,281,845.42	
Receivables financing	23,949,810.47	23,949,810.47	
Prepayments	20,170,142.02	20,170,142.02	
Other receivables	644,088,350.65	644,088,350.65	
Of which: interest receivable			
dividend receivable			
inventory	246,063,536.20	246,063,536.20	
Contractual assets			

Assets held for sale			
Non-current assets due within one year			
Other current assets	4,592,278.30	4,592,278.30	
Total current assets	2,020,546,091.59	2,020,546,091.59	
Non-current assets.			
debt investment			
Other debt investments			
Long-term receivables	44,587,691.57	44,587,691.57	
Long-term equity investments	1,790,163,384.85	1,790,163,384.85	
Investments in other equity instruments			
Other non-current financial assets			
Investment property	362,833,377.26	362,833,377.26	
fixed assets	111,789,661.60	111,789,661.60	
Construction in progress	57,436,818.04	57,436,818.04	
Productive biological assets			
Oil and gas assets			
Right-to-use assets			
intangible asset	32,337,953.92	32,337,953.92	
Development expenditure			
reputation of a firm's product			
Long-term amortization	6,169,521.65	6,169,521.65	
Deferred income tax assets	10,054,637.64	10,054,637.64	
Other non-current assets	212,361,644.17	212,361,644.17	
Total non-current assets	2,627,734,690.70	2,627,734,690.70	
Total assets	4,648,280,782.29	4,648,280,782.29	
Current liabilities.			
short term loan	705,000,000.00	705,000,000.00	
Trading financial liabilities			
Derivative financial liabilities			
note payable	324,329,513.70	324,329,513.70	
accounts payable	450,867,888.93	450,867,888.93	
Receipts in advance	68,431,227.81	5,330,676.58	-63,100,551.23
Contractual liabilities		55,988,298.31	55,988,298.31
Employee compensation payable	35,933,795.32	35,933,795.32	

taxes payable	7,087,026.18	7,087,026.18	
Other accounts payable	605,885,915.97	605,885,915.97	
Of which: interest payable	905,231.73	905,231.73	
dividend payable	1,297,224.01	1,297,224.01	
Liabilities held for sale			
Non-current liabilities due within one year	23,521,450.84	23,521,450.84	
Other current liabilities		7,112,252.92	7,112,252.92
Total current liabilities	2,221,056,818.75	2,221,056,818.75	
Non-current liabilities.			
Long-term loans	44,563,417.67	44,563,417.67	
Bonds payable	57,518,121.97	57,518,121.97	
Of which: Preference shares			
perpetual bond			
Lease liabilities			
Long-term accounts payable			
Long-term employee compensation payable			
Projected liabilities			
Deferred revenue	20,773,515.23	20,773,515.23	
Deferred income tax liabilities	40,650,162.69	40,650,162.69	
Other non-current liabilities			
Total non-current liabilities	163,505,217.56	163,505,217.56	
Total liabilities	2,384,562,036.31	2,384,562,036.31	
Ownership interests.			
share capital	815,002,299.00	815,002,299.00	
Other equity instruments	13,349,748.83	13,349,748.83	
Of which: Preference shares			
perpetual bond			
capital surplus	909,963,642.78	909,963,642.78	
Less: Treasury shares			
Other comprehensive income			
Dedicated reserves			
surplus surplus	91,411,590.06	91,411,590.06	
undistributed profit	433,991,465.31	433,991,465.31	
Total owners' equity	2,263,718,745.98	2,263,718,745.98	

Total liabilities and owner's equity	4,648,280,782.29	4,648,280,782.29	
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Description of adjustments

(4) Explanation of retrospective adjustment of prior period comparative data for the first implementation of the new revenue standard and the new lease standard from 2020

☐ Applicable ☒ Not applicable

VI. Taxes

1. Main taxes and tax rates

tax types	Taxation basis	rate of taxation
value-added tax (VAT)	Sale of goods or provision of taxable services	0%, 3%, 5%, 6%, 9%, 10%, 13%
city maintenance and construction tax	Amount of turnover tax payable	7%, 5%
corporate income tax	taxable income	15%, 25%
Education surcharge (including local education surcharge)	Amount of turnover tax payable	5%
property tax	If the levy is ad valorem, a one-time deduction of 30% of the original value of the property posterior residual value	The Company is taxed on an ad valorem basis at a rate of 1.2%

If there are taxable entities with different corporate income tax rates, disclose a description of the situation

Name of taxable entity	Income tax rate
Shenzhen Tefa Information Optical Network Technology Co.	15%
Shenzhen Special Light Network Communication Equipment Co.	25%
Shenzhen Special Light Network Communication Co.	25%
Tefa Information Optical Network Technology (Vietnam) Co.	20%
Shenzhen Tefa Information Optoelectronics Technology Co.	15%
Shenzhen Jademin Communication Technology Co.	25%
Guangdong Tefa Information Optical Cable Co.	25%
Shenzhen Tefatec Communication Technology Co.	15%
Chongqing Tefa Information Optical Cable Co.	15%
Shenzhen Tefa Information Fiber Co.	15%
Tefa Information Fiber (Dongguan) Co.	25%
Changzhou Tefa Huayin Wire & Cable Co.	15%
Changzhou Huayin Wire & Cable Co.	25%

Shandong Tefa Light Source Optical Communication Co.	15%
Chengdu Fourier Electronic Technology Co.	15%
Chengdu Fourier Information Technology Co.	25%
Shenzhen Tefa Dongzhi Technology Co.	15%

Shenzhen Yusheng Information Technology Co.	25%
Shenzhen Senghui Communication Co.	25%
Hong Kong Yuan Xiang Industry & Trade Co.	16.50%
Beijing Shenzhou Feiyang Technology Co.	15%
Shenzhen Tefa Information Data Technology Co.	25%
SDGIINDIAPRIVATELIMITED	40%
Sichuan Huatuo Optical Communication Co.	15%
FOURFIBERTECHNOLOGYCO., LIMITED	16.50%
Shenzhen Tefa Information Technology Service Co.	25%
Shenzhen Tefa Sanqi Defense Technology Co.	25%

2. Tax benefits

1. Corporate income tax benefits

(1) As the Company has been recognized as a high-tech enterprise and has obtained the "Certificate of High-tech Enterprise" jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Taxation Bureau of the State Administration of Taxation, which is valid for three years (the date of issuance of the certificate is 11 December 2020), according to the relevant national policies for high-tech enterprises, the Company's corporate income tax from 2020 to 2022 The applicable tax rate is 15%.

(2) Shenzhen Tefa Information Optical Network Technology Company Limited, a subsidiary of the Company, has been recognized as a high-tech enterprise and has obtained the "Certificate of High-tech Enterprise" jointly issued by Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau and Shenzhen Taxation Bureau of the State Administration of Taxation, which is valid for three years (the date of issuance of the certificate is 11 December 2020), and according to the relevant policies of the State for high-tech enterprises, the Subsidiary is subject to an applicable corporate income tax rate of 15% from 2020 to 2022.

(3) Shenzhen Tefa Information Optoelectronics Technology Company Limited, a subsidiary of the Company, has been recognized as a high-tech enterprise and has been issued a "High-tech Enterprise Certificate" jointly by Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau and Shenzhen Taxation Bureau of the State Administration of Taxation, which is valid for three years (the date of issuance of the certificate is 9 December 2019), and according to the relevant national policies for high-tech enterprises, the subsidiary will be subject to a tax rate of 15% from 2019 to 2021, the applicable tax rate of corporate income tax is 15%.

(4) Shenzhen Tefatec Communication Technology Company Limited, a subsidiary of the Company, has been recognized as a high-tech enterprise and has been issued a "Certificate of High-tech Enterprise" jointly by Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau and Shenzhen Taxation Bureau of the State Administration of Taxation, which is valid for

three years (the date of issuance of the certificate is 9 December 2019), and according to the relevant national policies for high-tech enterprises, the subsidiary is entitled to a tax rate of 15% from 2019 to 2021, the applicable tax rate for corporate income tax is 15%.

(5) Ltd., a subsidiary of the Company, is eligible for a reduced enterprise income tax rate of 15% for enterprises established in the western region in accordance with Article 2 of the Circular of the General Administration of Customs and Excise of the Ministry of Finance and the State Administration of Taxation on Tax Policy Issues Related to the Further Implementation of the Western Development Strategy Cai Shui [2011] No. 58, Chongqing Special Development Information Optical Cable Co. The enterprise income tax may be levied at a reduced rate of 15%.

(6) Shenzhen Tefa Information Optical Fiber Company Limited, a subsidiary of the Company, has been recognized as a high-tech enterprise and has obtained the "Certificate of High-tech Enterprise" jointly issued by Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau and Shenzhen Taxation Bureau of the State Administration of Taxation, which is valid for three years (the date of issuance of the certificate is 11 December 2020), and according to the relevant national policies for high-tech enterprises, the subsidiary has been subject to a tax rate of 15% from 2020 to 2022, the applicable tax rate of corporate income tax is 15%.

(7) Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise and has obtained the "High-tech Enterprise Certificate" jointly issued by the Department of Science and Technology of Jiangsu Province, the Department of Finance of Jiangsu Province and the Taxation Bureau of Jiangsu Province of the State Administration of Taxation, which is valid for three years (Certificate

(the date of issuance of the letter is November 22, 2019), the applicable corporate income tax rate of the subsidiary is 15% from 2019 to 2021 in accordance with the relevant state policies for high-tech enterprises.

(8) Ltd., a subsidiary of the Company, obtained the "High and New Technology Enterprise Certificate" with the number "GR201851000926" jointly issued by the Department of Science and Technology of Sichuan Province, the Department of Finance of Sichuan Province and the Taxation Bureau of Sichuan Province of the State Administration of Taxation on 3 December 2018, which is valid for three years (the certificate According to the relevant policies of the State for high-tech enterprises, the applicable tax rate of corporate income tax for Chengdu Fuliye Electronic Technology Co.

(9) Ltd., a subsidiary of the Company, obtained the "High and New Technology Enterprise Certificate" with the number "GR201844203458" jointly issued by Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau and Shenzhen Taxation Bureau of the State Administration of Taxation on 9 November 2018, which is valid for three years (the certificate According to the relevant policies of the State for high-tech enterprises, the applicable tax rate of corporate income tax of Shenzhen Tefa Dongzhi Technology Company Limited is 15% from 2018 to 2020.

(10) Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise and has obtained the "Certificate of High and New Technology Enterprise" jointly issued by the Beijing Municipal Science and Technology Commission, the Beijing Municipal Bureau of Finance and the Beijing Municipal Taxation Bureau of the State Administration of Taxation, which is valid for three years (the date of issuance of the certificate is 21 October 2020), and according to the relevant policies of the State for high-tech enterprises, the subsidiary The applicable tax rate of corporate income tax from 2020 to 2022 is 15%.

(11) Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise and has obtained the "High-tech Enterprise Certificate" with the number "GR201951001237" jointly issued by the Department of Science and Technology of Sichuan Province, the Department of Finance of Sichuan Province and the Taxation Bureau of Sichuan Province of the State Administration of Taxation, which is valid for three years (According to the relevant policies of the State for high-tech enterprises, the applicable corporate income tax rate of the subsidiary is 15% from 2019 to 2021.

(12) Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise and has obtained the document "Reply Letter on the Filing of the Second Batch of High-tech Enterprises in Shandong Province in 2020" (Guo Ke Huo Zi [2021] No. 25) issued by the Torch High Technology Industry Development Center of the Ministry of Science and Technology, with the "Certificate of High-tech Enterprise" No. " GR202037001504", which is valid for three years (the date of issue of the certificate is 08 December 2020), and the applicable corporate income tax rate of the subsidiary is 15% from 2020 to 2022 in accordance with the relevant policies of the State for high-tech enterprises.

2. Tax benefits of immediate refund

According to the Circular on the Issuance of Certain Policies to Further Encourage the Development of Software Industry and Integrated Circuit Industry (Guo Fa [2011] No. 4), the

Circular on the VAT Policy for Software Products (Cai Shui [2011] No. 100) and the Announcement of the Sichuan State Taxation Bureau on Issues Relating to the Immediate Levy and Refund of VAT on Software Products (Sichuan State Taxation Bureau Announcement [2011] No. 8) In accordance with the provisions of the "Notice of the State Taxation Bureau of Sichuan Province on Issues Relating to the Immediate Levy and Refund of VAT on Software Products" (Announcement of the State Taxation Bureau of Sichuan Province [2011] No. 8), a VAT general taxpayer shall apply the policy of immediate levy and refund on the part of its actual VAT liability exceeding 3% after the sale of software products developed and produced by it at a rate of 17%. Chengdu Fuliye Electronic Technology Co., Ltd, a subsidiary of the Company, is subject to the preferential policy of levy and refund of VAT.

3. Tax benefits of VAT exemption

Ltd., a subsidiary of the Company, is a military product manufacturer. According to the relevant tax exemption regulations for military enterprises, tax exemption declarations are made in accordance with the list of military products VAT exemption contracts issued by the Ministry of Finance and the State Administration of Taxation, and VAT taxes collected before the issuance of the list of military products VAT exemption contracts can be refunded.

Ltd, a subsidiary of the Company, is subject to the VAT rate of 6% for technology transfer and technology services in the modern service industry. According to the Notice of the State Administration of Taxation of the Ministry of Finance on Comprehensively Promoting the Pilot Project of Business Tax Conversion to VAT (Cai Shui [2016] No. 36), written contracts for technology transfer and technology development are exempt from VAT if the income is certified by the competent science and technology department at the provincial level where the taxpayer is located and is prepared by the competent state taxation authority.

vii. notes to the consolidated financial statements

1. Monetary funds

Unit: \$

sports event	Closing balance	Opening balance
cash in hand	49,790.77	44,356.82
a bank account	2,980,737,538.28	790,150,111.11
Other monetary funds	24,715,694.69	44,479,527.42
add up the total	3,005,503,023.74	834,673,995.35
Of which: total funds held abroad	14,672,254.94	21,533,514.22

Other notes

①. At the end of the period, there were mortgages, pledges, freezes and other restrictions on use amounting to \$96,571,767.76, broken down as follows.

sports event	quality	Closing balance
a bank account	Freezing of funds	71,856,073.07
Other monetary funds	Bankers' acceptances margin	14,924,863.65
Other monetary funds	Bond deposit	2,877,204.32
Other monetary funds	performance bond (international trade)	6,913,626.72
add up the total		96,571,767.76

②. There were no restrictions on the repatriation of funds held abroad at the end of the period.

2. Financial assets held for trading

Unit: \$

sports event	Closing balance	Opening balance
Of which.		
Financial assets designated as at fair value through profit or loss	112,024,283.32	60,111,501.92
Of which.		
Other (note)	112,024,283.32	60,111,501.92
add up the total	112,024,283.32	60,111,501.92

Note 1: According to the Profit Compensation Agreement entered into between the Company and the former shareholders of Chengdu Fuliye Electronic Technology Co., the net profit attributable to the owners of the parent company after deducting non-recurring gains and losses achieved by Chengdu Fuliye in 2019 failed to reach the performance commitment amount of RMB35.0 million, the compensation responsible person shall compensate the difference of the unfulfilled performance commitment for 2019 of RMB22,024,283.32 RMB 22,024,283.32 in cash to the Company, and the Company included the performance compensation amount of RMB 22,024,283.32 receivable from the compensation obligor in financial assets held for trading and gain on change in fair value.

Note 2: According to the Profit Compensation Agreement entered into between the Company and the former shareholders of Shenzhen Tefa Dongzhi Technology Company Limited, the net profit attributable to owners of the parent company after non-recurring gains and losses achieved by Tefa Dongzhi in 2019 failed to reach the performance commitment of RMB58,600,000, the compensation responsible person shall pay the difference of RMB38,087,218.60 for the unfulfilled performance commitment in 2019 in cash to the Company, and the Company shall record the performance compensation amount of RMB38,087,218.60 receivable from the compensation obligor as financial assets held for trading and gain on change in fair value.

Note 3: According to the Profit Compensation Agreement entered into between the Company and the former shareholders of Shenzhen Tefa Dongzhi Technology Company Limited, the net profit attributable to owners of the parent company after non-recurring gains and losses achieved by Tefa Dongzhi in 2020 failed to reach the performance commitment amount of RMB58,600,000, the person liable for compensation shall be liable for the unfulfilled performance commitment difference cap for 2020 of RMB151,912,781.40 in cash to the Company, and the Company shall record the performance compensation amount of RMB151,912,781.40 receivable from the compensation obligor as financial assets held for trading and gain on change in fair value.

Note 4: As at 31 December 2020, the Company had received a total of RMB100,000,000.00 from Chen Chuanrong, the original shareholder of Shenzhen Tefa Dongzhi Technology Company Limited, as compensation for performance commitment, and the balance of RMB90,000,000.00 from the outstanding performance commitment due from the person liable for compensation corresponding to financial assets held for trading at the end of the period.

3. Derivative financial assets

4. Notes receivable

5. Accounts receivable

(1) Accounts receivable classification disclosure

Unit: \$

categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		book value	Book balance		Provision for bad debts		book value
	sum of money	proportion	sum of money	Percentage of accrual		sum of money	proportion	sum of money	Percentage of accrual	
Accounts receivable with provision for bad debts on a stand-alone basis	96,832,346.29	4.15%	74,626,080.95	77.07%	22,206,265.34	26,960,951.00	1.04%	26,960,951.00	100.00%	0.00
Of which.										
Accounts receivable with individually significant	3,633,346.02	0.16%	3,633,346.02	100.00%	0.00	3,633,346.02	0.14%	3,633,346.02	100.00%	

amounts and separate bad debt provision						Full Annual Report 2020				
Accounts receivable that are not individually significant but for which a separate provision for bad debts has been made	93,199,000.27	3.99%	70,992,734.93	76.17%	22,206,265.34	23,327,604.98	0.90%	23,327,604.98	100.00%	
Accounts receivable with provision for bad debts by portfolio	2,236,697,208.48	95.85%	69,220,525.39	3.09%	2,167,476,683.09	2,554,427,060.89	98.96%	47,235,861.98	1.85%	2,507,191,198.91
Of which.										
Accounts receivable with provision for bad debts based on a combination of credit risk characteristics	2,236,697,208.48	95.85%	69,220,525.39	3.09%	2,167,476,683.09	2,554,427,060.89	98.96%	47,235,861.98	1.85%	2,507,191,198.91
add up the total	2,333,529,554.77	100.00%	143,846,606.34		2,189,682,948.43	2,581,388,011.89	100.00%	74,196,812.98		2,507,191,198.91

Provision for bad debts on an individual basis: accounts receivable with a single significant amount and a single provision for bad debts at the end of the period

Unit: \$

name (of a thing)	Closing balance			
	Book balance	Provision for bad debts	Percentage of accrual	Reasons for accrual
Shenzhen Tefa Information Cable TV Co.	3,633,346.02	3,633,346.02	100.00%	Expected uncollectible
add up the total	3,633,346.02	3,633,346.02	--	--

Provision for bad debts by portfolio: accounts receivable for which provision for bad debts is made on the basis of the ageing analysis

Unit: \$

name (of a thing)	Closing balance		
	Book balance	Provision for bad debts	Percentage of accrual
Up to and including 1 year (hereinafter)	1,517,193,541.66	1,321,834.52	0.09%
1-2 years	541,011,750.07	25,364,002.34	4.69%
2-3 years	95,417,421.13	11,354,771.52	11.90%
3-4 years	32,981,340.48	6,414,872.75	19.45%
4-5 years	11,690,005.31	1,483,599.03	12.69%
More than 5 years	38,403,149.83	23,281,445.23	60.62%
add up the total	2,236,697,208.48	69,220,525.39	--

In the case of bad debt provision for accounts receivable based on the general model of expected credit losses, please disclose information about the provision for bad debts by referring to the disclosure for other receivables as follows.

☐ Applicable ☒ Not applicable

Not applicable

Disclosures by

ageing

Unit: \$

age of accounts	Book balance
Up to and including 1 year	1,533,364,649.69
1 to 2 years	597,147,177.49
2 to 3 years	98,453,394.96
More than 3 years	104,564,332.63
3 to 4 years	34,718,116.43
4 to 5 years	12,087,070.28
More than 5 years	57,759,145.92

add up the total	Full Annual Report 2020 2,333,529,554.77
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(2) Provision for bad debts charged, recovered or reversed during the period

Provision for bad debts for the period.

Unit: \$

cate gori es	Opening balance	Amount of change during the period				Closing balance
		set asid e	Recoveries or reversals	audi t and writ e off	other	
Provision for bad debts on accounts receivable	74,196,812.98	69,649,793.36				143,846,606.34

add up the total	74,196,812.98	69,649,793.36				143,846,606.34
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(3) Actual write-offs of accounts receivable during the period

(4) Top five accounts receivable with closing balances, grouped by party in arrears

Unit: \$

Name of the unit	Closing balance of accounts receivable	Percentage of total closing balance of accounts receivable	Closing balance of provision for bad debts
first place	253,624,268.31	10.87%	11,553,687.52
second place	210,206,240.00	9.01%	
third place	175,812,136.00	7.53%	
fourth place	122,512,500.00	5.25%	2,861,840.00
fifth place	73,787,448.58	3.16%	3,559,683.37
add up the total	835,942,592.89	35.82%	

6. Receivables financing

Unit: \$

sports event	Closing balance	Opening balance
note receivable	248,030,138.14	115,338,664.60
add up the total	248,030,138.14	115,338,664.60

Changes in receivables financing during the period and changes in fair value

☐ Applicable ☒ Not applicable

If the provision for impairment of receivables financing is based on the general model of expected credit losses, please disclose information about the provision for impairment by referring to the disclosure for other receivables as follows.

☐ Applicable ☒ Not applicable

Not applicable

Other notes.

1. No pledged notes receivable at the end of the period

2. Notes receivable endorsed or discounted at the end of the period and outstanding at the balance sheet date but not yet due

sports event	Amount derecognized at end of period	Amount not derecognized at end of period	note
banker's acceptances	153,174,975.06	-	
commercial promissory note	61,174,768.75	-	

add up the
total

214,349,743.81

-

Note: The notes receivable that were derecognized at the end of the period were accepted by commercial banks and well-known enterprises, and all of them had high credit, and the probability that the bankers' acceptances and commercial acceptances would not be paid at maturity was low, so the Company derecognized the bankers' acceptances and commercial acceptances that were endorsed or discounted but not yet due at the end of the period.

7. Advance payments

(1) Prepayments by age

Unit: \$

age of accounts	Closing balance		Opening balance	
	sum of money	proportion	sum of money	proportion
Within 1 year	216,035,877.58	94.58%	194,621,174.23	99.62%
1 to 2 years	11,721,185.20	5.13%	557,901.77	0.29%
2 to 3 years	472,128.85	0.21%	100,806.55	0.05%
More than 3 years	172,370.66	0.08%	83,002.80	0.04%
add up the total	228,401,562.29	--	195,362,885.35	--

Reasons for delays in settlement of prepayments older than one year and of significant amounts.

(2) Top five advances with closing balances, grouped by object of prepayment

Name of the unit	Closing balance of prepayments	Percentage of total closing balance of prepayments (%)
first place	62,903,753.40	27.54
second place	59,777,274.96	26.17
third place	5,064,841.88	2.22
fourth place	4,964,214.39	2.17
fifth place	4,803,174.00	2.10
<u>add up the total</u>	<u>137,513,258.63</u>	<u>60.20</u>

8. Other receivables

Unit: \$

sports event	Closing balance	Opening balance
Other receivables	158,923,422.41	115,837,546.18
add up the total	158,923,422.41	115,837,546.18

(1) interest receivable

(2) dividend receivable

(3) Other receivables

1) Breakdown of other receivables by nature of amount

Full Annual Report 2020

Unit: \$

Nature of payment	Closing book balance	Opening book balance
Related-unit transactions	65,090,959.83	72,373,711.67
Deposits, security deposits	62,522,816.25	63,105,154.43
Funds entrusted to finance	23,350,371.48	23,350,371.48
Conversion of debt guarantees to claims receivable	20,000,000.00	20,000,000.00
Current payments and other	67,361,609.35	34,495,835.29
export tax rebate	4,775,251.28	
add up the total	243,101,008.19	213,325,072.87

2) Provision for bad debts

Unit: \$

Provision for bad debts	first phase	Phase II	Phase III	add up the total
	Expected credit losses for the next 12 months	Expected credit losses over the entire life of the asset (no credit impairment)	Expected credit losses (credit impairment incurred) throughout the life of the	
Balance as at 1 January 2020	6,099,254.97		91,388,271.72	97,487,526.69
Balance as at 1 January 2020 in the current period	--	--	--	--
Current accrual	3,865,090.98		-375,031.89	3,490,059.09
Current period reversal			16,800,000.00	16,800,000.00
Balance as at 31 December 2020	9,964,345.95		74,213,239.83	84,177,585.78

Movement in the carrying amount of the provision for losses with significant current period changes

☐ Applicable ☒ Not applicable

Not applicable

Disclosures by

ageing

Unit: \$

age of accounts	Book balance
Up to and including 1 year	46,829,143.68
1 to 2 years	62,331,715.70
2 to 3 years	10,689,852.16
More than 3 years	123,250,296.65

3 to 4 years	Full Annual Report 2020	12,503,469.68
4 to 5 years		5,931,412.98
More than 5 years		104,815,413.99
add up the total		243,101,008.19

3) Provision for bad debts charged, recovered or reversed during the period

Provision for bad debts for the period.

Unit: \$

categories	Opening balance	Amount of change during the period				Closing balance
		set aside	Recoveries or reversals	audit and write off	other	
Other receivables -- phase I	6,099,254.97	3,865,090.98				9,964,345.95
Other receivables -- phase III	91,388,271.72	-375,031.89	16,800,000.00			74,213,239.83
add up the total	97,487,526.69	3,490,059.09	16,800,000.00			84,177,585.78

Of which the amount of provision for bad debts reversed or recovered during the period is significant.

Unit: \$

Name of the unit	Amount reversed or recovered	Recovery method
Zhongmou County Radio and Television Bureau, Henan Province	16,800,000.00	
add up the total	16,800,000.00	--

Note: A description of other receivables reversed during the period is detailed in XVI, Other significant items, 8, Other

4) Actual write-off of other receivables during the period

5) Top five other receivables with closing balances, grouped by party in arrears

Unit: \$

Name of the unit	Nature of payments	Closing balance	age of accounts	As a percentage of the total closing balance of other receivables	Closing balance of provision for bad debts
first place	Related-unit transactions	39,660,844.23	More than 5 years	16.31%	39,660,844.23
second place	Related-unit transactions	25,412,385.67	1-2 years	10.45%	1,231,650.12
third place	Current payments and other	24,925,659.06	1-2 years	10.25%	1,246,282.95
fourth place	Funds entrusted to finance	22,294,706.48	More than 5 years	9.17%	22,294,706.48
fifth place	Current payments and other	20,000,000.00	More than 5 years	8.23%	
add up the total	--	132,293,595.44	--	54.41%	64,433,483.78

9. Inventory

Is the company required to comply
with the disclosure requirements of
the real estate industry No

(1) Inventory classification

Unit: \$

spor ts even t	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories or impairment of contract performance costs	book value	Book balance	Provision for decline in value of inventories or impairment of contract performance costs	book value

raw materials	643,448,388.94	92,006,309.04	551,442,079.90	608,789,415.84	59,220,414.66	549,569,001.18
in products	413,188,391.18	6,219,386.11	406,969,005.07	266,839,237.93	2,394,254.62	264,444,983.31
Goods in stock	294,619,326.53	81,542,520.34	213,076,806.19	283,422,283.89	23,501,659.67	259,920,624.22
Sending goods	1,137,613,831.16	110,201,000.36	1,027,412,830.80	510,908,806.21	61,783,946.61	449,124,859.60
low-value consumables	2,111,534.12	43,581.87	2,067,952.25	2,700,069.72		2,700,069.72
Commissioned materials	20,224,309.89		20,224,309.89	30,338,129.73	698,156.73	29,639,973.00
add up the total	2,511,205,781.82	290,012,797.72	2,221,192,984.10	1,702,997,943.32	147,598,432.29	1,555,399,511.03

(2) Provision for decline in value of inventories and provision for impairment of contract performance costs

Unit: \$

sports event	Opening balance	Increase for the period		Decrease for the period		Closing balance
		set aside	other	Reversal or write-back	other	
raw materials	59,220,414.66	71,072,665.33		38,286,770.95		92,006,309.04
in products	2,394,254.62	4,569,507.12		744,375.63		6,219,386.11
Goods in stock	23,501,659.67	62,486,736.04		4,445,875.37		81,542,520.34
Commissioned materials	698,156.73			698,156.73		
Sending goods	61,783,946.61	67,242,046.88		18,824,993.13		110,201,000.36
low-value consumables		43,581.87				43,581.87
add up the total	147,598,432.29	205,414,537.24		63,000,171.81		290,012,797.72

ItemBasis forReasons for reversal or reversal of provision for decline in value of inventories in the current period

raw materials	Lower of cost or net realizable value	Production receipt or sale
in products	Lower of cost or net realizable value	Production receipt or sale
Goods in stock	Lower of cost or net realizable value	Production receipt or sale
low-value consumables	Lower of cost or net realizable value	Production receipt or sale
Commissioned materials	Lower of cost or net realizable value	Production receipt or sale
Sending goods	Lower of cost or net realizable value	Production receipt or sale

10. Contractual assets

11. Assets held for sale

12. Non-current assets due within one year

13. Other current assets

Unit: \$

sports event	Closing balance	Opening balance
Undeducted VAT input tax	127,456,145.65	66,830,742.07
Prepaid taxes	325,021.97	2,831,981.52
Short-term financial products		
Interest on prepaid borrowings to be amortized		1,170,539.32
add up the total	127,781,167.62	70,833,262.91

14. Debt investments

15. Other debt investments

16. Long-term receivables

(1) Status of long-term receivables

Unit: \$

sports event	Closing balance			Opening balance			discount rate interval
	Book balance	Provision for bad debts	book value	Book balance	Provision for bad debts	book value	
Special Maintenance Fund for Fiber Optic Plant Properties	318,381.33		318,381.33	318,381.33		318,381.33	
add up the total	318,381.33		318,381.33	318,381.33		318,381.33	--

Movement in the carrying amount of the provision for losses with significant current period changes

☐ Applicable ☒ Not applicable

17. Long-term equity investments

Unit: \$

investee	Opening balance (book value)	Increase/decrease during the period								Closing balance (book value)	Closing balance of provision for impairment
		addition of investment	Reduced investment	Gains and losses recognized on investments under the	Adjustments to other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	other		

				equity method							
I. Joint ventures											
II. Associated enterprises											
Chongqing Tefab China Optical Cable Co. company	0.00									0.00	2,305,187 .63
Shenzhen Yuanzhi Fuhai Informatio n Industry Mergers and acquisition s of investment enterprises (limited partnership)	79,369,12 8.31		28,382,35 7.30	7,380,634 .49						58,367,40 5.50	

(partner)											
Atop Europe A/S	2,202,454.79			2,852,819.74					-751,846.98	4,303,427.55	
Subtotal	81,571,583.10	0.00	28,382,357.30	10,233,454.23	0.00	0.00	0.00	0.00	-751,846.98	62,670,833.05	2,305,187.63
add up the total	81,571,583.10	0.00	28,382,357.30	10,233,454.23	0.00	0.00	0.00	0.00	-751,846.98	62,670,833.05	2,305,187.63

18. Investments in other equity instruments

19. Other non-current financial assets

20. Investment properties

(1) Investment properties using the cost measurement model

√ Applicable ☐

Not applicable

Unit: \$

sports event	Houses, buildings	Land use rights	Construction in progress	add up the total
I. Original book value				
1. Opening balance	491,200,179.79	41,283,631.97		532,483,811.76
2. Increase in the current period				
(1) Outsourcing				
(2) Transfer of inventories, fixed assets and construction in progress				
(3) Increase in business combinations				
3. Decrease in the current period	711,900.00			711,900.00
(1) Disposal				
(2) Other transfers out	711,900.00			711,900.00
4. Closing balance	490,488,279.79	41,283,631.97		531,771,911.76
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	142,191,616.72	16,867,365.01		159,058,981.73
2. Increase in the current period	18,565,360.55	1,067,072.64		19,632,433.19
(1) Accrual or amortization	18,565,360.55	1,067,072.64		19,632,433.19
3. Decrease in the current period	371,018.22			371,018.22

(1) Disposal		Shenzhen Tefa Information Company Limited		
		Full Annual Report 2020		
(2) Other transfers out	371,018.22			371,018.22

4. Closing balance	160,385,959.05	17,934,437.65		178,320,396.70
III. Provision for impairment				
1. Opening balance				
2. Increase in the current period				
(1) Accrual				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfers out				
4. Closing balance				
IV. Book value				
1. Closing book value	330,102,320.74	23,349,194.32		353,451,515.06
2. Opening book value	349,008,563.07	24,416,266.96		373,424,830.03

(2) Investment properties using the fair value measurement model

(3) Status of investment properties without proper title deeds

Unit: \$

sports event	book value	Reasons for non-completion of title deeds
Longhua Plant	1,141,230.57	Temporary construction not processed
1-3/F, Building 2, Bagua Ling Factory	1,402,312.12	The relevant government departments are withholding the process, as it is a historical issue and the time for issuing the permit has not yet been determined
Fiber Optic Expansion Plant in Technology Park	29,557,538.92	Property deeds in process
Technology Park Building 4-6 floors	15,124,842.95	The relevant government departments are withholding the process, as it is a historical issue and the time for issuing the permit has not yet been determined

21. Fixed assets

Unit: \$

sports event	Closing balance	Opening balance
fixed assets	563,351,115.48	582,749,081.46
add up the total	563,351,115.48	582,749,081.46

(1) Fixed assets

Unit: \$

sports event	building	Machinery and equipment	Transport equipment	Electronic equipment and others	add up the total
i. Original book value.					
1. Opening balance	335,684,101.13	750,684,578.37	10,354,067.62	181,812,261.49	1,278,535,008.61

2. Increase in the current period	26,542,987.05	27,598,738.41	287,298.05	13,436,933.94	67,865,957.45
(1) Acquisition	26,542,987.05	24,967,912.14	287,298.05	11,933,065.11	63,731,262.35
(2) Transfer from construction in progress		2,353,054.80		632,838.94	2,985,893.74
(3) Increase in business combinations					
(4) Other increases		277,771.47		871,029.89	1,148,801.36
3. Decrease in the current period		3,626,644.11	37,179.48	3,421,689.03	7,085,512.62
(1) Disposal or scrapping		3,271,949.56	37,179.48	2,246,131.10	5,555,260.14
(2) Other reductions		354,694.55		1,175,557.93	1,530,252.48
4. Closing balance	362,227,088.18	774,656,672.67	10,604,186.19	191,827,506.40	1,339,315,453.44
II. Accumulated depreciation					
1. Opening balance	116,266,029.98	447,492,319.36	7,811,690.75	123,116,946.24	694,686,986.33
2. Increase in the current period	13,691,573.56	52,720,023.83	874,068.82	18,495,972.44	85,781,638.65
(1) Accrual	13,691,573.56	52,560,753.83	874,068.82	18,086,987.58	85,213,383.79
(2) Other transfers in		159,270.00		408,984.86	568,254.86
3. Decrease in the current period		3,231,694.95	35,320.51	2,336,212.38	5,603,227.84
(1) Disposal or scrapping		2,955,124.54	35,320.51	1,860,715.09	4,851,160.14
(2) Other transfers out		276,570.41		475,497.29	752,067.70
4. Closing balance	129,957,603.54	496,980,648.24	8,650,439.06	139,276,706.30	774,865,397.14
III. Provision for impairment					
1. Opening balance	1,085,478.99			13,461.83	1,098,940.82
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period					
(1) Disposal or scrapping					
4. Closing balance	1,085,478.99			13,461.83	1,098,940.82
IV. Book value					
1. Closing book value	231,184,005.65	277,676,024.43	1,953,747.13	52,537,338.27	563,351,115.48

2. Opening book value	218,332,592.16	303,192,259.01	Full Annual Report 2020 2,542,376.87	58,681,853.42	582,749,081.46
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22. Work in progress

Unit: \$

sports event	Closing balance	Opening balance
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Construction in progress	348,491,672.17	174,365,568.17
add up the total	348,491,672.17	174,365,568.17

(1) Status of construction in progress

Unit: \$

sports event	Closing balance			Opening balance		
	Book balance	provision for impairment	book value	Book balance	provision for impairment	book value
Dongguan Optical Fiber Expansion Project	159,907,362.72		159,907,362.72	156,597,380.02		156,597,380.02
ERP project and production line equipment	7,387,707.08		7,387,707.08	9,766,115.62		9,766,115.62
Tefa Information Smart City Creative Exhibition Base Construction Project	179,110,779.75		179,110,779.75	6,650,472.56		6,650,472.56
Piecework	1,714,850.36		1,714,850.36	1,351,599.97		1,351,599.97
Infrastructure projects	370,972.26		370,972.26			
add up the total	348,491,672.17		348,491,672.17	174,365,568.17		174,365,568.17

(2) Changes in significant construction-in-progress projects during the period

Unit: \$

Project name	Budgeted figures	Opening balance	Increase for the period	Amount transferred to fixed assets during the period	Other decreases during the period	Closing balance	Cumulative investment in works as a percentage of budget	Project Progress	Accumulated amount of interest capitalized	Of which: amount capitalized as interest for the period	Current interest capitalization rate	Source of funding
Dongguan Optical Fiber Expansion Project	333,760,000.00	156,597,380.02	3,309,982.70			159,907,362.72	47.91%	unfinished	1,892,922.77	389,792.13	5.90%	other

Full Annual Report 2020												
Tefa Information Smart City Creative Exhibition Base Construction Project	500,000,000.00	6,650,472.56	174,400,659.35	1,940,352.16		179,110,779.75	36.21%	unfinis hed	2,388,340.47	2,388,340.47	5.19%	othe r
add up the total	833,760,000.00	163,247,852.58	177,710,642.05	1,940,352.16		339,018,142.47	--	--	4,281,263.24	2,778,132.60		--

23. Productive biological assets

24. Oil and gas assets

25. Right-to-use assets

26. Intangible assets

(1) Intangible assets

Unit: \$

spor ts even t	Land use rights	patent rights	Non-patented technology	(com pute r) soft ware	other	add up the tota l
I. Original book value						
1. Opening balance	141,977,896.27	18,174,566.74	54,246,532.70	17,268,534.20	1,611,350.00	233,278,879.91
2. Increase in the current period				5,421,053.11		5,421,053.11
(1) Acquisition				216,981.13		216,981.13
(2) In-house research and development						
(3) Increase in business combinations						
(4) Transfer from construction in progress				5,204,071.98		5,204,071.98
3. Decrease in the current period				376,354.50		376,354.50
(1) Disposal						
(2) Other reductions				376,354.50		376,354.50
4. Closing balance	141,977,896.27	18,174,566.74	54,246,532.70	22,313,232.81	1,611,350.00	238,323,578.52
II. Accumulated amortization						
1. Opening balance	27,210,687.77	11,741,232.82	29,610,812.10	8,042,587.63	1,611,350.00	78,216,670.32
2. Increase in the current period	3,709,707.38	1,805,235.17	7,300,279.66	2,179,640.58		14,994,862.79
(1) Accrual	3,709,707.38	1,805,235.17	7,300,279.66	2,156,119.96		14,971,342.17
(2) Other transfers in				23,520.62		23,520.62
3. Decrease in the current period				9,087.99		9,087.99
(1) Disposal						

(2) Other transfers out			Full Annual Report 2020	9,087.99		9,087.99
4. Closing balance	30,920,395.15	13,546,467.99	36,911,091.76	10,213,140.22	1,611,350.00	93,202,445.12
III. Provision for impairment						
1. Opening balance						
2. Increase in the current period						
(1) Accrual						
3. Decrease in the current period						

(1) Disposal						
4. Closing balance						
IV. Book value						
1. Closing book value	111,057,501.12	4,628,098.75	17,335,440.94	12,100,092.59		145,121,133.40
2. Opening book value	114,767,208.50	6,433,333.92	24,635,720.60	9,225,946.57		155,062,209.59

Intangible assets formed through in-house research and development accounted for 0.00% of the intangible asset balance at the end of the period.

27. Development expenditure

Unit: \$

sports event	Opening balance	Increase for the period		Decrease for the period			Closing balance
		Internal development expenditure	other	Recognition as intangible assets	Transfer to current period's profit or loss		
Measurement and control ground station data link system		38,045,798.57					38,045,798.57
add up the total		38,045,798.57					38,045,798.57

28. Goodwill

(1) Original book value of goodwill

Unit: \$

Name of investee or matters forming goodwill	Opening balance	Increase in the current period		Decrease for the period		Closing balance
		Formed by business combinations		disposals		
Shenzhen Tefa Information Optical Fiber Company Limited (Note 1)	1,335,182.66					1,335,182.66
Changzhou Tefa Huayin Wire & Cable Co.	1,968,049.26					1,968,049.26
Shenzhen Tefa Dongzhi Technology Company Limited (Note 3)	1,730,915.16					1,730,915.16
Chengdu Fourier Electronic Technology Co., Ltd (Note 4)	205,691,678.94					205,691,678.94
Beijing Shenzhou Feiyang Technology Company Limited (Note 5)	246,219,970.44					246,219,970.44

Sichuan Huatuo Optical Communication Company Limited (Note 6)	53,043,444.31	Full Annual Report	2020		53,043,444.31
Shenzhen Tefa Information Technology Services Company Limited (Note 7)		1,980,000.00			1,980,000.00
add up the total	509,989,240.77	1,980,000.00			511,969,240.77

(2) Provision for impairment of goodwill

Unit: \$

Name of investee or matters forming goodwill	Opening balance	Increase in current period		Decrease for the period		Closing balance
		set aside		disposals		
Shenzhen Tefa Information Fiber Co.						

Changzhou Tefa Huayin Wire & Cable Co.						
Chengdu Fourier Electronic Technology Co.	8,304,489.10					8,304,489.10
Shenzhen Tefa Dongzhi Technology Co.		1,730,915.16				1,730,915.16
Beijing Shenzhen Feiyang Technology Co.						
Sichuan Huatuo Optical Communication Co.						
add up the total	8,304,489.10	1,730,915.16				10,035,404.26

Information about the asset group or combination of asset groups in which the goodwill is located

Carrying value of goodwill		Asset group or combination of asset groups			
aggr egat e	Of which: attributed to minorities Goodwill of shareholde rs	Main components	book value	Determin ation method	Issued or not issued during the period shift
205,691,678.94		Long-term assets of Chengdu Fourier Electronic Technology Co.	219,677,366.59	An active market exists for the products produced by the asset group in which the goodwill is located, which can generate independent cash flows that can be Recognized as a separate asset group	deny
351,742,814.91	105,522,844.47	Long-term assets of Beijing Shenzhen Feiyang Technology Co.	370,637,202.84	An active market exists for the products produced by the asset group in which the goodwill is located, which can generate independent cash flows that can be Recognized as a separate asset group	deny
75,776,349.01	22,732,904.70	Long-term assets of Sichuan Huatuo Optical Communication Co.	126,390,578.83	An active market exists for the products produced by the asset group in which the goodwill is located, which can generate independent cash flows that can be Recognized as a separate asset group	deny

Describe the goodwill impairment testing process, key parameters (e.g. forecast period growth rate at present value of expected future cash flows, stabilization period growth rate, profitability, discount rate, forecast period, etc.) and the method of recognizing goodwill impairment losses.

The Company assessed the future recoverable amount of goodwill in the current year and, when testing for impairment of the relevant groups of assets or combinations of groups of assets containing goodwill, tested for impairment of the groups of assets or combinations of groups of assets that do not contain goodwill, calculated the recoverable amount and compared it with the relevant carrying amount to confirm whether an impairment loss had occurred. An impairment test is then performed on groups of assets or combinations of groups of assets that contain goodwill, comparing the carrying amount of these related groups of assets or combinations of groups of assets (including the portion of the carrying amount of goodwill apportioned) with their recoverable amounts, and if the recoverable amount of the related groups of assets or combinations of groups of assets is less than their carrying amounts, an impairment loss on goodwill should be recognized.

The recoverable amount of an asset or group of assets related to goodwill is determined based on the present value of estimated future cash flows. The pre-tax discount rates used to calculate the value in use were 15.25% for Chengdu Fuliye Electronic Technology Co., Ltd., 14.98% for Beijing Shenzhou Feiyang Technology Co., Ltd. and 13.47% for Sichuan Huatuo Optical Communication Co. Based on the current operating conditions, business characteristics, market supply and demand of the assets or asset groups related to goodwill, and taking into account factors such as the sales period of the major assets included in the asset groups, the present value of the estimated future cash flows of the assets or asset groups was calculated and determined on the basis of cash flow projections for future periods of 1-5 years. Other key assumptions used in projecting future cash flows are that there will be no significant changes in the asset's main business structure, cost composition of revenues, production capacity, etc., over the future operating period.

Impact of goodwill impairment testing

Based on the results of the impairment

test, goodwill was not impaired

during the year. Other notes

Note 1: The goodwill arose from the consolidation of Shenzhen Tefa Information Optical Fiber Company Limited under non-identical control of the Company in 2010. After the goodwill was tested for impairment at the end of the period, no impairment occurred and therefore no provision for impairment of goodwill was made.

Note 2: The goodwill arose from the consolidation of Changzhou Tefa Huayin Wire and Cable Company Limited under non-same control in 2013.

Note 3: The goodwill arose from the consolidation of Shenzhen Tefa Dongzhi Technology Co., Ltd. under non-same control of the Company in 2015. After the goodwill was tested for impairment at the end of the period, the Company provided a goodwill impairment provision of RMB1,730,915.16 based on the difference between the carrying value of the goodwill asset group and its recoverable amount. See Note VII.28(2) for details of the goodwill impairment testing process at the end of the period.

Note 4: The goodwill arose from the consolidation of Chengdu Fuliye Electronic Technology Co., Ltd. under non-same control of the Company in 2015. After the goodwill was tested for impairment at the end of the previous period, the Company made a provision for goodwill impairment of RMB8,304,489.10 based on the difference between the carrying value of the goodwill asset group and its recoverable amount. As a result of the impairment test of goodwill at the end of the period, no impairment occurred. The process of goodwill impairment testing at the end of the period is detailed in Note VII.28(2).

Note 5: The goodwill arose from the consolidation of Beijing Shenzhou Feiyang Technology Co., Ltd. under non-same control of the Company in fiscal 2018, and the goodwill was tested for impairment at the end of the period and no impairment occurred, therefore no provision for impairment of goodwill was made. See Note VII.28(2) for details of the goodwill impairment testing process at the end of the period.

Note 6: The goodwill arose from the Company's non-simultaneously controlled consolidation of Sichuan Huatuo Optical Communication Co. in fiscal 2019, and the goodwill was tested for impairment at the end of the period and no impairment occurred, therefore no provision for impairment of goodwill was made. See Note VII.28(2) for details of the goodwill impairment testing process at the end of the period.

Note 7: The goodwill arose from the Company's non-simultaneously controlled consolidation of Shenzhen Tefa Information Technology Service Co., Ltd. in fiscal 2020. After the goodwill was tested for impairment at the end of the period, no impairment occurred and therefore no provision for impairment of goodwill was made. For details of the impairment testing process of goodwill at the end of the period, please refer to Note VII.28(2).

29. Long-term amortization

Unit: \$

spor ts even t	Opening balance	Increase for the period	Amortization amount for the period	Other reductions	Closing balance
Renovation and refurbishment works	19,904,045.21	12,289,734.95	9,011,111.56		23,182,668.60
D Building alterations and circuit repairs	884,338.49		706,679.99		177,658.50
Base stations and network terminals	4,282,961.58		37,409.87		4,245,551.71
Other minor works	61,141.56		41,015.56		20,126.00
add up the total	25,132,486.84	12,289,734.95	9,796,216.98		27,626,004.81

30. Deferred income tax assets/deferred income tax liabilities**(1) Deferred income tax assets not offset**

Unit: \$

sports event	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	250,278,991.69	36,006,765.24	206,215,503.71	30,957,435.55
Unrealized profit on internal transactions	3,004,578.57	469,053.97	3,692,855.21	564,671.71
Deferred revenue	31,406,560.16	4,710,984.03	41,068,665.35	6,160,299.80
Withholding costs			12,318,583.64	1,847,787.55
depreciation and amortization			443,913.62	66,587.04
workforce remuneration	22,618,702.83	3,392,805.41	22,097,935.90	3,314,690.38
Deductible losses	38,950,456.44	8,490,724.42	12,468,896.88	1,870,334.53
Projected liabilities	25,412,385.67	5,306,728.18	35,378,187.84	5,306,728.18

other			8,186,838.31	1,228,025.75
add up the total	371,671,675.36	58,377,061.25	341,871,380.46	51,316,560.49

(2) Deferred income tax liabilities without offsetting

Unit: \$

sports event	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Appreciation in asset valuation of non-simultaneously controlled business combinations	19,518,333.74	2,927,750.06	36,142,537.60	5,421,380.64
Gain on disposal of assets of Tyco Building	210,889,582.66	31,633,437.40	210,889,582.66	31,633,437.40
Performance-based compensation receivable	212,024,283.32	31,803,642.50	60,111,501.92	9,016,725.29
Accelerated depreciation of fixed assets	13,913,232.13	2,086,984.82	5,142,402.53	771,360.38
add up the total	456,345,431.85	68,451,814.78	312,286,024.71	46,842,903.71

(3) Deferred income tax assets or liabilities presented as net of offsetting

Unit: \$

sports event	Amounts of deferred income tax assets and liabilities offset at the end of the period	Closing balance of deferred income tax assets or liabilities after offsetting	Opening offsetting amount of deferred income tax assets and liabilities	Opening balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets		58,377,061.25		51,316,560.49
Deferred income tax liabilities		68,451,814.78		46,842,903.71

31. Other non-current assets

Unit: \$

sports event	Closing balance			Opening balance		
	Book balance	provision for impairment	book value	Book balance	provision for impairment	book value
Advances for the acquisition of fixed assets and other long-term	17,590,380.51		17,590,380.51	12,297,813.02		12,297,813.02

assets			Full Annual	Report 2020		
Property compensation for relocation back to Tyco Building (Note)	211,088,962.40		211,088,962.40	211,088,962.40		211,088,962.40
add up the total	228,679,342.91		228,679,342.91	223,386,775.42		223,386,775.42

Other notes.

Note: In the previous period, the Company and Shenzhen Hengli Science and Technology Industrial Co., Ltd (hereinafter referred to as "Shenzhen Hengli") entered into the "Relocation Compensation and Resettlement Agreement of Hengli Science and Technology Park Renewal Project of Meilin Street, Futian District" (hereinafter referred to as the "Relocation Agreement"). (hereinafter referred to as the "Relocation Agreement"), the Relocation Agreement stipulates that Shenzhen Hengli shall be responsible for the relocation of a total of 6 sets of real estate located in the 1st floor of the 1st building of Changhong Industrial Factory in Meilin Industrial Zone, Futian District, Shenzhen, Guangdong Province (hereinafter referred to as the "Tyco Building") and provide compensation for the relocated properties, and Shenzhen Hengli shall deliver the relocated properties to the Company within 48 months from the date of signing of the "Confirmation of Delivery of Relocated Properties". The property shall be delivered to the Company within 48 months from the date of signing of the Confirmation of Delivery of the relocated property.

According to the Real Estate Market Value Appraisal Report (Pengxin Housing Appraisal [2019]No. 132) by Shenzhen Pengxin Asset Appraisal Land and Real Estate Estimation Company Limited, the fair value was RMB216,708,600.00. The Company recognized the fair value of Tyco Building at RMB216,708,600.00 less the compensation received for renovation, relocation fee, discontinuation of production and business subsidy and compensation for the retirement of leased properties totaling RMB5,619,637.60 as

Other non-current assets - Tyco Building reimbursement for moving back to the property.

32. Short-term borrowings

(1) Classification of short-term loans

Unit: \$

sports event	Closing balance	Opening balance
guaranteed loan	204,306,937.86	171,830,000.00
credit facility	2,617,718,155.04	1,158,105,031.50
Pledge + Guarantee Borrowing	19,200,000.00	19,200,000.00
Secured + guaranteed borrowing		20,000,000.00
add up the total	2,841,225,092.90	1,369,135,031.50

33. Financial liabilities held for trading

34. Derivative financial liabilities

35. Notes payable

Unit: \$

type	Closing balance	Opening balance
commercial promissory note	384,695,721.25	476,881,642.55
banker's acceptances	389,757,723.58	471,062,410.21
add up the total	774,453,444.83	947,944,052.76

36. Accounts payable

(1) Presentation of accounts payable

Unit: \$

sports event	Closing balance	Opening balance
Within 1 year	992,637,925.52	733,840,444.83
1 to 2 years	62,810,637.25	100,008,336.91
2 to 3 years	33,132,294.74	67,069,791.97
More than 3 years	51,150,854.32	40,601,948.95
add up the total	1,139,731,711.83	941,520,522.66

(2) Significant accounts payable aged more than 1 year

Unit: \$

sports event	Closing balance	Reasons for non-reimbursement or carry-over
Chongqing Tefa Bohua Optical Cable Co.	5,423,743.79	Associates in liquidation, payment to be made after liquidation
Beijing Hengyuanhua Information Technology Co.	4,092,739.46	Non-payment for failure to meet contract requirements
Draka Comteq France	3,264,787.46	Non-payment for failure to meet contract requirements
add up the total	12,781,270.71	--

37. Receipts in advance

(1) Presentation of receipts in advance

Unit: \$

sports event	Closing balance	Opening balance
rent	5,429,259.44	7,007,963.35
add up the total	5,429,259.44	7,007,963.35

38. Contractual liabilities

Unit: \$

sports event	Closing balance	Opening balance
payment for goods	631,232,797.67	99,189,192.81
add up the total	631,232,797.67	99,189,192.81

39. Payables to employees

(1) Presentation of payables to employees

Unit: \$

sports event	Opening balance	Increase in the current period	Decrease for the period	Closing balance
I. Short-term remuneration	140,556,385.00	457,323,084.72	483,646,183.68	114,233,286.04
II. Post-employment benefits - defined contribution plan	616,820.75	12,113,744.37	12,044,926.23	685,638.89
III. Termination benefits	3,339,758.12	1,532,959.41	1,532,959.41	3,339,758.12
add up the total	144,512,963.87	470,969,788.50	497,224,069.32	118,258,683.05

(2) Presentation of short-term remuneration

Unit: \$

sports event	Opening balance	Increase in current period	Decrease for the period	Closing balance
1. Salaries, bonuses, allowances and subsidies	104,992,513.95	402,958,997.62	407,683,035.73	100,268,475.84
2. Employee benefit costs		23,572,400.29	23,572,400.29	
3. Social security contributions	122,659.51	8,820,484.96	8,446,165.55	496,978.92
Of which: health insurance premiums	108,680.37	7,728,209.00	7,406,388.61	430,500.76
Workmen's compensation insurance premiums	4,479.85	208,327.48	209,489.35	3,317.98
Maternity insurance premiums	9,499.29	883,948.48	830,287.59	63,160.18
4. Housing Provident Fund	4,861.24	15,275,117.09	15,273,303.33	6,675.00
5. Trade union funding and staff education funding	25,168,790.30	6,349,356.10	18,716,249.72	12,801,896.68
7. Short-term profit-sharing schemes	10,267,560.00		9,608,300.40	659,259.60
VIII. Other short-term remuneration		346,728.66	346,728.66	
add up the total	140,556,385.00	457,323,084.72	483,646,183.68	114,233,286.04

(3) Presentation of defined contribution plans

Unit: \$

sports event	Opening balance	Increase in the current period	Decrease for the period	Closing balance
1. Basic pension insurance	237,132.04	6,597,512.23	6,542,525.66	292,118.61
2. Unemployment insurance premiums	8,028.44	263,162.03	269,012.75	2,177.72
3. Enterprise annuity contributions	371,660.27	5,253,070.11	5,233,387.82	391,342.56
add up the total	616,820.75	12,113,744.37	12,044,926.23	685,638.89

40. Taxes and fees payable

Unit: \$

sports event	Closing balance	Opening balance
value-added tax (VAT)	29,411,369.91	38,765,958.30
corporate income tax	41,812,430.63	17,837,547.78

	Full Annual Report 2020	
personal income tax	360,406.47	665,192.74
city maintenance and construction tax	2,231,368.07	3,057,128.88
Education surcharge (including local education surcharge)	1,686,439.07	2,244,337.74
Stamp duty and others	1,897,610.54	1,293,180.91
add up the total	77,399,624.69	63,863,346.35

41. Other accounts payable

Unit: \$

sports event	Closing balance	Opening balance
interest due	4,082,267.46	2,135,247.75
dividend payable	1,533,830.67	1,297,224.01
Other accounts payable	277,470,743.47	278,327,240.68
add up the total	283,086,841.60	281,759,712.44

(1) interest due

Unit: \$

sports event	Closing balance	Opening balance
Interest on long-term borrowings payable in instalments and principal repayments	103,727.08	164,795.13
Corporate bond interest	635,430.55	14,357.92
Interest payable on short-term borrowings	3,343,109.83	1,956,094.70
add up the total	4,082,267.46	2,135,247.75

(2) dividend payable

Unit: \$

sports event	Closing balance	Opening balance
ordinary share dividend	1,533,830.67	
Dividends payable by subsidiaries to minority shareholders		1,297,224.01
add up the total	1,533,830.67	1,297,224.01

(3) Other accounts payable

1) Other accounts payable by nature of payment

Unit: \$

sports event	Closing balance	Opening balance
Related-unit transactions	1,376,791.80	2,254,331.50
Equipment engineering payments	32,620,143.34	37,696,560.10
Deposits and security deposits	34,087,805.33	35,235,799.66
Service accrual	37,435,490.92	58,418,339.46
Current payments and other	171,950,512.08	144,722,209.96

add up the total	277,470,743.47	Full Annual Report 2020 278,327,240.68
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2) Significant other payables aged over 1 year

Unit: \$

sports event	Closing balance	Reasons for non-reimbursement or carry-over
China Huaxi Enterprise Co.	24,448,981.79	Contract payment nodes not met
add up the total	24,448,981.79	--

42. Liabilities held for sale

43. Non-current liabilities due within one year

Unit: \$

sports event	Closing balance	Opening balance
Long-term loans due within one year	18,218,665.13	34,991,701.84
add up the total	18,218,665.13	34,991,701.84

44. Other current liabilities

Unit: \$

sports event	Closing balance	Opening balance
Taxes to be transferred	58,904,050.31	14,296,114.17
add up the total	58,904,050.31	14,296,114.17

45. Long-term borrowings

(1) Classification of long-term loans

Unit: \$

sports event	Closing balance	Opening balance
secured loan	58,537,643.36	113,610,040.84
guaranteed loan	16,262,575.09	18,809,420.83
credit facility	454,983,979.62	5,673,301.20
Less: Long-term loans due within one year	-18,218,665.13	-34,991,701.84
add up the total	511,565,532.94	103,101,061.03

46. Bonds payable

(1) Bonds payable

Unit: \$

sports event	Closing balance	Opening balance
Convertible corporate bonds - face value	609,321,100.00	68,156,500.00
Convertible bonds - interest adjustment	-97,747,216.32	-10,638,378.03
add up the total	511,573,883.68	57,518,121.97

(2) Changes in bonds payable (excluding other financial instruments such as preference shares and perpetual debt classified as financial liabilities)

Unit: \$

Name of the bond	par value	Issue Date	Duration of bonds	Issue amount	Opening balance	Current Issue	Interest accrued at par	amortization of premium and discount	Current reimbursement	Amount transferred during the period	Closing balance
special issue of convertible bonds	100.00	2018-11-16	5 years	419,400,000.00	57,518,121.97		394,684.11	4,047,401.31		8,835,400.00	52,730,123.28
special issue of convertible bonds 2	100.00	2020-08-07	5 years	550,000,000.00		458,843,760.40	660,000.00				458,843,760.40
add up the total	--	--	--	969,400,000.00	57,518,121.97	458,843,760.40	1,054,684.11	4,047,401.31		8,835,400.00	511,573,883.68

(3) Description of conversion conditions and timing of conversion of convertible corporate bonds

①Tefa Convertible Bond

As approved by the China Securities Regulatory Commission (CSRC) under the document "Securities Regulatory License [2018] No. 1627", the Company publicly issued 4,190,400,000 convertible corporate bonds with a face value of RMB100 each on 16 November 2018, for a total issue amount of RMB419.4 million. The annual coupon rates of the bonds are 0.4% in the first year, 0.6% in the second year, 1.0% in the third year, 1.5% in the fourth year and 2.0% in the fifth year. The annual interest payment date is the date of each full year from the first date of issue of the convertible bonds in this issue.

The initial conversion price of the convertible bonds issued is RMB6.78 per share, and the

conversion period of the convertible bonds issued shall commence on the first trading day six months after the date of closing of the issue (November 22, 2018, i.e. the date when the proceeds are transferred to the account of the issuer) and end on the maturity date of the convertible bonds (i.e. from May 22, 2019 to November 1, 2023). In the event that the Company pays stock dividends, increases its share capital, issues additional new shares or allotments, or pays cash dividends during the life of the bonds, the conversion price will be adjusted accordingly. As considered and approved at the 2018 annual general meeting of the Company, the Company implemented a profit distribution and capitalisation of capital reserve scheme for 2018: a cash dividend of RMB0.45 (including tax) for every 10 shares, together with the transfer of 2 shares for every 10 shares to all shareholders from capital reserve. According to the relevant regulations and the Company's Prospectus, the conversion price of the convertible bonds was adjusted from RMB6.78 per share to RMB5.61 per share, and the adjusted conversion price became effective on 16 May 2019. The number of debt conversion shares for the period was 62,608,604.00 shares, and the face value of the convertible bonds was reduced by RMB351,243,500.00 as a result of the debt conversion.

As considered and approved at the 2019 annual general meeting of the Company, the Company implemented a profit distribution plan for 2019: a cash dividend of RMB0.69 (including tax) for every 10 shares. In accordance with the relevant regulations and the Company's Prospectus, the conversion price of the convertible bonds was adjusted from RMB5.61 per share to RMB5.54 per share, and the adjusted conversion price became effective on 30 June 2020. The number of debt conversion shares for the period was 1,575,866.00 shares, and the face value of the convertible bonds was reduced by RMB8,835,400.00 due to the conversion of debt.

Redemption at maturity clause: Within five trading days after the expiry of the convertible bonds issued, the Company will redeem the convertible bonds issued at a price of 15% of the face value of the convertible bonds.

108.00% (including the last interest period) to redeem all outstanding convertible bonds from investors.

Conditional redemption clause: During the conversion period of the convertible bonds issued in this issue, if the closing price of the Company's A shares for at least fifteen trading days out of thirty consecutive trading days is not less than 130% of the current conversion price (inclusive), or the unconverted balance of the convertible bonds issued in this issue is less than RMB3,000

At the end of the year, the Company has the right to redeem all or part of the convertible bonds that have not been converted at the price of the face value of the bonds plus accrued interest for the period.

Resale clause: (1) Conditional resale clause In the last two interest-bearing years of the convertible bonds issued, if the closing price of the Company's shares for any thirty consecutive trading days is lower than 70% of the conversion price for the current period, the convertible bondholders shall have the right to sell back to the Company all or part of the convertible bonds held by them at the price of the face value of the bonds plus the accrued interest for the current period. (2) Additional resale clause If there is a material change in the implementation of the use of the proceeds from the issue of convertible bonds compared with the Company's commitment in the prospectus, and such change is deemed by the CSRC as a change in the use of the proceeds, the convertible bondholders shall have the right to sell back all or part of the convertible bonds held by them to the Company at face value plus accrued interest for the current period. Under the above circumstances, holders of convertible bonds may resell within the resale reporting period and shall not exercise the additional resale right if they do not implement the resale within the resale reporting period.

②Tefa Convertible Bond 2

Approved by the China Securities Regulatory Commission (CSRC) under the document "Securities Regulatory License [2020] No. 1078", the Company issued 5,500,000 convertible corporate bonds with a face value of RMB100 each on August 07, 2020, for a total issue amount of RMB550 million. The annual coupon rates of the bonds are 0.3% in the first year, 0.5% in the second year, 1.0% in the third year, 1.5% in the fourth year and 1.8% in the fifth year. The annual interest payment date is the date of each full year from the first day of the issue of the convertible bonds.

The initial conversion price of the convertible bonds issued is RMB12.33 per share, and the conversion period of the convertible bonds issued shall commence on the first trading day six months after the date of closing of the issue (August 13, 2020, i.e. the date when the proceeds are transferred to the account of the issuer) and end on the maturity date of the convertible bonds (i.e. from February 13, 2021 to August 06, 2025). The conversion price will be adjusted accordingly in the event that the Company pays stock dividends, increases its share capital, issues new shares or allotments, or pays cash dividends during the life of the bonds.

Maturity redemption clause: Within 5 trading days after the expiry of the convertible bonds issued, the Company will redeem all the unconverted convertible bonds from investors at 110% of the face value of the convertible bonds (including the latest interest).

Conditional redemption clause: During the conversion period of the convertible bonds issued, if the closing price of the Company's A shares for at least fifteen out of thirty consecutive trading days is not less than 130% of the current conversion price (inclusive), or if the unconverted balance of the convertible bonds issued is less than RMB30 million, the Company shall have the right to redeem all or part of the unconverted convertible bonds at the price of the face value of the bonds plus accrued interest for the current period.

The convertible bonds.

Resale clause: (1) Conditional resale clause In the last two interest-bearing years of the convertible bonds issued, if the closing price of the Company's shares for any thirty consecutive trading days is lower than 70% of the conversion price for the current period, the convertible bondholders shall have the right to sell back to the Company all or part of the convertible bonds held by them at the price of the face value of the bonds plus the accrued interest for the current period. (2) Additional resale provisions If there is a material change in the implementation of the investment projects of the proceeds of the convertible bonds issued by the Company as compared with the commitment of the Company in the prospectus, and such change is deemed to be a change in the use of the proceeds according to the relevant regulations of the CSRC or is deemed by the CSRC to be a change in the use of the proceeds, the holders of the convertible bonds shall have the right to resell once. Holders of convertible bonds have the right to sell back to the Company all or part of the convertible bonds held by them at the face value of the bonds plus the accrued interest for the current period. Holders may sell back within the additional resale reporting period announced by the Company after the additional resale conditions are met, and if the additional resale is not implemented within such additional resale reporting period, the additional resale right cannot be exercised again.

47. Lease liabilities

48. Long-term accounts payable

49. Long-term employee compensation payable

50. Projected liabilities

Unit: \$

spor ts even t	Closing balance	Opening balance	Causes of formatio n
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Outstanding litigation	25,412,385.67	25,578,777.84	
Product Quality Assurance		9,799,410.00	
add up the total	25,412,385.67	35,378,187.84	--

Other notes, including important assumptions, estimates and statements of significant projected liabilities.

Of the significant projected liabilities, the status of pending litigation is described in Note XIV, 2, Contingencies.

51. Deferred revenue

Unit: \$

spor ts even t	Opening balance	Increase in current period	Decrease for the period	Closing balance	Causes of formatio n
Government grants	54,747,116.45	7,537,574.00	19,634,439.78	42,650,250.67	
add up the total	54,747,116.45	7,537,574.00	19,634,439.78	42,650,250.67	--

Projects involving government grants.

Unit: \$

Liability items	Opening balance	Amount of new grants for the period	Amount charge d to non- operat ing income during the period	Amount charged to other income during the period	Amount charge d to costs during the period	Othe r chan ges	Closing balance	Asset- related/ revenue- related
Mianyang Science and Technology City Military-Civilian Fusion High Technology Industry Cluster Development Project	11,200,000.00						11,200,000.00	Asset- related
Broadband access technology for building a full coverage of information network in smart cities	7,457,250.09			883,510.50			6,573,739.59	Asset- related

Grant for 10GPON product intelligent production line renovation project	5,952,577.87			748,425.96			5,204,151.91	Asset-related
Project for the development of multi-circuit optical cable security warning equipment	4,927,053.75			4,927,053.75				Asset-related
Key technology development grant for fire and corrosion resistant special alloy material fiber optic cable	3,000,000.00			2,350,724.56			649,275.44	Asset-related
Key technology R&D project for ultra-fine single-mode optical fiber	2,800,000.00			48,361.07			2,751,638.93	Asset-related
Heavy 20170679 Development of fiber optic transport xPON/10GPON products and intelligent production	2,572,752.79			1,041,042.38			1,531,710.41	Asset-related
Enterprise Technology Center Construction Project	2,261,169.32			828,605.13			1,432,564.19	Asset-related
Transmission line image intelligent patrol	2,250,000.00	2,250,000.00		3,141,863.57			1,358,136.43	Asset-related

inspection system								
The first batch of science and technology plan projects in 2019 Technology Tackling Deep Science and Technology Innovation	2,250,000.00	2,250,000.00					4,500,000.00	Asset-related
Subsidy for Dongzhi recognized municipal-level enterprise technology center	1,752,913.59			431,732.04			1,321,181.55	Asset-related
New generation thermal stress fiber optic sensing and communication technology research	1,264,200.00			421,400.00			842,800.00	Asset-related
National-level Enterprise Technology Center Funding	1,200,000.00			600,000.00			600,000.00	Asset-related
Funding for industrial technology advancement	951,936.85			344,254.00			607,682.85	Asset-related
Subsidies for imported equipment in 2018	735,532.80			91,941.60			643,591.20	Asset-related
Special funds for the development of autonomous innovation industries	572,193.65			572,193.65				Asset-related
Other sporadic items	3,599,535.74	3,037,574.00		3,203,331.57			3,433,778.17	Asset-related

52. Other non-current liabilities

53. Share capital

	Opening balance	Increase or decrease in this change (+, -)					Closing balance
		issue new shares	a share grant	Conversion of provident funds to shares	other	Subtotal	
Total number of shares	815,002,299.00				1,575,867.00	1,575,867.00	816,578,166.00

Other notes.

Note: Other increase in share capital during the period is due to the increase in conversion of convertible corporate bonds. For details on the changes in share capital, see note 3, Basic information about the company described.

54. Other equity instruments

- (1) Basic information on other financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period
- (2) Statement of changes in financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period

Unit: \$

Financial instruments issued outside	beginning of a period		Increase in the current period		Decrease for the period		end of term	
	quantities	book value	quantities	book value	quantities	book value	quantities	book value
Value of equity component of Tefa convertible bonds		13,349,748.83				1,730,581.40		11,619,167.43

Value of equity component of Tefa convertible bonds 2				94,825,930.45				94,825,930.45
add up the total		13,349,748.83		94,825,930.45		1,730,581.40		106,445,097.88

Changes in other equity instruments during the period, explanation of the reasons for the changes and the basis for the related accounting treatment.

Note: The decrease in other equity instruments for the period was due to the conversion of convertible corporate bonds.

55. Capital surplus

Unit: \$

sports event	Opening balance	Increase in current period	Decrease for the period	Closing balance
Capital premium (equity premium)	887,510,203.06	7,772,326.17		895,282,529.23
Other capital surplus	34,386,428.36			34,386,428.36
add up the total	921,896,631.42	7,772,326.17		929,668,957.59

Other notes, including information on changes during the period and reasons for changes.

Note: Capital surplus - equity premium increased by \$7,772,326.17 during the period, of which \$7,772,326.17 was increased by the conversion of the Company's convertible corporate bonds.

56. Inventory Unit

57. Other comprehensive income

Unit: \$

sports event	Opening balance	Current period occurrences						Closing balance
		Incurring before income tax for the period	Less: Transfer from prior periods to other comprehensive income in the current period credit to profit or loss	Less: Transfer from prior periods to other comprehensive income in the current period income from retained earnings	Less: Income tax expense usefulness	Attributable to the parent company after tax	Attributable to minority shareholders after tax	

	Full Annual Report 2020							
II. Other comprehensive income to be reclassified to profit or loss	-197,049.06	-2,370,275.63				-2,194,653.07	-175,622.56	-2,391,702.13
Translation differences on foreign currency financial statements	-197,049.06	-2,370,275.63				-2,194,653.07	-175,622.56	-2,391,702.13
Total other comprehensive income	-197,049.06	-2,370,275.63				-2,194,653.07	-175,622.56	-2,391,702.13

58. Special reserve

59. Surplus reserve

Unit: \$

spor ts even t	Opening balance	Increase in the current period	Decrease for the period	Closing balance
statutory surplus	91,411,590.06	32,605,348.09		124,016,938.15
add up the total	91,411,590.06	32,605,348.09		124,016,938.15

60. Undistributed profits

Unit: \$

spor ts even t	curr ent peri od	prev ious peri od
Unallocated profit at the end of the previous period before adjustments	1,072,371,799.68	805,484,847.35
Adjustment to unappropriated profit at the beginning of the period	1,072,371,799.68	805,484,847.35
Add: Net profit attributable to owners of the parent for the period	11,445,456.46	323,176,298.40
Less: withdrawal of statutory surplus	32,605,348.09	28,074,582.50
Dividends payable on ordinary shares	56,338,278.72	28,214,763.57
Unallocated profit at the end of the period	994,873,629.33	1,072,371,799.68

Adjustments to the breakdown of unallocated profit at the beginning of the period.

- 1)The effect of the retrospective adjustment due to ASBE and its related new provisions on opening unappropriated profit for the period was \$0.00.
- 2)The change in accounting policy affected opening unappropriated earnings by \$0.00.
- 3)The effect on opening unappropriated earnings was \$0.00 due to the correction of a material accounting error.
- 4)The change in the scope of consolidation due to the same control affected opening unappropriated earnings by \$0.00.
- 5)Other adjustments totaling \$0.00 affected opening unappropriated earnings.

61. Operating income and operating costs

Unit: \$

spor ts even t	Current period occurrence s		Prior- period occurrence s	
	inco me	cost	income	cost
Main Business	4,579,221,292.85	3,755,458,009.42	4,502,729,181.77	3,727,884,592.84
Other operations	143,206,964.67	85,051,870.60	153,181,876.02	93,495,562.79
add up the total	4,722,428,257.52	3,840,509,880.02	4,655,911,057.79	3,821,380,155.63

Whether the lower of audited net profit before or after extraordinary gain or loss is negative

√ Yes □ No

Unit: \$

spor ts even t	2020	2019	note
revenues	4,722,428,257.52	4,655,911,057.79	not

Operating income deductions	143,206,964.67	Full Annual Report 2020 153,181,876.02	Income from operations not related to the main business
Of which.			
rental income	94,074,361.05		Leased out to the public, not related to the main business
Revenue from sales of materials	22,091,359.53		Sales of materials, not related to the main business
other	27,041,244.09		Other income not related to the main business
Subtotal income from operations not related to the main business	143,206,964.67	153,181,876.02	not
Subtotal income without commercial substance	0.00	0.00	The company has no income that does not have commercial substance

Amount of operating income after deductions	4,579,221,292.85	4,502,729,181.77	not
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62. Taxes and surcharges

Unit: \$

sports event	Current period occurrences	Prior-period occurrences
city maintenance and construction tax	5,498,893.86	8,480,526.55
additional education fee	4,377,705.84	6,273,619.20
property tax	6,047,353.50	6,055,532.81
Land use tax	675,632.04	605,311.20
Stamp duty and others	5,998,940.51	4,181,896.50
add up the total	22,598,525.75	25,596,886.26

63. Cost of goods sold

Unit: \$

sports event	Current period occurrences	Prior-period occurrences
workforce remuneration	59,385,598.13	49,408,954.36
transport costs	40,832,333.86	41,288,228.01
Operational services costs	16,325,939.71	21,399,836.38
Travel and conference costs	11,759,926.32	14,944,926.19
Tender costs	9,767,411.87	11,327,401.04
office expenses	5,249,981.95	5,435,925.45
Exhibition fees	3,409,757.17	3,104,488.06
other	10,056,974.16	8,763,098.89
add up the total	156,787,923.17	155,672,858.38

64. Management costs

Unit: \$

sports event	Current period occurrences	Prior-period occurrences
workforce remuneration	82,716,849.59	68,359,209.31
Depreciation and amortization	20,878,438.42	21,377,092.73
Audit consultancy and litigation fees	12,772,808.29	12,068,606.14
Office and communication costs	8,263,453.19	8,451,418.28

Full Annual Report 2020		
operating expense	3,851,321.18	4,780,124.82
Travel and conference costs	3,216,145.30	3,731,119.94

other	9,291,939.84	9,971,799.90
add up the total	140,990,955.81	128,739,371.12

65. Research and development costs

Unit: \$

sports event	Current period occurrences	Prior-period occurrences
workforce remuneration	110,581,066.06	113,228,000.83
Material costs	74,262,573.88	97,558,123.87
Depreciation and amortization	13,284,845.12	11,898,682.11
Office and communication costs	10,549,967.51	11,875,458.89
Intermediary agency fees	5,802,412.79	6,385,615.92
business travel expenses	2,809,237.92	3,793,046.22
Other costs	6,940,581.79	6,088,662.57
add up the total	224,230,685.07	250,827,590.41

66. Finance costs

Unit: \$

sports event	Current period occurrences	Prior-period occurrences
Interest expenses	116,930,807.92	88,696,163.19
Less: Interest income	10,986,958.44	9,396,409.92
Foreign exchange gains and losses	20,753,940.59	-986,989.61
Handling fees and others	6,829,176.84	2,131,445.90
add up the total	133,526,966.91	80,444,209.56

67. Other gains

Unit: \$

Sources of other revenue generation	Current period occurrences	Prior-period occurrences
Industrial growth incentives	6,753,600.00	4,419,300.00
Development of multiplexed fiber optic cable security warning equipment	4,531,053.75	3,072,946.25
Other grants	4,085,050.41	3,866,227.58
Job Stabilization Allowance	3,946,304.46	728,784.71
Transmission line image intelligent inspection system	3,029,563.57	
Enterprise Research and Development Grant	2,443,000.00	9,696,000.00

Technology research and development grant for key technology of fire and corrosion resistant special alloy material optical cable	Full Annual Report 2020 2,350,724.56	
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National level innovation carrier support program (received innovation award)	2,000,000.00	
Shenzhen Nanshan District Finance Bureau Short-term flow loan subsidy project for listed companies	2,000,000.00	
Grant for 10GPON product intelligent production line renovation project	1,789,468.34	1,674,958.49
Shenzhen Social Insurance Fund Administration Unemployment Insurance Fee Refund	1,394,638.33	
Refund of handling fees	1,264,746.41	
Outbreak grants	1,170,274.67	
Cost reduction funding for commercial and industrial electricity consumption in Shenzhen	908,186.92	1,612,271.51
Government Subsidized Tech City Talent Program (Excellence Program) Project	900,000.00	
Project on broadband access technology for building full coverage of information networks in smart cities	883,510.50	347,541.62
Grant from Shenzhen Science and Technology Innovation Commission	865,000.00	
Shenzhen Science and Technology Commission 2018 R&D Input Support	833,000.00	
Shenzhen-level enterprise technology center construction funding	828,605.13	360,547.31
Shenzhen Bureau of Industry and Information Technology Loan Subsidy	720,000.00	
Shenzhen Social Security Bureau refund unemployment insurance	675,406.69	
KIC -Enterprise Research and Development Grant	675,000.00	
Enterprise technology centre subsidy	600,000.00	1,800,000.00
Next Generation Intelligent High Broadband WLAN Base Station Transmission Equipment R&D Project	588,451.10	84,619.56
Special funds for the development of autonomous innovation industries	572,193.65	1,112,866.20
Shenzhen Science and Technology Innovation Commission High-tech Division 2019 Enterprise R&D Funding Batch 1 Grant	560,000.00	
Wushu New Economy Bureau "Double Innovation" Grant	550,000.00	
Shenzhen Futian District Enterprise Development Service Center Advanced Manufacturing Industry Business Support Second and Third Quarter Grants	540,000.00	
Shenzhen Science and Technology Commission 2019 R&D Project Funding	527,000.00	
Shenzhen Nanshan District Bureau of Industry and Information Technology Loan Subsidy	500,000.00	
Subsidy for Dongzhi recognized municipal-level enterprise technology center	431,732.04	431,732.04
New generation thermal stress fiber optic sensing and communication technology research	421,400.00	421,400.00
Fuling New Town Administrative Committee Finance and Financial Management Department High-tech Product Incentive Grant	380,000.00	
Funding for industrial technology advancement	344,254.00	298,105.32
Special funds for military-civilian integration	308,500.00	1,071,600.00
Fuling New Town Management Committee Finance and Financial	300,000.00	

Management Department Special Funds for Special Carriers	Full Annual Report 2020	
Zhonglou District Innovation Capacity Special Fund	250,000.00	
Research and development project on intelligent multi-format terminal equipment for autonomous satellites	191,900.04	191,900.04
Subsidies for imported equipment	136,968.24	91,941.60
Heavy 20160535 Research and Development Project on Key Technology of Ultra-fine Single-mode Optical Fiber	48,361.07	1,200,000.00
VAT refundable on demand	5,654.01	896,493.46

Nanshan District Independent Innovation Industry Development Special Fund Support Project		2,551,600.00
2019 Shenzhen Enterprise Informatization Construction Support Plan - Production Process Informatization Project		1,760,000.00
2017 Nanshan District People's Government Quality Award		1,000,000.00
Refund of VAT exemption for military goods		209,005.16
Next Generation Bend Insensitive G657A2 and Low Attenuation LL Fiber Project		33,781.89

68. Investment income

Unit: \$

sports event	Current period occurrences	Prior-period occurrences
Income from long-term equity investments accounted for under the equity method	10,233,454.23	801,136.47
Financial product returns	493,401.49	802,792.67
add up the total	10,726,855.72	1,603,929.14

69. Gain on net exposure hedge**70. Gain on changes in fair value**

Unit: \$

Sources of gains from changes in fair value	Current period occurrences	Prior-period occurrences
Financial assets held for trading	151,912,781.40	60,111,501.92
add up the total	151,912,781.40	60,111,501.92

Other notes.

Note: Other items represent accruals for performance-based compensation receivable from former shareholders of subsidiaries, as described in VII.2, Financial assets held for trading.

71. Credit impairment losses

Unit: \$

sports event	Current period occurrences	Prior-period occurrences
Bad debt losses on other receivables	13,309,940.91	-3,497,332.83
Bad debt losses on accounts receivable	-69,649,793.36	-4,953,283.46

add up the total	-56,339,852.45	-8,450,616.29
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72. Impairment losses on assets

Unit: \$

sports event	Current period occurrence s	Prior-period occurrences
ii. loss on decline in value of inventories and impairment loss on contract performance costs	-189,324,957.40	-75,592,932.52

III. Impairment losses on long-term equity investments		-2,305,187.63
XI. Impairment loss on goodwill	-1,730,915.16	-8,304,489.10
add up the total	-191,055,872.56	-86,202,609.25

73. Gain on disposal of assets

Unit: \$

Sources of proceeds from asset disposal	Current period occurrences	Prior-period occurrences
Proceeds from disposal of Tyco Building		210,889,582.66
Gain on disposal of other non-current assets	-2,346.76	-35,357.06

74. Non-operating income

Unit: \$

sports event	Current period occurrences	Prior-period occurrences	Amount included in non-recurring profit or loss for the period
Proceeds from scrapping and destruction of non-current assets	190,764.59		190,764.59
Income from fines		20,000.00	
other	14,498,113.68	28,615,306.53	14,498,113.68
add up the total	14,688,878.27	28,635,306.53	14,688,878.27

75. Non-operating expenses

Unit: \$

sports event	Current period occurrences	Prior-period occurrences	Amount included in non-recurring profit or loss for the period
Losses on scrapping and destruction of non-current assets	524,322.52	49,901.57	524,322.52
Expenditure on fines	2,648,391.23	3,620,110.63	2,648,391.23
Inventory losses	12,386.97		12,386.97
Other (note)	58,207,966.65	39,513,402.52	58,207,966.65
add up the total	61,393,067.37	43,183,414.72	61,393,067.37

Other notes.

Note: Other items mainly relate to the loss of work stoppage during the period.

76. Income tax expense**(1) Schedule of income tax expense**

Unit: \$

sports event	Current period occurrence s	Prior- period occurrence s
Current income tax expense	51,536,843.50	24,716,813.02
Deferred income tax expense	13,777,345.49	24,595,718.03
add up the total	65,314,188.99	49,312,531.05

(2) Accounting profit and income tax expense adjustment process

Unit: \$

sports event	Current period occurrence s
total profit	123,624,244.93
Income tax expense at statutory/applicable rates	18,543,636.74
Effect of different tax rates applied to subsidiaries	-3,647,109.15
Effect of adjustments to income taxes of prior periods	-771,205.12
Effect of non-deductible costs, expenses and losses	2,482,338.92
Effect of use of deductible losses on deferred income tax assets not recognized in prior periods	-498,023.45
Effect of deductible temporary differences or deductible losses on deferred tax assets not recognized in the period	70,333,597.63
Gains and losses attributable to joint ventures and associates	-1,422,241.08
Impact of R&D Expense Deduction	-16,763,685.42
Wages paid for the placement of disabled persons for which deductions are added	-12,879.60
Other adjustment effects	-2,930,240.48
Income tax expense	65,314,188.99

77. Other comprehensive income

See note VII, 57 for details.

78. Cash flow statement items

(1) Other cash received in connection with operating activities

Unit: \$

sports event	Current period occurrence s	Prior- period occurrence s
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Government grants	39,206,682.11	46,366,939.08
Interest income	10,986,958.44	7,033,663.54
Recovery of security deposits for notes, bonds, etc.	44,479,527.40	45,423,053.77
Current payments and other	137,379,725.55	238,614,169.27
add up the total	232,052,893.50	337,437,825.66

(2) Other cash paid in connection with operating activities

Unit: \$

sports event	Current period occurrence s	Prior-period occurrence s
Costly expenditure	153,854,461.69	167,874,357.49
Current payments and other	97,076,381.57	25,326,206.16
Deposits, silver bearing deposits, etc.	24,715,694.69	28,395,564.82
Contingency freezing of bank deposits	7,983,301.99	36,127,206.30
add up the total	283,629,839.94	257,723,334.77

(3) Other cash received in connection with investing activities

Unit: \$

sports event	Current period occurrence s	Prior-period occurrence s
Redemption of bank financial products	652,000,000.00	542,450,000.00
Receipt of performance-based compensation	100,000,000.00	2,431,840.28
Equity transfer payments	21,090,400.00	
add up the total	773,090,400.00	544,881,840.28

(4) Other cash paid in connection with investing activities

Unit: \$

sports event	Current period occurrence s	Prior-period occurrence s
Purchase of bank financial products	652,000,000.00	387,450,000.00
Investment project brokerage fees	114,548.06	956,000.00
add up the total	652,114,548.06	388,406,000.00

(5) Other cash received in connection with financing activities

Unit: \$

sports event	Current period occurrence	Prior-period occurrence
--------------	---------------------------	-------------------------

	s	s
External borrowings from subsidiaries	17,902,043.16	500,000.00
Borrowings from minority shareholders of subsidiaries		17,000,000.00
add up the total	17,902,043.16	17,500,000.00

(6) Other cash paid in connection with financing activities

Unit: \$

sports event	Current period occurrence s	Prior-period occurrence s
Repayment of loans to minority shareholders of subsidiaries	21,500,000.00	5,000,000.00
Financing costs	2,155,000.00	5,512,127.74
add up the total	23,655,000.00	10,512,127.74

79. Supplementary information on the cash flow statement

(1) Supplementary information on the statement of cash flows

Unit: \$

Addition al informat ion	Amount for the period	Prior period amount
1.Reconciliation of net profit to cash flows from operating activities.	--	--
net profit	58,310,055.94	346,239,401.05
Add: Provision for impairment of assets	247,395,725.01	94,653,225.54
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	85,213,383.79	102,868,011.96
Depreciation of right-to-use assets		
Amortization of intangible assets	14,971,342.17	15,513,045.32
Amortization of long-term amortization	9,796,216.98	10,677,837.63
Loss on disposal of fixed assets, intangible assets and other long-lived assets (gain is shown with a "-" sign)	441,204.70	-210,854,225.60
Loss on scrapping of fixed assets (gain shown with a "-" sign)		49,901.57
Loss on changes in fair value (gains are shown with a "-" sign)	-151,912,781.40	-60,111,501.92
Finance costs (gains are shown with a "-" sign)	122,481,923.56	87,480,660.96
Losses on investments (gains are shown with a "-" sign)	-10,726,855.72	-1,603,929.14
Decrease in deferred income tax assets (increase is shown by "-")	-7,060,500.76	-11,906,831.03
Increase (decrease by "-") in deferred income tax liabilities	21,608,911.07	36,502,549.06
Decrease in inventories (increase is shown with a "-" sign)	-855,118,430.47	118,743,860.34
Decrease in operating receivables (increase shown with a "-" sign)	1,635,449.15	-139,435,585.18
Increase (decrease by "-") in operating payables	527,716,309.24	-643,800,255.76
other		
Net cash flows from operating activities	64,751,953.26	-254,983,835.20
2.Significant investing and financing activities that do not involve	--	--

cash receipts or disbursements.		
Conversion of debt to capital		
Convertible corporate bonds due within one year		
Finance leasehold fixed assets		
3.Net change in cash and cash equivalents.	--	--

Closing balance of cash	2,908,931,255.98	727,138,502.69
Less: opening balance of cash	727,138,502.69	865,564,715.92
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	2,181,792,753.29	-138,426,213.23

(2) Net cash paid during the period for acquisition of subsidiaries

Unit: \$

	sum of mone y
Cash or cash equivalents paid in the period for business combinations that occurred during the period	1,980,000.00
Of which.	--
Shenzhen Tefa Information Technology Service Co.	1,980,000.00
Less: cash and cash equivalents held by the company on the date of purchase	0.00
Of which.	--
Net cash paid for acquisition of subsidiaries	1,980,000.00

(3) Net cash received during the period for disposal of subsidiaries

(4) Composition of cash and cash equivalents

Unit: \$

sports event	Closing balance	Opening balance
I. Cash	2,908,931,255.98	727,138,502.69
Of which: cash on hand	49,790.77	44,356.82
Bank deposits readily available for disbursement	2,908,881,465.21	727,094,145.87
III. Cash and cash equivalents balances at the end of the period	2,908,931,255.98	727,138,502.69

80. Notes to items in the statement of changes in owners' equity

81. Assets subject to restrictions on ownership or use

Unit: \$

sports event	Carrying value at the end of the period	Reason for restrictio n
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monetary funds	96,571,767.76	Full Annual Report 2020 Silver Underwriting Deposit, Performance Bond, Funds Freeze, etc.
intangible asset	37,600,146.90	Collateral for borrowing
add up the total	134,171,914.66	--

Other notes.

Note 1: Shenzhen Tefa Information Optical Network Technology Company Limited, a subsidiary of the Company, entered into the Comprehensive Credit Contract with Bank of Communications Shenzhen Binhe Sub-branch on 1 December 2016 to apply for a credit line of RMB224,000,000.00 with Bank of Communications Shenzhen Binhe Sub-branch on the land use right of land located at Shenzhen Gongming Parcel No. A631-0107 [Title Certificate No.: Yue (2016) Shenzhen Real Estate Right No. 0099675] in the name of Shenzhen Tefa Information Optical Network Technology Company Limited, with a maturity date no later than 2022. Ltd. to apply for a credit line of RMB224,000,000.00 from Bank of Communications Shenzhen Binhe Sub-branch with a term of not longer than 60 months and a maturity date of not later than November 14, 2022, of which RMB35,000,000.00 will be used for paving working capital for fixed asset projects, with a credit term of up to November 14, 2021. The credit line for fixed assets loan is RMB189,000,000.00. The purpose of the borrowing is for the construction of the project of Guangming New Area Industrial Park of Lightnet Technology and the purchase of production equipment, and the balance of the borrowing is RMB58,537,643.36 as of December 31, 2020.

82. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: \$

sports event	Foreign currency balance at end of period	Converted exchange rate	End of period translated RMB balance
monetary funds	--	--	25,595,153.87
Of which: United States dollars	1,637,608.99	6.5249	10,685,234.90
euros			
Hong Kong dollar	282,218.41	0.8416	237,526.30
Vietnamese dong	2,300,336,900.00	0.00028	644,094.33
Indian rupee	157,437,360.81	0.089104	14,028,298.34
Accounts receivable	--	--	12,837,477.35
Of which: United States dollars	1,956,624.56	6.5249	12,766,779.59
euros			
Hong Kong dollar	84,000.00	0.8416	70,697.76
accounts payable			40,524,925.29
Of which: United States dollars	5,353,615.22	6.5249	34,931,803.98
euros	248,901.94	8.025	1,997,438.07
Indian rupee	40,145,041.97	0.089104	3,577,083.82
Vietnamese dong	66,426,500.00	0.00028	18,599.42

		Full Annual Report	2020
Other receivables			95,251.55
Of which: Indian rupees	1,068,992.97	0.089104	95,251.55
Other accounts payable			136,662.95
Of which: United States dollars	4,841.92	6.5249	31,593.04
Indian rupee	844,203.51	0.089104	75,221.91
Vietnamese dong	106,600,000.00	0.00028	29,848.00
Long-term loans	--	--	20,269,377.72
Of which: United States dollars	3,106,465.65	6.5249	20,269,377.72
euros			

Hong Kong dollar			
------------------	--	--	--

(2) A description of the foreign operating entity, including, for significant foreign operating entities, the principal place of business outside the country, the currency of account and the basis of selection, and, if there is a change in the currency of account, the reasons therefor.

☐ Applicable ☒ Not applicable

83. Hedging

84. Government grants

(1) Basic information on government grants

Unit: \$

type	sum of money	Items presented	Amount charged to current profit or loss
Government grants related to assets	42,650,250.67	Deferred revenue	
Government grants related to revenue	51,303,547.89	Other gains	51,303,547.89

(2) Return of government grants

☐ Applicable ☒ Not applicable

85. Other

viii. change in scope of consolidation

1. Business combinations not under common control

(1) Business combinations not under common control that occurred during the period

Unit: \$

Name of the Purchased Party	Point of acquisition of equity	Cost of acquisition of equity	Percentage of equity acquisition	Method of acquisition of share rights	Buy Day	Basis for determining the date of purchase	Period of purchase to Income of the final purchase e	Period of purchase to Net profit of the purchasee at the end of
-----------------------------	--------------------------------	-------------------------------	----------------------------------	---------------------------------------	---------	--	--	---

								the year
Shenzhen Tefa Information Technology Service Co.	July 2020 14 June	1,980,000.00	100.00%	consolidation	2020 07 14 January	Acquisition of substantive control		

(2) Consolidation costs and goodwill

Unit: \$

Consolidation costs	1,980,000.00
--cash	1,980,000.00

Total consolidated costs	1,980,000.00
Amount by which goodwill/consolidation costs are less than the share of fair value of identifiable net assets acquired	1,980,000.00

(3) Identifiable assets and liabilities of the acquiree at the date of purchase

(4) Gain or loss on remeasurement of equity interests held prior to the date of purchase to fair value

Whether there were transactions that achieved corporate integration in stages through multiple transactions and gained control during the reporting period

☐ Yes ☒ No

2. Business combinations under common control

3. Reverse purchase

4. Disposal of subsidiaries

Whether there is a single disposal of an investment in a subsidiary that results in a loss of control

☐ Yes ☒ No

Whether there is a stepwise disposal of investment in a subsidiary through multiple transactions and loss of control during the period

☐ Yes ☒ No

5. Changes in the scope of consolidation for other reasons

Describe changes in the scope of consolidation due to other reasons (e.g., new subsidiaries, liquidation of subsidiaries, etc.) and the circumstances surrounding them.

Chengdu Fourier Electronic Technology Co., Ltd, a subsidiary of the Company, cancelled its subsidiary, Hong Kong Fourier Trading Co.

The Company established a new subsidiary, Shenzhen Tefa Sanqi Defense Technology Co., Ltd. on September 01, 2020 with Shenzhen Sanqi Technology Co., Ltd. The Company holds 51.00% equity interest in Shenzhen Tefa Sanqi Defense Technology Co.

IX. Interests in other subjects

1. Interests in subsidiaries

(1) Composition of enterprise groups

Name of subsidiary company	Principal place of business	registered office	Nature of business	Shareholding ratio		Acquisition method
				directly	overhead	

Shenzhen Tefa Information Company Limited

Shenzhen Tefa Information Optical Network Technology Co.	Shenzhen	Shenzhen	Full Annual Report 2020 industrial production	51.00%		set up
Shenzhen Special Light Network Communication Equipment Co.	Shenzhen	Shenzhen	industrial production		51.00%	set up
Shenzhen Special Light Network Communication Co.	Shenzhen	Shenzhen	industrial production		100.00%	set up
Tefa Information Optical Network Technology (Vietnam) Co.	Vietnam	Vietnam	industrial production		100.00%	set up

Shenzhen Tefa Information Optoelectronics Technology Co.	Shenzhen	Shenzhen	industrial production	51.00%		set up
Shenzhen Jademin Communication Technology Co.	Shenzhen	Shenzhen	trading		100.00%	set up
Guangdong Tefa Information Optical Cable Co.	Dongguan City	Dongguan	industrial production	100.00%		set up
Shenzhen Tefatec Communication Technology Co.	Shenzhen	Shenzhen	industrial production	51.00%		set up
Chongqing Tefa Information Optical Cable Co.	Chongqing	Chongqing	industrial production	100.00%		set up
Shenzhen Tefa Information Fiber Co.	Shenzhen	Shenzhen	industrial production	64.64%		consolidation
Tefa Information Fiber (Dongguan) Co.	Dongguan City	Dongguan	industrial production		100.00%	set up
Changzhou Tefa Huayin Wire & Cable Co.	Changzhou prefecture level city in Jiangsu	Changzhou	industrial production	67.80%		consolidation
Changzhou Huayin Wire & Cable Co.	Changzhou prefecture level city in Jiangsu	Changzhou	industrial production		100.00%	consolidation
Shandong Tefa Light Source Optical Communication Co.	Zaozhuang prefecture level city in Shandong	Zaozhuang prefecture level city in Shandong	industrial production	55.00%		set up
Chengdu Fourier Electronic Technology Co.	Chengdu	Chengdu	industrial production	100.00%		consolidation
Chengdu Fourier Information Technology Co.	Chengdu	Chengdu	industrial production		100.00%	consolidation
Shenzhen Tefa Dongzhi Technology Co.	Shenzhen	Shenzhen	industrial production	100.00%		consolidation
Shenzhen Yusheng Information Technology Co.	Shenzhen	Shenzhen	software development		100.00%	consolidation
Shenzhen Senghui Communication Co.	Shenzhen	Shenzhen	electronic communication		51.00%	consolidation
Hong Kong Yuan Xiang Industry & Trade Co.	Hong Kong market	Hong Kong	trading		100.00%	consolidation
Beijing Shenzhou Feiyang Technology Co.	Beijing	Beijing, capital of People's Republic of China	industrial production	70.00%		consolidation
Shenzhen Tefa Information Data Technology Co.	Shenzhen	Shenzhen	Information transmission, software and information technology services	92.20%		set up

SDGIINDIAPRIVATELIMITED	India	India	Full Annual Report 2020 industrial production	100.00%		set up
Sichuan Huatuo Optical Communication Co.	Chengdu	Chengdu	industrial production	70.00%		consolidation
FOURFIBERTECHNOLOGYCO., LIMITED	Hong Kong	Hong Kong	industrial production		100.00%	consolidation
Shenzhen Tefa Information Technology Service Co.	Shenzhen	Shenzhen	Information technology services	100.00%		consolidation
Shenzhen Tefa Sanqi Defense Technology Co.	Shenzhen	Shenzhen	industrial production	51.00%		set up

(2) Significant non-wholly owned subsidiaries

Unit: \$

Name of subsidiary company	Minority shareholding ratio	Profit or loss attributable to minority shareholders for the period	Dividends declared to minority shareholders during the period	Balance of minority interests at the end of the period
Shenzhen Tefa Information Optoelectronics Technology Co.	49.00%	7,556,120.29	6,860,000.00	29,200,882.77
Shenzhen Tefatec Communication Technology Co.	49.00%	18,123,470.06	9,800,000.00	41,212,621.36

(3) Key financial information of significant non-wholly owned subsidiaries

Unit: \$

Name of subsidiary company	Closing balance						Opening balance					
	current assets	Non-current assets	Total assets	current liabilities	Non-current liabilities	Total liabilities	current assets	Non-current assets	Total assets	current liabilities	Non-current liabilities	Total liabilities
Shenzhen Tefa Information Optoelectronics Technology Limited company	116,322,499.46	4,848,908.16	121,171,407.62	60,928,493.87	649,275.44	61,577,769.31	103,842,311.38	4,445,558.25	108,287,869.63	47,114,884.98	3,000,000.00	50,114,884.98
Shenzhen Tefa Tyco Communications Technology Limited company	423,477,162.26	7,792,972.31	431,270,134.57	347,162,744.04		347,162,744.04	337,923,973.16	8,078,619.42	346,002,592.58	278,881,875.64		278,881,875.64

Unit: \$

Name of subsidiary company	Current period occurrences				Prior-period occurrences			
	revenues	net profit	Total comprehensive income	Cash flows from operating activities	revenues	net profit	Total comprehensive income	Cash flows from operating activities
Shenzhen Tefa Information Optoelectr	100,205,765.40	15,420,653.66	15,420,653.66	52,413,407.86	97,566,812.62	15,225,537.98	15,225,537.98	12,102,944.08

onics Technology Co.								
Shenzhen Tefa Tyco Communicat ions Technology Co.	256,929,527.18	36,986,673.59	36,986,673.59	40,878,080.25	235,721,149.41	20,906,385.30	20,906,385.30	28,184,771.61

2. Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled

3. Interests in joint venture arrangements or associates

(1) Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	registered office	Nature of business	Shareholding ratio		Accounting for investments in joint ventures or associates
				directly	overhead	
Chongqing Tefa Bohua Optical Cable Co.	Chongqing	Chongqing	industrial production	21.20%		equity method
Atop Europe A/S	Denmark	Denmark	Trading of optical fiber communication products		50.00%	equity method
Shenzhen Yuanzhi Fuhai Information Industry M&A Investment Enterprise (Limited Partnership)	Shenzhen	Shenzhen	investment	40.00%		equity method

(2) Key financial information on significant joint ventures

(3) Key financial information on significant associates

Unit: \$

	Closing balance/incurrence for the period	Opening balance/prior period occurrence
	Shenzhen Yuanzhi Fuhai Information Industry M&A Investment Enterprise (limited partnership)	Shenzhen Yuanzhi Fuhai Information Industry M&A Investment Enterprise (limited partnership)
current asset	4,556,250.67	5,974,263.08
Non-current assets	142,499,984.00	192,499,984.00
Total assets	147,056,234.67	198,474,247.08
current liability	1,137,720.90	51,426.30
Total liabilities	1,137,720.90	51,426.30
Equity attributable to shareholders of the parent company	145,918,513.77	198,422,820.78
Share of net assets based on percentage of shareholding	58,367,405.50	79,369,128.31
Carrying value of equity investments in associates	58,367,405.50	79,369,128.31
net profit	18,451,586.23	274,528.30
Total comprehensive income	18,451,586.23	274,528.30

(4) Aggregate financial information on immaterial joint ventures and associates

Unit: \$

	Closing balance/incurrence for the period	Opening balance/prior period occurrence
Joint venture.	--	--
Total book value of investments	4,303,427.55	2,202,454.79
Total of the following in proportion to shareholdings	--	--
Associates.	--	--
Total of the following in proportion to shareholdings	--	--
-Net profit	2,852,819.74	691,325.15
--Total comprehensive income	2,852,819.74	691,325.15

X. Risks related to financial instruments

The Company's principal financial instruments, other than derivative instruments,

include bank borrowings, convertible bonds, finance leases, other interest-bearing borrowings and money funds. The primary purpose of these financial instruments is to finance the Company's operations. The Company has a variety of other financial assets and liabilities arising directly from its operations, such as accounts receivable and accounts payable.

The Company also enters into derivative transactions, primarily interest rate swaps and forward foreign exchange contracts, for the purpose of managing interest rate risk and foreign exchange risk on the Company's operations and its financing sources. Throughout the year, the Company adopted a policy of not entering into speculative transactions in derivative instruments.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk.

(i) Classification of financial instruments

1. Carrying value of each class of financial asset at the balance sheet date

(1) 31 December 2020

Items of financial assets measured at amortized cost measured at fair value through profit or loss measured at fair value through profit or loss				
	Financial assets	Financial assets included in current profit or loss	Financial assets in other comprehensive income	
<i>monetary funds</i>	3,005,503,023.74	-	-	3,005,503,023.74
<i>Financial assets held for trading</i>	-	112,024,283.32	-	112,024,283.32
<i>Accounts receivable</i>	2,189,682,948.43	-	-	2,189,682,948.43
<i>Receivables financing</i>	-	-	248,030,138.14	248,030,138.14
<i>Other receivables</i>	158,923,422.41	-	-	158,923,422.41

(2) 31 December 2019

Financial Assets Project	Measured at amortized cost Financial assets	Measured at fair value with changes in Financial assets included in current profit or loss	Measured at fair value with changes recorded in Financial assets in other comprehensive income	add up the total
<i>monetary funds</i>	834,673,995.35	-	-	834,673,995.35
<i>Financial assets held for trading</i>	-	60,111,501.92	-	60,111,501.92
<i>Accounts receivable</i>	2,507,191,198.91	-	-	2,507,191,198.91
<i>Receivables financing</i>	-	-	115,338,664.60	115,338,664.60
<i>Other receivables</i>	115,837,546.18	-	-	115,837,546.18

2. Carrying value of each class of financial liability at the balance sheet date

(1) 31 December 2020

Financial liability items	Measured at fair value with changes in Financial liabilities included in current profit or loss	Other financial liabilities	add up the total
<i>short term loan</i>	-	2,841,225,092.90	2,841,225,092.90
<i>note payable</i>	-	774,453,444.83	774,453,444.83
<i>accounts payable</i>	-	1,139,731,711.83	1,139,731,711.83
<i>interest due</i>	-	4,082,267.46	4,082,267.46
<i>Other accounts payable</i>	-	277,470,743.47	277,470,743.47
<i>Non-current liabilities due within one</i>	-	18,218,665.13	18,218,665.13

<i>year</i>	Shenzhen Tefa Information Company Limited		
	Full Annual Report 2020		
Long-term loans	-	511,565,532.94	511,565,532.94

(2) 31 December 2019

Financial liability items	at fair value through profit or loss	Total other financial liabilities
<i>Short-term loans</i>		-
1,369,135,031.50	1,369,135,031.50	
<i>Notes payable</i>		-
947,944,052.76	947,944,052.76	

<i>accounts payable</i>	-	941,520,522.66	941,520,522.66
<i>interest due</i>	-	2,135,247.75	2,135,247.75
<i>Other accounts payable</i>	-	278,327,240.68	278,327,240.68
<i>Non-current liabilities due within one year</i>	-	34,991,701.84	34,991,701.84
Long-term loans	-	103,101,061.03	103,101,061.03

(ii) Credit risk

The Company will only deal with approved and reputable third parties. In accordance with the Company's policy, it is required to perform credit reviews on all customers who request to transact on credit. In addition, the Company monitors its accounts receivable balances on an ongoing basis to ensure that the Company is not exposed to significant bad debt risk. The Company does not offer credit terms for transactions that are not settled in the relevant operating unit's home currency of account, unless specifically approved by the Company's credit control department.

The Company's other financial assets include monetary funds, trading financial assets, other receivables and certain derivative instruments, which are subject to credit risk arising from counterparty defaults with maximum exposure equal to the carrying amount of these instruments. The Company has no exposure to credit risk arising from the provision of financial guarantees.

No collateral is required as the Company only deals with approved and reputable third parties. Credit risk is managed centrally by customer. There are no significant concentrations of credit risk within the Company as the Company's customer base of accounts receivable is widely dispersed across different sectors and industries. As at the end of the reporting period, the top five customers accounted for 35.82% of the Company's accounts receivable (37.05% at the end of the previous year) and the Company does not have significant credit risk.

For quantitative data on the Company's credit risk exposure arising from accounts receivable and other receivables, refer to the disclosures in notes VI. (3) and VI. (6) of this note.

(iii) Liquidity risk

Liquidity risk, which is the risk that a business will run short of funds in meeting its obligations settled by delivery of cash or other financial assets.

To control this risk, the Company manages its liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of various financing instruments, such as bank borrowings and notes payable.

(iv) Market risk

Market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists primarily of foreign exchange risk.

Foreign exchange risk is the risk arising from changes in exchange rates. The Company's exposure to changes in exchange rates relates primarily to the Company's foreign currency monetary assets and liabilities. For foreign currency assets and liabilities, in the event

of a short-term imbalance, the Company buys and sells foreign currencies at market rates when necessary to ensure that the net exposure is maintained at an acceptable level.

The presentation of the Company's financial assets and financial liabilities in foreign currencies at the end of the period is detailed in Note VII.82, Foreign currency monetary items in this note.

XI. FAIR VALUE

DISCLOSURES XII.

RELATED PARTIES AND

RELATED TRANSACTIONS

1. Parent company of the

Company

Name of parent company	registered office	Nature of business	Registered Capital	Parent company's shareholding in the enterprise	Parent company's share of voting rights in the enterprise
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Shenzhen Tefa Group Co.	Shenzhen	note	358,282 million	37.31%	37.31%
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Description of the parent company of the enterprise

Note: Investment in industry (specific projects to be declared separately); investment in tourism industry; real estate development and operation; domestic commerce, materials supply and marketing (excluding franchised, proprietary and controlled goods); economic information consulting (excluding restricted items); operation of import and export business.

The ultimate controlling party

of the Company is Shenzhen

State-owned Assets Supervision

and Administration Commission.

Other notes.

Tefa Group holds 294,818,846 ordinary shares of the Company directly and 9,903,504 ordinary shares of the Company through its subsidiary Han Guo San He Co.

2. Information on the Company's subsidiaries

See Note IX.1, Interests in Subsidiaries, for details of the Company's subsidiaries.

3. Information on joint ventures and associates of the enterprise

The significant joint ventures or associates of the Company are detailed in Note IX.3, Interests in joint venture arrangements or associates.

Other joint ventures or associates with which the Company had related party transactions during the period, or with which the Company had related party transactions in prior periods that resulted in balances, are as follows.

Name of joint venture or associate	Relationship with the enterprise
Chongqing Tefa Bohua Optical Cable Co.	Associated enterprises

4. Information on other related parties

Name of other related parties	Relationship between other related parties and the enterprise
Shenzhen Tefa Liming Optoelectronics (Group) Co.	Also controlled by controlling shareholders
Shenzhen Dawn Apex Image Technology Co.	Also controlled by controlling shareholders
Shenzhen Tefa Service Co.	Also controlled by controlling shareholders
Shenzhen Tefa Group Limited Longhua Real Estate Branch	Also controlled by controlling shareholders
Shenzhen Tefa Engineering Management Co.	Also controlled by controlling shareholders
Shenzhen Shenshan Special Cooperation Zone Tefa Saige Technology Co.	Also controlled by controlling shareholders

Unit: \$

Shenzhen MJ Microelectronics Technology Co.	Also controlled by controlling shareholders
Shenzhen Tefa Xiaomesha Investment Development Co.	Also controlled by controlling shareholders
Shenzhen Sea World Co.	Also controlled by controlling shareholders
Shenzhen Tefa Information Cable TV Co.	Companies in which the Company holds less than 20% of the shares

5. Related transactions

(1) Related transactions for the purchase and sale of goods, provision and receipt of services

Statement of procurement of goods/acceptance of services

Unit: \$

related party	Content of connected transactions	Current period occurrences	Amount of transactions approved	Whether the transaction amount is exceeded	Prior-period occurrences
Shenzhen Tefa Engineering Management Co.	Project supervision fees	1,515,843.12		deny	
Shenzhen Tefa Service Co.	Property management fees	11,628,249.54		deny	8,916,424.36
Shenzhen MJ Microelectronics Technology Co.	Procurement of goods	3,316.00		deny	36,257.90

Statement of sale of goods/provision of services

Unit: \$

related party	Content of connected transactions	Current period occurrences	Prior-period occurrences
Shenzhen Tefa Service Co.	Parking fees and utilities		68,415.65
AtopEuropeA/S	Sales of goods	71,992,333.66	9,169,572.43
Shenzhen Sea World Co.	Sales of goods	563,207.53	
Shenzhen Tefa Xiaomesha Investment Development Co.	Technical Services	1,690,566.04	

(2) Associated trusteeship/contracting and delegation of authority/contracting

(3) Associated leases

The Company, as lessor.

Unit: \$

Name of the lessee	Types of leased assets	Lease income recognized during the period	Lease income recognized in prior period
Shenzhen Tefa Information Cable TV Co.	House for rent	154,715.04	191,915.36
Shenzhen Dawn Apex Image Technology Co.	House for rent		654,282.18
Shenzhen Tefa Service Co.	House for rent	650,458.40	137,557.45
Shenzhen Tefa Service Company Limited Dongguan Branch	House for rent	38,643.45	32,682.95
Shenzhen Shenshan Special Cooperation Zone Tefa Saige Technology Co.	House for rent	124,021.55	68,499.41

(4) Associated guarantees

The Company as the guaranteed party

Unit: \$

guarantors	Amount of guarantee	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Shenzhen Tefa Group Co.	29,100,450.10	01 June 1994	15 February 2036	deny

(5) Related party funds borrowing and lending

(6) Transfer of assets and debt restructuring by related parties

(7) Key management compensation

sports event	Current period occurrences	Prior-period occurrences
Key management compensation	7,823,300.00	7,836,600.00

6. Amounts due from and to related parties

(1) Items receivable

Unit: \$

Project name	related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shenzhen Tefa Information Cable TV Co.	3,771,975.79	3,657,977.52	3,715,451.02	3,657,977.52
Accounts receivable	Shenzhen Tefa Service Co.			3,300.00	
Accounts receivable	AtopEuropeA/S	20,055,229.71	3,583.20	15,133,865.36	1,789.40
Accounts receivable	Shenzhen Tefa Xiaomesha Investment Development Co.	896,000.00			
Accounts receivable	Shenzhen Sea World Co.	597,000.00			
Other receivables	Shenzhen Tefa Information Cable TV Co.	39,660,844.23	39,660,844.23	39,660,844.23	39,660,844.23
Other receivables	Shenzhen Tefa Service Co.			38,924.97	
Other receivables	Shenzhen Sea World Co.	20,000.00			

(2) Items payable

Unit: \$

Project name	related party	Closing book balance	Opening book balance
accounts payable	Chongqing Tefa Bohua Optical Cable Co.	5,617,133.01	5,630,101.81
accounts payable	Shenzhen Tefa Information Cable TV Co.	28,928.00	28,928.00
accounts payable	Shenzhen MJ Microelectronics Technology Co.		281.32
Receipts in advance	Shenzhen Shenshan Special Cooperation Zone Tefa Saige Technology Co.		41,528.01
Receipts in advance	Shenzhen Tefa Information Cable TV Co.		10,928.92
Other accounts payable	Shenzhen Tefa Service Co.	1,150,451.25	1,829,690.95

Other accounts payable	Shenzhen Tefa Information Cable TV Co.	Full Annual Report 2020 38,133.00	38,133.00
Other accounts payable	Shenzhen Tefa Engineering Management Co.	188,207.55	386,507.55

XIII. Share-based payments

xiv. commitments and contingencies

1. Key commitments

Significant commitments in existence at the balance sheet date

1. Operating lease commitments

As of the balance sheet date, the Company had the following non-cancellable operating lease agreements with external parties.

related party	End of period amount	Opening amount
Minimum lease payments for non-cancellable operating leases.		
Year 1 after the balance sheet date	42,937,211.65	48,933,781.47
Year 2 after the balance sheet date	24,527,384.27	34,570,763.62
Year 3 after the balance sheet date	20,335,943.02	20,489,713.51
Subsequent years	52,287,111.55	43,536,645.94
<u>add up the total</u>	<u>140,087,650.49</u>	<u>147,530,904.54</u>

2. Underlying asset performance commitments

(1) The Company received the "Approval of Shenzhen Tefa Information Co., Ltd. to Issue Shares to Chen Chuanrong and Other to Purchase Assets and Raise Matching Funds" from the China Securities Regulatory Commission (SFC License [2015] No. 2268) on October 10, 2015. In the course of this transaction, the restructuring parties made the following commitments.

1) The Company entered into the Profit Compensation Agreement with Dai Rong, Yin Tao, Lin Feng, Chen Yu and Zhang Hongxia, the original shareholders of Chengdu Fuliye Electronic Technology Co., Ltd. and agreed that Dai Rong, Yin Tao and Lin Feng, the management shareholders of Chengdu Fuliye, made separate supplementary commitments in respect of the performance of Chengdu Fuliye from 2018 to 2020 (the "Supplemental Performance Commitment Period") as follows : The management shareholders further undertake that the net profits of Chengdu Fuliye in 2018, 2019 and 2020 will not be less than the promised net profits in 2017, i.e. not less than RMB35 million. If it is confirmed by audit that the actual net profit achieved by Chengdu Fuliye in the year during the supplementary performance commitment period is less than RMB35 million, the management shareholder shall make up the difference in cash to the listed company in a lump sum within 30 days after the date of the special audit report of Chengdu Fuliye for that year. Dai Rong is jointly and severally liable for the cash compensation obligations of Yin Tao and Lin Feng in respect of the difference in profit.

As at 31 December 2020, the net profit attributable to the shareholders of the parent company of Chengdu Fuliye for the year 2020 after non-recurring profit or loss (after

deducting the cost of capital increase) was RMB49,312,176.49, which achieved the performance commitment amount and no compensation was required to be made to the Company.

2) The Company entered into the Profit Compensation Agreement with Chen Chuanrong, Hu Yi and Yin Jinghuang, the former shareholders of Shenzhen Tefa Dongzhi Technology Company Limited, which stipulates that Chen Chuanrong, the former de facto controller of Tefa Dongzhi, makes a separate supplementary commitment in respect of the performance of Tefa Dongzhi from 2018 to 2020 (the "Supplemental Performance Commitment Period") as follows: the net profits of Tefa Dongzhi in 2018, If it is confirmed by audit that the actual net profit of Tefa Dongzhi in the Supplemental Performance Commitment Period is less than RMB58.6 million, Chen Chuanrong shall make up the difference to the listed company in cash within 30 days after the date of the special audit report of Tefa Dongzhi for that year. The difference.

According to the Profit Compensation Agreement, in any case, the sum of the compensation incurred due to the actual number of net profits of the Subject Assets falling short of the promised net profits, the amount of compensation incurred due to the impairment of the Subject Assets and the amount of compensation due to the supplemental performance undertaking shall not exceed the transaction price of the Subject Assets (i.e. \$190 million).

As at 31 December 2020, the net profit attributable to shareholders of the parent company after non-recurring profit or loss (after deducting the cost of capital increase) of Tefa Dongzhi for the year 2020 was -361,081,296.86 yuan, which did not achieve the performance commitment amount. The Company recorded the performance compensation amount of RMB151,912,781.40 due from the above-mentioned compensation obligors as a financial asset at fair value through profit or loss.

(2) On 15 October 2018, the Company signed the "Equity Transfer Agreement with Conditions" with Wang Yuchen, Li Jianguo, Fan Yimin, Gu Chunjiang and Tianjin Boosted Flight Enterprise Management Consulting Partnership (Limited Partnership), the original shareholders of Beijing Shenzhou Feihang Technology Company Limited ("Shenzhou Feihang"), in which the parties agreed that the period from 2018 to 2020 shall be the performance commitment period of Shenzhou Feixiang, and the transferor undertakes that the net profits of Shenzhou Feixiang for 2018, 2019 and 2020 shall not be less than RMB30 million, RMB40 million and RMB50 million respectively, and the total cumulative net profits for the three years shall not be less than RMB120 million; if the cumulative actual net profits achieved in the three years during the performance commitment period If the total cumulative net profit achieved in the three years during the performance commitment period is not less than RMB120 million, the Transferor shall be deemed to have completed the promised performance.

The parties agree that, upon completion of the transaction, each year, a special audit report of Shenzhou Feiyang will be issued by an auditor with securities and futures-related business qualifications engaged by the listed company to audit and confirm the actual net profit amount corresponding to each year of the performance commitment period of Shenzhou Feiyang, respectively, and the accounting policies on which Shenzhou Feiyang's financial reports are prepared will maintain continuity and consistency of the accounting policies of the listed company and comply with The accounting policies on which the financial reports of China Airlines are prepared will be consistent with the accounting policies of listed companies and in accordance with statutory accounting standards and regulatory requirements of listed companies. During the performance commitment period, if the cumulative actual net profit of China Airlines for the three years from 2018 to 2020 is lower than the cumulative promised net profit, the transferor shall compensate the listed company in cash, with the performance compensation amount = (cumulative promised net profit for the performance commitment period - cumulative actual net profit for the performance commitment period) x the transaction price of the subject assets ÷ cumulative promised net profit for the performance commitment period. Within 30 days after the issuance of the special audit report of Shenzhou Feiyang in the last year of the performance commitment period (i.e. 2020), an impairment test report on the subject assets will be issued by an auditor with securities and futures-related business qualifications engaged by the listed company to conduct an impairment test on the subject assets. After the impairment test, if the impairment amount of the subject assets at the end of the period > the performance compensation amount, the transferor parties shall compensate the listed company for the impairment of assets in cash, and the asset impairment compensation amount = the impairment amount at the end of the period - the performance compensation amount. The sum of the performance compensation amount and the asset impairment compensation amount shall be the cumulative amount of compensation payable by the transferor parties to the listed company (hereinafter referred to as the "cumulative compensation amount"). The listed company shall confirm and notify the transferor within 5 days after the issuance of the asset impairment test report for 2020, whether the transferor is required to make compensation and the accumulated compensation amount, and the transferor shall perform the corresponding compensation obligations within 30 days after receiving the notification from the listed company. In any case, the sum of the compensation incurred due to the shortfall of the actual net profit number of Shenzhou Feixiang during the performance

commitment period and the compensation amount incurred due to the impairment of the subject assets, i.e. the cumulative compensation amount payable, shall not exceed the transaction price of the subject assets.

For the year ending **December 31, 2020**, the net income attributable to the shareholders of the parent company after non-recurring gains and losses of **Shenzhou Flight 2020** is

56,088,453.54 to achieve the performance commitment for the period and no compensation is required to be paid to the Company.

(3) In 2019, the Company and the original shareholders of Sichuan Huatuo Optical Communication Company Limited ("Sichuan Huatuo"), Mianyang Huatuo Lihe Enterprise Management Partnership (Limited Partnership), Liu Hui and Fan Wei signed the "Agreement on Conditional Equity Transfer and Capital Increase of Sichuan Huatuo Optical Communication Company Limited", in which the parties agreed that **FY2019 to FY2021** shall be the performance commitment period of Sichuan Huatuo, and the transferor undertakes to make net profits of not less than **RMB12 million, RMB14.4 million and RMB17.28 million** in 2019, 2020 and 2021, respectively, and the aforesaid performance indicators are used to calculate whether the Company shall pay the remaining **RMB13.2 million** of the transaction consideration and whether the transferor shall bear the performance compensation liability.

The parties agree that, upon completion of the transaction, each year, a special audit report on Sichuan Huatuo will be issued by an auditor with securities and futures-related business qualifications engaged by the Company to audit and confirm the actual net profit amount corresponding to each year of Sichuan Huatuo's performance commitment period, respectively, and the accounting policies on which Sichuan Huatuo's financial reports are prepared will maintain continuity and consistency of the Company's accounting policies and comply with statutory accounting standards and regulatory requirements for listed companies. The parties agreed that the payment arrangements for the remaining **\$13.2 million** of the transaction consideration are as follows.

1) In 2019 and 2020, if Sichuan Huatuo achieves the performance commitment in that year, the Company shall pay the progress payment of the transaction consideration of **RMB4.4 million** to the Transferor within 10 days after the issuance of the special audit report of the Target Company for such performance commitment year, and if the performance commitment is not achieved in either of the aforesaid years, the progress payment of the transaction consideration to be paid by the Company shall be calculated according to the following formula: progress payment of the transaction consideration payable in that year = **RMB4.4 million** - **RMB 4.4 million - the amount deducted from the payment in the current year**. In which, the amount deducted from the payment for the year = (the number of net profit promised for the year - the number of net profit achieved for the year) ÷ the cumulative net profit promised for the three-year commitment period x the total amount of the transaction consideration. If the calculation result of the progress payment of the transaction consideration for the year is negative, the Company shall not be required to pay the progress payment of the transaction for the year to the transferor.

2) In 2021, if the cumulative net profit of Sichuan Huatuo is greater than or equal to the cumulative net profit of the three years, the Company shall pay the progress payment of the transaction consideration to the transferor within 10 days after the issuance of the

special audit report of the target company for such performance commitment year, the amount of which shall be calculated according to the following formula: progress payment of the transaction consideration for the current year = RMB13.2 million - progress payment of the transaction consideration already paid in 2019 and 2020 Amount.

3) If the actual number of cumulative net profits for the three years from 2019 to 2021 of Sichuan Huatuo is less than the number of cumulative committed net profits for the three years, Mianyang Huatuo Lihe Enterprise Management Partnership (Limited Partnership) and Liu Hui shall compensate the Company in cash, with the performance compensation amount = (the number of cumulative committed net profits for the three-year commitment period - the number of cumulative realized net profits for the three-year commitment period) ÷ the cumulative committed net profits for the three-year commitment period x Transaction price of the Subject Assets + progress payment paid in FY2019 and FY2020 - RMB13.2 million. If the result of the calculation of the performance compensation amount is negative, the absolute value of which shall be the amount payable by the Company to

The amount to be paid by the transferring party. The compensation obligor or payer shall pay the other party within 10 days after the special audit report is issued, and Fan Wei shall be jointly and severally liable for the aforesaid compensation obligations of Mianyang Huatuo Lihe Enterprise Management Partnership (Limited Partnership) and Liu Hui.

Upon the expiry of the performance commitment period, an auditor with securities and futures-related business qualification engaged by the Company shall conduct an impairment test on the Subject Assets and issue an impairment test report, which shall be issued no later than the date of issuance of the Company's 2021 annual audit report. After the impairment test, if the subject assets are impaired at the end of the period $> [(cumulative\ committed\ net\ profit\ for\ the\ three-year\ commitment\ period - cumulative\ realized\ net\ profit\ for\ the\ three-year\ commitment\ period) \div cumulative\ committed\ net\ profit\ for\ the\ three-year\ commitment\ period \times total\ transaction\ consideration\ of\ the\ subject\ assets]$, the parties to the transfer shall compensate the Company for the impairment of the assets in cash, and the amount of compensation for the impairment of the assets = the amount of impairment at the end of the period - $[(cumulative\ committed\ net\ profit\ for\ the\ three-year\ commitment\ period) (the\ number\ of\ accumulated\ committed\ net\ profits\ for\ the\ three-year\ commitment\ period - the\ number\ of\ accumulated\ realized\ net\ profits\ for\ the\ three-year\ commitment\ period) \div the\ accumulated\ committed\ net\ profits\ for\ the\ three-year\ commitment\ period \times the\ total\ transaction\ consideration\ of\ the\ subject\ assets]$. The Company shall notify the Transferor within 10 days after the issuance of the asset impairment test report of Sichuan Huatuo whether compensation is required, and the Transferor shall perform the corresponding compensation obligations within 30 days after receiving the notification from the Company. In any case, the sum of the compensation incurred due to the actual number of net profits of Sichuan Huatuo during the performance commitment period being less than the number of net profits promised by the transferor and the amount of compensation incurred due to the impairment of the subject assets, i.e. the cumulative amount of compensation payable, shall not exceed the transaction price of the subject assets.

As at 31 December 2020, Sichuan Huatuo's net profit attributable to shareholders of the parent company for the year 2020, after deduction of non-recurring gains and losses, was RMB17,514,346.36. Pursuant to the Agreement on the Conditional Effective Equity Transfer and Capital Increase in respect of Sichuan Huatuo Optical Communication Company Limited, the Company shall pay to the transferor the progress payment of the transaction for the year.

2. Contingencies

(1) Significant contingencies existing at the balance sheet date

Contingent liabilities arising from arbitration of pending litigation and their financial impact

On 10 and 12 September 2003, the Company and Han Tang Securities Co., Ltd ("Han Tang Securities") signed the "Agreement on Entrusted Investment in Treasury Bonds", which entrusted the amount of RMB30 million and RMB20 million respectively for a term of one year. The above investments matured on September 10 and 12, 2004, respectively, but Han Tang

Securities failed to pay the principal and the agreed return on the investments as scheduled. In September 2004, the Company sued Handang Securities for the return of the principal amount of RMB50 million and applied to the court for pre-litigation property preservation, freezing part of the equity interests actually held by Handang Securities. 2006, the Company applied to the court for the continuation of the freeze and it has been executed, with the renewal period from August 24, 2006 to August 23, 2007. 2005, Handang Securities has been In September 2007, the Shenzhen Intermediate People's Court accepted the bankruptcy liquidation case of Han Tang Securities. 2008, the Company filed bankruptcy claims with the administrator of Han Tang Securities Co. In February 2011, the Company received the Civil Ruling No. 16-74 issued by the Shenzhen Intermediate People's Court on 17 January 2011. From March to April 2011, pursuant to the "Second Bankruptcy Property Distribution Plan of Han Tang Securities Co. On December 29, 2012, the People's Court of Shenzhen Central Court issued civil ruling No. 16-88 of (2007) Shenzhen Central Law Civil No. 7, which endorsed the Fourth Creditors' Meeting adopted by the The Third Bankruptcy Property Distribution Plan of Han Tang Securities Limited Liability Company and 46 Shell Companies" adopted at the Fourth Meeting of Creditors. In the Third Bankruptcy Property Distribution Plan of Han Tang Securities LLC and 46 Shell Companies, the Company was entitled to receive a distribution amount of RMB2,029,327.21 in cash, which the Company received in January 2013. On December 8, 2014, the Company received, pursuant to the Fourth Bankruptcy Property Distribution Plan of Han Tang Securities LLC and 46 Shell Companies 1,943,784.39 from the administrator of Han Tang Securities LLC for the fourth distribution of the bankruptcy estate of Han Tang Securities.

As of December 31, 2020, the Company had a carrying amount of \$22,294,706.48 for this claim, while a bad debt provision of \$22,294,706.48 had been accumulated against this claim, with a net book value of \$0.

(ii) In early June 2016, Memory Electronics Ltd. went to the Company's subsidiary, Tefa Dongzhi, to reflect the period from March 2015 to June 2016

BOHS submitted a series of documents under the official seal of Tefa Dongzhi, including a letter of authority to receive payment, a letter of authority to pay, and a letter confirming the billing period, stating that Tefa Dongzhi owed it a total of USD 3,007,850.32 for the goods. Tefa Dongzhi verified that the orders it held were not signed by Tefa Dongzhi and that Tefa Dongzhi did not owe it any money. Memory Electronics Limited claimed that the entire transaction process was completed by Zhou Jiajun, the former manager of the procurement department of Tefa Dongzhi, who had been relieved of his duties in April 2016. Ltd. said that the entire transaction process was completed by Zhou Jiajun, the former manager of the procurement department of Tefa Dongzhi, who had been relieved of his duties in April 2016. Tefa Dongzhi then reported the forgery of the company's official seal to the police station of Nanshan District, Shenzhen Public Security Bureau, and after judicial identification of the forged official seal, a case was filed against Zhou Jiajun for allegedly forging the company's seal.

On 18 October 2016, Memory Electronics Limited filed a lawsuit with the Shenzhen Qianhai Cooperation Zone People's Court in relation to the aforesaid matter, requesting that Tefa Dongzhi be ordered to pay US\$3,007,850.32 for the payment of goods, US\$132,800.00 for the loss of unexecuted orders, HK\$17,400.00 for the notary fees involved in the lawsuit, RMB200,000 for the attorney's fees and interest on the occupation of funds and for On November 25, 2016, Memory Electronics Co., Ltd. applied for the preservation of the property in the lawsuit and seized and froze the bank deposit of RMB21,767,359.47 deposited by Tefa Dongzhi in Shenzhen Technology Sub-branch of Bank of Jiangsu. On July 1, 2019, the court of first instance ruled that Tefa Dongzhi should pay Memory Electronics Company Limited the purchase price of RMB20,243,720.20 together with the corresponding interest calculated from 21 May 2016 to the date of payment. According to the judgment of the first trial, Tefa Dongzhi should accrue a projected liability of RMB25,412,385.67.

On 15 July 2019, Tefa Dongzhi filed an appeal with the Shenzhen Intermediate People's Court. On 30 March 2021, the Shenzhen Intermediate People's Court ruled in the second instance that Tefa Dongzhi's grounds of appeal were not established, rejected the appeal and upheld the original judgment.

- (2) There are no material contingencies that the company is required to disclose, which should also be stated

There are no material contingencies that the Company is required to disclose.

XV. Events after the balance sheet date

1. Significant non-adjusting matters

2. Distribution of profits

3. Sales returns

4. Notes on other post-balance sheet events

According to the Profit Distribution Proposal for 2020, which was considered and approved at the 44th meeting of the 7th Board of Directors on April 23, 2021, taking into account the external environmental factors, the actual situation of the Company's current operation and development, as well as the need to expand the business of "new infrastructure", in order to improve the financial soundness of the Company, secure the capital arrangement for the Company's future development, and better safeguard the long-term interests of all shareholders, the Company proposes not to distribute cash dividends, give away bonus shares, or transfer capital reserves to capital for the year 2020 in accordance with the Company's Articles of Association and related regulations. In order to improve the financial soundness of the Company, secure the capital arrangement for the future development of the Company and better safeguard the long-term interests of all shareholders, the Company intends not to distribute cash dividends, give away bonus shares or increase capital by capital reserve in 2020 in accordance with the profit distribution policy and relevant provisions of the Articles of Association of the Company, and the undistributed profits will be carried forward to the next year. The above profit distribution proposal is subject to the consideration of the Company's annual general meeting in 2020.

Other than the matters described above, there are no other significant post-balance sheet non-adjusting events requiring disclosure as of the date of approval of these financial statements.

xvi. other important matters

1. Correction of prior period accounting errors
2. Debt restructuring
3. Asset replacement
4. Annuity plans
5. Termination of operations
6. Divisional information
7. Other significant transactions and events that have an impact on investors' decisions
8. Other

(i) Reversal of provision for bad debts of other receivables of Henan Zhongmou Broadcasting Bureau

From November 2001 to November 2004, the Company provided a buyer's credit guarantee in the amount of RMB17.1 million for Henan Zhongmou Radio and Television Bureau, and the debtor also provided a property mortgage to the creditor in respect of the guaranteed debt.

Between 2005 and 2006, the Shenzhen office of the creditor, China Great Wall Asset Management Company, through the Shenzhen Intermediate People's Court, requested the Company to be jointly and severally liable for the above guarantee amount, the corresponding interest and all costs incurred in realizing the claim to the extent that the shortfall was settled after the sale of the debtor's mortgaged properties, and the Company had provided for an estimated liability of RMB16 million in 2005 based on the estimated probable loss.

On 31 October 2007, the Company and the Shenzhen Office of China Great Wall Asset Management Company entered into the Debenture Assignment Agreement, in which the parties agreed that the Great Wall Asset Management Company would assign its debentures of RMB17.1 million and interest receivable of RMB3,377,677.57 as at 20 November 2005 held by it against Henan Zhongmou Radio and Television Bureau for RMB2, 10,000.00 million to the Company. The transferred claims shall vest in and be exercised by the Company on the date of receipt of the full transfer price by Great Wall Asset Management. As at 31 December 2007, the Company had paid the above claims assignment price of RMB20,000.00 million to the account of Shenzhen Great Wall Guosheng Investment Holding Company Limited designated by Great Wall Asset Management Company in accordance with the agreement.

Based on the agreement, the Company changed from a guarantor to a creditor of Henan Zhongmou Radio and Television Bureau from the date of payment of the assignment price, the Company used the assignment price of the claim of RMB20.0 million as the initial measurement of the receivable, taking into account the property mortgaged by the debtor, the Company made a provision for bad debts of RMB16.8 million based on the estimated probable

loss, of which, the projected liabilities provided for in previous years were transferred to 1,6.0 million and a retroactive provision for bad debts of \$0.8 million in fiscal 2007.

In fiscal 2008, the Company entered into recourse and applied for enforcement against the Henan Zhongmou Broadcasting Bureau and seized the collateral property, Henan Zhongmou Broadcasting Building.

In 2008, three auctions were commissioned by the Shenzhen Intermediate People's Court, all of which were aborted, and finally, in August 2009, the Henan Zhongmou Broadcasting Bureau put the collateral up for sale for 6,741,026.00 against the debt to the Company, and the transfer of the said property has been completed, but the land use right certificate of the mortgage is still in process.

On 23 December 2020, the Company entered into the Asset Transfer Contract with Zhongmou County Radio and Television General Station to transfer the immovable property and debentures held by Zhongmou County Youth Road West West Ring East to Zhongmou County Radio and Television General Station for a price of RMB20.5 million by agreement with a lump sum payment of the transaction price. According to the asset appraisal report of Shenzhen Zhonglian Asset Appraisal Company Limited (Shenzhen Zhonglian Appraisal Report No. [2020] No. 50), the appraised value of the debentures and the immovable property as at the valuation benchmark date (31 August 2020) was RMB20,373,700.00. On 14 December 2020, Zhongmou County Radio and Television General Station paid a deposit of RMB4,150,000, and on 4 February 2021, the Company received from Shenzhen United Property Rights Exchange Co. for a transaction amount of RMB20,500,000.

The Company has measured the provision for losses in the prior accounting period at an amount equal to the expected credit loss over the entire life of the financial instrument.

However, at the balance sheet date of the current period, based on reasonable and substantiated forward-looking information available, by comparing the risk of default of the claim at the balance sheet date with the risk of default at the date of initial recognition, the Company determines that the claim is no longer a significant increase in credit risk since initial recognition and should be measured at the balance sheet date of the current period at an amount equal to the expected credit loss over the next 12 months. The resulting reversal of the provision for losses of \$16.8 million is recorded as an impairment gain in profit or loss for the current period.

(ii) Transfer of part of the equity interest in Tefatec, a controlling subsidiary

In order to further focus resources on the strategic development segment business, while optimizing the holding subsidiary Shenzhen Tefatec Communication Technology Co. (hereinafter referred to as "Tefatec") to introduce strategic investors to the equity structure of the Company, the Company considered and passed the "Proposal on the Transfer of Part of the Company's Equity for Tefatec to Introduce Strategic Investors" at the Seventh Thirty-fourth Meeting of the Board of Directors on **September 23, 2020**, and agreed to adopt the way of public listing in Shenzhen United Property Rights Exchange to The external transfer of 20.4% equity interest in the holding subsidiary, Tefatec, with the listing price not lower than the asset appraisal value of the appraisal agency.

On 28 July 2020, Zhonglian Asset Appraisal Group Company Limited issued the "Asset Appraisal Report on the Project of Shenzhen Tefatec Communication Technology Company Limited to Introduce Strategic Investors by Way of Equity Transfer" (Zhonglian Appraisal Report No. (2020) 1313), which appraised the market value of the entire shareholders' equity of Tefatec as at 31 March 2020, and the appraised value of the entire shareholders' The value of the equity interest was RMB103,384,100.

From November 12, 2020 to December 09, 2020, the Company transferred 20.4% equity interest in its holding company, Tefatec, by public listing on the Shenzhen United Property Rights Exchange. After the expiry of the listing period, the Company received the "Letter of Registration of Intended Transferee and Confirmation of Qualification" from Shenzhen United Property Rights Exchange, confirming that Beijing Hongshan Information Technology Research Institute Co. On 18 December 2020, the Company and Hongshan Information entered into the Contract for the Transfer of State-owned Property Rights, the amount of which was RMB21,990,400, and the Certificate of Property Rights Transaction was issued by Shenzhen United Property Rights Exchange. The aforesaid amount of equity transfer was transferred to the Company's account on 29 December 2020.

According to the agreement, during the transition period, without the consent of the Company, Redhill Information shall not use the assets of Tefa Teco to guarantee borrowings and carry out significant assets

(10,000.00 million yuan or more) transactions, nor shall the assets of Tefatec be used for disguised financing through cooperation with third parties, except as otherwise agreed in the contract. During the transition period, Hongshan Information shall perform the operation and management obligations of Tefatec and ensure the normal operation of Tefatec in accordance with the provisions of the Company Law of the People's Republic of China and the Articles of Association of the Company. The profit and loss arising during the transition

period shall be borne and enjoyed by the original shareholders (i.e. Shenzhen Tefa Information Co., Ltd. and Shenzhen Teco Investment Co., Ltd.).

On January 18, 2021, Tefatec adopted an amendment to its articles of incorporation. on January 29, 2021, Tefatec completed a change in business information, which reduced the Company's shareholding in Tefatec from 51.0% to 30.6%, and Tefatec was no longer included in the Company's consolidated financial statements.

XVII. Notes to the main items in the parent company financial statements

1. Accounts receivable

(1) Accounts receivable classification disclosure

Unit: \$

cate gori es	Closing balance					Opening balance				
	Book balance		Provision for bad debts		book value	Book balance		Provision for bad debts		book value
	sum of money	propor tion	sum of money	Percen tage of accr ual		sum of money	propor tion	sum of money	Percenta ge of accrual	
Accounts receivable with provision for bad debts on a stand-alone basis	40,624,658.98	6.51%	16,344,596.80	40.23%	24,280,062.18	87,195,500.59	12.15%	19,672,415.93	22.56%	67,523,084.66

Of which.										
Significant single amount and single Accounts receivable with sole provision for bad debts	23,952,197.68	3.84%	3,633,346.02	15.17%	20,318,851.66	70,027,880.70	9.76%	3,633,346.02	5.19%	66,394,534.68
Individually insignificant but Accounts receivable with separate bad debt provision	16,672,461.30	2.67%	12,711,250.78	76.24%	3,961,210.52	17,167,619.89	2.39%	16,039,069.91	93.43%	1,128,549.98
Accounts receivable with provision for bad debts by portfolio	583,850,555.66	93.49%	23,266,462.20	3.99%	560,584,093.46	630,493,808.04	87.85%	17,735,047.28	2.81%	612,758,760.76
Of which.										
Grouped by credit risk characteristics Accounts receivable with a combined provision for bad debts	583,850,555.66	93.49%	23,266,462.20	3.99%	560,584,093.46	630,493,808.04	87.85%	17,735,047.28	2.81%	612,758,760.76
add up the total	624,475,214.64	100.00%	39,611,059.00		584,864,155.64	717,689,308.63	100.00%	37,407,463.21		680,281,845.42

Provision for bad debts on an individual basis: accounts receivable with a single significant amount and a single provision for bad debts at the end of the period

Unit: \$

name (of a thing)	Closing balance			
	Book balance	Provision for bad debts	Percentage of accrual	Reasons for accrual
Shenzhen Tefa Information Optical Network Technology Co.	12,977,738.70			Subsidiaries, no risk of bad debts
Changzhou Tefa Huayin Wire & Cable Co.	7,341,112.96			Subsidiaries, no risk of bad debts
Shenzhen Tefa Information Cable TV Co.	3,633,346.02	3,633,346.02	100.00%	Aged and expected to be uncollectible
add up the total	23,952,197.68	3,633,346.02	--	--
	Book balance	Provision for	Percentage of	Reasons for

		bad debts	accrual	accrual
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Provision for bad debts by portfolio: accounts receivable for which provision for bad debts is made on the basis of the ageing analysis

Unit: \$

name (of a thing)	Closing balance		
	Book balance	Provision for bad debts	Percentage of accrual
Up to and including 1 year (hereinafter)	416,262,616.56	545,452.20	0.13%
1-2 years	71,584,653.53	1,524,153.62	2.13%
2-3 years	39,189,896.84	2,490,691.54	6.36%
3-4 years	17,972,368.93	1,702,336.27	9.47%
4-5 years	7,925,922.57	451,875.06	5.70%
More than 5 years	30,915,097.23	16,551,953.51	53.54%
add up the total	583,850,555.66	23,266,462.20	--

Disclosure by age

Unit: \$

age of accounts	Book balance
Up to and including 1 year	431,769,445.08
1 to 2 years	73,121,384.69
2 to 3 years	44,098,362.24
More than 3 years	75,486,022.63
3 to 4 years	20,300,406.03
4 to 5 years	8,252,783.74
More than 5 years	46,932,832.86
add up the total	624,475,214.64

(2) Provision for bad debts charged, recovered or reversed during the period

Provision for bad debts for the period.

Unit: \$

categories	Opening balance	Amount of change during the period				Closing balance
		set aside	Recoveries or reversals	audit and write off	other	
Provision for bad debts on accounts receivable	37,407,463.21	2,203,595.79				39,611,059.00
add up the total	37,407,463.21	2,203,595.79				39,611,059.00

(3) Actual write-offs of accounts receivable during the period

(4) Top five accounts receivable with closing balances, grouped by party in arrears

Unit: \$

Name of the unit	Closing balance of accounts receivable	Percentage of total closing balance of accounts receivable	Closing balance of provision for bad debts
first place	49,876,530.81	7.99%	2,871.00
second place	22,764,285.09	3.65%	
third place	12,977,738.70	2.08%	
fourth place	12,549,445.31	2.01%	304,642.45

fifth place	11,967,872.22	Full Annual Report 1.92%	2020	66,413.11
add up the total	110,135,872.13	17.65%		

2. Other receivables

Unit: \$

sports event	Closing balance	Opening balance
dividend receivable	5,195,567.07	

Other receivables	953,615,645.07	644,088,350.65
add up the total	958,811,212.14	644,088,350.65

(1) interest receivable

(2) dividend receivable

1) Classification of dividends receivable

Unit: \$

Project (or investee)	Closing balance	Opening balance
Chongqing Tefa Information Optical Cable Co.	5,195,567.07	
add up the total	5,195,567.07	

2) Significant dividends receivable aged over 1 year

3) Provision for bad debts

☐ Applicable ☒ Not applicable

(3) Other receivables

1) Breakdown of other receivables by nature of amount

Unit: \$

Nature of payment	Closing book balance	Opening book balance
Deposits, security deposits	34,578,794.50	30,950,300.71
Transactions within the scope of consolidation	893,518,426.81	605,041,127.79
Other related party transactions	39,660,844.23	39,688,569.20
Conversion of debt guarantees to claims receivable	20,000,000.00	20,000,000.00
Current payments and other	37,769,912.11	37,063,180.06
add up the total	1,025,527,977.65	732,743,177.76

2) Provision for bad debts

Unit: \$

	first phase	Phase II	Phase III	
--	-------------	----------	-----------	--

Provision for bad debts	Expected credit losses for the next 12 months	Expected credit losses over the entire life of the asset (no credit impairment)	Expected credit losses (credit impairment incurred) throughout the life of the	add up the total
Balance as at 1 January 2020	1,223,634.60		87,431,192.51	88,654,827.11

Balance as at 1 January 2020 in the current period	--	--	--	--
Current accrual	157,505.47		-100,000.00	57,505.47
Current period reversal			16,800,000.00	16,800,000.00
Balance as at 31 December 2020	1,381,140.07		70,531,192.51	71,912,332.58

Movement in the carrying amount of the provision for losses with significant current period changes

☐ Applicable ☒ Not applicable

Not applicable

Disclosures by

ageing

Unit: \$

age of accounts	Book balance
Up to and including 1 year	656,687,338.07
1 to 2 years	254,144,347.20
2 to 3 years	4,391,780.74
More than 3 years	110,304,511.64
3 to 4 years	7,257,168.46
4 to 5 years	2,858,728.96
More than 5 years	100,188,614.22
add up the total	1,025,527,977.65

3) Provision for bad debts charged, recovered or reversed during the period

Provision for bad debts for the period.

Unit: \$

categories	Opening balance	Amount of change during the period				Closing balance
		set aside	Recoveries or reversals	audit and write off	other	
Other receivables -- phase I	1,223,634.60	157,505.47				1,381,140.07
Other receivables -- phase III	87,431,192.51	-100,000.00	16,800,000.00			70,531,192.51
add up the total	88,654,827.11	57,505.47	16,800,000.00			71,912,332.58

Of which the amount of provision for bad debts reversed or recovered during the period is significant.

Unit: \$

Name of the unit	Amount reversed or recovered	Recovery method
Zhongmou County Radio and Television Bureau, Henan Province	16,800,000.00	reversal
add up the total	16,800,000.00	--

For details of the reversal of provision for bad debts of other receivables of Henan Zhongmou Broadcasting Bureau, please refer to XVI. Other important matters, 8.

4) Actual write-off of other receivables during the period

5) Top five other receivables with closing balances, grouped by party in arrears

Unit: \$

Name of the unit	Nature of payments	Closing balance	age of accounts	As a percentage of the total closing balance of other receivables	Closing balance of provision for bad debts
first place	Transactions within the scope of consolidation	581,372,952.44	Less than 1 year, 1-2 years	56.69%	
second place	Transactions within the scope of consolidation	96,922,732.20	Up to and including 1 year	9.45%	
third place	Transactions within the scope of consolidation	60,369,280.08	Up to and including 1 year	5.89%	
fourth place	Current payments and other	56,963,870.19	Up to and including 1 year	5.55%	
fifth place	Other related party transactions	39,660,844.23	More than 5 years	3.87%	39,660,844.23
add up the total	--	835,289,679.14	--	81.45%	39,660,844.23

3. Long-term equity investments

Unit: \$

sports event	Closing balance			Opening balance		
	Book balance	provision for impairment	book value	Book balance	provision for impairment	book value
Investments in subsidiaries	1,826,769,884.93		1,826,769,884.93	1,710,794,256.54		1,710,794,256.54
Investments in associates and joint ventures	60,672,593.13	2,305,187.63	58,367,405.50	81,674,315.94	2,305,187.63	79,369,128.31
add up the total	1,887,442,478.06	2,305,187.63	1,885,137,290.43	1,792,468,572.48	2,305,187.63	1,790,163,384.85

(1) Investments in subsidiaries

Unit: \$

investee	Opening balance (book)	Increase/decrease during the period				Closing balance (book)	Closing balance of
		additional	Reduced	Provision	othe		

	value)	investment	investme nt	for impairment	r	value)	provisio n for impairme nt
Beijing Shenzhou Feiyang Technology Co.	315,000,000.00					315,000,000.00	
Shenzhen Tefa Information Light Net Technology Co.	85,306,191.40					85,306,191.40	
Guangdong Tefa Information Optical Cable Co.	37,000,000.00					37,000,000.00	
Shenzhen Tefa Information Optoelectronics Technology Co.	10,383,600.00					10,383,600.00	
Shenzhen Tefa Information Fiber	255,546,333.32					255,546,333.32	

limited company							
Shenzhen Tefatec Communication Technology Co.	25,755,000.00					25,755,000.00	
Chongqing Tefa Information Optical Cable Co.	62,100,000.00					62,100,000.00	
Changzhou Tefa Huayin Wire & Cable Co.	42,919,830.00					42,919,830.00	
Shenzhen Tefa Dongzhi Technology Co.	390,000,000.00					390,000,000.00	
Chengdu Fourier Electronic Technology Co.	275,200,000.00					275,200,000.00	
Shandong Tefa Light Source Optical Communication Co.	55,000,000.00					55,000,000.00	
SDGIINOIAPRIVA TELIMITED	18,083,301.82	1,975,115.57				20,058,417.39	
Sichuan Huatuo Optical Communication Co.	92,400,000.00					92,400,000.00	
Shenzhen Tefa Information Data Technology Co.	46,100,000.00	104,020,512.82				150,120,512.82	
Shenzhen Tefa Information Technology Service Co.					9,980,000.00	9,980,000.00	
add up the total	1,710,794,256.54	105,995,628.39			9,980,000.00	1,826,769,884.93	

(2) Investments in associates and joint ventures

Unit: \$

	Opening	Increase/decrease during the period	Closing	Closing
--	---------	-------------------------------------	---------	---------

Investment unit	balance (book value)	additional investment	Reduced investment	Gains and losses recognized on investments under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	other	balance (book value)	balance of provision for impairment
I. Joint ventures											
II. Associated enterprises											
Chongqing Tefa Bohar Fiber Optic Cable limited company	0.00									0.00	2,305,187.63
Shenzhen Yuanzhi Fuhai Information Industrial M&A Investment enterprises	79,369,128.31		28,382,357.30	7,380,634.49						58,367,405.50	

(Limited partnership (partner))											
Subtotal	79,369,128.31		28,382,357.30	7,380,634.49						58,367,405.50	2,305,187.63
add up the total	79,369,128.31		28,382,357.30	7,380,634.49						58,367,405.50	2,305,187.63

4. Operating income and operating costs

Unit: \$

sports event	Current period occurrence		Prior-period occurrence	
	income	cost	income	cost
Main Business	2,635,080,814.64	2,352,977,622.56	1,405,260,967.89	1,246,289,793.86
Other operations	238,237,584.52	101,528,221.94	195,376,625.12	92,658,731.82
add up the total	2,873,318,399.16	2,454,505,844.50	1,600,637,593.01	1,338,948,525.68

5. Investment income

Unit: \$

sports event	Current period occurrence	Prior-period occurrence
Gain on long-term equity investments accounted for under the cost method	35,088,512.07	33,430,492.09
Income from long-term equity investments accounted for under the equity method	7,380,634.49	109,811.32
Financial product returns	514,582.07	285,068.48
add up the total	42,983,728.63	33,825,371.89

xviii. additional information

1. Breakdown of non-recurring gains and losses for the period

√ Applicable ☐

Not applicable

Unit: \$

spor	sum of	inst
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ts even t	money	ruct ions
Gain or loss on disposal of non-current assets	-335,904.69	
Government grants recognized in profit or loss (except those closely related to the business of the enterprise and enjoyed in a fixed or quantitative amount in accordance with the national uniform standards)	51,303,547.89	
Gains or losses from entrusting others with the investment or management of assets	493,401.49	
Reversal of provision for impairment of receivables, contract assets tested separately for impairment	16,800,000.00	
Non-operating income and expenses other than those mentioned above	-46,370,631.17	

Other items of profit or loss that meet the definition of non-recurring profit or loss	43,638,574.26	
Less: Income tax effect	9,601,478.17	
Minority interest impact amount	-11,282,128.34	
add up the total	67,209,637.95	--

For the non-recurring items of profit or loss defined by the Company in accordance with the definition of "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss", as well as the definition of "non-recurring profit or loss" in the "Public

Items of non-recurring profit or loss listed in "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Securities - Non-recurring Profit or Loss" are defined as items of recurring profit or loss and the reasons should be stated.

☐ Applicable ☒ Not applicable

2. Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (yuan/share)	Diluted earnings per share (yuan/share)
Net income attributable to common shareholders of the Company	0.39%	0.0140	0.0140
Net income attributable to ordinary shareholders of the Company after non-recurring gains and losses	-1.91%	-0.0683	-0.0683

3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profit and net assets in financial reports disclosed simultaneously under IAS and under PRC GAAP

☐ Applicable ☒ Not applicable

(2) Differences in net profit and net assets in financial reports disclosed simultaneously in accordance with foreign accounting standards and in accordance with PRC accounting standards

☐ Applicable ☒ Not applicable

(3) Explanation of the reasons for differences in accounting data under domestic and foreign accounting standards, and the name of the foreign auditor if the difference is reconciled to data that has been audited by the foreign auditor

4. Other

Section XIII. List of documents available for inspection

- (i) Accounting statements containing the signatures and seals of the legal representative, the financial officer and the head of the accounting institution.
- (ii) The original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant.
- (iii) The original copies of all company documents and original announcements that have been publicly disclosed in newspapers designated by the CSRC during the reporting period.

Shenzhen Tefa Information

Company Limited 27

April 2021